

**A 21st CENTURY CHALLENGE TO CORPORATE VALUES:
FROM FUNCTIONAL SUCCESSES TO CONTEXT AS EVERYTHING**

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Abstract

Values give business operations the possibility of meaning, and a contextual basis for their evaluation. Business values have undergone significant changes since WW II, especially during the most recent decade. In the first half of the 20th Century business activities were organized into discrete functional camps, via 18th Century conceptions like division of labor, and 20th Century principles of scientific management. Meaning, on the other hand, was generally absent from the segmented functions that were created, coordinated and given their context by management. Design, engineering, production, distribution, marketing, sales, and accounting each had their own rule systems and whatever meaning they had was restricted to the self-referential. The value that seemed to matter most was Adam Smith's 1776 notion as advanced in his *An Inquiry into the Nature and Causes of the Wealth of Nations*, that each individual acted, and should act, so as to do the best for themselves. Added to this was Babbages' 1836 work in *On The Economy of Machines*, which built on Smith's thesis, and where the highest value was granted to valuing the rules. Dilemmas, arising from separated operations, that failed to relate to other operations, or operations set up to do the wrong, were not the concern of functionaries. Questions of integration were the prerogative of management.

This situation has undergone change since the mid-1960s. Functionaries are increasingly expected to relate their acts to the larger organizational mission. Meanwhile, managers are finding it almost impossible to understand, let alone integrate, the various functions under their "control." The composite situation often appears beyond management. Managers and value systems need to find innovative ways to better accommodate the contexts within which they operate. The challenge in this is as great as the need. Presented herein is a research project and two business education programs that illustrate the situation and ways for helping people respond to it.

Keywords: Functional, business, environmental, contextual, systemic, values & managerial.

Challenges to Corporate Values

1. Introduction

Business values can be seen in the educational and practice activities through which they become manifest. They appear to have undergone especially rapid change since the early fifties. The narrowly defined values in statements like “supply it and someone will buy it,” “forget that, our business is business,” and “what’s good for GM is good for society,” seem curiously simplistic, even simple-minded in the face of today’s complex business environment. Even still-used phrases like “quality is job one” are strangely out of focus in depicting what a business does or should do. That these phrases appear out-dated and out-of-sync is central to the thesis presented herein. The air of discomfort allows an opportunity to experiment with alternatives - ones that are more inclusive than exclusive. This may be the chance to test systemic approaches to business decisions.

A larger number of firms are internalizing attitudes consistent with the systems agenda. These activities are not labeled as the systems approach but instead are found under titles like: industrial ecology, sustainable practices and environmental concern. As long as the actions are somewhat consistent with finding ways to include context the terminology may not be so important. There appears to be a genuine shift in models used to guide business decision-making. It seems that approaches are being allowed that fall well outside the confines of traditional economic rationality. Systems theorists working in business organizations have long argued for these more systemic approaches.¹ Now, they, and/or their students, may find their opportunity to experiment with interesting innovations. The challenge is to realize the promise as articulated in early systems theory.

Opportunities can already be seen in emerging responses to corporate decision-making. These allow greater incorporation of context into corporate decision-making. What does context incorporation mean? Consistent with the beliefs of classical science traditional business philosophy was biased towards dropping variables that did not appear to matter. A manager would do well by ignoring extraneous factors, concentrating on what mattered, returning to core competence, emphasizing the short term, and avoiding concern for societal matters. While it was never clear what a person would do to achieve this agenda, it is now clear that the agenda was a set-up for failure. Managers must include awareness of legal and ethical issues, employee health and safety, long-term educational opportunities for employees, and values of customers that go deeper than material acquisition. The shift is seen in firms that try to avoid problems, and realize greater potentials, by including environmental concern as a part of day-to-day business discourse. Accommodating context is an ambiguous objective at best but studying how it takes place via accommodation of environment concerns offers genuine promise. Of course, it also poses serious challenges to traditional corporate structures but these structures are currently being challenged by many sources of contemporary reality. Including the richness of context while responding to environmental concerns offers a robust means to deal with contemporary business problems and opportunities. Recent research illustrates how a number of companies and individuals have discovered highly

¹ See the extensive writings of Russell Ackoff, as well as the work of K. Boulding, F. Emery, H. Ozbekhan and E. Trist.

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innovative ways to make decisions that accommodate context while illustrating an appreciation of environmental concerns.

Some business leaders have gone even further. An executive of AT&T recently suggested that for future business success we might need to consider that “context is everything.” (Allenby, 1998) His presentation was a critic of current societal practices as demonstrated by public agency values. He argued that governmental subsidies were out of sync with emerging values of societal and natural wellbeing, including some of the subsidies that benefited his company and him personally. He pointed out that between May, 1994 and September, 1996 the US Government sold land containing \$16 billion worth of minerals for \$19,190. As well, it took 3,400 gallons of subsidized water to grow \$1 worth of sugar beets in California, where the market price of the product is only a fraction of the governmentally subsidized price.

Three examples are presented. The first addressed the area of changing values in business operations directly. The other two address the topic more indirectly, via attempts to change activities in business education. All three illustrate means a need to shift business values to meet a changed business environment.

2. Beyond The Values of Business As Usual

Values are critical to defining what we believe things are and our beliefs about what they will become. If there are problems in business as usual, and there are, it would seem appropriate to look closely at the values that underlie and define functions, operations and firms. It is difficult to know values well enough to manage them, but the alternative is to let them manage you. To aid with understanding of this difficult subject we can make a temporary distinction between values for economic exchange and values for social interaction. Since almost all people are involved in both kinds of activities then it would seem obvious that the values beneath each are or should somehow be similar. They are not similar. They are often set up in opposition to each other. Perhaps it was the 19th Century ideological differences between dictates of communism and capitalism that created the artificial gap. Regardless of the rationale, it now seems that the rationale for closing the gap is strong. The ideological difference between social values, defined to be with the public, and economic values, defined to be with the private, and aligning business values with the artificially construed private, is expensive. In a complex, interdependent society and world it is difficult to afford the separation.

A separation between business (private) and societal (public) values has been consistent with industrial societies since early industrialization. It was reinforced in 19th and 20th Century arguments, where Dewey and others proposed separations between the public education, that would take place in public universities, and the private employment. It was argued that there are fundamental value differences in what goes on in the classroom and in the workroom. These differences should not be confused or compromised. As was mentioned before, this tradition is seriously challenged by new socio-economic realities.

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Continual attempts are being made to bridge this dangerous and counter-productive gap. Firms are trying to work out collaborations where more of their R&D work is done in the university setting. Universities are trying to carry out more of their educational mandate by moving traditional university-based programs to corporate site-based education.

(Domain)	Existing	Future
Cultural Values	<ul style="list-style-type: none"> -Achievement -Self-control -Independence -Endurance of distress 	<ul style="list-style-type: none"> -Self-actualization -Self-expression -Inter-dependence -Capacity for joy
Organizational Philosophies	<ul style="list-style-type: none"> -Mechanistic forms -Competitive relations -Separate objectives -Own resources regarded as owned absolutely 	<ul style="list-style-type: none"> -Organic forms -Collaborative relations -Linked objectives -Own resources regarded as also belonging to society
Ecological Strategies	<ul style="list-style-type: none"> -Responsive to crisis -Specific measures -Requiring consent -Damping conflict -Short planning horizon -Detailed central control -Small local government units -Standardized administration -Separate services 	<ul style="list-style-type: none"> -Anticipative of crisis -Comprehensive measures -Requiring participation -Confronting conflict -Long planning horizon -General central control -Enlarged local government units -Innovative administration -Coordinated services

Source: Emery and Trist, 1973, p. 154

Figure 1 - Changing Values: Transition between Two Eras

The distinction between values that are societal (public) and those that are economic (private and thereby corporate) appears to be increasingly unsustainable. In light of very significant and continuing successes from interdisciplinary, inter-organizational collaborations and developments, such as those that spur development of advanced technology, the future seems determined to bridge and then close the gap. The concern can then shift from which of the two value-sets will “win,” to how the considerable potential of each can be coordinated as a third, more robust, value set. The values that business is justifiable to the larger society via its own internal purposes (whatever they may be), or that education has merit for its on sake (regardless of what it does to students), are both defensible but deficient propositions. Neither can alone help with the challenges of a rapidly changing socio-technical environment. Both business and education need value systems that allow them to see the value in each other plus more.

Both need better relations to the larger society that ultimately supports or denies both, and the larger systems upon which societal well-being depends. The framework for this has been emerging for several decades in bits and pieces.

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About twenty-five years ago Emery and Trist did some very thoughtful work relative to what human value systems might need to be like in the future. They were concerned as to what human systems might need to consider doing, in order to deal with the beginning of a new millennium and the cumulative consequences of the values of industrialization.

The impetus for their work was concern with how short-term, narrowly-defined, ego-centric values, as exhibited in traditional problem-solving, were themselves generating ever more difficult problems. Their classic paper, “The Causal Texture of Organizational Environments,” (Emery and Trist, 1965) illustrated how business responses to a simpler environment often generated the increased complexity that later surfaced as complex environments.

They had argued for the need to shift towards an alternative value base as a way to break out from this vicious cycle of the results of strategic thinking requiring ever-more sophisticated strategies, etc. Their paper gave one of the first arguments as to why and how the environment was becoming a major actor on the business stage, and somehow needed to be accommodated in business education.

	<u>Industrial era</u>	<u>Post-industrial era</u>
Corporate Values	<ul style="list-style-type: none"> -Profit as the ultimate measure of success -Nature as a source of threats or resource -Employees as costs -Lawyers as safeguards -Economics as rational expectations 	<ul style="list-style-type: none"> -Profit as a reward for doing something well -Nature as a collaborator for success -Employees as allies -Lawyers as limitations -Economics as a motivator of social interaction

Figure 2 – Changing Corporate Values

Examples of what this general societal value shift might mean to future business education is given in a later section but here it is interesting to project what this suggests for shifting corporate values. The figures, and how they presented a basis for consumers shifts from ownership paradigms to one based on leasing was central to a major proposal by five Scandinavia firms. Representing five different industries they proposed a very different set of business values that could support improved, integrated and more inspired business during the upcoming century.

Early signs of the alternative business values are relatively easy to find. While the more industrial-based values are still the norm there are clear indications that more integrated, innovative and futuristic values are already emerging in a select set of business firms. The shift seen in these “leading systems” is consistent with the more general shift that has been taking place in management models since WW II.

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In early industrialization it was presumed that Adam Smith's theorem, that men would and should act in their own self-interests, would remain as a central force for societal development. Sufficient caveats had emerged by the early 20th Century that it was almost impossible to still see Smith in what was called management theory, except of course for continuance of his discourse on division of labor. Smith followers had come to argue that "managerial intrusions" were necessary to keep the form of industrialization that Smith had started on track. Workers had come to be seen as somewhat intelligent, yet very lazy. Thus, there must be a management force that would get them to suspend their "self-interest" and perform work in accordance with the longer-term interest of society. The following quotation illustrates this belief. It also illustrates that we have come some distance since Smith, but that we still have some distance to go. As F. Taylor stated the problem, and solution:

By far the most important fact which faces the industries of our country, the industries in fact of the civilized world, is not only (with regard to) the average worker, but (that) nineteen out of twenty workmen throughout the civilized world firmly believe that it is for their best interests to go slow instead of to go fast. They firmly believe that it is for their interest to give as little work in return for the money that they get as is practical. (Taylor, 1916)

Smith's dictum could not be trusted to organize production completely. Management was increasingly expected to fill the gap between particular values of self-interest and the need to suspend these so as to build a society, as argued for by Frederick Taylor. It was not easy. Things became even more difficult for industrialization processes by the 1960s. Not only did they have to prepare managers to deal with the philosophical inconsistencies between motivations and management of industrial workers, but process and product results were found to pose detrimental impacts.

This grew to be especially worrisome in those areas of life where the well-being of humans depended directly on the well-being of the natural environment. The philosophical response to this growing contradiction was similar that used in worker management. Deterioration was defined as an externality of the system proper. Thus, as a problem it needed tough management. Just as in the Smith-Taylor's value scheme, it was not in the individual's interest to be concerned about the societal commons but something needed to be done to fill the gap. Thus, the system of control over environmental deterioration came to be a governance approach similar to that recommended by Taylor for shop floors. The resulting approach came to be called regulation via command and control.

There were and are two major problems with command and control. The first was the high administrative costs required for ensuring that commands are enforced. The second, and perhaps more serious, is that C&C discourages beneficial creativity. It can clearly encourage negative creativity, but this tends to only worsen the conditions of context. The result is a legal order system where only lawyers can prosper from the systems they designed to insure their own prosperity. The expense of the approach, not its lack of

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innovation, surfaced as the major rationale for experimenting with change in the early 1990s. It finally became possible to discuss alternatives that went deeper than Reagan's "deregulation." One of the alternatives is described in the following section. It shows both the difficulty of the situation, and the potential for innovation and improvement once different values are exhibited by government and encouraged in business. It is interesting to see the similarities between the deficiencies in responding to environmental deterioration and those encountered in the operations of general management.

3. Energy Star®: Finding And Supporting Changing Businesses

The following outlines the business value significance of a three-year project for the US Environmental Protection Agency. Begun October 1, 1995, titled ENERGY STAR® Homes, it was entitled to help set up and demonstrate that parts of the home-building and selling industry were ready to pursue innovative approaches to demonstrating concern for environmental deterioration problems. The impetus for the work came from evidence that some housing companies were already demonstrating alternative values with regard to how their products related to the larger environment. The work was to achieve energy savings and thereby CO₂ reductions consistent with the objectives of global climate change concerns. Home heating, cooling and appliance usage were known to be major users of energy in the US, and thus major contributors to global CO₂. The objective was to improve homes as products by improving the quality of the products involved. This was because we felt that quality improvement was easier to understand in the US context than energy savings, when energy costs were at historic lows. The project was thus set up to encourage innovation in the production and life-cycle operations of houses so as to reduce the problems associated with energy consumption.

The project was placed in what was known to be an innovative part of the US EPA. Titled the ENERGY STAR® program, it was part of the Atmospheric Pollution Prevention Division. The program was initiated as a market-oriented, non-regulatory approach to getting industry to improve its practices so as to better serve its own interests while also serving larger societal interests. In essence it was consistent with the theme of self-regulation, as distinct from non-regulation, that had surfaced in US society. Current practices of environmental management were seen to be failing in the face of emerging challenges². Alternatives were needed but there was almost no experimentation to find or test these.

The ENERGY STAR® program was thus designed to be a base-camp for experimentation and innovation. It was a voluntary program that identified incentives for industry change and set up processes to facilitate their realization. It had achieved

² This is where the "90/10 rule" comes into force. The "rule" regards regulation procedures that consume 10% to achieve the first 90% of their objective, but must prepare to expend 90% to get the last 10%. Since current spending approaches \$100 billion/year, the implications of this rule are ominous.

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considerable successes in energy savings in the areas of office building lighting, computers and office machines, and mechanical equipment. The homes project was established in order to take what had been learned in the other areas and use it to achieve similar energy savings in the industry that produced houses. In its early stage of development the program had attracted many creative, highly innovative people that were passionate about finding better ways to meet environmental objectives. It is important to note that these people eventually moved on to other endeavors and the more administrative types moved in to maintain the program. This may explain part of why the effort was successful but did not realize the objectives far-reaching objectives envisioned by its founders.

ENERGY STAR® Homes provided a setting to initiate many innovations but impediments were quickly encountered. The impediments were much more significant than those encountered previously in the other ENERGY STAR® industries that had been worked with prior to home-building; e.g., computers. Change in this regard was strongly resisted by traditional attitudes, methods and values. Prior to the project it had been argued that the lack of technical innovation in the housing industry was a sign that only a tough external regulation approach would work. While the industry was found to be extremely resistive of change, it was found to have fostered quite a lot of new technology. In fact, there was ample technological innovation to achieve the energy saving goals of the project. The problem was with the lack of social systems innovation; e.g., relations between producer and consumer. The reasons for this were not resistance to new technology per se, but broad social resistance to any kind of change in the fixed process of home design and production. The ENERGY STAR® Homes project thus has to first deal with the social impediments to innovation. In this was it came to be know as a “marketing program.” It has to sell ideas about new approaches to a very resistive audience.

While it was a liability to the project, the extremely conservative nature of the industry did provide opportunities for improved understanding of the overall environmental deterioration area. Working with housing afforded a special opportunity to access environmental objectives at a deeper level than what would normally be allowed in a project with pollution prevention goals. Homes were found to be the key symbols of cultural ideals associated with families and the role of individuals. This was why the practices of home building and buying were among the most stable in US society. As such, the processes of producing and buying a home could serve as a base-line to gauge the limits of technological and economic change, especially as they achieved or avoided viable responses to environmental concerns.

In essence, the home offered a doorway through which to research the human values base-camp, the center of individual and societal aspirations, and most of the consumption habits that surrounded these aspirations. This logic came to be important for understanding the value-systems of the producers and consumers that were beneath environmental problems.

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Several hundred builders are building several thousand houses across the US that meet the standards required of one of these environmentally sensitive homes. From this standpoint the work has been a success. At a more general level it has not been so successful. Since it was in the air pollution division of EPA it was very difficult to work towards a more holistic response to environmental concerns. The focus was on energy reduction, not water, building materials and land consumption. Additional problems were encountered with the general home sales economy being so good that few wanted to change anything. The production system was not able to produce sufficient product anyway so why worry about making its products more desirable? Consumers would buy almost anything so why change? In addition, some consumers, especially the less traditional ones, felt that they would only live in the home for a few years and so its characteristics didn't really matter so much. Issues of "life-cycle costing" were less important than initial cost. And finally, in the US administrative system there had to be a uniform means to measure the performance of all houses qualifying for the label, regardless of location or features. The eternal dilemmas of ever being able to create and manage such a complex system are now facing this program.

These shortcomings were actually very helpful to turn our attention back to larger societal issues of general value-systems in US society, and specific business values that attempt to service that same society. The parallel work being done with university education of business managers came to be an interesting place to take what was being learned in ENERGY STAR® to other industries. In the following two sections the transference of knowledge about a need for change was carried into the education of those that could best manage it in many societal systems.

4. Seeing The Need For Seeing Alternatives: Njit's Executive Education

Universities are challenged by the same forces as those that are at large in society. As was outlined previously, a highly dynamic set of economic conditions, a changing role of governmental support and changing demographics all challenge the traditional clarity and stability of advanced university training. Dramatic change confronts and will continue to challenge higher education. Where it fails to adequately respond the educational focus will find outlets elsewhere.

The School of Management at the New Jersey Institute of Technology is a relatively traditional program that attempts to prepare people for dealing with the uncertainties and contingencies of life as a manager. The Institute is a technology-oriented school for about 8,000 students learning to be engineers, computer scientists, architects and managers. As such, the School of Management is also oriented towards technology via a focus on preparing students for technology-based firms. Since this probably includes all firms it does not limit the student's job possibilities. Neither does it limit nor provide much assistance to the School's focus. Two years ago the Schools name was changed from School of Industrial Management to School of Management, based on the advice of the

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corporate advisory board. This change allowed the School's mission to become even more ambiguous. Thus, the School is a relatively traditional management school that has many of the same potentials, and problems, of all other management schools in the US. In other words, the values manifested in and exhibited by the School are quite typical of the context within which it stands.

Within the School there is an executive management program for upper level managers that want to learn more about current management practice while earning a masters degree. Within this program, of about one-hundred students per year, there is an international business course that is to give participants a brief glimpse of the opportunities in business outside their home country. While it is only a very small part of the overall degree program it has come to be the key point of attraction and, according to the graduates, the basis for rethinking who they are and what they should be doing. The following brief description outlines how this has happened, and why it appears to offer an interesting model for achieving the value change objectives mentioned at the outset of this paper.

The students (in groups of 15 to 30) take the course titled Global Competitiveness. It is set up to cover about thirty-five hours of in class instruction as well as a ten-day trip outside the US. Part of the instruction takes place prior to the trip with the remaining hours investing in trying to understand what was learned while on the trip. The trip is obviously the critical piece. The rules for setting up the trip are in the following illustration. It is important to note here that about 75% of the participants do not hold a passport prior to entering the program. Like US Congressmen, who do not hold passports at about the same %, this reflects the results of staying close to home and headquarters in order to be successful in gaining advancement.

A TENTATIVE RULE SYSTEM FOR LEARNING EXECUTIVE ED TRIPS:

- More than one country must be visited during a trip. This is so the students, who do not quite know what a foreigner is, will not think that, for example, a Swede represents "foreignness." After spending three days in Sweden students would then move to Finland and meet another set of people, where there appeared to be more difference between Swedes and Finns than there was between Americans and Swedes. This is of course confusing to fixed values. Then, when the group moves on to encounter Russians they lose all sense of what foreignness is and isn't. The impact is often traumatic.
- Approximately three companies must be visited in each country. This is so the students will see a variety of approaches in a variety of industries in a country. From this they can individually ascertain what defines business in that country; i.e. what transcends technological and industrial difference. These firms are picked based on their having recently done something seen as profound in the business press, and/or having management that is considered interesting.

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- About three to eight hours needed to be spent with each company. Depending on what the firm was involved in and the kinds of interesting technological and managerial innovations that could be seen, sufficient time needed to be allowed for company presentations and student questions and comments, as well as walk around visits to see the manifestations of what had been presented.
- Wherever possible American firms should be avoided. This is because there is little reason to take a group of Americans to visit another group of Americans and share stories as to why foreigners are so: backward, uninformed or generally strange. Having NJIT students meet American Express managers in London would only encourage them to reaffirm that American (even New Jersey/New York) values are the best thing for the business world. The NJIT students would be better served to cross the Hudson River and meet American Express people in lower Manhattan.
- Spouses should not accompany the participant. If the objective is to encourage the participant to free up their closely held values, and question what is presumed to be true in what they knew, then having a husband or wife close at hand is now a good idea. If the student's most trusted confidante in value-system appraisal is along for late night discourse, it can be highly counter-productive to the trip.
- Students should avoid eating together in large groups during the evening. It is important to have the participant divide up into "hunting parties" that do out in the evening looking for food and interesting things to see and do. This also gives them interesting and informative material for discussions during the next day's bus rides. Eating with their own large group becomes too much like a sanctuary from the trials and tribulations encountered during the day's events.
- Students should not be given traditional classroom types assignments to complete during or after the trip. Assignments can be given but they should be more spontaneously created and relevant to what was and is being encountered during the trip. Very little of the most valuable material gained in the trip can be planned for.
- Students should learn to ask informed and interesting questions of their hosts. Most students, especially those trained in US style MBA programs, have a terrible time in articulating questions that pass either of these two requirements.
- Plus more, but the remainder are always relative to the unique nature of each trip.

Most parts of the world have been cumulatively covered by NJIT's executive management trips. To date, about 25% of the participants have decided, since their trip, to shift their focus towards international business. This is either within their sponsoring firm, or if such a change seemed impossible, they would change firms so it would be

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possible. Employers have noted that the employee participant somehow seemed different upon returning the trip experience. Terms like: more reflective, less secure, more demanding of self and others, etc. were often used in these exit interviews. On the following two pages you will see outline schedules of two recent trips to two very different parts of the world.

Learning from Chinese & Japanese Business: May, 1997

Beijing

- May 18th Sunday 8:15 PM, Arrive Beijing, to Kunlun Hotel.
- May 19th Monday 9:00 AM, Tour of Great Wall of China (Badaling) and Summer Palace.
- May 20th Tuesday 9:00 AM, **Great Wall Industrial Co.**, Aerospace Great Wall Building, Hain Dian Nan Lu # 30, Beijing; Organized by Ren Gui Shen, President, Ret.
2:00 PM, **China Engineering and Construction Co.**, San Li He Lu, #9 Building, Beijing, Visit organized by Ying Chen. Phone: 6839-3764
- May 21st Wednesday 9:00 AM, Tour of Forbidden City, Tianamen Square and Temple of Heaven.
5:00 PM, Depart for Shanghai, to Equatorial Hotel.

Shanghai

- May 22nd Thursday 9:00 - 11:00 AM, **Bristol-Myers Squibb Company, China Headquarters**
BMS Plant, located in Minhang, Organized by Gen Li, Assistant to the President. Phone: 86-21-6255-3138.
2:00 PM, **General Electric Trading of China**, 10th Fl. Shortex Center, 88 Zunyi Road (S), Shanghai 2000335. Organized by Ty Chan, Senior VP of GE for Asia/Pacific, and Ai-Min Sun, Manager, Marketing, Asia/Pacific, General Electric. Phone: 86-21-62706789.
- May 23rd Friday 9: 00 AM, Tour of Shanghai
7:15 PM, Depart for Hong Kong, to Kimberley Hotel.

Hong Kong

- May 24th Saturday 9:30 - 10:30 AM, **Hong Kong Trade Development Council**, Convention Plaza, 36-39/floor, Office Tower, 1 Harbour Road, Wanchia: Organized by John Braga, Manager of Trade Council. Phone: 852-2588-5418 or 2584-4333.
- May 25th Sunday 1:00 PM, Sightseeing tour of Hong Kong
- May 26th Monday 9:40 AM, Group departs for Tokyo, Shiba Park Hotel.

Tokyo

- May 27th Tuesday 9: 00 AM - 12:45, including lunch: - **Kawasaki Heavy Industries**

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World Trade Center Building, Organized by Masakazu Fudo, Senior Manager. Phone: 03-3435-2211.

1:00 PM, **Shimizu Corporation**, Organized by the General Manager and Junji Takagi, General Manager of Planning, Phone: 03-5441-0020.

3:30 PM, **Toshiba Corporation**. Organized by President of Shimizu.

May 28th Wednesday 9:00 AM, Tokyo tour

Figure 3 – Asian Tour by NJIT Executive Management Students

The highpoints of the Asian trip were visiting the Chinese company responsible for most of its missile, satellites, communications and high-tech arms production. It was especially interesting to see how the company dealt with a US DOD participant in our group (who was one of our students), as well as how he dealt with them. In addition, the visit to Shimizu Construction Company and Toshiba Electronics Company head offices was very helpful. It has been organized by the two to demonstrate the extremes of the Japanese economic-business system, and how looking at these extremes helps understand the business values and culture of Japan.

Several trips have been made to Asia. Generally the Hong Kong – Singapore comparison is the basis for setting up comparisons on Asian trips. The one outlined above was an exception. Asian trips are generally more valuable for questioning accepted business values than trips to Europe.

For the same reason, the objective of encountering firms and people that are different, trips to Northern Europe are more valuable than trips to Central and Southern Europe, due to the cultural background of New Jersey students.

Trade with South America: November - 1997

Nov. 8th Saturday 6:00 PM, Depart Newark, American 1315.
11:45 PM, Depart Miami, American 911.

Chile

Nov. 9th Sunday 10:27 AM, Arrive Santiago, Chile, tour and shopping.
Hotel: *Kempinski Plaza San Francisco*

Nov. 10th Monday 10:00 AM - 12:00 PM, **Corporation Nacional del Cobre de Chile**, Contact Mr. Jaime Undurraga, Manager, Meeting at Headquarters, Huërfanos 1270, Codelco Auditorium.
2:30 PM, **Concha y Toro Company**., Pirque, Chile for a tour with Jose Mingo, Export Manager and Sandra Burmeister, PR. Phone: 56-2 853-0042.

Nov. 11th Tuesday 9:00 AM, Shopping. 1:25 PM, Depart for Buenos Aires, Aerolineas 1241.

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Argentina

- Nov. 11th Tuesday 3:15 PM, Arrive Buenos Aires, Argentina
Hotel: *Central Park Plaza Hotel*
- Nov. 12th Wednesday 9:15 AM, leave hotel for **Zucamor S.A.**, integrated packaging company. Contact - Gustavo Herrero, GM, Antartida Argentina Y Calle 258 (1886) Ranelagh-Buenos Aires.
10:00 AM, Arrive at main offices and plant. Lunch, depart at 2:30 PM.
3:00 PM, Tour then dinner with Professor Pedro Andreiv.
- Nov 13th Thursday 7:00 AM, Leave for Siderca steel mill and Techint CINI (Technical Centre).
Techint Group of Companies, Inc., Contact: Ms. Ana D'Angelo.
7:00 PM depart for Rio De Janeiro, Varig 913.

Brazil

- Nov. 13th Thursday 10:50 PM, arrive Rio de Janeiro, Brazil
Hotel: *Rio Atlantico*
- Nov. 14th Friday 6:30 AM, Leave for **Volkswagen do Brasil Ltda., Resende Plant.**
9:30 AM, Arrive at Resende, meet plant directors. Contact: Mr. Brito, Corporate Affairs at Resende. Presentations, plant tour and lunch.
14:00 PM, Leave for Rio.
- Nov. 15th Saturday 9:00 AM - 7:00 PM, tour and shopping.

Figure 4 – Learning from South America

The highpoints of the South American trip were the visits to Techint of Argentina and Resende/ Volkswagen of Brazil. The group found Techint to be managed in a better, more interesting way, than their home companies, which upset many of the preconditions they had carried to South America. The students found the Resende truck factory presentation to be a basis for questioning almost everything they had come to believe was true about production, suppliers, and quality. Resende is special in that it is where the suppliers of components also have been given responsibility for assembling the final truck. Students both liked it and commented that this could not happen in the US.

5. Another Kind Of Preparation For Tomorrow's Business Leaders – Finland's Exima

In what is often called the “learning society” in Finland, higher education has become a central need for the society at large. Beyond accepting its critical importance, as many other industrialized countries have also done, there is little agreement about what it could or should entail, or where it should take place. This has been the case in many other

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countries as well. What is clear is that change has and continues to dramatically confront the central values of traditional higher education. It has been and is being challenged to its roots. Rapidly changing economic and demographic structures are raising the number of adult and part-time students. There is an accompanying demand for flexible education in more collaborative industry-university settings. The traditional distinctions for education in general and higher education in particular are rapidly becoming obsolete.

Traditional management development programs take participants away from their work to learn from management experts. Each culture appears to have and prefer its own system. Japan prefers the “slow burn” approach, with promotion and training planned over long periods (approximately 10 years), and mostly taking place “one-the-job.” In the US the emphasis is on theoretically on MBA programs where in fact it concentrates on the degrees, and from where they are received. A number of articles use a cash-flow model to evaluate the cost versus benefit of an MBA at various schools. A recent one demonstrated why a Harvard or Wharton MBA investment showed a very high return, while an NYU MBA would never justify its cost. In Europe there is an attempt to bring the best aspects of the USA MBA into European management education, although some uncertainty about what it is that is “best.” Perhaps the greatest impetus for the Euro-MBA are firms that either work with US-based multinationals or have major investments in North America.

As is happening in North America, European universities and business schools are providing tailor-made MBA programs for private companies, or groups of companies. In the US, the Ph.D. degree is primarily reserved for those who want to pursue future academic careers, not for entering business operations. In Europe the case is different. In the US there are many executive management programs, like the NJIT one described in the previous section. In these programs the sponsoring firm pays a rather large annual fee and gives some free time to one of their managers to work towards a graduate management certificate. In this way the school can tailor the program to specific corporate needs, such as areas of interest and time schedules. In Europe this is very unusual, due to public monies being the prime source of funding for universities and the degrees they grant. Entrance is based more on the tested qualifications of the applicants than what interests they exhibit or the interesting things their employers are involved in doing.

In the following we will outline a highly controversial program in Finland that goes against all of these traditional values. It is called ExIMa. It is in its pilot phase, or second year. While not actually in opposition to Finnish norms, it appears to be and in fact is widely seen in the society as a very radical venture. One year ago there was even a debate in Parliamentary as to whether or not the program, that appeared to work quite closely with industry, even too closely, should be allowed to give the public sanctioned degree. The program had been initiated by approximately ten leading Finnish firms, that had explicitly wanted something that was against the norm, thus its mission statement had invited such a debate. It is a Ph.D. program to train industrial leaders in leading firms. It is set up to be very different than the traditional Ph.D. programs in the universities, even different than the Ph.D. program in its own Industrial Management base. It is more of a tutorial program that links company problems with university capabilities.

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ExIMa is a new startup activity housed in the Department of Industrial Management. It is a graduate school that is focused on industrial customers. It offers a novel tutoring and teaching concept. It offers a full doctoral program in industrial management with a degree from the Helsinki University of Technology.

Focus on	Responsibility for funding	Model of lifelong learning	Responsibility for organizing	Practice in countries
Training	Company	Totally in-house company training programs, with company training staff	Employer	Italy, Spain, France
		Company training using individual teachers from universities and other educational institutions as additional resource for company training		All countries
		Programs in the industry's training institutions		Germany, UK, Nordic countries
		Company training programs tailor-made by universities		UK, Ireland, Finland, Sweden, Switzerland, Belgium
		Joint collaborative programs		Ireland, Finland, UK
		Study programs based on credited company training modules and external public educational modules		UK, Switzerland
		Pick-and-mix programs, that draw on a variety of higher educational institutions		Finland, UK, European cooperation
		Public adult education programs Evening classes Distance learning Extramural classes		Sweden, France, Switzerland, Germany, Belgium, UK, Ireland
		Open university Open college Self-study courses		UK, Ireland, Spain, Portugal, Denmark, Netherlands
Education	Society		Employee	

Figure 5 - Models of lifelong learning in Europe based on industry-university collaboration (Ojala, 1993)

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Its principal aim is to improve the capabilities of a company to cope with complex and multidimensional problems, which most industries face today. One of the key elements is to create internal skills within a company to transfer analytical knowledge into new tacit knowledge, and to generalize solutions internally from a single problem into problem classes. These capabilities are especially important today in the fast changing and rapidly growing industries. The tutoring concept will be based on an agreement between the candidate, her/his employer and the school, with the aim to guarantee both a high level and focused support throughout the process. In some instances the students will have a tutor from the school and from the company.

Other details of the program are described in a companion paper at the meeting by Minna Takala and David Hawk on “Using Multidisciplinary Education to Cross Organizational Borders – A Finnish Example.” One of the most important parts of this novel program is that all the student are expected to improve their skills for dealing with uncertainty, risk and ambiguity. Several experiences in the three year program are set up to support these objectives.

While the industry-university collaborative aspect is no longer of much controversy in the program, it remains as a key and very interesting aspect to keep the program from becoming stable. The university side of the partnership finds that it must constantly attempt to move to keep pace with rapid changes in firms like Nokia, Sonera and Furtum.

Figure Five describes other possible industry-university collaborations in other countries via three dimensions: 1) focus, 2) degree of sharing responsibilities of funding, and 3) relationship to lifelong learning. ExiMa is learning from the experiences of these, as well as its own.

6. Conclusions

Just as it is not easy to accomplish these changes in business values it is imperative to strive to do so.

Environmental concerns seem to provide an important means as well as end for attempting improvement in societal value systems. In many respects business interests are in advance of broad societal values for accommodating issues of context and environment.

The three experiences outlined above illustrate that in fact many societal institutions are having more difficulty in upgrading their value systems than the business-based organizations that find they must do so and do so quickly.

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