

there is no real conflict of purposes among the several parties. Both views constitute an inadequate explanation of the real situation. The fact is that there are some interests which investors, managers and workers have very much in common; and these need to be analyzed, stated and emphasized. Constant emphasis and dwelling upon the aspect of day-by-day conflict among the groups is neither wise nor productive. The difficulty is, however, one of emphasis, which can be corrected, especially if the basis of a sound, cooperative, working relationship is understood.

The view that there is no conflict seems to grow out of reluctance to admit the existence of conflict. The idea is "viewed with alarm" because it is feared that conflict may imply violence in conflict, or because of a sincere conviction that conflict is immoral. The notion that this conflict of purposes can become what Miss Follett has called a "creative conflict" and be the means—in fact, the only means—to the evolving of purposes which can be shared is a view which is thus far unappreciated by those to whom the conflict notion is repugnant.<sup>4</sup>

#### Alternatives to Conflict

An interesting question to raise at this stage of the discussion is: What are the alternatives to admitting the necessary permanence of the element of conflict in industrial life? Miss Follett wisely points out that there are four:

1. The element of conflict can be ignored.
  2. It can be denied.
  3. It can be assumed that a temporary balancing of interest is all that can be obtained.
  4. There can be a successful effort made to create a new working basis which is not a balancing but a sharing and harmonizing of purposes.
- Of these four alternatives, only the last two require further discussion. One objection to urging the balance-of-interests view is that it presupposes the existence of a reasonable degree of equality of power on the part of the groups evolved. This equality, however, is not usually achieved in industrial life today. In consequence, attempts to work on the balance-of-interest basis involve some few cases where equilibrium is attained for temporary periods, but many more cases where one or another group is so much superior in power to the others that the basis used for urging settlements is funda-

mentally a power basis. And from a psychological point of view, the power basis in dealing with adults in another group is not permanently an effective basis.

Consideration of the fourth alternative will take place in connection with the answer to question VI.

#### Managerial Motives Reviewed:

Before attempting to answer this next major question, it is worth while to particularize a little more about the motives seen in control of the operation of present-day corporations. Even though it is realized that there are different groups involved in carrying on corporate activity, it still is usually assumed that the corporation's aim, especially as exemplified by stockholders and managers, is single, namely, profit-making. And if this is the case, it is easy to see how, economically speaking, customers and manual workers would be in conflict with this purpose.

Such a description of motives is unduly simplified, as a more careful examination of the facts bears out. This problem can best be approached by first raising the question as to why there is economic activity at all. The popular answer is that economic activity takes place because of the desire for profit. The realistic answer is that economic activity takes place also and basically because of the pressure of necessity. Economic activity is today normally a characteristic of people in temperate climates, because they must anticipate their needs for food, shelter and clothing. They are under the necessity of extracting a living from a reluctant and not too bountiful nature. And a true account of the case is that most people work because they have to in order to survive. It is probably further true that human beings in temperate climates derive considerable satisfaction from many of the activities which are typically associated with the conduct of the economic life. The demand for activity as such, both physical and mental, is a dominant characteristic of human beings and much of this satisfaction in sheer activity unquestionably carries over into the economic sphere. People are not only active in industry because they have to be, but because they get considerable satisfaction out of the activity as such.

Examination of particular situations reveals a further interesting variety of motives. It is understood, of course, that profits are, as matters stand, a pragmatic test of economic solvency and com-

mercial utility of an enterprise. Practically speaking, profits are today the accredited device for measuring economic utility; and in the absence of any other universally accepted measure, they have to be reckoned with. But that they supply managers with their sole motive for activity in business would be true in almost no case. And one can find plenty of corporations where profits are thought of as one necessary condition of operation, but not the only test of managerial success. A good example of the fact that the profit motive is not inherent in the order of things, but is established by social-convention, is seen when one views the purposes at work in the management of public utility corporations, where dividend rates are in effect limited by government. Profit motivation is, of course, absent also in various economic activities which are governmentally owned and operated.

There are also other corporations not in the two groups mentioned above in which other motives complicate the picture. There are, for example, plenty of managers who are obsessed and controlled by the desire for mere size in business, anxious to build up a volume of business which shall be greater than any other. There are others in which the pugnacious disposition to oust competitors and win out in a fight for markets is a controlling consideration. There are still others where a desire for a serviceable output and the sense of creative accomplishment find outlet through business development. There are plenty of managers who are proud of the traditions of their organization, proud of their trademark, anxious to be known as dispensers of a quality product at a reasonable price.

There is an increasing number of cases, too, where managers take pride, even at the expense of immediate profits, in the goodwill of the employees of the organization, and take pride in fostering in them by practical means a genuine feeling of their essential partnership in the conduct of the enterprise.

Unquestionably, some or all of these as well as numerous other purposes mingle in a bewildering complex in the motivation of managers.

One difficulty has been that the business man has been told so often by the classical economists that he is "in business to make money," that he has himself tended to take this statement as a complete account of the truth about his purposes.

Yet the situation that is disclosed on the managerial side is one where purposes are really plural rather than single, and are likely to be in flux rather than fixed and static. Indeed, before going on to answer the next question, it is of importance to consider why it is in general that purposes change and how they change.

#### Why and How Purposes Change

Managerial purposes are in practice seen to change for many reasons, of which the following are illustrative:

*First:* The manager runs into real difficulty and is forced to cast around for some new method of securing his ends. He is likely to find in the course of following a new method that he is also gradually revealing to himself a new purpose. All sorts of illustrations of this simple truth are at hand. A manager believes unit costs in a department are excessive, due to the lack of an incentive method of payment. He decides to change from week work to piece work. The workers in the department make their objections to this change effective by walking out as a body on strike. Perhaps the foreman suggests that if he had taken the matter up with the department in advance and explained that no real reduction in wages was contemplated but rather the opposite, no strike would have taken place. This leads the manager to consider whether he should have some definite method of conference with employees. And thus a purpose of lowering unit costs has become a purpose of improving conference methods with employees.

*Second:* Change in purposes may be due to the pressure of stockholders.

*Third:* The pressure of public opinion may bring managers to change their purposes as is true in some cases of employers who have a definite policy to pay a wage equal to the legal minimum wage in other industries, although their own industry may not come under such a legal regulation.

*Fourth:* Purposes are changed by what someone has well called the "prestige motive." If a manager finds he is playing golf with associates who take pride in a liberal labor policy, for example, his desire for prestige with his associates may lead him to bethink himself of measures in a similar direction.

*Fifth:* Purposes may change because of the prompting of new desires born of boredom with old desires or started by the acceptance of new

<sup>4</sup>See M. P. Follett, "Creative Experience."