The benefits of studying the humanities to the business executive are considered. The humanities can help develop both the values and functional skills that are necessary for executive success. Competence in value analysis helps future executives to understand the full implications of the economic system, especially when it is followed by the study of microeconomics from a liberal arts perspective. The humanities, particularly philosophy and literature, can play a significant role in approaching value questions. Executive action requires a balance between creative and integrative abilities and execution and control responsibilities. Business curricula teach students to develop systems of control and execution through study of fields such as finance, production, marketing, and accounting. Certain business disciplines also develop skills in evaluating alternative strategies, structures, and technologies. Business subjects are comparatively weak in developing a facility for generating opportunities, exploring their full implications, and presenting choices to form a coherent strategy. Literary studies offer a broad spectrum of experience and skills that are significant for the creative and integrative dimensions of executive action. (SW)
Executive Values, Executive Functions, and the Humanities

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Summary

Every individual must address and resolve certain value issues in order to lead a humane life. Executives must deal with an additional set of questions regarding the purpose of the economic systems, the function of business activity, and the relationship between their personal moral codes and professional responsibilities. The humanities, particularly philosophy and literature, have a significant role to play in approaching these questions. Humanistic study, when followed by a liberal arts approach to microeconomics, enhances the individual's ability to gain a value perspective upon business activity. Such a perspective enhances an executive's ability to infuse decisions with humanistic values.

The humanities may also make a significant contribution to the performance of executive functions. Business courses have a comparative advantage in teaching future executives to develop systems of evaluation, execution, and control. The humanities have an advantage in developing a predisposition for creative and integrative thinking. These qualities of mind are more likely to be instilled if the humanities are taught from a humanistic rather than a technical perspective.

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Executive Values, Executive Functions, and the Humanities

Introduction

The concept of "successful executive" is difficult to define in general terms. Each of us has particular interests and values that are vital to our personal definition of success. Each of us has a perspective upon economic activity and the goals that it should serve. Yet, most of us would agree that executives achieve the necessary—if not sufficient—conditions for success if they:

1. Develop and fulfill a personal code for humane behavior.

2. Fulfill our society's standards for moral behavior.

3. Generate long-run economic profits for shareholders.

4. Provide employees with the earnings and working conditions necessary for a satisfying life.

The first two conditions are value statements that apply to all of us simply because we are human. The third and fourth are particular to business. They have instrumental as well as value content: an executive who lacks the technical ability to generate profits and stable employment will have a very short business career.

This paper discusses the contribution which the humanities can make toward the development of both the values and functional skills that are necessary for executive success. It is a treacherous undertaking because there are more than two million corporations stretched across several hundred industries in America. Each has its own problems and opportunities that require particular shadings of executive talent. However, I believe that there is a level of generality—not so general as to be useless—at which the similarities among these senior positions permit certain common requirements to be identified. This is confirmed, at least in part, by the successful interindustry mobility of notable executives such as George Shultz, Armand Hammer, and Franklin Murphy.

The first section of this paper treats the relationship between the humanities and the executive values.
The second focuses upon the potential contribution of the humanities to executive performance.

Value Issues for Executives

Every individual must grapple with value issues in order to lead a humane life. "Why am I here? What are my responsibilities to other individuals? To the community? To the inhabitants of other communities?" The humanities have a significant role to play in awakening these questions and assisting every individual in a lifelong search for answers.

Executives must also grapple with value issues that are specific to their calling:

1. What are the material purposes of an economic system? Does capitalism fulfill them?

2. What are the moral and social requirements for economic systems? Does capitalism fulfill them?

3. What are the public policy requirements of capitalism? Does my firm behave in accordance with them or does it earn profits by subverting these requirements?

4. Am I able to practice my personal moral code in exercising professional responsibilities?

If executives fail to acquire a value perspective upon the economic system and upon their own participation within it, they risk becoming either technocrats who make decisions without regard to humane implications or alienated souls haunted by their failure to integrate professional careers with personal standards. The first group is dangerous; the second, pathetic.

The consideration of moral, social, and aesthetic values is inherent in the study of humanities. These subjects are rich sources for developing a personal code and a value perspective upon the economic system. Philosophy, especially logic and ethics, offers the analytic framework for clear thought about such core values as liberty, justice, generosity, and integrity. Knowledge of ethical principles sensitizes executives to consider the moral implications of their actions.
Literature breathes life into these philosophical constructs. Moral questions and conflicts are the raw material of novels, drama, and short stories. The reader is challenged to identify the value issues posed by characters and events, observe the effects of values upon the interplay of characters and their responses to social and natural forces, and trace the implications of values (or their absence) as the plot develops to resolution. Poetry is remarkable for its power to pose such issues with startling economy of language. Who can read the last lines of Ozymandias or Richard Cory without being jolted by the evanescence of power and the emptiness of wealth?

Area studies and anthropology offer opportunities to trace the cultural development of values and their impact upon societal structure. The present alternatives against which our own culture may be compared. Myth, legend, and folklore depict conflicts between good and evil with stark intensity.

Political science and jurisprudence analyze the processes by which societal values achieve expression in public policy. These fields also trace the converse effect of public policy upon the further development of social and individual value. Comparative analysis illustrates the impact of alternative values upon political structures in other nations.

The formulation of values through humanistic study may well be enhanced by the process of creative and critical writing. It would be difficult to document this observation empirically. However, anyone who corrects scores of student essays soon recognizes that the tendency of beginning writers to wander from an original theme often reflects insight and development. Writing is an "act of discovery" for the author.

Competence in value analysis helps future executives understand the full implications of our economic system, especially when it is followed by the study of microeconomics from a liberal arts perspective. This approach analyzes capitalism in terms of the societal functions that must be performed by any system of political economy: the allocation of resources to create national wealth and the distribution of income. It identifies individual liberty as the primary philosophical principal of capitalism, describes public policy conditions that define the system, analyzes the competitive dynamic that is both generated and constrained.
by those conditions, and considers the classes of economic problems (such as natural monopolies) that cannot be adequately resolved by capitalism.

Each of these economic topics raises a host of value questions. "What is liberty? What are its limits? How does capitalism serve other values such as justice, security, and social cohesion?" Thoughtful consideration of these questions requires a fluency in value analysis as well as training and economic reasoning. The humanist is oriented to identify the full implications of economic activity and to visualize the human processes that drive supply and demand toward equilibrium. Those who have read Galsworthy's Quality or Steinbeck's Grapes of Wrath should ask different questions about capitalism's efficiency than the technocrat who is impressed solely by the elegance of Pareto optimality.

Ideally, this liberal arts introduction to microeconomics is succeeded by an analysis of comparative economic systems. Contrasts between capitalism and alternative systems illuminate the value implication of each. Prior exposure to area studies is extremely helpful in this process.

Executives who gain a value perspective on capitalism enhance their chances of achieving harmony between their personal and professional lives. They have a "sense of place" within the broader societal context and understand the underlying purpose of their activities for humankind. In decision situations that pose serious normative questions, they go beyond the "quick fix" and attempt to generate solutions that preserve both values and profits. A brief example will illustrate the point. A year ago, one of the major firms in our industry was approached by a religious group who complained that the company's convenience stores were carrying "adult" (or in today's parlance "sophisticated") magazines. The church members found these publications offensive and a moral danger to children. They informed the corporation that a citywide boycott would be initiated against the firm's supermarkets, which did not carry the magazines, as well as the convenience stores. Company executives were divided on the issue. Some argued that the request should be ignored because the church had only a small membership who would probably be incapable of mounting a successful campaign. Others felt that the offending materials should be removed, despite their substantial profitability, in order to avoid negative
publicity and remove any economic threat. A third group opposed the removal on policy grounds. They argued that other citizens' groups opposed to cigarettes, video games, beer, or soda pop might be encouraged to threaten similar action in support of their particular causes. The solution that was ultimately adopted addressed both value and economic questions. The corporation developed a policy that emphasized the liberty of all parties. The offending magazines were moved to the back row of the bookstall where they could not be easily seen by youngsters. An opaque board was placed over the cover photo of each magazine so that only the title and date could be read. Those who thought the pictures were offensive were no longer subjected to an unintended viewing. Children younger than eighteen were strictly forbidden either to view or purchase the magazines. Thus, the material was removed from the reach of minors, the freedom of consenting adults to purchase legal publications was preserved, and the book covers were hidden from the view of adults who found them offensive. This response to the underlying moral and economic issues was acceptable to all parties. Such dual solutions can be achieved more often than is generally thought when executives are able to analyze value issues effectively.

Executive Functions: Control, Execution, and Creativity

It is difficult to develop operational descriptions for executive positions. Those that exist usually emphasize financial and legal responsibilities. For example, the description for Chief Operating Officer might read:

Responsible for the overall profit of the firm. Identifies profit opportunities consistent with the firm's stated purposes. Participates in the development of strategic goals and budgets to realize those opportunities. Develops operating plan to achieve strategic goals; monitors execution. Allocates budget and reviews expenditure for consistency with operating plan. Selects managers and key staff; directs and coordinates their activities; evaluates performance. Establishes policy to ensure that the firm operates in compliance with legal obligations.

The words "division, department, or product line" replace "firm" for positions one echelon lower. For staff
jobs, the descriptions emphasize the appropriate discipline and the position's supporting role to operations and policy.

Such descriptions are generally followed by a summary of the qualifications thought desirable for successful performance: education level, previous experience, field of specialty, etc. The combination of position description and qualification summary is useful for communicating the scope of authority and responsibility to applicants, incumbents, and other members of the organization.

In my judgment, the elements of successful executive action can be stated much more succinctly:

1. Creates moral and legal profit opportunities.

2. Evaluates and chooses those opportunities which, in combination, yield the highest long-run benefit to the firm.

3. Executes choices, in collaboration with subordinates, and monitors results.

4. Performs all of the above simultaneously.

This "position description" emphasizes the creative and integrative abilities that are central to executive action, while recognizing execution and control responsibilities. The balance is essential.

Thomas Mann's *Death in Venice* portrays the complex tension between creativity and discipline that drives and haunts the artist. Unless the conflict is resolved, artistic genius degenerates into dilettantism or stylized rigidity. A major function of executives is to generate and continuously resolve the same tension within the firm. If creative forces overpower internal controls, the company soon founders. Programs fail as continuous shifts in direction exhaust resources and prevent effective execution. If, on the other hand, excessive controls stifle creativity, the firm becomes closed to the environment and eventually loses its market to more innovative competitors. In management parlance, the firm must maintain an entrepreneurial vitality within the context of operating efficiency.

The business curriculum has a comparative advantage in teaching students to develop systems of control and
execution. The functional fields of finance, production, marketing, and accounting offer principles and techniques for establishing orderly channels of supply and distribution, arranging production processes in logical sequence, recording relevant transactions with routine accuracy and timeliness, and assuring that assets are devoted to the firm’s purpose. The fields of management and personnel provide comparable systems for recruiting and training human resources, distributing authority and responsibility within the organization, and establishing channels of communication. Effective controls enable executives to meet their fiduciary responsibilities to the owners and provide information necessary for improving operating efficiency. Effective execution systems free executive time for considering new profit opportunities.

Certain business disciplines reach well beyond control and execution activities to the derivation of powerful analytics for evaluating alternative strategies, structures, investments, and technologies. These subjects include applied price theory, operation research, capital budgeting, consumer behavior, and organization theory. All are grounded in some combination of economics, mathematics, and the behavioral sciences. Executives who have a solid background in these liberal arts fields plus exposure to the derived business disciplines are well equipped to identify the critical variables in a broad range of complex problems (or opportunities), cast the alternatives into one or more analytic models, and estimate the outcome of each in terms of expected value and risk.

Application of these sophisticated evaluation techniques presupposes the existence of alternatives. The loss from failure to identify the most desirable option cannot be recouped by a correct analysis of lesser alternatives. Similarly, the failure to consider the full ramifications of each choice may result in a faulty decision. For example, market research might indicate that a proposed product will achieve immediate consumer acceptance and generate revenues well beyond production costs. However, the product might be doomed to failure because of its relationships to certain factors within the company’s internal or external environment: perhaps it cannot be distributed through existing retail channels; or its raw materials are imported from a nation with an unstable government; or its brand name contains an unintended racial slur; or its technology can be easily copied by low-wage foreign producers. Regular
readers of the Wall Street Journal may amuse themselves by listing the corporations that have committed these strategic errors within the past year.

Business subjects are comparatively weak in developing a facility for generating opportunities, exploring their full implications, and orchestrating choices to form a coherent strategy. The professional courses that probably come closest to these goals--price theory, organization theory, and consumer behavior--are rooted in liberal arts disciplines. In general, business must rely upon the arts and sciences to develop creative and integrative dispositions of mind. The humanities can make a particularly significant contribution.

A great executive once wrote:

"As the minimum function of the administrator is ordering the means (to the ends), so his highest function is discovering and clarifying and holding before his institution the vision of the end."2

The author was also a great humanist...Robert M. Hutchins. Executives have a greater ability to identify and generate opportunities if they possess an integrated vision or concept of the firm. Those who can articulate that vision to peers, subordinates, and associates may enlist those parties in the search for promising alternatives. The integrated concept provides an organizing perspective from which to scan the environment, screen the barrage or random stimuli, and identify those that are potentially valuable. The concept must be evolutionary if the organization is to maintain a sense of direction as it casts off unprofitable programs and undertakes more valuable activities. It is the "center that holds" to prevent "things from falling apart" as the enterprise develops.

Let me illustrate with an example from my own business. The supermarket industry is highly competitive: no firm accounts for 10% of national sales, entry of new firms is relatively easy, and profits average about one penny for each dollar of sales. A firm's success or failure is highly dependent upon the way in which its executives answer two questions: "What is a supermarket? What might a supermarket be?" The least profitable firms have maintained the traditional concept of the supermarket as "a place to buy groceries, meat, and produce." The most profitable have conceptualized the store as "flexible space which may be allocated and
reallocated among foods and non-durable products in response to shifting demographic variables, employment patterns, lifestyles, regulatory requirements, utility costs, etc." Executives in these firms continually search for new environmental elements that can be related to the purchase of household products normally consumed or used within two weeks. Thus, modern urban stores are designed to serve the large population of two-earner families who prefer one-stop shopping in order to conserve time. The facility is large--up to 70,000 square feet as compared to the industrial average of 23,000 square feet--to offer a wide range of consumables. "Speciality shops" are arranged, like a medieval fair, around a center core of dry groceries. The shopper may patronize a bakery, delicatessen, fish market, pharmacy, film development service, florist, periodical shop, and cosmetician under one roof. This clustering saves the time and frustration of visiting multiple stores and the high sales volume permits the speciality items to be sold at favorable prices. The store offers lean cuts of meat, wholegrain breads, and health foods that range from granola through tofu because of current consumer interest in nutrition. The building has no furnace but is warmed by sophisticated equipment that captures heat from refrigeration units in order to save utility costs. With the recent deregulation of the transportation industry, trucks that deliver merchandise to the store are rerouted to a production plant and loaded with new products for "back haul" delivery to the warehouse.

This extended illustration is but one example of the way in which an integrated, multi-dimensional concept of an enterprise may generate relationships with a wide range of environmental factors to produce profit opportunities. The concept provides the "hooks" on which to hang innovative merchandising and operating ideas.

If executives lack either the disposition to conceptualize or the ability to form complex relationships, they will ignore those environmental factors or be incapable of organizing them into coherent opportunities. Humanistic studies have a special capacity for instilling these qualities of mind. Philosophy develops a facility for forming clear concepts, generating and testing relationships, drawing inferences, and constructing complex logical chains. The discipline's emphasis upon second-order effects teaches the importance of looking beyond initial conclusions to further implications.
Literary studies offer a broad spectrum of experience and skills that are significant for the creative and integrative dimensions of executive action. The process of forming a vision of the firm is remarkably similar to the process of identifying a plot in a complicated novel. When executives make presentations to a board of directors, financial analysts, or shareholders about the current status and future prospects of a firm, they engage in the process of "story telling." For the story to be effective, it must capture the character of the firm, identify the environmental forces that impinge upon it, and trace alternate scenarios that respond to those forces while being consistent with the organization's character.

Literature is also an important vehicle through which executives may learn to picture alternative states of the world and consider their ramifications. A vivid imagination is valuable for generating alternative courses of action and visualizing new products or processes. These flights of fancy are quite natural for those who have been regularly transported through space and time by reading. There is some empirical evidence to support the proposition that liberal arts majors are more creative than engineering or business majors.3

Executives spend a great deal of time talking and writing. They address a wide range of audiences: the general and trade press, investment bankers, union officials, employees of all ranks, etc. The topics and circumstances cover an equally broad spectrum, from labor negotiations to annual reports to policy directives. Communications must be clearly phrased in terms appropriate to each audience. Careful attention must be paid to the nuances of language and to the context within which the message will be heard. Successful communication under these circumstances requires a command of language, and ability to empathize with the listener, and a good "ear" for connotative meanings. Literary studies are an important avenue for developing these skills, especially when they are taught in a manner that requires a substantial amount of writing and oral discussion.

The economic condition, assets, and policies of most firms simultaneously reflect historical decisions and constrain future choices. Newly appointed executives quickly learn that organizations have a certain momentum or inertia that cannot be swiftly changed except under
crisis conditions. Those who wish to introduce change effectively study the past reasoning processes and resource conditions that produced the firm's current direction. An understanding of these historical elements improves the evaluation of current options and, if a new strategy appears appropriate, enables the executive to explain the basis for change. This is particularly important for enlisting the support of others who may have been involved in developing previous strategies. Executives have a dual advantage in this form of analysis and communication if they have studied history. First, they are predisposed to look for the historical grounding of contemporary events. Second, they have had some practice in tracing the future implications of historical forces and have learned that future opportunities can often be predicted by carefully considering the implications of contemporary decisions.

In summary, the humanities are important fields of study for future executives because of their emphasis upon value analysis and because of the contribution they can make to the development of the creative-integrative faculties. The combination of these dispositions with the evaluation, execution, and control skills taught in professional courses forms an ideal balance for executive education.

A note of caution is appropriate for closing this discussion. Study of the humanities does not guarantee that an individual will develop creative and integrative qualities of mind. If the humanities are taught in a disintegrated fashion, their contribution will not be much different from technical training. The game is lost when a student's only exposure to the humanities comes in the form of history courses that are merely sequences of dates and names, literature courses that treat creative works as so many pieces of empirical data to validate an abstruse linguistic theory, and philosophy courses that immediately accelerate into the hyperspace of mathematical symbols. In short, the humanities must be taught humanistically, at least at the early stages, for the future executive to reap their full benefits.
Summary

Every individual must address and resolve certain value issues in order to lead a humane life. Executives must deal with an additional set of questions regarding the purpose of economic systems, the function of business activity, and the relationship between their personal moral codes and professional responsibilities. The humanities, particularly philosophy and literature, have a significant role to play in approaching these questions. Humanistic study, when followed by a liberal arts approach to microeconomics, enhances the individual's ability to gain a value perspective upon business activity. Such a perspective enhances an executive's ability to infuse decisions with humanistic values.

The humanities may also make a significant contribution to the performance of executive functions. Business courses have a comparative advantage in teaching future executives to develop systems of evaluation, execution, and control. The humanities have an advantage in developing a predisposition for creative and integrative thinking. These qualities of mind are more likely to be instilled if the humanities are taught from a humanistic rather than a technical perspective.
Footnotes

1 I am indebted to my late colleague, Professor Tony Gowan of the University of Kansas Department of English, for this observation.
