

# Socio-political Context of Management – Notes

## Relationship Between Management, Organisations and Society

### Three Domains of Analysis

1. **Values:** The good life and ethical principles.
2. **Facts:** Scientific analysis.
3. **Judgement:** Wise choices.

### Normative – Philosophical

- What it ought to be
- **Enlightenment – Marx (1818-1883)**
  - Capitalism is a system that inherently exploits the masses of workers
  - Concentrates wealth in the hands of the few capitalists
  - Community or state must act to protect workers
- **Socrates & Plato**
  - Socrates didn't write anything down and taught Plato
  - The ideal form of government is aristocracy – a just-government ruled by the philosopher (lover of wisdom) kings who emphasise virtue
  - Second best is timocracy – rule by the spirited warrior class, emphasising honour
  - Third best is oligarchy – rule by the wealthy merchants, emphasising the accumulation of wealth
  - Oligarchy is unstable as it widens the gap between the rich and the poor culminating in mass revolt by the underclass leading to democracy and eventually to tyranny
  - The least good forms are democracy – or rule by the masses emphasising freedom
  - And tyranny – emphasising the ruler's retention of power by any means
- **Aristotle**
  - Aristotle was also distrusting of the merchant
  - The active pursuit of wealth through trade, was regarded as morally hazardous
  - Athenian bankers, merchants and moneylenders were denied citizenship

### Descriptive – Empirical

- What it is (negative effects)
- **Promoting Peace**
  - In countries where participative leadership practices are more common with employees given greater agency and decision-making authority – there is less corruption and unrest

- In countries where employees reported more compliance in unquestioningly following orders from supervisors – there was significantly more unrest
- **Promoting Literacy – Unilever**
  - Unilever provides employee educational opportunities
  - Workplace benefits include employees taking more responsibility responding to issues and managing budget
  - Employees have a greater sense that their voice counts
  - Believe they can make a difference in civic matters
  - Employees have efforts to transplant the Unilever educational programs outside of the company initially to their families and then to the wider community in collaboration with colleges and local government
- **Violence and Exploitation – British East India Company (1600-1874)**
  - One of the worlds first multinational organisations
  - Tax revenue eventually eclipsed profits from trade
  - The injustice of having a private company as a sovereign ruler of millions of people led to a popular mutiny in 1857
- **Collusion – Ikea**
  - Ikea used prison labour in Communist East Germany in the 70s and 80s
  - Political prisoner crimes included distributing anti-community leaflets
  - Former political prisoners are now seeking compensation
- **Exploitative – Illegal Underpaying**
  - 7-Eleven Australia pays workers half the \$24.50 an hour award rate
  - Many workers are international students threatened with deportation if they complain
  - Media investigations have found systemic underpayment of wages and doctoring of payroll records

### **Instrumental – Prudential**

- What is can be
- **Corporate Social Responsibility**
  - Business organisations self-regulating
  - Appeared in the USA in the 1920s with the victory of business over organised labour
  - **Key practices:**
    - Appointing CSR managers
    - Publishing CSR statements and codes of practice
    - Triple bottom line reporting
- Stakeholder Theory
- **Conscious Capitalism**
  - Conscious culture – TACTILE (Trust, authenticity, care, transparency, integrity, learning, empowerment)
  - Conscious leadership – values driven, rather than merely profit driven
  - Stakeholder orientation – win-win solutions

- Conscious mission – contributing to the good (beauty, knowledge, happiness, health, wisdom etc.)
- **B Corp**
  - External certification of organisational social and environmental impacts
  - Certified organisation meets performance requirements
  - Assessment and certification are for the entire organisation
  - Reviewed every two years

### **Solutions in Management Education**

- Emphasise values
- Philosophy
- Literature
- Sociology
- Mission and purpose