MANAGERIAL MOTIVATION

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As WE COME TO KNOW more about business behavior, and indeed as we learn more about human behavior generally, the important question of what motivates the business executive can now be attacked with fresh hopes for achieving significant results. Corporations often act in ways that belie a simple, monolithic, profit-maximizing motivation. Indeed, sociology, social psychology, and cultural anthropology suggest that it would be strange if anyone or any firm were so simply and uniquely motivated. Yet, much of our usual analysis of corporate operations is couched in these terms; much public policy debate, especially about taxes, is based upon like assumptions about motivation; and the bulk of that economic theory which relates to the business firm envisages an entrepreneur, knowing and rational, who is seeking to maximize his short-run profits.

It is the purpose of this paper to explore, in preliminary and highly tentative fashion, this question of managerial motivations. Is the executive trying to maximize profits? If so, is he trying to maximize them for himself or for the corporation? Is he thinking in short-run terms or is he trying to maximize returns over a period of years? Is he more concerned with maximizing gains or with minimizing losses? How important to him is the maintenance of the corporation as a going concern? Are profits an end in themselves or merely a means to other ends? Are "non-economic" considerations important to his actions, if not in his thinking?

The Environment of the Corporation

Corporate executives are necessarily alert to the general economic, social, and political environment in which the firm must operate. This environment may influence, alter, or shape the motivations of management. It determines in part not only what can and cannot be done in the economic sphere, but also which acts by the corporation and its management bring prestige and approval and which excite public censure.

It is a truism that the larger environment of the American corporation has been profoundly altered during the past half century, and especially during the past twenty years. The emergence of big government and big

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labor together with the impact of wars, depressions, and inflations have created restraining and directing influences at every hand. Corporations have also come to accept, in part at least, a new sense of active responsibility for the socially acceptable exercise of power.

In this changed environment, profit maximizing becomes difficult. It may also become less worthwhile in the face of progressive taxation of corporate and individual incomes, and in view of the possible adverse reaction of government, labor, and the general public.

The precise effect of taxation upon executive motivation depends in large part, of course, upon whether money gain is actually of paramount importance to the businessman. This controversial question, as will be noted later, is itself much-mooted. The primacy of the profit motive heretofore almost uniformly presumed is now questioned by many authorities. Yet, to the extent that money rewards are important to management, high and progressive taxation should have the effect of reducing incentive.

The Harvard Business School has studied this problem. Thomas H. Sanders, in *Effects of Taxation on Executives*, reports evidence that high taxes reduce executive mobility, both in terms of moving up within the corporation and in terms of moving to other companies.[1] In the performance of his job, however, "The evidence is overwhelming that the business executive is putting (in) a full measure of work and energy. . . . He is still going full blast."[2] A review of this book editorializes, "[O]ne can't help wondering what becomes of the idea that high taxes rob the businessman of all incentives to do a better job."[3]

This situation is viewed with somewhat more apprehension by Crawford H. Greenewalt, President of Du Pont, who insists that taxes may jeopardize future corporate efficiency through their undercutting of incentives.[4] Greenewalt does, however, make it clear that he is not referring to this generation of business management. He takes note of the Harvard study cited above, concluding, "I am sure that this is so—that out of a sense of loyalty or a feeling of obligation to their companies, or perhaps simply because of habit, the current crop of executives will continue to do their best."[5] He asks, however, "What caliber of men will be managing our business enterprises twenty-five, fifty years from now? How can we assure

[1] Sanders, Effects of Taxation on Executives (1951).

[2] Ibid., at 17.

[3] Notes on the Permanent Revolution, 44 Fortune 64 (August, 1951).

[4] Greenewalt, What Kind of Incentives? at 7, a speech before Illinois State Chamber of Commerce (October 19, 1951).

[5] Ibid., at 7–8.

their competence and vigor in the face of greatly weakened financial motives?"[6] Continued high taxes will he feels reduce the future number of candidates for top-level jobs and will reduce the incentives for even those who do still seek and attain these jobs.

Although taxation may reduce the monetary gains possible for executives, it is by no means the only factor in the new corporate environment which could reduce the force of profit maximization and lead to other and possibly conflicting goals. Antitrust legislation and enforcement, for example, has probably been conducive to some restraint in profit seeking and has contributed to a new emphasis upon maintenance of the corporation as a going concern. This is particularly true as antitrust enforcement, often applied against a given corporation over protracted periods, has actually become a form of ad hoc regulation. Interestingly enough, however, antitrust action has also tended to induce caution in pursuing a goal that might be an alternative to profit maximization—increasing the size of the firm and maintaining or increasing the firm's share of the market.[7]

As a further example of elements in the new economic environment which may restrain or supplant profit maximization, the growth of the labor unions may be cited. Whatever the relationship between unionization and the firm's ability to maximize profits, it is clear that greater union power has forced a revision of industry's perspective and goals. As Sumner Slichter argues, the businessman now lives in a "laboristic economy" where there has been a shift in power away from business toward labor.[8] Slichter claims that if business is to regain its influence, if not its power, it must adapt to the new situation by (1) making business a more integral part of the community; (2) doing some first-rate thinking in the field of

[6] Ibid., at 8.

[7] An important outgrowth of the new corporate setting is the great and growing importance of the lawyer to the corporation. Fowler Hamilton says of the lawyer and business that "their novel and intimate union is part of the inherent logic of the era of the corporation." Hamilton, The Lawyer and Business, in the Law, 38 Fortune 179 (October, 1948). The lawyer first entered actively and continuously into business life because of "the legal complications of doing business in the corporate form." This new relationship has been "shaped and cemented," however, by the mushrooming of government controls of all types.

Hamilton lists as illustrative of the type of question a businessman now asks his lawyer ("indicating how far the legal profession has come from the time when Francis Bacon found it ignorant of business"):

"Can we, in view of federal and state laws: Acquire the stock of a somewhat competitive company? Exchange price data with trade-association colleagues? Fix resale prices on our products? Offer x per cent discount on volume purchases? Make such-and-such claims in advertising matter? Absorb all or some freight costs to meet competition? Increase executive incentives by issuing option warrants? Favorably affect our tax structure by securing new funds through loans rather than the sale of securities?"

[8] See Slichter, The American Economy (1948).

public policy; and (3) taking a greater and more constructive interest in the problems of the community.[9]

In addition to these overt pressures upon the corporation and its management, the force of public opinion has also had a substantial effect. The public has looked upon the corporation from its vantage points as consumer, employee, and community, and it has not always found the corporation good. This lack of unqualified approval has had much to do with the growth of government controls and the increasing strength of labor unions. These attitudes have also borne directly upon the corporation, and they have been felt.

It is apparently true that public attitudes toward business have become more favorable in recent years, because the public has changed or because business has changed or both.[10] Popular concepts of the "Robber Barons" and "Malefactors of Great Wealth" have been replaced by a wary, and frequently skeptical, but basically much friendlier attitude. The literary stereotype of the businessman has shifted from Lewis's Babbitt and Schulberg's "Sammy" to the more complex figures of Marquand. One critic has concluded, "The Businessman has finally been given citizenship in the human family."[11]

Yet, the corporation is far from having universal approval and support. According to Elmo Roper, American attitudes toward business, although favorable to a system of private ownership and operation, are still tinged with reserve and distrust. Specifically, claims Roper, "A great many people believe that too much of business is at best amoral and at worst greedy," and "Because they know that under today's conditions they have not the means to do it themselves, many people want someone to keep an eye on business—and their candidate for that 'someone' is government."[12]

Out of corporate awareness of the fact of public distrust have come

[9] Slichter, The Businessman in a Laboristic Economy, 40 Fortune 108 (September, 1949).

[10] Roper, in The Changing Face of Business, 35 Saturday Review of Literature 12 (Jan. 19, 1952) says "both."

[11] Cherne, The Writer and the Entrepreneur, 35 Saturday Review of Literature 10 (Jan. 19, 1952).

[12] Op. cit. supra note 10, at 41. Despite the increased governmental regulation and control, relatively few businessmen have accepted executive positions in the federal government. Many public boards and commissions are set up to have industry representation, and many other top government officials would ordinarily be recruited from business. Yet, despite the recruitment of a number of well-known business leaders, many of these high-level jobs have been notoriously hard to fill. In its editorial concern over this situation, Fortune has suggested that "business may have to work out its own technique of participation. Its stake in big government, a big if unpleasant fact of the twentieth century, is too great to warrant waiting for the millennium in Washington." Washington's Executive Famine, 42 Fortune 73, 75 (October, 1950).

strenuous attempts to improve employer-employee relations to increase the standing of business with its customers and, especially, to gain approval of the general public. Recognition that public relations involve "good performance that's understood and appreciated"[13] seems to be increasing. In the process, narrowly conceived, short-run profit maximization is increasingly unlikely to be the sole or perhaps even the primary motivation of corporate management.

The Stockholder and Management

The motivation of management has probably also been affected by the new pattern of corporate control. As Berle and Means pointed out in their classic study,[14] with the diffusion of ownership rights among a host of small and scattered stockholders, active control of corporate enterprise has generally passed to management. A number of more recent studies have tended to confirm the Berle and Means estimate of the situation.[15]

The influence upon managerial decisions of the one group supposedly strongly profit-motivated has thus waned. Stockholder pressure upon management to maximize profits and increase dividends is presumably less acute and effective. Indeed, as stockholders accept their inability to control the corporation, accept the extensive plowing-back of earnings, and come to expect regular, dependable dividends rather than spectacular gains, common stockholders presumably begin to resemble contingent bondholders in both position and expectations.

The fact that stockholders are seldom actually able to exercise effective control over management, and hence are presumably unable to impose profit maximization, does not necessarily mean that executives will customarily act counter to the stockholders' wishes. Management and the stockholders may both desire profits, although each may desire them for different reasons. The stockholder presumably wants profits because he is interested in increasing the size of his dividends. The executive, even though his personal compensation may not be very closely tied to firm profits, may want profits to ensure the firm's safety, or to make it grow larger, or for various other reasons.[16]

The preoccupation of the executive with his corporation as a sort of independent entity, and his strong interest in its security, perpetuation and size, is powerfully reinforced by the fact that he is a member of a

[13] Business Is Still in Trouble, 39 Fortune 67 (May, 1949).

[14] Berle and Means, The Modern Corporation and Private Property (1933).

[15] See especially Gordon, Business Leadership in the Large Corporation (1945).

[16] See Griffin, Enterprise in a Free Society 96–104 (1949).

group interested in the same thing. Modern management, especially in the large corporation, operates in a group setting, with group attitudes, group constraints, and group aspirations—although individual roles may be sharply differentiated. The necessity for a bureaucratic form of organization in any operation as large as the major corporation is so strong that the group context of individual motivation and action is likely to remain as a cardinal factor in the environment of corporate management.

Polls and Surveys

One of the obvious sources of information about managerial motivation is from the executive himself. Despite the recent increase in interest in the incentive problem, relatively few attempts have actually been made to gather executive opinion on such questions. Even the fragmentary data thus far collected, however, furnish some basis for skepticism as to the primacy of short-term profit maximization.

Elmo Roper, who has conducted the *Fortune* Survey of Public Opinion, has made a number of studies bearing upon the goals of executives. He concludes that top management wants "security."[17] That security, executives are said to believe, consists of recognition of achievement, dignity of position, autonomy of their management, and rewards paid in leisure. One possible element in security—money—is conspicuously missing in this picture.

The belief that executives share in the apparently widespread desire for security is supported by other polls. The executive is even concerned about job security, although this does not loom as large in his thinking as it does for salaried employees and factory workers. In one survey, men were asked to choose among three different kinds of jobs: a job which pays quite a low income but which you are sure of keeping; a job which pays a good income but which you have a fifty-fifty chance of losing; and a job which pays an extremely high income if you make the grade but in which you lose almost everything if you don't make it.[18] The first, low-paying but secure job was preferred by 26 per cent of the executives and professionals, 42 per cent of the salaried employees, and 60 per cent of the factory workers. The second, good-paying but not very secure job was chosen by 32 per cent of the executives and professionals, 27 per cent of the salaried employees, and 21 per cent of the factory workers. The very lucrative but very risky job was elected by 36 per cent of the executives and professionals, 27 per

[17] These views are cited in What Makes the Boss Work?, 37 Fortune 212 (April, 1948).

[18] The Fortune Survey of Public Opinion, a Self-Portrait of the American People—1947, 35 Fortune 10 (January, 1947).

cent of the salaried workers, and 17 per cent of the factory workers. Thus the executive and professional group did show more inclination to accept insecurity as a price of high money rewards than did the presumably lower-paid salaried employees and factory workers. Only a little over one-third of the executive and professional group responded in classic profit-maximizing terms, however, while about one-fourth of this group showed a marked preference for safety at the expense of reward.

The same poll also included a question bearing upon enjoyment of one's job. The answers to this question cast some light on the oft-repeated assertion that management gets much of its incentive from the creativity, responsibility, prestige, and other perquisites of the job itself. Those questioned were asked: On the whole would you say that your job is really interesting and enjoyable, or would you say that it is all right but not very interesting, or would you say that it is dull and boring? Significantly, 92 per cent of the executives and professionals found their jobs interesting, 6 per cent responded that their jobs were all right, and only 1 per cent labeled their jobs dull. This was in marked contrast to the salaried employees, and in even sharper contrast to the response of the factory workers. Some 54 per cent of the latter categorized their jobs as interesting, 31 per cent described their jobs as all right, and 15 per cent stigmatized their jobs as dull.

Although polling of executives has not revealed a scorn of money rewards, neither has management shown the sort of attitude toward income that is implicit in the classic theory of the firm, with its profit-maximizing entrepreneur. A poll posed this question to executives: If you could double your income by working two or three more hours a day, would you do so?[19] Only 29 per cent of those responding said "yes," and 71 per cent said "no."

The National Industrial Conference Board made a study of business motives incident to its analysis of the effects of taxation upon corporate policy.[20] The results of this questionnaire support the general conclusion, "The security of the corporation as an economic unit appears frequently to be a motive of management more compelling than profits for distribution to stockholders."[21] Profits, when sought, are envisaged in terms of maintenance of the firm as a going concern. "Profits, if not distributed, may be used to insure the safety of a business, while losses may impair its safety. From the executives' point of view, profits are only means by which the security and welfare of their corporations may be promoted."[22]

[19] The Management Poll—The Fortune Forum of Executive Opinion on U.S. Executives Themselves, 34 Fortune 16 (October, 1946).

[20] National Industrial Conference Board, Effects of Taxes Upon Corporate Policy (1943).

[21] Ibid., at 9.

[22] Ibid.

One reply to this questionnaire concluded: "The management is never wholly free of the profit motive, but when it decides to build markets or merchandise for postwar needs, it does not base its decisions on any calculations of future profits. Rather, it acts on the theory that it must survive and be healthy, and assumes it will then be in a better position to act on whatever motive might then be uppermost."[23]

Opinions of Business Executives

In the years since World War II, an increasing number of business leaders have come to be interested in motivation. This new awareness of the problem has been triggered in part by discussion of tax policy and by the recent emphasis upon "executive development." It also reflects, however, introspection concerning the new place of the corporation in America and the new role of top management.

Chester I. Barnard has done much of the pioneering work in this field.[24] Barnard, long-time President of New Jersey Bell, has strongly emphasized the importance of motivations as the key to the success of business organizations. He has also consistently stressed the primacy of non-material incentives. Barnard believes that much economic behavior is non-rational and that the desire to be well-esteemed is very general and is more pervasive than is rational profit calculus. This desire leads executives to fear failure as much as they want success—not merely financial failure but also the kind of failure that reduces status and authority.[25]

[23] Ibid., at 10. For purposes of comparison, a small-scale postwar British study, involving twenty firms (eight of them large and twelve of them small), is of interest. See Hague, Economic Theory and Business Behavior, 16 Rev. of Econ. Studies 144 (1948–49). None of the large firms and two of the small firms indicated that they aim "to earn as much as possible in the short run." Six of the large firms and one of the small firms answered that they aim "to earn as much as possible in the long run." Two of the large firms and nine of the small firms replied that they aim "to earn steady long-run income." For the small firms contacted, short-run profit maximization obviously had no great appeal. The owners of these firms apparently wanted to earn a comfortable and secure income, and felt that beyond this point the problems and risks would not be worth facing. In the large firms studied, more emphasis upon avowed profit maximization, of a long-range sort, was evident.

[24] Barnard, The Functions of the Executive (1938); and The Entrepreneur and Formal Organization, a speech made at the 1948–1949 meetings of the Research Center in Entrepreneurial History, Harvard University, and included in Change and the Entrepreneur (1949).

[25] Barnard does not actually use the word power, in referring to managerial incentives, looking upon it as akin to the "phlogiston" of early chemistry—an ambiguous term which does not really explain. In his speech before the Harvard Research Center in Entrepreneurial History, he noted, in the words of the rapporteur, "Executives who are commonly supposed to wield 'power' quite generally see themselves entrusted with a discretion which for them is a duty to discharge a responsibility, an exercise in persuasion and coordination. Many an executive, who, upon being externally observed, was thought to exercise great, perhaps arbitrary power, very likely could be more truly thought of as acting, and feeling that he was acting, as he was bound to by the inexorable logic of his situation." Ibid., The Entrepreneur and Formal Organization 8 (1949).

Crawford H. Greenewalt, President of Du Pont, concurs in part with Barnard but puts far more stress on money rewards. He agrees that people may feel rewarded by a knowledge that they have done their best, or by prestige, or by power and influence. He adds, however, "But for most of us, I think we will agree that the strongest and most desirable incentive of all is financial gain—not, of course, in money itself, but because of what one can do with it."[26] He further maintains that financial rewards are especially needed in business, because personal prestige can be more readily gained in other fields.[27]

H. F. Willkie, President of Kingan & Co., agrees on the necessity of adequate monetary rewards. He claims, "Almost all researches on this subject show agreement on one factor: pay comes first. Without adequate pay, the executive will not perform. He measures pay not only by what he gets monthly or annually, but by what he can hope for."[28] Yet, Willkie acknowledges that although adequate pay may be necessary, it may well not be sufficient. Willkie stresses perquisites and prestige or position as the requisite "plus" values of a job. Relief from routine, exemption from some rules, preference of office or position, honors and recognitions, opportunities for service, club and professional memberships, expense accounts, more staff assistants, and leeway on favored projects are listed as important "intangibles." "Indeed, they may be disclaimed and minimized by those who enjoy them. But try to take them away, give them to another—an outsider—or abolish them and see what happens."[29]

Ralph E. Flanders, United States Senator and New England industrialist, has posed the question of what moves the executive to make his final decisions.[30] He rejects Veblen's position that men work in order to maintain "conspicuous waste," asserting that this was not generally true even in Veblen's era and in any event is now passe. Acknowledging that appe-

[26] Greenewalt, op. cit. supra note 4, at 6.

[27] A similar approach is taken by Merle C. Hale, General Motors personnel executive. Emphasizing the importance of incentives in executive development, Hale states that there are two types of incentives—monetary and non-monetary—and adds, "Both are important. Both are practiced in General Motors." Hale, Executive Development in an Expanding Organization, Address given at Ohio (State) University (May 2, 1951), College of Commerce Conference Series, No. C-74, p. 4 (1951). "Psychic income" is claimed to be increasingly important as one moves up the executive ladder. But, insists Hale, "psychic income is not a substitute for monetary income." Ibid.

[28] Willkie, Compensation of Executives (in Proceedings of the Business Leadership Conference—Part 2) 11 Pacific Northwest Industry 50 (Bureau of Business Research, Univ. Wash., December, 1951).

[29] Ibid.

[30] Flanders, How Are Top Executive Decisions Made? 41 Amer. Econ. Rev. 93 (May, 1951).

tite for money income is a consideration that cannot be dismissed, he nevertheless does not attach great weight to this factor. Rather, he supports the notion that desire for power, the urge to exercise unused powers, and pride in socially useful performance loom large in executive motivation.

Opinions of Observers of Business

A number of scholars, approaching business from divergent vantage points, have studied executive motivation with results more remarkable for their similarity than for their contrasts. Interestingly, there is also a rather high correlation between the views of business executives and the opinions of these "outsiders."

Robert A. Gordon, of the University of California, has made an intensive study of the environment, structure, and workings of the large corporation and its management.[31] Impressed by the fact that modern business leaders are becoming professional "hired" managers with remarkably stable incomes and with some assurance of security rather than men motivated by ownership incentive, Gordon goes on to examine non-financial incentives and finds a number which have some importance. Money compensation has become, he believes, "largely a minimum condition for attracting the necessary supply of business leadership in the large corporation."[32] Salaries must be large enough to permit a "generous standard of living" and to assure family security, but beyond this the corporation cannot provide the requisite power and prestige by financial remuneration alone.

In his subsequent analysis of the effects of such managerial motivation upon corporate decision, Gordon concedes that even an executive not personally actuated by hope of money gain cannot ignore the search of the firm for profits. "The profits criterion can never be disregarded by salaried executives. As a minimum, it is necessary to keep directors and stockholders passive."[33] Beyond this, however, executives may not slant every decision toward enlarging profits but may instead pursue other personal or corporate goals.[34]

[31] Gordon, op. cit. supra note 15.

[32] Ibid., at 313.

[33] Ibid., at 327.

[34] Similar findings have been made by scholars currently or formerly with the Harvard Business School. Melvin T. Copeland believes that adequate executive salaries are essential—able executives must be paid enough to persuade them to take the responsibilities and to assume the burdens of the job. Copeland, The Executive at Work 230 (1951). If the corporation is successful over a long period, he may also expect to have his money rewards increase. Copeland also believes, however, that the corporation can effectively utilize such non-monetary rewards as recognition and prestige, and he agrees with Gordon that the threat of loss of prestige

Arch Patton, a management consultant, has completed a study whose findings place much greater emphasis upon profits as a motivating force than does Gordon.[35] Patton's study, covering forty-one very large corporations in a dozen industries, compares profit figures for the firm and compensation for top-level management, over the 1939–1950 period. This comparison reveals a close correlation between increases in executive compensation and increases in corporate profit. The key question, of course, which the figures do not answer, is whether this means that raising executive salaries will probably bring an increase in corporate profits, or merely that larger profits allow the payment of higher salaries. Patton believes that it could be statistically proved that a policy of calling for higher compensation than the average will result in higher profits.[36]

Clare E. Griffin, of the University of Michigan, approaches the problem from a slightly different direction. Although he believes that the profit motive goes far in explaining business decisions, he maintains that it is necessary to look beyond this motive, "first, because in the conduct of business, the profit motive is not the sole driving force but is tempered and influenced by other considerations (very few human activities are completely dominated by a single motive); and, second, because profits are not an end in themselves but are means of attaining certain ends which people regard as important."[37] He notes that for some men under some circumstances, these underlying desires provide the impetus to profit-seeking. For other men, or under other circumstances, these desires may be satisfied by other economic means or by non-economic means. What are these desires? They include power ("the rather universal desire to

may serve as "a spur to executive effort." His satisfaction from being good at his job and his pleasure from the belief that he is rendering service to others are also powerful rewards.

John C. Baker, a former Harvard scholar and now President of Ohio University, has suggested four principles which should govern the payment of executives. Baker, How Should Executives Be Paid?, 18 Harv. Bus. Rev. 94 (1939). The four principles are also cited in What Makes the Boss Work?, 37 Fortune 104, 210–11 (April, 1948). These four rules are: 1) they would have as few present and future financial worries as possible; 2) they should be influenced by the method of payment in a professional rather than a speculative direction; 3) they should receive satisfactions other than simply financial ones; 4) they would have corporate standing that would foster individual freedom of action and high social, intellectual, and moral standards. Baker concludes, "An awareness of human desires indicated a larger problem (in executive compensation) than one of financial reward and these phases of the question have been almost entirely neglected. Industrial society has apparently gone mad in an attempt to pay for everything with dollars, a thing which cannot satisfactorily be done." Ibid., at 106.

[35] A full report of the findings of this study is contained in McNair, Lintner, & Bursk, Thinking Ahead, 30 Harv. Bus. Rev. 17 (1952).

[36] Ibid., at 150.

[37] Op. cit. supra note 16, at 72.

direct or influence affairs in the way one would like to see them go"); prestige ("the general desire for recognition by others"); social approval (a "qualitative instead of a quantitative" judgment); the creative desire ("a sense of accomplishment"); the competitive impulse ("pugnacity" or "the spirit of the game"); independence ("to be my own boss"); and social obligation.[38]

Finally, a number of observers remind us that managerial motivation is variable and complex. George Katona, of the University of Michigan, suggests such hypotheses as this: short-run profit maximization may be a desirable or necessary goal for businesses in precarious condition, for new or still insecurely established businesses, and for small firms.[39] Similar hypotheses might encompass businesses in risky or speculative or fiercely competitive industries.

Actually, motivation may be more complex than this even in a business oriented toward profits. George Coe said of the industrialist, "In one and the same act several of the following phases of his mental dynamics always can be detected: family affection, family pride, and anxiety concerning security and social standing; desire for recognition in the business world; the nursing of self-conceit; loyalty to a partner; pugnacity toward a rival; enjoyment of power; the exhilaration of a game; the thrill of originality; pride of workmanship; the glow of self-identification with an institution, enterprise, or cause; the taking of a customer's interest as one's own; the feeling of responsibility for the welfare of employees; devotion to country. In this complex, there is an implication, however obscure, of the value of oneself, of the members of one's family, and of sundry other persons. There is an endeavor to be a man among men. There is, then, in the motivation of the capitalist economy a social factor of which not the faintest shadow appears in the ledger of any business concern."[40]

Need for Additional Research

Thus we do know something of the setting in which the executive operates, and we have fragmentary empirical evidence plus a considerable body of informed observation. But to date most analysis of managerial motivations has been speculative and partial in character. Much remains to be done, for example, in actually testing the hypotheses that managerial motivations vary with the size of the firm, the age of the firm, the prosperity of the firm, or the industry in which the firm is operating. From a very

[38] Ibid., at c. 5.

[39] See Katona, Psychological Analysis of Economic Behavior, c. 9 (1951).

[40] Coe, Motives for a New Order, 16 The World Tomorrow 349 (April, 1933).

different vantage point, it might be useful to examine actual group interaction and group decision-making within the top management of corporations. Also it must not be forgotten that the executive is also a member of other groups in the community, many of which may also help shape his motivations and attitudes. Almost nothing has been done in applying the approach and methods that the sociologist and social psychologist have developed for analyzing group membership, roles, and values. Interviewing designed to get at the question of executive motivation has been generally spasmodic, peripheral, and unsystematic; "content analysis" of the vast amount of material found in business journals, trade papers, "company books," and executives' speeches has not yet been attempted on any large scale; hundreds of existing case-studies of firms and industries, and the equally numerous biographies of business leaders, have not yet been "mined"; and explorations in entrepreneurial history are just beginning. If a more realistic knowledge of managerial motivations is important to our better understanding of business operations, public policy, and economic theory, much work lies ahead.