

*In the knowledge society, managers must prepare to abandon everything they know.*

# The New Society of Organizations



by Peter F. Drucker

**E**very few hundred years throughout Western history, a sharp transformation has occurred. In a matter of decades, society altogether rearranges itself—its world view, its basic values, its social and political structures, its arts, its key institutions. Fifty years later a new world exists. And the people born into that world cannot even imagine the world in which their grandparents lived and into which their own parents were born.

Our age is such a period of transformation. Only this time the transformation is not confined to Western society and Western history. Indeed, one of the fundamental changes is that there is no longer a “Western” history or a “Western” civilization. There is only world history and world civilization.

Whether this transformation began with the emergence of the first non-Western country, Japan, as a great economic power or with the first computer—that is, with information—is moot. My own candidate would be the GI Bill of Rights, which gave every

American soldier returning from World War II the money to attend a university, something that would have made absolutely no sense only 30 years earlier at the end of World War I. The GI Bill of Rights and the enthusiastic response to it on the part of America’s veterans signaled the shift to a knowledge society.

In this society, knowledge is *the* primary resource for individuals and for the economy overall. Land, labor, and capital—the economist’s traditional factors of production—do not disappear, but they become secondary. They can be obtained, and obtained easily, provided there is specialized knowledge. At the same time, however, specialized

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knowledge by itself produces nothing. It can become productive only when it is integrated into a task. And that is why the knowledge society is also a society of organizations: the purpose and function of every organization, business and non-business alike, is the integration of specialized knowledges into a common task.

If history is any guide, this transformation will not be completed until 2010 or 2020. Therefore, it is risky to try to foresee in every detail the world that is emerging. But what new questions will arise and where the big issues will lie we can, I believe, already discover with a high degree of probability.

In particular, we already know the central tensions and issues that confront the society of organizations: the tension created by the community's need for stability and the organization's need to destabilize; the relationship between individual and organization and the responsibilities of one to another; the tension that arises from the organization's need for autonomy and society's stake in the Common Good; the rising demand for socially responsible organizations; the tension between specialists with specialized knowledges and performance as a team. All of these will be central concerns, especially in the developed world, for years to come. They will not be resolved by pronun-

ciamento or philosophy or legislation. They will be resolved where they originate: in the individual organization and in the manager's office.

**S**ociety, community, and family are all conserving institutions. They try to maintain stability and to prevent, or at least to slow, change. But the modern organization is a destabilizer. It must be organized for innovation and innovation, as the great Austro-American economist Joseph Schumpeter said, is "creative destruction." And it must be organized for the systematic abandonment of whatever is established, customary, familiar, and comfortable, whether that is a product, service, or process; a set of skills; human and social relationships; or the organization itself. In short, it must be organized for constant change. The organization's function is to put knowledge to work – on tools, products, and processes; on the design of work; on knowledge itself. It is the nature of knowledge that it changes fast and that today's certainties always become tomorrow's absurdities.

Skills change slowly and infrequently. If an ancient Greek stonecutter came back to life today and went to work in a stone mason's yard, the only change of significance would be the design he was

asked to carve on the tombstones. The tools he would use are the same, only now they have electric batteries in the handles. Throughout history, the craftsman who had learned a trade after five or seven years of apprenticeship had learned, by age eighteen or nineteen, everything he would ever need to use during his lifetime. In the society of organizations, however, it is safe to assume that anyone with any knowledge will have to acquire new knowledge every four or five years or become obsolete.

This is doubly important because the changes that affect a body of knowledge most profoundly do not, as a rule, come out of its own domain. After Gutenberg first used movable type, there was practically no change in the craft of printing for 400 years – until the steam engine came in. The greatest challenge to the railroad came not from changes in railroading but from the automo-



bile, the truck, and the airplane. The pharmaceutical industry is being profoundly changed today by knowledge coming from genetics and microbiology, disciplines that few biologists had heard of 40 years ago.

And it is by no means only science or technology that creates new knowledge and makes old knowledge obsolete. Social innovation is equally important and often more important than scientific innovation. Indeed, what triggered the present worldwide crisis in that proudest of nineteenth-century institutions, the commercial bank, was not the computer or any other technological change. It was the discovery by nonbankers that an old but hitherto rather obscure financial instrument, commercial paper, could be used to finance companies and would thus deprive the banks of the business on which they had held a monopoly for 200 years and which gave them most of their income: the commercial loan. The greatest change of all is probably that in the last 40 years purposeful innovation—both technical and social—has itself become an organized discipline that is both teachable and learnable.

Nor is rapid knowledge-based change confined to business, as many still believe. No organization in the 50 years since World War II has changed more than the U.S. military. Uniforms have remained the same. Titles of rank have remained the same. But weapons have changed completely, as the Gulf War of 1991 dramatically demonstrated; military doctrines and concepts have changed even more drastically, as have the armed services' organizational structures, command structures, relationships, and responsibilities.

Similarly, it is a safe prediction that in the next 50 years, schools and universities will change more and more drastically than they have since they assumed their present form more than 300 years ago when they reorganized themselves around the printed book. What will force these changes is, in part, new technology, such as computers, videos, and telecasts via satellite; in part the demands of a knowledge-based society in which organized learning must become a lifelong process for knowledge workers; and in part new theory about how human beings learn.

**F**or managers, the dynamics of knowledge impose one clear imperative: every organization has to build the management of change into its very structure.

On the one hand, this means every organization has to prepare for the abandonment of everything it does. Managers have to learn to ask every few years

of every process, every product, every procedure, every policy: "If we did not do this already, would we go into it now knowing what we now know?" If the answer is no, the organization has to ask, "So what do we do now?" And it has to *do* something, and not say, "Let's make another study." Indeed, organizations increasingly will have to *plan* abandonment rather than try to prolong the life of a successful product, policy, or practice—something that so far only a few large Japanese companies have faced up to.

On the other hand, every organization must devote itself to creating the new. Specifically, every management has to draw on three systematic practices. The first is continuing improvement of everything the organization does, the process the Japanese call *kaizen*. Every artist throughout history has practiced *kaizen*, or organized, continuous self-improvement. But so far only the Japanese—perhaps because of their Zen tradition—have embodied it in the daily life and work of their business

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organizations (although not in their singularly change-resistant universities). The aim of *kaizen* is to improve a product or service so that it becomes a truly different product or service in two or three years' time.

Second, every organization will have to learn to exploit its knowledge, that is, to develop the next generation of applications from its own successes. Again, Japanese businesses have done the best with this endeavor so far, as demonstrated by the success of the consumer electronics manufacturers in developing one new product after another from the same American invention, the tape recorder. But successful exploitation of their successes is also one of the strengths of the fast-growing American pastoral churches.

Finally, every organization will have to learn to innovate—and innovation can now be organized and must be organized—as a systematic process. And then, of course, one comes back to abandonment, and the process starts all over. Unless this is done, the knowledge-based organization will very soon find itself obsolescent, losing performance capacity and with it the ability to attract and hold the skilled and knowledgeable people on whom its performance depends.

The need to organize for change also requires a high degree of decentralization. That is because the organization must be structured to make decisions quickly. And those decisions must be based on closeness—to performance, to the market, to technology, and to all the many changes in society, the environment, demographics, and knowledge that provide opportunities for innovation if they are seen and utilized.

All this implies, however, that the organizations of the post-capitalist society must constantly upset, disorganize, and destabilize the community. They must change the demand for skills and knowledges: just when every technical university is geared up to teach physics, organizations need geneticists. Just when bank employees are most proficient in credit analysis, they will need to be investment counselors. But also, businesses must be free to close factories on which local communities depend for employment or to replace grizzled model makers who have spent years learning their craft with 25-year-old whiz kids who know computer simulation.

Similarly, hospitals must be able to move the delivery of babies into a free-standing birthing center when the knowledge base and technology of obstetrics change. And we must be able to close a hospital altogether when changes in medical knowledge, technology, and practice make a hospital with fewer than 200 beds both uneconomical and incapable of giving first-rate care. For a hospital—or a school or any other community organization—to discharge its social function we must be able to close it down, no matter how deeply rooted in the local community it is and how much beloved, if changes in demographics, technology, or knowledge set new prerequisites for performance.

But every one of such changes upsets the community, disrupts it, deprives it of continuity. Every one is “unfair.” Every one destabilizes.

**E**qually disruptive is another fact of organizational life: the modern organization must be *in* a community but cannot be *of* it. An organization’s members live in a particular place, speak its language, send their children to its schools, vote, pay taxes, and need to feel at home there. Yet the organization cannot submerge itself in the community nor subordinate itself to the community’s ends. Its “culture” has to transcend community.

It is the nature of the task, not the community in which the task is being performed, that determines the culture of an organization. The American civil servant, though totally opposed to communism,

will understand immediately what a Chinese colleague tells him about bureaucratic intrigues in Beijing. But he would be totally baffled in his own Washington, D.C. if he were to sit in on a discussion of the next week’s advertising promotions by the managers of the local grocery chain.

To perform its task the organization has to be organized and managed the same way as others of its type. For example, we hear a great deal about the differences in management between Japanese and American companies. But a large Japanese company functions very much like a large American company; and both function very much like a large German or British company. Likewise, no one will ever doubt that he or she is in a hospital, no matter

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where the hospital is located. The same holds true for schools and universities, for labor unions and research labs, for museums and opera houses, for astronomical observatories and large farms.

In addition, each organization has a value system that is determined by its task. In every hospital in the world, health care is considered the ultimate good. In every school in the world, learning is considered the ultimate good. In every business in the world, production and distribution of goods or services is considered the ultimate good. For the organization to perform to a high standard, its members must believe that what it is doing is, in the last analysis, the one contribution to community and society on which all others depend.

In its culture, therefore, the organization will always transcend the community. If an organization’s culture and the values of its community clash, the organization must prevail—or else it will not make its social contribution. “Knowledge knows no boundaries,” says an old proverb. There has been a “town and gown” conflict ever since the first university was established more than 750 years ago. But such a conflict—between the autonomy the organization needs in order to perform and the claims of the community, between the values of the organization and those of the community, between the decisions facing the organization and the interests of the community—is inherent in the society of organizations.

**T**he issue of social responsibility is also inherent in the society of organizations. The modern organization has and must have social power – and a good deal of it. It needs power to make decisions about people: whom to hire, whom to fire, whom to promote. It needs power to establish the rules and disciplines required to produce results: for example, the assignment of jobs and tasks and the establishment of working hours. It needs power to decide which factories to build where and which factories to close. It needs power to set prices, and so on.

And nonbusinesses have the greatest social power – far more, in fact, than business enterprises. Few organizations in history were ever granted the power the university has today. Refusing to admit a student or to grant a student the diploma is tantamount to debarring that person from careers and opportunities. Similarly, the power of the American hospital to deny a physician admitting privileges is the power to exclude that physician from the practice of medicine. The labor union's power over admission to apprenticeship or its control of access to employment in a "closed shop," where only union members can be hired, gives the union tremendous social power.

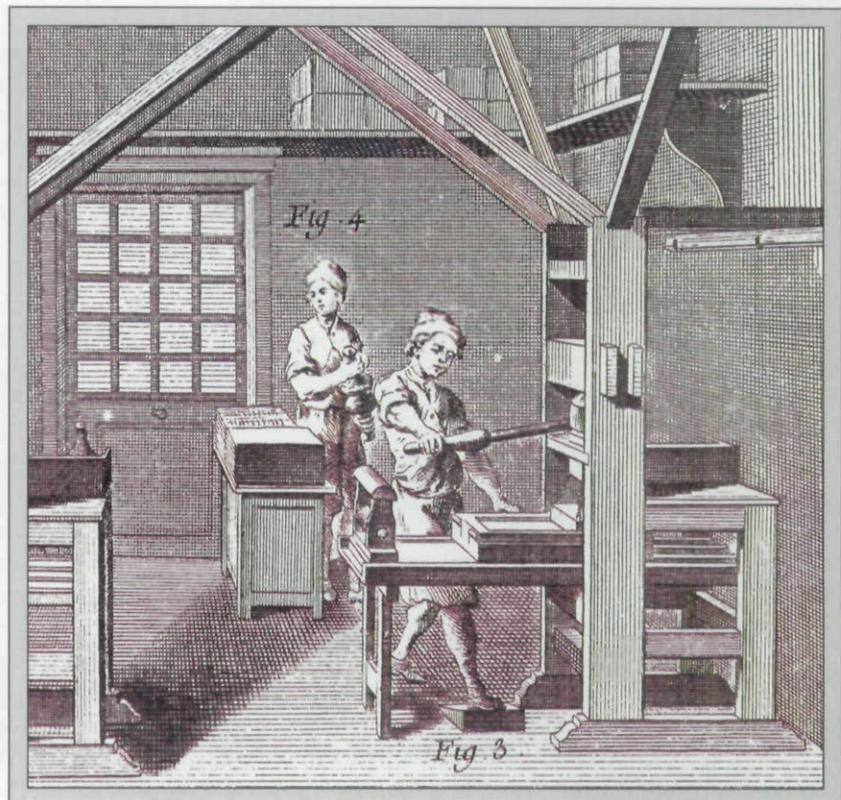
The power of the organization can be restrained by political power. It can be made subject to due process and to review by the courts. But it must be exercised by individual organizations rather than by political authorities. This is why post-capitalist society talks so much about social responsibilities of the organization.

It is futile to argue, as Milton Friedman, the American economist and Noble-laureate does, that a business has only one responsibility: economic performance. Economic performance is the *first* responsibility of a business. Indeed, a business that does not show a profit at least equal to its cost of capital is irresponsible; it wastes society's resources. Economic performance is the base without which a business cannot discharge any other responsibilities, cannot be a good employee, a good citizen, a good neighbor. But economic performance is not the *only* responsibility of a business any more than educational performance is the only responsibility of a school or health care the only responsibility of a hospital.

Unless power is balanced by responsibility, it becomes tyranny. Furthermore, without responsibility power always degenerates into nonperformance, and organizations must perform. So the demand for socially responsible organizations will not go away but rather widen.

Fortunately, we also know, if only in rough outline, how to answer the problem of social responsibility. Every organization must assume full responsibility for its impact on employees, the environment, customers, and whomever and whatever it touches. That is its social responsibility. But we also know that society will increasingly look to major organizations, for-profit and nonprofit alike, to tackle major social ills. And there we had better be watchful because good intentions are not always socially responsible. It is irresponsible for an organization to accept – let alone to pursue – responsibilities that would impede its capacity to perform its main task and mission or to act where it has no competence.

**O**rganization has become an everyday term. Everybody nods when somebody says, "In our organization, everything should revolve around the customer" or "In this organization, they never forget a mistake." And most, if not all, social tasks in every developed country are performed in and by an organization of



one kind or another. Yet no one in the United States—or anyplace else—talked of “organizations” until after World War II. *The Concise Oxford Dictionary* did not even list the term in its current meaning in the 1950 edition. It is only the emergence of management since World War II, what I call the “Management Revolution,” that has allowed us to see that the organization is discrete and distinct from society’s other institutions.

Unlike “community,” “society,” or “family,” organizations are purposefully designed and always specialized. Community and society are defined by the bonds that hold their members together, whether they be language, culture, history, or locality. An organization is defined by its task. The symphony orchestra does not attempt to cure the sick; it plays music. The hospital takes care of the sick but does not attempt to play Beethoven.

Indeed, an organization is effective only if it concentrates on one task. Diversification destroys the performance capacity of an organization, whether it is a business, a labor union, a school, a hospital, a community service, or a house of worship. Society and community must be multidimensional; they are environments. An organization is a tool. And as with any other tool, the more specialized it is, the greater its capacity to perform its given task.

Because the modern organization is composed of specialists, each with his or her own narrow area of expertise, its mission must be crystal clear. The organization must be single-minded, or its members will become confused. They will follow their own specialty rather than apply it to the common task. They will each define “results” in terms of their own specialty and impose its values on the organization. Only a focused and common mission will

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hold the organization together and enable it to produce. Without such a mission, the organization will soon lose credibility and, with it, its ability to attract the very people it needs to perform.

It can be all too easy for managers to forget that joining an organization is always voluntary. De facto there may be little choice. But even where membership is all but compulsory—as membership in the Catholic church was in all the countries of Europe for many centuries for all but a handful of Jews and Gypsies—the fiction of voluntary choice is al-

ways carefully maintained: the godfather at the infant’s baptism pledges the child’s voluntary acceptance of membership in the church.

Likewise, it may be difficult to leave an organization—the Mafia, for instance, a big Japanese company, the Jesuit order. But it is always possible. And the more an organization becomes an organization of knowledge workers, the easier it is to leave it and move elsewhere. Therefore, an organization is always in competition for its most essential resource: qualified, knowledgeable people.

All organizations now say routinely, “People are our greatest asset.” Yet few practice what they preach, let alone truly believe it. Most still believe, though perhaps not consciously, what nineteenth-century employers believed: people need us more than we need them. But, in fact, organizations have to market membership as much as they market products and services—and perhaps more. They have to attract people, hold people, recognize and reward people, motivate people, and serve and satisfy people.

The relationship between knowledge workers and their organizations is a distinctly new phenomenon, one for which we have no good term. For example, an employee, by definition, is someone who gets paid for working. Yet the largest single group of “employees” in the United States is comprised of the millions of men and women who work several hours a week without pay for one or another nonprofit organization. They are clearly “staff” and consider themselves as such, but they are unpaid volunteers. Similarly, many people who work as employees are not employed in any legal sense because they do not work for someone else. Fifty or sixty years ago, we would have spoken of these people (many, if not most, of whom are educated professionals) as “independent”; today we speak of the “self-employed.”

These discrepancies—and they exist in just about every language—remind us why new realities often demand new words. But until such a word emerges, this is probably the best definition of employees in the post-capitalist society: people whose ability to make a contribution depends on having access to an organization.

As far as the employees who work in subordinate and menial occupations are concerned—the salesclerk in the supermarket, the cleaning woman in the hospital, the delivery-truck driver—the consequences of this new definition are small. For all practical purposes, their position may not be too different from that of the wage earner, the “worker” of yesterday, whose direct descendants they are. In

fact, this is precisely one of the central social problems modern society faces.

But the relationship between the organization and knowledge workers, who already number at least one-third and more likely two-fifths of all employees, is radically different, as is that between the organization and volunteers. They can work only because there is an organization, thus they too are dependent. But at the same time, they own the "means of production"—their knowledge. In this respect, they are independent and highly mobile.

Knowledge workers still need the tools of production. In fact, capital investment in the tools of the knowledge employee may already be higher than the capital investment in the tools of the manufacturing worker ever was. (And the social investment, for example, the investment in a knowledge worker's education, is many times the investment in the manual worker's education.) But this capital investment is unproductive unless the knowledge worker brings to bear on it the knowledge that he or she owns and that cannot be taken away. Machine operators in the factory did as they were told. The machine decided not only what to do but how to do it. The knowledge employee may well need a machine, whether it be a computer, an ultrasound analyzer, or a telescope. But the machine will not tell the knowledge worker what to do, let alone how to do it. And without this knowledge, which belongs to the employee, the machine is unproductive.

Further, machine operators, like all workers throughout history, could be told what to do, how to do it, and how fast to do it. Knowledge workers cannot be supervised effectively. Unless they know more about their specialty than anybody else in the organization, they are basically useless. The marketing manager may tell the market researcher what the company needs to know about the design of a new product and the market segment in which it should be positioned. But it is the market researcher's job to tell the president of the company what market research is needed, how to set it up, and what the results mean.

During the traumatic restructuring of American business in the 1980s, thousands, if not hundreds of thousands, of knowledge employees lost their jobs. Their companies were acquired, merged, spun off, or liquidated. Yet within a few months, most of them found new jobs in which to put their knowledge to work. The transition period was painful, and in about half the cases, the new job did not pay quite as much as the old one did and may not have been as enjoyable. But the laid-off technicians, professionals, and managers found they had the "capi-

tal," the knowledge: they owned the means of production. Somebody else, the organization, had the tools of production. The two needed each other.

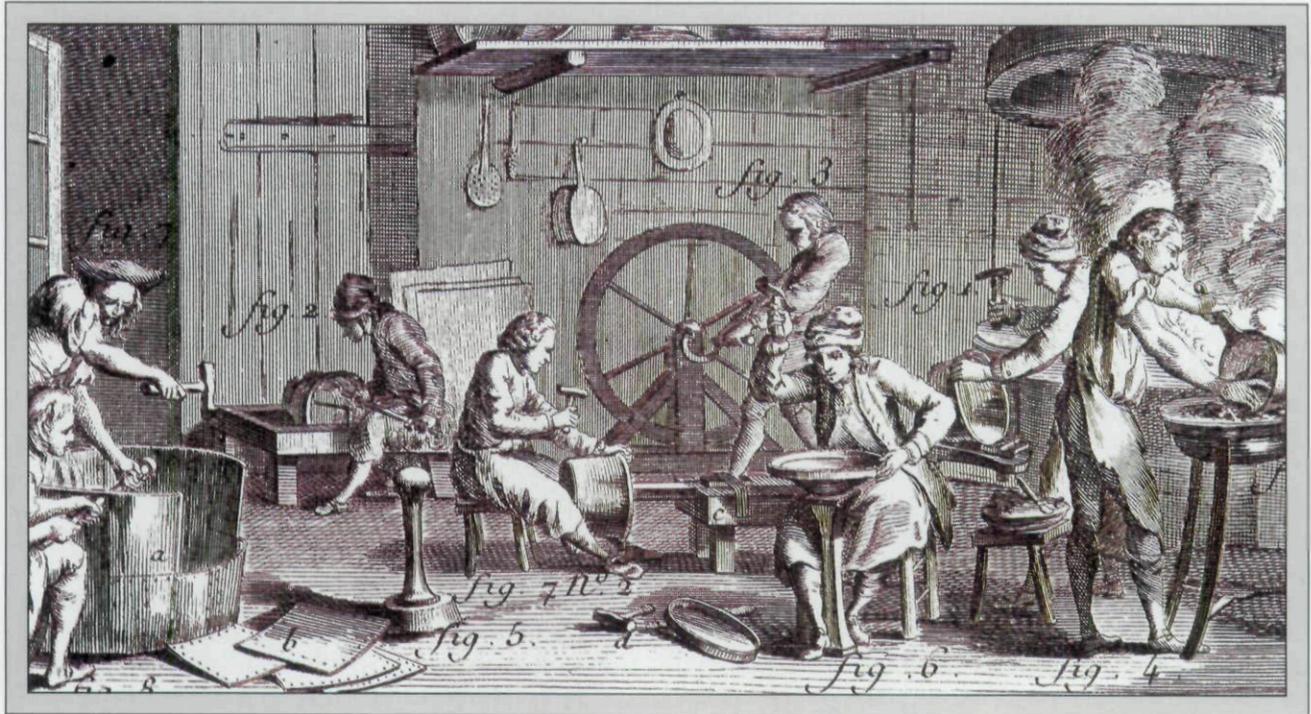
One consequence of this new relationship—and it is another new tension in modern society—is that loyalty can no longer be obtained by the paycheck. The organization must earn loyalty by proving to its knowledge employees that it offers them exceptional opportunities for putting their knowledge to work. Not so long ago we talked about "labor." Increasingly we are talking about "human resources." This change reminds us that it is the individual, and especially the skilled and knowledgeable employee, who decides in large measure what he or she will contribute to the organization and how great the yield from his or her knowledge will be.

**B**ecause the modern organization consists of knowledge specialists, it has to be an organization of equals, of colleagues and associates. No knowledge ranks higher than another; each is judged by its contribution to the common task rather than by any inherent superiority or inferiority. Therefore, the modern organization cannot be an organization of boss and subordinate. It must be organized as a team.

There are only three kinds of teams. One is the sort of team that plays together in tennis doubles. In that team—and it has to be small—each member adapts himself or herself to the personality, the skills, the strengths, and the weaknesses of the other member or members. Then there is the team that plays European football or soccer. Each player has a fixed position; but the whole team moves together (except for the goalie) while individual members retain their relative positions. Finally, there is the American baseball team—or the orchestra—in which all the members have fixed positions.

At any given time, an organization can play only one kind of game. And it can use only one kind of team for any given task. Which team to use or game to play is one of the riskiest decisions in the life of an organization. Few things are as difficult in an organization as transforming from one kind of team to another.

Traditionally, American industry used a baseball-style team to produce a new product or model. Research did its work and passed it on to engineering. Engineering did its work and passed it on to manufacturing. Manufacturing did its work and passed it on to marketing. Accounting usually came in at the manufacturing phase. Personnel usually came in only when there was a true crisis—and often not even then.



Then the Japanese reorganized their new product development into a soccer team. In such a team, each function does its own work, but from the beginning they work together. They move with the task, so to speak, the way a soccer team moves with the ball. It took the Japanese at least 15 years to learn how to do this. But once they had mastered the new concept, they cut development time by two-thirds. Where traditionally it has taken 5 years to bring out a new automobile model, Toyota, Nissan, and Honda now do it in 18 months. This, as much as their quality control, has given the Japanese the upper hand in both the American and European automobile markets.

Some American manufacturers have been working hard to reorganize their development work according to the Japanese model. Ford Motor Company, for instance, began to do so in the early 1980s. Ten years later, in the early 1990s, it has made considerable progress—but not nearly enough to catch up with the Japanese. Changing a team demands the most difficult learning imaginable: unlearning. It demands giving up hard-earned skills, habits of a lifetime, deeply cherished values of craftsmanship and professionalism, and—perhaps the most difficult of all—it demands giving up old and treasured human relationships. It means abandoning what people have always considered “our community” or “our family.”

But if the organization is to perform, it must be organized as a team. When modern organizations first arose in the closing years of the nineteenth

century, the only model was the military. The Prussian Army was as much a marvel of organization for the world of 1870 as Henry Ford's assembly line was for the world of 1920. In the army of 1870, each member did much the same thing, and the number of people with any knowledge was infinitesimally small. The army was organized by command-and-control, and business enterprise as well as most other institutions copied that model. This is now rapidly changing. As more and more organizations become information-based, they are transforming themselves into soccer or tennis teams, that is, into responsibility-based organizations in which every member must act as a responsible decision maker. All members, in other words, have to see themselves as “executives.”

Even so, an organization must be managed. The management may be intermittent and perfunctory, as it is, for instance, in the Parent-Teacher Association at a U.S. suburban school. Or management may be a full-time and demanding job for a fairly large group of people, as it is in the military, the business enterprise, the labor union, and the university. But there have to be people who make decisions or nothing will ever get done. There have to be people who are accountable for the organization's mission, its spirit, its performance, its results. Society, community, and family may have “leaders,” but only organizations know a “management.” And while this management must have considerable authority, its job in the modern organization is not to command. It is to inspire.

**T**he society of organizations is unprecedented in human history. It is unprecedented in its performance capacity both because each of its constituent organizations is a highly specialized tool designed for one specific task and because each bases itself on the organization and deployment of knowledge. It is unprecedented in its structure. But it is also unprecedented in its tensions and problems. Not all of these are serious. In fact, some of them we already know how to resolve—issues of social responsibility, for example. But there are other areas where we do not know the right answer and where we may not even be asking the right questions yet.

There is, for instance, the tension between the community's need for continuity and stability and the organization's need to be an innovator and destabilizer. There is the split between "literati" and "managers." Both are needed: the former to produce knowledge, the latter to apply knowledge and make it productive. But the former focus on words and ideas, the latter on people, work, and performance. There is the threat to the very basis of the society of organizations—the knowledge base—that arises from ever greater specialization, from the shift from knowledge to *knowledges*. But the greatest and most difficult challenge is that presented by society's new pluralism.

For more than 600 years, no society has had as many centers of power as the society in which we now live. The Middle Ages indeed knew pluralism. Society was composed of hundreds of competing and autonomous power centers: feudal lords and knights, exempt bishoprics, autonomous monasteries, "free" cities. In some places, the Austrian Tyrol, for example, there were even "free peasants," beholden to no one but the Emperor. There were also autonomous craft guilds and transnational trading leagues like the Hanseatic Merchants and the merchant bankers of Florence, toll and tax collectors, local "parliaments" with legislative and tax-raising powers, private armies available for hire, and myriads more.

Modern history in Europe—and equally in Japan—has been the history of the subjugation of all competing centers of power by one central authority, first called the "prince," then the "state." By the middle of the nineteenth century, the unitary state had triumphed in every developed country except the United States, which remained profoundly pluralistic in its religious and educational organizations. Indeed, the abolition of pluralism was the "progressive" cause for nearly 600 years.

But just when the triumph of the state seemed assured, the first new organization arose—the large

business enterprise. (This, of course, always happens when the "End of History" is announced.) Since then, one new organization after another has sprung up. And old organizations like the university, which in Europe seemed to have been brought safely under the control of central governments, have become autonomous again. Ironically, twentieth-century totalitarianism, especially communism, represented the last desperate attempt to save the old progressive creed in which there is only one center of power and one organization rather than a pluralism of competing and autonomous organizations.

That attempt failed, as we know. But the failure of central authority, in and of itself, does nothing to address the issues that follow from a pluralistic society. To illustrate, consider a story that many people have heard or, more accurately, misheard.

During his lifetime, Charles E. Wilson was a prominent personality in the United States, first as president and chief executive officer of General

Since the Middle Ages, no society has had as many centers of power as the one in which we now live.

Motors, at that time the world's largest and most successful manufacturer, then as secretary of defense in the Eisenhower administration. But if Wilson is remembered at all today it is for something he did *not* say: "What is good for General Motors is good for the United States." What Wilson actually said in his 1953 confirmation hearings for the Defense Department job was: "What is good for the United States is good for General Motors."

Wilson tried for the remainder of his life to correct the misquote. But no one listened to him. Everyone argued, "If he didn't say it, he surely believes it—in fact he *should* believe it." For as has been said, executives in an organization—whether business or university or hospital or the Boy Scouts—must believe that its mission and task are society's most important mission and task as well as the foundation for everything else. If they do not believe this, their organization will soon lose faith in itself, self-confidence, pride, and the ability to perform.

The diversity that is characteristic of a developed society and that provides its great strength is only possible because of the specialized, single-task organizations that we have developed since the Industrial Revolution and, especially, during the last 50 years. But the feature that gives them the capaci-

ty to perform is precisely that each is autonomous and specialized, informed only by its own narrow

## Who will take care of the Common Good? Who will define it?

mission and vision, its own narrow values, and not by any consideration of society and community.

Therefore, we come back to the old—and never resolved—problem of the pluralistic society: Who takes care of the Common Good? Who defines it? Who balances the separate and often competing goals and values of society's institutions? Who makes the trade-off decisions and on what basis should they be made?

Medieval feudalism was replaced by the unitary sovereign state precisely because it could not answer these questions. But the unitary sovereign state has now itself been replaced by a new pluralism—a pluralism of function rather than one of political power—because it could neither satisfy the needs of society nor perform the necessary tasks of community. That, in the final analysis, is the most fundamental lesson to be learned from the failure of socialism, the failure of the belief in the all-embracing and all-powerful state. The challenge that faces us now, and especially in the developed, free-market democracies such as the United States, is to make the pluralism of autonomous, knowledge-based organizations redound both to economic performance and to political and social cohesion. 

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