

better rather than worse fashion is exactly what is meant in this text by contributing something extra. That committed attitude among all of the stakeholders—not just the direct employees, but the essential suppliers, distributors, and customers; the needed credit, equity, personnel, and technology sources; and the influential industry associations, governmental agencies, and interest groups as well—leads to cooperation, innovation, and unification throughout the extended organization.

3. *Organizational cooperation, innovation and unification is essential for competitive success in a rapidly changing global economy.* The third major thesis of this chapter is that this committed attitude, this willingness to contribute something extra, this readiness to act with energy and enthusiasm for the benefit of the full organization on the part of all of the stakeholders is far more important now than in the past due to the changed conditions of global competition. Companies have become more aggressive. Technologies have become more advanced. Products have become more complex. Markets have become more diverse. Processes have become more oriented toward both quality and cost. Customers have become more insistent upon both value and choice. Changes in competitors, technologies, products, markets, processes, and customers have become more frequent. And, the thoughtfulness, speed, and cost of the firm's reactions to those changes—or, even better, in their anticipations of them—have become dependent upon the patterns of cooperation, innovation, and unification. Unification—the feeling that “we’re all in this together”—has become critical to the success of the firm.

Unify and Guide

In summary, it is the argument of this chapter that it is no longer possible to manage organizations that must respond intelligently, quickly, and efficiently to technological, product, market, process, or customer changes on a “command and control” basis. Innovation is required, but corporate managers cannot command innovation. Cooperation is essential, but corporate managers cannot control cooperation. Something more is needed, and that something more is the “we’re all in this together” feeling of unification.

Let us assume that you accept for now the proposal that this “we’re all in this together” feeling of unification is essential for competitive success in our highly complex and rapidly changing global economy. Let us further assume that you also agree that the stakeholder groups—the people who are affected by and in turn can affect the performance of the organization—are now too diverse in their various activities for direct commands, and that they now extend too far beyond the hierarchical boundaries for effective controls. The question is, then, what takes the place of the outmoded “command and control” model? The answer of this chapter is “unify and guide.”

This new method of management for extended organizations is dependent upon unification. Unification is the key. Unification means bringing all of the stakeholders of the firm—those within the company, those within the industry, and those within the society—together into an innovative and cooperative whole. Unification requires recognizing the impacts of company actions—both benefits and harms—upon the stakeholders of the firm, and then distributing the benefits and allocating the harms through a process that is acknowledged to be equitable and fair. Unification, or bringing everyone

together into a cooperative and innovative whole, can be said to be the ultimate moral responsibility of management. But unification, the creation of this dominant sense that “we’re all in this together,” is not enough. The moral responsibilities of managers for unifying the stakeholders of an extended firm have to be combined with the practical responsibilities for guiding the actions of those stakeholders through the standard managerial methods of planning, investing, budgeting, measuring, and rewarding.

How can the moral responsibilities of management to create this culture of cooperation, innovation, and unification among the stakeholders be combined with the practical responsibilities of those same managers for the planning, investing, budgeting, measuring, and rewarding the actions of those stakeholders? This combination of attention to the stakeholders of the firm and of attention to the operations of the firm forms a managerial method that we call “unify and guide.” It will be the topic of Chapter 6. It will also be introduced briefly here, at the end of this chapter, starting with Figure 5.4 that shows the components.

The first few steps in this process of combining the moral responsibilities of management with the practical responsibilities involves defining the organizational values, setting the corporate goals, and preparing a mission statement combining those values and goals in clearly understandable and truly believable terms.

The mission statement is the essential element. It should explain the reasons that a given company exists. If you accept that individual trust, commitment, and effort are essential to the success of the firm, because they lead to organizational cooperation, innovation, and unification, then the stated reasons for existence have to reflect the values and goals that are meaningful for each and relevant to all of the various stakeholder individuals, groups, and organizations. Otherwise, you won’t get the essential “we’re all in this together” outcome.

FIGURE 5.4 Proposed Means of Combining Moral Management and Practical Management to Unify and Guide a Business Organization Towards Competitive Success in a Rapidly Changing Global Economy

