

Democratic Values and the Enterprise

A Search for Political and Corporate Synergy

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Basic premises ...

- Corporate & political leaders display contrasting patterns in their values, preferences and attitudes
- “Democracy” defined by adherence to basic values -- tolerance, obligation, voice, constraint, transparency, legitimacy
- Values shape behavior – individuals & organizations
- Individuals & organizations have an inventory of identities reordered as required by situations
- Leaders are **value-agile**:
 - rationalizes inconsistent behavior
- Political identity vs. business / corporate identity

Experience nurtures questions:

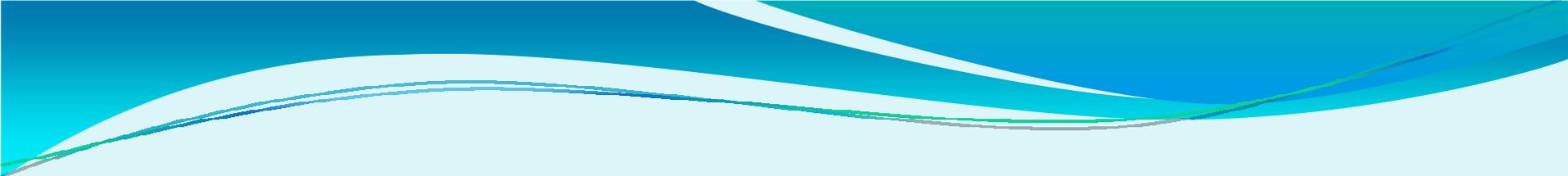
- Balkan political transition
tolerance, obligation, voice, constraint, transparency, legitimacy
- Teaching in two different Business Schools
- Consulting with a few global corporations
- Peers from my own university education ...

- Net impression ... *corporate leaders profess commitment to mainstream political values but neglect to see the utility of implementing those in the management of their firms.*



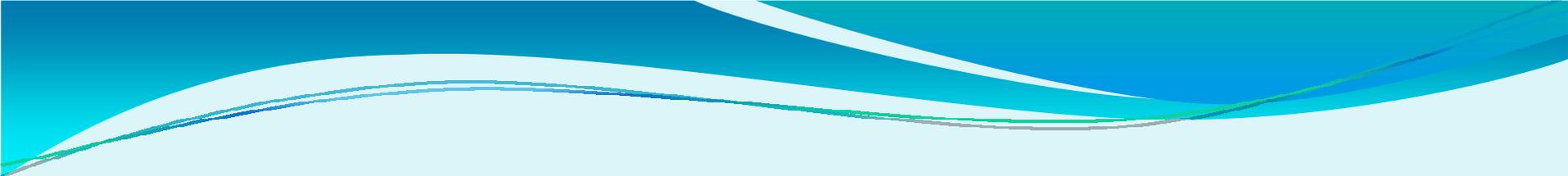
Given that both government and corporations “manage people for purpose,”

- Why the difference?
- Could the same set of values guide behavior in both realms?
- If one format is superior to the other in generating results, can the other *learn* from the first?
- In sum, *can corporate governance and public governance find a synergy – a common value platform?*



Are the strategic objectives and the roles in the social environment so different as to require different value premises?

- Neither enthusiastically embrace the value set suggested
- More pressure on government;
less on corporate leaders
- Empirical studies validate the productive & stabilizing consequences from application of the suggested value set in **public management**



Consider the implications if values underpinning corporate management are invalid in public management, or that our expressed political principles of governing are irrelevant in the corporate world.

- 21st century societies will demand effective management!
- If one leadership value set is more effective, why not re-frame the other?

Explanations ...

- “One is about profit; the other isn’t ...
- Modern citizens pay more attention to work; little attention to civic life
 - political values = intellectual sedatives
- In the business realm, people’s interests are better defined; therefore people require: more abrupt management, more guidance, more discipline, more top-down direction
- Application of political principles would yield less efficient and less decisive leadership; if true, perhaps these need abandoning in government ...

What about “ethics?”

- Is government more committed to behave in a more scrutinized way and is held to higher standards?
- Are ethical standards affected by the size of the constituency to which leaders are accountable?
- Are such questions esoteric academic concerns with little traction in the real realm of management?

The sovereign state and the corporation are obviously different entities. But are they so different as to require a different set of guiding principles or values?

- How much similarity or difference need exist before one is comfortable suggesting that value synergy is possible or is impossible?
- The following slides raise a series of insights ...

Proposition #1: **Corporate leadership requires top-down discipline**

Proposition #2: **De-centralizing power in the corporate setting is more negative than positive**

Proposition #3: **“Threat perceptions” in politics are equivalent to “risk” in business**

Proposition #4: **Incentive compatibility is stronger and more immediate in the business environment than it is in government**

Proposition #5: **The *measures of success* are different in government and business**

Critical Similarities ...

- Both challenged by rapidly changing inter-connectedness in our global world – external factors they cannot ignore
- Both engage without country-specific boundaries
- Both must operate in multi-rule environments
- Both operate “at home” differently than they do elsewhere
- Leadership models behavior for all levels of their respective organizations

Other Shared Characteristics ...

- Requisite flow of revenue
- Appearance of financial equilibrium
- Creation of work incentives & rewards
- Reliance on inputs
- Meshing of internal parts of the organization
- Codified rules
- maintaining a workable demeanor with peer organizations
- Homeostasis
- Nurturing technological innovation
- Vulnerability to feedback
- Challenges of policy-implementation
- Challenges of esprit & loyalty
- Effects of leadership change
- Balancing stability & adaptation
- Threats from external forces
- Possibility of ceasing to exist; can die

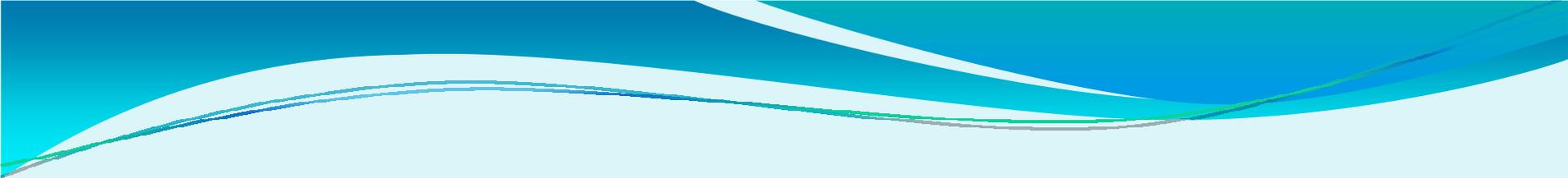
Unfolding project ...

In Focus

- Many similarities
- Mutual resistance to synergy
- **Presumption** that constituent behavior and perceptions are different
- Rationalizes different management behaviors
- Hypocrisy

Out of Focus

- Conscious or intuitive?
- Decentralized change possible?
- Government bloating has a function?
- Government range of functions & parties more numerous – force compromises?
- Government much less certain about policies?



The six-value set could ...

Have an intrinsic advantage in transcending
the cultural differences that governments
and corporations find in the
21st century world

Other dimensions of the study:

- What government can learn from Corporate Leadership
- What corporations can learn from Political Leadership
- Ten management models defined by measures of commitment to the six values