

WHERE IS BUSINESS POLICY HEADING?¹

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The past several years have seen developments in collegiate education for business that have been specifically aimed at attempting to increase the graduate's appreciation of over-all problems in the operation of a company. This is not to say that consideration has not been given to the graduate's ability to handle the first job in the manner demanded by an employer. These developments in curriculum, including a much broader scope than ever before, have been devised to provide corporate leadership for the period twenty to twenty-five years hence.

Those responsible for this development have felt that education should and must lead in the area of business leadership or let it go by default to a political system in which capitalism as we know it would no longer be as strong a participant. Understandably, the functional areas and tool courses comprising the "core" of requirements in the discipline have been both strengthened and integrated. Of more significance has been the inclusion of disciplines long neglected or thought to be foreign to the managerial mix. A partial listing of these disciplines includes anthropology, sociology, mathematics, ethics and demography, to name but a few. Much, by no means all, of the integration of humanities, sciences, and social science has taken place in so-called "capstone" courses carrying a label of policy. These courses, in the undergraduate area, are usually offered at the senior level, and attempt to bring together the disciplines of the arts and sciences with the disciplines found in collegiate education for business.

This concentration of effort recognizes the extraordinarily complex problems facing today's executive, to say nothing of those problems that will face the corporate executive twenty-five years hence. In a brief span of time, the knowledge explosion has reached practically every culture in the world. New modes of communications, data collection, and retrieval have created specific tasks unknown in the forties and fifties. An increasing search for new methods and markets, together with new analytical tools, has involved the necessity of error reduction in all levels of management. This

¹ This paper is a revised version of part of *Business Policy and Its Environment*, which was published by Holt, Rinehart and Winston, Inc. in 1965.

then should become the objective of education in the field of business, and the young people entering business in the future, in a management capacity, will be called upon to be aware of the dynamic forces at work that will require a training barely begun.

Just what are some of these dynamic forces that are at work — and what will some of them be twenty-five years from now when today's young managers will succeed to the responsibility of guiding a corporation? Which will be of greater significance — those forces that are external to the firm or those forces internal to the firm?

On one particular all are agreed — the years ahead prophesize dynamic change. The nature of business of the future will depend upon the manner in which these challenges will be met by managers presently being trained for positions of the future. As many authors have indicated, a host of soon-to-be obsolete occupations will disappear completely, their place being taken by skills now in their infancy. Middle management positions are and will be challenged by the increasing use of the computer at levels of responsibility higher than that of foreman or supervisor. Today's managers are increasingly aware of their own obsolescence as they themselves relate to many of the newer concepts in decision making as a result of computers and, if so, what is the effect going to be on managers in the intermediate levels? Many believe that the future will see such an increase in the use of computers that most managerial jobs may be eliminated. Factors external to the firm such as increasing nationalism or foreign investments or the question of involvement in foreign politics may in part decide whether a firm will rely on hardware, sophisticated as it may be. Whether these devices are used or not the decision maker under these circumstances will be under great pressure. Uncertainty will in turn accelerate change for which new answers must be found.

The constant search by managers to define their relationships with owners, suppliers, consumers, employees and society represents a most important development that will reach its peak in the future. The realization of their task is not only a response to present limits of authority, but more certainly a sign of awareness of responsibility to the factors mentioned above. Journals and trade publications are publishing articles on the expanding roles of the internal auditors who not only check books but who are actively engaged in reviewing price policies for possible antitrust violations. This role has expanded for obvious reasons, to keep the firm from forcing a certain reprisal by 'society' and to allow a manager to know what is going on at lower levels. In spite of arguments that a company should or should not be responsible for the public interest it is apparent that new values have been accepted in our free enterprise economy. Internally the company will also be faced with a communications problem

so complex that a term "matrix organization" has been devised to describe its complexity.

With these new values seen creeping into our system, many see serious problems facing the manager of tomorrow. For example, how much of an allocation of resources should be made to public services, and is the manager able to make wise decisions? There are those who believe that the influence of the businessman by such allocations of resources might have serious implications upon the free system we advocate.

The factors external to the business firm that will loom large in the policy area must include such items as intercultural problems, the responsibilities and rights of the "have" and "have not" nations, taxation, trading with dictatorships, foreign and joint investments, and others.

Here again, profits will tend to be a major motivating force, but here again also, the firm will be subject to considerable restraint. The extent to which political skill will be as important as other skills will demand a new type of managerial ability to cope with pride of nationalism, limited experience of nationals in emerging countries, and decisions to invest permanently in these countries in spite of political instability.²

Recognition of built-in restraints for years to come must be a part of the decision making process of international firms.

Beginning with the Sherman Antitrust Act in 1890 in the United States, most nations have developed a body of legislation and judicial wheels of balance to prevent abuse to the public. Thus, government has become a partner in any corporate undertaking. This influence, ranging from the bargaining table to stock options, is felt in mergers, price changes, overseas operations, and in many other ways.

In the future the question should not be asked whether a value be placed on the necessity of governmental controls, but rather what the proper governmental participation mix should be as business and government attempt to allocate resources rather than leave it to the marketplace alone. Both have promulgated results detrimental to society in spite of avowed aims presumably in the interest of society. Thus major economic areas must be scrutinized constantly by managers of the future or else because of default government intervention will determine good or bad profit seeking and weigh public "profit" against that of the marketplace. The fine line of allowing business to make decisions relating to the public sector, which many see as an alarming trend, must be noted, for many insist that this is not the objective of business. Whether the business of

² For an excellent discussion of the above, see Barbara Ward, *The Rich Nations and the Poor Nations* (New York, Norton, 1962). See also Richard T. Gill, *Economic Development: Past and Present* (Englewood Cliffs, New Jersey, Prentice-Hall, 1963).

business is business is the question, and managers of the future will find this a most vexing problem.

What part will the school of business play in the shaping of policy for the future of business in the world is entirely dependent upon its willingness to lend in the development of a truly creative profession. Members of the profession of business administration will be taught by a creative instructional corps; the product must be able to sense the dynamics that surround them and be able to utilize the ultimate in knowledge and technology to satisfy wants all over the world without encroaching on the public sector.