

THE RELEVANCE OF PRASAD'S FINDINGS FOR IRELAND

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The objective of this article is to examine briefly and in general terms the issues raised by the accompanying article "Role Perceptions of Corporations in the 1980s" by S. B. Prasad.

It especially attempts to discuss the implications of some of Prasad's conclusions, with regard to the role of business and to the development of a business and corporate strategy to deal with changes in political and social attitudes today and in the medium-term future.

There seem to me to be four central points in Prasad's article:

1. that managers and businesses must respond positively to new socio-political demands;
2. that all parties in what we would call the "social partnership", government organised labour and business interests, win or lose public esteem roughly in tandem with each other;
3. that survey evidence indicates that there are some fundamental deficiencies in the educational efforts that business makes as part of its response to the changing social and political conditions. This conclusion is drawn by Prasad on the basis that survey results indicate that respondents would prefer to see business adopting a "social institutional-type" or a "technological" role.
4. that, in order to counteract these deficiencies, corporations should stress their "social institution" role rather than profit oriented goals in their educational efforts.

Whatever the methodological problems of the surveys cited in Prasad's article (and it is not the purpose of this article to discuss these) and however tentative and circumscribed the expression of opinion, it is clear that:

1. there is a substantial body of opinion which feels that businesses should concentrate on goals which are not traditionally the immediate concern of a businessman.
2. Prasad feels that the ideal compromise between these views and the normal activity of business is for businesses to pretend to forsake

their traditional goals as far as their corporate advertising and educational activity is concerned in order to concentrate on "social" or "technological" areas.

Although the survey evidence presented is American, the article is not without relevance in the Irish and European environment because the problems described seem to point to an identity problem on the part of business, compounded by the left-ward drift in social and political attitudes particularly evident in Western Europe.

A critical point in Prasad's article is the comment that government-organised labour and business all share the same fate in public esteem. Referring to Lipset and Schneider¹ it is claimed that public acceptance of all three moves in parallel and empirical observation tends to suggest that over the last ten years movement for all three has been in a downward direction. Why has this been the case? The answer must of course be complex but seems to rest on two salient points. Firstly a widespread dissatisfaction with social conditions generally, starting with the war in Vietnam and continuing with the succession of oil crises and their attendant problems. Secondly, the posture adopted by governments and to a lesser extent by organised labour that the problems of society could be solved or at least ameliorated by central government action. Allied to this is a problem experienced by trade unions in that they hold themselves out as being in a position to offer improved living standards to their members, whereas improved living standards normally only follow from improvements in productivity.

If the latter part of this analysis is correct — that governments and trade unions have suffered because of their inability to fulfil the expectations of their constituents or members — then strong lessons must also be drawn as far as the business community is concerned.

The tenor of Prasad's article is that business should attempt to sell to the public the idea that business is more interested in its social or technological role than in profit maximisation or related goals. It seems to me that this can have two possible consequences, both of them bad from the point of view of the long-term interests of business.

The first is that the business community will raise expectations about the prospects of success in its newly presented "social" or "technological" roles; in the event of failure to significantly influence social or technological conditions, public esteem for business must inevitably fall as it has fallen, according to my hypothesis, in the case of government and organised labour because of lack of success in meeting expectations. It is, of course, peculiar that at a time when governments are endeavouring to retreat from the stance that government has a solution to every problem into the area of cut-backs in government

expenditure and reduced involvement in business and economic activity, that the business community should be encouraged to hold itself out as being willing to step into the breach and to attempt to fill the vacuum.

The second danger that I envisage (and Prasad obliquely refers to it in the last sentence of his article when he asserts that there should be no de-emphasis on the profit maximisation criterion in the managerial decision making process) is that businesses should believe their own corporate advertising and allow the attention of management to be diverted from the function of business which is the creation of profit through steadily increasing productivity. Productivity growth is static or declining in both the United States and the United Kingdom;² the dangers and social tensions inherent in this are well known and any development which tends to compound this problem is to be strenuously avoided.

What alternative strategy should the business community adopt? The solution must lie in the establishment of a clear-cut sense of identity and purpose for industry, which I suggest is the creation of wealth in a democratic setting with individual freedom of choice for all levels of decision including economic decisions. The major ingredient lacking towards this end is leadership within the business community.

REFERENCES

1. Seymour Lipset and William Schneider, "How's Business? What the Public Thinks", *Public Opinion*, July/August 1978, pp. 41-47.
2. Robert Bacon and Walter Ellis, *Britain's Economic Problem*. Macmillan, London, 1976, Ch. 4, 6.