



PAPER NUMBER ONE

THE MANAGEMENT OF PRIVATE ENTERPRISE:

PROGRESS FOR THE FUTURE

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If we are, in Kenneth Boulding's terms,¹ in the midst of the "Great Transition" from civilization to "post civilization," we can be assured that, in all likelihood, there is no easy way back to a simpler, more comfortable, and more familiar past, and we can be fairly certain that, if men avoid such traps as war, population, technology, and ideology on the various paths to "post civilization," they will be aided in the "Great Transition" by the ongoing process of social invention.²

One privileged group of Americans which will have significant opportunities to invent new mechanisms for social adaptation, it seems to me, consists of the managers or decision-makers of large-scale, private, profit-making corporations. I would argue that management progress for the future largely would consist of active participation with other social forces in the design and implementation of socio-economic alternatives to the present. I would make that assertion on the basis that American managers have an opportunity to participate in social change and in their own metamorphosis because of their present advantageous position in terms of economic power, organizational capability to deal with change, and access to information. It seems to me that such an opportunity is about the best that is available to any of us these days in the mounting crisis of transformation.³ I would hold to such a definition of management progress for the future even though one must freely admit that the nature of postcivilized society is now unclear and uncertain and could just as easily become the anti-Utopias of Orwell and Huxley as it could become a society devoid of the major sources of human suffering and filled with opportunities for the realization of human potential. What is becoming clear is that institutions designed to function even a relatively few years ago no longer can cope with new complexities, mounting performance pressures, and changing expectations and values; to avoid substantive change and adaptation in such circumstances might be expected to lead to institutional decay and

atrophy, and there is no reason to believe that American business is somehow mysteriously exempt from these forces. I would not argue that most business managers are any more aware of the "crisis of transformation" and the "Great Transition" than are others in our society, and I have no idea whether they would share the conception of management progress for the future outlined here.

Certainly, American managers may see alternatives for the future quite different from broad participation with others in developing adaptive socio-economic structures. They could simply opt for increased efforts to "make the system work," and to engineer slow, incremental change and improvement which would not be disruptive of accepted and rewarding business practices in the short-run. Of course, there is much talk along these lines. However, such a strategy might be difficult to bring off. The very rapidity, complexity and pervasiveness of change today creates pressures on old structures to flex rapidly, and the rising expectations of an alert and well-educated citizenry create forces that "the system" never before had to satisfy. When one considers that the system may never have worked as well as we thought it did (except for those of us who knew how to make it work), the addition of new pressures becomes even more significant.

Alternatively, managers might choose to form coalitions with others who seek to retard and contain basic change in the interest of preserving stability and predictability. Here, we could construct a scenario which would substitute for the military-industrial complex the industrial-education-scientific-medical complex, a confederation of interlocking interests seeking to preserve relatively traditional socio-economic structures and their attendant rewards, to stimulate compulsive technological innovation without regard for its ecological consequences, to follow the imperative of quantitative growth, and to accomplish these

objectives with increasingly sophisticated psychological and medical means of influencing and controlling human behavior. That strategy too might be difficult to bring off, since there are almost as many "system-watchers" as there are "system-workers" today and since many newer members of these establishments would not view with equanimity a confederation with such purposes. Managers themselves might not want such an arrangement, despite its apparent security, since it implies elements of restricted freedoms which could apply to managers as well as to others, and since it brings forth images of a socio-economic Juggernaut bent on ultimate human destruction.

For what it is worth, and based upon very unsystematically-gathered evidence, it appears to me that many managers feel compelled to look at new situations as if they were variations upon old ones, and it appears that many assume the socio-economic context within which management manages will remain basically unchanged.⁴ These are perceptions which clinicians might judge to be indicative of the psychological defense mechanism denial, a mechanism that is believed to be particularly vulnerable and fragile when confronted with the dissonances of reality. Managers who take a slow-change, "business as usual" perspective may be in for some unhappy days, if one can judge by only the most visible of the new realities, such as Nader's Raiders, The Council for Corporate Review, the Minnesota Public Information Research Group, and Common Cause. The days of living within the cocoon of the profession, the local community and the corporation are numbered; that is what such diverse futurists as Mead, Ehrlich, Forrester, Fuller, and McLuhan are saying to us. Sanctuaries will be limited. The salient perspectives may have to become those of global systems, rather than micro-economic ones, if human beings are to survive.

In a sense, contemporary businessmen and managers, if they are aware of their own origins, have little reason to expect something other

than change in their function. In a 1969 historical survey of American business, Alfred Chandler writes:

From the beginning, it seems, businessmen have run the American economy. They can take the credit and blame for many of its achievements. They, more than any other group in the economy, have managed the production, transportation, and distribution of goods and services. No other group has ever had much to do with the over-all coordination of the economic system or its adaptation to basic changes in population and technology.

Over the two centuries, however, the businessman who ran the economy has changed radically. Dominance has passed from the merchant to the wholesaler, from the wholesaler to the manufacturer, and from the manufacturer to the manager. In the last generation, businessmen have had to share their authority with others, largely with the federal government. Even so, the government's peace-time role still remains a supplementary one, as coordinator of last resort and as supplier of funds for technological innovation.

In the past, businessmen have devoted their energies to economic affairs, giving far less attention to cultural, social or even political matters. Precisely because they have created an enormously productive economy and the most affluent society in the world, the non-economic challenges are now becoming more critical than the economic ones. There is little in the recruitment, training and experience of the present business leaders - the corporate managers - to prepare them for handling the difficult new problems, but unless they do learn to cope with this new situation, they may lose their dominant position in the economy. As was not true of the merchant, wholesaler, or manufacturer, the corporate managers could be replaced by men who are not businessmen.⁵

It is often pointed out that assaults upon businessmen for such matters as labor practices, working conditions, bribery of public officials, investment malpractice, and monopoly power, while quite antagonistic, usually did not proceed from the presumption that the basic system was at fault, but rather were demands for specific, limited reforms.⁶ The anti-trust movement aimed at "Big Business," not

"Business" in its entirety, and the American labor movement, even in the days when it was vigorous, never sought to rally support for an attack upon the foundations of capitalism, preferring instead to accept the basic system as a source of economic gain for its members. It is no coincidence that American unionism, in contrast with some of its European counterparts, is called "business unionism."

But the changes being asked of American managers today are much more pervasive. A growing and well-educated population, more affluent than any other in the world, senses that it is entering a post-industrial era. The emphasis upon services rather than goods leads to an awareness of the value of quality rather than quantity. The interdependence of institutions and nations in coping with basic problems of mutual survival is increasingly apparent. Values, attitudes and expectations are shifting rapidly as qualitative considerations receive more attention. Such cornerstone business values as growth, technology, profits, and managerial authority are being challenged today, and the challenging is being done not just by radical youth but by many others as well. These developments simply underscore that what ultimately provides foundation for the economy is not the price system but the value system of the culture which underlies the economy.⁷ Given these circumstances, managerial expectations of "business as usual," if they are widely held, could lead to hard times ahead.

Some indication of the immediate future for business is found in an April, 1971 "Forecast of the Interaction Between Business and Society in the Next Five Years," published by the Institute for the Future.⁸ This forecast, involving as it did many complex issues, was undertaken with the Delphi technique, which permits the reasoned exchange of opinions among specialists in a variety of disciplines through an intermediary, who feeds back to all participants the group response at each stage of

the investigation as well as the reasons that are given for extreme opinions. Because the inquiry is conducted via mail, the participants are anonymous to each other and can avoid such pressures as the "band-wagon effect" and persuasion by a single dominant personality. This iterative, anonymous, and controlled-feedback technique usually produces a narrowing consensus and, even where consensus cannot be achieved, reasons for dissensus can be identified and documented. Thus, the Delphi study is a way of achieving consensus from a group of experts rather than a public opinion poll, and it is a systematic means of conducting a "cool" debate.⁹

In this study, the Delphi respondents were selected as follows.¹⁰ Given the issues which would be considered, the staff of the Institute for the Future prepared a list of desired skills and backgrounds, then prepared lists of nominees for the study. They sought intelligent, articulate participants who had written or spoken about, or were involved in constructing, the interface of business and society. Thirty-seven prospective participants were invited, of which twenty-nine accepted. The first of the two questionnaires was completed by twenty-three respondents, and the second questionnaire was sent to these same twenty-three, all of whom completed and returned it. The Institute report notes that "This rate of participation is unusually high and may reflect an extraordinary interest and emotional involvement on the part of the respondents."¹¹ The respondents were paid a \$100 honorarium and were given a copy of the report.

The report of this Delphi study is extremely complex and centers about the panel's forecast of business-related events and social goals. The Institute provided initial lists of events and social goals to the panel; then, panel members added to these lists and rated each entry with respect to its probability of occurrence in the next five years

and its expected impact on business. For the goals, the panel made estimates of the extent to which various social groups would support or oppose them.

Relevant goals had to do with the quest for peace, the desire for participatory institutions, a striving for clean air and water, a seeking to reduce poverty and illness, especially for those who are the targets of racial discrimination, and with a desire for simpler days with clearer issues and more obvious heroes. Some goals were consonant while others were dissonant. Goal subjects were wide-ranging, and they included foreign policy (e.g., more trade with Communist nations), the desire to alter American attitudes (e.g., revitalization of the American dream), business operations (e.g., achievement of reasonable profits), and population policy (e.g., reduction of population pressures). Combined, these goals suggest the unsettled nature of contemporary times.¹²

The Institute for the Future summarizes observations about these forecasts as follows:

1. The loyalty of some groups to certain goals was judged to evoke a "willing to die for it" or "willing to go to jail for it" attitude in the most active 5% of the group's membership. These "hot" goals were:
 - a. diversion of military spending into domestic social programs...supported by radical students and racial interest groups.
 - b. reduction of economic disparities between whites and non-whites in the United States...supported by radical students and racial interest groups;
 - c. U.S. military withdrawal from S.E. Asia...supported by radical students and, to a lesser degree, the general public;
 - d. reduction of sex discrimination in the work force... supported by women's liberation and radical students;

- e. acceptance of the concept of "structural violence"
...supported by racial interest groups;
 - f. foreign-policy revolution...supported by radical students;
 - g. reduction of atmospheric and water pollution...
supported by radical students and racial interest groups;
 - h. change in the criteria for corporate success...
supported by radical students and racial interest groups;
 - i. "industrial democracy", i.e., providing employees a vote in company policies...supported by radical students and labor unions; and
 - j. elimination of slums and rural poverty...supported by racial interest groups.
2. The respondents (as measured by the median) felt that only one of these hot goals had even a 50:50 chance of being achieved (...diversion of military spending into domestic social programs) by 1975.
 3. The goal most likely to be achieved is the maintenance of business profits at 1960-70 levels....
 4. There was only one goal which evoked a response as strong as "willing to go to jail" in the opposition. This was "revitalization of the American dream..." The measure of partial attainment of this goal was: at least 80% of those currently disillusioned among the American people experiencing a rebirth of pride in the accomplishments of the country. The group judged likely to oppose this goal was the radical students.
 5. Among the hot goals, the one deemed least likely to be achieved was "industrial democracy"....
 6. Several of the goals were perceived as not likely to evoke much loyalty from any of the groups. For the following goals no groups appeared willing to do more than "make phone calls" or "litigate"; clearly these are "cool" goals, and while possibly important to business or society, they are not apt to stimulate very radical action in the next five years:
 - a. reduction of disparities in per-capita GNP among the world's peoples...

- b. reduction of population pressures...
 - c. protection of small nations from unfair business deals with large corporations...
 - d. corporation executives publicly taking anti-war stands...
 - e. minimum standard of health care becoming a right for all citizens...
 - f. production of safe products...
 - g. trading with Communist countries...
 - h. reduction of government spending...
 - i. reduction in inflation...and
 - j. maintenance of reasonable profits by business...
7. By analyzing which groups commonly support or oppose the same goals, it is possible to identify normal allies and normal foes. From such data, it is evident that;
- a. radical students, racial interest groups, consumers, and women's liberation more often than not support each other...
 - b. for this set of goals and groups at least, business has few permanent allies...
 - c. labor unions appear as a conservative element; and
 - d. the goal of industrial democracy, providing employees a vote in company policies, creates an unusual alliance: labor unions and radical students. (In view of the potential importance of a labor-student detente--see next item--this may be a critical issue.)
8. An event which was viewed by the panel as relatively improbable but potentially important was a labor-student detente... in which labor acts increasingly as a partner in student demands for certain government and business policies. Seventy-eight percent of the respondents thought this event would have a major impact on business.
9. Those goals which business supports are seen as having a greater than 50:50 probability of occurrence:
- a. maintenance of reasonable profits by business...and
 - b. trading with Communist countries...

Those goals which business opposes, on the other hand, are seen as having a probability less than 50:50, with two exceptions (a and b):

- a. diversion of military spending into domestic social programs...
 - b. reduction of atmospheric and water pollution...
 - c. production of safe products...
 - d. reduction of the differential unemployment rate...
 - e. halting of trade with racist regimes...
 - f. change in the criteria for measuring corporate success...
 - g. reduction in sex discrimination in the work force...
 - h. protection of small nations from unfair business deals with large corporations...and
 - i. "industrial democracy"...
10. The provoking events which were felt by the majority to have a 50:50 or greater chance of occurring prior to 1975, and which were judged to have a relatively important impact on business, were:
- a. increase in actual or attempted incendiary and explosive bombings to 300 per year...
 - b. tenfold increase in lawsuits against firms thought to discriminate against women...and
 - c. great increases in picketing or sit-ins at businesses...
11. The legislative events which were felt by the majority to have a 50:50 or greater chance of occurring prior to 1975, and which were judged to have a relatively important impact on business, were:
- a. creation of a federal department of consumer affairs...
and
 - b. creation of technology assessment centers with gross annual budget of at least 20 million dollars...
12. The social change events which were felt by the majority to have a relatively important impact on business were:
- a. at least 25% of the work force switching careers at least once before age 40...

- b. international "super-firms", each with gross annual revenues over \$5 billion, numbering at least 50... and
- c. drug use becoming as major a business problem as alcoholism...

13. ...the businessmen in the panel tended to forecast that the likelihood of attainment of hot goals was higher than that forecasted by the students in the panel.¹³

Such diverse and complex forecasts of social forces and events are difficult to put into perspective and to interrelate, but one technique for doing so is the scenario. A 1975 scenario, fashioned by the Institute for the Future staff from these forecasts, is of considerable help. In this case, decisions about which events and goals to include in the scenario were made as follows: if half or more of the panel judged that an event or goal had a 50:50 or better chance of occurring by 1975, that item was included in the scenario. We should note that the likelihood that every item in the scenario will "come true" is small, since there will be unexpected events and developments, and since some predicted events will not occur. Nevertheless, a scenario so constructed gives a general picture of a possible future world which is relatively cohesive. In this case, the scenario assumes a priori "...that we have continued to avert widespread warfare, that open revolution has not come to the country in the sense of repeated guerrilla actions or open conflict, that the impoverished parts of the world have not experienced calamitous starvation, and that the economy has continued to grow but perhaps at a slower rate."¹⁴

A SCENARIO FOR 1975

"The bombings continued in 1975. Radicals, trying to influence business to take action which they considered moral and just, attacked more than 300 industrial plants, public utilities, and railroads, and caused extensive damage. Their rationale was simply this: bombings make it expensive for companies to continue to follow old policies. Insurance becomes more expensive, employees more difficult to hire. The morality of this kind of

militancy by some of the racials has been questioned of course. They have been asked what right they have to try to impose their will on business and the rest of society; they have answered that their opponents (which include businesses which trade with racist regimes, pollute, promote segregationist policies, and support government programs which appear to them to be irresponsible) are by far more immoral and therefore their own actions are justified.

The telephone also has become a weapon in the hands of radicals. The bombings make credible the telephoned bomb threats and none can be ignored. This year there has been at least 100 such threats reported and probably many more unreported. Clearly such threats are being used to keep people away from work and discourage new employees from joining the firms under attack.

Beyond the bombings and telephone threats of bombings, this year the radicals kidnapped a corporation president in an effort to force new corporate policies. In retrospect this action was not too surprising; foreign diplomats have been kidnapped by radicals in other countries to gain their political ends; with some businesses under attack, the attempt at this form of coercion was only a matter of time.

In reaction to this kind of militancy, several important but subtle changes have been instituted by the beleaguered businesses. They have, of course, increased their security forces. Signing-in and submitting to search are now commonplace procedures in most office buildings. Some companies have had to increase pay to attract employees--hazard pay, if you will. Other firms have staggered work times of employees in an effort to reduce employee density and yet others have lobbied extensively for law-and-order legislation. It is significant that overt militant pressure may have had an effect opposite to that being sought by the radicals. Many of those who might have been drawn into revolutionary movements have been dissuaded by the militant tactics, and sympathy has been aroused for business, which, despite its size and resources, appears as somewhat of an underdog.

Not all of the action against business so far has been outside of the law. There has been an increasing use of picketing and sit-ins to draw attention to company policies and activities which the protesters consider socially undesirable. This year, for example, at least 1,000 such incidents were reported. The protesters were dissatisfied

with the speed with which many of the businesses were correcting deficiencies in their operations. It seems that one reason for the increase in this means or protest has been the successful coalition of several dissident groups. They may have individual differences, but when their objectives coincide, they are more than ever able and willing to work together. Picketing and sit-ins still attract media coverage and this is one of the goals which the protesters seek.

Another battleground has proven important in this contest: the stockholder meeting. "Campaign G.M." of 1969-70, the stockholder suits which were filed early in this decade, and the legislation requiring that stockholder-initiated proposals appear on proxy statements all presaged this development. Despite various precautions taken by corporations to inhibit this disruptive practice (e.g. holding meetings in isolated towns), over 100 meetings this year were disorderly and some members of the audience had to be forcibly ejected.

This year student groups made organized attempts to evoke support for their views. There was a second national student strike and some estimates showed that 80% of all students in the country took part in this one-week rally. There was considerable surprise that the strike took place, because it was believed that better planning by administrators and lack of cohesive issues would prevent this sort of display. Furthermore, the issue of Black-studies programs no longer exists since 90% of all U.S. universities have at least one accredited minority group studies program.

Another action of student groups which should be mentioned is the failure of their attempt to form a student-labor detente. In fact, there has been an increasing number of direct confrontations between these groups. Labor, it seems, is repelled and dismayed by media-presented radical student activity, and there is an increasing disparity between the ideologies of labor and students.

Both government and business recognize that some of the issues raised by the protesters have validity and some important actions have been initiated. For example, we now have a federal Department of Consumer Affairs which has the responsibility for protecting consumers against unsafe products and fraudulent advertising; this organization has effective enforcement powers. The government has also attempted to invent new kinds of incentives for business to induce them to move more deeply into the solution of

public issues. This program last year was budgeted at \$5 billion and included such measures as essentially free land for companies building plants in economically depressed areas, guarantees of loans and insurance for poor people, and tax penalties for polluters and rebates for non-polluters. Another thrust of government is the establishment of technology assessment centers which have the responsibility of forecasting the social impact of newly introduced or prospective technologies and recommending legislation based on their findings. These centers are budgeted at 20 million dollars per year and, while there is some doubt about whether technological impacts can be forecasted with any certainty, the centers have already proved their worth by calling attention to potentially dangerous technology. This concern with public safety is also reflected in recent legislation which prohibits the sale of polluting automobiles. Most important, perhaps, is our "Health Care Security" program within the Social Security system, which in fact provides minimum health care for all persons in the country who earn less than \$5,000 per year. This program was instituted as a result of very clear indications that reasonable levels of health care were not available to the indigent and that the rising costs of medicine, hospital services, and medical attention would result in further inequities.

Business has also taken some important actions. Despite the continued possibility of recurring recessions, business expenditures this year in training the hard-core unemployed were double the amount spent in 1970. This effort was at least partially induced by the current difficulty in finding people to fill low-level jobs. In 1975, corporations spent twice as much as they did in 1970 on sponsorship of educational pursuits of their employees. This is probably a natural concomitant of the trend toward switching careers which is now so prevalent. Latest estimates show that at least 25% of the employed population has engaged in a second career before the age of 40. Many corporations have established departments of "social concern" or "public affairs" which are concerned with more than simple public relations; these groups have under continual review the corporation's relationship with society, not only the impact of its products, but the social effects of its policies. Some corporations have found means for making profits while contributing to social issues as, for example, in the manufacture of mass transportation systems and low-cost

housing. In several industries, trade associations have updated or created new voluntary policing standards to insure quality and safety of the products of their member firms.

It must be said that some corporations make their "public-spirited-ness" the subject of their advertising, but by and large this is distrusted by activist groups if not the public at large. Corporate-sponsored self-evaluation and self-proclamation is questioned because of an apparent conflict of interest, and so it has been suggested that private-sector independent review groups be established to ascertain the social effectiveness of various corporations at the invitation of the corporation or outside groups. This "above reproach" group would establish evaluation criteria and make this survey activity a professional enterprise.

Even with this turmoil and pressure on business, even with new internal problems such as the growth of absenteeism due to employee drug use, profits have been reasonable, averaging about 5% after taxes. In addition, we have seen the growth of more than 50 international "super-firms" grossing more than \$5 billion per year. Perhaps one reason for this growth of business has been the easing of restrictions on trade with Communist countries. The import-export trade between the United States and the Soviet bloc has tripled in the last ten years. Inflation is still with us (at a rate greater than 2% per year).

Women have become much more important to business than ever before. The divorce rate has continued to rise while alimony benefits have substantially declined due to the passage of the Equal Rights Amendment. As a result, 50% of the states have eliminated labor laws which limit the working effectiveness of women. The number of lawsuits initiated against firms thought to be sexually discriminatory has increased tremendously; as compared with 1970, the number of lawsuits has increased by a factor of 10. By and large, companies have now accepted the principle of equal rights for women and it is quite common to find women at all levels of responsibility in a firm.

Despite this activity, it is worthwhile reviewing what has not yet been accomplished. Among strongly held goals, we have not yet found mechanisms for reducing disparities in per-capita GNP among the world's people. We have not yet had really major foreign-policy revisions designed to

"make the world work" and operate like a "spaceship earth" community (i.e., with balanced ecology). With some notable exceptions, we have not yet seen corporate executives publicly taking stands on national policy issues associated with the reduction of international conflict. The concept of "Industrial Democracy" (all employees should have a vote rather than merely a voice in corporate policies) has not been accepted by a majority of Americans. Finally, there is a continuing distrust of the law enforcement system particularly among students and nonwhites, who believe that persons holding unpopular political beliefs may be arrested and tried for various crimes but in reality are being persecuted for their political beliefs."¹⁵

This brief excursion into the possible world of 1975 for the American businessman prompts some observations. For the sake of convenience, these might be grouped into managerial actions for the short-run and those for the long-run.

Short-run action guides

1. Since it is apparent that activists will not oppose all business actions and will accept the earning of profits where these come in the process of solving social problems, managers might look intensively at such possibilities as research and development about pollution abatement and working under government contract on social problems.¹⁶
2. However, it appears that, if the public pays directly for profitable contributions to the solution of social problems through increased product costs, as opposed to increased taxes, such business participation would be judged undesirable.¹⁷

3. If business managers were to counter increased militancy with increased police strength, the result could easily produce an effect opposite to that desired. Thus, meeting business picketers with increased security forces and the police might well boomerang, and attempting to prevent sabotage through increased security might well prove ineffective.¹⁸
4. Business can lobby and litigate to achieve desired ends. Tax incentives to induce contributions to the solution of social problems might be viewed by businessmen as appropriate. While businessmen characteristically have not lobbied for non-economic reasons, perhaps it is time for them to consider political activism in the pursuit of such goals as the reduction in military spending. These actions, and related actions, such as business leaders taking public stands on social issues, may be more effective for the public credibility of business management than the conventional and suspect practices of public relations and advertising campaigns publicizing minor contributions to social issues.¹⁹
5. If business managers turn to the fields of education, welfare, and rehabilitation, where human relations are the substance of the performance and not one of its means, they probably will find traditional economic performance criteria inadequate. Nowhere is this more apparent than in business and in business schools where the teaching and application of human relations have been used not to reform structures, but to help or manipulate people to

adjust to old structures.²⁰ Managers may have a substantial stake in the development of social indicators by which to judge such activities and to demonstrate progress in social affairs to others; research and development in social indicators might be supported by managers in both economic and political ways.

6. Managers might consciously strive to leave the business ghetto and broaden business perspectives and mores. If business becomes no longer able to direct and orient society, it might become open in a simpler and more modest way to social problems. This could result in reduced antagonism between business and the rest of society.²¹ The distinctions between business and other societal elements might become blurred, and that might not be a bad thing.

7. Managers could devise new ways to portray their organizations to organization members which would stress the changing function of private enterprise. One notion which comes to mind is the construction of a corporate organization model in three dimensions, stretching from floor to ceiling if necessary, which would highlight functional relationships within the organization such as flow of work, information, and social transactions as they actually occur, and which would de-emphasize the currently prized hierarchical layers and job titles. Such a model also could describe relationships the organization bears to external social and economic forces, and it could be flexibly constructed to accommodate periodic

changes in the organization. It might be quite useful in shifting from single-purpose planning to longer-range, more complex, more adaptive planning and in the job of self-renewal.

8. Managers could support independent technology assessment through lobbying for the necessary legislation and by supporting ancillary research which might provide the means for such assessment.

9. Consultants and staff of the Institute for the Future have suggested these short-run managerial actions:²²
 - a. Career-insurance, supported by employee and employer contributions, which would guarantee retraining and extended income maintenance in case of displacement.
 - b. A corporate ombudsman of limited tenure, who would have the power to contribute an unedited page to his company's annual report describing its social programs.
 - c. The encouragement of employee involvement in community affairs, increased employee access to corporate facilities, and extended educational leave.
 - d. The creation of a non-profit social audit corporation, which would be available to corporations seeking a review of their social programs.

- e. A non-profit and independent advertising evaluation service established to authenticate advertising by certification or seal.
- f. More extensive trade association codes, describing not only acceptable product specifications but also necessary characteristics of social programs for its members.
- g. A kind of "Nobel Prize" for corporate social action.
- h. Extended patent life (for example, up to fifty years) for socially significant inventions might be urged with the provision that the inventor be required to grant non-exclusive licenses at reasonable royalties.

Long-run Action Guides

1. Managers need to recognize that corporations are ways of life for their members as well as economic institutions. If the lifestyles, values and expectations of new corporate members, at least, are different, then traditional organization assumptions and reward systems may no longer be effective. As Daniel Bell puts it, "...if we set up a continuum, with economizing at one end of the scale (in which all aspects of organization are single-mindedly reduced to becoming means to the goals of production and profit) and sociologizing at the other (in which all workers are guaranteed lifetime jobs, and the satisfaction of the work force becomes the primary levy on resources), then in the last 30 years the corporation has been

moving steadily, for almost all its employees, towards the sociologizing end of the scale."²³ Yet, managers still talk and sometimes behave as if economic incentives are the only sure way to motivate employees. Much more thought, research, and experimentation needs to be undertaken to discover non-economic sources of motivation, especially intrinsic motivation.

2. Managers need to face squarely the probability that the meaning of the corporation will change. Is "ownership" of the corporation simply a legal fiction? Should the corporation be viewed as an instrument to serve society in a system of pluralist powers? Are stockholders investors rather than owners in the sense of being concerned only with return on investment and not with what the corporation does? If so, are boards of directors appropriately constituted if they contain only stockholder representatives? What alternative means could be created to ensure the "public responsibility" of corporations? These are questions and issues which will remain even if managers choose to ignore them, and I suggest that it is none too soon to begin discussion of possible, long-term resolutions.

3. Managers might work toward the development of new measures of accountability which reflect social and ecological concern. This is related to the earlier suggestion that increased support be given to the development and imbedding of social indicators, but it is directed more toward changing the legal and professional fabric which legitimates only the traditional economic accounting. New social accounts need to be created and they need to be codified, and it

will take time for the necessary consensus and experience to occur.

4. The participation of American firms in the expected growth of multi-national corporations may be critical to the future success of American management. If the great American corporations that tend to dominate world markets become truly international organizations, they may lead the way to developing cooperative organizations of people from different cultural backgrounds which will have the capability for mobilizing vast resources, managing conflicting systems, and developing a much greater capacity for problem-solving than a culture-bound organization. Trade, rather than war, between nations and sub-cultures could be facilitated as never before.

If, on the other hand, multi-national corporations become "fronts" for exclusively American interests, we might expect resentment in the world community and the expectation that the new corporation is allied with the U.S. Department of State. The possibilities for multi-national corporations as vehicles are exciting, and they may be able to help bridge the gap between the underdeveloped and the developed, between those societies using relatively primitive barter and agricultural economic systems and those societies having industrial and post-industrial economies. But a basic mistake could be made if these new vehicles were to attempt to superimpose American and western economic and marketing systems upon people not yet able to use them, and the aid of foreign nationals and such specialists as the economic anthropologist are needed to prevent that from happening.

5. Finally, managers need to consider the likelihood that we will have to redefine wealth itself. Barry Commoner, in a July, 1971 speech before the Council of Europe in Stockholm, had this to say:

If we regard economic processes as the means which govern the disposition and use of resources available to human society, then it is evident.....that the continued availability of those resources which are derived from the ecosphere...and therefore the stability of the ecosystem, is an essential prerequisite for the success of any economic system. More bluntly, any economic system which hopes to survive must be compatible with the continued operation of the ecosystem.²⁴

Perhaps energy, not precious metals, is the real source of wealth, as Fuller suggests; perhaps we should hyphenate economics to emphasize the necessity for the kind of compatibility which Commoner stresses; perhaps the new, new economics ought to be concerned with measures of compatibility between various natural and human systems, and with rewards to those who maximize that compatibility.

If these observations and the short-term and long-term suggestions for managerial action seem "unrealistic", probably it is because they deal so directly with normative values and assumptions. It should be noted that no social or economic order has a mandate of immortality, and managers might remember that when considering alternative futures. They also should bear in mind that to knowingly, consciously and purposefully participate in the development of new ways of living which are consonant with the new realities of the future is to engage in what may be the highest human calling yet.

FOOTNOTES

- ¹Boulding, Kenneth E. The Meaning of the Twentieth Century: The Great Transition. New York: Harper and Row, 1964, pp. 1-26.
- ²Ibid., p. 13.
- ³Platt, John. "What We Must Do", Science, Vol. 166, November 28, 1969, pp. 1115-1121. Platt's plea for a full-scale mobilization of scientific personnel is based upon the perception of several types of crises which may reach the explosion point within the next ten years - specifically nuclear escalations, famine, participatory crises, racial crises, and crises of administrative legitimacy.
- ⁴See, for example, Letwin, William. "The Past and Future of the American Businessman" in Daedalus, Winter, 1969, p. 22. After discounting the significance of the "Managerial Revolution" of the separation of ownership and management, the "Technological Revolution" of increasing business complexity understandable only by scientists and engineers and the "Planning Revolution" said to replace businessmen with expert public servants, Letwin notes that "...a shadow of [planning] remains in current American discussion of the 'Social Responsibilities of Business'". Letwin thinks that increased interdependence of business in contemporary society is a reality, but argues that the extent of interdependence side-effects is exaggerated. Letwin holds planning to be "too costly" and the development of a social conscience in private businessmen to lead to the "neglect of their businesses". He argues that "Another way is to continue improving the clumsy, familiar system that deals with problems piecemeal by regulations, taxes, private suits, and private agreements, operating within a general framework of public policy." (p.22) What Letwin apparently also discounts is substantial shifts in public policy, such as the recent wage and price controls, which tend to take the initiative for major economic decisions away from private enterprise and put it into the political arena. Planning and the development of a social conscience also could be imposed in a relatively short time period through the political system, presumably.
- ⁵Chandler, Alfred D., Jr. "The Role of Business in the United States: A Historical Survey" in Daedalus, Winter, 1969 - "Perspectives on Business" - pp. 39-40.

- ⁶Letwin, op. cit., p. 12.
- ⁷Bell, Daniel, "The Corporation and Society in the 1970's", The Public Interest, No. 24, Summer, 1971, p. 13.
- ⁸Gordon, Theodore J., Dennis L. Little, Harold L. Strudler, and Donna D. Lustgarten. A Forecast of the Interaction between Business and Society in the Next Five Years. Middletown, Connecticut: Institute for the Future. April, 1971. pp. 105.
- ⁹Ibid., pp. 13-14.
- ¹⁰Ibid., p. 15.
- ¹¹Ibid.
- ¹²Ibid., p. 40.
- ¹³Ibid., pp. 40-44.
- ¹⁴Ibid., p. 46.
- ¹⁵Ibid., pp. 47-51.
- ¹⁶Ibid., p. 53.
- ¹⁷Ibid., p. 53.
- ¹⁸Ibid., p. 53.
- ¹⁹Ibid., pp. 53-54.
- ²⁰Crozier, Michael, "A New Rationale for American Business," Daedalus, Winter, 1969, p. 154.
- ²¹Gordon, et. al., op. cit., p. 73.
- ²²Crozier, op. cit., p. 157.

²³ Bell, op. cit., p. 23.

²⁴ Commoner, Barry, "The Origins of the Environmental Crisis". Keynote address before the Council of Europe, Second Symposium of Members of Parliament Specialists in Public Health. Stockholm, Sweden. July 1, 1971. (mimeo) p. 3.

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