



Winter 1973
Dividend

*The Magazine of the Graduate School of Business Administration * University of Michigan*



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Profile of Six Classes 3

Answers to questions about MBA career patterns have hitherto been speculated on, but there was little research to support the speculations. Now an inter-university research project sheds some light on these questions. This article gives some of the data the project uncovered.

What Makes Organizations Better? 6

Stanley Seashore, program director of the Institute for Social Research, has spent many years studying the social psychology of formal organizations. In this *Dividend* interview, he answers questions such as, "How can organizations best adapt to change?" and "Are there assumptions we are taking for granted about organizations that we ought to be challenging?"

Visiting Committee Meets 8

The School's Visiting Committee gathered in the paneled board room of the new Assembly Hall this fall for their third annual meeting.

Several Interesting Questions—Along With the Answers 10

Four top executive officers of large corporations, who are also members of the School's Visiting Committee, formed a panel after the Assembly Hall dedication ceremony and answered questions from the audience.

The Best of Two Worlds 14

The story on the Assembly Hall dedication is here combined with pictures and captions telling you about the School's beautiful new facility.

Among Ourselves 23

Regents approve two new Divisions for the School; Dr. Whitman gives McInnally lecture; Paul McCracken comments on Japan-US economic interrelationships in the 1970s; IIC publishes Michigan Directory of Importers.

About the Cover

The cover picture will perhaps give you some idea of the beautiful colors used in furnishing the new Assembly Hall. The picture is of the lower tier of seats in Hale Auditorium—those that can be used for a case discussion facility when desired. For a picture of the entire auditorium, see page 17. The cover photograph is by Stuart G. Abbey, who also took the black and white view of the Assembly Hall on the back cover.

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Profile of Six Classes

What are MBA career patterns, their turnover rates and career progress? Answers to these questions can be speculated upon, but there is a dearth of actual research to support or contradict statements on MBA experiences. Therefore, last year an inter-university research project was launched to obtain more accurate information on MBA graduates. Eighteen leading MBA and comparable schools in the United States cooperated on the project, including our own.

A questionnaire was sent from each of the 18 schools to their MBA alumni from the classes of 1947, '52, '57, '62, '67, and '69. The questionnaire asked for personal data, information on education, and professional career history. In addition, there was a miscellaneous section which provided space for the respondent to answer three questions:

1) What type of alumni activities would you like your MBA school to emphasize? 2) To what extent do you feel your MBA education has influenced your career? and 3) What revisions would you like to see in the MBA program?

Each school has received statistics on their own graduates' answers to the questionnaires. (Statistics on the entire nationwide sample are currently being tabulated.) Some of the data on Michigan graduates are presented in the three tables accompanying this article. All figures are, naturally, based only on those who responded to the questionnaire. In other words, a percentage shown in the table does not mean the percentage of Michigan MBA graduates of the particular class, but only the percentage of those who responded to the questionnaire. Percentage of those responding was high. Among members of the class of 1947, it

Table 1 — *Personal Data*

<i>Class Year</i>	1947	1952	1957	1962	1967	1969
Mean Age at MBA Completion	30	24.5	26	25.6	25.4	27.5
Mean no. of Children	3	2.8	2.6	2.2	1.2	1.2
Wife has regular job (either full or part time)	18%	29%	17%	11%	38%	35%
Political Affiliation:						
<i>Democrat</i>	20%	10%	4%	7%	17%	9%
<i>Republican</i>	72	69	75	77	58	52
<i>Independent</i>	5	22	18	16	24	36
<i>Other</i>	3	0	3	0	1	3
Work prior to MBA (full time job)	60%	24%	46%	43%	31%	46%
Grad. Degrees in addition to MBA: (in percentages)						
<i>Law</i>	0	0	6	6	4	5
<i>Engineering</i>	0	8	3	6	0	2
<i>Business</i>	8	0	6	4	1	3
<i>Other Field</i>	5	1	4	1	4	1

was 31%; 1952, 35%; 1957, 38%; 1962, 40%; 1967, 39% and 1969, 46%.

Answers to the question, "What type of alumni activities would you like your MBA school to emphasize?," showed particular interest in three kinds of activities. First in importance was updating. Suggestions for updating activities included everything from one day regional meetings, to refresher courses in certain subject matter, to correspondence courses for continuing professional education, or as one alumnus put it, "the skills we need to stay ahead of the pack." One graduate of the class of 1969 who owns his own construction business asked for a "program where credit is given toward a doctorate degree for busy. . ." one presumes he was interrupted at that point in

the sentence and was too busy ever to come back and finish it.

A second major activity alumni wanted stressed, and one closely related to "updating," was career development, particularly career development workshops and the publishing of surveys so that alumni can assess their standing in relationship with comparably educated people.

Communication was the third activity in which respondents showed a strong interest. They wanted to know what other alumni were doing, they wanted to be informed about activities at the School, and they wanted communication keeping them up to date on current business topics. Not all requests fell into these three categories, however. One

graduate of the class of 1962 said he wanted the alumni to promote vested pension plans in American business and industry, a member of the class of 1947 wanted Michigan to go to the Rose Bowl, and an alumnus of the class of 1967 would like the alumni office to offer packaged ski trips!

On the second question (How has the MBA education influenced your career?) most respondents said it had a positive influence, particularly in opening doors that might otherwise have remained closed. A member of the class of 1969 said that the MBA has a tremendous influence on the selection process within the corporation he works for, and quite a few other respondents from all six classes felt that the MBA gave them a competitive advantage over their contemporaries, particularly in the beginning phases of their careers. One member of the class of '47 commented that when he graduated, the MBA degree did not have much influence on his career, but that today "it would be an entirely different story." Another member of the class of 1947, who holds a second level management position, says he probably would not have his present job without his MBA training. A graduate of the class of 1957 wrote that his MBA "has probably kept me employed when men with lesser degrees were terminated. However," he added ruefully, "it has probably cost me money because of resentment (openly expressed) when reporting to men of less education."

Other alumni wrote about the MBA as being valuable in helping them change career emphasis (for example, from engineering to general management) or in giving them invaluable background. Several lawyers said their MBA training had been enormously helpful to them in the legal representation of business clients, and in helping them understand and analyze business problems. A 1967 MBA graduate felt that the degree had given him not only the background, but also the confidence to move from one field to another until he found his "niche" as a consultant.

Table 2 - Professional Career

CURRENT POSITION:	<i>Proportion of Respondents By Class</i>					
	1947	1952	1957	1962	1967	1969
<i>Position Level</i>						
Chief Executive	1	24%	24%	16%	7%	5%
	2	35	22	25	16	9
	3	16	20	21	16	7
	4	5	13	21	20	9
	5	14	11	8	19	18
	6	3	0	3	13	11
	7	0	4	3	4	13
	8	0	4	0	6	14
	9	0	2	0	0	10
Trainee	10	3	0	3	0	3
<i>Satisfied With Career</i>						
Yes		95%	84%	94%	88%	88%
No		5	16	6	12	12
<i>Type of Organization</i>						
Bus. or Industry		67%	78%	69%	80%	81%
Government		3	4	2	3	2
Military		0	0	2	4	1
Education		20	10	13	4	4
Other Non-profit		0	2	4	0	1
Other		10	6	10	10	11
<i>Size of Company</i>						
One of Biggest		49%	47%	57%	52%	67%
Bigger Than Most		3	22	16	27	15
About Average		27	21	14	9	10
Smaller Than Most		6	9	7	6	4
One of the Smallest		15	2	5	6	4
<i>Ownership</i>						
Own Their Business		31%	14%	21%	H%	7%
Plan to Own It		3	6	10	22	31
Do Not Plan to Own		66	80	69	67	62
<i>Hrs. Wk. on Job</i>						
Under 40		13%	4%	9%	7%	9%
40-49		54	56	44	41	47
50-59		26	32	38	37	35
60 and Over		8	8	9	14	10
<i>Mean no. of years in present job</i>		9.5	7.7	5.6	3.7	2.5
<i>Meann o. of years in first job after MBA</i>		4.4	3.8	4.0	3.6	2.1

Few respondents felt the MBA degree was a drawback, though one recent graduate (1969) said he was frustrated because he believed he was trained to hold a job he won't get a crack at for twenty years. And a graduate of the class of 1957 commented wryly, "The degree makes others feel your contributions reflect

advanced management methods when in fact they mainly reflect common sense."

One had the feeling, while reading answers to the third question (What revisions would you like to see in the MBA program?) that at times people were describing lacks they felt in themselves, lacks they wished

an MBA program could resolve. For example, many respondents wanted the MBA courses to teach more about the "real world." Some wanted the program to be more technical and some wanted it less so. One, who graduated in the second third of his class, asked for "a more rigorous program." For every respondent who wanted more emphasis on math and data programming, there seemed to be another who wanted more emphasis on personal relations and general management. Many wished for some means of gaining practical business experience while studying for the MBA.

What kind of "real world" do people wish they had learned about in school? One chief executive of the class of 1947 put it this way: "They need to know the realities of corporate life, the politics, the few who benefit greatly, the many who don't. Frankness and the true realities are as hard to learn in corporate life as in politics. That is, what is said vs. what is done. Let all understand the rules of the game they will play-not the game they are taught." And a fourth line executive in one of the largest manufacturing companies said the "real world" of management decision-making included "the conflicting interests to be served, time limitations, information limitations, personal motivation, autocrat vs. committee as well as rational analysis." A member of the class of 1967 pointed out that in many real life situations not all the facts are known, and wanted more preparation for what he called the "irrationality" of most business decision-making.

Some of the respondents wanted emphasis on what to do in the early years of business with emphasis on first line supervision techniques. One member of the class of 1962 wanted more training on job responsibilities and pitfalls at the entrance level, another member of the same class wanted training on how to handle "some other job than that of the President." The owner of a small business commented that he would like emphasis on the "grunt" work connected with the first 15 years out of school. In other words, he

Table 3 — *Financial Status*

	1947	1952	1957	1962	1967	1969
<i>Starting Salary-First Job after MBA</i>						
Mean	4,000	4,800	6,300	7,700	10,700	13,400
Maximum	13,000	12,000	18,000	13,500	25,000	46,000
Minimum	2,300	3,000	3,300	4,600	6,000	2,000
<i>Current Salary</i>						
Median	38,000	30,000	27,500	25,000	18,000	16,000
Mean	44,000	35,000	34,000	26,000	18,000	17,000
Minimum	13,000	11,000	10,000	10,000	1,000	8,000
Lowest 10%	20,000	16,000	17,000	16,000	12,000	13,000
Highest 10%	65,000	55,000	60,000	40,000	24,000	22,000
Maximum	162,000	150,000	100,000	100,000	40,000	36,000
<i>Net Worth</i>						
Median	100,000	100,000	75,000	50,000	25,000	20,000
Mean	226,000	147,000	131,000	148,000	39,000	106,000
Minimum	25,000	15,000	10,000	7,000	2,000	1,000
Lowest 10%	40,000	40,000	25,000	15,000	6,000	7,000
Highest 10%	600,000	300,000	350,000	200,000	100,000	90,000
Maximum	1,200,000	950,000	1,000,000	3,700,000	295,000	5,000,000

continued, "emphasis on the need for making your contribution/decisions work in an atmosphere where perhaps only a limited bit of knowledge concerning the "big picture" is available, but there is a need to do *something* anyway."

How can the "real world" be brought into the classroom? The suggestion most often made was for some kind of interface between the MBA student and the men in the student's chosen career field. One alumnus wanted old grads to return for seminars with graduate students every few years. He thought this would provide updating for the graduates and some "real world" input for the students.

Another area mentioned frequently that graduates wanted emphasized was communications skills. A member of the class of 1957 said he would like more emphasis on oral presentations and public speaking; another simply wanted more emphasis on communications skills generally, "particularly listening." A graduate of the class of 1969 summed it up by saying, "I believe one of the most important skills a person can have is the ability to communicate clearly and deal effectively with others."

Other suggestions alumni made

showed the wide range of their interests. A millionaire suggested more stress be put on business ventures that "young fellows can get involved with themselves." The chief executive of a small manufacturing company asked for greater emphasis on government-business relations, particularly activities and controls of regulatory agencies. One graduate said he would like to see a stronger emphasis on institutional non-profit management, and another wanted a program formulated to teach business and industrial leaders to plan for what he called "organized corporate regression due to recession, etc." He went on to explain that all planning now is currently on growth and expansion and that there should be some effort spent to enable corporations, when necessary, to go in the other direction without the panic and chaos that tend to exist now when such situations occur.

Tabulation of the responses to the questionnaire by graduates of all 18 participating schools (over 6,000 responses) is being done by Dr. Lewis Ward, Research Professor at the Harvard Business School, and an article on the complete results will be published in a forthcoming issue of the *Harvard Business Review*.

What Makes Organizations Better?

*An interview with Stanley Seashore, Ph.D.
Program Director, Institute for Social Research
University of Michigan*

Editor's Note: Stanley Seashore's primary interest is in the social-psychology of formal organizations. He has conducted numerous major comparative field studies of organizations as well as field experiments in organizational development in a variety of types of public and private organizations. He received his Ph.D. in social psychology at the University of Michigan, and is currently program director at the Institute for Social Research and professor of psychology. Prior to receiving his Ph.D., Dr. Seashore worked from 1939-45 as director of test development and assistant director of personnel of the U. S. Steel Corporation and from 1945-50 as a member of the A. T. Kearney & Company management consulting firm in Chicago.



Dr. Seashore

In fact, this is a tense time in our society partly because organizations are being judged on different values than used to be the case.

Dividend: What different values?

Dr. Seashore: No one rejects profitability, better productivity, an improved product as valid goals for a business organization. But now other value orientations are being added. For example, to what extent does the organization preserve human dignity and take into account the values of its members or employees? A third value system judges organizations from the perspective of whether they contribute to or diminish the goals of the society. There is a tendency now to assess organizations taking into account all three value frameworks: business, human and societal.

Dividend: Can organizations adapt to this change in values?

Dr. Seashore: I think so. Some have. Organizations have a tremendous capacity for problem solving. It's a question of getting the right issues on the agenda and getting the right people working on them.

Dividend: How do you get the "right issues on the agenda?"

Dr. Seashore: One way is to keep the organization closely in touch with the environment outside. Any organization of any size has rich arrangements within itself to keep itself in touch with research developments and technical improvements outside. There is a considerable investment in keeping the organization current; for instance, training courses, technical consultation, conferences, and seminars. However these same arrangements do not exist in most organizations with respect to other important aspects of the environment—things like population changes, community problems, environmental problems and changing consumer preferences.

Dividend: Don't many organizations have a great interest in studying consumer preferences through market research, etc.?

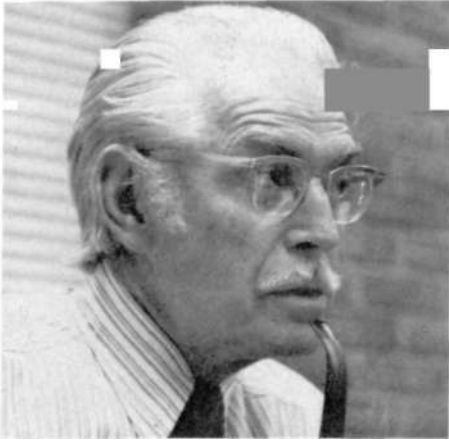
Dr. Seashore: Yes, but these studies of consumers characteristically have had a short range perspective—what do people want this year, next year or the year after? But who's looking ten years down the road? There should be a longer time span for which planning is done. The more an organization is open to its environ-

Dividend: What particularly interests you about organizations?

Dr. Seashore: The way in which dominant, values and assumptions get built into organizations and create in each a unique or distinctive culture. Also the way in which certain sets of values tend to lead to "better" organizations.

Dividend: What do you mean by "better" organizations?

Dr. Seashore: That question asks for a value judgment, and there is now a lot of controversy on the proper values for an organization to have.



"Very few organizations have mechanisms for challenging their accustomed purposes."

ment the better chance it has to survive in a changing world.

Dividend: How can an organization remain open to its environment?

Dr. Seashore: There are several ways. One is for a firm to employ on its staff, in positions where they will be heard, people whose speciality is to keep the institutional doors open to information. Another way, one which is very hard to do, is for the organization knowingly to put itself into more complex interdependent relationships with the environment. This is one way to offset the tendency of any organization to create comfortable but restrictive boundaries for itself, to make things controllable by *excluding* information and influence from outside.

Dividend: Can you give any examples?

Dr. Seashore: Yes. When the auto industry made it possible for the customer to call the manufacturer directly on early repair of automobiles instead of simply being shunted to the dealer, that was, in my view, a serious attempt to place the organization into a more complex interdependent relationship with the environment. It caused a good deal of agony, and I understand it is being discontinued, but it was a step in the right direction—a worthy attempt. Perhaps the next attempt will be more successful. Another example is the Xerox experiment in giving some of their executives sabbatical leave to work one year on various social projects. That is an example

of an organization purposely trying to enrich its connection with the environment.

Dividend: What else can an organization do to make itself responsive to change?

Dr. Seashore: Very few organizations have any mechanisms for challenging their accustomed purposes. Yet well established and previously highly appropriate priorities may no longer be the best ones. Mechanisms need to be set up for evaluating the performance of the organization and reconsidering its objectives and priorities.

Dividend: How can organizations set up mechanisms for challenging their own purposes?

Dr. Seashore: They can try to get more accurate and valid assessments with respect to past performance—on measures that have not traditionally appeared in the P and L sheet.

Dividend: What measures?

Dr. Seashore: How many organizations give themselves a score for adaptability? Or for capacity to attract capable people? One specific attempt to take into account factors that have not traditionally been measured on the balance sheet is human resources accounting.

Dividend: How can an organization answer the kinds of questions you suggest?

Dr. Seashore: First you have to ask them. The organization may at first give itself the wrong answers, but at least it will be asking the right questions. I can remember a time when cost accounting was considered to have no future. It was, it was said, "too much work for the benefits it gave." We all need to step outside the assumptions we take for granted, and try to see things in new ways.

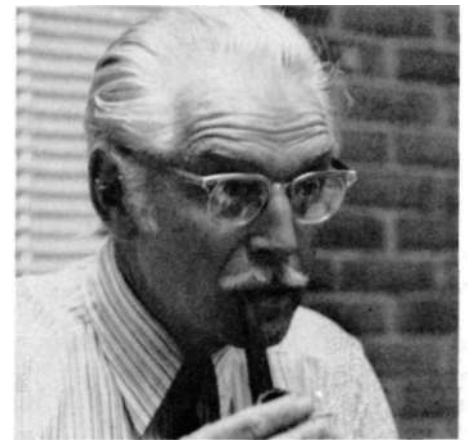
Dividend: Why?

Dr. Seashore: Because remaining within our assumptions can preclude some creative solutions. Take the assumption that people who manufacture complicated technological products must have an understanding of the technology involved. If Henry Ford had stuck with that assumption, he would not have thought of the assembly line.

Dividend: What assumptions are we taking for granted today?

Dr. Seashore: I can give an example. We assume that work must be

defined in terms of specific positions and specific people to fill them. This prevents us from considering other ways of getting work done. Let's question for a minute whether the job and the individual to match it are a proper unit for planning. Maybe instead we need to deal with a *set* of work activities which need to be done, and which may or may not have corresponding individuals to do them. How about certain activities which should be performed by a set of people, with a great deal of fluidity and adaptability when it comes to who does what at any given time?



"I can remember a time when cost accounting was considered to have no future."

Dividend: Let's talk some more about assumptions.

Dr. Seashore: Another one is the assumption that the day is naturally divided into three eight hour shifts. Very few jobs are involved in a technology that compels three eight hour shifts, nor is an eight hour day necessarily appropriate in terms of psychological and work performance values. What benefits might ensue if a manager designed an operation so that employees would have some options on how many hours they work a week and when, within the framework of the needs of the organization? Some employees might choose two jobs instead of one—for instance some hours on the assembly line and some hours doing grounds maintenance, or some other combination. I am not advocating any

Continued on page 27



Visiting Committee Meets

The paneled board room of the new Assembly Hall was inaugurated December 11 when members of the School's Visiting Committee gathered around its 24 foot walnut table for their third annual meeting.

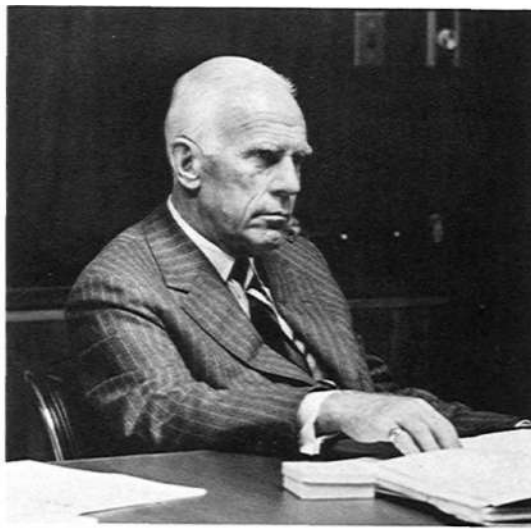
Members of the Committee, who are top executive officers of their firms, met for eight hours on Monday, December 11, with Dean Floyd A. Bond and the administrative staff of the school. Members of the School's Executive Committee joined them for dinner, the evening session, and discussion at the Dean's home. The next day, following breakfast with members of the Student Council, they attended the dedication of the new

Assembly Hall, following which several of them formed a panel and answered questions from the audience on topics such as wage and price controls, "blue collar blues," the problems of acquisitions, future energy needs of the country, and the adjustments an individual needs to make as he rises in the business world. (For some of the questions and answers, see page 10.) Adjournment followed a luncheon with the Department Group chairmen.

The Visiting Committee was formed to provide closer ties between the School and the business community. The comments, suggestions, and support of members of the Committee are most helpful to the School.

During their working sessions, Committee members learned about and discussed new developments in the School, including data on the student body, the faculty, the alumni, growth of the School, scholarship and loan funds, and new facilities. During an afternoon break, the Committee toured the new Assembly Hall, and returned to work to consider such questions as: What does "best" mean when applied to business schools? How can it be measured? What is the proper role for the School? What should be the primary objectives? How can they be realized? Other topics under discussion included the Associates Program, continuing education for management, and research activities in the school.

Ray T. Parfet, Jr.



*Left,
Raymond T.
Perring
Below,
Peter B. Clark*



Clayton G. Hale

Members of the Visiting Committee include:

H. Glenn Bixby, Chairman of the Board
Ex-Cell-O Corporation

O. C. Carmichael, Chairman of the Board
Associates Corporation of North America

Peter B. Clark, Chairman of the Board
The Detroit News

Donald C. Cook, Chairman of the Board
American Electric Power Company, Inc.

R. C. Gerstenberg, Chairman of the Board
General Motors Corporation

Clayton G. Hale, Chairman
The Hale & Hale Company

Otto N. Miller, Chairman of the Board
Standard Oil Company of California

H. Bruce Palmer, President
Council of Better Business Bureaus

Ray T. Parfet, Jr. Chairman of the Board
The Upjohn Company

Raymond T. Perring, Chairman of the Board
The Detroit Bank & Trust Company

Ward L. Quaal, President
WGN Continental Broadcasting Company

William E. Schiller, Chairman of the Board
Hershey Foods Corporation

Walter E. Schirmer, Chairman of the Board
Clark Equipment Company

Lynn A. Townsend, Chairman of the Board
Chrysler Corporation



H. Bruce Palmer

Several Interesting Questions— Along With the Answers

Should education for small business differ from that for careers in large companies?

What about wage and price controls? What is the role of accounting in acquisitions?

Does the MBA enjoy an advantage over the BBA?

Editor's Note: The questions above are just a few of those put to four members of the School's Visiting Committee by students, faculty and guests at a panel discussion following the dedication of the new Assembly Hall on December 12. The intrepid businessmen who sat on the panel and answered those questions and others included: O. C. Carmichael, chairman of the Associates Corporation of North America; Donald C. Cook, chairman of the American Electric Power Company; William E. Schiller, chairman of the Hershey Foods Corporation and Walter E. Schirmer, chairman of the Clark Equipment Company.

Q. *How can we properly assure our future energy needs?*

Cook: Fortunately I think that the difficult period has reached its zenith. Those of us who are either fortunate or unfortunate enough to be involved in the process now are more hopeful, I think, than we ever have been before that there will be a resolution on the basis of the facts and not on the basis of hysteria. One hears a good deal these days about an energy shortage. When you hear this I would ask you to remember that we have in our country probably the greatest treasure trove of raw energy that exists any place on the face of the earth. Possibly only one other nation has as much, and that would be

Russia. We have in this country, depending upon how you compute it, enough coal—a raw energy—to meet our needs for at least the next six hundred years. So when you hear it said that there is an energy shortage I would ask you to remember that that is not an accurate statement. What we have a shortage of is the good sense adequately and properly to use the resources we actually have.

Q. *Would you discuss various problems concerning acquisitions? Particularly your own company being acquired by Gulf and Western?*

Carmichael: Let's talk about being acquired first because we've been on both sides of this particular question. An organization is no stronger than the people involved, and if the intangible thing called morale is permitted to sag, then you're in trouble. If your leadership and your management has some indecision or they don't know quite where they stand, it's even more trouble. I think the most important thing in being acquired is to get the ground rules laid on just how you might move ahead.

Now let me get on the other side and illustrate the same point. We've acquired many companies and we continue to acquire them. I think the most important part is that we're all seeking good management. When

you acquire a company that has a good management the thing that you want to assure them in every way possible is that that management will continue, and that actually they probably have more opportunities having been acquired than prior to the acquisition. This is the assurance that we give.

Q. *Do you care to comment on the role of accounting in this whole procedure?*

Carmichael: That's a more wide-ranging question than just the accounting of acquisition. You get into the whole problem of good will, how fast you write it off and a lot of other situations that can exist. The only way top management can actually understand what's going on in the operation is to be properly accounted. And that sounds so academic why should you say it? But top management so many times in my judgement are not professional accountants. In business we all lean on each other. Bill Schiller was saying that even if you're not an advertising man you're responsible for the advertising so you have to lean on those who do know the advertising business. In accounting it's the same thing. When you start creating new businesses like franchise businesses, land development businesses and other businesses, how do you account it? And I think the accounting



O. C. Carmichael ". . . the importance of holding everyone accountable."

fraternity too many times themselves have lost sight of the importance of really holding everyone accountable. And many managements, in my judgement, unwittingly get themselves into trouble because of poor accounting practices. Now as a result of these poor accounting practices a whale of a bad image develops and it's a deep hole to climb out of.

Q. (to Mr. Schirmer) What are some of the problems involved in making meaningful consolidated statements when a company does international business involving varying foreign currencies?

Schirmer: It's all a problem when you have a multi-national corporation operating in—well, as we do—nine different countries embracing about four of the five continents. The real problem is first teaching the operators of the overseas subsidiary the kind of accounting that will provide some uniformity as compared to United States accounting. But the difficulties come from a situation such as we have had in the last two years when you have continuous devaluation or revaluation. How do you judge, for example, your capital assets, your machinery and equipment? At one period in the year, it's worth so much—then money is devalued; how much is it worth? How fast do you write it off? The same thing happens on your income statements. I remember last year in Argentina for instance, we were showing a nice profit up

until about June. Then by the time we got to the year end and tried to consolidate it, the translation cost or the devaluation cost just about wiped out the profit. You have those kinds of problems. You make a capital appropriation in an overseas plant or you provide cash to enlarge the plant, suddenly you're on a different base than you were at the time you figured out your original ratios of assets, and fixed as compared to current and so forth. We also have the problem that we have some eighteen or nineteen joint ventures in which we own over 20% and therefore have to consolidate those on an equity basis. Just what is your equity in a foreign country such as Argentina where devaluation runs 60% a year or something like that?

Q. What is your opinion on wage and price controls, and what is their effect on inflation and on your company?

Cook: Well, that one is probably good for the balance of the day. I would say a few general things: First of all, the necessity for wage controls or price, controls I believe obviously arises from antecedent failures of one kind and another. Historically, if we were inclined to evaluate them on that basis, we would have to say that whenever we have had these controls they have failed. Periodically a country gets into a set of circumstances where it has a choice of evils.

That is to say, the evils that follow from the system of controls are less than the evils which would follow were a system of controls not imposed. And that indeed is the situation that we got into during the latter part of the Johnson administration, where we were endeavoring to carry on a very unpopular, but nonetheless extremely expensive war and at the same time provide without limit for all of the other necessities and other demands of the people. Therefore, our foolish activities as a people at various times in our history lead us inevitably into this terrible dilemma. And we end up, not with a choice between good things or between one good thing and a bad thing, we end up with a choice between two bad things. And when controls are instituted, they tend to stick as fly paper would on your hands. You get it over on the left hand and you pull it off and now you have it on your right hand. It's almost impossible to get rid of them without doing a great deal of damage, and yet at the same time one knows that the longer one waits to get rid of them, the more serious will be the repercussions when the time comes to dump them. I believe we're in that



Walter S. Schirmer ". . . just what is your equity when devaluation runs 60% a year?"

situation now. If we could only reach a point where once again it would be believed honorable to work and decent to produce, if we could once again have our people have in the front of their minds the fact that in the final analysis the world moves on the basis of the production of real wealth and that it is only real wealth that will eliminate a situation in which too much money is chasing too few goods, I think we would then get a sensible, rational result in the management of the economy of our country.

Schirmer: It seems to me that, with four-million-odd union employees coming up for negotiations this year—including the rubber workers, the teamsters and the automotive people—that any relinquishment of controls at the present time would probably put us right back where we were about the time the controls were put on. We know that it's certainly a depressant on profits, because you cannot pass through anything except your actual costs, which means that your profit mark-ups are depressed also. Depending on the productivity established (I don't know by what means) by the government that says in this industry productivity is 6% and in this industry it's 2%, the price controls favor to some extent the inefficient producer as compared to the efficient producer. But I can't see any way out of this until after the big contracts get past us. Then I think it will be a selective process of elimination starting with the smaller companies until finally only the few big dominant companies will be under controls.

Q. Should education for careers in small business firms differ from that for careers in large companies?

Schirmer: I don't really think it makes much difference trying to differentiate education between a career in a small business or large business, because I think even large businesses are subdivided and separated into profit centers and other types of controls, and the young graduate is certainly going to start in that area. If he can prove himself there, he may go into a divisional

responsibility or group responsibility and finally get complete responsibility. But the education—I would think—would be basically the same no matter what kind of or what size business he started in.

Q. Does the MBA still enjoy an advantage over the BBA? Is there any difference after a few years in your corporation? That is, difference in pay or responsibility?

Cook: The longer the period of time during which a student is in school, and the greater number of degrees he has accumulated, the greater

much formal education such as an MBA or an LLB or anything in this particular area. Now when you get out, for a short period of time, some of your classmates might be doing better financially, but in a few years you should close the gap. Then, in the final run—which gets up say above the age of thirty—I think all of the formal training then starts showing up and you have many more opportunities, not because you have the degree, but because of what you've been exposed to in the process of obtaining the degree.

Schiller: Mark Twain once said that



William E. Schiller ". . . don't let schooling interfere with education."

expectation he has so far as his total income during his lifetime is concerned. But I'm not so sure that these statistics are always terribly apt. There is another school of thought that believes that education begins only after one has left a college or university. If you accept this premise perhaps the BBA has just as good a shot at it as the MBA.

Carmichael: I don't believe in this day and time that you can have too

he wouldn't let schooling interfere with his education. That doesn't mean that the MBA work isn't a good education, but you ought to be sure that it is an education as well as schooling. The same goes for the LLB and the rest of it.

Q. Does the condition called "blue collar blues" require increased attention from management?

Schirmer: There is a situation where we say—well, we've got to give these

fellows job enrichment, so we're going to start shifting them around so they have the opportunity to work at different jobs. The minute you do that you run into another area, which is the bumping and seniority system in the plant, which says I've got a real-estate right in this job and I'm not going to let anyone take it. There was a case in the paper the other day where an employee won a grievance against his boss because the boss allowed this bumping contrary to the contract in trying to be a decent sort of fellow and giving job enrichment. We've tried the experiment of piping music in to them and of having coffee trays go by. It's monotonous work and they get well paid for it. I see the average pay of the automobile industry now is \$5.00 an hour plus \$2.30 in fringes, which is \$7.30 an hour. I asked our economist how much the \$5.00 a day concept introduced by Henry Ford almost sixty years ago would buy compared to this present wage schedule? He said the present wages will buy about 85 times what the \$5.00 did. You must understand, of course, that hospital benefits and other kinds of benefits now paid by the company prior to any tax on the employees' income would require almost twice the expenditure by the employee if he had to pay them after taxes. So he's getting benefits of money accruing from those kinds of fringes which otherwise he would have had to take care of himself or forgo.

Q. How do you get money out of countries that have exchange controls?

Schirmer: There are only a few countries where you can't get money out. Argentina is still allowing money to be paid out, although they are starting to insist that you borrow locally and that you can't loan money from outside. Germany has just done the same thing by saying if you don't borrow locally, you have to put up a 40% deposit in a German bank at no interest. Forty per cent of what you borrowed outside. That means you get 60% and are paying interest on 100%, but in almost all countries if your agreement was made properly,

there will be a provision in it which says this agreement is subject to acceptance by that particular government—either a central bank or somebody else—and, having that assurance, you are assured pretty well of the convertibility. In some cases you build up reserve because you can't bring all the money out.



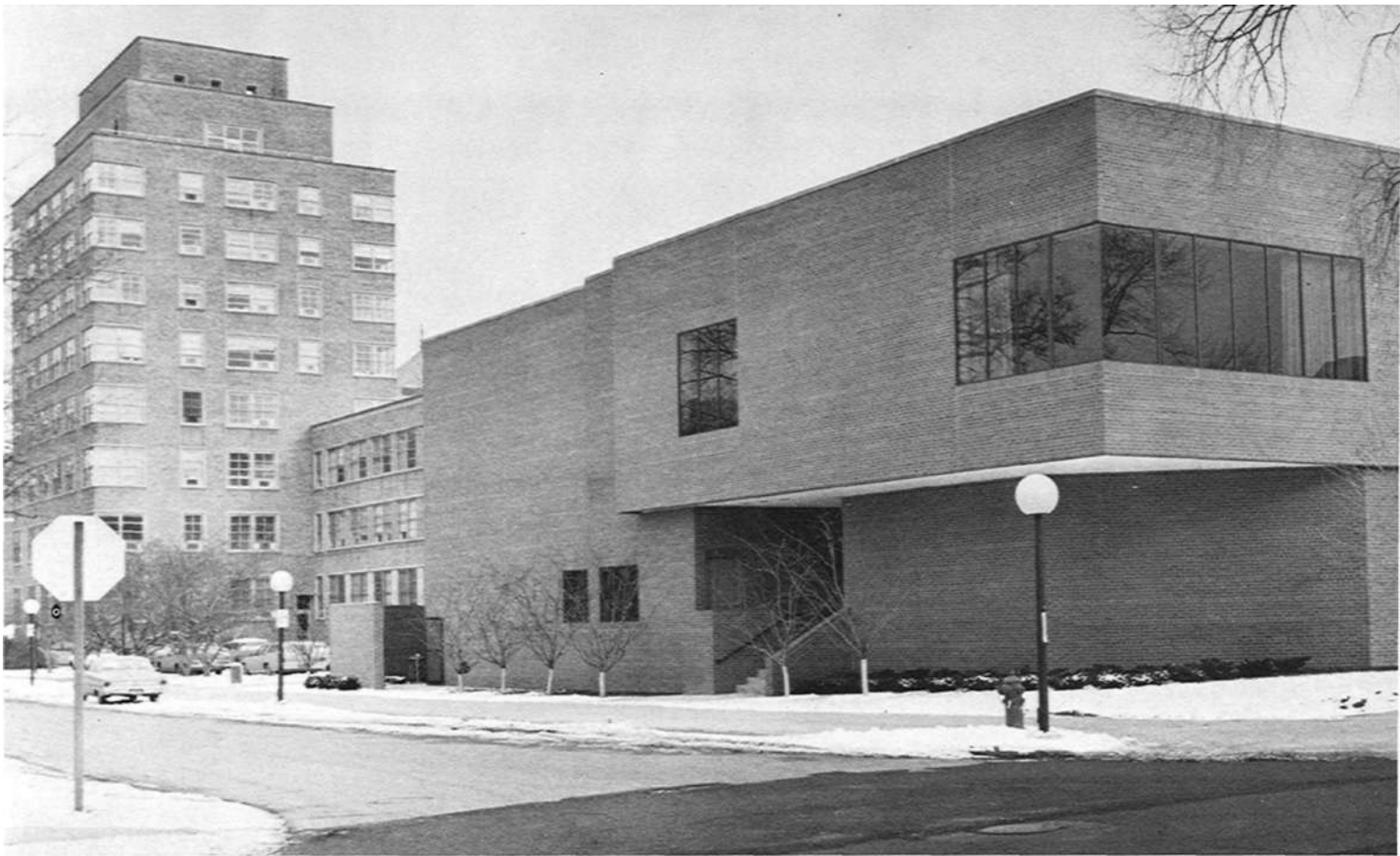
Donald C. Cook ". . . controls tend to stick like fly paper."

For instance, you can only bring out of some countries 15 or 20% of your total profits. You are hopeful that as the wheel of fortune and economy swings around that will be one of the countries where maybe you'll be making an investment five years from now. But that's one of the names of the games in international business—you're spreading a risk over a number of areas hoping that one will be doing all right while the others are marking time. Of course I wouldn't recommend you go to Chile or to Cuba with your investments at the present time, but we are getting money out of, for instance, Poland regularly, even though it's an iron curtain country. But I think most of those countries in that category do guarantee your payments to protect their image in the other countries.

Q. What kind of adjustment does a man have to make as he rises from his first job up through middle management and up to top management?

Cook: I think one of the biggest adjustments he has to make is when he comes home in the evening after looking at the company's balance sheet and profit-loss statement and turns to his own checkbook, he needs to keep it in proper perspective. I think that it could be argued that the appropriate kind of life, for one educated in the field of business and then having a career in business, would be first of all to start the educational process by obtaining a very general education. Learn as much in as many diverse fields as possible and do not be concerned with whether, for example, a knowledge of Beethoven or Brahms would lead to a better, more efficient, and more productive business career. Without going into the argument, I can assure you that it will. Then a time comes necessarily when the educational process should have a focus—not necessarily an end result, if you will, but more direction and more specialization. The most efficient and productive economic organization—and therefore corporate organization, which is just a microcosm of it—needs greater and greater specialization. But somewhere along the line one reaches the watershed where specialization must cease, and, if there is to be further progress in the company or institutional hierarchy, decisions need to be made on the basis of the integration of a really substantial number of important considerations. At that point, it's necessary to cease being a specialist and once again become a generalist.

In the final analysis you need a man who knows enough about a sufficient number of specialties to prevent subordinate specialists from doing a snow job on him, and who also is enough of a generalist to marshall all of the relevant considerations and integrate them to find the most felicitous conclusion. It's only under these circumstances, and with such individuals, that you can finally emerge with chief executive officers of major corporations who are competent to carry on the serious and difficult work of the world.



The Best of

The deep red carpet cast a rosy glow on the white walls of the new Assembly Hall as a crowd gathered on December 12, despite a severe snowstorm, to see the new facility dedicated.

The ceremonies took place in the 450 seat Clayton G. Hale auditorium, largest room in the building, and one that is equipped with superlative audio-visual equipment. Presiding over the ceremonies was Dean Floyd A. Bond, who began the half-hour program by discussing the creativity involved in decision-making—observing that it often takes creativity to identify a problem correctly, as well as to resolve it. He emphasized the contribution that the new Assembly Hall will make toward the education of students to be society's creative problem solvers.

Photos by Stuart G. Abbey



As President Fleming looks on, Dean Bond presents Clayton Hale with the shovel he used to break ground for the Assembly Hall in August of 1971.



The windows in the lounge area (below) are seen from the outside in the view at left. The picture was taken from the corner of Tappan and Hill.



Two Worlds

Then Clayton G. Hale spoke on behalf of all the donors who contributed to the new building. "About a year and a half ago," he said, ". . . this School made one of its annual Business Leadership Awards; and the recipient, Mr. Asa T. Spaulding of North Carolina, spoke one short sentence that came close to being poetry in the form of prose. What he said describes my inner feelings here this morning, and I am going to read it to you: 'The occasion blends older memories of student days with a pleasing sense of the here and now, combining in a way the best of two worlds.' "

After reminiscing briefly on his long association with the School over a number of years, Hale finished with an eloquent statement: "So, speaking for *all* of the donors of this building complex, each with his own

Above, the plaque in the lobby of the Assembly Hall. Plaques acknowledging major gifts to finance specific sections of the building are located in those areas.

interest and motivation, I express the hope that this facility will become a useful educational tool, and that it will be used with respect but also with relish—even zest—by uncommon men and women. And now, President Fleming, I have the honor, on behalf of all the donors, to present this complex to the University of Michigan."

In accepting the facility on behalf of the University, President Fleming commented on the many great friends of the University, explaining that "when we talk about capital needs to the Legislature, we show them a map of the campus with the buildings marked that are NOT built with state money. With those buildings gone, the map loses just over 50% of its buildings, an astonishing record for a state university!" He went on to say "gifts like the ones that made this new Assembly Hall possible represent the real margin of excellence at Michigan." The building, furnishing, and landscaping of the new Assembly Hall were all financed entirely by private gifts.

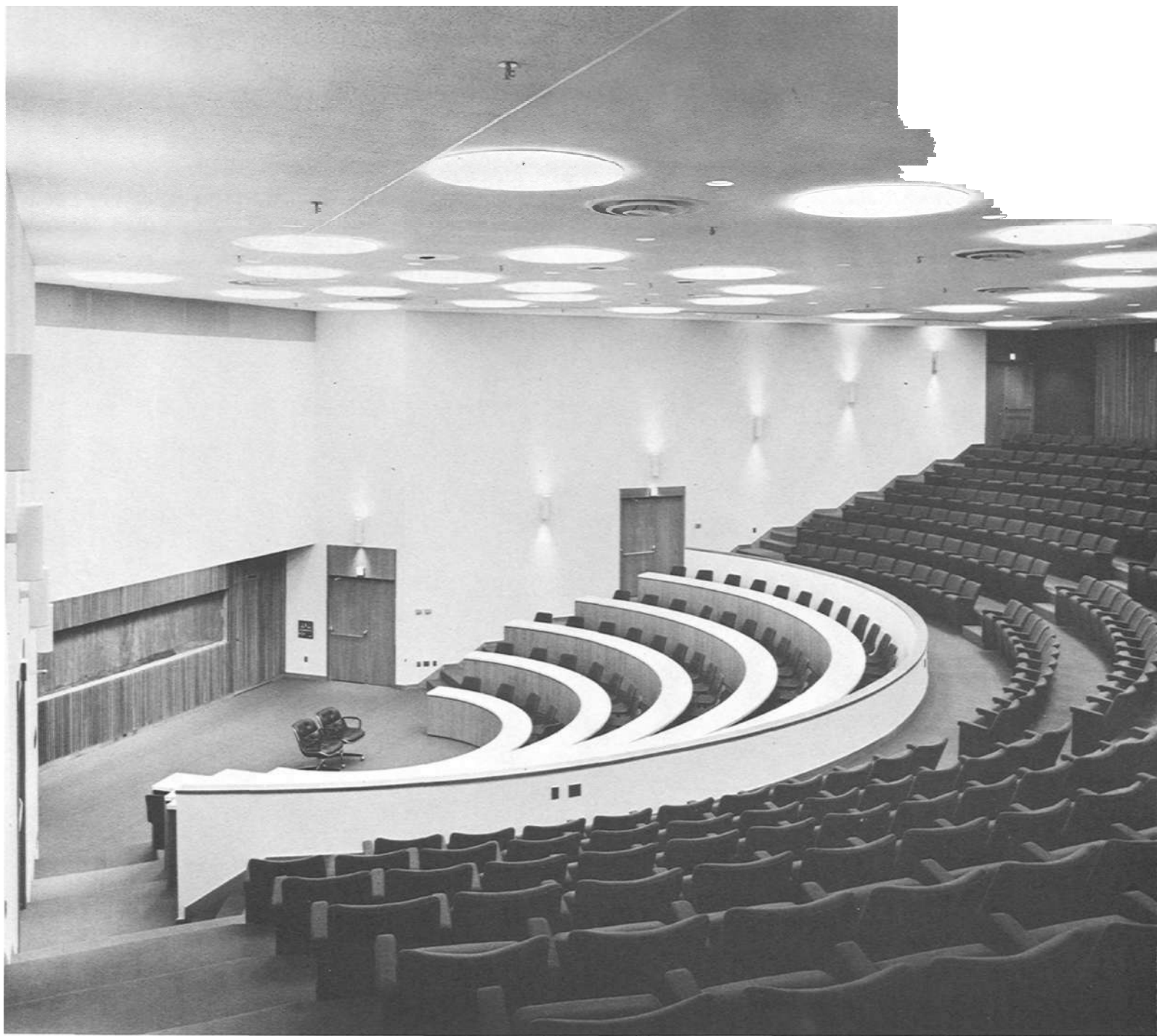
Following President Fleming's statement, Dean Ossian MacKenzie

of Pennsylvania State University spoke on behalf of the American Association of Collegiate Schools of Business. He commented that the Michigan Business School has been a member of the AACSB for over 50 years, and that the last three of our four Deans during the life of the School have served as president of the AACSB. He then presented a plaque to Dean Bond on behalf of the AACSB.

The final item on the dedication agenda was a surprise presentation to Mr. Hale of the shovel with which he broke ground for the Assembly Hall a little over one year ago.

In commenting on the new building, Dean Bond said it will "enhance and enrich the educational programs in the School, promote closer and more numerous contacts between students and faculty, and build stronger bridges between the School and the business community of the state and nation.

The building was designed by the Birmingham (Mich.) architectural firm of O'Dell, Hewlett and Luckenbach and was built by R. T. Mitchell Construction Company of Ann Arbor.



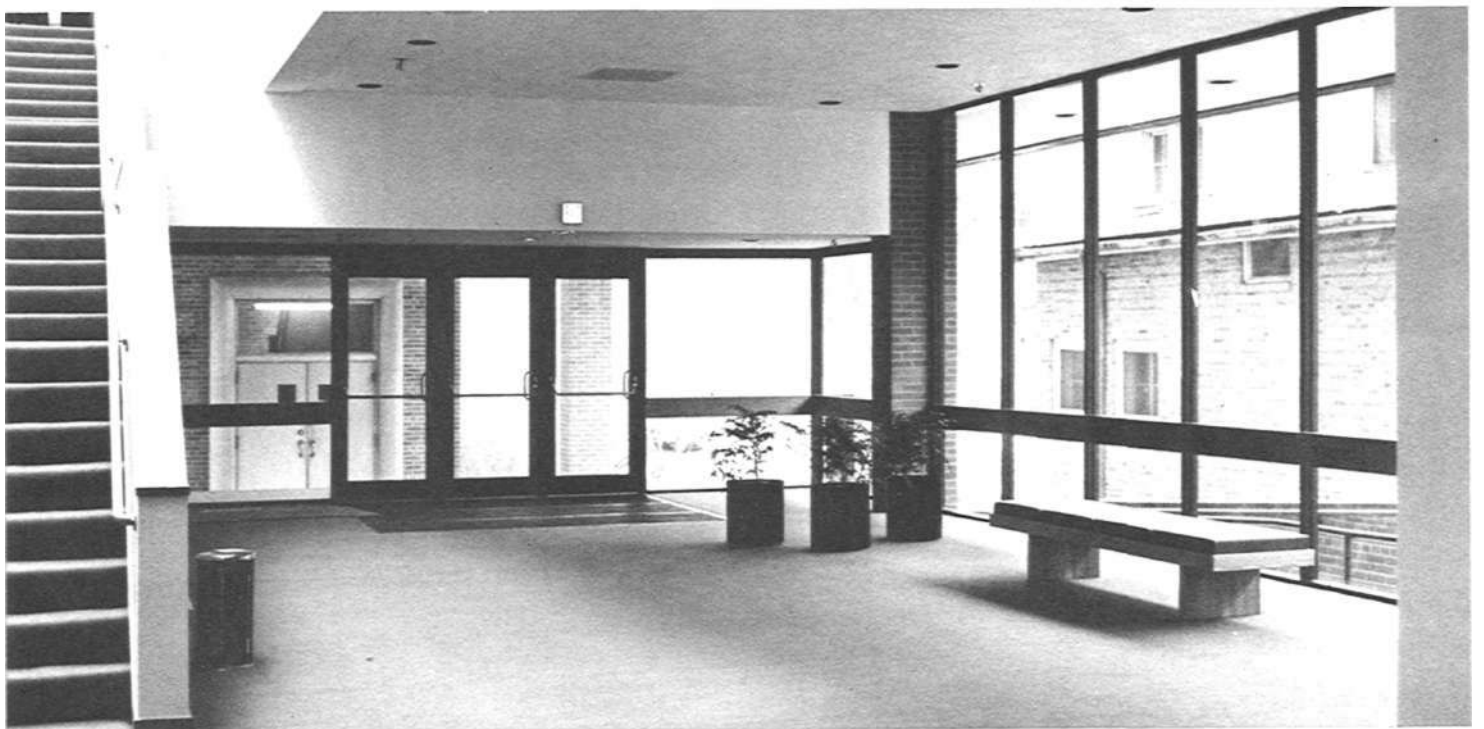
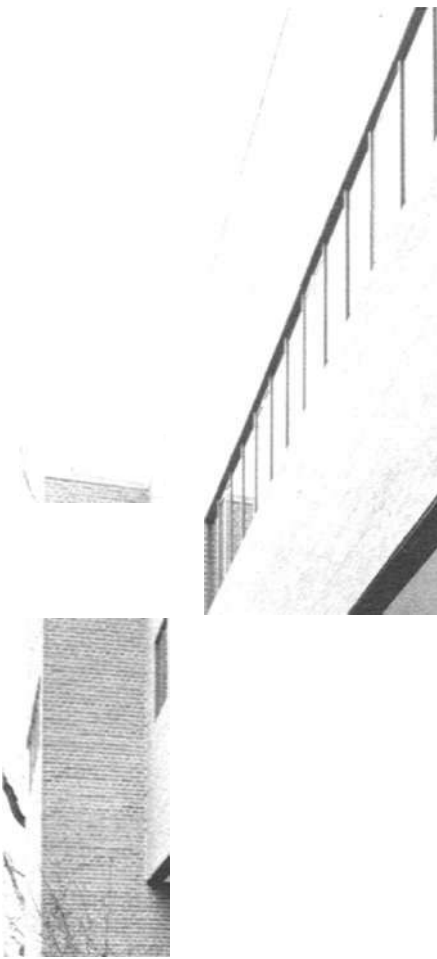
Hale auditorium is a modern, fully equipped, acoustically perfect facility. Its movable speaker's podium is equipped with a panel of remote control buttons, pictured at the top of the opposite page. The six left vertical rows control the three slide projectors, the two 16 mm film projectors, the film strip equipment and the tape recorder. Most pictures are projected on the white wall above the blackboard area, and it is possible to run two slide projectors at the same time. At the touch of a button a panel slides up to reveal a blackboard (shown in the picture above) and still another button causes a movie screen to come down from a recessed area above the blackboard for use with an overhead projector. Commented an admiring President Fleming at the dedication, "Where is the button for applause?" Pictured at right is the timing equipment and the microphone switch. When the timer is set, a red light goes on. When the allotted time is over, the light goes off, thus alerting the speaker that it's time to stop talking!

The lounge area of the Assembly Hall is comfortable and spacious. Off the lounge is the executive board room (visible at left in the picture above). Pictured top right above is a view of the Tappan Street entrance to the Assembly Hall. Note the two doors (one outside and one inside) at the right of the entranceway. Both of these doors give access to the executive-in-residence suite, which is the "home away from home" for the School's executives-in-residence. Pictured at left is the opposite side of the Assembly Hall building, looking toward the business school building. If you were to walk down the brick ramp by the large windows and turn to your left, you would be standing in the "walk through" on

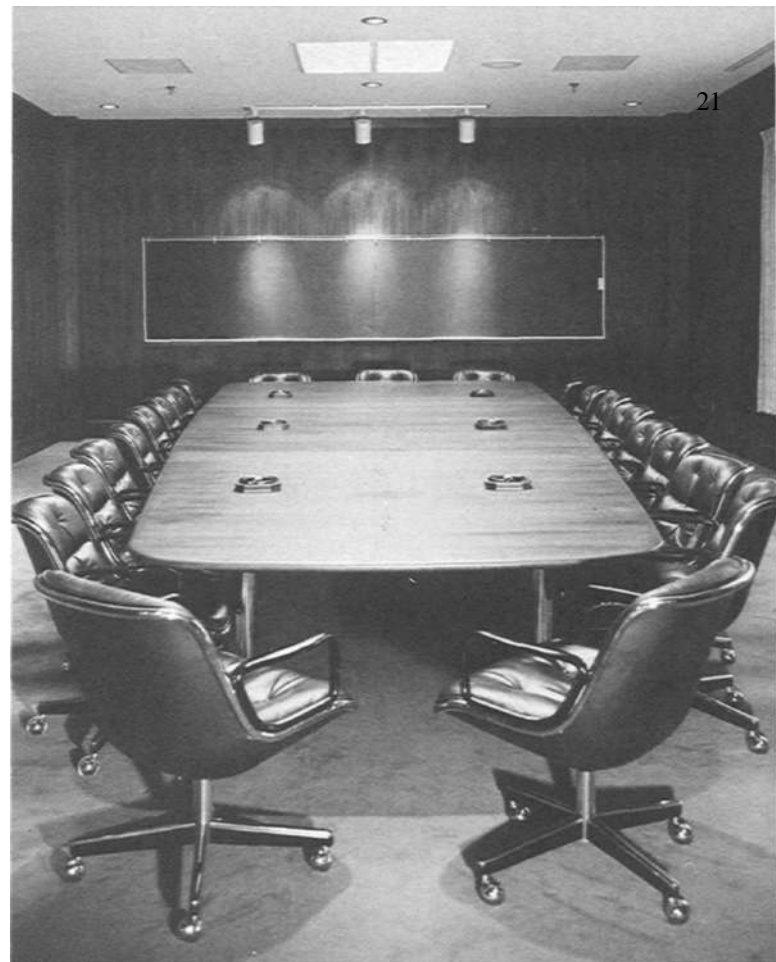


the ground level. A further turn to your left would take you into the lobby of the Assembly Hall. For pictures of that entrance and lobby, see next page. A turn to your right would take you into the Business Administration Building. Above the "walk-through" is the corridor that joins the Assembly Hall with the business school building. Pictured to the right is the projection booth of Hale auditorium, which is connected by telephone with the speaker's podium, so that speaker and projectionist can be in contact at any time. The Assembly Hall also has videotape equipment which can be used in either building for teaching purposes.





A dramatic stairway leads to the upper level of the Assembly Hall. A skylight above the stairway (pictured left) adds to the impression of airiness and light. On the opposite page are views of the entrance to the Assembly Hall from the business school side, and the lobby. On the ground floor off the lobby are two case discussion facilities of ideal size and shape for instructing large classes by the case method. Pictured below is the executive board room, located off the lounge on the second level. Next to the board room is a fully equipped kitchen. The board room provides excellent facilities for meetings with the Visiting Committee, members of the Associates Program, and similar groups. For a picture of the Board Room in use, see page 8.





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Above is the attractive room designed to accommodate small conferences and committee meetings. Equipped with a blackboard and with seating space for ten, the room is also ideal for Ph.D. oral examinations. It is part of a suite made possible by the MBA class of 1926. Besides the conference room the suite includes offices for the director of the Division of Management Education, the associate director and for support staff for the Division. The Assembly Hall gives the Division excellent facilities for conducting intensive month-long management education programs.

Among Ourselves

An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you.

Regents Approve Two New Divisions

A Division of Research and a Division of Management Education in the University of Michigan Business School have been approved by the Regents. Dr. Paul Root, associate professor of marketing and director of the Bureau of Business Research, has been designated the director of the Division of Research. Dr. D. O. Bowman, professor of business economics and formerly director of management programs, is the director of the Division of Management Education.

Dean Floyd A. Bond commented that the creation of the divisions confirmed the activities and functions as they had evolved within the School. Recognition of these by division status would, he said, enhance and assist in better organization, administration, and integration of research activities and non-degree management education programs.

"Project research," said Bond, "is a growing activity in the School and we anticipate that in the years just ahead there will be expanding opportunities to pursue such research more vigorously than in the past. Also, we expect that non-degree management education, through all our management seminars and development programs, will continue to expand."

DOR Publishes Books on Environment, Black Economy

Early winter publications by the Division of Research (formerly Bureau of Business Research) are *The Economics Of Environmental Problems*, Frank E. Emerson, Editor, and *The State Of The Black Economy*, Gerald F. Whittaker, Editor.

The Economics Of Environmental Problems (Michigan Business Papers, No. 58, 1973, paper, \$5.00) is the seventh volume to be published under the auspices of the School in the successful series which presents lectures originally delivered at Western Michigan University by eminent economists speaking on topics which involve the interaction of economics and public policy. Approaching the matter of environmental control as an economic question, the present collection not only gives the reader broad overviews of environmental problems and general guidance for policy on an economic basis but it also treats three problem areas—air pollution, water pollution, and street congestion—specifically, giving examples of analysis which emphasize some of the major empirical and political considerations entailed in the management of environmental problems. Authors of the papers in this volume are: Joseph L. Fisher (Resources for the Future, Inc.) ; Lester B. Lave (Carnegie-Mellon University); Robert H. Haveman (University of Wisconsin at Madison) ; William S. Vickery

(Columbia University) ; and Jerome Rothenberg (MIT).

The papers presented in *The State Of The Black Economy* (1973, paper, 250 pp: \$3.00) were originally delivered at the Second National Symposium on this subject, which was sponsored by the Chicago Economic Development Corporation and held in Chicago on 28 April, 1972. The collection features the keynote address by Dr. Clifton Wharton, President of Michigan State University, on "The Development of Black Intellectual Power" and addresses by thirteen other speakers—business leaders, economists, professors—dealing with a wide range of issues—from "Transformations in the Educational System" to "Black Manufacturers in the Economy Today and Tomorrow"—from a range of viewpoints. Chicano and African views of minority economic development in the United States are among those articulated. The collection provides a unique view of minority thought at this phase of minority economic emergence.

H. Glenn Bixby Receives Honorary Degree from U—M

H. Glenn Bixby, chairman of the board of Ex-Cell-O Corporation and member of the Visiting Committee of the Graduate School of Business Administration, received an honorary doctor of laws degree from the

University of Michigan at winter commencement ceremonies.

Bixby, who received his bachelor's degree from the University in 1927, was honored with the U-M's outstanding Achievement Award in 1962 and Sesquicentennial Award in 1967.

Following his graduation from the U-M, Bixby joined the Ex-Cell-O Corporation, became assistant secretary in 1929, and rose to the positions of president, general manager and director before becoming chairman of the board in 1970. He has been a director of Woodall Industries Inc., Michigan Bell Telephone Co. and Detroit Edison Co., among others.

Three B School Graduates Receive Honorable Mention on National CPA Exam

Three graduates of the Michigan Business School received Honorable Mention for their grades on the May, 1972 CPA examination. The graduates are, Louis W. Petro, MBA 1968 (with distinction); Richard G. Addison, BBA 1962, and James M. Carroll, MBA '72 (with distinction).

The Honorable Mentions are part of the Elijah Watt Sells Awards, which were established by Council of the American Institute of Certified Public Accountants in 1923. From its founding until 1933 a cash prize was given to the candidate receiving the highest average grade. Since then, medals have been awarded for the two best papers combining all subjects, and certificates are given for the honorable mention papers. Forty six Honorable Mention awards were made in 1972. For the May 1972 examination, 27,799 candidates wrote a total of 99,037 papers.

Petro is now a Ph.D. candidate and teaching fellow in accounting at the Michigan business school, Addison is a member of the staff of Alford, Meroney & Co. in Dallas, Texas, and Carroll is a staff accountant in the Atlanta office of Peat, Marwick, Mitchell & Co.



Dr. Marina Whitman

Marina Whitman Gives McNally Lecture

"U.S. Policy in the World Economy" was the title of the speech given by Dr. Marina v. N. Whitman February 22 in Hale auditorium as the seventh annual McNally Memorial Lecture. She is a member of President Nixon's Council of Economic Advisers.

Dr. Whitman, who received her Ph.D. in economics from Columbia University, is currently on leave from the University of Pittsburgh, where she is professor of economics. Before being appointed a member of the Council of Economic Advisers in March, 1972, she served as a member of the Price Commission and as a senior staff economist for the Council of Economic Advisers.

Dr. Whitman is the recipient of a Faculty Research Fellowship, awarded by the Social Science Research Council, and of a National Science Foundation grant for research on "Long-Term Portfolio Investment in the U.S. Balance of Payments." She is the author of numerous articles and several books and monographs, including *Government Risk Sharing in Foreign Investment*, Princeton University Press, 1965; *International and Interregional Payment Adjustment: A Synthetic View*, Princeton Studies in International Finance \$:19, 1967; *Special Bibliography in Inter-*

national Economics, Economics Selections: An International Bibliography, Series 11. Gordon and Breach, New York) 1967, and *Economic Goals and Policy Instruments: Policies for Internal and External Balance* (Princeton) Special Papers in International Economics #9, 1970.

The McNally Lectures honor the memory of Regent William K. McNally and are supported by an endowment fund established by his friends to perpetuate his name. The lectures are sponsored by the Graduate School of Business Administration. Dean Floyd A. Bond is chairman of the university-wide committee which consists of Mrs. William N. Atkinson; Arthur W. Bromage, professor of political science; Hansford W. Farris, professor of electrical engineering; Dick A. Leabo, professor of statistics; and Allan F. Smith, vice-president for academic affairs.

Ten Best? You Bet!

A study of the images of the sixteen largest schools of business administration found that Michigan ranked in the top five with a rating of 84. This study was backed up by the professional evaluation of the accreditation team of the American Association of Collegiate Schools of Business, which in its most recent official report said, ". . . we are of the opinion that the programs of the School . . . are thoroughly excellent and that they deserve their reputation for leadership among the nation's best degree programs."

A publication entitled *Profile of a President* (Heidrick and Struggles, Inc., 1972) listed the universities attended by presidents of Fortune's list of major corporations. The table looked like this: Harvard, 50; Yale, 30; Michigan, 20; Stanford, 20; Princeton, 18; M.I.T., 16; Illinois, 13; Northwestern, 13; Minnesota, 12 and Pennsylvania, 12.

McCracken Speaks at Seminar on Japan-US Economic Interrelationships in the 1970s

Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration, was the dinner speaker at a two-day seminar on "Making the Most of the Japanese Growth and Trade Liberalization" held this fall. Co-sponsors of the seminar, which included discussions with nearly a dozen Japanese and American leaders, were the Institute for International Commerce of the Graduate School of Business Administration and the U-M center for Japanese Studies.

Topics covered included: Japanese culture, political structure, the marketing and management process, the rising yen, trade liberalization, Japanese trading companies, joint ventures in Japan, and licensing. Session leaders included Rodney Armstrong, executive director of Japan Society, Inc. of New York; Gunter Dufey, U-M associate professor of international business; Sada-yuki Hayashi, first secretary of the economic section, Embassy of Japan, Washington, D.C.; Sadao Matsumura of C. Itoh America Co., Southfield, Mich, and S. Nakagawa, manager of Mitsui & Company U.S.A., Inc., Southfield.

In his speech McCracken, the former chairman of President Nixon's Council of Economic Advisers, said that the U.S. and Japan, the free world's largest economies, are particularly important to each other as trading partners and "have a common interest in joining together to give leadership toward another major round of major and general reductions in trade barriers of all kinds."

Japan's post-war growth from a "dutiful youngster pretty much doing what Uncle Sam wanted" to "a young adult seeking its place as a mature member of the family of major nations" has implications for both Japan and the United States, McCracken said.

"For Japan it means facing up, in a way that it has been far too reluctant to do, to the necessity for exchange rates that realistically

reflect the facts of comparative international costs and prices," he continued.

"The change last year to the new exchange rate for the yen was a major step, but it was delayed far too long, creating here and in Europe the impression that Japan wanted an artificial advantage in trade, but was not willing to accept the obligations and responsibilities that go along with being a great economic power.

"Japan must also begin to take a larger view of the responsibilities for international economic and financial (and political) leadership that befit a major nation. The swift progression from a fragile economy struggling back to health after the war's devastation has been so dramatic that it is difficult for the people of Japan themselves to keep up in their own thinking—and to move on from single-minded preoccupation with their own problems to the larger leadership role of a great economic power.

"Japan, in short, has reached the stage where she is becoming her brothers' keeper in the world economy."

Our primary responsibility, however, is for what this all means to the United States, McCracken continued. "We also have some new thinking to do. Clearly at the governmental level a depth and continuity in consultation about economic developments and policy that earlier was not necessary will now be needed. Fortunately, some steps have already been taken on this matter, though the range and diversity of further needed programs still need intensive exploration.

"Second, we must be prepared to give ground ourselves on our own direct trade restrictions, such as the textile agreement or the voluntary agreement to restrict steel exports to this country, as measures to assure more realistic exchange rates are put in place. However noble our moral sentiments generally about a liberal world economy, we cannot expect our leadership to be effective if our specific efforts are directed to more and more of these arrangements.

"Third, executives of American

corporations who expect or hope to do business with Japan must deepen their understanding of Japan's history and culture. If we know Japan's history and its fierce determination to keep Japan Japanese, we can see that restrictions on ownership there are not some sort of sudden peevish and annoying caprice. Indeed, it was the evident inability of the shogunate in the nineteenth century to keep foreign penetration out that led to the restoration of the Emperor Meiji, initiating that remarkable industrialization that Japan accomplished essentially on its own.

"And if we understand somewhat better this concept of group and loyalty to group, we shall be less mystified by things that otherwise baffle Americans and lead some to conclude that Japan should proceed to discover the Golden Rule."

Whether the greater present fluidity of the international scene leads to a more orderly and integrated world economy, or to a world of growing barriers and blocs and tensions, McCracken concluded, will rest heavily on the nature of future relationships between Japan and the United States.

American businessmen who wish to better understand Japan, McCracken offered in a professorial aside, should pursue some assigned readings—for example, Richard Storry's book "A History of Modern Japan" (Pelican) and Chie Nakane's "Japanese Society" (University of California Press).

ICC Publishes Michigan Directory of Importers

"A Michigan Directory of Importers 1972-73" has been published by the Institute of International Commerce of the Michigan Business School. The pocket-sized, softcover book lists in its 100 pages more than 325 importing firms, grouped both alphabetically and by the products they import.

The directory is intended to help manufacturers and exporters abroad locate potential new customers in the rich market of mid-America. It should also help Michigan businessmen who are seeking information about goods

available for import and importing companies.

Professor Robert W. Adams, director of the Institute for International Commerce, emphasizes in his foreword that the state of Michigan provides a large diversified market for both consumer and industrial products. He points out that the Michigan business community has long been involved in international trade, licensing and investment. The state ranks second in the nation in exports of manufactured products and, as the new directory indicates, many Michigan firms of all sizes use consumer and industrial products imported from all areas of the world.

Faculty News

The revised edition of *Introduction to Marketing Management* by marketing professors *Stewart H. Rewoldt, James D. Scott* and *Martin R. Warshaw*, was published this winter by Richard D. Irwin, Inc. The revision is substantial and includes 34 case studies, 20 of which are new. The first edition of this text was adopted by 204 colleges and universities.

Nesa Wu, assistant professor of statistics, reports that her book, *Business Programming in Fortran IV* was published in January, 1973, by W. M. C. Brown Company.

Franklin G. Moore, professor of management, and *Dick A. Leabo*, professor of statistics, were recently elected to membership in the Research Club of the University. The Club, founded in 1900, is an honorary society; one function of the group is to nominate a member of the faculty for the Henry Russel Lecture each spring. Prof. Moore has in press a manuscript for a book on organization principles, to be published this spring by Wadsworth Publishing Company. Prof. Leabo's book, *Basic Statistics*, 4th edition, published by Richard D. Irwin, Inc., is now in its second printing.

Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration, was a guest in August, 1972 of the Academy of Sciences of the U.S.S.R.

Vern Terpstra, professor of international business, presided over the annual meetings of the Association for Education in International Business in Toronto in December, as well as giving the presidential address at the Association's annual dinner on December 28.

H. Paul Root, associate professor of marketing and director, Division of Research (formerly BBR), is co-author of "The Role of Models in New Product Planning," in the January, 1973 issue of the *Journal of Marketing*.

Mary Bromage, professor of written communication, reports that her article, "Wording the Management Audit," has been reprinted in *Selected Studies in Modern Accounting* (a book published by The Journal of Accountancy). Another article, "The Vernacular of Space," is reprinted in *William Reynold's Affective Diction*, Random House, January 1973. Prof. Bromage has recently spoken to groups representing the Ford Motor Company, the Department of Commerce, the Atomic Energy Commission and the U.S. Air Force.

Joseph W. Newman, professor of business administration, participated in an invitational workshop on consumer information processing held last fall at the University of Chicago. The workshop was sponsored by the Association for Consumer Research and the American Marketing Association. Professor Newman and *Bradley D. Lockeman*, doctoral student, are co-authors of a monograph, "Consumers' Information-Seeking Processes for Fashion Goods: A Literature Review," published in the fall by the Division of Research (formerly BBR).

David L. Lewis, professor of business history, received a silver bowl from the *Model T Times* for outstanding editorial contributions. He is an associate editor of *Ford Life* and a contributing editor to *Model*

T Times. He is also a consultant to the Dictionary of American Biography and a member of the advisory board of the National Film Archives.

Arthur F. Southwick, professor of business law, lectured on the topic, "The Medical Staff in Legal Perspective" this fall at the University of Colorado, the University of Minnesota, and the New England Hospital Assembly.

Bad Bossmanship Postcard Response

Quite a few of you used the postcard provided on the back cover of the fall issue to comment on the Bad Bossmanship article as well as to send in change of address notification, or to express an idea or ask a question. It was good to hear from all of you. Since we did not ask for permission to publish thoughts sent in by postcard, we will summarize some of the most interesting replies without using names.

One reader said that the bad bossmanship article pointed out problems he had not recognized, adding, "unfortunately, I see myself in there." Another suggested that we had missed one type of boss whom he chose to call the "Sycophantic Messenger." This boss is the "one that carries our message (?) to the President and comes back with 'the WORD'." Another respondent asked for more articles on how not to run a business and said that he once worked for Boss \$:2 (The Autocrat) who also managed to follow several rules laid down for other bad bosses. A teacher of business management in another school assigned his class to write a paper on the article, and a toiler in the federal bureaucracy wrote for permission to distribute the article through inter-office mail to a few key people on whom, he assured us, the "impact would be telling." A few readers commented that they thought the article was too negative, and that we should have written about what makes good bossmanship. We will continue our postcard system as space allows in other issues. Keep writing!

What Makes Organizations Better?

Continued from page 7

of these things, you understand, but am simply giving examples to illustrate how assumptions can preclude creative thinking in new directions.

Dividend: Both your examples have to do with working conditions. Do you think attitudes toward working conditions are undergoing change?

Dr. Seashore: Some evidence supports the view that there is beginning to be more emphasis on the overall quality of life as against the work and achievement syndrome.

Dividend: A recent article in *Dun's* magazine said that absenteeism in management ranks increased 20% last year, and quoted several experts to the effect that middle managers are becoming dissatisfied with the entire system of corporate life style. Do you have any comment on this?

Dr. Seashore: The prevailing values with respect to work and the working conditions that are tolerable may be undergoing rapid change. This is an area that particularly interests me—that is, the interface between the individual and the organization. The Institute for Social Research is doing a large scale study to try to capture trends in this area.

Dividend: How is the study designed?

Dr. Seashore: The first phase of the study—called "The 1969 Survey of Working Conditions"—was done to get base-line information on working conditions and people's reactions toward them. The national sample consisted of 1500 employed people in all categories: white collar, blue collar, managers, salesman, professionals. We are thinking now of repeating the survey approximately every three years to see if there are changes over a span of time in the working conditions people experience, those they prefer, and those they will accept.

Dividend: Is there any other area of research that particularly interests you?

Dr. Seashore: I am interested in efforts to find out whether there are some styles of organizational life that are notably associated with business effectiveness and *also* member

satisfaction and health.

Dividend: How can you study that?

Dr. Seashore: There are several ways. The Institute for Social Research has done long term studies of some organizations, as well as comparative studies of more and less successful organizations.

Dividend: Can you give us an example of a comparative study?

Dr. Seashore: Yes. One large study, on which data is still being analyzed, focused on branch offices of a large financial firm. The idea was that since each branch would be alike in purposes and technology because they were connected with a parent firm, differences in performances of branch offices might correlate with differences in managerial style.

Dividend: How many offices were studied?

Dr. Seashore: In the first phase, primarily exploratory and descriptive, over 100 branches were studied. The second, or comparative phase, included 40 branches, 20 chosen from the upper level of the performance scale, and 20 chosen from the lower.

Dividend: And what were the findings of the comparison?

Dr. Seashore: There were many findings, of course, filling several volumes, but one interesting one was that factors associated with high performance differed considerably between the smaller branches (15 to 20 employees) and the larger branches (70 employees). In other words, the optimum style for a manager differed, depending on whether he was managing a large or a small branch.

Dividend: In what way?

Dr. Seashore: In the large branches the more effective managers were more likely to be uninvolved in the day to day business and more likely to delegate responsibility. The opposite was true of managers of small branches. Managers of successful larger offices were very high in the tendency to perceive the social environment in a complex and richly differentiated way. Although they preferred non-authoritarian values, they tended to behave in an

authoritarian way. They also had a high level of trust in their subordinates. They tended to be self determining; that is, they were influenced more by their own purposes and values than by the people around them.

Dividend: And small office managers?

Dr. Seashore: The successful small office manager had a high complexity score with respect to aspects of his business rather than with respect to people, and they behaved in a less authoritarian manner. There is evidence to indicate that the higher you are, the more you deal with people and the less you deal with complexities of the business per se. That is left, apparently, to people lower down the ladder.

Dividend: Were there any characteristics common to both large and small successful offices?

Dr. Seashore: Several things. For example, successful offices of any size had a better communications system. People at the performance level in these offices felt they were better informed, were more confident of their ability to get information, and had fewer negative opinions on the firm's central system for dispensing information. Also, we gave each manager a list of the various duties his job involved and asked him to tell us what proportion of his time he spent on each duty. The managers of successful offices, large and small, spent a larger proportion of their time with their own staff members than did the managers of unsuccessful offices.

Dividend: Would you say there is such a thing as an ideal style of organization?

Dr. Seashore: No, not one that suits all organizations. But there may be certain characteristics that could be adapted for different kinds of organizations to make them more effective.

Dividend: You are going to be spending this year at the Netherlands Institute for Advanced Study at The Hague. What will you be doing there?

Dr. Seashore: I shall be studying changes in the relationship of people to their work and ways in which organizations provide appropriate contexts for collaborative human effort.

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