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William R. McNay

Mercer University, mcnay_wr@mercer.edu

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Executive Education for a New Reality: 
The Stakeholder Theory Comes of Age

William R. McNay
Professor of Management
Mercer University

Abstract

The common practice in business organizations during the past century has been for executives to make decisions based primarily on what was in the best interests of owners and shareholders. This practice is being challenged. The new reality is that executive decisions must be based on the interests of both shareholders and employee-stakeholders if the firm is to be successful in the new century.

Introduction

Executives have made profit and cost decisions in the past one hundred years on the basis of what was in the best interests of owners and shareholders of the business; that is, in accordance with the existing rules of business—the shareholder theory. A common practice during this period has been to provide employees with jobs that enable them to add to the firm’s profits and, then cast them off in times of profit shortfall, a process quicker and less costly than selling or discarding inventory and equipment. This dehumanizing view of employees has permeated managerial ranks resulting in the loss of loyalty and creativity of a large portion of the employee-stakeholder group.

In the 21st century, business corporations are being confronted by various groups in business and society who are questioning the traditional practice and declaring that the interests of all stakeholders be taken into consideration when making resource allocations and cost-reduction
decisions. In particular, the viewing of employees as expendable assets is being challenged by many people in American society who believe that the time has come for management to accept employees as valued members of the corporate family; not only because it is morally right, but also because employee loyalty and creativity can make organizations stronger and more profitable. A major emphasis in this paper is on the education and training executives require to understand the need for change and to enable them to guide the transition to the employee-stakeholder theory.

The term executives in this paper is used to designate those high-level managers who have responsibility for growth and profit of major business units and includes CEOs, General Managers, and other senior members of management who participate in making key decisions.

Today, there are many different variations of the stakeholder theory, but all generally hold that firms are composed of multiple groups, each of which contributes in some way to the firm’s success and long-term survival, and thus each has a legitimate claim to corporate resources and positive actions. Most listings of stakeholders include employees, suppliers, customers, local communities, and governments. Shareholders are often identified as stakeholders, but in this paper they are viewed separately to emphasize their major difference—shareholders are investing their money and employees are investing their lives.

**The Current Business Environment**

Executives knew their businesses well in the 20th century and understood the consequences of their decisions in the relatively stable business environment of that period. Their major objective was to achieve high levels of productivity and profitability while maintaining a competitive position in the well-understood marketplace (Ansoff, 1965). In the single-minded pursuit of profits, executives were seen to be doing the right thing when they made decisions and took action in the best interests of shareholders (Cyert & March, 1963). They did not have to be concerned about the ethics of their actions; what they did was right because that was the purpose of their leadership; they were educated and indoctrinated to do just that. Furthermore, corporate charters have long stated that the legal obligation of executives is to pursue the profit interests of the corporation owners at all times, regardless of the consequences to others (Ruark, 2007).

During this same period, employees were relatively satisfied with their lot and had a tolerable measure of job security. Of course everyone
wanted more, but most employees and their unions accepted the common practice of laying off some employees in bad times and rehiring them when business picked up again. However, this practice changed during the final decades of the 20th century, when large companies, facing intense competition from foreign companies, down-sized large numbers of employees in order to maintain profit levels. Most of the people who were terminated had little expectation they would ever get their jobs back. As global competition became more intense and profits decreased drastically at the turn of the 21st century, many companies turned to a somewhat related strategy of eliminating employees through a practice called “outsourcing” in which millions of employees have lost their jobs.

Kanter (1997) reports that after these major layoffs, a large number of the best employees do not remain with the firm to help it recover; they see the action taken as an outward sign of disrespect, and they do not want to invest their time and talents in an organization that does not value them. And, if they do remain with the firm after the crisis, they often do only what they are told to do, and do not use their creativity and talents to make the organization more productive and profitable. The impact of losing large numbers of employees also acts to weaken the loyalty and commitment of the remaining employees, including supervisors and managers who are caught in the middle. Many companies proclaim that employees are their greatest assets, yet they continue to treat them the same way they treat physical and material assets, using them as needed and discarding them when convenient.

The past quarter century has been a period of rapid change and turmoil in the American business environment with the result that executives are often overwhelmed by the complexities and impact of the changes facing them. A major contributor to the present situation is that executive decision-making is still dominated by the shareholder theory, but changing employee and societal attitudes are questioning the ethics and fairness of this traditional practice. Further complicating the situation is that shortening of the corporate life cycle in the highly-competitive business world, since the 1980s, has led to a modern version of the shareholder theory which advocates that executives should not only maximize profits, but should focus on achieving it in the short term. Andrews (2003) believes that management’s adherence to this short-term philosophy, with its focus on obtaining immediate profits, has been the principal obstacle to achieving employees’ and society’s acceptance of its leadership in the 21st century.

Seidman (2004: 27) reports that a 2003 survey showed that over 70% of Americans believed that very few corporations operate in a fair and
ethical manner. Executives are being blamed to a large degree for this state of affairs, but the unfavorable situation should not be interpreted as an indictment of executives; rather, it is evidence of how well and how dedicatedly they have carried out their responsibilities under the traditional theory.

**Shareholder Theory versus Stakeholder Theory**

The shareholder theory developed during the 19th and the first part of the 20th century when finance capital was the critical scarce resource needed by entrepreneurs and managers to produce goods and services. Since that time, it has guided American management decision making with considerable societal and financial success, and has received strong support from scholars and business leaders. Today, many of these proponents continue to support the shareholder theory and do not believe that movement away is needed or desired. According to Marcoux (2005), such changes would actually result in an unsatisfactory situation for everyone by discouraging equity investment, encourage wasteful politicking, and subject executives to two or more masters. Nobel Laureate Milton Friedman (1970) a strong, vocal supporter of the theory, has stated emphatically that the responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game; which, he adds, is a logical and legal goal. His words are still used many decades later by defenders of the theory, who point out that historical records show that American firms operating under the shareholder theory have been made stronger and more profitable as a result.

The records also show that shareholders are not the scoundrels portrayed in some current literature. Investors have faced great risks investing in business enterprises; for example, the people harmed the most in the Enron debacle were shareholders, especially employees who held stock in the company. Nor does the picture of corporate profit distribution during the past fifty years support the popular view that shareholders receive the largest share of profits. Prior to mid-century, they received cash dividends, as high as 20%, which reduced the portion of earnings available to management for reinvestment in the firm; but after the 1950s, dividend yields for shareholders dropped to 5%; and during the final decades of the century cash dividends dropped to around 1% (Bernstein, 2005).

Most shareholders seem to be satisfied with this situation; they look to capital gains for the major part of their return on investment. The
shift in focus from dividends to capital gains has given executives more leeway in using earnings to improve the firm’s strengths and capabilities, thereby increasing total company value, thus satisfying the interests of both shareholders and employee-stakeholders (Levy & Mitschow, 2009). Bowen (2010), Principal, Booz Allen Hamilton, suggests that the two theories are not mutually exclusive, and that both can coexist in today’s business firms. They can share in the overall benefits of earnings directed toward innovation and improvement programs, from which shareholders receive larger capital gains and employees are assured of greater job security.

Never-the-less, many people in society and in the business world are beginning to question the validity of the shareholder theory. They argue that business organizations have a moral obligation for the well-being of all its stakeholders, and that employees must be given fair treatment and consideration in both operational and strategic decision-making. Drucker (1996) states that the modern knowledge-worker wants to be accepted as a member of the management team and does not want to be managed. Peter Senge points out that the failure of management to acknowledge the employee as a valued member of the corporate team is a problem that has existed for many years, but now emerges as a potentially more disruptive and destructive issue that must be addressed by both executives and educators (Senge, Smith, Kruschwitz, Laur, & Schley, 2008).

The situation calls for change, but most executives still have the traditional shareholder mindset which compels them to make decisions that can but lead to greater employee dissatisfaction and resentment. A recent survey showed that 89% of managers in American firms believed that companies should maximize dividends payments to shareholders even if it meant the company has to lay off workers; but in Germany only 39% and in Japan, only 3% of the managers held the same view (Allen, 2007).

The Employee-Stakeholder

The view that employees have a claim to a portion of the firm’s economic successes and resources, as well as a need for greater job security, has become accepted as a mainstay in management and ethics literature since the publication of R.E. Freeman’s stakeholder article in 1978. His initial ideas can be traced to the earlier corporate social responsibility (CSR) concept that requires the inclusion of the interests of the general public, as well as those of other stakeholders in the corporate decision-
making process. Freeman’s view of employees as important stakeholders with valid needs and wants was not the first (1984). Mary Parker Follett, a highly respected scholar in the 1920s, wrote that employees should be treated as equally important members of the team (Metcalf & Urwick, 1941). In the final decades of the 20th century, a number of scholars have offered new concepts of leadership such as servant leadership, primal leadership, resonant leadership, and other “caring” leadership concepts which address similar concerns—concepts which would have been unthinkable fifty years earlier (Spears, 1998).

These views were strongly represented in a 2007 meeting at historical Faneuil Hall in Boston where a gathering of 200 well-known scholars and leaders in the fields of business, politics, and other societal groups met to discuss the future of corporations. (A large number of business scholars were in attendance, including Henry Mintzberg, Peter Senge, Charles Handy, Arie DeGeus, and Rosabeth Moss Kanter). Senge (Senge et al, 2008) reported that during the meeting much of the discussion focused on the needs, concerns, and ethical treatment of employee stakeholders. The message that came from this notable meeting is that major changes are needed in traditional business practices relating to the way employees are viewed and treated, and that these changes will involve fundamental shifts in the rules of conducting business at all managerial levels (Kochan & Rubenstein, 2002).

The changes will not come easily because the shareholder theory, dominant for the past one hundred years, has instilled an attitude in managers at all levels that employees are basically operating costs, liabilities, or expendable assets that must be “managed”, rather than treated as valued members of the corporate family. This view of employees originated, in part, in the 19th century when factory workers were seen as machine hands, “hands” —not complete human beings (Wren, 1979). Although this view of employees improved during the 20th century, McGregor’s “Theory X” and other perceptual theories expanded the image of workers as people who have to be constantly motivated to willingly work toward the company’s vision (1960). In the latter part of the twentieth century, the change of name of the Personnel department to Human Resources was a positive step forward, although it still implies that employees are basically resources (just skills, talents, etc), not full human beings.

The present view of employees is more favorable, but the shareholder attitude still predominates the thinking of many managers and often leads to the mistreatment of employees in uncaring, arrogant, self-serving, and disrespectful ways. Aggravating the situation is the fact that
employees themselves are becoming more sensitive to and more critical of these negative attitudes and actions. In the modern world where almost all people are employees, this development will lead to even larger decreases in employee participation and effectiveness.

Messick & Bazerman (1996) believe that when people are viewed and treated as valued members of the organization, they come alive and gain a sense of belonging that incites them to willing use their minds/brains in creative and inspired ways to make their firms’ products and processes more innovative and profitable. Handy (1996) argues that these changes will produce positive results for shareholders as well as for employees. Management literature contains numerous examples of the high profits and sustained successes that can be achieved when employees receive treatment befitting their status as key members of the corporate community. For example, Max Depree’s description in Leadership Jazz (1992) of the close relationship that can be achieved between management and employees under the employee-stakeholder theory presents a factual picture of the benefits that can be obtained. These examples also indicate that while most employees do not want to be directly involved in the strategic decision-making process, they do want decision makers to fully consider their individual and group interests.

The New Reality

The changes in managerial attitudes and practices taking place today and those prophesized by the employee-stakeholder theory for the future will create a new reality in which executives will make operating and strategic decisions based on what is good for employees as well as what is good for shareholders. The new reality is, in essence, employees are human beings who must be treated with respect and as full members of the corporate family in which they spend a large part of their lives. They are no longer to be treated as assets to be used when needed and discarded when profits are low, but to be viewed and treated as fellow participants in the progress of the business.

Executives’ Role in the New Reality

Executives have the primary responsibility for ensuring that the mandate of the stakeholder theory is fulfilled in the new century. Charan (2008) has pointed out that this is a logical assignment because executives have access to all key organizational information including human resource
records, financial data, and business strategies. Most are well-educated, experienced individuals, knowledgeable about the realities of managerial life, and concerned about business performance and fair treatment for all involved. Further, they have already demonstrated the ability to provide leadership in complex endeavors involving rapid change, conflicts, and moral dilemmas. However, the new responsibilities under the employee-stakeholder concept will bring additional operating problems and ethical concerns. It will become imperative that they fully understand each situation, know what should be done, and be prepared for the consequences of their decisions.

The situation facing executives is somewhat analogous to that faced by Bowen McCoy (2003), an executive with Morgan Stanley, during his travels in the Himalayan Mountains. At one point in his trip, he encountered a sudden dilemma—an ethical/executive decision—for which he was not prepared. Midway through the treacherous mountain trails, he and the other travelers came upon a Hindu holy man, a sadhu, wearing little clothing and shivering in the bitter cold, barely alive. They wrapped him in warm clothing and gave him food. A few members of one group of travelers did help the individual a short distance down toward a village two days journey away, but then continued on their own way.

McCoy writes that, regrettably, he took no responsibility for the sadhu’s life, and never learned the fate of the individual, and, as a result, he has been uncomfortable with the memory of the experience ever since. He was well-prepared for his own safety and health needs, with adequate food, equipment, and survival tools, but he was not prepared to handle the needs and wants of other people intruding into his well-planned activities. He understood the sadhu’s need for food and warm clothing, but he had little knowledge of the person’s inner needs, desires, beliefs, or personal feelings. He did not view him as another human being in need of help, but rather as an obstacle in his drive toward his objectives; thus, he had little compassion for that individual.

McCoy’s documentation of his travels, *Parable of the Sadhu* (2003), is used in many management courses to illustrate the need for groups to have unified leadership when facing major dilemmas. The parable is used here to illustrate the need for executives to have a working knowledge of the needs and wants of others involved in a common situation so wise decisions can be made. This paper argues that because McCoy was focused mainly on achieving his own objectives, he was not adequately prepared for the appearance of new responsibilities or moral considerations of others pursuing their own objectives. Like most executives, McCoy
wanted to do what was right and still achieve his objectives, but in that situation he believed that he did not have the time or the responsibility to be concerned about the plight of others. As an experienced, rational executive, he believed that his actions were right because he used good judgment, and, as Tichy & Bennis (2007) declare emphatically, good judgment is the essence of leadership.

However, good judgment alone will not be enough for executives in carrying out the mandate of the employee-stakeholder theory. Successful implementation of the theory will require the ability to use a higher form of judgment that transcends good managerial judgment, “wise judgment” is needed (McLemore, 2003). Wise judgment is said to be a human ability that combines knowledge of the world with practical experience, a set of moral commitments, and compassion for the plight of others (Meisinger, Drees, & Kuabam, 2006). Mirvis (2008) claims that compassion lifts people out of their own world and allows them to understand the plight of others. He states that the basis of compassion is empathy, where one feels the needs and concerns of others, and is able to see himself or herself in other people.

Using wise judgment (or “practical wisdom” as some call it) requires knowledge of what is important and what is not, and an understanding of the impact of decisions on other humans. Schwartz and Sharpe (2006) argue that practical wisdom is greater than just practical intelligence; having practical wisdom is to not only knowing the right thing to do, but wanting to do it because the person in charge has a real concern for all those involved in that particular endeavor.

Changes in organizational policy and business rules in accordance with the employee-stakeholder theory will create some new expectations and leadership problems for executives. For instance, there will be the need for more effective performance-measurement systems that insure the creative outputs of all managers and employees are recognized and rewarded. New definitions of success will include factors currently downplayed including level of employee engagement, employee suggestions, and long-term profit sustainability. However, most current measures such as profits, return on investment, and financial ratios will continue to be key issues. Drucker argued in 1954 that profits are basically a measure of how efficiently and how effectively the management team has used the resources and skills entrusted to them for achieving organizational objectives.

Executives will have to ensure that all employees are actively using their brains and talents for the betterment of the organization and not
taking advantage of the new rules and situations (Greenleaf, 1977). And, all levels of managers, not just executives, must be involved in viewing and treating employees as valued members of the corporate family. These requirements are not unique to the modern business world—Japanese and German firms have already demonstrated the positive impact of management and employees working together, viewing each other as complementary members of the same community (Allen, 2007).

**Educators’ Role in the New Reality**

Implementation of the employee-stakeholder theory will require executives to have knowledge beyond that acquired on the way up the corporate ladder, but most executives have not received the additional experience and education needed for leading in the new reality (Bardach, 1997). The focus in executive education during the past thirty years has been on teaching leadership theories, quantitative methods, and functional principles with a major concern for production and profit, and a minor concern for people. Business students are taught that success is measured by the creation of profits, and companies that achieve this objective are successful; those that do not are failures (Charan, 2008).

These views and attitudes associated with the shareholder theory have been accepted as valid guidelines by most members of management over the past century and are ingrained in most MBA and EMBA programs. A survey conducted by the Colorado’s Aspen Institute in 2002 showed that of 1,700 MBA students, over 70% believed that a top priority of management is to maximize shareholder value (Garrison, 2003). So it will be difficult for executives to accept the new concept and its associated learning needs because their world view and decision making have been focused on the interests of shareholders, and one of the most difficult things for anyone to do is to shake off old attitudes and beliefs (Pfeffer & Fong, 2002). Furthermore, as Harrison, Leitch & Chia (2007) have noted, most executives are not usually aware or do not want to acknowledge that they need additional training in areas where they do not have experience or are not fully knowledgeable.

Executives, like all humans, know reality in terms of what they construct in their own minds, and they then make decisions based on that view of the world. So, a first step in executive education for the new reality is to help executives understand and accept the new employee-stakeholder concept. This step should not be as difficult as it may appear; a number of top executives have recently shown movement in this
direction. In an interview with the Atlanta Business Chronicle, Neville Isdell, former CEO of Coca Cola, and Jeff Bowman, CEO of Crawford & Company, said that business leaders must change the way they connect with people and re-align their values with the values of employees in order to best serve the interests of both groups (Truby, 2009).

Education for the New Reality

New concepts and programs are currently being offered executives to help them overcome employee apathy, distrust, and negative feelings. Some business schools have responded with “Ethical Leadership” courses aimed at increasing the students’ theoretical knowledge of ethics and leadership (Ciulla, 1998). But, because there is no accepted theory of ethical leadership, teachers of these courses have to rely on their own backgrounds, experiences, and beliefs. Consequently, some of these courses are taught with an intense focus on ethics, while others are given an in-depth look at transformational leadership with its focus on visions and values. However, the existing problem is not one of executive failure to understand and apply ethical and leadership concepts; rather, it is the consequence of executives still adhering to the rules of the shareholder theory, which acts to hold employee loyalty and dedication at arm's length. Courses offering these kinds of studies will not prepare executives for the maze of emotional concerns and dissatisfactions of employees that are going to be present in the coming decades. The emphasis must be on how best to utilize the talents and creativity of all people in the organization (Levy & Mitschow, 2009).

During the past decade, the focus of research on employee attitudes has moved from employee “satisfaction” to employee “engagement.” Employee engagement is said to be the extent to which employees are committed to their jobs and to the success of the company (Robinson, 2010). A fully engaged employee is said to be a person who is dedicated to performing his or her work in the best possible way, and, as a result, is a highly productive employee. However, a consequence of the dehumanizing effect of the shareholder theory is that many employees are treated by their managers in uncaring and disrespectful ways; and, as a result, they are not the least bit concerned about management’s vision and objectives. A study by Gallup showed that only 29% of employees are actively engaged; 56% are not engaged, but just “sleep-walking” during the workday; and 15% are disengaged to the extent they react negatively to company plans and commands (Robinson, 2010). These
numbers confirm what many managers have commonly quoted over the past many years, that only about 20% of employees are using their brains for the benefit of the company; the other 80% are focused on personal concerns, inventing ways to avoid work, or trying to make themselves look good at the expense of others in the organization.

A multitude of approaches have been proffered by scholars and consultants for developing an engaged workforce including the usual remedies: motivating and inspiring the workforce, better communications with senior managers, establishing a learning community, and greater use of empowerment and job enrichment programs. These remedies can be effective when crises or major threats are present, and people respond by becoming enthusiastic and passionate about their work; but, most often in these cases, the enthusiasm is usually not sustained and, eventually, performance returns to “normal” levels.

**Making Wise Decisions**

To make wise decisions, executives must have knowledge of how others in the enterprise view the world and formulate their own personal needs, wants, and desires. For example, McCoy learned later that the sadhu may not have wanted any help, and may have been trying to bring on his own death as a way to holiness (2003). So, an important part of executive education for the new reality will be to offer various approaches for understanding the inner needs, desires, and aspirations of others. This knowledge can be acquired, in part, from studies in anthropology, race relations, and other social sciences, which can provide knowledge of the lives of people in both familiar and different cultures and situations. The knowledge can be transmitted through role play, empathetic listening, action-learning exercises, and coaching experiences. Wise judgment can thus be developed from a combination of acquired knowledge, personal moral commitment, practical experience, and compassion for others.

Bardach (1997) claims that most executives are not yet prepared to make the wise decisions necessary to carry out their new responsibilities in the modern environment. Developing new programs to help executives incorporate wisdom in their decision making will necessitate that business educators look outside their normal fields of study. Recent research in the field of neural/cognitive architecture by Schwartz and Sharpe (2006) has shown that wisdom is a product of the buildup of personal associations, and it can be taught by confronting the learner with difficult and ambiguous situations with features that overlap but are
never identical. Robert Sternberg (2003), a world-known psychologist, maintains that teaching wisdom can be made part of any subject matter because wisdom is not a thing or a technique, but rather a way of looking at the world. He recommends educational programs offering group discussions around social-awareness issues and the investigation of other people’s problems from different perspectives.

An increasing number of educators support the view that executive learning must be based on real-life situations and followed by practical training directly applicable to the participants’ own responsibilities (Mintzberg, 2004; Marquardt & Schwandt, 2000). This can be accomplished through the use of a form of experiential learning—action learning—which is the process of making meaning from direct experience and sharing it with others in similar circumstances (Revan, 1982). A holistic approach using action learning is the clinical method described by McNay (2009) in which executives train with other executives experiencing the same feelings that they would experience back home in real-life situations. The clinical experience provides executives with a true learning experience, not by reading or hearing about what has to be done, but by actually participating in activities with other executives in real-life situations.

These educational approaches, and others yet to be developed, will help prepare executives to make wise decisions in the coming decades when it will no longer be acceptable to treat employees as mere resources. And this new learning, or variations thereof, will be necessary not just for executives but for all levels of managers, because the employee-stakeholder concept will bring major changes in every aspect of the work in business organizations.

**Summary and Conclusion**

Dissatisfaction with the shareholder theory probably began with the introduction of the factory system in the early part of the 19th century when craftsmen became “employees” working under a boss. The theory was an effective approach economically in the 19th and 20th century, but, in the 21st century, the relatively new stakeholder theory is seen by many as the appropriate philosophy for modern business organizations. Even though proponents of each theory claim superiority, there does not have to be a confrontational “shareholder versus employee-stakeholder” situation. In the modern global environment, the theories can co-exist and provide favorable, desired outcomes for all individuals and groups.
involved. Profit maximization is a desirable goal for any business firm in that it provides capital for reinvestment that can result in positive payoffs for all organizational stakeholders. The responsibility of executives in the new reality will be to maximize not just profits or stock prices but total company value.

Never-the-less, it is expected that companies will continue to experience low employee loyalty, dedication, and engagement if some form of the employee-stakeholder concept, such as that practiced in some not-for-profit organizations, cooperatives and family businesses, is not accepted and implemented. To meet this need, educators have a major responsibility for providing the knowledge and training required by executives and senior managers to overcome the traditional shareholder mindset and to accept and implement the new theory. What will not be acceptable in the new century is the attitude ingrained in the minds of many executives and managers that employees are expendable assets that can be treated the same as any organizational resource—machine, material, or financial.

Based on the acceptance of the employee-stakeholder concept by a number of influential scholars, many managers, and even some executives, it is expected that implementation of the employee-stakeholder theory will take place sporadically over the next decade, eventually becoming a normal business practice during the final years of the decade. However, it will be very difficult for any one executive or group of executives to take action in accordance with the new reality without the support of business leaders and the business community, particularly because adoption of the employee-stakeholder theory may mean, in some cases, that company profits will be reduced in the short term. In addition, implementation of the new theory will require that management give up a significant measure of control over personnel and operations, which, over the years, it has shown a strong reluctance to do to any degree.

Implementation of the employee-stakeholder theory will not be a panacea solving all productivity and profit problems. The work of executives, already complex and challenging, will include even more responsibilities requiring additional knowledge and skills mandated by the new reality. Educators have the responsibility to provide the new educational programs required by executives to understand and implement the new concept. Educators also have a major role to play in supporting executives in their implementation efforts, as well as helping them justify to business leaders the need for changes in policies and day-to-day practices.
If American business leaders do not take charge and accept the new concept, they will have an uphill struggle in their efforts to be competitive in world markets. To insure success, company employees must be fully engaged, committed, and using their minds to make their firms more innovative and profitable. In any case, whether top management accepts the new thinking or not, their organizations must be prepared for major changes in business policies and practices in the coming decade.

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