even the manner in which fundamental purposes seek satisfaction may also change. Bearing as they do an explicable relation to the total situation, purposes may be fluid and dynamic. Managers cannot, for example, in an impatient desire to "do something about labor relations," expect to introduce such new features as employee representation and employee stock purchase and expect them to work wonderfully while the executives still cling to the managerial purposes of ten years ago. Also, they cannot expect, having introduced them, that these procedures will leave unaltered the desires of the workers who participate in them. Moreover, experience shows that if they stay in use long enough, these procedures are bound to affect the purposes of the managers who introduce them, by leading them into experiences which are helpfully educational.

III. Group Purposes vs. Individual Purposes

How do group purposes differ from individual purposes? Group purposes are not different in essence from individual purposes; although there is some difference in certain qualities of the purposes. A group purpose is the desire of the members of the group to secure for themselves by acting together those conditions which will enable them to satisfy certain individual purposes which they consciously have in common. A trade association or a labor union has group purposes in the sense that each is forwarding policies and measures to assure for its members certain things which they desire.

The *quality* of the group's purpose is likely to be different in a number of particulars. A group tends to keep its specific purposes *simpler* and more "single track" than an individual. It tends to have them become more *intense*. And group purposes usually *change more slowly* than individual purposes, because of the necessity of affecting a considerable number of individuals.

Bearing in mind these qualifications, the specific purposes of a group of employers in one industry organized on trade lines or of a group of craftsmen organized into a union or of a group of foremen in one plant organized into a foremen's council tend to be understandable in the light of their surrounding limiting conditions and of their activity in carrying out their function. Each group necessarily strives for immediate ends which grow out of its own problems. The efforts of employers or of workers or of foremen on behalf of their group purposes are inevitably couched in terms of their respective interests and functional responsibilities.

But the fundamental individual purposes of the members of these several groups—desire for approval, security, creative satisfaction, domestic well-being, satisfying leisure, etc.—remain much the same, in kind, if not in degree.

In other words, the strife of different groups for the carrying out of their several purposes arises out of certain economic and psychological relationships. The purposes of individuals in the different groups tend to remain essentially constant. Which means that if the different functional groups in industry or politics or elsewhere can possibly construct new specific group purposes of such a character as simultaneously to harmonize with the purposes of other groups, the possibility of a cooperative sentiment growing up among the members of different groups is greatly enhanced—due, of course, to the inevitability of their combining to realize the new purpose.

This truth is stressed because, although there are certain important conflicts of group purposes in economic life today, there is also, because of the possibility of integrated purposes, the likelihood of creating among all the groups participating in economic life an attitude which is, if not beyond conflict, at least partially above it.

IV. Group Purposes in Industry Today

What groups participate in the conduct of industry today; and what group purposes are seen manifested in their behavior? In popular thinking the only group alignment in industrial life is "capital and labor." This is a wholly unrealistic and over-simplified conception. Analysis reveals that there are typically, in specific situations, the following functional groups: (1) the investing group; (2) the managerial group; (3) the manual working group (sometimes sharply divided into skilled and unskilled); (4) the customer group; and (5) the general public group.

The same individuals may participate at different times in sharing the purposes and loyalties of different groups. But the fact of the integrity of different group purposes remains subject to alteration only as the environment or function of the group is modified or for other reasons new purposes are evolved.

The purposes which are typically manifested in the behavior of these groups may be safely generalized upon, if it is always remembered that there are plenty of individual exceptions to the typical case. In fact, it is these exceptions which constitute the hope of the present situation by offering suggestions as to how, by some modifications in purpose, the sentiments of groups have in certain cases been changed.

(1) Typically, the purpose of the investor is to secure as large a return on his investment as is consistent with the security of his principal. The fact seems to be, however, that the size of the typical dividend return in industry today is diminishing as the fundamental risk in the basic industries diminishes. Indeed, in a recent study,[3] Mr. Brookings shows that the return to the investor is becoming a fairly standardized matter, except in new and experimental industries.

(2) It is usually the purpose of managers to assure that a high yield is earned on the investment, while at the same time the plant is operated in what seems to be technically an effective manner, if this aim can be fulfilled without encountering too great resistance from foremen and workers. Where managers are also owners of stock, their purposes are to that extent made identical with those of the investors. Yet there is room for considerable modification here if they feel that the return can come to them more directly in a higher salary or if their reputation as efficient managers and successful leaders of men is also something of which they are proud. The increasing emphasis upon "professional" status in the managerial world offers, for example, a modification of the typical scheme of managerial purposes.

(3) The purposes of the manual working group are in general to secure as large a share from the enterprise as is possible, consistent with a reasonable expenditure of energy and a reasonable satisfaction to be secured out of the carrying on of the work process itself. Modification of these purposes is a fact of considerable importance in certain experiments going on today of which note will later be taken.

(4) Customers desire to secure an adequate supply of the goods they are demanding, of a sufficiently good quality and at prices which are as low as is consistent with that quality and with ready accessibility to the desired goods.

(5) The general public in its relation to industry functions largely through the administrative and regulative authorities of government bureaus. It may function occasionally through "public opinion" in the press and elsewhere. But in both instances the general public is interested in being let alone and being undisturbed in the pursuit of that to which it is accustomed.

V. The Conflict of Group Purposes

Are these group purposes in conflict? Admittedly this statement of the purposes of these several groups is over-simplified. Yet its fundamental truth points to the fact that as these groups confront each other in the economic arena their purposes are in certain important respects in conflict. This conflict is both economic and psychological in origin. Economically, it grows out of the contest among functional groups over the division of a limited volume of national income. Specifically, it arises about problems of the distribution of the return from the conduct of a given business. This means, for example, problems of price, of wages and hours, of the rate of return on investments, of the extent to which surpluses shall be reinvested in the business, etc. No absolute standards are derivable which might entirely remove decisions on these points from the realm of controversy.

Psychologically, the conflict grows out of the fact that the characteristic environment and work of each group almost inevitably breeds attitudes in relation to other groups which are charged with distrust and suspicion, if not with downright antagonism.

There is a resentment between those who work with their hands and those who work with their heads; between those who manage and those who are managed; between those who secure income from investment and those who secure it from direct labor, either executive or manual.

Two practical conditions are to be seen in industry from this point of view of conflict. There are, in the first place, those companies where the aspect of conflict has been allowed to become over-emphasized. And there are, in the second place, those companies where the view is held that

[3] Robert S. Brookings, "Industrial Ownership: Its Economic and Social Significance." Reviewed on page 279.