

*Question:*

Is capitalism the most effective way to  
advance society?

*Answer:*

Surely not! Democratic socialism would  
be far superior

Prof Paul S. Adler

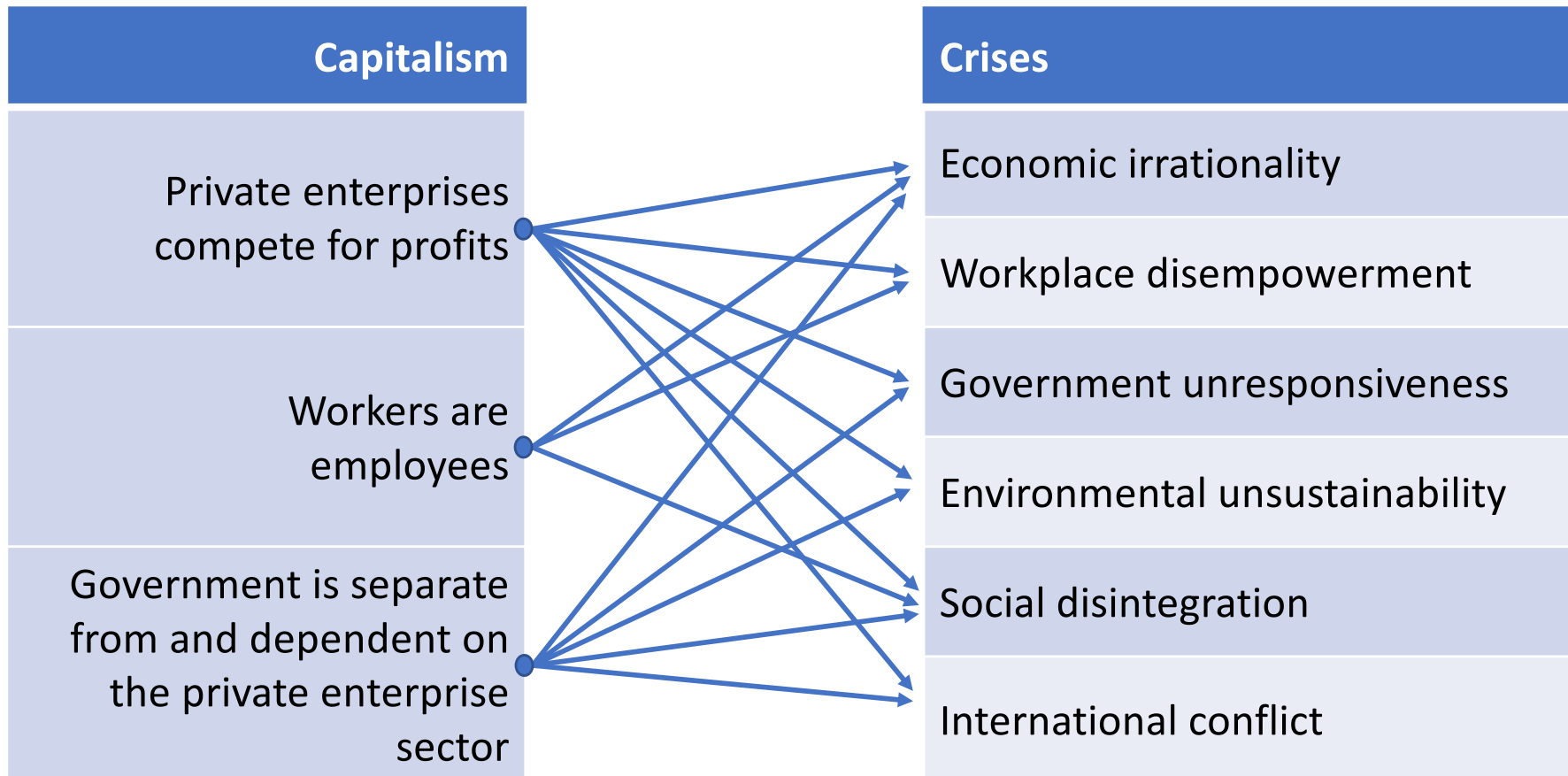
Marshall School of Business

QUASI seminar Oct 16, 2020

# Six recurrent and/or deepening crises

- Economic irrationality
- Workplace disempowerment
- Government unresponsiveness
- Environmental unsustainability
- Social disintegration
- International conflict
- *And it doesn't have to be this way!*

# Capitalism is the root cause



# Limitations of reform efforts

- Ethical business?
- Government regulation?
- Social-democracy?

# From private profits to public good

- We need to socialize control over production and investment decisions...
  - not only within enterprises
  - but also across industries and regions and the economy as a whole
- But how can we assure that this economy-wide control is democratic and effective?
  - **“It’s never worked anywhere before!”**
  - **Our Aristotle problem**

**THE 99  
PERCENT  
ECONOMY**

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**HOW DEMOCRATIC  
SOCIALISM CAN  
OVERCOME THE CRISES  
OF CAPITALISM**

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**PAUL S. ADLER**

# Strategic management: goals

- Strategizing
  - Goal: Mobilize resources to capitalize on economies of scale and scope to realize superordinate goals
- Innovation
  - Goal: Mobilize a critical mass of R&D experts, avoiding duplicative research efforts
- Efficiency
  - Goal: Standardize best practices and components
- Motivation
  - Goal: Buffer personnel from the randomness of market to sustain shared goals

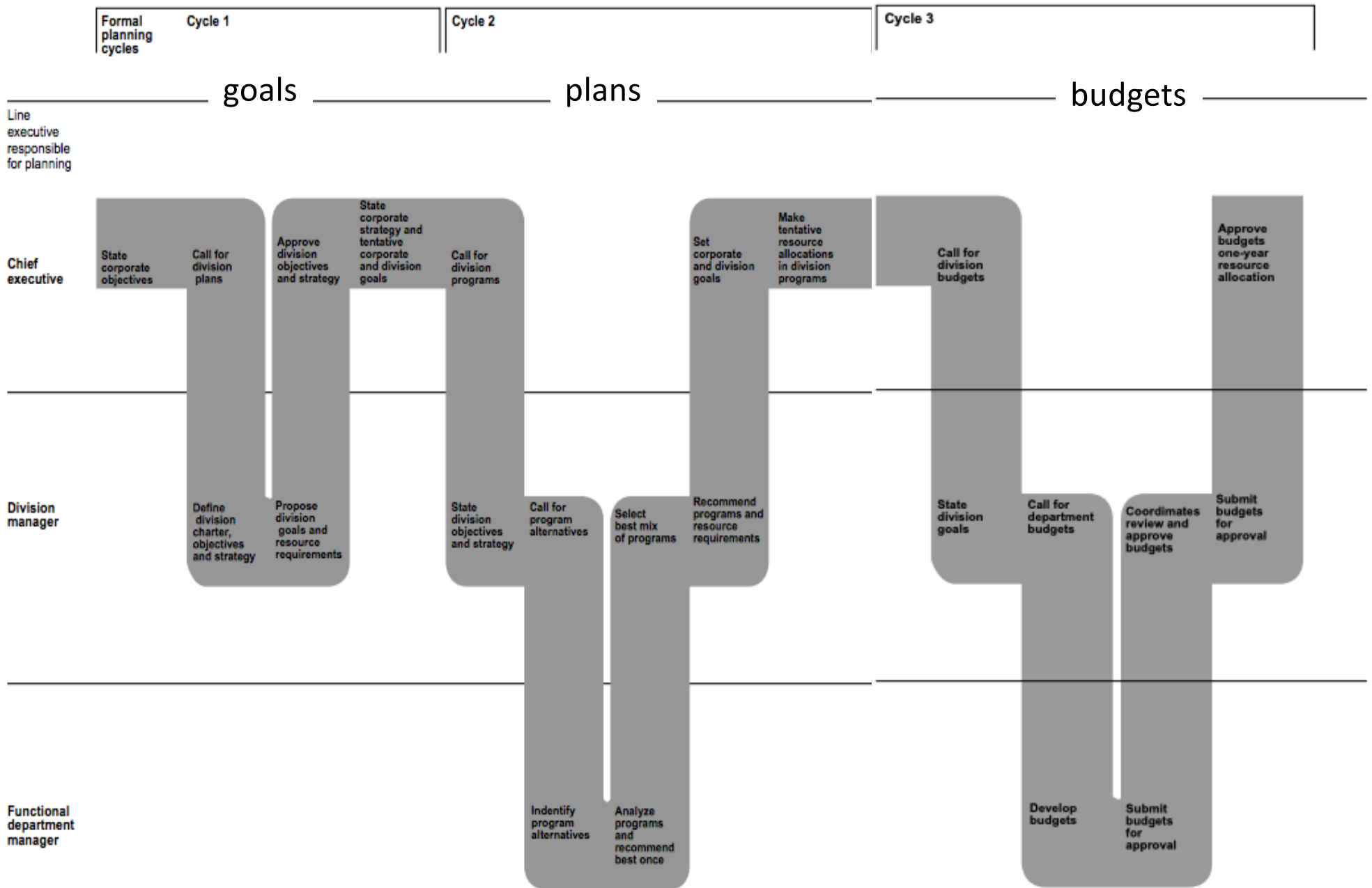
# Strategic management: challenges

- Strategizing
  - Goal: Mobilize resources to capitalize on economies of scale and scope to realize superordinate goals
  - Challenge: Ensuring that HQ gets valid data and that local units buy into the plan
- Innovation
  - Goal: Mobilize a critical mass of R&D experts, avoiding duplicative research efforts
  - Challenge: Maintaining entrepreneurial energy, and overcoming implementation gaps
- Efficiency
  - Goal: Standardize best practices and components
  - Challenge: Maintaining efficiency despite rigidity and alienation
- Motivation
  - Goal: Buffer personnel from the randomness of market to sustain shared goals
  - Challenge: Maintaining motivated, creative individualism in a system that requires conformance



# Strategic management: Solutions

- Strategizing: Participative centralization
  - Iterative, participative planning process to identify, pursue, and track shared goals



“Strategic Planning in Diversified Companies,”  
 Richard F. Vancil, Peter Lorange (HBR 1974)



"An excellent book ... demonstrates Marta's ability to process an accumulation of knowledge and convert it into something concrete."  
—ALVARO GARCÍA LINERA, VICE-PRESIDENT OF BOLIVIA

A Decentralized Participatory Planning Proposal  
**PLANNING** *from* **BELOW**

.....  
Marta Harnecker and José Bartolomé



# Strategic management: Solutions

- Strategizing: Participative centralization
  - Iterative, participative planning process to identify, pursue, and track shared goals
- Innovation: Integrative specialization
  - Invest in both centralized and local R&D
  - Build bridges between R&D and Ops
  - Build innovation capacity in Ops
- Efficiency: Enabling standardization
  - Involve "doers" in developing and refining standards
- Motivation: Interdependent individualism
  - Incentivize both individualistic divergent thinking and collectivistic conformance
  - Build T-shaped skills

# Socialized ownership plus democratic control

- Ownership: Control without ownership is precarious
- Control: as in advanced firms, should be as local as possible...and as centralized as necessary
- Democracy:
  - Recognize society's means of production as public property
  - Protect legitimate forms of private property
  - Protect rights of minorities
  - Ensure rule of law
  - Institutionalize multi-party system
  - Guarantee freedom of speech
- Democracy will become a form of life
  - Yes, socialism means a lot more meetings...but that's feasible with a 20-25 hour work-week

# Implications for our research

- Don't confuse capitalist organization with transhistorical organization-in-general
  - Different class structures "color" differently universal functions
    - For ex: Centralization does not necessarily preclude Participation
- Capture the ambivalence of firms' effort to mobilize employee discretionary effort:
  - Simultaneously domination/exploitation *and* socialized collaboration
- Expand our horizons: connect mgt scholarship with "Political economy" (as it has with Psych, Soc, Econ, etc.)

# Research topics

- “Structural” (economic) power of business
  - Not only direct influence, as in Corporate Political Strategy, business associations’ political advocacy, etc
  - Not only cultural power, as in neo-institutionalist theory
- Models of large-scale democratic strategic management
  - Re-energize research on corporate strategic planning
  - Track historical development of new, more advanced models of strategizing and managing
  - Beyond the private sector—public sector and parties
- Pathways of change