The Rôle of Business in Society
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THE VIEW OF BUSINESS as necessarily selfish, narrow and instrumental, is, as it always has been, nonsense. Business which is selfish in motivation, narrow in outlook, and instrumental in behaviour is rarely successful business.

Since the time of Aristotle, and perhaps before, business has been disparaged by people of culture and refinement, like ourselves. The critics of business have argued that business, and the people who engage in it, are selfish in their motivation, narrow in their interests, and instrumental in their behaviour. The values of business are different from, and inferior to, those of other human activities.

In the last twenty years or so, something very odd has happened. This unattractive characterisation of business, previously put forward only by those who were hostile to it, has been enthusiastically adopted by business people themselves. They no longer feel obliged to deny that their motives are selfish, their interests narrow, and their behaviour instrumental. They routinely assert that profit is the defining purpose of business activity, that their responsibilities to society do not extend beyond the constraints imposed by law and regulation, and that their obligations to their employees and customers are essentially incidental to their primary duty to shareholders. They accept that, in this sense, business values are different from those of other activities: as I shall show, they describe the nature and purpose of business in terms which would seem grotesque and repellent if applied to other spheres of life.

I want to argue that this view of business as necessarily selfish, narrow and instrumental, is, as it always has been, nonsense. Business which is selfish in motivation, narrow in outlook, and instrumental in behaviour is rarely successful business. And I want to suggest that this representation of business has at least two seriously adverse consequences. The assertion of these values undermines successful business itself. And the association of business with value systems which are clearly at odds with the value systems of—for example—education or health care—has blocked the necessary introduction of business skills into these activities.

Of course, selfishness of motive, narrowness of objective, and instrumentality of behaviour, are not confined to business. But they get in the way of the qualities we value in most human activities. If we think of parenthood, or education, or sport, we have to acknowledge that some parents are selfish, some teachers narrow in their concept of the objectives of education, some sportsmen instrumental in their behaviour. But we are inclined to think that these things make them poor parents, inferior teachers, bad sportsmen.

We do not think that good parents are people whose aim is to derive pleasure from the performance of their offspring, or to ensure that their children supplement their pensions when they grow old: although we observe that good parents generally do find great pleasure in what their children do, and maintain mutually loving and supportive relationships into old age. We do not think that fine teachers are people who devote themselves to improving the GCSE grades of their pupils; although we note that the students of fine teachers do well, both in examinations and in life. When we talk of great sportsmen, we think of Stanley Matthews and Don Bradman, and admire not just what they achieved but the way they did it; when, as we often do, we deplore the decline of sport, we are not deploring the achievements of modern sports people, who are stronger and faster than their predecessors, but the instrumentality of the way they behave.

Our motives are neither wholly selfish nor wholly altruistic. Parenthood is personally satisfying, vanity, in moderation, is a characteristic of the successful teacher or sports person. Charles Handy has recently called this proper selfishness, and it is a helpful phrase. But if personal satisfaction or personal vanity are all that our parenting, sport or teaching are about, our performance is rarely worthwhile—even, in the long run, in giving us satisfaction or stimulating our vanity.

The majority of human activities, then, are rich and multi-dimensional. Those who participate in them have complex motives. Their objectives are multiple and hard to measure. The relationships with others which are essential to these activities are valued for themselves, and not just for their consequences. We would find it difficult to define exactly, or measure precisely, what we mean by a good parent, a fine teacher, or a great sportsmen. Despite that we would encounter very little disagreement as to who were, and were not, good parents, fine teachers, great sportsmen.

II

I want to examine the claim that business is fundamentally, qualitatively different from these other activities. That business is, necessarily and appropriately, straightforward in objective, limited in responsibilities, selfish in motivation. That while finance is instrumental for parenthood, education, or sport—you cannot undertake these activities without resources, but you do not undertake them to obtain resources—finance is itself the purpose of business. That while the objectives of parenthood, education, sport are numerous and incapable of exact definition or measurement, the purpose of business, and the metric of effective business, is straightforward. The success of a business or a business person is to be judged by how much money they have made. Self interest is the dominant motive, and requires neither justification nor apology.

As I have said, these comments used to be regarded as criticisms of business, and made by people who were hostile to business. Today, they are widely asserted by business people themselves, and by those who advise business people or defend them. Here are some quotations: I didn't have to search particularly hard:

"While business has relations with customers, employees, etc. its responsibilities are to its shareholders." This statement comes from the Confederation of British Industry's evidence to the recent Hampel Committee on Corporate Governance and was reproduced, approvingly, by the Committee.

"The social responsibility of business is to maximise its profits." This well-known, widely quoted, assertion comes from Milton Friedman of the University of Chicago.

"The provision of goods and services of good quality to the company's customers at fair prices. What a glorious utopian (socialist) concept. There is only one price, monopolies excepted—the good old market price, the price the customer will pay. Fair is a word I have never heard voiced in a pricing meeting." If you are wondering which shop to avoid, the answer is Dixon's, the electrical goods retailer: this is the voice of its chairman, Sir Stanley Kalms.

"The most ridiculous word you hear in boardrooms these days is 'stakeholders'. A stakeholder is anyone with a stake in a company's well-being. That includes its employees, suppliers, the communities in which it operates, and so on. The current theory is that a CEO has to take all these people into account is making decisions. Stakeholders! Whenever I hear that word, I ask 'How much did they pay for their stake?' Stakeholders don't pay for their stake. Shareholders do." This comes from a recent book by Al Dunlap, former Chief Executive of Scott Paper, variously nicknamed "Chainsaw Al" and "Rambo in Pinstripes" for his stewardship of that and other companies. And such claims are not only morally admissible, but even morally required. Here is the commentator Sir Samuel Brittan:

"In matters such as buying and selling, or deciding what and how to produce, we will do others more good if we behave as if we are following our self-interest rather than by pursuing more altruistic purposes."

To see just how offensive these statements are to the values of ordinary life, imagine them translated into different contexts. How would we react on being told that the word fair was never mentioned in meetings of the Cabinet, in family life, in the deliberations of boards of examiners, in the decisions of the committee of a sports club; that all of these bodies came to their conclusions on the basis of naked assertions of self-interest by the participants? What would we think of a motorist who said that, while he had relations with other road users, his responsibility was to get to his destination as quickly as possible: or of a teacher who said that, while he had relations with his students, his responsibility was to his wife and family? What would be our response if the dean of the Chicago Medical School declared that the social responsibility of doctors was to maximise their incomes? Or imagine an extract from the Al Dunlap manual of parenthood "The current theory is that parents have responsibilities to their children. Parental responsibilities indeed! Whenever I hear that phrase, I ask: how much do children pay their parents? Children don't pay for their upkeep—parents do."

Dunlap is of course absurd, but the nature of his argument is instructive. In business, and perhaps in life, the only form of relationship he can conceive is a commercial, contractual one: the only source of obligation to another human being is that they paid you. And there is no doubt that that is what Dunlap genuinely believes: he goes on to say: "if you want a friend, get a dog. I'm taking no chances, I've got two."

Outside the context of business, all of these assertions are simply inconceivable. It is not just that they seem to indicate severe moral deficiency. Anyone who did hold these views would know that they are so at variance with generally accepted social values that they would refrain from expressing them.

I find the CBI statement particularly striking. Few of us would, I think, dispute that we have responsibilities to, and not just relations with, other road users; responsibilities which extend beyond formal conformity with the provisions of the Road Traffic Act and the Highway Code. These responsibilities require us to treat other road users with care, consideration and courtesy: not just because that will help us get home on time, but because we conceive that these are obligations we assume when we make use of the roads and are self-evidently part of what we mean by being a good driver or living a decent life. We have these responsibilities to people we have never met, have no other dealings with, and do not expect to encounter again. The import of the CBI quotation is that the extra-contractual obligations a business has to its employees are less demanding than these.

This statement is striking because it is not casual or ill-considered. It is the product of careful deliberation by conscientious businessmen, and I have heard it quoted approvingly in other contexts by people who think it genuinely sheds light on the difference between the role of shareholders and that of other stakeholders in a business. Still, it is hard to believe that those who wrote it really meant what it appears to say. I do not wish to go on with textual exegesis which it will probably not bear: simply to suggest that a climate of opinion in which this kind of assertion is even possible is one which treats business behaviour as very different from the standards of behaviour which apply in ordinary life.

III

I found it easy to identify statements which asserted that it was entirely appropriate to see business as a purely money-centred activity, that business should take a limited view of its responsibilities, and that instrumental behaviour was both justified and necessary. I found it much harder to find justifications for these assertions.

Part of the problem is that the claim that business is only about profits has in the past been contrasted with two unconvincing alternatives. One is that the purpose of business is to do good. Those who are in business should shed material preoccupations and we should all work for the benefit of the community. Another is that profit is immoral and, in consequence, all the assets of corporations should be transferred to the state. Since neither of these approaches appears to work very well, Al Dunlap and Sir Stanley Kalms have a relatively easy ride.

I want to test these assertions against a much more powerful contrary position. This is that successful business is not in reality selfish, narrow and instrumental. What makes one a good parent, a fine teacher, a great sportsman, is a combination of talent relevant to that activity and a passion for, and commitment to, parenthood, education, or sport. Similarly, the motives that make for success in business, both for individuals and for corporations, are commitment to, passion for, business: which is not at all the same as love of money. The defining purpose of business is to build good businesses, as the defining purpose of parenthood is to be a good parent. What we mean by a good business is as multi-dimensional and complex as what we mean by good parenthood, good education, or good sport. But nevertheless, there is widespread agreement on which are indeed good businesses. They are characterised by satisfied customers, motivated employees, well-rewarded investors, and high reputations within their communities. When lists are compiled of the most admired corporations, the same names keep cropping up—Marks and Spencer, Hewlett Packard, Sony. They are admired by everyone: their customers, governments, the financial community, the people who work for them, and other businesses.

Many in this audience will recognise the similarity between the way I have described parenthood, education and sport—and would wish to describe business—and what the philosopher, Alasdair MacIntyre, has called a practice. Let me quote his definition: “Any coherent and complex form of socially established co-operative activity through which goods internal to that form of activity are realised in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended.”

What gives MacIntyre’s view particular interest is that MacIntyre was recently challenged to explain how his concept of a practice relates to commercial activities which appear to have external criteria of success, such as profitability.

Let me quote the example MacIntyre gave in response:

> “A fishing crew may be organised and understood as a purely technical and economic means to a productive end, whose aim is only or overridingly to satisfy as profitably as possible some market’s demand for fish. Just as those managing its organisation aim at a high level of profits, so also the individual crew members aim at a high level of reward. Not only the skills, but also the qualities of character valued by those who manage the organisation, will be those well designed to achieve a high level of profitability. And each individual at work as a member of such a fishing crew will value those qualities of character in her or himself or in others which are apt to produce a high level of reward for her or himself. When however the level of reward is insufficiently high, then the individual whose motivations and values are of this kind will have from her or his own point of view the best of reasons for leaving this particular crew or even taking to another

trade. And when the level of profitability is insufficiently high, relative to comparative returns on investment elsewhere, management will from its point of view have no good reason not to invest their money elsewhere.

Consider by contrast a crew whose members may well have initially joined for the sake of their wage or other share of the catch, but who have acquired from the rest of the crew an understanding of and devotion to excellence in fishing and to excellence in playing one's part as a member of such a crew. Excellence of the requisite kind is a matter of skills and qualities of character required both for the fishing and for achievement of the goods of the common life of such a crew. The dependence of each member on the qualities of character and skills of others will be accompanied by a recognition that from time to time one's own life will be in danger and that whether one drowns or not may depend upon someone else's courage. And the consequent concern of each member of the crew for the others, if it is to have the stamp of genuine concern, will characteristically have to extend to those for whom those others care: the members of their immediate families. So the interdependence of the members of a fishing crew in respect of skills, the achievement of goods and the acquisition of virtues will extend to an interdependence of the families of crew members and perhaps beyond them to the whole society of a fishing village. When someone dies at sea, fellow crew members, their families and the rest of the fishing community will share a common affliction and common responsibilities."

Now MacIntyre is a moral philosopher, and there is no reason why he should ask the question which would concern Al Dunlap, or me: which of these crews catches more fish? Indeed I think that one thing on which Al Dunlap and Al MacIntyre would agree is that they would expect the first crew—whose aim is only or overridingly to satisfy as profitably as possible some market's demand for fish—would be more successful commercially.

But would either of them be right? As so often, we have a Harvard Business School case to help us. It is the case of the Prelude Corporation (Harvard Business School, 1972), once the largest lobster producer in North America, which sought to bring the techniques of modern management to the fishing industry. Listen to its President, Joseph S. Gaziano:

"...The fishing industry now is just like the automobile industry was 60 years ago: 100 companies are going to come and go, but we'll be the General Motors ... The technology and money required to fish offshore are so great that the little guy can't make out. "

If you wonder why the Prelude Corporation is not now grouped with General Motors in the *Financial Time*s and *Wall Street Journal*, it is not because I have made the story up. The Prelude Corporation did indeed exist, but not long after the Harvard case was written, it became insolvent. It did so, moreover, for entirely explicable reasons—reasons which are clear enough from MacIntyre's account. You don't make fish, you hunt it. Your success depends on the flair, skills and initiative of people who cannot be effectively supervised. The product of people who feel genuine commitment, who "have acquired from the rest of the crew an understanding of and devotion to excellence in fishing" exceeds that achieved when the "only aim is overridingly to satisfy as profitably as possible some market's desire for fish". And that is why MacIntyre's second crew is still fishing while his first is not.

I'm glad to say that you don't have to go to Harvard Business School any more. Not only do we have our own business school, we have our own case as well. It is to be found in the film "True Blue", where talented but individualistic Americans join the Oxford boat race crew and destroy its team spirit with their rationality and competitiveness: they are expelled and the revived morale of the restored Oxford crew sweeps it to victory.

The story is pure Al Dunlap meets Alasdair MacIntyre, and MacIntyre wins.

IV

Let me summarise the argument so far. If we have to choose between the MacIntyre crew and the Dunlap crew, I suspect that most of us would prefer to be members of the MacIntyre crew, and that most of us—provided the price is much the same—would prefer to buy fish from the MacIntyre crew. Moreover, being in the MacIntyre crew has the enormous benefit that we need experience no dichotomy between the values we apply in our working lives, the values of business, and the values we apply in our private lives, our values as social beings. Indeed the essence of the MacIntyre world is that all these attributes come together in an Aristotelian unity of the virtues.

So the issue comes down to the fish. The case for Dunlap has to be that the Dunlap crew catches more fish, and sufficiently many more fish, or fresher fish, to offset the generally bad odour which arises from having Mr Dunlap and people like him around.

One argument which is presented is that, whatever the limitations of a profit objective, it is clear and easy to implement, and clear whether it has been implemented. On reflection, this argument is simply not true. The injunction “go and make money” actually provides very little guidance to the newly appointed manager of a business. It fails to distinguish between the job you assume as chief executive of Shell, or Siemens, or Disney Corporation. When you arrive at your desk, the agenda in front of you would be the same. But in reality all these jobs are completely different. What makes them different is the different characteristics and prospects of the different organisations.

And the assessment “does this add to shareholder value?” is possible only for a very narrow class of decisions. It is mostly true that when a business is faced with a major strategic decision, it will be presented with a detailed financial assessment of the consequences. But it is naïve to think that these decisions are truly based on these calculations—necessarily so, given their hugely speculative nature. They rest in reality on the trained, experienced intuition of able managers as to whether this fits with their sense of the proper development of the business. The same kind of trained experienced intuition that guides the capable professional in any other sphere—parenthood, education, sports. And successful business people, like successful professionals in other disciplines, are people who get these decisions right more often than not. Other characterisations misunderstand and demean the nature of business. If this is true at senior executive level, it is even more true further down the organisation. Disney employees are not told to go and make money for Disney. They are told to make sure the guests have fun. They feel they are part of a great business. The result makes a great deal of money for the Disney Corporation. It is all that way around.

And if profit maximisation provides no clear guidance in anticipation, it provides no clear measure in retrospect. Did the people who built up Marks and Spencer or Shell maximise profits or not? I don’t have the slightest idea and nor do they. I do know that they created great businesses. We know they succeeded in MacIntyre terms: these companies epitomise the practice of business. We do not know whether they discharged the social responsibility that Milton Friedman imposed on them.

We cannot judge the quality of a fishing crew simply by counting how many fish it has caught. We do not know how many fish are in the sea. We cannot tell whether the crew with a huge catch is indeed skilful, or stumbled on a lucky shoal, or distinguish it from one that hijacked its catch from another boat. The only means of identifying real skill is by understanding the practice of fishing.

But still, it would seem that it must be the case that a crew dedicated to catching as many fish as possible, and systematically organised to that end, will be more successful than one in which the motivation of its members is their pride in the technique of fishing. Firms have no choice but the single-minded pursuit of profit, or else they will be driven out by those which do have that objective. Superficially, this argument seems enormously persuasive. But I have already suggested that the experience of the Prelude Corporation, and the triumph of the eight oarsmen prove it wrong. I want now to explore that issue more extensively.

V

There is something paradoxical here. How can it be that a fishing crew organised on rational lines to maximise its catch and its profits would be less successful in achieving even these ends than one that was less selfish in motivation, less narrow in its objectives, less instrumental in its motivation?

The issue has been noted before. I first came to it in my research on characteristics of exceptionally successful companies. Whatever were their common features, exceptional focus on profitability did not seem to be among them. They were particularly profitable, but not particularly profit oriented, and that is an important distinction. Others have made similar comments. A recent study assessed eighteen paired comparisons of successful and less successful companies in the same industry. Their judgement was that "We did not find 'maximising shareholder wealth' or 'profit maximisation' as the dominant driving force or primary objective; the visionary companies have generally been more ideologically driven and less purely profit driven than the comparisons in seventeen out of eighteen cases".

Individual illustrations abound. The founding prospectus of the Sony Corporation, for example, declares "we shall eliminate untoward profit-seeking". The most profitable large American companies today are Merck and Microsoft. George Merck set out the company's approach in explicit terms: "We try never to forget that medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear". And the profits appeared, and appeared, and they kept on appearing.

I do not recommend that you read Bill Gates' recent book any more than I recommend Al Dunlap's. But if you do read them both, you should notice the contrast. Gates' is entitled *The Road Ahead*, while Dunlap's is called *Mean Business*. Gates is enthused by what businesses he might set up, Dunlap by those he might close down. But, above all, you will learn that while Dunlap's primary concern is money, Gates is basically interested in computers. Yet it is Gates, not Dunlap, who is the richest man in America.

I call this paradox the principle of obliquity. It says that some objectives are best pursued indirectly. I owe the phrase to Sir James Black, the chemist, whose career illustrates the principle in action. Black made more money for British companies than anyone else in the history of British business, by inventing beta-blockers and anti-ulcerants. The first he discovered in the laboratories of ICI, the second in those of Smith Kline French after he had decided that ICI was more interested in profits than in chemistry. To quote Black "I used to tell my colleagues (at ICI) that if they were after profits there were easier routes than drug research. How wrong could one be?" The attempt to pursue profit too earnestly is pharmaceutical research defeated its own objectives.

We are all familiar with one application of the principle of obliquity. While Americans, characteristically, talk of the pursuit of happiness, happiness is rarely best achieved when it is pursued. Research in social psychology confirms our intuition and experience. Happy people are not, in the main, those who selfishly promote their own interests: in fact happy people are most often characterised by a kind of uncalculating and outgoing generosity.

Instinctively, we understand why. What makes for happiness is rather complicated and uncertain, and dependent on interactions with other people. The frequent repetition of pleasurable experiences, although superficially appealing, rarely leads to happiness: hedonism and happiness are not the same thing. Our own satisfactions depend on the response of others, and instrumental behaviour is rarely effective. Flattery and bonhomie do not evince the same response as genuine praise and genuine friendship.

In noting these things, we can see that they have direct business analogies. Al Dunlap is the business equivalent of the hedonist. He recognises a series of actions that improve immediate profits, just as the hedonist knows what actions provide immediate gratification. But neither Al Dunlap nor hedonism create anything of enduring value. And instrumental behaviour towards employees or customers is ultimately, and often quickly, distinguishable from similar actions motivated by genuine concern.

Let me state the principle of obliquity rather more formally. When a characteristic is selected for in an uncertain and imperfectly known environment, deliberate action to promote that characteristic is often self-defeating, and the highest values of the characteristic will often be achieved by chance. When I say "selected for in the population" I have in mind characteristics like happiness, or health, or profit. Habits, or agents, or organisations that have high values of the characteristic tend to grow at the expense of others. Because people form groups with happy rather than unhappy people, because healthy people go out more and live longer than the unhealthy, because profitable firms grow at the expense of unprofitable firms.

(Incidentally, wealth is probably not a characteristic that is selected for, because wealthy people do not significantly outlive or outbreed poor people. In this, individual wealth and corporate profit are quite different. So, if you want to be rich, the best way is probably to try to get rich).

Perhaps the clearest way to see the principle of obliquity in action is to look at the most remarkable example of this kind of model: natural selection in modern evolutionary biology. Richard Dawkins has described this through the metaphor of the selfish gene. His claim is that most of species evolution, and much of species behaviour, can be explained by the hypothesis that genes act so as to maximise their incidence in the population. This is why we show more concern for our siblings and children than our cousins or great-grandchildren yet still more for these relations than for the population at large. It is why we love people more than ants. It all depends on the proportion of genes we have in common.

Now—as Dawkins keeps having to repeat to critics—the selfish gene is a metaphor. He does not believe that genes literally act selfishly, or indeed have any motives at all, or that someone who jumps into a raging torrent to save a life calculates the fraction of genes they share with the person drowning. But genes and people typically behave as if they made these calculations, because that is the behaviour which selection has favoured.

But ask—hypothetically—what would happen if genes did become literally selfish? Suppose someone was appointed—call him the Gene Manager—to instruct genes and the organisms that contain them how best to propagate themselves. The Gene Manager would certainly want to make changes. Al Dunlap would have little time for the cleaner fish, who swim into the mouths of much larger fish, clean the detritus from their teeth, and are allowed to swim out again unscathed. There is no room for that kind of sentimentality in Dunlap's world: if you want a friend, get a dog. Or what of the drones which consume the honey but do no work? They would soon be receiving their redundancy notices.

But in implementing these reforms, the Gene Manager would generally be making a mistake. Although the survival of the cleaner fish looks like an act of altruism, and the presence of the drones an instance of inefficiency, each actually serves the end of genetic propagation in terms of the complex social systems of coral reefs and beehives. Did Al Dunlap[1] understand any better the social system that was Scott Paper, before he took it over?

At this point, I am in danger of proving too much, and putting myself out of a job. It is not my purpose to argue that conscious intervention can never be useful, that management is always counter-productive. Rather that the value of these activities depends positively on the extent of our knowledge and understanding of the environment and negatively on the effectiveness of the process of natural selection. Medical intervention was historically of uncertain value until the advance of medical knowledge in the twentieth century decisively tipped the balance in its favour.

I have left to last the example which—along with the selfish gene—offers the most remarkable instance of the principle of obliquity. It is one that should come as no surprise to students of business and economics. The most memorable statement of the principle is still that of Adam Smith, who wrote how in a market economy an individual "is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention."

Smith's case was that the Wealth of Nations was not best secured by people who set out to promote it, still less by people who appealed to others to set out to promote it: that we do better to rely on the somewhat chaotic process of experiment and natural selection. We now have powerful evidence from Eastern Europe and Africa that this is right. We might ask whether the wealth of corporations is in the sense different from the wealth of nations: and whether the arguments that seem so compelling when applied to Herr Hoenecker as commissar of the East German economy are not equally relevant when applied to Roger Smith as chief executive of General Motors.

VI

My principal theme is that business is, and ought to be, a practice, a profession like any other. It requires the same sort of acceptance and dedication to its values, the same sort of breadth of understanding of the complexities of society and individuals, the same sort of sensitive understanding of people and the problems that they face, as parenthood, education, sport, or any other complex human activity. We need to tell that to our students and in the Said Business School we will.

In recent years, business has, incredibly, traduced itself, with the kind of rhetoric I reported earlier in this lecture. A rhetoric that describes the business environment with metaphors from war or the jungle, that relates human behaviour to the bottom line, and that regards personal insecurity as inseparable from economic progress.

The truth is that, while some shift from the tired consensus of the 1970s was necessary, most of this new macho talk is hot

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1. From Wikipedia: Dunlap is a West Point graduate who apprenticed under Sir James Goldsmith and Kerry Packer before taking the reins of Lily Tulip Cup and Scott Paper.

   By firing thousands of employees at once and closing plants and factories, he has drastically altered the economic status of such corporations as Scott Paper and Crown-Zellerbach; but when he attempted to use his methods to increase the share price of the Sunbeam-Oster Corporation, this backfired dramatically, as Sunbeam's stock rose from $12 a share to $53, and then within four months plummeted to $11¼.

   Industry insiders revealed that Sunbeam's revenues had been padded because Dunlap had given large discounts to retailers who bought far more merchandise than they could handle; the excess merchandise was shipped to warehouses to be delivered later, but the sales revenue was booked immediately. With the stores hopelessly overstocked, unsold inventory piled up in Sunbeam's warehouses. Investors grew edgy, then panicky, and Dunlap himself was fired in late 1998. He agreed to pay $15 million to settle a shareholder lawsuit.

air. It bears little relation to the reality of successful business in ICI or Unilever, Glaxo or Shell. But the rhetoric does have some influence, most of it bad, on how people behave. Reducing motivation, encouraging self-aggrandisement. Favouring the smart deal over the creation of competitive advantage. And favouring the calculable benefit from cost reduction over the incalculable gain from the development of new businesses.

And if the values of business were truly those that the businessmen I have quoted described, who could quarrel with those who say that we do not want these people or these values near our schools, our hospitals—or our universities? But these statements do not truly represent values of successful business, or the majority of successful business people. Successful businesses are organisations which serve the needs of their customers, provide a rewarding environment for those who work in them, which satisfy the requirements of those who finance them, and support the development of the communities within which they operate. In these broad terms, their objectives are identical to the objectives of the University of Oxford. And that is why we have much to learn from business, as well as much to teach.

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