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THE EVOLUTION OF INDUSTRIAL SOCIAL
RESPONSIBILITY AND WHERE IT LEADS
BUSINESS — A WESTERN VIEW

by

Ferdinand F. Mauser

Background of the Problem of Industrial Social Responsibility

As Japan's industrial society matures, it is not surprising to find that there are criticisms of the affects of mass production/distribution on society. Business leaders are puzzled by these criticisms for they have felt that they had been assigned the role to raise the standard of living of the nation. As Japanese GNP and per capita income increase and Japanese companies assume leadership the world over, Japanese business leaders rightly look to their achievements with pride. Yet instead of receiving congratulations for the economic production and distribution miracle that they have built which is the envy of the world, they are surprised to receive instead harsh criticism from important segments of Japanese society about the impact of mass production technology and volume distribution upon society.

This public sentiment is directed towards:

1. concern about the environment. Pollution of water, earth, and air.
2. quality of products. Whether they are free of safety hazards, are healthy to consume and function properly and whether their use conserves rather than wastes energy and other resources.
3. how products and services are marketed. Are they advertised in a vulgar, misleading fashion? Does their promotion place the value of self-indulgence above the traditional Japanese value of doing what is best for the group? Is it good for the national character when people are taught above all to spend? Isn't business and the themes of its advertising programs going against Japanese tradition that people should first think of saving and think ahead about their family responsibilities, educations, and work obligations?

The public today takes modern mass production and distribution achievements for granted. Man has won his battle of exploiting nature for his own benefit. Japanese industry has done its job of production so well, that the Japanese people assume that their industrial complex can produce whatever is needed. Thinking

people however worry about deeper problems and think ahead about the future for they know that Japan is poor in natural assets. They are concerned whether (1) energy and other resources will continue to be available in sufficient quantities to adequately supply the industrial complex, (2) the environment will be restored and preserved so people and nature will once again be given priority over industrialization, and (3) the industrial complex will adapt itself to meet new social responsibilities.

People in the past were perhaps willing to excuse industry for its excesses in polluting and profiteering while Japan was busy catching up with the most advanced industrial nations. However now that Japan has caught up and indeed is in the lead, Japanese industry is expected to restore the damage it has done to the Japanese environment and to take the lead in assuring that the Quality of Life in Japan matches and surpasses its economic capabilities.

In order to understand this shift in social focus from the former production emphasis of industrialization to present concern about harmony with nature, it is instructive to review how this parallel evolution in emphasis took place in the United States. The social impact of industrialization first traditionally manifest themselves in the United States. Japan is thus fortunate in being able to observe what happens in America for it provides clues as to what may be expected to happen in the future in Japan.

The Emerging Consumer Movement

Historically, in the United States, as the criticism of industrialization mounted, the discontent was transformed into an action force that was eventually labeled as the Consumer Movement. The Consumer Movement can be defined as the social force that protects the consumer from the excesses of industry by exerting legal, moral, and economic pressures.

The Three Waves of Consumerism in the United States

Since the movement first evolved, three waves of consumerism can be roughly identified. The first occurred in the early 1900s. It was fueled by scandals in the ethical drug field and by Upton Sinclair's book, *The Jungle*, which was an expose' about conditions in the Chicago stockyards. The second wave of consumerism took place in the 1930s. It was an outgrowth of the Great Depression. Stuart Chase and F. J. Schlink's best seller book, *Your Money's Worth*, dealing with consumer abuses, further stoked the fire. The third and present wave of consumerism began in the 1960s. It was spurred by Ralph Nader who published a book, *Unsafe at Any Speed*, in 1966. The book publicized dangerous defects in Corvair automobiles. Through it and further developments, Nader successfully took the world's largest corporation, General Motors, to task. At about the same time, on a much broader front, Rachel Carson's book, *Silent Spring*, probably had the deepest impact of all, for it was more thoughtful and revealed how

industrial activities and man's conduct in general were heedlessly undermining nature and jeopardizing man's very existence.

Laws were passed in response to each of these three waves of protests. For example, the original Pure Food and Drug Act was passed in 1906. It has been improved upon twice since. The original act was designed to prohibit the adulteration and misbranding of food and drugs in interstate commerce. In 1938, the Food, Drug, and Cosmetics Act was passed to correct loopholes in the original Act. This law was further tightened in 1962.

Recognition of Consumer Rights

Great impetus was given to the Consumer Movement in the early 1960s by President Kennedy's message to Congress on protecting consumer interests. He provided the first presidential endorsement of consumer affairs. He established a Consumer Advisory Council that published a report that included a "Bill of Rights" for consumers. By this means, the American government committed itself to protection of consumers' rights. The influence was so great that consumer groups living in democracies throughout the world were strengthened in their determination to organize and to be heard. Since that time they have become stronger and more articulate for they have come to realize that there is such a thing as a "consumer bill of rights" and that businesses and governments in democracies must be held accountable in terms of those rights.

The "Bill of Rights for Consumers" that President Kennedy spelled out was as follows:

1. *The Right to Safety:* This right assures that products and the way they are marketed are not hazardous to health or life. Deriving from this right there are now laws concerned with safety that regulate foods, drugs, tires, toys, and clothing. Not only must toys be safe for children, their clothing must also be non-toxic and fire-proof. A further idea that is emerging is that if potential exists for dangerous misuse, consumers must even be protected from themselves. This idea was enacted into law when tobacco advertising was banned from TV and radio and a clear warning was required in all printed advertising stating that smoking tobacco products may be injurious to health.

2. *The Right to be Informed:* This assures that information directed at consumers is not fraudulent, deceitful, or misleading. It is a well-accepted principle that the consumer should not be deceived. The Federal Trade Commission in America polices advertising and has determined that an advertising claim, even when actually true, deceives if it falsely implies that a claim is unique for the advertiser's product. When an American baking company, Wonder Bread, advertised that its bread "Builds bodies 12 ways", the claim was considered deceptive, not because it was untrue, but because the same claim holds for other brands too. People exposed to such advertising might assume that the claim was unique. In a landmark court decision, Wonder Bread was forced to run remedial advertising to correct the false impressions that the original advertising may

have created.

A wide range of legislation related to information has been enacted or is being considered. The Truth-in-Lending Act of 1969 is designed to assure that consumers are clearly informed about interest rates they are required to pay for consumer credit. Care labeling laws require clothing manufacturers to provide labels on clothing that explain how to take care of what is purchased. Hotly debated proposed unit-pricing legislation seeks to provide better price information for groceries by requiring that prices be indicated on a per unit basis (thus all consumer packages regardless of size will show the price per kilogram or per liter).

3. *The Right to Choose*: This assures that competition is maintained in the marketplace. The right to choose dates back to the early anti-trust acts of 1890 which legislated against monopolies. Some people believe that lack of competition harms the consumer movement because, they argue, if adequate competition exists, companies are forced by market pressures to provide satisfactory products and services. Therefore it is in the interest of the Consumer Movement, so the argument runs, to see that healthy competition between firms is maintained.

The major thrust regarding the right to choose is toward increasing the number of competitors, providing encouragement and help for small businessmen, and in making sure that companies *do* compete and *do not* have agreements or practices that restrain trade.

4. *The Right to be Heard*: This assures that consumer interests will receive full and sympathetic consideration by government agencies. One of the problems of the Consumer Movement has been that it has been so loosely organized and lacks strong lobbies or spokesmen. Thus President Johnson, in 1964, followed up what president Kennedy started and created the Office of Special Assistant to the President for Consumer Affairs. President Carter in 1977 strengthened the office. Some of the states now have passed laws that make it possible for consumer groups to bring civil action suits into the courts. Japan is very familiar with this new phenomenon which enables consumer groups to sue polluting companies and stop noise and airport construction.

Non-Government Reaction to Consumerism

The evolution of the Consumer Movement extends well beyond the governmental level. Besides governmental reaction which has been discussed, reaction to the Consumer Movement takes place on two additional levels. These are the non-governmental protective agencies, and individual businesses themselves.

Non-Governmental Protective Agencies

Since the criticism from the Consumer Movement gained momentum in the 1960s, nationally trade groups such as the appliance industry and consumer testing

organizations, and locally Better Business Bureaus have substantially increased their complaint-handling capabilities.

The two most powerful private non-governmental protective agencies are the Better Business Bureau and Consumers' Union. The Better Business Bureau is businesses' voluntary response to the Consumer Movement. It is a voluntary self-regulation effort on the part of responsible business interests who group their forces in an attempt on the local level to make businesses more responsible. The activity is on a community basis. There are about 130 Better Business Bureaus throughout America that are financed by membership dues or subscriptions from businesses. They seek to secure reasonable standards of practice governing advertising and selling. The bureaus also provide a complaint service for consumers and try to work out satisfactory adjustments between buyer and seller.

Developments in the 1920s lead to the establishment of an additional kind of non-governmental protective organization. These were testing organizations that were completely independent such as Consumers' Union which issues the widely read and influential *Consumers' Reports*, a large-circulation magazine that tests products and rates them "best buys", "also acceptable" and "not acceptable". The power of this organization is said to be quite strong.

Some states and smaller localities, trade and credit unions, also have offices of consumer affairs. Furthermore, the Consumer Movement is strongly identified with the cooperative movement and has taken on an international character. The Scandinavian countries, Switzerland (Zurich is headquarters of Migros, a mammoth cooperative with affiliations in many countries) the EEC countries (European Economic Community), and Japan all have deeply entrenched and strongly committed Consumer Movements.

How Individual Businesses Respond to the Consumer Movement

Professor Larry J. Rosenberg effectively describes** how businesses respond to the pressures of consumerism.

1. *Ignore it.* Essentially these businesses sit and wait and hope it will go away.
2. *Resist it.* Large and powerful businesses and industries lobby against passage of regulatory legislation, such as the automobile industry's condemnation of President Carter's energy conservation program and delay seeking tactics for pollution standards.
3. *Profit by it.* Foreign automobile manufacturers, especially the Japanese have been able to successfully to penetrate the American market further by taking the lead in fuel consumption economy and lowering pollution levels more quickly than American domestic automobile producers.
4. *Adopt to it voluntarily.* Industries often see the handwriting on the

** pp. 80-81, Marketing, Prentice-Hall, Inc. Englewood Cliffs, New Jersey, 1977.

wall and voluntarily adapt operations as utilities do when they switch to low sulfur content coal before the government requires it.

5. *Adopt self-regulation.* For example, some advertising mediums set their own standards as to the kind of advertising they will accept. Some publications, such as the American *Ladies Home Journal* set standards higher than anything the government has attempted. *The Readers Digest* for example, will not accept cigarette advertising.
6. *Accept the government way.* Redesign products and make engineering changes to encompass safety and environmental considerations that the government is concerned about. Many companies respond as they see government action coming so they keep a step ahead of what the government will enact.

Obviously, how business responds to the Consumer Movement depends upon the individual business. The range of attention consumers can expect if they have a product or service complaint is from getting no satisfaction at all to complete satisfaction. How this is quantified is discussed in the following section.

How Well Have Individual Businesses Handled the Consumer Movement?

The question as to how well business has been responding to the Consumer Movement is indeed difficult to judge. In spite of the increase in institutional type of advertising in which corporations increasingly make claims about how socially responsible they are, and with the growth of the number of warranties issued with products and the proliferation of guarantees, government agencies and consumer organizations continue to claim that business is not doing enough. Significantly, public pressure is being put on political appointees and candidates to establish more and better non-business mechanisms to handle consumer complaints. This is an attractive political issue that catches votes. Therefore political candidates increasingly are making Consumerism a campaign issue. The inference is that consumers are not satisfied with the present mechanisms that business offers to keep consumers satisfied.

Until recently there has been a great lack of data about a topic that generates so much debate. For example, no one really knew how frequently consumers had problems with the products or services that they buy. Or was there any knowledge of a quantifiable kind that measured how they reacted when they were dissatisfied with a product or service.

Now this glaring shortcoming has been rectified, at least in part. An extensive study about this subject has been made by means of a grant from the Carnegie Corporation of New York. Results of the study are reported in the July/August, 1977 issue of the *Harvard Business Review* in an article by Alan R. Andreasen and Arthur Best, titled: "Consumers Complain—Does Business Respond?"

Data on consumer satisfaction with 28,574 purchases in 26 product and

8 service categories were collected in the spring of 1975 in a telephone interview study of 2,419 households in 34 major metropolitan areas in the continental United States. The products and services chosen reflected the major categories in the consumer price index and categories like mail order goods, where customer dissatisfaction has been reported to be serious. Included were air conditioners and medical and dental care to give an idea of the range.

The results reveal the following:

- 1) one in five purchases of products and services resulted in consumers' dissatisfaction with something other than price.
- 2) in less than half of the above reported complaint cases, did the customers call the complaint to the attention of the producer or distributor. In other words, the majority who were dissatisfied with a product or service did nothing about it.
- 3) of those who did lodge a formal complaint, one out of three were dissatisfied with the solution to the problem.

As is to be expected, low-cost, frequently purchased products received the highest satisfaction rates. This was probably because businesses are likely to resolve problems in order to maintain goodwill if the effort involves little or no outlay of money. Services yielded the lowest levels of satisfaction, appliance repairs and medical-dental care producing only one in three happy outcomes.

Whereas business executives and the business press of late has been publicizing that greater numbers of third parties are getting involved in consumer complaint cases (government agencies, Better Business Bureaus, etc.), the research data in this study shows that third party involvement is rare. The research findings also reveal that government agencies are only responding to the tip of the iceberg which may not be fully representative of the whole problem. The authors of the study conclude that this is a very weak base for effective government regulation. Business is reacting from similar inadequate knowledge, for every four cases business hears about, there are six in the marketplace that goes unheard.

A point that must be considered is the matter of whether complaints that are made are actually valid. When businesses investigate complaints, certainly all complaints are not valid. They may be the result of misunderstanding about how the product should be used, or of unreasonable expectations for the product performance for which the product was never designed or sold. Whereas the Harvard Business Review study did not go into this point, at an American Management Association conference on handling consumer complaints, representatives of both consumer and industrial marketers estimated that the proportion of truly valid complaints that they receive ranged from 20% to 80%. The solution that suggests itself here is better communication with the consumer *before* the product or service is purchased and also that consumers should be informed about what to expect at the time of purchase so they will not be disappointed once they use the product or service.

Still another indication of how poorly the general public believes business is meeting its social responsibilities is how young people view business executives. In 1975 the George Gallup research organization conducted a national poll among American college students asking them to rate 11 occupations in terms of "honesty" and "ethical standards."**

HOW COLLEGE STUDENTS IN THE U.S.A. VIEW
DIFFERENT OCCUPATIONS IN TERMS OF
HONESTY AND ETHICAL STANDARDS
(Percent Who Feel the Occupation Rates High or Very High)

College teachers	70%
Medical doctors	66%
Engineers	58%
Journalists	49%
Lawyers	40%
Building contractors	21%
Business executives	20%
Labor union leaders	19%
Political office holders	9%
Advertising executives	6%

Shockingly, advertising executives were rated at the very bottom with only one student in 16 believing that advertising executives rate well in terms of morality. Business executives in general were rated among the very lowest of all occupations.

It is clear from findings such as these, that the public's image of the corporation and of the executives who work for it, are very low indeed. Additional research is needed to determine what this poor reputation is based on. It is clear that the public will vote for anti-business political candidates as long as this kind of an image persists. This is especially ominous when it is noted that such feelings are especially prominent among the younger population segments. The American Lockheed Corporation's Bribery and the Japanese Chisso Minamata Disease Chemical Company scandals have dealt business in general a blow from which it will be very hard to recover.

Another significant point to consider is whether there are differences in how consumers view various industries. Are some industries considered to be worse offenders of consumer rights than others? The following opinion results compare attitudes of the general public versus those of consumer activists (people who are members of politically active consumer organizations).

** Reference: George Gallup as reported in the Atlanta Journal Constitution, August 22, 1976, p. 10-B.

Which of these industries do you think the consumer movement should give most of its attention in the future?

	<i>The Public</i>	<i>Consumer Activists</i>
	(%)	(%)
Food Manufacturers	45	64
The Medical Profession	42	63
Oil Industry	39	65
Banks	10	41

—*Consumerism at the Crossroads* Louis Harris & Associates for Sentry Insurance 1977

Business Approaches for Coping with Consumerism and Improving the Corporate Image

The problems of coping with the Consumer Movement and the poor image of business must start with an examination of fundamental causes that have led to the present deteriorated state of affairs. Once basic causes are understood, programs that are more sound can be started.

The trouble with today's approach to solving consumer and image problems is that what is done usually does not relate to fundamental causes. Advocacy advertising, for example, expenditures for which have increased markedly in recent months** is mostly self-congratulatory and does not relate to fundamentals. Professor Sethi makes this point. "If a corporation's actions in other areas—products, bribery, influence peddling—contradicts the image it is trying to convey of the company, then advocacy advertising is not likely to be effective." Unfortunately many programs undertaken by businesses today are of a cosmetic nature. In this next section we will review where business stands historically and where it is headed. In the concluding section, we will examine some of the more basic solutions that relate to fundamentals.

Background: The Post-Industrial Marketing Era

In this paper we assume that marketing is central to the successful implementation of meta-economics (marketing as if people mattered). This means that marketing will have to change drastically in the post-industrial era. Definite plans on the basis of rational forecasts must be formulated to cope with the future. For example, fuel shortages can be anticipated. Programs for curtailing fuel consumption can be planned for and implemented in anticipation of what lies ahead.

The traditional approach of marketing when there are shortages, for example, has been short term and crisis oriented as in the case of the fuel crisis. De-marketing, either generalized (an attempt to lower demand by all consumers) or selective (de-marketing to selected target groups—such as blacking out all

** See: "Advocacy Advertising and Large Corporations", S. Prakash Sethi, Lexington Books, New York, 1977.

electric signs and then making signs that consume less electricity) is a common example. With shortages a permanent fact of life in the near future, marketers will have the most challenging tasks within organizations. They will need to use marketing skills to increase the appeal of energy and resource saving devices and reorient consumers' demands so that wasteful product proliferation based on psychological differentiation, excess packaging and ecologically bad products are eliminated. They must provide consumers with sufficient information to make rational purchase and consumption decisions. This is absolutely crucial, because if companies continue to respond to consumer demands in the old marketing concept manner, consumers will continue to demand wasteful products/services. Unfortunately competition will ensure that these demands are met in the marketplace, if not by one company, then by another. Consumers must be made to see the end results of their demands. They must be made to see the cause and effect relationship and *consequences of their purchases*. In other words, if small is beautiful, the consumer must be taught that it is to his and society's advantage to think and buy small. It is clear that individual corporations cannot unilaterally take steps to be socially responsible on a scale large enough to be effective. Any corporation doing so would be unable to compete with its irresponsible and more opportunistic rivals.

The most crucial question of all is whether individual corporations can move away from the old marketing concept approach that fostered consumer self-indulgence to doing business in the post-industrial society that requires consumer self-sacrifice for the overall social good. It may be that the transition will be impossible without governmental intervention and governmental imposed laws and taxes. President Carter's energy saving proposals and appeals to the American public to conserve have met with little success. The public's response to his pleas for reducing gasoline consumption was to buy more and bigger cars than ever before. Consumers apparently took the view that if the era of the large luxurious automobile is coming to an end, they want to enjoy the last of them. Conservation to the individual is always for someone else—the other person, not me because what I do is insignificant.

So it is quite clear that more rational consumption in terms of what is best for society in the long run will not come about without government dictating. Consumers will continue to buy in terms of selfish self-interest and corporations will cater to them in their quests for profits. The American corporations also condemned President Carter's fuel conservation efforts. None-the-less, it is the corporation that is the major force in society. It alone knows how to communicate with the public on a mass basis to influence the public to change their buying habits. The automobile companies that now develop products that are ecologically best for society, even if the public is not yet ready to buy them, will be ready when the government institutes controls that require shift-overs. Meanwhile, automobile companies and other companies should be educating consumers to *think ecology* even if it is too soon for this to pay off in sales. It will pay off

in the long run for it is the wave of the future.

"Small is Beautiful" is essentially a way of talking about a new aesthetic and moral view of the world. Industry has grown to dinosaur-like proportions—too large, afflicted by giantism. Historically, whenever things grow too large either in nature or society, newer, more suitable and humane models begin to appear. This is what will happen in the world of entrepreneurship. "Small is Beautiful" means a return to those things that are more human, a return to simpler values, simpler products, more personally and aesthetically satisfying. This is the new reality in the marketplace.

In the case of Japan, "Small is Beautiful" may be a matter of a return to the old cottage industry traditions. Decentralization will be the answer to certain energy and re-humanization problems. There is evidence, for example, that the large corporation research activity has its limitations. The General Electric Company has found success recently by turning certain research and development projects back to small entrepreneurs. The products turned out by small independent producers tend to be more challenging, more original, and more fresh than those that come out of a major corporation's own research and development division. So GE backs entrepreneurs who are trying to start their own businesses (often in the technology field, but unhampered by the corporation's view of where they might be heading). This turns out to be more profitable for both GE and the young entrepreneur.

When we switch from "can" to "should" marketing we must keep in mind that this will be a switch from High Impact Consumption Goods to Low Impact Substitutes (See Chart 1). It is significant to note that low impact substitutes relate more closely to "Small is Beautiful" than to corporate giantism.

CHART 1

HIGH IMPACT CONSUMPTION GOODS	LOW IMPACT SUBSTITUTES
Animal protein, furs, leather	Plant protein, synthetic protein, biodegradable plastics, biodegradable throwaway clothing
Chemical detergents	Soap, sound waves, plant enzymes
Private passenger automobiles	Minibus, mass transit, battery operated vehicles, bicycles
Motorboats, light airplanes	Sailboats, gliders
Single-family suburban housing	Modular housing with community laundries, waste-recycling, and food storage and preparation services
Fossil fuels	Solar batteries, solid waste incineration for power

A basic principle that will serve well in decision-making for implementing the Buddhist "Small is Beautiful" concept is one that goes back to the Western philosopher, Thomas Aquinas who said; "Never assign to a larger entity what can be done by a smaller entity".

However when we think in terms of "Small is Beautiful" we must never

forget the idea of system. The old folk wisdom that "the forest is more than just a collection of trees", must prevail. In other words the new economics must first and always be holistic.

The word "ecology" is derived from the Greek root word OIKOS which means "house". The word "economics" derives from the same Greek root. Ecology translates as "the study of the house" and economics as "the management of the house." The parallel derivations are meaningful. What is called for is the emergence of a new economics of which marketing is at the pivotal base. A few economists, notably Kenneth Boulding, Nicholas Georgescu-Roegan, William Nordhouse, James Tobin and Herman Daley have begun discussing the emerging of a "new economics" that is more attuned to natural laws and which includes greater concern about the natural environment.

The Evolution of Business Responsibility Levels

With the emerging new economics, business should be moving from a "can" marketing period (selling anything that *can* be made and sold) to "should" marketing (selling and making only what should be marketed in terms of what is good for society in terms of ecology and the environment). Why this is necessary, is illustrated in Chart 2 which describes the four levels of responsibility that business has been or is going through in its evolution. The levels reflect how social responsibility is broadening and how it is embracing the new economics.

The essence of "should" marketing is embodied in the "systems" viewpoint. It must be recognized just how products will fit into the system and how new products would alter that system. The consumer is not left out of this systems viewpoint because the consumer is part of the system. Under the concept of "should" marketing product introduction will be broadly evaluated via some analysis incorporating the entire systems effect. Only products that are "good" for the system should be marketed. Nature has provided perhaps the ultimate system. But much more must be included in the system than simply nature or ecology. A much broadened viewpoint might be labeled a "life-quality" system. Nature is but one part of this life-quality system. Failure to recognize this broadened viewpoint has contributed to great battles between environmentalists and business. Each tends to be concerned with only parts of the system.

Once we begin thinking in terms of the life-quality system we can improve the world by marketing products that have been evaluated on the basis of their effects on the system. Perhaps the role of future leaders is to formalize some way of analyzing products according to the life-quality system.

CHART 2

PRODUCTION AND MARKETING OF THE AUTOMOBILE
AT DIFFERENT SOCIAL STAGES

	SOCIAL STAGE	METHOD	GOAL
Level I	Buyer Beware (Pre-World War II)	Standardized mass production; maximum volume at lowest possible cost. Henry Ford's idea: "Give them any color they want as long as it's black."	High profits through high volume; keep costs at minimum.
Level II	Marketing Concept (1950s & 60s)	Research determines what appeals most to consumer.	High profits, rapid turnover, and increased market share.
Level III	Consumer Movement (present)	Reduce dissatisfactions by issuing warranties, reacting to and anticipating consumer pressures.	Same as Level II above plus making sure that consumer groups and government are appeased.
Level IV	Ecology/Environment (post-industrial)	Use best scientific advice and develop products that are truly safe using biodegradable materials, using processes that pollute least and conserve energy.	Self-renewal instead of growth orientation. Moderate steady profits. Company stresses overall social welfare which includes consumer health & safety, environment and resource conservation.

Recommendations for Coping with Consumerism and Bad Image Problems

Business must be concerned about securing acceptance by the public as a whole. The research reported in the Harvard Business Review article mentioned previously concluded that the people who voice complaints tend to be activists. They challenge the whole economic system head on. If their complaints remain unsatisfied, this could create a multiplier affect. The feeling is that this group may not be so potentially dangerous because activities tend to lose their affect because they are too strident and the general public soon ignores stridency.

But what should business do?

1. A first suggestion is that each business should make data about consumer satisfaction and dissatisfaction a regular and continuing information gathering activity. Trends should be plotted and management should scrutinize them as carefully as it does sales and profit figures. This will also be good business for satisfaction trends will also relate directly to sales.

2. Complaint department managers should be viewed differently from the way they are viewed today. A first step is to raise those persons in the organizational structure. He or she should be given power and authority to do what is necessary organizationally to reduce the number of complaints. The work of the complaint department should be recorded and documented. The manager of the department should be given recognition and possibly be rewarded for evidence that the number of complaints is decreasing. The manager should be held accountable whenever the situation worsens or fails to improve.

There is value in having such a department give a regular and periodic accounting of the situation. Such a departmental presentation will allow the manager to reveal where the source of trouble concerning complaints is originating. Then when others within the company are at fault or are failing to cooperate, they can be taken to task. There is something very constructive about the pressures that would be set into motion by this move.

3. Another channel for improving the complaint situation is in the manner in which complaints are handled. Careful, fast procedures, especially of a personalized manner does much to improve customer satisfaction. Complaint managers feel that the faster a communication from the customer is handled and an adjustment is forthcoming, the more satisfied the alienated customer will become. It is noted in studying how companies are handling complaints, that the telephone is increasingly being used to handle complaints. This is not only because it reduces costs but also because it personalizes the customer/company contact. Where the customer can "talk to someone in charge", satisfaction is more sure to rise.

4. Attitude of company personnel about complaints has much bearing on customer satisfaction. A traditional attitude has been that complaints are a nuisance. This leads to complaints being handled in that manner. It has been stated that the nuisance attitude casts the complaining customer in the role of the "enemy" and assumes therefore that the customer is wrong. Company personnel must not assume that the customer is wrong but rather as the one who ultimately passes judgement about whether the company is right.

A method whereby executives can be regularly kept aware of the complaint situation is to set up a Complaint Committee. This committee had best have a revolving membership of various executives from various departments. Such a committee might have four members, the tenure of office being four months, with a member being replaced each month. This means that each executive serving would serve a four month term of office.

In companies that use this system successfully, all key executives must eventually serve on this committee which may meet one day each week. Executives from accounting, credit, production, marketing and even from the outside advertising agency are required to serve.

In companies where a considerable number of executives have served on such a committee, a realistic feeling and concern about customer satisfaction and their problems emerges.