



# THE ROYAL BANK OF CANADA MONTHLY LETTER

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## *Business Management as a Profession*

MANAGEMENT PROBLEMS have expanded like the mushroom shaped cloud that has become symbolic of this nuclear age.

It is clear to all who are willing to look that in every form of activity in a free society there must be leadership that is creatively conceived and voluntarily accepted by those it leads. New and enhanced powers of insight and capability for action are needed. The business manager must see some hand-breadths deeper than others into the increasing problems and uncertainties of life, business and society.

His is a vocation which he has chosen for reasons of his special natural fitness. He has prepared for it by acquiring expert knowledge which he will increase by study and practice. He finds his reward in his love of the work he does, the meeting of challenges, and the distinction he achieves by his application of intelligently-directed skill.

Whether what he does is called a profession or a job does not matter much to a zealous business manager. After all, the distinction between crafts and professions is not clear-cut. Alfred North Whitehead said: "In all stages of civilization, crafts are shot through and through with flashes of constructive understanding and professions are based upon inherited procedures."

Foresight based upon theory, and theory based upon understanding of the nature of things, are equally necessary in business management and the learned professions.

A full-fledged profession is a vocation in which these conditions exist: it demands that practitioners acquire an intellectually based technique; that they assume a relationship of responsibility toward clients; that they are organized into responsible associations which set standards for admission to practise and exercise control over the action of their members through codes of ethics.

President W. E. Wickenden, of the Case School of Applied Science, went a step further when he described the obligations of a professional person. Speaking before the Engineering Institute of Canada, he said that every calling has its mile of compulsory work, but:

"Beyond this lies the mile of voluntary effort, where men strive for excellence, give unrequited service to the good, and seek to invest their words with a wide and enduring significance. It is only in this second mile that a calling may attain to the dignity and the distinction of a profession."

### *Three forms of control*

We live in a mixed economy in which control by competition, by governmental regulation and by self-regulation are combined. While the first two are generally viewed as desirable in our present state of evolution, many people in business yearn for a higher status, one in which business may attain professionalism by self-regulation.

The concept of professionalism implies, essentially, a particular form of control over the conduct of the practitioner. This control is through voluntary codes which have been formulated by his equals in rank with primary concern for the public interest and which are enforced by these same peers.

No one in professional life can escape these regulatory conditions, nor can he avoid the obligation to contribute to the advancement of his group. His own knowledge is part of a common fund, built up over the centuries, a fund to which he is obligated to add.

The growth of trade associations, better business bureaus, chambers of commerce and service clubs suggests that business is in the process of developing professional associations similar to those in the traditional professions.

### *The place of business*

Business is a many-sided phenomenon. A dictionary classifies it as any gainful occupation of which profit is the goal and in which there is risk of loss. It includes the production and sale of goods, their transportation and their financing; and the performing of services that contribute to the well-being and the life-styles of people. The earning of profit is something more than the accumulation of wealth: it is an essential condition of success and its absence means the firm's failure.

In most parts of the world industrialization, which is the application of non-human power to machinery, has meant an advance in material civilization, a rise in the standards of living, an improved status and greater political power for the working classes: it has bettered health, lengthened life, lessened laborious toil, and brought with it greater leisure.

After his retirement in 1937 from his post as head of the Department of Political Economy in the University of Toronto, the late Professor E. J. Urwick wrote a series of essays, published after his death as *The Values of Life* (University of Toronto Press, 1948). In his essay on "Progress", he wrote: "There could have been no advance from the brutish existence of primitive man without increase of material wherewith to equip a better life, due in turn to increase of knowledge and inventiveness."

Many men and women have found themselves at a loss to know what role was expected of them. Business has neither the mystique nor the canons and precepts of the learned professions, and yet a person in business is judged not alone by his knowledge of business but also by his superior mental acuteness and discernment, his keen insight, and the way he lives.

The manager is the impresario of industry, upon whom rests the weight of responsibility for the status of business. University schools of commerce train people in all the sciences underlying business, and are tending toward inculcating a professional attitude in the socially desirable aspects, of their calling.

### *Management qualities*

As in any occupation, there are two considerations when matching a person and a management job: the fitness of the place for the person and the fitness of the person for the place.

Everyone aspiring to an administrative post is required to have high integrity, positive dependability, skill in co-ordinating, persistence in performing and self-confidence.

Competence must combine thoroughness and proficiency. There is nothing that will take the place of expert knowledge, technical skill and trained vision. Whether in a learned profession or in business, a person is only as good as his performance proves that he is.

Responsibility is a necessary quality. The top level executive, like the top level professional person, can never escape from it. By "responsible" is meant the capability to distinguish right from wrong, and also accountability, both legal and moral, for actions taken and actions not taken.

Knowledge must be applied with intelligence. This is an age in which we have to stretch our minds. Complex business organization requires the intellectual adventure of analysis and the imaginative bringing together of many factors and ideas. To conquer difficulties and solve problems, to triumph over opposition and obstacles: these are possible only when your reflective processes are given a chance to flourish.

In *Business and the Man*, first of the Alexander Hamilton Institute modern business texts, which has become widely recognized as a business classic, Dean Joseph French Johnson had this to say: "On the intellectual side, the top executive has need of an orderly and 'scientific' type of mind. At the same time, he should possess a vivid, constructive imagination, an intuitive knowledge of men, and a personality which makes others rally to him as a leader."

These qualities are not beyond the power of young men and women to cultivate. No one needs to feel fenced in. There is always a frontier in business for the person with an open mind, an ideal, ambition and determination.

Both business and the professions would dry up without leaders who believe in ideas, because in any calling an achievement is first of all a concept developed by the mind. Dr. Hans Selye, Director of the Institute of Experimental Medicine and Surgery at the Université de Montréal, pointed this up in the extraordinarily fitting title of his book on the work of his lifetime. He called it *FROM DREAM TO DISCOVERY*. It was published by McGraw-Hill Book Company in 1964.

A profession is more than a set of rules and procedures that depend upon experience or observation alone. It organizes a body of ideas and develops them into knowledge in accordance with a special point of view, and provides a framework for action and research.

New ideas about things and about behaviour are knocking at our doors every year. The starting points for debating societies today, the self-evident truths upon which the debaters build their arguments, would have appeared as startling innovations to people of fifty years ago.

Encompassed as he is by these new thoughts, the business manager must be able to discriminate. He can diagnose unfamiliar circumstances because he is proficient in his knowledge of similarities and differences. He has the ability to isolate essential facts from the complications in which they are embedded. He is able to draw things together. He makes a wise decision with regard to operations when he has evaluated the problem in terms of sales policy, public relations, financial implications, and other phases of his business.

### *What leadership requires*

Leadership in any business or profession means initiative — getting an operation off the ground, carrying it through in spite of discouragement, and wrapping it up. This demands a constellation of personality qualifications and motivations.

Positions of leadership are won by strongly individualistic persons who have acquired the skills and attitudes necessary in their field of endeavour. The true business person has vision, self-confidence, venturesomeness, curiosity and judgment. He com-

binesthe qualities of the dreamer and the practical builder. The professional person's special characteristic is his ability to assimilate, integrate and evaluate the necessary data and come up with the correct answer.

Being a leader has many compensations, but it is a hard job, and often a lonely job. It is incorrect to think that an executive can always make the right decisions if he is surrounded by a sufficient number of expert advisers. He must be able to distinguish and define the possible lines of action among which he has the responsibility of making a choice, realizing that he is in a position where action or abstention from action affects many people. Managers and people in the learned professions have to be their own inspectors and critics.

The manager is the person behind the mechanism of business. He can be an idealist in purpose and a realist in action. Sound administration of a law office, a factory or a medical practice is the product of maturity — mature imagination, mature perception and judgment, mature human interests and values.

Wherever his lot may be cast and whatever his special qualities may be, every person has the right and duty to become all he can become. At the basis of every profession that is worthy of the title there is the goal of excellence.

One must progress. To advance in skill and authority does not mean that one reaches an end. It brings a clearer vision of more things to be attained. The person who does not keep up with the times, or, rather, anticipate the future, will soon be obsolete. College courses and textbooks are entitled "Managers for Tomorrow". One does not see advertisements for managers of the status quo.

### *Education for business*

A general education, which is a process of cultivation of the mind, is sound preparation for a career in business. It is not enough to know only what is needed for a particular job if you plan to do it masterfully.

It is characteristic of all professions that they demand of their members and practitioners a broad and deep universal education rather than a narrow and specialized training.

Professions have arisen by carving out of the common occupations of men who work with their brains some special field to which they devote their attention. These have been among the greatest agencies in civilization, and as human society becomes more complex it produces new professions which help it to advance.

Increasing numbers of young men and young women with good general education are preparing themselves for the special requirements of managerial roles by studying in schools of business, and more and more junior executives are preparing themselves for positions of greater responsibility by attendance at the

many institutes, night classes and company training programmes now being provided.

Schools of commerce and business administration are founded upon the belief that principles underlie the subject, capable of being worked out inductively from the results of observation, comparison and reflection; capable also of being taught, especially by the solution of problems in which these principles are involved. This is one of the underlying principles of all the recognized professions, and it is evident that business is moving toward professional stature.

At the dedication of new buildings of the Harvard Business School in 1927, Owen D. Young, Chairman of the Board of the General Electric Company, said: "Today and here business formally assumes the obligations of a profession, which means responsible action as a group, devotion to its own ideals, the creation of its own codes, the capacity for its own discipline, the awards of its own honours, and the responsibility for its own service."

That strong statement of purpose and expectation epitomizes the hope of business managers. To know, to get into the truth of things, is a mystic act carrying with it a new concept of the possibilities in a job. To know the principles that govern a proposition, and to understand the place of the proposition in the broad scheme of things, builds self-confidence, self-reliance and self-respect.

The effects upon our mental life of having wide knowledge have been many and various. The simplest knowledge is the result of complex processes. Even in seeing an apple fall from a tree, whether one is prompted to discover a law like Newton's or not, one uses every mental power: sensation, emotion, will, memory, perception, and thought.

A thoroughgoing professional-type education provides you with a compass and a readable map and sufficient general landmarks to find your way through life, to calculate risks with safety, to form plans, to allocate resources and to conduct operations.

There are to be found some self-satisfied persons who boast that they pay no attention to knowledge that is not functional in their vocation. Such people are narrow in their outlook and limited in their attainments. The business manager who knows nothing but debit and credit, input and output, can be as hampered in his prospects as a university man who knows nothing but Greek and Latin, and no authorities but Aristotle and Seneca. The art of management, even in an industry that rests for its success on the achievements of the scientist and the engineer, requires a broadly cultivated mind.

There comes a period in life, early to some, later to others, when a person senses his lack of familiarity with history, philosophy, great literature, fine arts or music. Acquaintance with these is needed to round off the sharp edges and fill in the gaps in a business manager's knowledge of the precision tools of his daily work.

## *Professional ethics*

In any life activity where we have to exercise choice, and to prefer this to that of two possible acts, it is necessary to have a distinction of good and bad, or at least of better and worse. Ethics is the science which seeks to determine these.

It is the collective expression of high ethical standards for the individual that is the foundation for the professional standards of people acting in groups. This is a higher conception than mere compliance with regulatory statutes and criminal laws. Ralph Waldo Emerson said: "Every man takes care that his neighbour does not cheat him. But a day comes when he begins to care that he does not cheat his neighbour. Then all goes well."

Getting ahead in the business world can be entirely consistent with following the soundest and most ethical rules for successful living. There is no intrinsic difference between business ethics and ethics in general. The moral standards that should govern people's behaviour ought to apply to their actions in business. The essence of practical ethics is found in the Golden Rule: in business this law finds expression in "the square deal".

Many businesses have followed the lead of the learned professions by working out effective codes of ethics designed to improve their business practices. Trade associations have developed and strengthened these codes over the years.

There can be no substitute in any area of human activity for the person of integrity. This applies to the manager of a factory, a sales force, a financial institution, a trade union or any other business. The words associated with integrity in the dictionary are: moral soundness, honesty, freedom from corrupting influence or practice, strictness in the fulfillment of contracts and in the discharge of trusts.

Sir John Maud, who served as high commissioner for the United Kingdom in South Africa, said in a radio address: "Though we may rightly try to be 'all things to all men', what really matters, surely, is that we should be one man to all men. That is what the man of integrity is."

## *Dealing with people*

Business is a human organization that touches the lives and welfare of many people. A business executive is not evaluated by his office ability alone — the handling of papers and the direction of operations. His worth includes his capacity to understand and get along with all kinds of people.

Mechanical problems are relatively simple compared with human problems. They can usually be solved by known rules or passed on to technicians. The only certain way to deal with people individually or in the mass — and their behaviour differs in many startling ways — is to develop a continuing and orderly interchange of ideas with them.

A talent for communication is valuable. The manager encounters every day the necessity for the adequate communication of ideas. He must be able to write and speak with clarity and felicity.

## *Rewards of management*

Dignity, a basic human need, is essential in the life of a business manager, just as it is in the learned professions. It must be earned dignity, for a dignity that has to be contended for is not worth having.

The evidences of power and rank are normal incentives in business life. Status is public or it is nothing, so there must be some way of giving it public expression. It has symbols that demonstrate that a person has qualities that are valued by his fellow man.

Titles are not decorative status symbols: they should indicate and imply responsibility for discharging duties. Every professional man earns his title and continues to earn it throughout his career, and his title carries with it honour and respect. A person does not enhance a job by giving it a fancy name but by doing the job in an excellent way.

## *Service to society*

The motivation of service to society is the hallmark of a true profession, and discussion of the social responsibility of business is commonplace in leading business circles.

A corporation is not merely an association of stockholders who have combined to do something. It is also an instrumentality for social progress. The manager is responsible for expressing the good citizenship of his firm, and executives must weigh the public consequences of their decisions.

President Wickenden said in his lecture: "Professional status is an implied contract to serve society in consideration of the honour, rights and protection society extends to the profession. Through all professional relations runs a threefold thread of accountability, to colleagues, to clients and to the public."

R. H. Tawney of Oxford said in *The Acquisitive Society* (Harcourt Brace & Howe, 1920): "The work of making boots or building a house is itself no more degrading than that of curing the sick or teaching the ignorant. It is as necessary and therefore as honourable. It should be at least equally bound by rules which have as their object to maintain the standards of professional service. It should be at least equally free from the vulgar subordination of moral standards to financial interests."

It does not really matter what one's vocation is called, trade, job, business or profession. What does matter is that we have found the part we are to play, that we are doing the work for which we are best endowed, that we are filling a vital need and that we are meeting our obligations.