

# INTERFACES/KOPPELVLAKKE

## STANDPUNTE/VIEWPOINTS

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Teen die agtergrond van die "klassestryd" in Europa sedert die 19de eeu en die opkomende magte van, byvoorbeeld vakunies en verbruikers wat wel deeglik in ag geneem moet word by bestuursbesluite, het die Konferensie besin oor die tema „Social Responsibility and Economic Effectiveness". Die onderliggende benadering was dat sosiale vooruitgang gesien moet word as die voedingsbodem en draer van ekonomiese en tegnologiese vooruitgang en dat daar besin moet word oor die rol van die onderneming in hierdie verband.

Dit spreek vanself dat daar met so 'n konferensietema dikwels verwys is na die drie basiese modelle van sosiale en ekonomiese orde: kapitalisme, kommunisme en sosialisme. Probleme onder die soeklig was o.a.: Wat sou die beste oplossing vir die toekoms wees, 'n mengelvorm van die drie modelle? Indien wel, in watter verhouding tot mekaar? Wat sal die implikasies van sulke toestande van sosio-politieke verandering vir die toekomstige rol van die sake-onderneming en sy bestuur wees?

Dit was 'n Europese konferensie, maar Suid-Afrika is op talle vlakke intiem verbonde aan Wes-Europa. Daarom is dit goed om kennis te neem van Europese tendense in hierdie verband. "A forewarned management is a forearmed management."

Korporatiewe sosiale verantwoordelikheid en die etiese aspekte van die bestuurdersrol in die sake-onderneming, na binne en na buite, kan nie geïgnoreer word nie. Slegs deur aan hierdie aspekte hulle regmatige erkenning in die bestuurs- en organisasiepraktyk te verleen, kan die bestaande sosio-ekonomiese orde in Suid-Afrika gehandhaaf word.

Die mate waarin sake-ondernemings in 'n samelewing hulle sosiale verantwoordelikheid nakom, is 'n simbool van die beskawingspeil van daardie samelewing as geheel, aangesien sosiale verantwoordelikheid 'n element is in die *pro rata* toedeling van samelewingswaardes aan alle belanghebbende groepe.

In hierdie rubriek plaas ons vervolgens die onveranderde kommentaar van die Oostenrykse werkgroep oor die konferensietema wat tydens die konferensie ter tafel gelê is.

### ELEVEN COMMENTS ON BUSINESS AND ECONOMIC EFFECTIVENESS

1. The international division of labour (i.e. the optimal location of the enterprise) ought to be maintained at least within mostly self-contained international groupings or economic areas (such as the Western European Community, COMECON, etc.). This means that striving for economic independence should be avoided in case it should lead to a return to

national tariff barriers and to a policy of economic isolationism (Fremuth).

2. For this reason alone, it is necessary to have a free market mechanism. This is also desirable within the borders of individual countries, because past experience has shown that on the average it is possible to obtain a better balance of supply of goods and services to the population to satisfy individual demands. That does not mean, however, that central planning or the planning of individual organisations should not be undertaken, but that these processes should still provide for the careful balancing of supply and demand by individual entrepreneurial decisions. In addition, however, society must make provision for the correct functioning of the market mechanism (monopoly and cartel control, misuse of their size and power by dominant companies and State intervention in the supply of essential goods and services) (Fremuth).

Withn the above framework a system of economic units appears, whose behaviour is governed by the inherent risks in their own situation (Management has complete responsibility), in the interests of a necessary and continuing process of selection and thereby guaranteeing a macro-economic optimum through permanent pressure on performance. The inhumanity of this framework for managers will only be slightly modified if we accept the assumption that the ground rules of our economic order will be retained. This will be balanced out, however, by the fact that there are more than enough people prepared to undertake these risk prone activities and that they can thereby obtain a standard of living which is considerably above the average – at the price of greater danger to their health, and a higher personal economic and social risk (Fremuth).

3. However, profit maximisation alone should become less and less the sole goal for businesses. As a result, profit will become more an indicator of efficiency. In addition to this, other objectives must gain true and measurable meaning, i.e. the interest of the general public must be integrated into the business system. There are essentially three possibilities:

- a. The business tries to include goals, within its spectrum of tasks, which are obviously in the interests of the general public and which it would still be possible to include in the traditional growth and profitability objectives of the business. For example, it is possible to humanise the work situation and thereby improve motivation.
- b. A business can establish policies which aim to integrate managerial objectives with the production and social standards of the tax gathering state authorities. For example: The production of cars with a longer life, this would have tax advantages.
- c. A business of its own free will, establishes policies which are in the interests of the general public, but which lead to a growing cost.

For example: The policies concerning environmental protection which, in the long term, would not lead to improvement in the growth and profitability of the company.

4. Whilst the possibilities of (a) and (b) remain within the existing economic system and are a part of the market strategy of every dynamic business, possibility (c) demands a higher ethical standard for business practise than the law demands. When making the choice between a number of business opportunities, social criteria will appear, in addition to those of profit and growth. The most important counter argument to this strategy is the practical impossibility of following such a business policy in the present system, i.e. without changing the market mechanism system (Vak).

5. Business organisations strive for power – companies behave like individuals. Their primary objective is further growth or at least a stabilising of the power which they have achieved. They are prepared to meet their social obligations to the extent that it will not interfere with their primary objective (Power Achievement and Maintenance). The State plays a dominant role. The employees are an integral part of the organisation and thereby support, in general, this primary objective. In the main, tension between workers and their organisation (in an abstract sense) is, as a general rule, under the influence, or the supposed influence, of a third party on the organisation. For example, it will appear if the stability of the organisation is weakened. Social responsibility, in the sense of social values or rather in the sense of material expectations (living standards) should be initiated by the State and, within the existing power political structure, should be realised through financial and political measures possibly expressed in law (Brantner).

6. The development of business undertakings is always achieved by changing the setting of objectives from weak to hard ones. The following is to be understood:

In a particular situation in an organisation certain codes of behaviour, policies, and strategies, will be emphasized and others will be diminished. *In a protected market* less dynamism is required and simpler strategies can be applied, also the objectives will be reduced. A business which is working in such a market can perhaps restrict its hard objectives to the production function. Above a necessary minimum further research will, in such a company, be looked upon as a secondary problem. Similarly, the hard practical business issues of the company will also treat such questions as image building, the concept of long-service personnel, and of longer-range market planning as being secondary along with research. *By contrast in a dynamic business*, information and planning systems, concepts of an overall business policy, changes and improvements in production methods will very soon become major objectives. Business progress should now, in principle, consist of hardening up the weaker objectives, i.e. to make them appropriate to the state of maturity of the present business and of the industrial environment. Thereby these objectives would be removed from the realms of

speculation and established in the reality of the business. Also, these objectives will be taken into account in the reward and innovating systems (Vak).

7. A special problem of a business in the service industry (demonstrated by the example of an insurance company): the reconciliation of the policy of the business and the changes in the environment is here more difficult to bring about, because they are mostly dependent on people with differing attitudes and behaviour who work in such an organisation. The necessity for wider levels of employees to identify with the business objectives, especially with an ever faster reconciliation of business policies to a fast changing environment, is, in this case, more important than in a manufacturing industry. This reconciliation process is therefore best achieved when an identification is reached between the work force and the business and its objectives. A condition for this is that the possibility exists whereby the need of the individual can be satisfied in harmonizing and respecting the needs of many others. When this is not done in a manipulative way, even when there is a business motive, but happens in a fully open and honest way, you develop to a major extent a model of an interdependent partnership type of business. Thereby you establish a connection to social responsibilities in the organisational environment. Prerequisites for a partnership-based company in a business are: equal circulation of information to all employees, satisfaction of the basic needs, independent (emancipated) employees. Here we would like to point out that the way to emancipation within a company is difficult and not without risk. This is especially so because this development cannot be forced and after a phase of loyalty to the company, a phase of disharmony must come before a partnership type of business can be possible within the framework of a business. This fact creates severe disturbing effects, especially in the levels of management. Eventually this process brings about a new definition of leadership which also leads to the questioning of the importance and the function of the management structure. It would not be possible to do away with the management hierarchy as an organisational principle, but it would not be necessary for the structure to be the driving force. The responsibility of an insurance company, as with other economic organisations, should be seen increasingly to develop models for the future association of people towards a common goal and under the freedom of self-elected limits (Baumgartner).

8. The boundaries of social behaviour: Economic behaviour will only bring social results voluntarily when these contribute to the economic existence of the business. Company housing, canteens, crèches, etc., are arrangements which are made less from an abstract social responsibility than from a practical knowledge how to gain, and in fact keep, the work force. It would also be unreal to demand social responsibility from Mr Everyman to Mr Everyman because the range of values and leads for an individual are much too big for him to include it in his horizon of consciousness. Why should, in fact, a dairy firm be interested in cancer research, or an institute for space travel occupy itself with questions of protection of

the environment? Certainly, everyone is responsible for the consequences of his actions, not only individually, but in fact each business as well.

9. Making leadership democratic: Because many tasks and problems can no longer be dealt with optimally in businesses, both from the point of view of setting the tasks, and from the point of view of the attitude and the behaviour of the employees, traditional forms of organisation are meeting increasing criticism. The unease and uncertainty about the present and future situation in the area of organisation (in particular the organisation of production, democracy on the shop floor) have, in the case of Austria, only led in a very limited way to attempts to develop new forms of organization.

There is far too little information about the actual needs and problems in connection with the demand for more participation and changes to the organisation. It must also be noted that important findings of the social sciences, in particular empirical research results, have hardly been taken over by top management. Management attitudes are very fixed when it comes to considering the capabilities, needs and attitudes of employees with regard to participation, the taking over of responsibility, and sharing the means of production. Only a few experiments with participation and shareholding in organisations have been undertaken in Austria and are being practised successfully to-day. The reason for this, on the one hand, is to be seen in the financial cost of such attempts, and, on the other, in the uncertainty about possible negative effects of such models of organisation (Fink). Certain boundaries must exist for the participation and democratisation of the leadership in an organisation because of the lasting responsibility of management for the capital and asset risk of the company in operating in a market. The decision process, therefore, in a company should be set up in such a way that in preparation for making a decision on the broadest possible basis without hierarchical limits, all competent employees are requested to give a considered expression of opinion. However, after the decision has been taken, the management is expected to implement the result strictly and, if necessary, is forced to do so (Fremuth). In addition to the process of decision making inside the organisation, all employees should be completely aware that they are only a part of the superior whole, in fact functionaries in a society within which they have responsibility. Outside the organisation, there are today, and most probably will continue to be, very many people whose protests are to be taken absolutely seriously when, through the action of a particular company, they feel the satisfaction of their needs endangered (Lindner).

10. Particular attention will have to be paid in the future to the education and further education, of the members of employer groups. This must be done on behalf of not only the organised interest groups but

also on the part of the top management, otherwise there is the danger that a rational basis for discussion will not be able to be found or, if so, only in fringe areas. Decisions would then be made on the basis of the personal emotional reaction and on the simple attitudes, and the formal behaviour of individual managers. At the industry level in Austria, the informally institutionalised social partnership, has maintained itself as a decision aid, not only for macro-economic measures but also for the problems of individual firms looking at industry-wide measures and have supported the peace of this country. The question of the limits of the influence of such arrangements on economic and socio-political decisions, of this State requires more detailed study (Fremuth).

11. Possible developments: Management should not be satisfied with the attainment of conventional objectives, but must find the way towards leadership in an organisation which is related to people rather than things, and which is related to society rather than just the institution, and must be equipped with all the methods and knowledge of modern management (Vak). Capabilities should be developed for groups and institutions to overcome the boundaries of their own group identity or egoism. This applies also if one wants to develop some altruism as an organisation or institution. *The process* is carried out always in the interests of the employees, and that will probably not get better if, one day through participation more employees than before can promote these interests inside the organisation. Inside an organisation the consciousness of social responsibility will increase not only on this account but also because co-operation in the case of growing specialization is becoming more and more necessary. Social responsibility for groups outside the organization or company cannot just be expected like that. If one business disturbs another through its activities these too must defend themselves, in the last resort social requirements which are not immediately beneficial to the organisation must be forced on them by the State (compulsory insurance, environmental protection) or otherwise the State organises such things itself and meets the cost through taxes (Lindner). In each business careful consideration should be given on how one can move towards a greater communication of happenings within the organization (information and communication) in order to create conditions for a further process of learning inside the organization. In this way also the consciousness of the current authority and power structures in a company will be developed, from which the possibilities of sensible operations can be recognised. In the future, organizations are going to have more and more problems which cannot be solved with purely logical and rational methods, though new forms of learning and of co-operation should be sought inside and outside business organizations (Fink).

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**AANSOEK OM LIDMAATSKAP**

Die Sekretaris,  
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NAAM: .....

ADRES: .....

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Die huidige tariewe is soos volg:

Intekenaars	R 4 per jaar
Korporatiewe lede (kry 3 eksemplare)	R100 per jaar
*Seniorlede	R 12 per jaar
*Lede	R 10 per jaar
*Medelede	R 8 per jaar
Studentelede	R 5 per jaar

\*Die Raad sal die klas lidmaatskap wat toegeken mag word, bepaal.  
U sal in kennis gestel word van die toepaslike ledegelde.