

Management Control and Profit Motive

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Abstract

This paper aims at clarifying the characteristics of the form of control executed in big corporations and considers its effects on corporate behavior. This paper finds clues in the critical reexamination of Herman's writing "Corporate Control, Corporate Power."

As a result of reexamination, the following results were obtained :

- (1) There has been a change in the form of control from ownership control to management control. Top management succeeds in making the board of directors compliant and management-supportive.
- (2) Management control is not absolute, but constrained by the owners' interest and corporate behavior is still influenced by the profit motive.
- (3) The need for a refinement of profit-seeking, i. e. the need for impersonal and rational profit-seeking makes management control necessary and management control contributes to the intensification of rational profit-seeking of the big corporation.
- (4) The refinement of profit-seeking means never taking the interests of other constituencies of the corporation into account and indeed, it resists such activity energetically.