

Barnard's Surprise: Competence as a Moral Quality

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I. Introduction

Not since the Great Depression has the idea of business, of free enterprise been under such widespread assault. Not since the 1930s has the view that the economy is too important to be left to those who seek profits and personal gain. With the collapse of some of the world's largest financial institutions and near failure of iconic organizations like General Motors, with the spectacle of executives who make millions yearly in salary and bonuses and tens of millions in severance pay, even when their companies lose money in the billions, it can not be surprising that respect for business is dissolving almost as fast as Bernie Madoff's 'investments.' A lack of faith in free enterprise as the engine of prosperity is a crisis that cannot be overestimated. Far more than an economic problem, should the middle classes cease to believe in the competence of executives, the very fabric of liberal democracies will be torn. Intrusive governmental control of the private sector will be demanded by an outraged and panicked middle class. It will do no good to point out that the middle class has largely be the creation of the free play of business interests in societies long dominated by authoritarian regimes. For the traditional values of the middle class: suspicion of government, respect for individual initiative, self-discipline, hard work, saving and investment—all the virtues Max Weber identified with the success of business societies—will not avail. The rise of authoritarian governments in nearly every European nation-state during the Great Depression should alert all thoughtful people to the dangers in the collapse of the faith in middle class and business values.

Although it is important to deal with the excesses of financial institutions, to detoxify assets, to readjust the supply of housing and to deal with other economic imbalances, these efforts by themselves cannot undo the consequences of a generalized loss of faith in business values. only a belief that executives will run their companies honestly and decently and, above all, competently can sustain the underlying values of middle class society. So important is this for Barnard that effective executives "command respect and reverence:"

The leadership which reflects the attitudes and ideals of society and its general institutions... is the aspect of individual superiority in determination, persistence, endurance, courage; that which determines the *quality* of action; which often is most inferred from what is *not* done, from abstention; which commands respect, reverence [Barnard, p. 260, emphasis original].

In this context competence is a moral quality and incompetence verges on criminal negligence. Without this kind of executives, organizations will fail. Without successful organizations, liberal society will disintegrate. For these reasons an examination of Chester Barnard's *Functions of the Executive* may be in order. No management theorist has stressed the relationship of morality and competence more than he. Barnard ended his book with the above quotation from Plato. Leadership is more than a way to command. In a crisis it is a way to reach port safely.

Persons *as participants in specific cooperative systems* are regarded in their purely functional aspects, as phases of cooperation... as outside any specific organization, a person is regarded as a unique individuation of physical, biological, and social factors, possessing in limited degree a power of choice... *both are always present in cooperative systems* [Barnard, p.16].

II. The Cooperative Self

One of the most critical executive functions is to inculcate organizational goals into its members. Key to this process—sometimes called the inculcation of motives—is the understanding each member or employee possesses of his or her role in the cooperative enterprise. This proposition seems straight forward. For Barnard, however, few cardinal concepts were simple or transparent. The more important they were, he often assumed, the more subtle their impact on the organization, the more they required a sophisticated analysis. In this spirit we discuss the Barnardian view of many organizational concepts. Let us begin with understanding. The brilliant philosopher/psychoanalyst Herbert Fingarette has said of a typical patient: "Although his suffering may be amenable to chemical, surgical, or miscellaneous psychological influences, the classical therapeutic aim of psychoanalysis is to transmute his feelings, desires, and actions through understanding [Fingarette, p.37]."

Despite many obvious differences between the situation of a member of a complex organization and a patient, and despite the fact that Barnard did not believe psychology—either as a discipline or a concern—had a great deal to do with cooperative systems, Fingarette captured a great deal of what Barnard thought about the relationship of understanding to other critical management concepts. Barnard might have said of a typical member or employee of an organization: "Although his willingness to cooperate might be amenable to material, physical, or miscellaneous psychological influences, the classical effectiveness aim of cooperative systems is to transmute his or her feelings, desires, and actions through understanding." If this is true, it suggests some interesting and even surprising ideas for the Barnardian executive. It is the purpose of this unavoidably complex paper to extrude some of these from Barnard's difficult and opaque prose.

I will try to understand an exceptionally difficult passage from Barnard on the assumption that its complexity lies in its attempt to appreciate a complicated process, not in Barnard's inability to make a simple point or make a complex point simply. The process of unraveling Barnard is worthwhile, not only because of the intrinsic value of appreciating an important organizational thinker, but because his thought provides foundations of understanding of vexing contemporary dilemmas. The metaphor of foundation may mislead by suggesting a much too linear process. I don't believe one *first* understands Barnard or any other original thinker, and *then* applies him to some pressing concern. To understand him it is necessary to interlard Barnard with one's experience in the hope of mutual illumination. This fundamental principle of learning premises my method. Barnard's concept of understanding is analyzed in terms concepts imbedded in or implied by his words but also in terms of more recent concepts, especially motivation and management by objectives (MBO). The intention is to gain insight into Barnard's and more contemporary ideas by reading one concept in the light of others in a reciprocating process. In this case the results indicate why Barnard was not much interested in motivation, despite his emphasis on organizations as cooperative systems, that is, systems which resonated with organic rather than mechanical metaphors and why he would probably look with favor on management techniques like MBO, despite their rote properties which seem consistent with more mechanistic approaches to management than Barnard favored.

The executive functions serve to maintain a system of cooperative effort. They are impersonal. The functions are not...to manage a group of persons.... It is not even correct to say that the executive functions are to manage a system of cooperative efforts. As a whole it is managed by itself, not by executive organization, which is part of it [Barnard, p. 216].

III. The Limits of Motivation

Among the hoariest principles of management theory is that motivated employees are superior to less motivated ones. Upon this premise motivational theories have been built, justified, and applied to numberless workers in almost every conceivable work environment. It has been the rare motivational theory which has been able to avoid its commercial application by what I call "motivationists." By "motivationists" I do not mean academics like Maslow, Herzberg, Vroom or Deming. I am not referencing various approaches to factors of human motives, for example, hygiene, need for self-esteem and the like. Nor am I quarrelling, now would have Barnard quarreled, with conceptions like the hierarchy of human needs. Rather I am referring to the notion which suggests that when managers are aware of the factors of motivation and make their employees aware of them that this process is by itself motivational, that is, in Barnard's terms, it inculcates organizational motives into the employee. I am not suggesting that executive sensitivity to employee needs and aspirations is of no value. I am saying that it is of little value unless it is related to the faith in the executive's competence.

I referring also to the kinds of techniques made popular by Tom Peters [Peters, 1954]. Whatever value these may have in and of themselves, company picnics, children's games and other "team-building" activities simply do not inculcate motives to cooperate in any meaningful way for Barnard. As he makes no reference to such activities, I argue that an understanding of what he meant by motives, goals and purposes implies the irrelevance of such activities. Furthermore, I argue that Barnard believed that such activities can be harmful. Communication of objectives and purposes is important for Barnard, but it is not motivational. At best it is a condition of motivation. An employee is motivated when he "authorizes" the acceptance of organizational goals into his decisional process. What is motivational in Barnard's sense and what has received little attention even by motivational theorist with which I share values, especially Maslow, is that leadership by its demonstration of competence enlists employees in the cooperative effort, presuming they are fitted for cooperation, is the most important way to inculcate organizational values. As a corollary, efforts to increase enthusiasm, a non-logical commitment to grand organizational purposes, by means of inspirational speech can have negative effects when they work.

Motivationists often claim command of a process which can achieve higher productively, *without recourse to coercion or incentives*. If workers already are (self) motivated, or if productivity increases can be assured by either coercion or material incentives, it is difficult to see what motivationist or even their more academic cousins have added to management techniques which focus on the relatively objective elements of the job. I doubt any motivationist approaches potential clients with the proposition that productivity can be increased by across the board wage hikes or by the judicious use of the lash. Barnard did not believe either incentive would do much good. "Material rewards are ineffective beyond the subsistence level excepting a very limited proportion of men... [Barnard, p.144]. Employees can be coerced, of course, but not without undermining the very basis of the organization: cooperation. "No superior permanent or very complex system of cooperation to a greater extent merely by coercion [Barnard, p.150]." Whether motivational theorists or their clients agree with Barnard or not, the appeal of their product is that it can work independently of such incentives. They suggest workers can be persuaded or psychologically adjusted to be more productive less expensively than otherwise possible.

Barnard believed in the reality of motives, but not in the concepts of motivational theory or the claims of motivationists. In his *Functions of the Executive*, there is no reference to motivational theory or motivationists and precious few to motivation, although there are scores of instances of "motives."

We call desires, impulses, wants, by the name "motives." They are chiefly resultants of forces in the physical, biological, and social environments present and past. In other words, "motives" are constructions for the psychological factors of individuals...inferred from action...persons can occasionally be aware of their motives [before an action] but usually what a man wants can be known even to himself only form what he does or tries to do, given an opportunity for selective action [Barnard, p.17-8].

It is important to emphasize that the truth of an individual's motives, even to himself, is not available. At best, it is an inference:

I do not necessarily mean by this that in any *specific* situation motives of men may usually be determined by what they do and say at that time. On the contrary there are many situations in which the motives of men are to be only inferred by (1) what they do and say in this situation; (2) what they have said and done in the past in similar and dissimilar situations; (3) and what they do and say after the situation [Barnard., p.18 note, emphasis original].

In other words, to warrant such an inference one needs to have examined the entire fabric of an individual's life. And then it remains an inference, even to the individual himself. It would be hard to state more powerfully the essentially private nature of motives. Nevertheless, motives, along with "alternatives external to the individual" were critical factors to organization [Barnard, p.17]. "Organizations result from the modification of the action of the individual through control of or the influence upon one of these categories. Deliberate conscious and specialized control of them is the essence of the executive functions [Barnard, p.17]." It is possible to read this as indicating that it is an executive's responsibility to control, among other things, "the desires, impulses, wants" of an individual, or what Barnard called "motives." But I do not believe this is what Barnard intended. The reason is plain.

Insofar as they are subject to executive decisions, inferences regarding motives are guesses regarding the character of an individual as it may dispose him or her to continue to make a contribution to an organizational goal. Coupled with an incentive system or other factors external to an individual and therefore much more subject to executive control, these guesses may enable an executive to continue to receive sufficient contribution from a sufficient number of individuals for a sufficient period of time to enable the cooperative system to function. This I believe is the extent of the control over the category of motives Barnard's thought implied. In other references, Barnard saw motives as dependent on cooperative systems or effective organizations. "Hence cooperation compels changes in the motives of individuals which otherwise would not take place [Barnard, p.41]." And again, "personal purposes [motives] cannot be satisfied through cooperative action [without] a distributive process... [Barnard, p.32]." Thus, motives are linked with the employee's worker's cost-benefit analysis, as he underscored: "The net satisfactions which induce a man to contribute his efforts to an organization result from the positive advantages as against the disadvantages as are entailed [Barnard, p.140]". "Positive" does not mean "only material." "Even in purely commercial organizations material incentives are so weak as to be almost negligible, except when reinforced by other incentives, and then only because of wholesale general persuasion in the form of salesmanship and advertising [Barnard, p.144]." This may seem to open the door to motivational techniques as we now think of them, but it does not.

Barnard took pains to separate the organizational from the personal:

It is frequently assumed in reasoning about organizations that common purpose and individual motive are or should be identical.... Individual motive is necessarily an internal, personal, subjective thing; common purpose is necessarily an external, impersonal, objective thing, even though the individual interpretation of it is subjective [Barnard, pp.88-9].

His conception of an individual as an organic and psychic whole, who contributes to organizations only to achieve otherwise unattainable goals and only under conditions which balance advantages and disadvantages, militates against any external process which treats an individual "as *objects* to be *manipulated* by changing the factors affecting them [Barnard, p.40 emphasis original]". Like Aristotle, Barnard did not ascribe meaning to an individual apart from a social context, but this does not mean an individual is simply a summation of social factors: "There are no distinguishable social factors operating *from within* the individual *to* the cooperative system; but factors *upon* the individual from a cooperative system as well as other social relationships [Barnard, p. 40, emphasis original]." Social factors are inevitably incorporated into "their mental and emotional characters [Barnard, p.40]." Incorporation, however, is not a process available to an executive to anyone but his children. Adults may change, but they come to a cooperative system already socialized. That is, they make their efforts only in the expectation of having their motives satisfied. They remain the only determinants of this process, "since motives are individual [Barnard, p.40]." So whatever it is that motivational theory does to an individual, it can have little impact on organizational effectiveness. Effective organizations do not need motivationists. A Barnardian worker simply treats any such efforts in the same manner he or she responds to any other stimulus, that is, another item to subject to prudential consideration. Insofar as a motivational attempt is perceived as manipulative, it is likely to backfire. Barnard not only thought it inevitable for employees to play their own game, he thought it proper to do so:

Willingness to cooperate, positive or negative, is the expression of the net satisfactions or dissatisfactions experienced or anticipated by each individual in comparison with those experienced or anticipated through alternative opportunities.... Thus from the viewpoint of the individual, willingness is the joint effect of personal desires and reluctances; from the viewpoint of the organization, it is the joint effect of objective inducements offered and burdens imposed. The measure of this net result, however, is entirely individual, personal and subjective [Barnard, p. 85-6].

Even if we allow a more expansive and modern use of the term "motives" to include motivationist techniques, I believe Barnard would not have thought much of the efficacy of the effort and less of its propriety. Furthermore, insofar as Barnard was concerned with "depersonalized action" or with the behavior of units, motivation was largely beside the point, because motives, insofar as organizational effectiveness was concerned, were beside the point. Whatever role motives play as a psychological summation of desires has already been fulfilled at the point of entry into the unit or the moment the work is depersonalized. Its impact on an organization can be subsumed by an individual's acceptance, for whatever reasons, of the incentive system, his technical competence and his understanding of *his or her unit's* objectives. An individual's organizational contributions are not "personal" and therefore not psychologically grounded [Barnard, p.186]. Motivation, conceived as an outcome of motivational intervention, had little bearing on the unit which actually fulfilled or failed to fulfill organizational objectives.

Motivation was not restricted in Barnard's thought to the unit level of analysis. It could have impact on general goals or causes, areas not so susceptible to rational calculation. Nevertheless, the resistance of nonlogically based motives to cost/benefit analysis does not leave an adult worker vulnerable to motivational manipulation. Motives are characterological. They resist external phenomena, a resistance which for Barnard would have been reinforced by the depersonalized nature of an individual's contribution to a cooperative system, especially a commercial one. Motives change, but much more likely a result of an ontological choice not a rational decision. These are "choices which make one a new person in a new world, that involve sometimes sudden, sometimes gradual, but always involuntary, fusion of the whole into a meaningful pattern which then takes over [Fingarette, p.55-6]." In Barnardian terms, such choices make up the character of an individual and they are not to be confused with the individual's responses to external phenomena, although these responses may provide clues to character. "*The point is that responsibility is the property of an individual by which whatever morality exists in him becomes effective in conduct* [Barnard, p.267, emphasis original]."

Motivational theory, particularly in the hands of motivationists, takes itself to be the independent variable and human behavior as dependent. This could not be further from Barnard's conception of the individual as the independent variable and his contribution to an organization, his depersonalized action on behalf of his unit, as the dependent outcome. The individual does not contribute his or her self to the organization but only to a limited set of activities under specific conditions.

“The individual is always the basic strategic factor in organization. Regardless of his history or his obligations he must be induced to cooperate, or there can be no cooperation [Barnard, p.139].” And inducement is far from a simple process:

Material rewards are ineffective beyond the subsistence level excepting a very limited proportion of men... [Barnard, p.144].

The opportunities for distinction, prestige, personal power, and the attainment of a dominating position are much more important than material rewards... [Barnard, p.145].

If these variables were not difficult enough, they must be placed in the fundamentally subjective context of the individual. This degree of complexity forced Barnard to conclude that it was not so much that the character of an individual is inviolate but irrelevant, except as it conditions the nature and substance of the agreement made between the organization and the employee. It never occurred to him to consider a person's motives as a zone of opportunity to increase production against the individual's assessment of his or her interests. The characterological basis of a person's behavior was stated by Barnard with unusual force. Consider how much the kind of person he describes can be motivated or persuaded to do anything outside his moral code:

For his children he will kill, steal, cheat the government; rob the church, leave the water plant at a critical time [more generally, abandon his responsibilities], botch a job by hurrying. If his children are not directly at stake, he will sacrifice money, health, time, comfort, convenience, jury duty, church obligations, in order to keep the water plant running.... If his government legally orders him to violate his religious code, he will go to jail first [Barnard, p.268].

To the degree that this personal code seems idealistic, extreme, utopian or absurd may be the measure of the current crisis of the private sector, if not the social order as a whole. Barnard took pains to argue that this kind of executive is the norm in any successful complex organization. Competence is not merely a moral quality of the leader, it is necessary to induce cooperation among his or her followers. Competence thus becomes a moral quality of the organization. So far from being utopian, Barnard could not envision a successful organization without this quality pervading the entire organization. Needless to say, Barnard did not believe that any motivational scheme from the outside could induce this kind of cooperation.

Free and unfree, controlling and controlled, choosing and being chosen, inducing and unable to resist inducement, the source of authority and unable to deny it, independent and dependent, nourishing their personalities, and yet depersonalized; forming purposes and being forced to change them, searching for limitations in order to make decisions, seeking the particular but concerned with the whole, finding leaders and denying their leadership, hoping to dominate the earth and being dominated by the unseen—this is the story of man in society told in these pages [Barnard, p. 296].

IV. *Individuals and Their Beliefs*

Despite Barnard's profoundly liberal bias, which entailed the highest respect for individuals, his critics have accused him of a willingness to practice "deception" on employees [Perrow, p.69]. "When common purposes do not exist, the answer is to manufacture them.... So propaganda and indoctrination are necessary [Perrow, p.69]." Perrow's unwarranted leap from indoctrination to deception is partially the fault of Barnard's diction. Nevertheless, it is hard to understand how any intelligent reader could fail to realize that neither indoctrination nor propaganda were synonyms for deception in Barnard's thought. A sentence like, "The inculcation of belief in the real existence of a common purpose is an essential executive function [Barnard, p.87]" contains an ambiguity. Just what does "real" mean? To resolve the ambiguity in favor of deception, however, is not necessary. The sentence can just as easily be read to mean that workers may need to be *reminded* of the reality of their shared goals. It need not be read that executives should manufacture something which gullible workers will believe is real, when objective evidence indicates the contrary, to say nothing of violating an individual's core values.

Barnard further thought that belief would be more sustainable, if it had factual support and could be seen as conforming to an employee's personal integrity. In other words, it was more likely that employees would believe something that could warrant the label of truth. Propaganda and indoctrination may help inculcate belief, but not in defiance of objective evidence. In the efficacy of propaganda, much less the blandishments of motivationists. Nor was it sufficient to believe in the value of the organization's goals. Cooperative effort required the *belief* in the competence. Here I believe it is useful to underscore Barnard's repeated reference to military and religious organizations. In these organizations, normal material incentives have little value. Faith is required: in the organization's goals and in the capacity of the organization's leaders to create an environment appropriate to the accomplishment of these goals.

Even in these intense organizations, where it seems the individual is subordinated to the organization, the army or the church, Barnard did not believe of the organization's executives. "The general executive process is not intellectual in its important aspect; it is aesthetic and moral. Thus its exercise involves the sense of fitness, of the appropriate, and that capacity which is known as responsibility... [Barnard, p.257]." One believes in an organization, independent of its goals, because one believes in its leaders. Motives are thus inculcated in the members' organization by the members' belief in the competence of their leaders:

This willingness [to cooperate] requires the belief that the purpose can be carried out, a faith that diminishes to the vanishing point as it appears that it is not in fact in process of being attained.

Hence, when effectiveness ceases, willingness to contribute disappears [Barnard, p.82].

This process exactly mirrors Barnard's famous liberal notion of authority. "Authority always lies with him to whom it applies. Coercion creates a contrary illusion; but the use of force *ipso facto* destroys the authority postulated [Barnard, p.183]." If Barnard is to be understood, the centrality and meaning of belief must be appreciated. There was no such thing as objective truth which all men and women would automatically recognize or even which they could be commanded to believe. Perhaps he was wrong. Perhaps there is, as Perrow seems to assume, Truth: factual, positive, beyond doubt, on the one hand; and on the other is belief: conjectural, subjective, dubious. In any event, Barnard did not think matters were so simple. Human beings act on beliefs. This did not mean they preferred lies to truth or emotions to intellect but that human beings respond to situations as organic wholes. Barnard shared with Dewey the conviction that "man has two modes, two dimensions, of belief... He has beliefs about actual existences and the course of events, and he has beliefs about ends to be striven for, policies to be adopted, goods to be attained and evils to be averted. The most urgent of all practical problems concerns the connection the subject-matter of these two kinds of beliefs sustain to each other [Dewey, p.367]." Barnard believed that the concept of understanding was critical to this interrelationship. But he had a great deal of difficulty making a single meaning with all its connotations much less a denotative meaning perform work commensurate with this great task.

The absence of truth or even of evidence sufficient for scientific verification did not warrant managerial efforts to create belief contrary to fact. There may not be absolute Truth; there are, however, lies, distortions, manipulations and other forms of duplicity. To suggest that he used his philosophical assumption that the world is understood through human perception and that human actions are premised on beliefs about what is perceived and that what we call facts are similarly premised to justify fraud or lies is simply false. Here, too, he may have been incorrect. He may have presumed individuals were less prone to irrational influences than they are or have more integrity than they do. Perhaps human beings would rather believe in lies and therefore open themselves to fraud and deception. Perhaps some are unprincipled. His organizations, nonetheless, had no room for those who would deceive or those who would be deceived, because they are unfitted for cooperation. Men and women quite properly decided in their own terms just how much their purposes and organizational goals overlapped and how much of their efforts these overlappings justified. Although the liberal understanding of the centrality of the inviolable personal integrity complicates executive functions and its drive to achieve a cooperative environment, this complication is not to be regretted or grudging. For only such persons are fitted for cooperation and as such are indispensable. Indeed Barnard repeatedly cited the difficulty of securing the requisite cooperation, precisely because of the recalcitrance and legitimacy of private codes and subjective calculations; of, in short, individualism. "Successful cooperation in or by formal organizations is the abnormal, not the normal, condition [Barnard, p.5].

Cooperation could not be based on undeniable truth any more than it could be based on an identity of interests. Someone who refused to recognize a sufficiency of shared purpose to contribute to an organization might be the recipient an effort to change his mind, to invite it to conform sufficiently to another view of reality with a view toward securing his or her cooperation. No person, however, was properly the object of deception or duplicity. It was difficult enough to secure cooperation when a shared purpose seemed real, that is, when warranted by the evidence and supported by private codes. This accounts for Barnard's requirement that workers *understand* as much of their situation as possible, particularly with what was necessary to secure their contribution to their unit's purpose. When propaganda was mentioned in this respect, it seems to ring of information similar to Taylor's orientation, not Madison Avenue. When Barnard used propaganda in less concrete terms, it referred to less objective phenomena, that is, the commitment to general goals or causes. But this is to anticipate my argument. At this point it is only necessary to state that Barnard's liberal conception of organizations as cooperative systems implied a tension between individual and organizational purposes and for that matter within the life of each individual, whose private codes quite naturally conflict one with the other. "Individual motive is necessarily an internal, personal, subjective thing; common purpose is necessarily an external, impersonal, objective thing, even though the individual interpretation of it is subjective [Barnard, p. 89].

Neither internal conflicts nor one between an individual and his organization warrant action against an individual's will or better judgment. The reason for Barnard was plain: "Persons who have no sense of ego, who are lacking in self-respect, who believe that what they do or think is unimportant, have no initiative whatever, are problems, pathological cases, insane, not of this world, *unfitted for cooperation* [Barnard, p.13]. In other words, a weak or ego-deficient person may be easier to control but would be unable to contribute to the organization. Their integrity must be respected, not so much as a matter of morality but as tribute to organizational effectiveness. Executives have no proper role in these matters other than to supply evidence which supported the belief in shared (by no means identical) purposes. This Barnard called propaganda. In it he did not include deception, manipulation, or lies. An organization based on lies could not endure, for Lincoln's reason: no one can fool all the people all the time. And duration was for Barnard the acid test of effectiveness [Barnard, p.91]. In this light Barnard should be understood to mean: *One needs to indoctrinate and propagandize workers in organizational reality; for without their belief in it, regardless how completely it may conform to the factual, it would have little organizational effect.* And it must be emphasized that reality was not *the Truth* or even based on it, but a set of beliefs, more or less factually based, which workers would act upon and which over time would help them to achieve organizational, as well as, personal goals. This is the pragmatic truth of John Dewey, not the lies of Goebbels which may work wonders for a while, but which in Barnard's view had to fail eventually. I believe this view is supported by an analysis of Barnard's concept of understanding.

Purpose can serve as an element of a cooperative system only so long as the participants do not recognize that there are serious divergences of their understanding of that purpose as the object of understanding.... Hence, an objective purpose that can serve as the basis for a cooperative system is one that is *believed* by the contributors (or potential contributors) to it to be the determined purpose of the organization. The inculcation of belief in the real existence of a common purpose is an essential executive function [Barnard, p. 87, emphasis original].

V. Barnard's Surprise

If one arrays Barnard's concept of understanding and its surprising outcomes against technical skill (bench competence), managerial skill and motivation (commitment to general goals), not only are these points substantiated but they suggest practical applications of his thought. For Barnard it was the critical element of organizational effectiveness, helping to accomplish what Taylor believed possible only through Scientific Management and what motivationists believe possible only through the application of intrusive psychological techniques. As a consequence, Barnard can be seen as an advocate, *in certain circumstances*, of what we today call management by objectives (MBO). In more limited circumstances, he can be seen as an advocate of an executive's attempts to inspire workers with a greater understanding of general organizational goals, an effort to motivate.

Excepting only the most simple and ephemeral spontaneous organization, "the ends of cooperation cannot be accomplished without specialization. The coordination implied is a functional aspect of organization [Barnard, p.136]." Complex tasks require specialization. Specialization requires coordination. Coordination requires analysis into "detailed purposes or ends, the accomplishment of which in proper order will permit the attainment of the final objective [Barnard, p.136]." For Barnard the level of analysis of specialization is the unit, not the individual. Thus purpose must refer to the unit's purpose. "Since purpose is the unifying element of formal organization, it is the detailed purpose at the unit level that is effective in maintaining the unit [Barnard, p.137]." All this is by way of preface for a remarkable passage:

Understanding or acceptance of the general purpose of the complex is not, however, essential. It may be, and usually but not always is, desirable as explaining or making acceptable a detailed purpose; and if this is possible it no doubt in most cases strengthens the unit organization. But in general complex organizations are characterized by obvious lack of complete understanding of general purposes or aims. Thus it is not essential and usually impossible that the company should know the specific objectives of the army as a whole; but it is essential that it know and accept an objective of its own, or it cannot function. If it feels that the whole depends upon the achievement of this objective, which it is more likely to do if it understands what the whole objective is, the intensity of its action will ordinarily be increased. It is belief in the cause rather than intellectual understanding of the objective which is of chief importance. "Understanding" by itself is a rather paralyzing and divisive element [Barnard, pp.137-8].

If superficially read, the passage can be taken to say little more than each unit should tend to its knitting. A more general understanding of the objectives of the organization may be a plus but is not necessary and not worth much managerial effort.

I believe there is much more to the paragraph than a plea for technical competence of organizational units. If that's all Barnard wanted to say, he would not have had to torture the language. Barnard's often awkward diction does not account for understanding having at least four meanings in five instances. An analysis of his usage may illuminate what he was struggling to say.

The first usage makes understanding a synonym of acceptance, lending it a heavily psychological connotation of "acceptance." The effect of this kind of understanding may lead to increased receptivity to the detailed objectives of a given unit. Insofar as these objectives are considered significant, understanding of general purposes may lead to a greater intensity of effort. His second usage of understanding includes a cognitive element: "It is essential that it [a unit] know...." His third usage separates intellectual understanding from its psychological context: "It is belief in the cause *rather than* intellectual understanding...." This usage assumes that both elements, the logical and non-logical, of understanding are present, but that the emotional or nonlogical attachment to cause is more important than intellectual ability. Barnard separated these ideas but only to hold them in suspense. The radical separation of understanding from its psychological footings he reserved for his final usage where he saw "Understanding" as paralyzing and divisive. In this last sense reason or intellect by itself, divorced from the cooperative setting of the unit organization, is not properly considered an attribute among others essential to effective work. It is more than an extreme use of the meaning of understanding; it is not a proper meaning of the concept.

This perversion of the term understanding is indicated by Barnard's rare use of quotation marks. He did not use the term I found convenient, *reason-by-itself*, because he wanted his ironic use of understanding to be perfectly clear. "Understanding" is not understanding at all. "Understanding" is as crippling to organizational effectiveness as understanding is essential to it. My interpretation would seem more obvious had Barnard made explicit the parallel point that nonlogical commitment or belief in a cause-by-itself is a rather paralyzing of divisive element. I believe that Barnard considered this point self-evident. He knew his audience would not need to be alerted to the dangers of unchecked emotion. The danger is purposeless intellect, intellect severed from its organic and organizational moorings, from its psychological context and its cooperative setting: in short, from its basis in the character of the individual and the competence of the executive, both of which are profoundly moral, that is, subject to codes that transcend intellect. Barnard was concerned with organizational health, conceived as organizational effectiveness, not the psychological adjustment or balance of workers or managers. It is a prime executive function to create and sustain a healthy organizational environment. In modern usage, executives should be system-regarding. This is one expression of his expectation that executives be "dominated by the organization personality [Barnard, p.221]."

Organizational effectiveness is largely determined by the managerial executives, which include an appreciation of the organization's general goals and technical skills of its workers. Hardly a surprising proposition, as Matrix One indicates. It is easy to dispense with the two lower cells. It is self-evident that an organization deficient on technical skills and managerial skills [cell 2.2], here reduced (in accordance with Barnard's paragraph on understanding) to the inculcation of understanding of unit objectives, is likely to be ineffective. Similarly, an organization deficient on bench competence and high on understanding, here seen largely in its psychological *persona*, is also likely to be ineffective, although it may contain a promise of self-correction [cell 2.1].

The top row is more problematic. Cell 1.2 contains an organization that has competent technical workers but limited managerial ability. For a while this may work and even appear to be satisfactory, especially in highly routinized activities, where understanding of the unit's objectives is largely synonymous with technical competence. It is, however, a brittle situation, subject to rapid deterioration should changes occur in environments which demand a managerial response. The last cell, 1.1, represents an ideal. High bench competence is coupled with good management and effectiveness results. So far no surprises. No challenges to conventional wisdom. Motivation in Matrix Two refers to what Barnard called acceptance of general objectives or a nonlogically based attachment to a cause. One might be forgiven for expecting the same progression from cell 2.2 to 1.1 to occur. In other words, the more motivation, the better. The top row bears this out. Cell 1.1 represents a near utopian state: high technical skill, high managerial competence and high motivation. Cell 1.2 is also likely to represent an effective organization. After all, this is Matrix One's cell 1.1, where high managerial *and* technical competences are operable. There is low commitment by units to general objectives, nonetheless, Barnard made a point of stressing the relative insignificance of this state of affairs, as we have seen.

ORGANIZATIONAL EFFECTIVENESS

MATRIX ONE

TECHNICAL SKILL

high	Good 1.1	Adequate (routine) 1.2
low 2.1	Bad	Bad 2.2
	high	low

MANAGERIAL SKILL

MATRIX TWO

ORGANIZATIONAL EFFECTIVENESS

High technical and managerial skill

High technical and low managerial skill

IDEAL 1.1	GOOD 1.2
Worse 2.1	BAD 2.2

The lower row contains a break in the expected progression. I have labeled cell 2.1 Barnard's surprise. It contains the situation of high technical skill and low managerial ability and a highly motivated work force. It should be remembered this is highly unlikely, since commitment to general objectives, for Barnard, usually is an *effect* of good management. Nevertheless, it is not impossible to think of instances where management is not the cause of motivated workers. The management may be new, the result of a merger or take-over, for example; or the management may have grown tired or whatever; or the importance of the work of the larger organization may be self-evident to workers, while it is masked or diluted to managers who may be otherwise occupied. The point is that motivated workers are likely to become disillusioned. Insofar as they employ their better than average energy to voicing or otherwise giving effect to their dissatisfaction, cell 2.1 is likely to be less effective than cell 2.2. Hirschman has suggested that cell 2.1 is likely to produce what he called loyalty and thereby grant a reprieve to their organization, that is, postpone a rational decision of the most competent to exit or destroy it. Hirschman's loyalty refers to behavior which does not reflect a cost-benefit analysis of *current* conditions, even though the member of an organization is aware of his "irrational" stance [Hirschman, Ch.7]. Loyalty, for Hirschman, is not faith, insofar as the member believes the organization may respond to the chance the member is giving it by not exiting. Loyalty, for Barnard, was equally important, but his focus was on the executive:

The most important single contribution required of the executive, certainly the most universal qualification, is loyalty, domination by the organizational personality.... The contribution of personal loyalty and submission is least susceptible to tangible inducements [Barnard, p.220]. Following loyalty, responsibility, and capacity to be dominated by the organization personality, come the more specific abilities [Barnard, p.221].

Barnard, however, differed from Hirschman; he was much less sanguine about the link between loyalty and the willingness to give an ineffective organization or incompetent management more time. The reason, I believe, is that Barnard placed far more emphasis than Hirschman on the need for the executive to inculcate organizational values on its members by virtue executive competence. He was worried about too much nonlogical commitment *and* too little. In other words, he thought a kind of free floating loyalty, a feeling independent of faith in executive competence, would be unreliable at best and dangerous at worst. Both too much loyalty and too little—and, more generally, too much nonlogical commitment and too little—are divisive and paralyzing. Members need faith, in Barnard's view, but it is not faith anchored in the irrational. It is faith in executive competence, a competence that entails moral as well as intellectual capabilities. What this paper suggests is that too much commitment has to be arrayed against managerial competence, if Barnard's thought is to be understood. Motivated employees in the presence of good management do not have the same effect as in the presence of bad. In fact the mixture of bad managers and good employees can be the worst possible case.

This anomaly (if one assumes the more dedication or motivation the better) can have odd effects. It may be wise (not just tempting) under the circumstances of cell 2.1 to fire the "best" [most technically competent] workers, because they are likely to be troublemakers to *incompetent* managers, a course of action which may improve matters but only marginally and temporarily. (Hirschman's concern was that these workers would quit not get fired.) By this process one gets to cell 2.2, a minimalist strategy at best, but it may buy time. This is an odd modification of the time-buying effect of Hirschman's concept of loyalty by the best employees. Here time is purchased by firing loyal employees, not listening to them, to ameliorate the worst situation. One might see more justice or efficacy in firing management; not a likely event, except in baseball perhaps. Furthermore, the elimination of "disruptive" employees makes possible the application of management by objectives or similar techniques which can only appeal to and benefit incompetent managers. MBO can be seen as an unskilled manager's rote program which tries to lessen the effects of his or her limited skill by focusing the worker (and the manager) on unit objectives. This may do more than buy time.

Given proper conditions one may move from cell 2.1 to 1.2. In other words, MBO may be the functional equivalent of good management without the necessity of good managers in the flesh. This is no small benefit given the scarcity of Barnardian executives. Among other attributes competent executives do not require rote methods or off the shelf programs to fulfill their responsibilities. If this analysis is correct, MBO has another major advantage. It may foreclose the effort of unskilled managers to improve effectiveness by subjecting workers to motivational techniques. Any effort to manipulate the already motivated workers (those who have not been fired) of cell 2.1 is likely to increase their disaffection. If the workers remain committed to the cause of the organization, likely only in some non-commercial enterprises, these highly competent and dedicated workers may become saboteurs or revolutionaries. In any event, an effort to stimulate the workers in cell 2.2 is, as we have seen, likely to make matters worse in direct proportion as motivation is increased.

In other words, should motivational efforts increase worker commitment to general goals (which seems to me an unlikely event), the situation is likely to deteriorate. To recapitulate, if cell 2.1 describes the state of affairs, neither MBO (or any other rote managerial technique), nor motivationist intervention is likely to help and is indeed likely to make an ineffective organization worse. The best employees demand the best workers. If they get them, perhaps by way of a take-over, they will help move the situation directly to the ideal state of cell 1.1. If, however, cell 2.2 describes the situation, MBO or similar techniques may improve matters, that is, move the organization to cell 1.2. If motivational theory had been applied, the chances are the movement would have been to 2.1, the worst possible state of affairs. The proper use of motivation devolves to the inculcation of acceptance of the larger goals of an already effective organization. It may be a managerial function, assuming cost effectiveness, to try by inspirational means to move from cell 1.2 to 1.1, from good to best. Nevertheless, in this particular set of circumstances it may be easy to misattribute the increase in organizational effectiveness to "inspirational" efforts. It may itself be a product of managerial competence. In other words, organizational effectiveness may be the most important (perhaps the only) cause of greater organizational effectiveness. Commitment to the cause may seem to be a factor because managerial competence may take its "inspirational" effects for granted. This point would be difficult to demonstrate objectively, it seems quite obvious, nonetheless, on impressionistic grounds.

The moral complications of the executive functions, then, can only be endured by those possessing a commensurate ability. While, on the one hand, the requisite ability without an adequate complex of moralities or without a high sense of responsibility leads to the hopeless confusion of inconsistent expediencies so often described as 'incompetence;' on the other hand, the requisite morality and sense of responsibility without commensurate abilities leads to fatal indecision or emotional and impulsive decisions, with personal breakdown and ultimate destruction of the sense of responsibility [Barnard, p. 276].

V. Conclusions

What is crucial to organizational effectiveness is understanding, in the particular way Barnard conceived of the concept, not motivation. "An intelligent person will deny the authority of that one which contradicts the purpose of the effort as *he* understands it [Barnard, p.166]." If this interpretation of Barnard is correct, certain managerial lessons emerge from his analysis of understanding. There are of course the exceedingly obvious requirements that unit organizations know their specific objectives and be technically competent to pursue them and that the complex task be properly broken down into its parts and effectively coordinated. Nearly everyone agrees with Taylor to this extent. A Barnardian organization, however, requires more than technical or cognitive understanding. Beneath understanding lie motives which enable an individual—an individual fitted for cooperation, it must be stressed—to make an organizational, or better, unit objectives his or her own. Motives, thus inculcated, undergird both intellectual and nonlogical elements of Barnardian understanding. They are not, however, a proper central concern of management, except as they are related to an understanding of the general goals of an already effective organization. A worker's motives for making his contribution to the organization are his own. In other words, the worker's motives for allowing organizational goals to be inculcated in him or her are and must remain personal. His or her reasons for participating in the process of organizational cooperation are personal; the cooperation is impersonal.

The psychology of this process may be dubious. For Barnard this ability to separate the personal and the organizational was central to his liberalism. Moreover, understanding seems to do its best work when it operates as knowledge of specific objectives aligned with acceptance and coupled with technical competence. More generalized knowledge may be beneficial as may be a more widespread commitment to the organization as a "cause," but neither general understanding nor nonlogical commitment is without drawbacks. And neither is worth the expenditure of executive resources, insofar as they are not already associated with the communication and coordination process entailed in managing a complex organization. All of this leaves aside the very real and serious moral shortcomings of intrusive psychological techniques for the purpose of increasing profit or any non-therapeutic aim.

If motivation has any meaning for a Barnardian executive, it is derived from organizational effectiveness, an effect more than a cause, a dependent more than an independent variable. Motivation is not something that is done to a member of an organization. It is a sign rather that an individual for his or her own reasons has inculcated organizational values under certain Barnardian conditions, the chief of which is the loyalty that only a competent executive can expect. This is why even rote management techniques like MBO can have positive effects, if they lend credence to executive competence, credence which must be buttressed by effectiveness. The more competent the managers are, the greater is the motivation of the employee. Employees are more likely to be willing to cooperate with an effective organization than a futile one. Recall Barnard's repeated references to military organizations.

In combat the irreducible interest of the soldier is to survive. Yet successful leaders are able to inculcate organizational objectives or motives which at least partially transcend the desire to live at all costs. Few military analysts believe that this process results from inspirational speech. Almost all believe it is a consequence of the faith in a leader who knows what he is doing. My favorite example is General Patton, whose casualty rates exceeded the norm but in whom his soldiers had the conviction that “George knew how to fight.” This meant that lives would be spent not wasted. A person fitted for cooperation can, in Barnard’s view, be appealed to on this basis, even when his or her life is at stake. As an independent variable of effectiveness or as a proper object of the expenditure of managerial resources, motivation has little efficacy. If executives desire increased productivity without recourse to incentives or coercion, Barnard’s suggestion is plain: Become more competent. Realize that competence is a moral quality and that employees respond to it by becoming moral themselves, that is, more willing to cooperate, to restrict their desires to pursue organizational goals. The morality that is inherent in competence becomes a moral attribute of the organization. Better executives create better employees, or perhaps in a formulation more in keeping with Barnard’s liberalism, better executives release the moral or cooperative potential that exists in anyone who is suited for cooperation.

Of course, better employees produce more and therefore make managers look good. The path to better results from good employees lies through the executive suite, through motivational consultants. Better employees are effects of executives more competently fulfilling their functions, which do not include the application of motivational theories. Any beneficial effect inspirational speech or persuasion (the only proper expressions of executive concern with worker-motives) can have is marginal at best and limited to situations of already high levels of organizational effectiveness. The last thing motivational theories or motivationists can do is make bad managers good. They are much more likely to make an ineffective organization worse by provoking competent employees to negative organizational action. The more non-logical or metaphysical the goals of an organization are, the more inspiration may intensify commitment to it by its members. Inspiration must surely play a more limited role in organizations with less subjective and more tangible goals, *a fortiori*, in commercial enterprises. So much is clear and explicit in Barnard. What needs emphasis is the inspirational effects of managerial competence or in a larger sense, of organizational effectiveness—conceived as a summation of technical and managerial competence. This may create a greater commitment to general goals than all the speeches, propaganda, advertising, indoctrination or the like that any management team can dispense. Competence is not only a moral quality. It is also—and for related reasons—a motivational one, perhaps the only one worth any managerial effort at all.

If we can take a wider perspective, the implications of executive competence and its intrinsic morality may enable business to recover its respectability in this time of crisis. Barnard seemed to set the character bar very high, perhaps too high for everyday executives to reach. It is important to remember that Barnard was not expecting sainthood from executives or from any other member of an organization. He was describing what he saw as essential to successful organizations. Successful organizations exist, therefore, competent executives must exist. Recall Plato’s captain. So, too, must exist a crew that is fitted for cooperation, that can inculcate organizational goals, at least partly as a result of their faith in the captain’s competence. The locus of decision for Barnard remained and should remain at the level of the individual and his interests. But these interests, in Barnard’s view, could not be advanced absent strong character. Only on the basis of a profound sense of personal integrity could a member of an organization be expected to make the material and moral decisions necessary to sustain cooperative enterprise. Barnard did not discuss the impact of such organizations on the larger society. It may be assumed, however, that given the importance of the private sector in free societies, that he expected successful organizations to make more than material contributions to the social order. Barnardian organizations sit in the context of liberal societies. Liberal societies, if they are to sustain their cooperative basis, must have faith that those who direct business enterprise know what they are doing and know what they are doing it for.

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