

EXCHANGE

SPRING 1990

THE J. WILLARD

AND ALICE S.

MARRIOTT SCHOOL

OF MANAGEMENT

BRIGHAM YOUNG

UNIVERSITY



November 9, 1989

Editor's Note

This issue of EXCHANGE has a split personality. One theme addresses changes in the Marriott School, with an article by Dean Skousen on his vision of the school's future, a personal look at the new dean and his family by Rick Skousen, and brief sketches of the dean's four closest associates. The second theme takes on an international flavor with articles about the fall of the Berlin Wall and the future of socialism, manufacturing in the People's Republic of China, and the global challenges inherent in a rapidly expanding Church. We are also pleased to include a brief excerpt from Alan Wilkins' recently published book on developing corporate character.

The events in the German Democratic Republic, brought into sharp focus by the celebration atop the Berlin Wall on November 9, 1989, have been widely publicized. The Marriott School, however, is fortunate to count among its faculty members Phil Bryson, who was not only in Berlin (as a missionary) when the Wall went up, but also happened to be there (attending a conference) when the Wall was opened. Twenty-eight years stood between those two events, and for a good portion of those 28 years Bryson has researched and written about socialist economics. His insightful article views these recent events through the lens of long experience with the GDR and its economic system.

I couldn't resist devoting the cover of this issue to the celebration at the Berlin Wall. I, too, served as a missionary in Berlin (long after the Wall went up), and I will never forget the emotions I felt when I turned on the national news one evening last November and saw the incredible pictures, transmitted from half a world away, of East and West Berliners dancing on the Wall. My own memories of Berlin include many lunches on the west bank of the Teltow Canal; the Wall and death strip were just across the water, and as we ate, we watched the machine-gun-toting guards in their gray tower behind that gray barrier. They watched us with binoculars while we ate, and I often wondered what they felt when they looked across the border. The thought that there soon will be no border at all for them to look across seems somehow impossible—and definitely miraculous.

I hope you enjoy this issue as much as I have. If you have any comments or articles to submit to EXCHANGE, send them to me at 490 TNRB, Provo, Utah 84602.



Roger K. Terry
Editor

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Published by the
J. Willard and Alice
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Management, Brigham
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WILCOX

Mainland Manufacturing

Bridging the Cultural Gap

IN the late 1970s and early 1980s, when China began to loosen the xenophobic economic policies of the Cultural Revolution, most businessmen in the developed world responded ecstatically. Here was the biggest nation in the world, one-fourth of the earth's population, ready to absorb foreign consumer goods, eager for new technological know-how, and willing to supply abundant, cheap labor for any foreigner with the acumen to set up a factory on "The Mainland." That, at least, was the romantic ideal. In the early years after the Maoist era came to a close, the aura of mystery and unlimited promise that surrounded China lent great prestige to the Western executive who could claim that he had been to China and had set up a deal there for his company. The Japanese, closer to China both geographically and culturally than their American or European counterparts, were just as enthusiastic about the Chinese market—if not more so—than executives from the West.

As happens in so many romances, however, China's flirtation with foreign economies has led to a rather tentative and tempestuous courtship. By the middle of the '80s, many foreign businessmen were returning from China with their intentions frustrated and their feelings hurt. Of the more than

300 ventures set up in China by U.S. firms alone, more than half are dead, and most of the rest are struggling to keep revenues anywhere near costs. Many of the Japanese enterprises that have set up production facilities or joint ventures with China simply accept their Chinese operations as cost centers, sustaining them for the long term despite consistent losses.

Some of the reasons for the low rate of success of foreign companies in China are structural. For example, the Chinese transport system in many parts of the country is slow and inefficient. Lack of supplies for equipment and facilities adds to this problem. It may take months to get a telephone or copy machine repaired in the People's Republic. Even when supplies are obtainable, the Chinese lack of familiarity with new technologies might keep them from being used effectively. The massive bureaucracy pervading every aspect of business in China often creates dilemmas in the use of human resources that go beyond a foreign manager's ability to cope. And living conditions are so unattractive to foreigners that expatriate managers in China often command enormous salaries while at the same time showing a very high propensity to "burn out" and go home early. As one returned expatriate put it: "Money doesn't

By

John C. Beck

Martha Nibley Beck

J. Bonner Ritchie

Fannie Tsui

matter at a certain point. Even my job didn't matter as much as getting out of China."

Cultural differences augment the structural problems foreign firms encounter in the People's Republic. The Chinese have a long tradition of negotiation tactics that differ in many ways from foreign customs. The differences often show up in misunderstandings about the terms of a deal between Chinese and foreign negotiators, which are interpreted on each side as trickery and dishonesty by the other. Expectations in business relationships between foreign businesses and Chinese hosts are often unclear and confounding, and culturally determined responses to such important aspects of business as contract law sometimes lead to complete breakdowns in communications between the Chinese and foreign entrepreneurs. Here, again, the labyrinthine political culture that has been overlaid on traditional Chinese customs complicates matters for foreign businessmen even further.

Expatriate businessmen in China blow off steam by exchanging tales of the inefficiency and recalcitrance they have encountered on the Mainland. The manager of a machine parts plant arrived from the U.S. to find Chinese workers attempting to run the factory according to operation manuals that did not match either the products they were trying to produce or the machines they were using. The Chinese secretarial pool of a Japanese joint venture with the PRC received three computers from the home branch of the firm in Tokyo. Unfortunately, the software for the computers was accidentally shipped to a different office in another part of China. In the several months it took to locate the software, extract it from the reluctant original recipients, and transport it to the desired destination, the intended computer operators had developed a deep suspicion of the "defective" computers and simply never used them. A trainer who arrived to teach the secretaries how to use the computers found the machines had been draped with colorful cloths and used as tea tables. A company producing shoes in China discovered that workers were purloin-

ing shoes that failed to meet quality standards and selling them in open-air markets along the roadway outside the factory. (Among other things, this practice helped explain the high rate of substandard shoes being produced.) When the company requested enforcement of laws forbidding such transactions, managers were instructed to file several reports, all of which had to be accompanied by a fee, in order to obtain permission to buy back all the shoes that were being stolen from their factory.

An Exception

With stories like these the norm rather than the exception, it is hardly surprising that the majority of foreign-run enterprises have beat a hasty retreat from the People's Republic. Given the many obstacles, it is rather hard to believe that *any* foreign firms have succeeded in China. But we went to the PRC to study the unusual success of one firm that has set up its major manufacturing base in the southern Chinese city of Zhongshan. Tomei, Inc., produces small electronic consumer goods for a number of Japanese and American retailers. The firm originated in Japan, but is now run by a holding company in Hong Kong.

In 1984, after trying and failing to set up a profitable manufacturing base in several different parts of China, Tomei decided to focus its attention and resources on its Zhongshan factory. By the end of 1988 the plant was producing 18 percent of the world's portable cassette players and 25 percent of its intermediate-frequency radio tuners. Unlike most production facilities in China, the Zhongshan plant turns out a respectable percentage of units that meet the high quality standards demanded by companies selling under foreign brand names—names like Aiwa, Sony, Emerson, Panasonic, and Toshiba. This is particularly surprising, since the Japanese are notorious for keeping cassette-player production facilities at home, despite higher costs, in order to obtain the necessary quality standards. The odds against the Tomei venture doing well in the PRC seem forbidding. Nevertheless, out of every five kids on a subway wearing head-

phones, it is likely that one will be listening to a machine produced in Tomei's Zhongshan plant, by workers garnered from the largest labor pool in the world. Obviously, for this foreign company, the romance with China has blossomed into a successful marriage.

The question is, how? We went to Zhongshan to try to determine reasons for Tomei's unusual success. The chief methods we used to gather information were field observation; interviews with Tomei executives, plant managers, and line workers; and a survey of 200 Zhongshan factory employees. Background for the data obtained in China was provided by a search of the current literature on foreign business practices in China, as well as interviews with both American and Japanese executives who had personal experience doing business in the PRC.

All of these sources seemed to have their own theories about why Tomei's Zhongshan factory has been able to succeed where so many others had failed. Often these theories differed widely, as did the prescriptive arguments for companies hoping to set up manufacturing in China. Based on our research, we believe that most of the theories we heard about "how to succeed in China" were founded on partial information. There is clearly no one magical element that has led to Tomei's manufacturing success. The key has been the presence of several factors that combine to overcome many of the problems a foreign firm might encounter in the PRC. These factors include structural elements like location and the nature of Tomei's working population. Even more important is a managerial structure that places Hong Kong managers as a bridge between the demands of the developed world and the complex cultural elements of the Chinese environment.

Location

The old saying about the three most important factors in selling real estate—location, location, and location—appears to be true for manufacturing in China as well. Zhongshan is located near the mouth of the Pearl River, only about an hour by ferry from Hong Kong. Even with severe slowdowns, a delivery from the factory to

Hong Kong takes only two or three days. From there to Japan transportation is quick and efficient. A Japanese manager in Tomei pointed out that deliveries to Japan from factories near Beijing, China's landlocked capitol, can take months. From Zhongshan, shipments usually take less than a week. The plant's proximity to Hong Kong also means that the foreign managers (from Japan and Hong Kong) can leave China on the weekends and retreat to a cosmopolitan city with comfortable, modern amenities. The foreign managers' families all live in Hong Kong, which greatly reduces the pressures on expatriates.

The advantages of location are obvious, and they have not been lost on either foreigners or the Chinese themselves. Geographic area has been one of the primary factors the Chinese have considered in designating the New Economic Zones where the overwhelming majority of foreign businesses operate. Good location, however, appears to be a necessary but insufficient condition for the success of a manufacturing venture in China. Such an enterprise is unlikely to do well without a favorable location, but hundreds of factories in prime locations have failed. Another structural factor that we believe has led to the Tomei factory's unusual achievements is the composition of its workforce.

Adaptable Workers

"Manufacture" means "to make with the hands," and factories that produce portable radios and cassette players are manufacturers in the true sense of the word. The production of these items consists of attaching dozens of tiny components to circuit boards, a process no one has yet been able to mechanize efficiently. The work has to be done by what one Zhongshan plant manager called "sharp eyes and small hands." To ensure obtaining these prized qualifications, Tomei hires mainly young women and girls to work in its China factory. The most desirable age for a new worker is 15, and most are expected to leave the factory by the time they are 24 or 25. The reasons given by Tomei executives for this age range were exclusively concerned with the nature of the product.

But interviews with the line workers themselves and with the managers who supervise them directly brought out an added advantage of Tomei's hiring practices. As one plant supervisor told us:

There are two types of workers who can adapt to the new environment [of the factory] in a short time. The first are students who are freshly graduated from high schools. The second are young girls who grow up on farms and have no education. Because they don't know much about the working environment, it's easy to train them to be the type of workers we want.

The ability of workers to adapt to "new environments" and the difficulty of training and motivating older employees was one surprisingly common element of most of the interviews conducted within the factory itself. Workers often mentioned their intention to stay with the factory because they were used to the job, felt comfortable in it, and weren't sure they could adapt to the new environment of another job. Other companies in China have encountered the often frustrating resistance of Chinese workers to changes in familiar or culturally ingrained practices, even of the most trivial kind.

An example of this was a problem faced by China Otsuka, a joint venture between Japanese and Chinese pharmaceutical partners, when Japanese managers put toilet paper and towels in the washrooms of its Chinese factory and provided free tea and uniforms. The additions were so different from normal practice in China that it took some time for the workers to accept them. Many China-business watchers attribute this resistance to change to the high cultural value the Chinese place on harmony (a quality Western observers often see as stagnation), and to the need for stability that might characterize anyone who had lived through the political, military, and economic upheavals that have plagued China in the twentieth century. As Roderick Macleod notes in his anecdotal account of doing business with the Chinese: "Every Chinese over the age of about 25 remembers living in life-threatening times, and the older a person is, the more of those times he or

she can remember."¹ It is interesting that 25 is the age at which Tomei plant managers claimed workers are too resistant to change to be trainable. Whatever the complex of reasons, the fortunate coincidence that Tomei's products are best assembled by young workers seems to have contributed to the factory's success in training and retaining workers.

The fact that the great majority of these workers are female is also beneficial for a company that likes to employ young people. One of the peculiarities of setting up an operation in China is that many companies find they have little or no control over hiring decisions. Tomei's case is typical: all hiring decisions are made by a local branch of the government bureaucracy, which also establishes the workers' wages. In the history of the Zhongshan plant, only one worker has ever been fired, and that was after a history of theft from the plant. Firing is not used as a disciplinary or motivational tactic in the PRC, nor is it acceptable to lay off workers for financial reasons.

This aspect of employment under the communist system has long been known as the "Iron Rice Bowl"—a source of food and other necessities that never breaks down. The Chinese, however, are just as likely to refer to the nation's employment system as the "Golden Rice Bowl." Most of the population enthusiastically supports this policy, which helped China make its impressive strides in eliminating poverty and hunger. To many Westerners trying to do business in China, the term "Iron Rice Bowl" has the same grim implications as "Iron Curtain." It shackles them to a system where political ideals control enterprise and prevent efficient use of human resources. In a system where firing is illegal, labor gluts can drain the resources of a company experiencing a slowdown.

Tomei's Zhongshan plant has avoided the problem of oversupply of workers because many of the female line employees can be expected to leave work voluntarily in their early to mid-twenties, usually at the time of marriage or pregnancy. This fact was affirmed by almost every worker and

supervisor we interviewed, despite the communist ideal of women working throughout marriage and childbearing years. Another way that Tomei has adapted to the fluctuating demand for workers is with the careful use of so-called "temporary" employees. The company hires three types of workers in China. First are a limited number of personnel who come in at the managerial level. Once hired, these managers cannot be fired. They are in place until they decide to quit. They have higher salaries than other workers and are also entitled to retirement benefits. A second group, comprising about 50 percent of the manufacturing workforce in the Zhongshan plant, is awarded permanent contracts after a period of service, usually about three years. These contract workers will not be fired, even if the factory finds itself overstaffed for current demand. The remainder of Tomei's Zhongshan employees are so-called "temporary workers"—unskilled employees who work from week to week, sometimes hoping that they will eventually be offered a contract but usually content to work until they are no longer needed. As a line supervisor told us, because the temporary workers are usually young girls from families that are not in any desperate need of money, "they will take the risk of short-term layoff if there are not enough orders from Hong Kong." Thus, the group of workers required to manufacture Tomei's product happens to be one of the most convenient employee populations for a foreign firm in China.

The Cultural Gap

The structural factors of location and demographics have contributed to the success of Tomei's Zhongshan plant. But many a company that has evaluated the structural problems of setting up a plant in China has nonetheless found itself confounded by the fantastically complicated and often baffling differences between its own managerial practices and the cultural world of the Chinese. The most striking aspect of Tomei's success in Zhongshan that emerged from our research was the ability of the company's Hong Kong management to bridge this cultural gap.

The basic producer-consumer chain with which Tomei deals has only two essential links: the Chinese producers and the Japanese or Western buyers. A typical foreign company in China is structured around this kind of two-link association. Foreign firms aiming to take advantage of China's cheap labor usually attempt to manage Chinese workers well enough to provide suitable goods for sale "at home" in Europe, Japan, or the United States.

Many of the first "wave" of foreign managers in modern China moved to the Mainland cheerfully confident that "people are people everywhere" and that doing business in China would be essentially the same as doing it in Austria or California. They were in for several rude shocks. One of the first they usually encountered was the Chinese bureaucracy. This presents formidable obstacles to the foreign businessman, not only because it is overgrown and designed for political rather than economic expediency, but because the Chinese typically negotiate its complexities through interpersonal connections (*guanxi*) in preference to official channels. Non-Chinese have enough difficulty figuring out stated bureaucratic procedures—and when it comes to the intricacies of *guanxi*, they are likely to become hopelessly lost. Without fluency in either the Chinese language or the nuances of interpersonal relationships in China, foreigners trying to forge a two-link chain between the PRC and the home market are likely to end up bewildered and frustrated by the Chinese bureaucracy.

Even when bureaucratic hurdles can be cleared or circumvented, many foreigners in China find that the responses of the Chinese workers to various managerial strategies are not what they expected. This has been true wherever members of one culture have tried to manage members of another. History contains thousands of examples of such cultural misunderstandings. Typically, members of the foreign culture (colonists, missionaries, or entrepreneurs, for example) attempt to motivate a native workforce by means that are considered uncouth or obnoxious by the workers. The workers refuse to conform to the man-

agers' expectations. The managers then label the native people "lazy, undisciplined, and stubborn," creating a stereotype that does permanent violence to any hope of true cooperation between the parties. Despite the plentiful lessons of history, this pattern has occurred over and over again since foreign businessmen have moved into modern China.

One of the problems that leads to the failure to "link" chains of values between China and the developed world is that many businessmen have no clear idea how different China's experience has been from that of most other nations. The history of modern China accounts for part of the distance between Chinese business practices and those of the developed world. Until 1911, when the last of China's imperial dynasties was overthrown, the country deliberately limited its contact with foreign traders. From 1911 until the "open door" policies of the late 1970s, China has been either closed to Western cultural and economic practices or plagued by severe internal disorder. Another historical factor, which some analysts claim contributes to China's dissimilarity to the West, is the fact that "unlike many developing or third-world countries, China has never been a colony or even had any extensive exposure to the laws and practices of the colonial and industrial powers."² For all these reasons, the business conduct and customs of most developed nations are unfamiliar to the Chinese, and vice versa. Many Western companies have given up in despair at the difficulty of joining two such dissimilar links into a producer-consumer chain.

The Tomei Solution

What Tomei has done, on the other hand, is to create a three-link chain between its manufacturer and its market. The middle link is provided by Hong Kong management style and personnel. Besides its location and longstanding position as a point of entry to the Chinese mainland, Hong Kong enjoys the unique advantage of cultural overlap. Hong Kong, after all, has been a colony, with all the "extensive exposure to the laws and practices of colonial and industrial powers" so

sorely missed by the foreigner attempting to do business in China. Along with this exposure, the citizens of Hong Kong enjoy the same ancient and sophisticated cultural history as the Mainland Chinese. While not necessarily familiar with the intricacies of the communist bureaucracy, they are more skillful at creating and using *guanxi* than a Western or Japanese businessman could hope to be. This enables them to negotiate "up" far better than most foreign businessmen in China, a point brought out by many Tomei managers in our interviews.

What the Tomei executives did not seem to realize was that they also manage "down" far more effectively than foreign counterparts in China. As part of our survey of Zhongshan plant workers, we compared the management styles on two different floors of the factory. One of these floors was managed by Hong Kong Chinese with some PRC workers as "line leaders." The other was overseen by a Japanese manager. Tomei's intention in installing the Japanese supervisor was to implement Japanese management style in hopes of duplicating Japan's phenomenal productivity rates.

At first glance the claims by top brass that the Japanese management style was the more effective appeared to be true. The fifth floor, which is overseen by the Japanese manager, is kept bright and clean by diligent work crews. All the employees, in typical Japanese fashion, remove their shoes and place them in lockers before entering the workplace—in fact, a small Japanese entryway has been constructed to provide a clear cut-off point past which no shoes, only slippers, are allowed. The walls in this section are festooned with brightly colored diagrams of the components turned out by the workers, with careful illustrations of possible problems. Signs prohibiting photography and smoking adorn the doors. Overall, the impression is one of tidiness and industry.

The third floor, where Hong Kong managers reign supreme, presents a sharp contrast to the Japanese-managed fifth floor. Flotsam litters the third-floor halls and walkways. Toilet facilities appear to be decaying, lights

have burned out without being replaced, and the signs on the wall (most of them containing patriotic slogans) have peeled away from their tape and slid halfway to the floor. About a third of the workers wear slippers; the rest are still sporting dusty street shoes. According to a third-floor supervisor, wearing slippers while at work is "mandatory, but not required."

Tomei's managers, like most casual observers, have been impressed with the orderliness and discipline imposed by the Japanese managers on the fifth floor. The fact that the turnover rate for workers on this floor was 80 percent per month in the first six months of 1988 (it has now reached an all-time low of 15 percent per month) is explained away by Tomei's top management as being due to the youth and inexperience of fifth-floor workers. Our survey data showed, however, that even when age and background are considered, the biggest impact on a worker's job satisfaction in the Zhongshan plant was the floor on which the employee worked—in other words, whether the management was from Hong Kong or Japan. The difference in managers superceded any differences in wages, hours, or special incentives as significant predictors of worker satisfaction.

Some of the factors that made a difference to the Chinese workers' satisfaction level might seem rather surprising to Western workers. For example, the Hong Kong managers tended to offer quick and public criticism to workers and foremen who made mistakes. The Japanese managers, by contrast, corrected errors in an affable manner, often not going directly to the culprit, but instead communicating through intermediaries. There was much more smiling and much less argument between foremen and workers on the Japanese-managed fifth floor than on the third floor. To our surprise, however, the Chinese workers generally felt much more comfortable being disciplined by managers from Hong Kong. The Japanese avoidance of direct confrontation made them feel that they were being surreptitiously watched and talked about behind their backs, rather than being able to "face their accusers." The Hong Kong style fit into a Chinese tradition in which a

hearty scolding might be the penalty for almost any offense, while the Japanese went out of their way to avoid conflict and unknowingly undermined their credibility with the workers.

Conclusions

This is only one example of a myriad of ways in which Hong Kong managers forged a "third link" in a chain of value-added activities with Western, capitalist objectives at one extreme and the complex culture and troubled history of China at the other. Overall, our study led us to conclude that structural aspects of location and worker population were necessary to Tomei's impressive performance in China. The firm's overwhelming advantage, however, comes from its use of Hong Kong managers to bridge the gap between Chinese and Western cultures.

Many foreign companies have attempted to build such a bridge by hiring Western specialists or training their managers in Chinese language and culture, high-cost alternatives that usually achieve only moderate success. The large population of "overseas Chinese" who maintain their cultural identity while living in various locations outside of China might represent a source of labor that could readily fill the needs of foreign companies hoping to set up manufacturing enterprises in China. Recently, other companies besides Tomei have begun to take advantage of this labor pool with results similar to Tomei's. The American shoe manufacturer Nike and Korea's Daewoo industries are two prominent examples. Wise decisions on structural factors and this most efficient method of overcoming cultural differences have led to success in all these ventures, which may eventually rekindle the spark in the courtship between manufacturers in industrialized countries and the People's Republic of China.

Notes

¹ Roderick Macleod, *China, Inc.: How to Do Business with the Chinese*, (New York: Bantam, August 1988), p. 53.

² Jonathan M. Zamet and Murray E. Bovernick, "Employee Relations for Multinational Companies in China," *Columbia Journal of World Business*, Spring 1986, p. 14.

"THE WALL MAY
STAND FOR ONE
HUNDRED YEARS."

ERICH HONECKER, 1989



BY PHILLIP
J. BRYSON

•

The Wall, German Reunification and the Future of Socialism

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An invitation in November of 1989 to attend a conference in West Berlin couldn't have been more welcome; it came as the whole planet was watching Berlin, and scholarly meetings on the "German problem" promised to be exhilarating. As my Pan Am flight approached the Tegel airport, my excitement was much greater than usual. The opening of the Hungarian border to a massive outflow of

distraught East Germans had noticeably increased the pressure on the SED (East Germany's communist party). I could not have anticipated witnessing explosive developments that would release only a part of that pressure during my brief visit. Still, I was anxious to speak to friends and colleagues on both sides of the Wall; since the previous summer I had not sampled East German sentiment.

West German newspapers perused over the Atlantic had increased my anticipation. During the initial demonstrations in Leipzig and Dresden, Berlin had remained relatively quiet. But I read rather incredulously then of a demonstration on the previous Saturday in which one million¹ East Berliners (no less than 83 percent of East Berlin's population) had manifest without ambivalence their unwillingness to permit the SED power monopoly to continue.

At the conference, West German scholars expressed sentiments consistent with the position of the Federal Republic: the German problem is that there are too many Germanies. I certainly didn't feel unsympathetic toward that position; the political arrangements that partitioned Germany into socialist and democratic countries had

brought with it immense human suffering. These arrangements were not an unmixed cursing, but (one sees clearly in retrospect) they had certainly enjoyed excessive durability. Whether or not we experience a united Germany in the next few years, new arrangements for the combined economies of the two states and new political arrangements for the German Democratic Republic (GDR) were certainly overdue.

The day following my arrival, Tuesday, November 7, East Germany's entire ministerial council resigned, and the next day the Politburo followed suit. The conference I was attending was held at the Reichstag building (the restored parliament Hitler had burned down), which is located next to the Wall. During a lunch break on Thursday the 9th, I walked with two colleagues, a West German and an American, about a block along that ugly piece of history down to the Brandenburg Gate. At that moment the place was deserted; within a very few hours it would be overrun with the celebrants of a new era. While there with my two friends, I mounted a small overlook platform from which one could enjoy a clear view into socialist Berlin. The scene had not changed much from 28 years earlier, when I had observed this depressing panorama for the first time. As a missionary in West Berlin on August 13, 1961 and in the following days, I had been aghast at the construction of that "Wall of Shame." At the same spot fourteen years later, I had shown my children the unforgettable scene. Now, in November, looking eastward, I had no idea that on that same day I would share the unmitigated joy of my German friends as the division at the Brandenburg Gate was overcome.

It was Guenter Schabowski, a speaker for the new politburo, who announced on November 9th that a reworked travel ordinance would go into effect immediately.² On Friday a special party congress was announced for mid-December; it was expected that the congress would discharge the entire central committee and establish more formally a new party line. In the course of the week, free elections were also promised and a Krenz-Kohl summit was planned for the near future. Interestingly, the party congress ultimately did sweep away not only the Central Committee, but also Honecker's successor, Egon Krenz. When West German Chancellor Helmut Kohl appeared in the GDR in December for the summit, it had to be with Hans Modrow, the Dresden "reformer" and new prime minister.³

The world will long remember the closing events of 1989. As the decade disappeared, the Stalinist brand of tyranny was swept from East Europe. We became accustomed to daily installments of news drama from behind the erstwhile Iron Curtain and took delight in the acquisition of liberty and human dignity by East Germans, Czechs, Bulgarians, and Romanians. Precedents set in Hungary and Poland were repeated so swiftly they began to seem commonplace. We now await further developments that seem most promising: the creation of competent opposition parties able to compete

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As a missionary in West Berlin on August 13, 1961, and in the following days, I had been aghast at the construction of that "Wall of Shame."

effectively with the residuals (in whatever form) of the discredited communist parties; free elections and the possibilities they bring for the unopposed practice of religion and the spread of the gospel; the improvement of the material well-being of those societies as economic reconstruction begins and opportunities for commercial interaction between East Europe and the West increase. It is breathtaking to contemplate the potential for new religious and commercial relationships with a formerly closed region of roughly half a billion people.

What Do the Changes of the 1980s Imply about Germany and Europe?

Before we become euphoric, it is important to consider some implications of the opening of the Brandenburg Gate. The Wall's demise raises some important questions about the future. In the space allotted, let me address just two of the central ones. First, what about the political organization of Europe? The open borders of the GDR make us wonder about reunification for the two German states and about the two military, economic, and political blocs that have been East and West Europe.

From the media there has been an outpouring of simplistic views deploring the possibility of German reunification. Sometimes the experts betray more prejudice than understanding of contemporary Germany. Unification can ill be conceived as the political convergence of homogeneous groups or as the subversive interests of militaristic or authoritarian societies. Bavarian, Prussian, Rhinelander, and other Germanic types have never been easily brought together, and even when Bismark finally accomplished the task around 1870 it wasn't a comfortable fit. West Germany today is a federation no less interested in states' rights than its American allies, who tutored the Federal Republic in democracy.

But German unity is more than a strictly national issue. West German self-identity is nearly as European as it is Germanic. A reunited Germany withdrawn from the European Community (EC) is neither sensible nor imaginable. West Germany has been the key player in European economic integration during the entire postwar period. At the present, European integration is progressing rapidly; major activities have already been planned and undertaken to culminate in a unified European market in 1992. Why should the Germans want to find themselves on the outside looking in? They are far too intelligent to forfeit the opportunity to share in and help direct the growing prosperity and dynamism of the developing European market. The EC has already recognized East Germany as part of the Federal Republic from an economic standpoint; from the outset the Community granted the East Germans free entry past the external tariff wall. These are some of the reasons why Chancellor Kohl's public statements so consistently emphasize the Federal Republic's determination to retain membership in and to promote the development of the European Community.

Perhaps it is not surprising that a "Mission Impossible" perception of contemporary German society persists among poorly informed segments of the former allied powers. It is less forgivable among those who claim the right to participate in the formation of public opinion. The Federal Republic is in fact anything but an authoritarian society. Citizens up to the age of Chancellor Kohl have never really been exposed to militaristic thinking; in fact, it is the outspoken pacifism of the Germans that has most often proved an irritant to their NATO allies. The concern that two merged German states would withdraw from their respective military alliances is no less unfounded.

After the Wall came down, Gorbachev initially showed little concern about reunification, but soon made it clear that the question of political reunification was not to appear on the GDR's political agenda. The Soviets, however, have become concerned that the fundamental security pillar of the Warsaw Pact's western frontier, the GDR, has begun to crumble. So at this moment, security considerations have persuaded Gorbachev to argue for a reunified but neutral Germany independent of NATO. From a long-term perspective, however, the question of military alliances may not be very problematic; East Europe's economic exigencies promise over time to diminish (or even to sweep away) the necessity for and influence of such alliances.

Economic necessity brought free political expression to East Germans and other



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East Europeans; it will inexorably bring unification closer as well. The 28 years separating the construction from the demise of the Berlin Wall seem to have passed quickly. If it takes a few more years to achieve, Germans favoring reunification will find it was also worth the wait.

Is *Perestroika* Irreversible?

A second, oft-encountered question arising from the revolutionary developments in East Europe has to do with the durability of East Europe's political, economic, and social reforms. Many have entertained the dread that the positive effects of *perestroika* might be reversible. This issue must be addressed with soberness; for years the academic community thought that Marxist-Leninist socialism in East Europe was anything but a temporary phenomenon. It seemed nowhere more solidly entrenched than in the GDR. Until the Hungarians refused to play along with keeping East Germans captive, and until the Soviets made it clear they would not intervene to help keep East Germans at home, Erich Honecker's regime seemed quite stable. The world witnessed with the GDR how full of surprises history can be.

Let us consider, then, the viability of Gorbachev and *perestroika*. It is evident that Mikhail Gorbachev is the source of change in the Soviet world. On his ascent to power he recognized immediately that the inefficient central planning system was in serious trouble; it was unable to deliver anything near the volume of goods that would permit the Soviets to

- 1) continue traditional Soviet international political and military exploits, paying the high costs of maintaining both the Warsaw Pact alliance and the Soviet empire;
- 2) continue the arms race, including SDI, which the Soviets think of as the militarization of space;
- 3) compete effectively in world markets, which would in turn allow the Soviets to earn desperately needed hard currencies;
- 4) provide the Soviet populace with consumer goods of acceptable quantities, qualities, and assortments; and
- 5) invest massively in capital equipment and in environmental improvements, both of which are desperately needed.

Gorbachev, who is remarkable for his ability to understand the art of the possible and to achieve the indispensable, recognized fairly soon that high-cost military and international activities would have to be scaled back dramatically, and that "revolutionary, radical economic reform" would have to be achieved to satisfy the long-neglected demands of the domestic economy. The Soviet Union has long suffered with extreme international insecurity, and it is outright traumatic for the Soviets to reduce their military capacity. But Gorbachev is very sincere in this endeavor, and he is proceeding with all possible dispatch.

The forces of reaction in the Soviet Union are still probably very considerable, although we have no way of knowing just how much power they currently exert in internal Soviet politics. They are doubtless enraged with Gorbachev's shifting of resources away from defense, with the demise of Marxist-Leninist socialism in East Europe, and with the threatened secession of the republics. It is true that central planning is thoroughly discredited, that there has been sufficient time for many to come to support the new thoughts of peaceful coexistence, and that Gorbachev has spent more than five years replacing political opponents with supporters of reform. Nevertheless, many continue to worry either that his opposition will ultimately profit from the miserable performance of the economy or that there could be an uprising or assassination attempt.⁴

Gorbachev himself has given serious concern to the possibility that *perestroika* might be reversed. For him that would be more than personally frightful, since he is convinced that there can be no future for socialism without a successful economic reform. Economic reform can, in turn, be achieved only with a successful rejuvenation of the whole system.⁵

Even if anti-reformers should succeed in rolling back the clock in political terms—restoring the Brezhnev doctrine and trying to reimpose Soviet control over East Europe—it would be utter folly to shut down the economic reforms. Political reversals *might* be a disaster for the Soviet Union and, perhaps, the world. Economic retrench-



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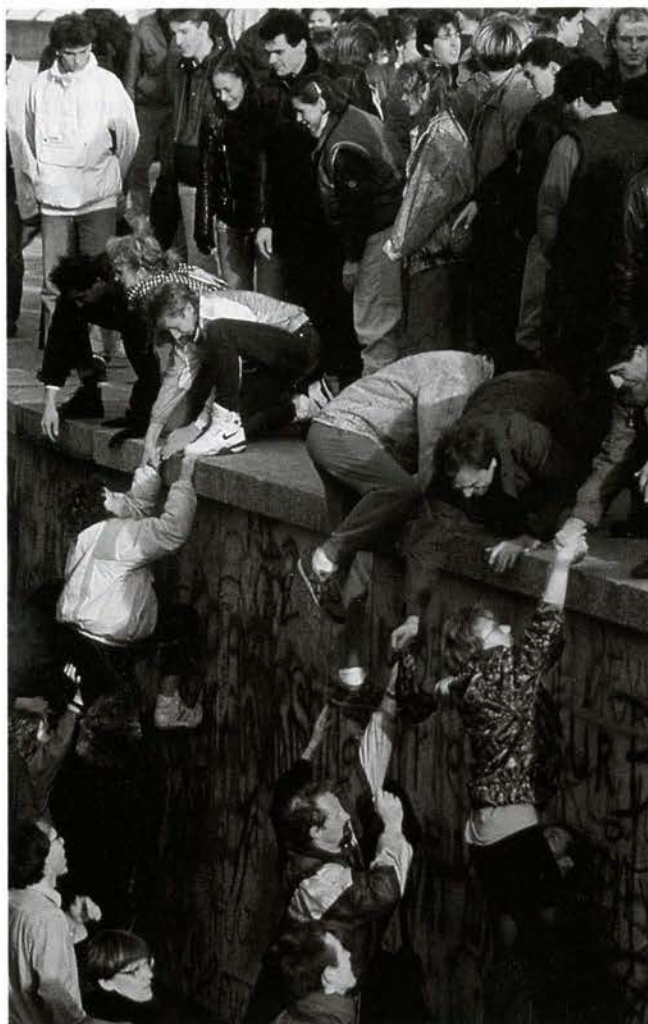
Even if anti-reformers should succeed in rolling back the clock in political terms—restoring the Brezhnev doctrine and trying to reimpose Soviet control over East Europe—it would be utter folly to shut down the economic reforms.

ment *most certainly would* be a disaster for the Soviets. To restore central planning would be to move toward the economic situation in which Ethiopia, Poland, and North Vietnam find themselves. But, Gorbachev reasons, if he attempts to insure *perestroika*'s success by stacking the politburo and party positions as well as government and ministerial positions with reform types, what could keep the party at a later point from sweeping those agents away and replacing them with anti-reform types? Nor is the Soviet president unaware of the repeated failures of numerous reform attempts in the past.

Abel Aganbegyan reports⁶ that the January 1987 Plenum of the CPSU (Communist Party of the Soviet Union) reflected Gorbachev's concern about the reversibility issue. At that plenum it was finally realized that the only way to eliminate the risk of having the party reverse the reforms was to take the matter out of the party's hands. To that point, democratization had been a compensation for failing consumer goods at retail outlets; it had been a question of lip service. Now, Gorbachev was prepared to begin the painful transition toward democracy as the means of insuring the irreversibility of *perestroika*.⁷

It is imprudent to speak of the possible and impossible in human history. The best we can do is to speak in terms of poorly-ascertainable probabilities. I cannot assess the probabilities of an attempted overthrow or assassination of the Soviet leader. But regardless of what might occur in the Soviet leadership over the next days, months, or years, an abandonment of some kind of economic reform seems inconceivable. Under new leadership the question would not be *whether* economic reform should continue, but *what kind* of reform we would see; and it is almost axiomatic that economic reform inevitably generates pressures for other kinds of societal transformation.

I personally hope Gorbachev succeeds. His reform endeavors have not yet gone nearly far enough on several fronts, but revolutionary change generally requires more time than recent change in East Europe might lead us to expect. Those changes we already owe to Gorbachev are far more spectacular than anyone could have imagined five years ago.



Notes

¹ "Rund eine Million demonstrieren in Ost-Berlin für freie Wahlen," *Die Welt*, November 6, 1989, p. 1.

² "Neue Reiseregeln," *Junge Welt*, November 10, 1989, p. 1. The approval came, doubtless, from the government that had already ceased to exist. (Or by the government that had not yet been reorganized? It is only a technical point, since the newly elected and smaller politburo was in place and functioning on Thursday, and this organ is the decisive policy agency in any case.)

³ "In Ost-Berlin ein neues Politbüro: Modrow soll Regierungschef werden," *Frankfurter Allgemeine Zeitung*, November 9, 1989, p. 1.

⁴ See Mark Helprin, "A Single Bullet," *The Wall Street Journal*, January 12, 1989, p. A10.

⁵ A very important book, which was produced to make this point, is edited by Yu N. Afanasev, *Perestroika: glasnost, demokratiya, sotzializm: Inogo ne dano* (Moscow: Progress Publishers, 1988). *Inogo ne dano* is the key phrase, meaning "Without this, nothing." Fundamentally, all of the relevant Soviet intellectuals and policy types now express this conviction. The Soviet Union's survival depends on the success of *perestroika*.

⁶ Abel Aganbegyan, *Inside Perestroika: The Future of the Soviet Economy* (New York: Harper & Row, 1989), pp. 156-57.

⁷ Aganbegyan says it was at this plenum "that we clearly understood that the main, the most profound, reason for the deformation of socialist society, for the failure of economic reforms and other progressive initiatives, lay in a lack of democracy, in the way decisions were taken behind closed doors, and in the absence of any kind of control over the activity of the country's leaders. And the following all-important conclusion was drawn: that it is the full development of democracy within society and within the economy that will be the motivating force of *perestroika* and will make it irreversible." See Aganbegyan, p. 157.

From a long-term perspective, however, the question of military alliances may not be very problematic; East Europe's economic exigencies promise over time to diminish (or even to sweep away) the necessity for and influence of such alliances.

What Happened on the Way to Excellence

This article was excerpted from Alan L. Wilkins' book entitled Developing Corporate Character: How to Successfully Change an Organization Without Destroying It, published by Jossey-Bass. Alan Wilkins is a professor of organizational behavior in the Marriott School.

Recently, the CEO of a medium-sized company asked me to help him "install a new culture." Soon after, a colleague of mine reported that following one of his more impassioned presentations on excellent companies, another CEO turned to his subordinates and demanded: "I want one of those excellent company cultures, and Monday would not be too soon!"

The implication—that changing corporate culture is like installing a new cooling system or that it can be achieved by fiat—is ludicrous.

More and more executives are hoping to "change the culture" of their companies. And why not? Myriad external changes have combined to make executives reconsider the very nature of their organizations. Many companies have faced simultaneously such formidable challenges as dramatically improved foreign competition, deregulation, and rapidly changing technology, as well as significant new trends in our domestic culture.

No wonder books such as *Theory Z* (Ouchi) and *In Search of Excellence* (Peters and Waterman) became best sellers. They promised, by implication, that if the bulk of America's companies would imitate the practices of certain successful firms, they would be much more successful.

Some managers attempted to imitate these practices; others employed alternative models. Whatever the ideal was, many businesses failed to change as much as management wanted; at the same time, the businesses encountered significant problems while engaged in

dramatic organizational transitions. In the rush to achieve greater success, they often destroyed some intangibles that had formed the essence of the organization's former competitiveness.

Change Can Destroy Character

What troubles me is how often attempts to change culture destroy character. My research into 22 organizations, large and small, shows that executives in 16 of these companies labeled their attempts at major change a failure. That is, they have not achieved their own objectives, and in many cases their efforts have created serious cynicism among employees because the company was unable to change as promised.

The three most common reasons why these companies fail when attempting significant change include: the piecemeal imitation of successful organizations; attempts to import a new culture; and fostering organizational revolution.

For example, a utility company was forced to make dramatic changes following government deregulation. The company had a venerated tradition of thoughtful, cooperative management and reliable customer service, but its executives decided to encourage a complete overhaul in the way they did business. First among these changes was the desire to become competitive and to develop new products for an unregulated marketplace.

They now operate with cutthroat competitive vigor, competing not only with other companies but also with other parts of their own company. Morale is very low, and the company has failed in many ventures, often because managers do not coordinate their efforts or share information with one another.

This company was previously an example of management effectiveness. It was one of the highest performing companies in its industry. What had been lost? Its sense of identity, its character, its soul. Clearly, managers in the company do not "know who they are." Indeed, the company has lost three critical and often intangible components of what it means to have an organizational character: shared vision, motivational faith, and distinctive skills.

Components of Character

Shared vision. To a large extent, this company has lost its shared vision. Previously, many employees had taken great pride in the service that they performed for the community. Now many are cynical about the "money grubbing" and "selfishness" that seem to be the firm's motives. Whereas the company once had an excellent reputation among customers and in the community, its inability to meet new commitments has led to a significantly tarnished image. For these reasons, employees are no longer as proud to be part of this organization and no longer have a clear sense of what this organization is supposed to do.

Motivational faith. Many employees have lost the motivation that once fueled their individual contributions. They previously had implicit faith that if they devoted themselves to working hard and developing appropriate skills, then they would be rewarded. They believed that their sacrifices to make the organization succeed would be noticed and at least remembered. Given the current drastic changes, they are no longer sure. From their point of view, they are making great sacrifices, and yet their efforts are never good enough. They seem to be rewarded only with criticism within the company. They have also lost their faith in the broader organization and its abilities. Therefore, they are less willing to stay with the company and to try to make sure that it works.

Distinctive Skills. People did not suddenly lose their ability as individuals, but when the organization abandoned its distinctive habits, customs, and skills, employees no longer saw how to apply their talents. Many employees have concluded that they do not know how to do anything. By their feedback and their desire to change everything, executives imply that none of the old skills is particularly helpful. In addition, the new competitiveness between organizational subunits and lack of trust in the fairness of leaders has significantly reduced the cooperation among networks of experts that previously contributed to the organization's distinctive skills.

Honor Your Past

An important moral from the experience of this utility company is that leaders contemplating the need for significant changes should look first to what they want to keep. They should consider the costs of directly attacking current traditions and competence. And if they decide that dramatic changes are necessary, they must plan for and be willing to work through the inevitable inefficiency that accompanies the creation of new organizational purposes and skills.

The sensitivity to past commitments, skills, and purposes is what I call "honoring the past." The point is not that we should cling to the past. Rather, we must recognize what makes up a distinctive organizational character and realize how difficult it is to develop and how easily it can be lost.

Those who led change in the utility company overlooked many opportunities to show how old skills could be applied to new problems. They failed to identify the purposes and values from the past that would continue. Most importantly, they did not help individuals who had spent careers trying to embody certain values and skills have faith that they would be given a fair chance at change.

Indeed, the most critical component of character to maintain and the easiest to lose is faith. If employees lose their sense that the organization will be fair and that their sacrifices to develop new skills will be rewarded, then they are unlikely to make committed, joint efforts to develop a new concept of the business. They are also unlikely to stay around long enough or make great enough efforts to learn new and distinctive skills.

An organization can survive relative incompetence for some time if its people believe that eventually they will develop new competence, become competitive, and see the rewards of their efforts. Similarly, people can accept a loss of clarity about the purpose of the business if they believe that their efforts to develop a new business concept will be rewarded.

Hence, the most crucial component

of character when we talk of change is the motivation that comes from faith in the fairness of the organization and its ability to change. Unfortunately, these are the very beliefs executives destroy first when they try to motivate people to change by showing them the inadequacies of the old system. They must help employees maintain or develop faith and hope at the same time that they raise questions about former purposes and skills.

Involve Other People

Many managers have the opinion that until the CEO decides to do something about the culture and character, there is little others in the organization can do that will make a difference.

I disagree. Many people can be involved in developing organizational character, even if only in their own group. They must, however, be astute. They must not miss cultural signals and political constraints. And they must try.

One person can make a difference. For example, some 10 years ago, Charles House was assigned to be research director for the Colorado Springs division of Hewlett-Packard. He had been given what many thought were the dregs of the organization. The engineering group had not produced a significant innovation for years and had gradually seen its better managers and engineers leave for other divisions or other companies. What was left were new misfits and old has-beens. The group generally had a very negative self-image.

House was able to help those people find faith in themselves. He did this three ways: he encouraged a sense that this group had something to contribute; he protected his group from the incursions of the rest of the system while they were forming and building a new vision and image of themselves; and he helped his group develop a distinctive character.

They developed a shared vision by seeking information and continually expressing their views about competitors, new developments, opportunities, and division strengths. The group also learned to nest its vision within the company's needs and

opportunities. House diffused outside intervention so that he could reward engineers for early efforts and develop their faith in the fairness of the division. The shared vision and faith in fairness focused and motivated employee efforts to develop new skills.

House did not help create something that was entirely different from the rest of Hewlett-Packard. Indeed, he helped many of the people who had formerly been insulated from the parent company to have greater contact with it. Nevertheless, his actions led to a sense of pride, to distinctive division skills, and to an example for the rest of the company that was significantly different from what had existed previously at that division or throughout the rest of the company.

House's example should give hope to managers who wonder whether they can engender change. In fact, it may be easier to influence a company from House's position than from the top of an organization. Teaching, persuading, and modeling new ways of thinking and acting are often easier when a manager has face-to-face contact with all or most of the group.

But once a distinctive character is established, it must continually be nurtured. Character stagnates and erodes when past commitments, visions, and skills are not kept alive and fresh.

The Leadership Challenge

The inescapable conclusion I reach from both research and observation is that those who would change organizations must begin by encouraging faith in the fairness of the organization and the ability of its people to make change. They must help people move from past purposes and skills to new ones. Change will require that managers have patience and that they "muddle through" a variety of experiences in which they learn, experiment, and make mistakes. Such experiences will be necessary whether or not a firm acquires another organization or borrows new ideas and practices. Evolution rather than revolution is the way to change organizations if we want to develop a clear and distinctive corporate character.



VISION

FOR THE NEXT DECADE

THE QUESTION that has come to my mind many times during the past few months is: What should the Marriott School of Management become? What is its destiny? Clearly, the school has a strong heritage, a solid foundation to build upon. In a fast-changing world, however, individuals and organizations must continue to develop and grow or they are soon left behind. For the good of the Church and the worldwide management community, it is important that the Marriott School move forward to reach its potential.

Dean

K. Fred Skousen

Historical Development of the Marriott School

Before looking to the future and offering a few observations about the school's challenges and opportunities, it may be useful to briefly review the past. What is the heritage of the Marriott School?

Brigham Young Academy came into being on October 16, 1875, when Brigham Young gave a deed of trust for the Lewis Building, a large warehouse on Provo's Center Street, and named the school's trustees. During the fall of 1875, the Lewis Building was improved and the property surrounding it was fenced, and on January 3, 1876, the school opened its doors to an inaugural class of 29 students. Warren Dusenberry was the first principal of the academy, which, in those early years, was essentially a secondary school. Dusenberry, however, served less than four months, and in April of 1876 he was replaced by Karl G. Maeser.

John E. Booth, who had studied commerce at Morgan's Commercial College in Salt Lake City, joined the faculty as a part-time teacher in November of 1876 and taught the first commercial arithmetic classes. This marked the beginning of commercial education at the academy. In 1877 bookkeeping was added, and in the following years the curriculum was expanded to include such courses as phonography (stenography), commercial law, commercial penmanship, and typewriting.

Although these courses were offered, a coordinated academic program in commerce did not exist until 1891, when the Commercial College was founded. The first mention of this college appears in the *Faculty Minutes* of December 17, 1890, when Karl G. Maeser recommended to the Board of Trustees the establishment of a commercial college within the academy. Dr. Maeser's successor, Benjamin Cluff, acted on this recommendation, and in 1891, after several leading businessmen of Provo raised \$1,000 to help fund the endeavor, the Commercial College was established at Brigham Young Academy.

As with most academic programs, the Commercial College at Brigham Young Academy experienced extensive changes over the years. In 1902 the name was changed to Commercial School (Commercial "College" was somewhat a misnomer, since the department was actually a unit of the high school). In 1903, however,

Brigham Young Academy became Brigham Young University, and this change—though at that time it was a change in name only—pointed the Commercial School toward its inevitable destiny as a collegiate business program. In 1911, as a belated first step toward that destiny, accounting became the first exclusively college-level commerce course taught at BYU. Prior to that time, high school and college students enrolled in Commercial School courses together. In 1912 the Department of Economics, Sociology, and Commerce was organized, but it offered only three commerce courses: accounting, advertising and selling, and insurance. Two years later the department offered six courses, and by 1916 those six had doubled to 12. In 1917 the Department of Economics and Commerce (now separated from sociology) offered 19 commerce courses. And in 1919 the Department of Business Education became the university's first college-level department devoted exclusively to a commerce curriculum.

Only two more years passed before the Department of Business Education was granted college status and was renamed the College of Commerce and Business Administration. BYU now had a full-fledged collegiate business school. The real significance of the year 1921 was that “for the first time, the university explicitly committed itself to emphasizing leadership functions in business.”¹ Before that time courses generally prepared students to work in businesses, but not to manage them.

The name of the college was shortened in 1929 to College of Commerce. And in 1958, “reflecting substantial revision in educational outlook and curriculum, the college faculty, with university approval, changed the unit name from College of Commerce to College of Business. . . . The old term, ‘commerce,’ had become associated in higher education with excesses in specialization and vocationalism; whereas the new term, ‘business,’ connoted a developing interest in the role of liberal arts and in professional study.”²

Graduate programs in management gradually evolved; the year 1963 brought accreditation by the American

Assembly of Collegiate Schools of Business; and in 1978, the undergraduate programs of the College of Business and the master's programs of the Graduate School of Management combined to form the BYU School of Management. On October 28, 1988, in recognition of a substantial gift by the Marriott Foundation, the school was named the J. Willard and Alice S. Marriott School of Management.

Although a college-level business school has existed at BYU for less than seventy years, the roots of management education reach back more than a century to a time when practical, commercial skills were recognized as desirable and necessary elements of a very limited curriculum.

Mission and Challenges of the Marriott School

Throughout its history the School of Management's central theme has been a striving for excellence in management education. The two primary objectives of the school are:

1. to educate students with the ethical values, management skills, and leadership abilities needed in organizations worldwide, and
2. to conduct research on important management topics that will be useful in both academic and management environments.

Accomplishing the first objective is critical to the success of the school. Helping students achieve success in their management careers is the central purpose for the Marriott School's existence. We must never lose sight of this fact. The second objective is also essential if the school is to receive acceptance and support from the academic community. A university exists to help create and then disseminate knowledge. The Marriott School is part of the university and must assume this important function. Without scholarly productivity, the school will not accomplish its overall goal of excellence and will not provide the desired quality of education for its students.

In accomplishing its two primary objectives, the Marriott School faces several challenges. For example, how does an individual or an organization manage change? The world is changing rapidly, as is clearly evident from

recent events in China, Russia, Eastern Europe, and South Africa. These political and economical changes, coupled with significant technological advances, make the business environment an exciting one, filled with many opportunities. But how does a company or a government unit keep pace and adapt to these changes. And more to the present point, how does a school of management adapt and stay current so that its students are prepared to manage effectively in this dynamic environment?

As the world undergoes significant changes, a strong need exists to maintain and improve the ethical and moral foundation of the management community, in both the private and public sectors. A significant challenge for management schools, then, is to assist students in appreciating and implementing high standards of ethical conduct. This is especially important for those students graduating from BYU and the Marriott School of Management, institutions that stand so strongly for high ethical values.

Another challenge facing the school is that of teaching students how to learn, as well as instilling in them the desire for continuous learning. The limited half-life of technical knowledge obliges management education to concentrate on the process of learning, on adapting to change, on the development of management skills and judgment, rather than on facts, current requirements, and specific content that too quickly become obsolete.

Conducting useful research presents several challenges. How do you identify critical management issues and then obtain the data necessary to address those issues? Once issues are identified, data analyzed, and results obtained, how are solutions effectively communicated so that proper attention is given by both the academic and management communities? Also, how is current research effectively incorporated into “state-of-the-art” teaching materials for the benefit of students?

Strategic Tasks

To meet these and other challenges and to accomplish its stated objectives, the Marriott School must work effectively with three key groups:

students, faculty, and external supporters. In this regard, the following strategic tasks are considered critical to the success of the school:

1. attracting and developing an outstanding faculty, as measured by teaching, research, and professional development activities;
2. encouraging all management students to acquire the following set of fundamental characteristics:
 - high standards of ethical conduct,
 - strong leadership and interpersonal skills,
 - a solid foundation in modern information technology,
 - a global perspective on individual, religious, and business activity,
 - the ability to integrate specific management functions, and
 - sound business judgment;
3. building effective partnerships among students, faculty, external support groups, and the general management community, who would then work together to enhance curriculum development, to recruit outstanding students and assist in their career placement, to foster joint research, and to increase the school's financial and other resources.

Future Focus

As indicated, past efforts have produced positive results. Currently, the Marriott School enjoys a good reputation. For example, the School of Accountancy ranks among the top ten accounting programs in the country. Similar accolades have been given to the Master of Organizational Behavior program and the Skaggs Institute of Retail Management. The list of graduates from the Master of Public Administration program who are now city managers in large cities is indeed impressive. Another measure shows that MBA graduates' salaries are competitive with almost any of the nation's top MBA programs. The undergraduate program, too, has been well received by both students and employers.

But where do we go from here? What should be our future focus, given a limited set of resources?

First, we have begun to strengthen and consolidate our undergraduate program. Effective fall 1990, students may earn a B.S. degree in either

management or accounting. In either case, they will receive a broader undergraduate education. They will still be able to emphasize selected areas within the general business degree, such as information management, human resource management, finance, marketing, and production, but in-depth specialization will be reserved for graduate education.

Second, a minor in management will be offered, providing exposure to the field of management for many interested students from other majors. This background should be useful, since many of these students ultimately find employment in business and government settings. In addition, bright students from throughout the university may be attracted through the minor to consider graduate education in the Marriott School of Management.

Third, an MBA Strategy Committee is considering several significant changes in the MBA program that will strengthen and improve this important part of the Marriott School.

Fourth, in addition to continued emphasis on programs that have established reputations, we plan to organize two or three centers of excellence. These centers will enable our faculty to work on meaningful, large-scale research projects that will result in articles, books, monographs, teaching materials, and conferences. Although each center will need a substantial endowment, many of the research projects will be funded by interested external supporters, and, consequently, research results will often be directed toward non-academic readers and will have immediate, practical applications. A center's combined endowment and external funding will support several faculty members, research assistants, and a full-time staff, and will make student involvement possible through scholarships and graduate research courses.

These centers of excellence, to be established in the areas of entrepreneurship, international management, ethics, and perhaps technology and management, will draw upon faculty expertise from various departments and programs and will prepare a way for Marriott School faculty to engage in the type of research projects that top

business schools normally reserve for their doctoral programs. The "centers of excellence" concept is intended to put the Marriott School "on the map," so to speak, in the same way recognized Ph.D. programs enhance the reputation of most top business schools.

Expected Results

If I were to summarize my dream, my vision for the Marriott School, I would state it as follows:

- Graduates of the school will assume leadership positions within their families, the Church, and the world.
- Marriott School faculty research productivity will be significant and will improve the quality of management in society.

The future looks bright, but there is much work to do. For us to be successful—to really reach the highest level of excellence in management education—we must make a unified, collective effort.

Fortunately, we have many organizations and individuals who are interested in helping. The Marriott School's National Advisory Council is committed to assisting the school in raising additional resources to fund our quest for excellence. This advisory group is also helping the school implement a public relations plan and establish centers for ethics, entrepreneurship, and international management. The Alumni Board is assisting the school in establishing a loyalty and feeling of support from former students. The Management Society is creating a network of individuals interested in BYU and the Marriott School. Our Entrepreneurial Founders and other support groups are advising and assisting with specific programs.

I am bullish on the Marriott School of Management. Its stock is on the rise. You've heard it from an insider. Buy now and hold. And thanks for all you do.

Notes

¹ Edward L. Christensen, *College of Business . . . A Century of Progress at Brigham Young University*, researched and written for the Centennial History Committee, Brigham Young University, June 1972–September 1973, p. 224.

² Christensen, p. 251.





Dad (Dean K. Fred Skousen) grew up in Spanish Fork, Utah. A favorite retreat for Dad and his friends was the Spanish Fork river bottoms. He would spend hours hunting and fishing there and especially enjoyed catching the larger frogs, cooking their legs, and eating them. He swears that frog legs taste just like chicken.

Dad was always very involved in high school activities. He wrestled, was an outstanding pentathlete, and was president of the thespian club. (He was the lead in several of the school plays his senior year.) He also enjoyed cruising Main, eating hamburgers at Glade's Drive-In, and attending the hot weekend dances at Mt. Pleasant. (He claims to be the John Travolta of Spanish Fork, and it's no wonder his high school friends still call him "Fast Freddie"—but only because of his dance moves, of course.) So far, this sounds like an episode of the Andy Griffith Show, but Dad easily could have been the Opie Taylor of Spanish Fork. At times he was mischievous, but mainly he was friendly, and he had an intense desire to achieve excellence.

After Dad served a successful mission for the LDS Church in Northern California, he returned to BYU to find his dream girl. And after a blind date with Julie Nielen, a spunky gal from Provo, he knew he had found her. The only problem was that Mom didn't feel the same way. She thought Dad was an obnoxious, overconfident hick. But Dad used his charm and suave manner to convince her that he was her man. They were married July 22, 1964 in the Manti (Utah) Temple.

The Real K. FRED SKOUSEN

Thrifty,
Hardworking,
and
Too Young
to Be a
Grandpa

by Rick
Skousen



Over the years, six children have become an active part of the Skousen family: Rick, Todd, Bret, Mark, Jeff, and Whitney. Todd and I are both married now and are in the process of applying for graduate school. Bret is finishing his mission in Tulsa, Oklahoma. Mark and Jeff (twins) are sophomores at Timpview High School, and Whitney is in the eighth grade at Farrer Junior High. Todd and his wife, Jolynn, are expecting the first Skousen grandchild in June. Mom is delighted



that a grandchild is on the way, but Dad feels he is a bit too young for this event. He has made it clear to Todd and Jo that the child is not to address him as "Grandpa," but as "K. Fred."

In 1985 Dad realized a lifelong dream of owning a small ranch by purchasing 80 acres on the White River just outside Meeker, Colorado. The boys (a popular family term to collectively describe the five brothers and Dad) spend any free weekends at the ranch, fishing, hunting, mending fence, riding horses, or baling hay. Even though Mom and Whitney enjoy the mall more than the mountains, they also love to relax at the ranch.

Dad expects a great deal from his family, but he also gives a great deal in return. When I began the scouting program, for instance, I asked him what would happen if I didn't earn my Eagle award. He responded by saying, "If you don't receive your Eagle, you won't date or drive until you're 23." Needless to say, every one of the boys received his Eagle award before the age of 14.

Dad always made us work hard for what we received. We used to dread the Saturday morning weeding sessions. We didn't like the Saturday afternoon and evening sessions any better, but we are all grateful that Dad taught us how to work. We are also glad he taught us how to save money and how to be thrifty. To teach us this principle he didn't take us out to eat very often, but occasionally we were treated to two fully garnished 25-cent hot dogs and a 40-cent ice cream cone at Ream's (Food Bargain Warehouse). Not many fathers can feed a family of eight for \$7.20.

Dad has a great sense of integrity. He is the hardest-working man I know. He is also truly a family man. He would rather be with the family than with anyone else.

The Dean's Associates

Lee H. Radebaugh

ASSOCIATE DEAN

Lee Radebaugh's first international experience was a mission call to Brazil, but it would by no means be the last. After his mission, he returned to BYU where he graduated in accounting. He then moved on to Indiana University, where he earned a Ph.D., majoring in international business and minoring in accounting and economics, and was co-winner of the Academy of International Business Doctoral Dissertation Competition in 1973.



Lee H. Radebaugh

Before coming to BYU Radebaugh taught for eight years at Pennsylvania State University, where the only students with international experience were Vietnam veterans. During the time at Penn State, however, he was assigned to teach at ESAN, a graduate business school in Lima, Peru. In 1980 he visited BYU for a year on a leave of absence from Penn State and was impressed by the students'

international experience. At the end of the year he accepted a position in BYU's School of Accountancy.

In 1984 Radebaugh was named associate dean under Paul Thompson, and in 1985, as the James Cusator Wards Visiting Professor at the University of Glasgow, he had the opportunity to teach an international accounting class in Scotland. Since then he has broadened his international experience with visits to Japan, China, and Hong Kong and lectures in Mozambique, Zimbabwe, and Brazil.

Radebaugh has authored or coauthored several articles and 10 books and monographs, including *International Business: Environments and Operations*, in its fifth edition, and *International Accounting and Multinational Enterprises*, in its second edition. In 1982 he received the Arthur Andersen Excellence in Teaching Award and the Exxon Distinguished Teaching Award.

He has served as chair of the International Section of the American Accounting Association, chair of the Trueblood Committee of the American Accounting Association, and treasurer of the Academy of International Business. He is a member of the editorial boards of *The Journal of International Business Studies*, *The International Journal of Accounting Education and Research*, and *The Journal of International Financial Management and Accounting*. He is a founder of the Utah Valley Chapter of the World Trade Association, is on the board of directors of the World Trade Association of Utah, and is a member of the District Export Council of Utah, a position appointed by the U.S. secretary of commerce.

Gary C. Cornia

ASSOCIATE DEAN

Gary Cornia earned a bachelor's degree in economics from Weber State College, a master's degree from Utah State University, and a Ph.D. in public finance from Ohio State University. His doctoral work was followed by employment as a public finance research associate at the Academy for Contemporary Problems, a public

affairs think tank in Columbus, Ohio. He began his academic career in 1979 as an assistant professor in the Master of Urban Administration program at the University of North Carolina—Charlotte and became an assistant professor in the Institute of Public Management at BYU in 1980.

In 1983, when Cornia had become rather comfortable with his role as a successful university professor—he



Gary C. Cornia

was popular with both students and colleagues, had won the Exxon teaching excellence award, and was becoming nationally recognized as an expert on public budgeting and state and local finance—Governor Scott Matheson invited him to accept a three-year appointment to the Utah State Tax Commission. As one of four commissioners, he would oversee a staff of 650 people responsible for collecting and remitting to the state treasury about \$1.5 billion a year. Cornia faced a dilemma in making this decision. He was comfortable in his university position, and he wasn't excited about the prospects of a daily commute from Orem to Salt Lake City, but the State Tax Commission had come under fire from the state auditor, and Gary has a passion for doing

things right. He was also aware that there is no substitute for "real world" experience. He felt he couldn't continue to teach—and continue to grow professionally—without having "been there." So he took advantage of the School of Management's professional leave program and signed on with the tax commission for two years.

His major responsibilities were supervision of property tax, econometric forecasting of state revenues, and the commission's budget. After having served two years, Cornia said: "I was naïve—I thought it was going to be much easier." What he discovered was a series of difficult tasks, dealing with myriad constituencies and innumerable tough issues.

He returned to teaching in 1985, and in 1989 he was named Outstanding Professor by the National Advisory Council. He holds the Stewart L. Grow Young Scholar Fellowship and was given the Chester I. Barnard Memorial Award in 1983 for the best article in the journal *Public Administration Quarterly*. He has published many articles on taxation, budgeting, and economic development and teaches courses in public finance and budgeting.

William R. Siddoway
ASSOCIATE DEAN

Bill Siddoway brings to his position as director of Marriott School external relations, a rich background in leadership and education. He graduated from the University of Utah in 1955 with degrees in management and marketing and earned an MBA degree from Indiana University in 1956. From Indiana he went west to San Jose State College in California, where he was an assistant professor of business, the coordinator of faculty research, and assistant to the president. He developed the San Jose State College Corporation, a fund-raising organization for faculty and student research and initiated training workshops for labor and management in Santa Clara County.

In 1962 Bill came to BYU, where he served as dean of admissions and records and assistant academic vice-president. Among other accomplishments, he prepared a master plan for the application of new technologies.

In 1972 Siddoway's life took a different turn as he was called to preside over the New York Rochester Mission. Besides supervising some 200 missionaries, he was also responsible for five historic sites and the Hill Cumorah Pageant. During this time he developed a master plan for long-term development of both the physical facilities and educational messages of the historic sites and the pageant.

Returning from the mission field, Siddoway served two years as director of research administration for BYU. Then, in 1977, he became dean of continuing education, a position that made him responsible for programs with an annual enrollment of 400,000. In this position he also assisted in securing funds and constructing the Harman Building and the BYU Conference Center.



William R. Siddoway

Since 1985, Bill Siddoway has directed the external relations function in the Marriott School, which encompasses programs as diverse as fund-raising, the executive lecture series, publications, and alumni relations. He has published several articles on fund-raising and various administrative topics. He is also a member of several professional organizations.

Delora P. Bertelsen
ASSISTANT TO THE DEAN

Delora Bertelsen has been a member of the dean's staff since 1976 and has worked with four deans. Her assignments have varied through the years and have changed somewhat with each dean. Currently, she works with financial



Delora P. Bertelsen

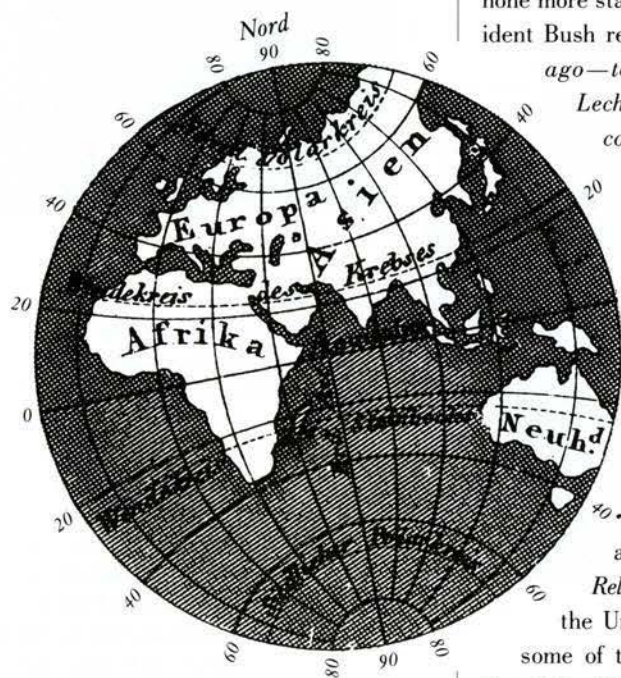
aid (scholarships and loans), staff, Tanner Building scheduling and maintenance, and special projects assigned by Dean Skousen. These special projects range from the International Executive of the Year dinner to preparing text for the university's General Catalogue.

Bertelsen is an alumna of the Marriott School's Master of Public Administration program. She received her bachelor's degree in history and political science from BYU. In addition to her work at BYU, she is actively involved in civic affairs in the community of Springville and serves in her LDS ward's Primary and Sunday School organizations. Her family, she says, consists of one Siamese cat, two dogs of questionable parentage, five sheep, and two hummingbirds.

global

CHALLENGES

This is an edited version of an address delivered by Lee H. Radebaugh on February 21, 1990, at the Outstanding Faculty Award Dinner.



The world has undergone some significant changes in the past few years, none more startling than 1989–1990. In his State of the Union Address, President Bush reflected on some key events: *Think back—just 12 short months ago—to the world we knew as 1989 began. . . . A year ago in Poland,*

Lech Walesa declared that he was ready to open a dialogue with the communist rulers of that country. Today, with the future of a free Poland in their own hands, members of Solidarity lead the Polish government. A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. Today, it's Vaclav Havel—President of Czechoslovakia. . . . And one year ago, Erich Honecker of East Germany claimed history as his guide. He predicted the Berlin Wall would last another hundred years. Today—less than one year later—it's the Wall that's history.

⊕ **PROJECTED CHURCH MEMBERSHIP** What I would like to do for a few minutes is to focus on the global spread of the Church [of Jesus Christ of Latter-day Saints] and its impact on us as faculty members in the Marriott School of Management and as members of the Church. ⊕ In an article in the *Review of Religious Research*, Rodney Stark, a non-LDS faculty member at the University of Washington, discussed the rise of Mormonism and some of the reasons for its success. He noted in his article that even though the Church was still relatively small in the United States, people were not focusing enough on the rate of growth. He points out that the growth of the Church is both rapid and accelerating. One hundred years ago, the Church had 188,263 members; by the end of this year, it should have approximately 7,374,000 members. What will the membership of the Church be 100 years from now? Although it is difficult to predict the future, I would like to briefly explore that growth and its global dimensions. ⊕ As mentioned by Stark, the growth of the Church since its inception has been rapid and is accelerating. Since 1960, the growth rate of the Church by decade has exceeded 50 percent in

each decade. Annually, the growth rate has hovered between 4 and 6 percent for almost two decades now. Given these rates, how do forecasts of future Church membership look?

At a 30 percent per decade growth rate, which is very conservative, the population of the Church in 2090 would be 100,636,699; at a growth rate of 40 percent, which was exceeded in every decade but four in the last 110 years, the population would be 211,155,898; and at a growth rate of 50 percent, which was exceeded in each of the last three decades, the population would be 420,954,785.

Using a regression model based on total membership at the beginning of each decade since 1850, Church membership 100 years from now would be 151,200,000, which is close to a growth rate of 35 percent per decade.

A regression model based on annual growth rates since 1944 predicts a Church population of 801,362,530 by the year 2090. That is more than a 100-fold increase from today's membership.

KEY ASSUMPTIONS

I realize that these numbers are rather incredible. But remember, the worldwide Church population 100 years ago was only 188,263, which is slightly less than Church membership in Arizona today. Some would argue that the growth rate cannot continue at its current level due to saturation of the market. Eventually, the growth curve has to level off. There are only a few countries in the world, however, where Church membership exceeds 1 percent of the population: Chile, Uruguay, and a few countries in the South Pacific.

Some point to the increased secularization of the world as evidence that the Church will become increasingly isolated and unable to grow significantly. Stark refutes this argument in a soon-to-be-released book where he argues that Mormonism thrives in the most, not the least, secularized nations. As he points out, "Secularization creates a pool of people ready to embrace a new, less secularized, supernatural faith." His research demonstrates that Mormons

find their converts in the better educated and the more successful, not just the poor and the dispossessed.

THE GLOBAL THRUST OF THE CHURCH

An important key to Church growth—and also an important challenge—is its globalization. There are currently 33 countries where Church population exceeds 10,000 members. Obviously, the United States has the largest body of members (64.1 percent), but there are some surprises. The Philippines, which is in fifth place, was dedicated in 1955 by President Joseph Fielding Smith and had its first stake created in 1973. In 1960 there were only 11 members in the Philippines. Today there are 149,000.

It is interesting to compare the top ten countries in 1987 with the top ten in 1970. In 1970 the list looked like this:

1. United States	2,016,800
2. United Kingdom	69,000
3. Mexico	67,965
4. Canada	55,455
5. Brazil	33,104
6. New Zealand	28,249
7. Samoan Islands	24,249
8. Argentina	19,454
9. Uruguay	15,311
10. Tongan Islands	14,355

In 1987 the top ten were:

1. United States	4,100,000
2. Mexico	360,000
3. Brazil	249,000
4. Chile	196,000
5. Philippines	149,000
6. United Kingdom	133,100
7. Peru	125,000
8. Canada	118,000
9. Argentina	114,000
10. Japan	85,000

One of the difficult aspects of using total Church membership as a basis for predicting future growth is that, as the comparison above illustrates, different parts of the world grow at different rates. It would be nice if we could develop a regression model for each country and then aggregate those totals to project worldwide membership growth. But some of the fastest growing countries, such as the Philippines, do not have a long enough track record

to develop a meaningful model. Over the past 30 years, for instance, Church membership growth in the Philippines averages out to just over 37 percent per year. Obviously, this figure is of little use in forecasting, for it produces a membership projection for the Philippines of slightly more than 2 billion by the year 2020.

THE GERMAN DEMOCRATIC REPUBLIC

Projections are also made difficult by the fact that new areas of the world are opening for Church growth. An example is the German Democratic Republic (GDR). Prior to World War II, Chemnitz, now known as Karl-Marx-Stadt, had the largest concentration of Latter-day Saints outside North America. But the aftermath of World War II left the Church in a holding pattern. In 1968 Elder Monson was assigned to supervise the Church in Europe, and he visited with some Saints in the GDR. In his words:

My heart was filled with sorrow, because they had no patriarch; they had no wards or stakes—just branches. They could not receive temple blessings—neither endowment nor sealing. No official visitor had come from Church headquarters in a long time. The members were forbidden to leave the country. Yet they trusted in the Lord with all their hearts, and they leaned not to their own understanding. In all their ways they acknowledged him, and he directed their paths. I stood at the pulpit, and with tear-filled eyes and a voice choked with emotion, I made a promise to the people: "If you will remain true and faithful to the commandments of God, every blessing any member of the Church enjoys in any other country will be yours." Then I realized what I had said. That night I dropped to my knees and said to my Heavenly Father, "Father, I'm on thy errand; this is thy Church. I have spoken words that came not from me, but from thee and thy Son. Wilt thou, therefore, fulfill the promise in the lives of this noble people."

Over the next two decades, many changes began to unfold. First a patriarch on assignment as regional representative to the area was named, and then a native of the GDR was named

patriarch. Soon a member mission organization was established, the first high priest ordained, and then district presidencies and district councils established. Then a stake was organized in Freiberg and another in Leipzig.

Upon assignment from President Kimball, Elder Monson tried to find a way for members in the GDR to receive the blessings of the temple. After much discussion about alternative strategies and a great deal of fasting and prayer, the leaders of the Church approached the government of the GDR with a request. To their surprise, the government suggested that the Church build a temple in the GDR so that the members would have easy access.

The next request was to allow foreign missionaries to enter the GDR to preach the gospel and to allow missionaries from the GDR to travel abroad to preach the gospel in other lands. Finally, in the fall of 1988, Chairman Erich Honecker, who was recently removed from leadership in the GDR, told Elder Monson, "We know you. We trust you. We have had experience with you. Your missionary request is approved." My paperboy was just called to serve in East Germany. The promise is now coming to pass.

LESSONS FOR US

But what does all this have to do with us as individual members of the Church and as Marriott School faculty?

First, I hope that we can appreciate how important it is for us to raise money to supplement the budget provided by the Church. The areas of greatest Church growth—Eastern Europe, Central and South America, Africa, and the Philippines—are relatively poor, demanding significant resources from the United States and Canada.

Second, there is significant inertia behind Church growth. Although it is difficult to accurately forecast membership growth, we have to assume the Church is a going concern. If membership doubles by the time most of us retire, as some projections suggest, the picture will look very different than it does today. Can you imagine the administrative nightmare that will

confront our leaders? Will we need two Church Office Buildings in Salt Lake City, or will we have to decentralize and have several large administrative structures around the world?

When I was on my mission in Brazil, one local Church leader chastised a group of us [American missionaries] for hanging around each other and visiting before Sunday meetings. I'll never forget his words. In exasperation, he said, "When are you going to learn that this isn't just an American church?"

Third, one of the buzzwords among global corporations today is the necessity to have a "triad strategy" involving Europe, Asia, and North America. Europe is experiencing rapid change right now. The Western European nations are moving rapidly toward "Europe 1992" as they erase the last barriers to the trade of goods, services, and capital. What can be said about Eastern Europe? The speed of change there and in the Soviet Union is so great that it is difficult to develop a strategy fast enough. Not only is the Church sending missionaries into East Germany, but some missionaries who have been called to serve in Switzerland have been told that they will spend a portion of their missions in the Soviet Union. Who would have thought that possible five years ago?

Asia is important because of its sheer size, its potential for growth, and its levels of economic development. India and China, the two most populous nations, are virtually untouched in terms of the gospel. We have some LDS branches in China, and many Chinese students studying in the United States are joining the Church. Toward the end of last summer, I asked one of our Chinese graduate students why he had converted. He told me that he was so devastated by the June 4 massacre in Beijing that he began to look at his life and decide what was really important. That led him to the Church. But how many of those students will return to China to help build their country and their newfound religion remains to be seen.

The last piece of the triad is North America. Although North America is by far the largest piece of the Church puzzle and also the richest, it is also

growing at a relatively slow rate. That could change, however, with the infusion of more missionaries and increasing media use.

Although Latin America is not part of the triad from a global business perspective, it is part of the Church's strategy. Maybe our strategy should be called a quadrad. It is precisely the global business problems of Latin America that will create significant financial and leadership problems for the Church in the coming decades. Wilford Cardon's dream of bringing Latin Americans to BYU for an MBA, so that they can return home to build their countries and the Church, is more significant than we think. Although this Program for International Students will not revolutionize the Church in Latin America overnight, it will make a contribution.

Finally, we need to develop a more global orientation as individuals and as faculty. Nations have become so closely linked together that we cannot close our borders and ignore the rest of the world. News of a significant drop in the Tokyo Stock Exchange yesterday touched off a drop in our own. News of the crumbling of the Berlin Wall last fall sent the German mark rising and the U.S. dollar falling. It is really important that we understand global events and how they influence everything we do. These events are influencing the Church that sponsors us, the funding of the university, the students we teach, and our disciplines.

In addition to globalizing ourselves, I hope that we are taking advantage of the international students in our classes. As I have discussed cultural, political, and economic issues and events in class, I have asked the international students for their perspectives. Sometimes it is difficult for them to volunteer information, but they have always generated interesting discussion when asked specifically to participate.

My objective this evening has been to cause you to think about some of the significant challenges we are going to face as the Church grows and expands in this ever-changing world. I love it here at BYU and am grateful for the opportunity to teach, write, and work here.

Briefly



Radebaugh Named Outstanding Faculty Member

Lee H. Radebaugh, professor of accounting and international business, has been selected by the Marriott School as its 1990 Outstanding Faculty Member. The award, given on the basis of accomplishments within a three- to five-year period, was established in 1972 to honor faculty members who have distinguished themselves through outstanding contributions in one or more of the following areas: professional service, publication, teaching, research, and administration.

Before coming to BYU in 1980, Radebaugh taught at Pennsylvania State University as an assistant and associate professor of business administration. He also spent a year as a visiting professor at Escuela de Administracion de Negocios para Graduados in Lima, Peru. In 1985, Radebaugh was Cusator Wards Visiting Professor at the University of Glasgow, where he taught an international accounting course and wrote a research monograph on international segment disclosures in accounting.

Radebaugh now serves as

an associate dean of the Marriott School of Management and teaches courses in accounting and international business. He earned a doctorate of business administration degree with major emphasis in international business and an MBA, both from Indiana University.

Professors Honored with Exxon Teaching Awards

Doyle W. Buckwalter and Heikki J. Rinne, Marriott School faculty members, have received the Exxon Teaching Excellence Awards for 1989-90. K. Fred Skousen, dean of the Marriott School, said about the two recipients: "Doyle Buckwalter and Heikki Rinne represent the finest aspects of teaching. Both have received outstanding student evaluations and peer reviews.

"Dr. Buckwalter's evaluations are always sprinkled with terms such as 'committed,' 'caring,' and 'an exciting teacher.' Dr. Rinne is known for the time he commits to his students outside the classroom and the deep interest he shows in their personal and professional well-being. Both of these teachers make outstanding contributions in the classroom and in their professional activities," said Skousen.

Buckwalter has been an associate professor with the Master of Public Administration program at BYU since 1972. He was associate director of the Institute of Public Management from 1984 to 1987 and has been a member of the BYU Washington Seminar Advisory Board from 1985 to the present.

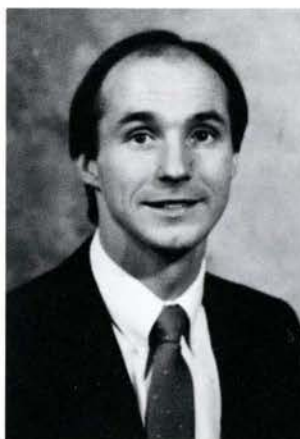
He has a bachelor's

degree (1963) and a master's degree (1964) from BYU. In 1968 he earned his



doctorate at the University of Michigan.

Rinne is an associate professor of business management. Before joining BYU in 1984, he taught at Pennsylvania State University, was a graduate instructor at Purdue University, and was a lecturer at Northern Michigan University.



He has a doctorate from Purdue University (1981), an MBA degree (1976) from the University of Oregon, and a bachelor's degree in business administration from BYU, where he graduated summa cum laude.

Organizational Changes

Responsibilities in the Marriott School dean's office have been restructured.

Gary McKinnon, associate dean under Paul Thompson, has returned to teaching and research. Dean Skousen has selected Gary Cornia to fill this vacancy. Cornia is responsible for academics, including all degree programs, faculty research, course development, promotion and continuing status, and will oversee the Marriott School's centers of excellence.

Lee Radebaugh will continue as associate dean. His responsibilities include budgets, faculty contracts, grants, awards, capital acquisitions, and all other financial matters.

Bill Siddoway will also remain as associate dean, external relations. He will oversee public relations, fund-raising, alumni relations, publications, the Management Society, the lecture series, dean's seminars, the External Relations Information Center (ERIC), placement, and executive education.

Stan Quackenbush, who has worked with the lecture series, the National Advisory Council, and the Management Society, will now be responsible for the lecture series, which has grown tremendously in the past two years, the dean's seminars, and the Management Society.

Delora Bertelsen, assistant to the dean, is responsible for supervising the secretarial staff, overseeing building maintenance and scheduling, and administering scholarships, loans, and the Marriott School's international student program. She will also assist the dean with speeches, presentations, and other special projects.

Kathy McGregor, Dean

Skousen's executive secretary, handles the dean's meeting schedule and correspondence, acts as dean's receptionist, and coordinates all his activities.

Dean Skousen is focusing his time on the faculty, the National Advisory Council, and the school's major donors. "I would like to develop a more familiar relationship with the external public," he says, "and work more closely with those who assist in fund-raising and public relations."



Dyer Receives Award

W. Gibb Dyer, Jr., a professor of organizational behavior, was one of 15 recipients of the Freedoms Foundation at Valley Forge's Leavey Award for Excellence in Private Enterprise Education. The award was presented at a black-tie reception and dinner at the Sheraton Society Hill in Philadelphia. The \$7,500 award recognizes an educator on any level "who conceives and implements an innovative course or project which develops a deeper understanding and appreciation of the American private enterprise system," said E. Katherine Wood, director of awards for the Freedoms Foundation.

Dyer has been involved in developing the entrepreneur program in the Marriott School since he joined the faculty in 1984. His Leavey award resulted from a written proposal describing his current entrepreneur class, Organizational Behavior 531. The course, entitled "Managing Entrepreneurial Firms and Family-Owned Businesses," blends ideas from psychology, family systems theory, economics, management theory, and sociology to solve questions dealing with businesses' failure or success.

Kellett Honored

Bob Kellett, manager of the Marriott School computer lab, was one of 13 BYU employees honored with the President's Appreciation Award, which recognizes BYU staff and administrative personnel for exceptional service, creativity, and competence. The recipients were honored by President Lee at a banquet on March 6.



Kellett is responsible for the budget, acquisition, and maintenance of computer hardware as well as student-employee hiring and supervision for the Marriott School computer lab and computer teaching room. His technical expertise is

invaluable and helps the school develop computer use strategies.

School of Accountancy Receives Grant

The BYU School of Accountancy is one of three programs nationwide recently selected to receive a \$250,000 grant from the Accounting Education Change Commission for stimulating innovative changes in accounting instruction.

More than 40 schools applied for funding from the commission, which was founded in 1989 by the American Accounting Association. The AAA is funded by the "Big Six" American accounting firms, establishing a \$4-million endowment for effecting changes in accounting education, according to G. Fred Streuling, director of the School of Accountancy.

BYU, Kansas State University, and the University of Massachusetts are the first schools selected by the commission for major grants of \$250,000 each, which will be dispersed over a three-year period.

"BYU's proposal was especially creative," noted Doyle Z. Williams, commission chair. "To be selected from the group of 40 proposals, many of which were excellent, is a real honor for BYU," he said. "It shows that their accounting faculty have given serious thought to the weaknesses in today's accounting programs and have determined innovative ways to address them."

"Successful implementation of the project will allow BYU to be on the forefront in accounting education," Williams added. Streuling and the accounting faculty

are already looking at a schedule for implementing the proposal. "The grant will help us put our program more in line with the competencies needed by accounting graduates as they enter the public accounting profession," explained Streuling.

As part of its plan, the SOA is conducting a field study of alumni and other executives to learn what competencies they deem important for accounting graduates. Much of BYU's redesigned curriculum will relate to how students find, organize, and use information to address complex reporting and recording problems in accounting.

"We hope to put the grant to use in changing our courses, to use more innovative teaching techniques that deviate from the standard lecture approach," said Streuling. "We'll be dealing mostly with competency issues, with internationalizing the courses, and improving the emphasis on ethics."

The School of Accountancy was rated 13th in the nation in 1988 by *Public Accounting Report*, which polled department chairs at more than 350 colleges and universities. A survey reported in *Forbes* in 1986 listed BYU among the 10 best undergraduate accounting programs.

Lisa Lambert to Direct EMBA Program

Dean Skousen has announced the appointment of Lisa Lambert as director of the Executive MBA Program. Lambert has been acting director since April 1988, following her work as administrative assistant in BYU's Educational

Psychology Department. Other responsibilities have included being administrative assistant in the David O. McKay Institute of Education and instructor at the American Samoa Academy in Pago Pago.



She has a bachelor's degree in educational psychology from BYU, and she graduated from the Marriott School's MBA program in 1989. Her MBA emphasis was in organizational behavior.

Lambert's responsibilities as director of the EMBA program are to develop marketing strategy, cultivate corporate sponsors, generate international business contacts, advise and counsel students, recruit executive managers, and manage the budget.

The EMBA curriculum allows middle-management executives to earn an MBA degree while continuing to work full time. Programs are conducted in Provo and Salt Lake City.

Professor to Study European Technology Alliances

Ronald L. Schill, professor of business and engineering management, has received two grants to conduct research in Europe on technology alliances between

multinational corporations. Such alliances involve high-tech companies collaborating on research and development projects and technology programs for new products. Such alliances have arisen in recent years because of several environmental factors, such as substantially increased R&D costs, shorter product life cycles, and the need for globally competitive products.



Schill will be joined by David N. McArthur of the Marriott School and Alan Wilkinson, professor of business strategy at the Manchester Business School in England. The study will be conducted in England, the Netherlands, France, Belgium, and Spain, and is funded by the David M. Kennedy Center for International and Area Studies, BYU, and the Centre for R&D Research at the University of Manchester. Several major companies will participate in the study, including N.V. Philips Gloeilampenfabriken (The Netherlands), Imperial Chemical (UK), Thorn EMI (UK), the Rover Group/Rolls Royce/Honda, British Aerospace, and major European Community technology alliance consortia located in Brussels and Paris.

Schill joined the BYU

faculty in 1970, received his bachelor's and MBA degrees from the University of Utah, and earned his Ph.D. from the University of Oregon. He has taught various aspects of management at several universities in the U.S. and abroad and has published widely on such subjects as the management of technology, technology transfer and global competition, and the marketing of high-tech products and services.

New Scholarships Announced

In May 1989 the Arthur Winter Management Scholarship was established to assist students enrolled in accounting, business management, or managerial economics at the undergraduate or graduate level. Applicants are required to have a minimum GPA of 3.25. The first Arthur Winter Scholarships will be awarded for the 1990-91 academic year.

In late fall of 1989 a scholarship in the name of Ivan C. Smith was endowed to provide financial assistance for students in management programs. Mr. Smith, a vigorous 87, is now retired, but his career in the dry-cleaning business spanned many decades. He

and his wife worked shoulder to shoulder in running a business that ultimately encompassed 18 establishments. Mr. Smith remembers when he and his wife started with two assets—a Model T Ford and \$235 in cash. They would dry clean a three-piece suit for 20 cents. The first Ivan C. Smith Scholars will be named for the 1990-91 academic year.

Soviet Scholar Visits Marriott School

Andrei Markov, vice-dean of academic affairs at Moscow State University, visited the Marriott School in February. The Marriott School has established an exchange program for faculty and students with the School of Economics at the Soviet university, and Markov was invited to visit BYU as part of this exchange.

Markov was interested in seeing how the business school operates overall and was pleased with the people he met and the programs he observed. He was invited to take part in a conference where changes in the MBA program were discussed. While on campus, Markov also taught courses and delivered lectures to faculty on current developments in the Soviet economy.



Andrei Markov teaching Marriott School students.

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