XII

On the Resolution of Conflict

THE first case history presented in chapters II, III, and IV described a conflict situation in which keyboard operators demanded a change in time standards deemed by them to be unfair. In discussing this case it was pointed out that the actions taken resulted in a better situation for *both* of the disputants. Training, maintenance, and improved scheduling yielded better wages to the operators and substantial operating economies to management. Neither party dominated the other and there was no yielding by either in the way of compromise.

The conflict, it was said then, was *integrated* in the manner described by Mary Parker Follett in her collected papers.[1]

Miss Follett defines conflict as any difference between two persons or parties and says that such differences may be resolved by the three means already referred to: by *domination*, by *compromise*, or by *integration*. Domination and compromise are such familiar things in everyday living as to require little exploration here. The dominant person or party wins and the dominated person or party loses, when this way of resolution is employed. With compromise there is no decisive victory or defeat, instead there is

[1] Henry C. Metcalf, and L. Urwick (Eds.), *Dynamic Administration, The Collected Papers of Mary Parker Follett*. New York: Harper & Brothers, 1940.

division; each gives up part of what was wanted in order to keep a share.

The resolution of conflicts by these means has the unfortunate attribute of leaving the seeds of future conflict in fertile soil. He who dominates may be quite satisfied with his solution but not he who is dominated. He has swallowed the bitter pill of subjugation and will be motivated to challenge his oppressor at the first new opportunity. Compromise diminishes the bitterness by dividing the frustration in some proportion between those who are at odds. But, since each gives up something of what was wanted, frustration is still present to contribute to and aggravate future differences.

Integration, as has been said already, is resolution of conflict by means which yield gain to both of the disputants. The conflict itself is made to work *for* those in dispute, to yield a result which is better than that which existed before the dispute occurred.

Obviously, integration is not always possible. Many conflicts, by their very nature, do not permit this kind of resolution. Many more do but fail of integration because of human frailty. If either of two disputants is hell-bent upon dominating the other, integration is not possible. If either mistrusts the other, integration is not possible. If neither thinks of this means, integration will not result. If one thinks of integration but does not broach the idea, or broaches it and has it rejected, there will be none. It takes two to integrate a conflict. One may lead and propose but his opponent must understand and respond in kind, or there will be no integration.

These restrictions are much more severe than is apparent on casual reading. Ignorance of the concept of integration is widespread. Mistrust between those in conflict often is

too deep to permit either disputant to lower his guard to make integration possible. And, above all, the desire to dominate is so very strong in all of us as to put integration beyond our reach. We lack the wisdom and the strength to sacrifice the will to win, the desire for victory, for the larger but less personal gains of integration.

None of this is in the least original but is merely a statement of Miss Follett's ideas in my own words. The examples which follow, however, are mine. The keyboard conflict already described was a narrative of successful integration; those which follow were regrettably in the realm of "might have been," the first because of ignorance and the second because of mistrust and desire to dominate. Both, I hope, will reveal not only the opportunities which were missed but the very great significance of Miss Follett's concept to those in administration.

2

Several years ago I served as arbitrator for a company and a labor union who enjoyed the best labor-management relationship I have yet encountered. Mutual regard and respect between executives of the company and officials of the union were high. Each party quite obviously trusted the other. There was abundant and agreeable intercommunication between them. When grievances were carried to arbitration, which was seldom, hearings were marked by good will and informality and were often preceded by the statement, "This is an honest difference of opinion which we want you to resolve." In short, conditions here were right for the integration of conflict.

The company, a manufacturer of consumer goods, had been plagued by theft in one of its plants. This was first

revealed by an agent of the trucking firm employed to make deliveries from the company warehouse; he disclosed that one or two of their drivers had been suspected of making unauthorized deliveries and proposed that private detectives be hired to trail the suspects. This was done, the suspicion was verified, and the guilty truck drivers were discharged and, perhaps—I do not know—prosecuted. These drivers were not employees of the company but there had to be an inside accomplice to enable them to steal as they had been doing.

Following this revelation, a physical inventory disclosed a shortage of more than 800 cases of product, a loss so serious as to lead to stringent security measures. A warehouse superintendent of long experience was brought from another plant and charged with the duty of eliminating theft. He called the warehouse crew to meetings. He warned them that taking even a single item, much less a case, would lead to instant discharge. He instituted spot recounts of loaded vehicles without warning. He particularly admonished those employees whom he suspected had collaborated with the guilty drivers but he could not establish their guilt.

These events in the warehouse proper were accompanied by a plant-wide campaign as well. In this the company wisely enlisted the aid of the union and the union responded. Officers held meetings with department stewards and discussed the problem and there was forthright publicity in the form of articles and editorials in the union newspaper. One might surmise a certain degree of rank-and-file indifference in areas of the plant where theft was not feasible and a certain lack of militance and vigor in the union's efforts, but they were sincere. It was the company's problem but the union wanted to help.

During these months an employee of about three year's

service—then the age of the plant—worked in the process department of the company and was the department steward for the union. This employee, who will be called Rollins, had as steward attended union meetings where stealing was discussed but one may suppose that the matter was then of no special concern to him, because stealing was not a problem in his department.

On a previous occasion, long before stealing had become an issue, Rollins had served as vacation relief in the warehouse, in the capacity of yardmaster, directing the railroad switch crew in the movement of freight cars of inbound raw materials and outbound finished goods. In this temporary capacity he had acquitted himself well and apparently liked the job too, for he asked for permanent transfer from process to warehouse when an opening came early in the summer after the theft discovery. Rollins, as I say, bid for the yardmaster job and got it at a time when the theft episode was a memory but still a very fresh one. He was not in the audience when the new superintendent laid down the law to the warehouse crew but he missed those stern admonitions by only a month or two.

One of Rollins's friends among the employees and in the union was Leith, who had at one time worked as crewman for a railroad—not the one serving the plant but another in the area. Leith in casual conversations had told Rollins of practices of polite bribery—he didn't call it that—which went on between railroad switch crews and the plants they served. To insure that the railroad men would be accommodating they would be given a ham by a packing house, ice cream by a dairy, beer by a brewery, and so on. According to Leith's testimony at the arbitration hearing, he had told Rollins of this in such a way as to convey that this sort of thing was accepted practice.

At the time of his transfer back to the yardmaster's job,

Rollins was turned over to a senior warehouse employee for more thorough training than the two week's prior duty had afforded and, at the end of two weeks or so of instruction, was assigned to the A shift, to work on his own from midnight to 8 a.m.

According to Rollins's own testimony, his brief refresher training was not quite adequate and he made a mistake or two during his first week on the midnight shift, placing cars where they did not belong, so that the switch crew had to make extra moves, for which Rollins's company should have had to pay. He escaped getting into trouble, however, because the switch crew made the extra moves but did not enter them on the railroad charge sheet. This was cheating the railroad of legitimate income, of course, but it did place Rollins under obligation to the switchmen.

Not long after his assignment to the A shift, again according to Rollins's testimony, one of the switchmen asked him point blank for a case of company product and Rollins, feeling obligated, carried a case out of the warehouse into an empty box car standing at the loading platform. The plant itself was surrounded by a wire fence, with the main gate under guard, but the tracks came into the area in a remote corner where there was no guard or watchman. The general idea was to take the case out of the yard in the empty box car when the engine pulled outbound cars away to the main line.

Unfortunately for Rollins, the C shift foreman had worked later than his usual midnight quitting time and, when Rollins carried the case across the loading dock at about 12:50 a.m., he was seen under the platform lights by the foreman, who was then in his automobile in the parking lot outside the fence. As soon as he saw Rollins, the foreman left his car and ran through the main gate, calling the guard to follow as he ran toward the loading

dock. He got there almost as soon as Rollins emerged from the boxcar, accosted him, and required him to replace the case in the warehouse. He expressed surprise and shock at Rollins's action but meted out no discipline at the time. The foreman then went home and Rollins continued on the job. The guard returned to the gate-house and entered the incident upon his log sheet, as required by company regulations.

The next morning the company personnel officer routinely received and reviewed this log and from it learned of the attempted theft. He called the foreman by telephone, heard his account of the affair, and suspended Rollins by telegram (he had no telephone), pending a disciplinary hearing. The contract between the company and union stipulated that discharge could not be invoked until such a hearing had been held before a board consisting of company executives not directly concerned with supervision of the accused. In this instance, as I recall this detail, the board consisted of the director of research, the controller, and the sales manager.

At this hearing Rollins was present and was supported by the union president, who pleaded on his behalf but to no avail. The board voted to discharge Rollins and this was done. Thereupon the union, as privileged by the contract, requested arbitration before an impartial umpire, a role which then was filled by me.

Aside from an abortive attempt by the union to show that company executives had created an atmosphere of laxity toward company products by their freedom with them, the arbitration hearing disclosed the situation substantially as I have narrated it here. Rollins made an excellent witness in his own behalf; he was a clean-cut, forthright, and manly young fellow; his work history was of the very best; his support from union officers and fellow

workers, themselves persons of integrity, was warm and staunch. Clearly, he was not a thief in any sense of habit or personal gain. Curiously, the railroad switch crew were neither identified nor heard from, I suppose because of possible embarrassment to the railroad and self-incrimination of the switchmen. Thus, Rollins's story that he was giving the case to them went unsupported but there was no reason to doubt this explanation.

However, he had appropriated a case of company product and was caught in the very act. Furthermore, he did this on the heels of serious, large-scale thefts, which he had known about as process department steward. To do what he did as a green employee in the warehouse, when he must or should have known of company vigilance, was, in the kindest words, incredibly foolish. The company, proceeding judiciously and legally at every step, had established guilt and decided upon discharge. Sustaining this action was the only course open to the arbitrator and such an award was duly made.

Thus, the company had its way and "won" the conflict by a process of domination. To be sure, it was a nice kind of domination, accompanied by a final quasi-judicial procedure, but still the company won and the incident was closed. No doubt Rollins felt a degree of unhappiness that would color his attitude toward his next employer and no doubt the union had feelings too that would color their future relations with the company. These were necessary costs in settlement of the conflict.

But were they? Having won, was there any action available to the company which would have mitigated these losses and accomplished a net gain?

The answer is to be found in Victor Hugo's *Les Miserables*, in the action of the Bishop of Digne, who told

the arresting officers that Jean Valjean had been given the silver which he had in reality stolen. The salutary effect of this extraordinary action upon Jean Valjean could have been duplicated in the case of Rollins, *if company executives had been wise enough to restore Rollins to his job after winning the arbitration award.*

By such an act of forgiveness, only possible after winning the arbitration award, the company would have bound Rollins's loyalty and his honesty to them with hoops of steel. He was not a thief of the same stripe as those who had mulcted the company of 800 cases, he was only a foolish man, much more like the Jean Valjean who had been chained to a galley oar for stealing a loaf of bread. No one can say with certainty how he would have responded to magnanimity but the potential gain was clearly worth the risk.

By such an act of forgiveness the company would have bound the union and its people to them in the same way. The union opposed theft, as any honest outfit would, but with Rollins returned to his job it is more than just a fair bet that their regard for company goods and company property would have been transformed from a kind of tacit "editorial support" to militant protection.

Integration by this means was thought of, I might add, by the director of labor relations from the central office of the company. I learned this much later, on an occasion when I had the chance to tell him the views expressed here. After winning the award, he had favored the reinstatement of Rollins himself but felt, as I did, that such an action must come spontaneously and sincerely from the local people and not as a suggestion or seeming directive from higher authority.

And so the potential gains were lost in an almost ideal

climate for their attainment. "The saddest words of tongue or pen . . . ."

3

The local people who could have integrated the Rollins conflict failed to do so, not because they lacked either good will or acumen, but because of ignorance of the concept. This is simply my opinion, of course, as is the preliminary statement that the following case could not be integrated because each party was so determined to have its own way, to dominate the other, to "spit in the other's eye," as to be blinded completely to the real issue.

This is a narrative of arbitration too, between a large manufacturer of ball bearings and a labor union. Here there appeared to be little regard between company and union people. Grievances were carried to arbitration as often as they were settled by mutual agreement. Formality characterized the hearing. Militance and antipathy tainted the atmosphere throughout. Integration would have been impossible, even if thought of; this case will serve only to show the lengths to which antagonistic human beings will go to win over an adversary.

There were employed in the company a number of girls who were engaged in the visual inspection of ball bearings. They performed this operation in one of two ways: by machine or on trays. The machines in question did not actually inspect the balls but merely served to pass them before the inspectress in such a way that she could visually examine each one and extract and discard defectives with a small pencil-like magnet. Tray inspection, the other method used, required the girl to scoop the bearings into a felt-lined tray, tilt the tray back and forth, causing the

balls to roll to and fro over the felt, examine them, and extract the defectives with a magnet. The good bearings would be put into a container for the next operation and the defectives discarded as scrap.

Each inspectress worked under a wage incentive plan which provided for the payment of wages in proportion to the number of balls inspected. There were time standards for bearings of each diameter and these standards allowed a specified number of minutes per pound for each size. These allowances would be higher for the small diameters, with more balls per pound, than for the larger sizes, with fewer per pound. The net effect was to establish a relationship by which earnings were proportional to the number of balls examined. It should be added that each inspectress had a base hourly wage rate and that earnings could not fall below the product of this rate times the hours worked.

These relationships may be summarized mathematically as:

$$E_{min} = R \times H$$

for minimum earnings (usually called "base pay") and

$$E_I = f(N)$$

for incentive earnings, with

E_{min} = Minimum earnings,
E_I = Incentive earnings,
R = Hourly base wage rate,
H = Hours worked,
N = Number of ball bearings inspected.

To carry out her job each inspectress was instructed to look for and eradicate flaws which were referred to as "flats," "surface checks," and something called "hair-lap," a hair-like deficiency named for the lapping machines

which were the source of this particular defect. These three classes of defects were not equally easy to see; large flats were fairly obvious, surface checks or cracks somewhat less so, and hair-lap still harder to discern. Moreover, the total number of balls examined obviously would be dependent upon the number of defectives of any kind found, because each such defective required a pause for removal and disposal with the magnet.

Thus, the equation $E = f(N)$ is a true representation of the operation only when the number of rejects and the qualitative character of the defects happen to be the same as in the sample upon which the time allowances originally were based. Let an inspectress encounter a lot with a higher percentage of rejects than allowed for in the time standards, or with more difficult defects to detect, and her earnings would fall. Let the overall quality of a given lot be better than the average, and incentive earnings would rise, assuming comparable operator effort in each instance.

In such a wage incentive situation inspectresses would be motivated in various ways. In the first place they would be seriously tempted to pass a given lot without inspecting them at all, claiming credit and wages for the poundage involved and letting the defectives be discovered, if at all, at some subsequent time. Or they would give the bearings only a quick cursory examination. However, the company was on to this rather obvious possibility and provided for it by a system of reinspection by non-incentive inspectresses called "checkers." Each lot examined by an incentive inspectress went to a checker, who randomly reinspected 20 per cent of it. If more than an allowed per cent defective was found in this random sample, the whole lot went back to the original inspectress to be done over on her "own time," without incentive compensation.

This kind of control maintained outgoing quality all right, but did not satisfy the operators when defectives were numerous or hard to see. From the outset inspectresses complained vociferously when they encountered a bad lot and, of course, said nothing when quality was above average, because this was to their benefit.

The company met these complaints by three successive relaxations of the inspection time standards. They called these relaxations "demerit sheets" and in effect they established percentages of defectives at or above which an inspectress would be granted an "off-standard condition," which will be explained in a moment. The first demerit sheet was prepared and posted by the company but the complaints continued as loudly as before and the company thereupon drafted and put into effect a more liberal version. When this did not pacify the inspection group, a third, still more liberal sheet was prepared but this time the company was wary; they insisted that union officials sign this third document as acceptable to them.

Under this arrangement an inspectress would start work upon a given lot and, if she came to feel that defectives were running too high, she would call the foreman. Apparently this happened more often than not. The foreman would come to the girl's machine or tray, look at what she had done, and perhaps inspect a sample himself. If the number of defectives found by this means was higher than the number specified on the demerit sheet, the foreman, as an official act, would permit the lot to be done as an off-standard condition.

Off-standard conditions were defined in the collective agreement as, "Jobs which deviate from the standard operating specifications and which require more time than the standard unit time allowed." The contract further

provided that operators on off-standard conditions should be paid 120 per cent of base pay as a minimum. This was a floor and not a ceiling, for an operator still could earn more than 120 per cent of base pay, if she produced at faster than this pace.

Under these conditions the inspectresses had everything to gain and nothing to lose by yelling for the foreman to check the demerit sheet. If he said no, they were no worse off. If he said yes, their guaranteed minimum was at once boosted to $1.20 \times R \times H$, without in the least inhibiting their chance at higher incentive wages.

It is easy to imagine what happened. A girl would call for the foreman and in a very large number of cases be permitted the sought-for off-standard condition. Then, if her experience and sensitivity to pace told her that she could beat 120 per cent of base pay, she continued to strive for the incentive, secure in her knowledge that the worst that could happen would still yield 120 per cent of base wages. If, on the other hand, she perceived that 120 per cent efficiency was out of reach altogether, she could relax and take her own sweet time, again knowing that 120 per cent was guaranteed for that lot of bearings. The sensitivity of incentive workers to that pace which will yield a desired rate of pay, I should add, is at least as acute as an orchestra conductor's sensitivity to the right tempo for a symphony. Workers have almost uncanny perception of matters so vital to their welfare.

At the hearing, company representatives gave eloquent testimony on this point by offering statistics to show that inspection efficiencies, that is, the ratios of standard times allowed to actual times taken, averaged only 25 per cent when girls were working under off-standard conditions. This means that they were taking four times as long to

inspect these lots as the pace necessary to earn minimum base pay on measured incentive work. And for this snail-like tempo they were guaranteed 120 per cent, almost five times their incentive entitlement.

This enormously significant fact was introduced into the hearing more or less incidentally; it was not the stated issue of the case. The dispute itself centered about a change in method introduced by the company and indicated by the diagram in Fig. 7. In the size range ¼ to ⅜ inch original time standards had been set as indicated by the left half of the figure. Bearings first were put through "Machine Junk Inspection" for the purpose of eradicating obvious defectives, and then were subjected to a statistical sampling plan, whereby only out-of-control lots went to the incentive inspectresses for 100 per cent examination.

In this size range the company proposed to eliminate junk inspection, leaving the sequence of operations as portrayed beneath the dotted line. The union objected on the ground that inspectresses now would have additional defectives to find and remove, these being the rejects formerly extracted during junk inspection. They asked that the standards be withdrawn. The significance of this demand will be explained in a moment.

In the size range 13/32 to ½ inch all of the balls previously had been given 100 per cent inspection by the incentive operators, as shown in the right half of Fig. 7. For these sizes the company proposed to introduce statistical sampling inspection in an operation cycle just like that under the dotted line on the left side of the chart. To this the union also objected, this time on the ground that now inspectresses would receive for 100 per cent inspection only lots which had been rejected by the sampling plan as out-of-control. Since the original time standards presumably

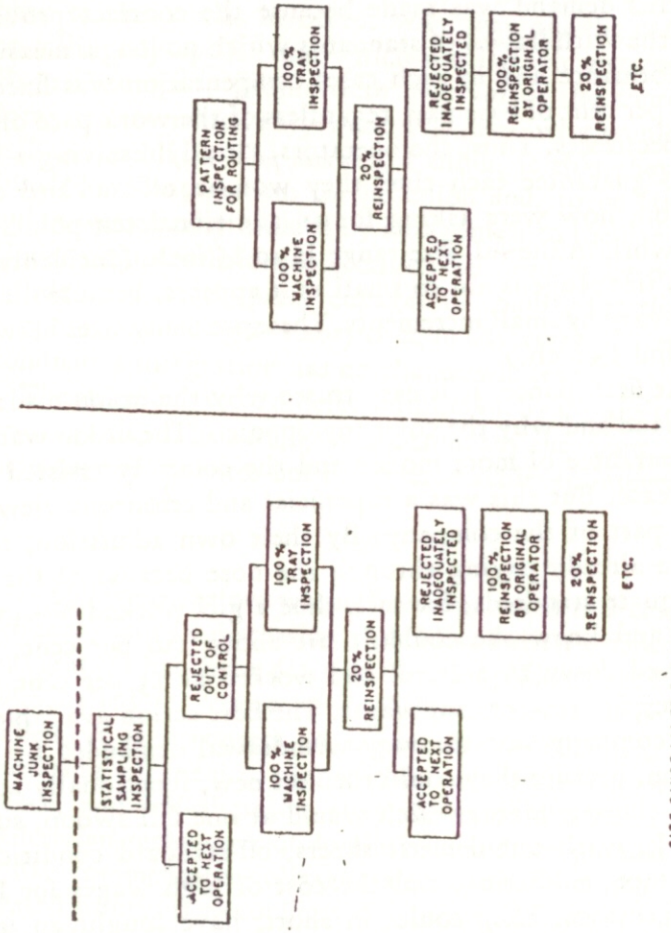

FIG. 7. Inspection process charts.

represented averages of all lots, good and bad, this change, so the union argued, would work to the girls' disadvantage. They asked that these standards be withdrawn too.

This demand was made because the contract provided for the withdrawal of standards which no longer measured performance and in such cases compensation was fixed at 130 per cent of base pay, regardless of the work pace of the inspectresses. Thus, the operators, already receiving a 120-plus guarantee each time they won an off-standard condition, now were asking for an additional ten points for all work in the full size range ¼ to ½ inch. (Incidentally, this size range is not so small as it appears, because diameters vary by small increments. There are many sizes between ¼ and ½ inch.)

At first glance, it is easy to see why the union made its demand and why the company opposed. The union wanted a guarantee of more money and the company resisted the increase. But this was a superficial and erroneous view on the part of the company. By their own admission, they were already paying through the nose because of the inadequate standards, for each time a girl worked off-standard and knew she couldn't hit above 120 per cent, she slowed down to a crawl and worked at 25 per cent efficiency for 120 per cent wages. The best action available to the company was the very withdrawal demanded by the union, because they could then set new, functionally accurate time-standards which would at one fell swoop, so to speak, wash out demerit sheets, off-standard conditions, red tape, soldiering, and the cost of high wages for low performance. They could, in short, have sought an integrated solution, one that would have yielded net gains to both of the parties in conflict.

To those unfamiliar with time standards and incentive

systems, this case may seem technically complex and the issue obscure but to those who have rubbed shoulders with incentive plans, the issue will be clear, as it should have been to the parties involved. Why then did the company so militantly oppose that which was in their own interest? Even if company people were ignorant of the concept of integration—which they were, I'm sure—why would they still be so blind? The answer, I think, is that they were blinded by antagonism to the union and, to be fair, the union was equally blinded by antagonism to the company. Under such conditions objectivity and equity fly out the window and each party engages in combat for the sole purpose of winning a victory over an adversary. Under such conditions integration has no chance whatever.

The standards were ordered withdrawn by the arbitration award; this, to be sure, gave the company the chance to set new time allowances but in no sense achieved integration.

4

A colleague, before whom I once narrated this case in a seminar, said in discussion that Miss Follett's concept of integration had been described by the philosopher Hegel, who called it "concrescence." By whatever name it is called, it is a concept of importance to administrators, requiring of them a higher order of perception, intelligence, and self-discipline than the more usual and more pedestrian techniques of domination and compromise.

My commentator-colleague also pointed out that integrated solutions to conflicts always require that one or the other disputant give up something of value to attain the desired end. In view of the definition that integration yields a net gain to *both* of those in conflict, this is more subtle and perhaps paradoxical.

What was given up in the keyboard case? By the Bishop of Digne? What would company executives have surrendered in reinstating Rollins to his job? What would have been lost if the standards had been withdrawn as a willing, voluntary act? The answer in each case appears to be authority, the right to say what the solution must be, the desire to dominate. Apparently, this is not a little thing to give up, if one may judge from the paucity of integrated solutions. Apparently executives, or at least a great many of them, do not have the power or the perception to see that authority is not really surrendered by integration, it only *seems* to be, and then only in a momentary sense.

The power and prestige of the Bishop of Digne were raised, not diminished, by his gift of silver to Jean Valjean. Executive relations with the keyboard operators were improved, not damaged, by seeking integration instead of "proving" that the standards were "right." Restoring Rollins to his job would have increased company authority, even while seeming to yield to the union's demand. And, in each of these cases, those seeming to sacrifice authority by yielding, by giving in, gain not only in the eyes of their opposites, but in their own eyes as well. Integration indeed does yield a net gain.

XIII

On Morale

MORALE may be defined as the degree to which organization goals and goals of the individuals who comprise organization are compatible, to such extent as these goals have common ground. Poor morale may be described accurately as a condition of incompatibility in individual and organization goals but, conversely, good morale requires more than compatibility alone. It also requires the individual pursuit of organization goals with enthusiasm and energy. Passive, apathetic, or indifferent acquiescence to organization goals can only describe a condition of indifferent morale.

Good morale further requires the individuals in organization to pursue organization goals with energy that is supplied voluntarily, because they *want to* as individuals, not because it is the wish of the boss, or through threat of punishment or promise of reward. If compulsion is exercised in a high morale situation, it comes at the time of indoctrination of new members into the organization, and it comes from all levels, not from administration alone. A new U. S. Marine does not behave "like a Marine" because of the Commandant's order but because he either wants to or will be made to by his fellow enlisted men and immediate superiors. A rookie New York Yankee does not "act like a Yankee" because Casey Stengel tells him to. He is likely to want to in the first place but, if he doesn't, he will be subjected to pressure and compulsion from his team-