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Communication As A Motivational Tool For Business And Industry

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COMMUNICATION
AS A MOTIVATIONAL TOOL FOR BUSINESS AND INDUSTRY

by

PATRICIA HAFFEY LOPACH

Submitted to the Department of Communication Arts
in Partial Fulfillment of the Requirements
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# Table of Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>CHAPTER I:</td>
<td>2 - 21</td>
</tr>
<tr>
<td>WHERE WE WERE</td>
<td></td>
</tr>
<tr>
<td>AND HOW FAR WE'VE COME</td>
<td></td>
</tr>
<tr>
<td>CHAPTER II:</td>
<td>22 - 34</td>
</tr>
<tr>
<td>THE CORPORATION</td>
<td></td>
</tr>
<tr>
<td>AND THE CULTURE</td>
<td></td>
</tr>
<tr>
<td>CHAPTER III:</td>
<td>35 - 52</td>
</tr>
<tr>
<td>CHANGES AND</td>
<td></td>
</tr>
<tr>
<td>CHALLENGES</td>
<td></td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>53 - 55</td>
</tr>
</tbody>
</table>

iii
ILLUSTRATIONS

FIGURE I: The Effect of Performance on Job Satisfaction .................. 10

FIGURE II: Communication Pattern in the Classicist School of Management .......... 13

FIGURE III: Communication Pattern in the Behavioral School of Management .......... 13

FIGURE IV: Cartoon Depicting Motivational Conflict ...... 24
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INTRODUCTION

The purpose of this paper is to present an historical discussion of the various motivational approaches that have been employed throughout the United States in business and industry, and to determine the effect of internal communicative and motivational patterns on the overall success of the organization. Included in this discussion is an analysis of the communicative patterns that have been used to convey various management styles and the effect these patterns may have had on labor management relationships. Inherent in the study of any communicative exchange between two or more parties - as in the case of labor and management - is a careful examination of the psychological forces that influence intrapersonal and interpersonal communication. It will also be important to note those external factors that might influence organizational performance. Finally, it would be well to examine current management practices and policies as well as to consider potential management themes of the future.
CHAPTER I

The real challenge of management today is to establish and maintain an environment in which man's knowing...participating...understanding ...contributing needs can be satisfied.

Roy G. Foltz
Management By Communications

WHERE WE WERE AND HOW FAR WE'VE COME

An examination of motivational techniques used over the last two centuries highly suggests that the growth and development of the labor-management profile in the United States runs parallel to the growth and development of the psychological profile of the individual as proposed by Abraham Maslow. According to Maslow the individual's social and psychological development takes place in a series of steps and as the need drive at each step is satisfied, new drives motivate the individual to seek fulfillment on the next level. The level of needs that has been satisfied provides the foundation for security and the motivation to pursue satisfaction on the next step. Thus, Maslow's Hierarchy of Needs: 1/ Basic Needs (food, shelter), 2/ Security (safety), 3/ Acceptance (love and friendship), 4/ Self Esteem, 5/ Self-Actualization (the ultimate experience for the individual in which that person enjoys psychological, social, physical and cognitive fulfillment as he/she participates in his/her environment). ¹

The development of labor-management relations is not unlike Maslow's hierarchy in that it has progressed to a system in which the opportunity for self-fulfillment in the workplace is of primary concern. George Straus and Leonard R. Sayles, in a study of management approaches to the motivation of employees, summarized supervisory techniques in five categories; 1/ Be Strong, 2/ Be Good, 3/ Implicit Bargaining, 4/ Competition, 5/ Internalized Motivation.²

The "be strong" method of motivation, which was used in the 19th Century, emphasized authority and economic rewards. American industry responded to the huge influx of immigrants in the latter half of that century by expanding factories and railroads, providing more jobs and attempting to meet the demands for greater productivity. While the heads of industry were usually wealthy themselves as a result of inheritance, growth of monopolies and favor of government, they realized that the immigrants had some very basic needs for mere survival. Thus, their "be strong" approach called for an authoritarian system of management and the submission of the workers. Workers, themselves, were motivated to do enough work to keep from being fired and still be provided with food, shelter and clothing. The problems with this approach, however, were many. Workers were inclined to band together under these conditions and low morale and rebellion resulted - both of which had negative effects on productivity. The resulting pressure on labor and management was not easily controlled. Thus, in the late 1800's, workers, experiencing frustrations from work in conditions that provided minimum satisfaction of basic needs, united to form the first labor union in America.

The Industrial Workers of the World, staged a series of strikes, walk-outs and marches, as well as inflicting considerable vandalism. The workers were expressing the futility of a system which prevented satisfaction of basic needs and stifled any aspirations they might have had. Management had met their own basic drives, and indeed they had guaranteed the company security in a country that was a rapidly growing industrial power. However, they had failed to provide safe working conditions or to acknowledge that workers had to be dealt with on more than a marginal survival level.³

The issue here, is not whether management or labor acted appropriately because in a sense they each acted in a manner that was appropriate to maintain their positions. They were each victims of a system that was experiencing growing pains, a system that could not provide upward mobility or job enrichment for the thousands of immigrants entering the labor force. They were victims of a system that confused political influence with economic success. They were victims of a system that focused only on the vision of a young country and not on the visions of its new citizens.

Any communicative exchange between labor and management took place in an atmosphere of animosity rather than cooperation. Management viewed labor as a tool that would aid in the advancement of the enterprise or as an obstacle that would stand in its way. From their point of view, they were correct and were not to be faulted for focusing on company survival as their primary goal. Indeed, if there was no company, there would be no jobs.

Laborers viewed the issue not as a matter of company survival, but as an issue of individual worth. The worker considered himself an indispensable resource with the right to fair pay and safe working conditions in exchange for his labor. In his mind, if there were no workers, there would be no company.

Both labor and management tried to express and defend their positions in verbal and physical confrontations. However, nothing was to be gained by their efforts since neither group ever tried to focus on the other group's attitudes, needs or goals. This shift in focus would have increased the likelihood that understanding would have occurred. Frank Dance and Carl Larson refer to this ability as "decentering", and note that "the ability to decenter and to enumerate in one's own mind a hypothetical set of attitudes, values, beliefs and motives and then to attribute these imagined characteristics to another is the process through which interpersonal understanding occurs." Without a doubt, neither labor nor management would be able to decenter as long as the pursuit of their goal structure was threatened by the other. While they continued to focus on their own needs they would remain polarized.

Dance and Larson stress that both trust and threat facilitate decentering, but the methods and motives differ sharply. An explanation of this apparent paradox lies in the examination of the motives and methods of each. In a trusting situation, both parties perceive the self as safe and are more inclined to disclose personal opinions or intimate, gut feelings. This increase in personal disclosure by one party allows the recipient of the messages being sent to gain a complete

understanding of the motivations and intentions of the person sending the message. In most instances, the second party follows the same pattern of personal disclosure, leading ultimately to decentering and an increase in understanding through communication.  

In a threatening situation, the communication pattern takes on a different form. The existence of threat - as in the case of management and labor - leads to the perception that the self is unsafe. The speaker who considers the self unsafe focuses only on rejection from the other communicator and formulates their own rejection messages. This results in a sharply increased focus on the opposite parties message and inferences, which eventually become suprisingly accurate. This decentered communicative style is both the cause and result of suspicion and threat and may increase the accuracy of messages being sent, but it changes the focus of understanding from a mutual focus on subject matter to polarity between communicating parties.  

Peter Drucker echoes Dance and Larson with regard to the need for trust in a communicative exchange. Drucker maintains that trust is the basis for understanding. He writes "By and large, therefore, there is no communication unless the message can key in to the recipient's own values, at least to some degree."  

The next approach to motivation took the form of "be good" and was popular in the 1890's and early 1900's. An example of the failure of the "be good" approach erupted in Pullman, Illinois, twelve miles south of Chicago. George C. Pullman was the designer of the lavish sleeping  

5. Ibid.  
6. Ibid.  
car known today as the Pullman Coach. As demand for his sleeping car grew, Pullman found himself with an uncontrollable workforce that was inclined to stage wildcat strikes, to work while intoxicated, and to take leaves of absence without notice. In an effort to provide a better environment for his workers, Pullman designed this utopian community, named after himself. He believed that by providing a secure environment, (Maslow's second level of needs), he could also expect greater productivity. Thus, the town prohibited alcohol and prostitution and promoted health and educational opportunities as well as cultural experiences and the obligation to attend the town's one church, which was, (Pullman's choice), Presbyterian. While Pullman appeared to be the perfect philanthropist, he was viewed otherwise by the inhabitants of the town. As one observer puts it: "In so far as philanthropists... are cut off from the great moral life springing from our common experiences, so long as they are 'good to' people rather than 'with them', they are bound to accomplish a large amount of harm."

As a result of the Depression of 1893, the Pullman Company experienced a decline in profits, and in an effort to maintain his organizational security, Pullman cut his labor force. Those that were able to keep their jobs were paid very little. Frustration grew, workers organized against management and strikes and walkouts followed. By the end of 1894, all that remained of the city of Pullman was a bitter memory in the minds of laborers, and an angry state of confusion for George Pullman. Pullman had prescribed his idea of security as a method of meeting laborer's needs and improving productivity. He failed to

consider their needs as they viewed them. While Pullman was not to be faulted for imposing what he believed to be the "good life" on his workers, neither were the workers to be faulted for refusing to be bound and shackled to another man's values.

The communication between the railroad workers and Mr. Pullman was based on fallacious assumptions and took place in an atmosphere of hostility. Interaction that occurs between parties on different need levels, seems to be steeped in suspicion and/or condescension and can, in fact, cause animosity. There was no congruence between George Pullman's perception of worker needs and laborer's perception of their needs. It follows then, that any reward that Pullman perceived as appropriate would be unacceptable to the workers. One of the major difficulties in communication is that each of us believes his perception is the correct perception and that others perceive, or should be able to perceive, objects the same way we do. "Nearly all of us go through life firmly convinced that what we see, hear and touch is what is truly there to be seen, heard, felt. We think of ourselves as inside observers of outside reality."¹⁰

A more sophisticated approach to the "be good" management style was the hygiene factor promoted by Fredrick Herzberg. Herzberg proposed that there were certain aspects of a job that were "satisfiers" such as achievement, recognition, responsibility, the work itself and advancement, all making up the content of the work. He also proposed that "dissatisfiers" such as interpersonal relations, technical know-how, company policy, physical working conditions and personal life off the

job existed in the context or environment of work. He believed that satisfied employees who felt comfortable with job content and context work harder. However, there is little evidence that high morale leads to increased productivity. Thus, while the "be good" approach to management may promote a good organizational reputation, providing multitudes of comfortable benefits, it still lacks in providing a job that is meaningful.

George Pullman's approach in the early 20th Century and Fredrick Herzberg's Motivator-Hygiene Theory midway through that century, indicate the enlightenment by managers to address employees' internal as well as external drives. This new approach began as management and labor found themselves negotiating over matters which dealt with Maslow's third level of needs - acceptance; and occasionally touched on the fourth level - self esteem. Management was beginning to realize that the "carrot method" had as many possibilities as the "stick method" that had characterized the earlier scientific management techniques. The importance attributed to job satisfaction was indicated by the fact that there were over three thousand published studies of job satisfaction between 1935 and 1976, an average of one publication every five days.

The following is a model by E. E. Lawler and L. W. Porter which deals with job satisfactions and performance.¹³

**FIGURE I**

Performance, which leads to rewards, produces satisfaction with the work and the expectation that future performance will also lead to rewards.

As the labor management relationship theory developed, it found itself in the midst of a maturing process that might best be coined "implicit bargaining". Each of the parties now realized that they were motivated by strong internal and external drives that were steeped in their respective backgrounds. Management could no longer afford to be smug, nor labor hostile. They saw the workplace as a means to an end.

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rather than an end in itself. Individuals, whether management or labor, could pursue the satisfaction of strong personal drives but they would each have to guarantee some measure of cooperation. Thus, the "live and let live" agreement, which proposed that both parties would be reasonable and that both parties were somewhat equal in power came to pass.

It was in the 1950's that Joseph Scanlon took a new look at labor management relations and offered his ideas. Scanlon maintained that employees should be viewed as contributors to organizational success and that they should offer more than just "two hands." He said that they should question, contribute and be involved in policy setting. He also felt that the focus should be on the organization as a whole and that management and labor should be equal branches of that structure. His proposals gave unions the opportunity to be involved in setting policy right from the start, thus avoiding conflict. Channels of communication between management and employees were opened, which forced management to actively interact. However, the Scanlon Plan was not the panacea one would expect, in that it provided a suitable environment but the job itself offered very little egocentric satisfaction by way of content. Under "implicit bargaining", work was still punishment one endures for benefits received, or at best, the obligation to live up to an agreement.

As noted, the Scanlon Plan opened up communication between management and employees which provided a turning point in the development of labor - management relations. However, while those involved in labor management study and negotiations saw a need for participative goal

setting and work planning in the organization, their ambitions were stifled by an underdeveloped organizational structure. The scientific management approach which began in the early 1900's had fashioned an organizational design which clearly directed appropriate lines for communication. The Scanlon Plan might be envisioned as a round table system or a horizontal organizational design which was conducive to employee - management participation. This design might take the form of the behavioral organizational approach of the future, but was doomed to the file cabinet for the 1950's. The United States industrialists and businessmen had studied and perfected the scientific management approach and were bound by ignorance and fear of change. They, therefore, sustained the polarity in communication between labor (unions) and management and continued to abide by the classical approach to employee management. It was impossible for workers to contribute to or participate in the decision making and policy setting of the organization.

A comparison of the organizational structures of the Classicist and Behaviorist schools of management.15

(See Following Page)

CLASSICISTS

FIGURE II

President

<table>
<thead>
<tr>
<th>Assistant to President</th>
</tr>
</thead>
<tbody>
<tr>
<td>V.P. Production</td>
</tr>
<tr>
<td>V.P. Marketing</td>
</tr>
<tr>
<td>V.P. Finance</td>
</tr>
</tbody>
</table>

Plant A Plant B Plant C

Foreman Foreman Foreman
Line A Line B Line C

Routine tasks and environment

Functional Departmentation

Each employee has specialized job

BEHAVIORISTS

FIGURE III

President

V.P. V.P. V.P. V.P. V.P.
Product A Product B Product C Product D Product E

Jobs Less Specialized

More Important Decisions Delegated to Lower Levels

Not as much need to stick to Chain of Command

Wide Span of Control

East West Canada
Coast Coast
While the attempt to open communication channels between employer and employee was proposed in the 1950's, it was not actually implemented on a wide scale until the 1970's. It is possible that the United States, having emerged victorious from World War II, felt a resurgence of its drive to maintain leadership in the industrial world. In addition, the U.S. was plagued with paranoia, causing her to keep a watchful eye on the scientifically progressive U.S.S.R. Rather than explore new possibilities in the management of labor skills and abilities, most personnel managers continued to operate under the principle of scientific management. This approach offered a clear, simple method for dealing with the human resource and assured improved and increased productivity. At the same time, the approach prevented any further development of cooperative labor management interaction. Thus, United States businesses chose to continue on the same course of management philosophy, in the same factories and under the same working conditions that had existed before the war.

Perhaps it is worth noting here that Japan, who would later become a leading industrial nation, instituted a fresh new approach to management strategy after the war, and not without the aid of United States advisors and dollars. Its land and its industrial sites having been desolated, the small country had nowhere to go but up, with the aid of the United States. Occupation Supreme Commander General Douglas Mac Arthur ordered the establishment of unions which the Japanese quickly organized. They formed the unions around the business or plant in which they worked. In most instances these enterprise unions made for close contact and mutual understanding between management and labor. Japan's participative management, group loyalty and pride in workmanship will be
dealt with later in this thesis along with the concept of quality control, which was introduced to Japan in 1950 by W. Edward Deming, a United States statistician and advisor to Occupation Authorities. The important point here, is that the United States possessed theories and applications for improved employee-employer relations over thirty years ago. Management, however, chose not to institute these plans, because they could not accept labor unions as equals in pursuit of a common goal. While our businesses and unions engaged in a power struggle to fulfill their respective needs, Japan launched a new cooperative effort that would one day prove worthwhile. Thus, a closed, rigid, polarized system of communication prevailed for United States businesses, while an open, participative, horizontal communication system made its way into Japanese business and industry.

Ironically, during the same period, a sociologist of the 1950's named Francis D. Haas, wrote a book entitled *Man and Society*. In the book, Haas endorsed the concept of an Industrial Council, which would serve as a public body intermediary between government and private enterprise. The council would be made up of democratically chosen representatives of employers and workers in a given industry who would be empowered to fix wages, working conditions and price for industry. The existence of this three party council would guarantee open communication of the needs and ambitions of the respective branches. However, endorsement of such a program would smack of socialism and met violent opposition during this era of McCarthyism. Consequently, the cooperative effort was shunned by private enterprise as well as the con-

sumer, and the scientific management method was perpetuated beyond its usefulness. Although the Industrial Council never materialized in the United States, Haas presented logical arguments in favor of the program — arguments that would resurface decades later. Haas referred to Point VI of an eight point statement on moral and economic life issued by representatives of various faiths*; "Economic life is meant to be an organized democratic partnership for the general welfare rather than a competitive struggle for individual or group advantage." Haas goes on to cite the need for such a council to reduce class conflict; "Much of the tension between management and labor today, (1952) is due to the distance that separates them, and to their subsequent inability to see and know each other, and, above all, to know each other's problems."18 Again, this cry for communication was not heard, but the message would be echoed a few decades later. Indeed, the door had been opened to cooperative, participative communication in business but it would be a long time until the new management approach could get its foot inside.

Meanwhile, another motivational style of management developed which utilized competition as a means to satisfy individual needs for acceptance and self esteem. Since pay was only one form of recognition for job performance, competition opened up possibilities for meeting achievement needs and affiliation needs and it provided group support for workers. While these may have satisfied the love and acceptance level of Maslow's heirarchy, it is well to point out some possible exceptions. Not everyone was interested in advancement by way of cut

throat or dog-eat-dog methods. Too much pressure could result from competition causing frustration and aggressive behavior. Also, competition within groups could be damaging, if production was dependent on cooperation. The pseudo-achiever might have simply been an apple polisher whose productivity was difficult to measure. Competition was the name of the game in the 1950's and early 1960's while the spirit of free enterprise called the plays and the scientific method of management set the guidelines.

A case in point is presented in the following excerpt from a July, 1958 Time Magazine article.

Many firms have enlisted in ulcer building campaigns to spur the breadwinner on. One company regularly sends cards home showing the salesman's standing in the current company contest, and gives wives tags to hang on furniture around the house to remind their husbands of furnishings they can earn. Some firms have sent buzzers and shrill whistles to salesmen's children; when dad asks what all the noise is about, the kids are instructed to tell him it's only a reminder to straighten up and sell harder... Such constant pressure from home and office is bound to take its toll on even the strongest salesman... "You can carry this business of pounding away at a salesman too far" says Republic Steel's General Sales Manager, L.S. Hanaker, "It can be too demoralizing."19

While competition had served a purpose, observers of personnel relations were beginning to see that competition operates on the belief that the work itself is uninteresting. The reliance on external rewards such as pay, attention, affiliation and recognition prevented the worker from seeking or fulfilling job satisfaction within the job itself. It was

soon discovered that it was difficult to use competition in the factory where union protection prevented the need for competition. In management, competition alone was proved to be self-defeating. As one rose to the top levels of management, there was less and less satisfaction derived since there were fewer people in competition. Some means of internal motivation was required, which would bring about internal satisfaction. A large percentage of the labor force had acquired the means to satisfy their own drive for survival, security, acceptance, and, in many cases, self-esteem. While labor and management had not exchanged sentiments regarding personal fulfillment in the workplace, it was becoming increasingly obvious that employers as well as employees wanted more from their workplace than their paycheck.

It may well be that increasing the motivators in our society will be more and more directed toward creating excitement as a means for releasing energies that are no longer called forth by traditional reward and punishment systems"... When today we try to motivate young people with promises of 'good jobs' and 'good money', we are trying to motivate ourselves as we were at the age of 18 or 20. It's not working very well, and so perhaps new systems of motivation may be necessary.20

The current trend in management is to engage in some form of "internalized motivation". This method seeks to provide opportunities for satisfaction and self-actualization through doing the job itself. The approach calls for spontaneity on behalf of both labor and management. Further, there is usually a need to redesign the job providing

job enrichment opportunities, the right to participate in group problem solving and, finally, a potential for effective leadership opportunities. This would mean that supervisors would be responsible to help employees realize their goals and achieve them in light of organizational goals.

One method of application would be the path-goal approach which relates efforts to desired satisfaction through production and fulfillment of needs - those needs being chiefly social, economic, egocentric, or some combination of these. Feedback is an important aspect of this approach. There must be careful monitoring of productivity, employee satisfaction and management satisfaction. Since it is desirable that both the needs of the employer and the needs of the employee be met, there is always likely to be some trading off.

Other potential problems of the "internalized motivation" system are that management costs could be high since implementation is time consuming, and older, autocratic leaders have to be retrained or replaced. This could result in low morale as well as the loss of technical know-how. Another point is that this system will not work for people who find their fulfillment elsewhere - through family, sports events and other recreation. Finally, some people's limitations stem from childhood or culture and they are not internally motivated beyond their basic needs.

"Internalized motivation" is indeed idealistic and conflict is bound to arise. However, managerial approaches for the 1980's are geared toward the use of internalized motivation or in Maslow's words, "self-actualization" on the job. Self-actualization does not occur as a result of management decision or labor's demands. It is the fruit of
the efforts of the successful intermingling of culture, environment, employee and management. It is a condition which acknowledges the changes within a culture, the effect of natural and physical environment, the drives of the employee and the goals of the employer. Internalized motivation could be a step beyond Management by Objective because it represents an agreement that both employee and employer make as one. MBO claims to be a managerial technique focusing on mutual goals of employer and manager. However, there is a clear danger of the employee being manipulated rather than motivated by the employer. There is some contradiction inherent a system that relies on authoritative control on one hand and the goodwill of the controlled on the other. As long as they must function primarily for company survival as defined and determined by management, the employees will feel they are associated with, but not involved in, the company.21

Perhaps the missing factor, thus far, in internalized motivation is the prerequisite that the motivation be common to both labor and management, not as an instigator of survival or self-actualization, but as a binding force that utilizes cooperation, mutuality of goals, clear decen- tered communication, awareness of task, productivity, responsibility and fulfillment. These are cultural attributes that are beginning to make a strong impression in the business world today.

There are those who have altogether missed self-actualization opportunities by focusing on what society dictated as success. As labor unions accumulated power, they separated their goals from those of manage-

ment. As management specialized and professionalized, they isolated themselves from labor. Both labor and management have delayed the opportunity for workplace fulfillment because they have focused on separate power rather than common goals.

Chapter II deals with examples of companies who have accepted the theory that internalized motivation is a force that binds individuals and impacts their culture to render satisfaction and fulfillment for all involved.
CHAPTER II

In the early and mid 1970's American industry misread the environment and downplayed (1) the seriousness of the challenge of foreign competition, (2) the full extent and lasting nature of the energy crunch and (3) the power and influence of environmentalists and consumerists. Moreover, very few American corporations have been able to respond quickly and appropriately to such changes as the women's movement and the new work and social values of the under 35 generation.

James O'Toole
Making America Work - Productivity and Responsibility

THE CORPORATION AND THE CULTURE

Management and labor alike will have to come to grips with a new value system that was born during the sixties and has since been nurtured by blacks, women, war protestors, environmentalists and others whose values are likely to dominate the workplace of the 1980's. This influence will have a major impact in the business world since, by 1985, the Baby Boom generation will represent nearly a third of the entire United States work force. 1 These young employees, who are presently on the bottom rung of the organizational ladder, are not unlike their predecessors in that they acknowledge the need for money and the material security it provides. However, of greater concern to these young workers, are the social and psychological needs and their right to

"self-actualization" on the job. These aspiring executives insist on their rights to participate in the decision making and policy setting process. In addition, they claim their rights to freely express their individuality and their unique contribution to the workplace.

There is some evidence, though it is not conclusive, "That instead of young people growing out of their values, older Americans are growing into the Boom Babies values."2 David Ewing, of the Harvard Business Review, compared the 1977 corporate executive attitudes toward employees rights to the same executive attitudes in 1971, and found a marked tendency among executives to be more tolerant to such rights as privacy of personnel files, dress codes, employee voting on plant relocation and the need for corporate ombudsmen. Management and labor now sit down to a negotiating table that encourages discussion of rights and responsibilities steeped in a value system of mutual dependence and cooperation. Employees and employers alike need to acknowledge their responsibilities as quickly and as eagerly as they lay claim to their entitlements. This combination of responsibility and entitlement is a key factor in the "internalized motivation" method which is likely to come into sharp focus in this decade.

Indeed, the younger generation of employees will have to modify their ambitious claim to job benefits as they learn to deal with the responsibilities of business. In addition, the older generation of employees and employers will have to learn to share and delegate responsibility as they inherit various company benefits. Finally, employees of all ages will have to modify their personal drives and rewards to adapt to changes in the corporation and the culture.

2. Ibid, p.32.
Representation of Motivational Conflict.  

An examination of the Donnelly Mirror Company in Holland, Michigan suggests that employer and employee satisfaction can be achieved by tying participation in decision making to participation in profits. All of Donnelly's five hundred employees participate in managerial decisions, and all participate in the firm's profits. The work force is organized into teams, each having access to all the information it needs to be self-managing. Each team has a "linking pin", who is a member of a team at the next highest level. This arrangement allows for communication and participation to flow in all directions throughout the

firm. Via this channel, suggestions are made to a Suggestion Committee whose function is to consider all suggestions and to do something constructive about each suggestion. An example of the committee's accomplishments (and worker suggestions) is the elimination of hourly wages and time clocks in favor of salaries.4

Every month a bonus is awarded to the workers, based on all increases from innovations, productivity gains and savings in labor, materials and operating supplies. Workers get special bonuses - as well as promotions for finding ways to eliminate their own jobs. The company offers a guaranteed annual wage and a guarantee against technological layoffs. In addition, there is widespread employee stock ownership in the Donnelly Mirror Company. (Each of these techniques are characteristic of the Japanese management style which will be discussed in Chapter III.)

Workers are not the only ones enjoying the benefits of this participative management style. The Donnelly Mirror Company boasts an increase in its sales from $3 million in 1965 to $18 million in 1975, and an increase in the size of its work force from less than 200 employees to more than 500 during the ten year period. In addition, Donnelly now has one-tenth the United States national rate of absenteeism and one-third the average turnover rate.5

Consideration of policies at Donnelly proves that they are acceptable to (1) management and shareholders because they lead to efficiency and profitability, (2) acceptable to traditional workers, (those over thirty-five) because they provide security, (3) acceptable to nontradi-

5. Ibid.
tionalists (those between twenty-three and thirty-five) because they provide unlimited opportunities to participate in decisions, and (4) acceptable to unions because the system is quite similar to the Scanlon Plan which was endorsed by unions in the 1950's (see Chapter I). The cooperative and participative efforts of management and labor at Donnelly Mirrors, suggests that rights and responsibilities go hand in hand.\(^6\)

While participation and cooperation are rapidly becoming catchall words in labor - management dealings, very few companies can lay claim to a genuine participative management policy. Perhaps the real truth is that management and labor both realize that in order to participate, they have to communicate. For too long both parties have gone through the motions of communication but have rarely understood the message the other was sending. In essence, labor and management have passed each other in semantic space.

Peter Drucker notes that communication is perception as compared to information, which according to Drucker, is logic. He further notes; "Throughout history, we have concentrated on passing information in its purest form - impersonal, free of emotions, values, expectations and perceptions - the focus has been on information." Now, according to Drucker, we have the opposite problem from the one mankind has been struggling with. "Now we have the problem of handling information per se, devoid of any communicative content."\(^7\)

One company that has come to realize the importance of communication within the organization is the International Paper Company. According

\(^6\) Ibid.
to William Pollert, director of corporate communications, management and employees are exchanging information which is valuable to the employees, personally, and to the company as a whole. Management has provided employees with facts and figures they had never received before, which enabled employees to better understand management's approach to company policy. As a result, in 1979, International Paper and their laborers negotiated labor agreements that reflected mutual cooperation and increased profits for the company. The agreements included changes in work rules, new manning levels, introduction of teams on production jobs and a move to a multicraft maintenance staff. In one of the older mills, the unions agreed to a reduction in the work force. The company, which employs some 50,000 people in mills, logging camps and forests throughout the country, had sales of $4.5 billion in 1979. Dr. Edwin Gee, chairman and chief executive officer of the company noted "We are certain that better employee communication has contributed to the outcome this time around."  

In addition to improved labor relations, the company's efforts have helped make line managers feel that they are part of the corporate management team. Supervisors meet regularly with their workers to exchange information, consider suggestions and discuss company goals and objectives. Communication systems within the company now allow for valuable information to be passed on to all employees and for employee feedback to be channeled to top management. Now the employees know what

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9. Ibid.
is happening within the company and why, rather than relying on the com-
pany grapevine or union representatives. Thus, an open internal com-
munication system paid off.

International Paper Company went one step further in utilizing com-
munication as a means to an improved organizational profile. Their efforts to improve communication with external constituencies as well as internal paid off. In 1979, International Paper Company was forced to close down one of its largest plants in Spring Hill, Tennessee, eliminating 1,300 jobs. The plant, which was the largest single employer in the town, kept its employees informed as the situation deteriorated. Employees were keenly aware of the company's struggle for survival and eventually, they were informed of intentions to close the plant. The local newspaper credited the company for closing down the plant in a way that was "extremely socially responsible."10

It is clear that the company who identifies its goals and objectives and then clearly communicates them to its employees has satisfied the initial step of successful management. If management is to be successful, however, there must be opportunity for feedback from each employee and every attempt must be made to incorporate that feedback into company goals and objectives. While this approach may be similar to management by objectives, it adds the one essential element that makes the program work. That element rests in the employees willingness to identify with the company as an integral part of its operation. Equally important, is for management to acknowledge the oneness of purpose of employer and employee. This ideal relationship seems to thrive when the basic sur-

10. Ibid.
vival needs of both management (company) and employees (labor) are threatened. Once the two groups agree that they have a mutual need of and a mutual means for survival, they can establish a foundation for further cooperative efforts.

While cooperation, participation and motivation are tools to help bring about employee satisfaction and managerial success, they are of little use unless they can be applied from within a mutual value system.

Mary E. Cunningham, Vice President for Planning and Development of Joseph E. Seagrams & Sons, Inc. deals with the current trend in business and cultural values in the following editorial:

Society and its institutions, including corporations, yearn for meaning that comes from a well developed system of values. A corporation without values at its core is often devoid of cohesion... The corporation needs to create unity out of diversity, loyalty out of selfish opportunism, and cooperation out of internally directed competitiveness. A common value system causes the organization members to function together as a loyal unit... our reaction to complexity has been to impose a system. The result has been an artificially satisfying sensation that order has somehow been restored to our universe. As a result, we have become victims of the systems we created ...it is clear: changes in corporate culture are very much in order."

Thomas Peters and Robert Waterman, both management consultants, echo Ms. Cunningham's statements in an examination of several of America's best run companies. Peters and Waterman concluded that there were eight basic attributes common to each company, noting that the fifth attribute

is "hands-on, value-driven". This attribute is worth noting because it stresses involvement as well as establishment and recognition of company values.

Unfortunately many company managers have come up through organizational systems that still follow the principle of scientific management. While their intentions may be value-laden, they find themselves bound by such militaristic terms as staff, line and chain of command. Karl Weick, a psychologist from Cornell, notes that "these organizations solve problems by discharging people (honorably or otherwise), tightening controls, introducing discipline, sending for reinforcements or clarifying responsibilities."13

Most of these companies, which were initiated or resurrected after World War II, were organized according to the military structure, which demanded efficiency, loyalty and sacrifice from its employees. Many of today's managers began their careers in the 1950's when scientific and military influence on business was at its peak. It is no wonder that these managers have problems in the 1980's as they attempt to relate to a new breed of employees who are claiming the right to self-fulfillment in the workplace. Thus, it appears that a majority of American businesses and organizations are made up of management, whose values reflect loyalty, sacrifice and efficiency; and employees whose values reflect diversity, flexibility, mobility and participation.

Perhaps the key to cooperation between the two groups is to consider the culture in which the members of each group spent their formative years. It is clear that those who grew up during the depression place

high value on monetary and material security. In contrast, those of the post-war generation were surrounded by material goods, technological developments and wide career opportunities. Understandably, the search for a common set of values has been delayed time and again in our American culture. Conscientious objectors during the Viet Nam era caused Americans to reevaluate their notion of patriotism. Civil Rights groups of the 1960's exposed America's "lack" of liberty, a basic value too long taken for granted. The ERA movement that gained momentum in the 1970's encouraged examination of a nationwide erosion of equality. The Watergate experience questioned the social institution of the Imperial Presidency.

Without further elaboration, it is clear that once these values were questioned, they could no longer serve to unite our diverse society. This is no less true in the workplace. Management came to realize that their scientific foundations and organizational charts could collapse under pressure from the Civil Rights Act of 1964 as well as from various environmental impact statements. Young employees came to realize that they were equipped with powerful tools such as education, energy and enthusiasm. If there was any hope of management and employees coming together to cooperate in the workplace it would have to rise out of a common need. That need came in the form of a slowly declining economy, the eventual cutbacks in the labor force and major losses for stockholders of large companies. The need to save the business from bankruptcy and to protect the employee from unemployment has brought about some remarkably cooperative and creative approaches to management.
In an effort to keep Consolidated Rail Corporation from being sold to its competitors, employees gave up 200 million dollars a year in raises. "Givebacks" at Chrysler Corporation totaled 622 million dollars at one period in 1981. Employees are taking steps to keep their employers in business rather than negotiating themselves out of a job.

As stated previously, if a company is to succeed, there is a need for two-way participation and communication of objectives which mirror the value system of the organization. An examination of the goals and objectives of the Hewlett-Packard Corporation prove their commitment to their employees as well as company success. Examples of the Hewlett-Packard philosophy follows in excerpts taken from their company handbook.

Exerpts From Hewlett-Packard Philosophy

PROFIT: To achieve sufficient profit to finance growth and to provide the resources we need to achieve our other corporate objectives.

OUR PEOPLE: To help Hewlett-Packard people share in the company's success, which they make possible; to provide job security based on their performance; to recognize their individual achievements; and to insure personal satisfaction that comes from a sense of accomplishment in their work.

MANAGEMENT: To foster initiative and creativity by allowing the individual great freedom of action in attaining well defined objectives.

CITIZENSHIP: To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.

These objectives and others like them, are clearly communicated to Hewlett-Packard employees through an employee handbook. By presenting their objectives they are actually establishing a set of values by which decisions can be made and guidelines set. More important, employees can evaluate the company's philosophy and determine whether they share the same set of values. If they have suggestions or modifications, they know that they will be considered and often incororated into new objectives as they are updated. The key is that values and objectives are clearly defined and mutually agreed upon which leads to commitment from both management and employees.

Daniel Bell, a bright futurologist of the twentieth century contended that a dominating idea drives every major period of history and he referred to this concept as the "axial principle" of each age.  

According to Bell, the axial principle of the eighteenth century was equality. People who had fled their homeland were in search of fairness, justice and equality. With the industrial revolution in the nineteenth century, the axial principle shifted to rationality. Rationality gave men the ability to control nature in some cases, moreover, it gave man the ability to control other men. While indications are that the earlier part of the twentieth century evolved around science, the axial principle for the later part of the twentieth century has come to be participation, according to another futurologist, Roger Talpaert. Talpaert is Secretary General of the European Institute for Advanced Studies in Management, located in Brussels, Belgium. He predicts that

it will soon be "unthinkable for people to contribute to any form of collective action without being able to influence goals and choices".  

Talpaert examined the axial principle theory and concluded that for every dominant axial principle there was also a dominant profession that played a keen role in each era. The era of equality was dominated by lawyers who played a crucial role in reforming society. The era of rationality was dominated by the engineer and gave rise to scientific methods in business. Finally, the axial principle of the present is participation and focuses heavily on the role of the manager. According to Talpaert, "the most important qualifications of today's managers are political skill and moral credibility."

Perhaps the fading influence of the Scientific Management approach will leave business with one last directive to its managers. That directive should include a design for managers to be trained in interpersonal skills such as effective interpersonal communication, active, cognitive listening, cooperative and participative skills and abilities, a firm understanding of the society in which the organization functions and the constant flux which occurs within any culture.

17. Ibid., p. 25.
CHAPTER III

In the future the pressures will be for a formal integration of social and environmental goals into overall corporate goals, and for the establishment of management evaluation and incentive systems that measure reward and punish nonperformance in social as well as economic dimensions.

John Diebold
The Role of Business in Society

CHANGES AND CHALLENGES

Perhaps the time has come for America to re-examine her claim to heterogeneity, diversity and independence. Perhaps, also, it is time to examine the possibility of America as a homogeneous culture, whose people have come to realize their interdependence. As noted in Chapter II, many of the values that were once the backbone of our social and business world, have been crippled and are no longer congenial to change.

An examination of the survival measures that businesses and organizations have taken over the last century suggests that businesses can adapt to new circumstances in their social, political and economic environment. Business corporations survive in all cultures and conditions, but those businesses that thrive are the ones that identify with, and operate by, the philosophies and values of the culture in which they exist.
This chapter will examine the Japanese approach to management, noting the cultural values that specifically influence organizational philosophy and labor management relations. There will also be an examination of current American management trends, exposing some surprising similarities to the Japanese approach. Finally, there will be a study of some American companies that have ventured beyond Douglas McGregor's Theory X and Theory Y approach, to the new management philosophy that Dr. William Ouchi calls the Theory Z style of management.

In his book on American and Japanese management styles, Dr. William Ouchi proposes some interesting contrasts and similarities as well as offering a new direction for American businesses. His book, entitled Theory Z, suggests that American businesses will have to change their philosophies and their approach to management if they hope to meet what Ouchi calls, "the Japanese challenge."\(^1\)

Douglas McGregor noted two different approaches to management in his book, The Human Side of Enterprise. The first approach which he labeled "Theory X" maintained that the average person dislikes work, avoids responsibility and must be threatened or coerced in order to produce. Under this approach, the most likely management or leadership style would be autocratic. The "Theory Y" approach, according to McGregor, maintained that the average person enjoys work if it is meaningful, accepts responsibility and can be creative if properly motivated.\(^2\) This second approach would suggest a democratic style of management or leadership. These two theories have been the mainstay of most American

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management approaches for over a century, but perhaps it is time to consider a new approach which is being suggested by Dr. William Ouchi. Dr. Ouchi, in a deliberate effort to follow-up on McGregor's Theory X and Y approach, has coined his technique as "Theory Z." The Theory Z style of management maintains that the individual should be considered as a whole person who is a part of an organization that shares the same goals, commitments and philosophies in an environment of cooperation, understanding and trust. The leadership style that is appropriate for this type of management approach is wholistic. The wholistic leadership style not only concentrates on the individual's total well-being, growth and development but also on the organization's total well-being, growth and development, emphasizing the integrated relationship between the two.3

In studying Japanese companies that have met with success, Ouchi notes several practices that are advantageous in maintaining the organization's well being. Japanese companies, Ouchi notes, have non-specialized career paths which means that the young management trainee with any organization will be given several different opportunities to train in various areas of the company. While this may take time and delay quick promotion opportunities, it does assure the company that the young trainee has had "hands-on" experience in every aspect of the organization. Thus, when he is eventually promoted he will have a better understanding of each department, its problems and capabilities, as well as the experience of working with the people in the department rather than above them.

Another practice of Japanese management is the setting of objectives which are not only appropriate for the organization but also for the individuals within the organization. This does not come about through force or coercion. In setting organizational objectives, the decision makers consider the owners of the company, the employees, the customer and the government regulations. The people who work for the company have an internal understanding or grasp of company philosophy because their attitudes and values were (personal philosophies) taken into consideration before the philosophy was set. Furthermore, after the philosophy is firmly established, and successfully communicated, a set of beliefs are circulated among decision makers which indicate solutions and patterns which seem to work well in implementing company plans. The key here is that the philosophy and the means to fulfill that philosophy are implicit rather than explicit. There is a mutual agreement on goals because the goals are usually closely related to culture. There is mutual agreement on means to goals because most managers have had common experience from their extensive training program as well as having been formerly acquainted with fellow managers.

A third management practice which has proven to be successful for Japanese firms is that of participative decision making. The Japanese feel that anyone and everyone who will feel the impact of a particular decision should be involved in the decision-making process. It is interesting, also, that the youngest and least experienced member of the decision-making group is given the task of formulating the ultimate proposal. The purpose is twofold. First, it gives this young manager a good deal of experience and exposure to other managers' styles as well as familiarizing him with the organization's problems and resources.
Secondly, it gives the organization a chance to tap in on some new, creative approaches that haven't grown stagnant from constant association.

Again, it is important to point out the common set of values which is characteristic of Japanese management. This idea of collective values holds true for purposes of motivation as well as accomplishment. According to Ouchi, piece-rate systems and other individual incentives are considered personally humiliating to the Japanese. They see their efforts as group or teamwork and cite the interdependence that they all feel is a part of accomplishing their task. There is a certain intimacy that develops among the workers that makes their allegiance even stronger. Perhaps their drive for individual accomplishment is nonexistent because of the cultural influences but another reason is that they know that the reward system simply does not single out individuals and that individuals will be provided with employment as long as they are cooperative, productive members of a team.

This introduces another important aspect of Japanese management which contributes to their organizational success. Lifetime employment in Japan is presently at 35% and is growing rapidly. Since the Japanese do not emphasize career specialization there is, obviously, a tendency to stay with the same company and become a proficient member of that organization. This practice falls in line with the lengthy training period as well as the wholistic involvement with employees. If a young trainee is fortunate enough to be hired by a major company, that trainee will be guaranteed work until age fifty-five, at which time he will receive a lump sum retirement allotment. He will also be given a job as
consultant in one of the smaller satellite businesses of that corporation. Thus, he can live comfortably in his retirement and still feel he is a productive, participative member of his company.

It is important to note that the Japanese have a history of interdependence and homogeneity which results from some basic survival needs experienced during feudal times. Survival of the group, through the group, became the issue of primary importance in the minds of the Japanese. More recently, the experience of the atomic bomb which had devastating effects on the Japanese population has called the people to unite for survival of the group goal. It is not surprising, therefore, to witness such unity, intimacy, cooperation and trust as is apparent in the Japanese business climate.

Perhaps a look at popular United States management practices will bring to light some interesting contrasts. With regard to career paths it is evident that the young American management trainee is characteristically ambitious, determined and anxious to find their particular area of expertise so that they can establish their "corner of the market." Naturally there is a good deal of competition for the same specialty which makes trainees even more determined to pursue and excel in their area. The result is quite positive for the company since it has the opportunity to choose and bid for extremely capable individuals. However, the company risks losing its employees to other competitors. If it is able to retain these promising individuals it risks having to tolerate the quest for individual performance which actually becomes an individual subgoal. These subgoals or personal goals, can be more important to the individual than company goals. Dr. Ouchi's data indi-
cate that the average top officers, in fifty American firms over thirty years, worked in less than two different functions. Thus, the goal of self improvement and management skills was evidently more important than staying with one company for an extended period of time.

Traditional American values of individualism and freedom to be different have an influence on defining the objectives of the organization. While policy setters do take into consideration the environment, clients, employees, it is clear that these concerns are not nearly as influential in setting the organizational objectives as in Japan. The primary goal for the majority of United States companies is survival and profit. To the extent that this affects the employee and his job the company shows concern. But, until recently, companies have shown that they had neither the desire nor the responsibility to consider the worker in any way other than one aspect of the structure that achieves company goals. It has been up to the individual to decide whether he can, in fact, align his objectives with those of his organization. Even if he can make his goals and those of the organization agree it is doubtful whether both employee and employer can have complete agreement on how to achieve the goals.

In an effort to prevent possible conflict, United States companies set forth their own list of procedures which are standardized measures for attaining their goals and measuring their effectiveness. While this practice may appear to be a narrow, one-sided approach to management it is easy to see how this practice came about. First, United States management practice has been heavily influenced by the Scientific Theory of Management, popular in the Nineteenth Century. This classical method
suggests that the best way to guarantee productivity is to provide the most efficient system with proper tools and the right combination of manpower.\(^4\) This guaranteed the accomplishment of company objectives as well as supplying the worker with the means for food, shelter, and clothing. However, as time has passed and man's motivation for work has changed, employees have begun to examine their own responsibility and dedication to company policy. In turn, the company has begun to take a new look at their responsibility for the employee. Recently we have seen companies offering health club memberships, babysitting services and personnel specialists in an effort to expand their regard for their employees. We are, indeed, a nation that stresses individualism, but perhaps the time has come for us to emphasize the whole individual---physically, psychologically, socially and emotionally. In dealing with whole individuals, it may become easier to deal with the organization as a whole, with healthy subsystems, made up of healthy individuals.

Another area of comparison between the United States and Japan deals with their approach to decision making. Since there is so much specialization in the United States, managers in first and second level positions are responsible for decision making for their specific area. One can see that there is potential for both conflict and confusion if the decision makers have no prior experience in other departments of the organization. Also, the possibility arises of interdepartmental competition for funds, rewards, etc. Finally, the particular approach to decision making depends on the problem and the organization involved. However, overuse of programmed decisions might result in outdated

approaches and lack of opportunity for creativeness. While there has been some effort to use group or participative approaches in the United States, companies will have to be convinced that the participative approach is cost effective over a long period.5

Perhaps, it would be best for United States businesses to focus on employee involvement rather than the financial aspects of each problem. Noburu Terashima, who is a New York University M.B.A. graduate summarized his thoughts on United States business approach to decision making: "American management decisions are based on statistical study of questionnaires and other data, while in Japan decisions are made on the basis of personal relationships and human considerations...the Japanese way is more realistic."6

The United States companies have not had to be concerned with lifetime employment or retirement provisions since the 1930's. Our Social Security system was established to provide for retired individuals after the age of sixty-two. However, with the increase in life expectancy, companies and individuals find themselves searching for ways to provide individual livelihood as well as individual usefulness in the retirement years. This problem is presently being addressed by politicians, bankers and corporate executives as well as individual employees. Who is responsible for the retired employee who still has basic survival needs as well as needs to feel useful? Perhaps it would benefit the organization itself to consider a kind of phase-down program where the expertise of the retiree is put to use and at the same time he is given a chance to supplement his retirement income. This approach seems to be

on the horizon, but will not become a reality until our companies see the individual as a whole organism rather than a means to an end.

As we study the history of the United States, we see that our tradition is one of independence and heterogeneity. While we have always prized individual accomplishment, we have also stressed teamwork, participation and cooperation. Unfortunately, what is characteristic of our social structure does not seem to be as apparent in our business structures. Our businesses tend to be goal oriented, systematized and rational. It is possible that we have gone too far. Professor Harold Leavitt of Stanford University writes, "that the penchant for the explicit and the measurable has gone well beyond reasonable limits and that a return to the subtle and subjective is in order."7

In essence, the goal or objective of Theory Z management is to develop the organization to coordinate people, not technology---to achieve productivity. This effort will hopefully bring about less selfish and more cooperative, committed workers. In order to do this, there is a need for organization-wide cooperation, understanding and trust. Hopefully, the United States can modify its management approach to absorb some of the aspects of Japanese management without giving up the kind of freedom to compete that is so much a part of our history. Industrial integration and individual accomplishments can be achieved together if managers want to make the effort. As Dr. Ouchi writes, "Modern industrial life can be aggravating, even hostile, or natural: all depends on the fit between United States culture and technology."8

It appears that our culture is changing, motivations for work are

8. Ibid.

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changing and company-employee relations are changing. How well American businesses can accommodate these changes will determine how well we meet what Dr. Ouchi calls "the Japanese challenge."  

An examination of the Buick Final Assembly plant of the General Motors Company (GM), proves that participative management deserves consideration as a viable management tool for the 1980's. The Buick Final Assembly plant had been the poorest performer of all the corporation's assembly plants, until GM introduced participative management. Two years later the plant rose to the top of the corporation in quality and productivity. This success story came about because Eward N. Cole, president of GM, was perceptive enough to realize the need to accept change, the need to understand people and the need to accept management as a process of organizing humans as resources rather than as objects.  

Mr. Cole spent time researching participative management theory and concentrated specifically on the works of Rensis Likert, founder of the Institute for Social Research. Likert had developed four styles of management which he referred to as: System 1 - exploitive authoritative, System 2 - benevolent authoritative, System 3 - consultative, System 4 - participative. In conferring with Likert, Cole realized that, in order for the participative management approach (System 4) to succeed, it would first have to be implemented at the highest level of management. It could then filter down through the remaining levels to the employees. This meant selling the method and gaining the support of all members of the organization.

9. Ibid.
Union members had come to realize that the old tradition of hostility would not serve to motivate members forever and agreed to consider the possibility of participation. Company managers, as well, had come to realize that participation was not necessarily a threat to the company.

The first signs of employee-employer willingness to cooperate, were seen in the formation of the General Motors - United Auto Workers, (GM-UAW), National Committee to Improve the Quality of Worklife, which originated in 1973. The committee concentrated first on developing union-management trust by helping one another learn to understand some of the subtleties of the other’s position. In actuality, management and labor were engaged in the process of "decentering", which was discussed in Chapter I. These initial steps, taken by both labor and management established a new working relationship which was grounded in trust and understanding. GM and UAW realized that the public may suspect each side for being self-serving, however, they also realized that the long run interests of both sides depend on learning to trust one another.

While trust and understanding proved to be a worthwhile foundation for this new movement, GM realized that commitment would have to be the important next step. Studies showed that customer satisfaction was high and employee grievances were low in those areas where supervisors included their employees in decision making. These reports proved that commitment by top management had begun to filter down to supervisory levels. Supervisors had appreciated the participative approach and had, in turn, used it to motivate their own employees.
Since trust, understanding and commitment had become the springboard for the participative management approach, it was now time to focus on goal setting. Managers in United States companies have a strong tendency to focus on the short run view of performance as polarization between people and profits. According to Dr. Ouchi, Americans view employee training thus: "In the short run, an investment in employee training will reduce output; in the short run an unrealistic level of pressure on employees will increase output; and in a short run oriented firm, of course, a manager who fails in the short run will not be around to see the longrun." This interesting observation reveals that motivational techniques still focus on project-goals (basic needs) rather than humanitarian goals (higher level). Perhaps these managers should focus on investments for training, longrun working relationships, consideration for social, emotional needs and dignity of employees and participation in decision making.

Ultimately, the long range view of GM took on a new form. The principles developed by Packard Division plant in Brookhaven, Mississippi were: (1) Trust in Relationships, (2) Involvement, (3) Communication, (4) Higher Expectations.12 Indeed, this is proof that focus on new humanistic values such as involvement, communication and trust can include goal centered values which are traditionally United States fostered - such as high expectations, product quality, pride in achievement. The point is that United States businesses have to acknowledge the change in social values and begin to view business values and social values as compatible rather than competitive.

The participative management project proved successful for GM's Brookhaven plant. The plant reported the best safety record in the Corporation during the first six-month period of 1978, overtime was controlled to less than two percent for both hourly and salaried employees, casual absenteeism of 2.8 percent, $1,800,000 in completed cost improvement projects and ninety-six percent and higher labor efficiency.¹³ The success story of General Motors and United Auto Workers points up the waste of time, energy and capitol that has resulted from United States companies clinging to traditional management styles. Hopefully, companies like GM, IBM, General Electric, Westinghouse, and others who have implemented the Theory Z approach will open the door for those United States businesses that have stagnated.¹⁴

On April 12, 1978, GM held a conference entitled The Executive Conference on Quality of Worklife. The delegates shared their ideas and experiences with regard to working conditions and employee-employer relations. They summarized by stating what, they believed, was a fundamental attribute of a positive work environment. They stated:

In conclusion, all people are at their best when they are essential members of an organization that challenges the human spirit, that inspires personal growth and development, that gets things done and that symbolizes and stands for only the highest standards of ethical and moral conduct. That is what quality of work life is all about."

General Motors Vice President
Executive Conference on Quality of Worklife

¹³. Ibid, p. 162.
One aspect of the Theory Z management style is the Quality Control Circle, known as the Q-C Circle. This management technique encourages managers and employees to share ideas as well as responsibility for achieving high quality, improved productivity and increased employee morale. A small number of employees (eight to ten) are assigned to a project from its conception to actual completion. These Q-C members study the production methods as well as the finished product to determine potential and real problems. Through cooperation and commitment, the Q-C Circle identifies and implements solutions. As positive results occur, employees are recognized and often rewarded for their contribution.15

Q-C Circles have been succeeding for many years in Japan, and have been used to a limited degree here in the United States. They are more successful in Japan because their underlying strategy is different than in the United States. In Japan, the focus of Q-C Circles has been on the human side of the organization, while the United States has used Q-C Circles as a statistical tool to improve productivity. Again, Japan's emphasis on respect for the worker, development of the worker, and improvement of the product explains why they have been more successful than the United States.16

As noted in Chapter I, Japan has used the Quality Circle concept since World War II. Dr. W. E. Deming, an American professor of statistics, was an instructor in Japan's first quality control seminar. It was the belief among Japanese managers that quality and productivity

15. Ibid, p. 224.
monitoring should not only be the job of management. They wanted to establish a framework in which workers could share the task of product inspection. Dr. Deming provided the workers with training in statistical techniques, which were fostered by United States industrial engineers and became the underlying analytical technique still used in the Quality-Control Circle.\(^{17}\)

Indeed, the United States has used these same statistical techniques for over 100 years, but United States business has failed to place emphasis on the underlying human aspect of their studies. Perhaps recent social demands and cultural changes have caused American businesses to reconsider the human aspect of management. In any event, the current emphasis, in this country, on human resource management promises a long awaited management approach.

It is worth noting that the Japanese management style is not without its problems. In many cases, Japan is more American than America. For example, Japanese families place great pressure on their children from an early age to succeed in education. Children are tested during preschool to determine eligibility for kindergarten in exceptional schools. These schools then feed students into primary, secondary, and finally, post-secondary schools. Ultimately, the young Japanese are welcomed into a corporation which is affiliated with the entire educational system. Another weakness in the Japanese system, is their hesitancy to accept women as full time employees or to hire them to fill professional or managerial positions. Women who work are the first to be laid off during slack periods. According to Dr. Ouchi, "women serve as a 'buffer' to protect the job stability of men."\(^{18}\)

\(^{17}\) Ibid.
\(^{18}\) Ibid. p. 21.
The United States has the potential to deal with the current upheaval in employee relations if its business leaders recognize humanistic goals as well as economic goals. Of equal importance is the need to examine American values and management methods that have worked in the past and to combine these tools with new techniques for the future.

Chapter I presented Abraham Maslow's analysis of people's behavior according to various motivational levels. Maslow's Hierarchy of Needs has heralded a new look at human beings in the workplace. The pyramid structure of motivation levels exemplifies a number of current trends in worker demands and management concessions. For the most part, the changes have been long overdue and have brought about significant improvements in the American workplace. However, Maslow cites the need to accept responsibility for positive change based on a firmly established, realistic set of values.

I see trends toward anti-intellectualism, anti-science, anti-rationality, anti-discipline, anti-hard work, etc. I worry when competence and training are by some considered to be irrevlevant or unnecessary. I worry when I see impulsivity confused with spontaneity. I worry when I see people, especially young people, overlook the fact that proponents for spontaneity, for example, like Alduous Huxley, or Carl Rogers, are themselves highly disciplined, hardworking individuals who think of true spontaneity as the consequence of much hard work, as the reward for personal development."

Abraham Maslow
While Maslow encourages Americans to search out new directions, he also stresses that we hold on to that which made our country - its people and its businesses - great. Traditional management methods have furnished United States businesses with valuable tools for business success. The key for the future, is for business to interface those traditional tools with new management methods in order to meet the challenges and accept the changes in our culture.
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PERIODICALS


ILLUSTRATIONS

