

# ***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.*



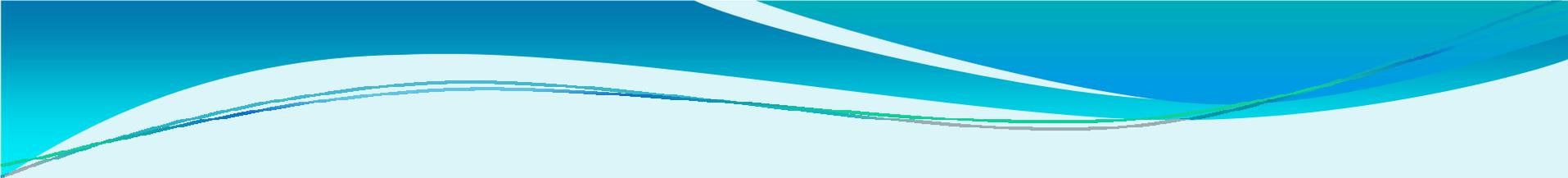
Given that both government and corporations  
“manage people for purpose,”

- 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.*

- 21<sup>st</sup> 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

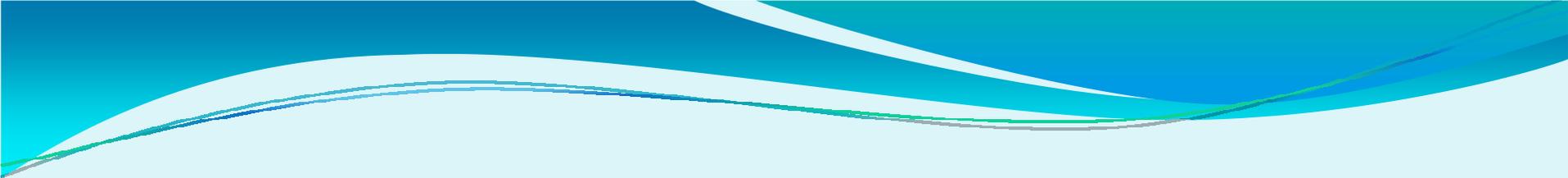
# Unfolding project ...

## 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  
21<sup>st</sup> 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