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Varied Perspectives: An Inquest of Four Organizational and Ethical Issues

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Thesis submitted to the Program of Organizational Dynamics in the Graduate Division of the School of Arts and Sciences in Partial Fulfillment of the Requirements for the Degree of Master of Science in Organizational Dynamics at the University of Pennsylvania.

Advisor: Lawrence Starr

Varied Perspectives: An Inquest of Four Organizational and Ethical Issues

Abstract

This thesis presents my responses to questions posed by four professors with whom I studied while completing my coursework in the Organizational Dynamics Master's Degree Program at the University of Pennsylvania. My thesis represents a composite of the theoretical and practical knowledge I gained through my coursework and interactions with my peers and professors in the MSOD program. My project focuses on organizational culture, ethics, leadership coaching, and strategy to formulate an overview of my learning and applying that learning to answer the questions presented to me by some of the professors with whom I studied. Dr. Elijah Anderson asked me to conduct a literature review and write a proposal for an ethnographic study of an important aspect of the organization. Professor Andrew Lamas presented me with two essays, one from Walter Benjamin, and one from Eben Moglen, asked me to analyze them, and to relate them to an important 21st-century topic. Dr. Rod Napier required me to distinguish executive coaching from the field from therapy, and to build a case for the skill requirements an executive coach needs to help clients successfully. Finally, Professor Eric van Merkensteijn requested that I analyze the Ford Motor Company and develop a strategic plan to return the company to solvency.

Disciplines
Organization Development

Comments
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AN INQUEST OF FOUR ORGANIZATIONAL AND ETHICAL ISSUES

by

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in the Graduate Division of the School of Arts and Sciences
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University of Pennsylvania

Philadelphia, Pennsylvania

2007

VARIED PERSPECTIVES:

AN INQUEST OF FOUR ORGANIZATIONAL AND ETHICAL ISSUES

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ABSTRACT

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ACKNOWLEDGEMENTS

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CHAPTER 1

INTRODUCTION

When I made the decision to study at Penn in the Organization Dynamics program, I had recently completed a masters program in public policy. In that program, I focused extensively on the research and analytical skills I would need to be successful at task-directed projects. I concentrated very little on management theory, however, and I wanted to address this limitation. I realized that my ability to view an organization more broadly than from my personal work periphery is crucial to becoming a competent manager. Thus, I began the Organization Dynamics program in fall 2005, to strengthen my management skills and to gain a better understanding of organizational theory. I focused on strategy, leadership, and organizational culture in order gain diverse perspectives on issues managers confront. In turn, such an understanding could help me in my career. I took advantage of the varied, yet practical course offerings to help broaden my knowledge. The range of my classes with respect to the course content and the specializations of professors is reflected in the topics covered in my thesis, which focuses on corporate culture, strategy, leadership coaching, and ethics.

I chose to write the Case Solution Capstone, whereby four professors posed questions for me to research and write a prescription, for specific reasons. First, in my classes, I had written about and discussed issues specific to my organization and my background several times over. Therefore, I felt writing one more work-related paper would not add much value. Moreover, because an overwhelming majority of students focus their projects on work-specific issues, I

wanted to add a different type of thesis to the library as a way to encourage others to do so in the future. And lastly, I wanted to work on a project that was more research and theoretically focused, and one that offered a variety of topics to study. Writing this thesis gave me a chance to organize my thoughts, beliefs, and philosophy formally, and in the process, I was able to draw from my experience and my learning in other disciplines to add value to my project.

This thesis is organized in four primary sections. Because the questions individually are unrelated, each chapter is presented alphabetically according to the professor's last name. First, Dr. Elijah Anderson asked me to conduct a literature review and write a proposal for an ethnographic study of some important aspect of the organization. Second, Professor Andrew Lamas presented me with two essays, one from Walter Benjamin, and one from Eben Moglen, asked me to analyze them, and to relate them to an important 21st-century topic. Next, Dr. Rod Napier assigned me the task of distinguishing executive coaching from the field of therapy, and building a case for the skill requirements an executive coach needs to help clients successfully. Finally, Professor Eric van Merkensteijn requested that I analyze the Ford Motor Company and develop a strategic plan to return the company to solvency.

Each section begins with a brief background of the class or classes in which I studied with the professor, followed by the question each posed, and my response. Although each question alone is unrelated, together they offer an excellent overview both of organizational culture and corporate issues, and of the variety of the classes offered through the program.

CHAPTER 2
ORGANIZATIONAL ISSUE QUESTION

Background for the Question

In the fall of 2005, I completed DYNM 600, Managing Diversity in Workplace, taught by Professor Elijah Anderson. From an organizational perspective, this course explored issues of individual and group identity, competition, power, racial, gender, and class differences, and it explored how these factors interact within the hierarchy. This class provided me with an excellent opportunity to discuss theories on organizational behavior and to engage in thoughtful conversation with the professor, guest speakers, and other students in order to gain unique perspectives on sensitive workplace issues. As well, it provided me with the opportunity to learn about theories of individual identity and the conflict such identification might pose for the individual within the organization. This course inspired me to continue learning in this field.

Question from Elijah Anderson

Write a brief proposal for an ethnographic study of some important aspect of the organization. In addition, pose your research question, consider possible hypotheses, and then attempt to generate a useful organizing principle for your putative findings. In this practice run, note the rationale for a literature review, and for relating your general findings or contribution to the existing literature.

Response

Proposal Topic

An undertaking of research which examines the impact race, class, and gender has on an individual's position within the hierarchy, and the effect these determinants have on salaries, career advancement potential, and power within one of *Fortune* Magazine's "100 Best Companies To Work For" companies.

Research Question

What effects do race, class and gender have in replicating prevailing societal class systems within the organization?

Hypothesis

Despite the incorporation process which has brought unprecedented numbers of people of color, women, and members from diverse religious, cultural, and economic backgrounds into the workplace, and despite a casual observation of the changed workplace environment from one that predates the mid-1960s, stark inequality remains and, in fact, is reinforced in the workplace. Organizations operate primarily as extensions of class systems, functioning as microcosms of society. Humans have an incredible need to order, rank, and categorize the world around them because it provides rationality. As such, hierarchy, segregation and selectivity forces that exist among groups are replicated in the workplace. Thus, the preferences of society at-large are reinforced in the organization.

<u>Rationale for the Study</u>

Fortune magazine's annual ranking of the best companies to work for generates considerable interest from the public, and it serves as a quantitative barometer for measuring benefits offered by companies, such as the best match for 401(k) plans, the most generous health coverage, and the most widely-used day care facilities, for example. (Please see Appendix A for *Fortune*'s methodology and factors for its survey measures). The rankings do not capture qualitative factors that measure social attitudes in workplace, however. I believe such indicators are equally important for determining how employees rate their organizations. Because of the organization's powerful role in shaping our economic and social lives, an important aspect of organizational life that deserves consideration is a determination of the extent to which the organization as a unit replicates or deviates from societal behavior. This study will correlate the themes of race, class, and gender to participants in the study in order to examine what effect, if any, these determinants have on salary, career advancement, and autonomy.

<u>Methodology</u>

The first phase of my study will consist of an ethnographic investigation focusing on the gendering of jobs, the determination of salary and grade classifications, and the degree of autonomy an individual enjoys based on his/her occupation. Next, I will focus on the reporting structure, the typical pathway for advancement an employee follows, the benefits structure, and the system for redressing grievances and determining disciplinarian action. After assembling

the necessary data, I will analyze the correlation between the outcomes based on occupations with respect to race, class, and gender.

This study will use hermeneutical phenomenology as a research methodology; therefore, in-depth interviews and on-site observations will serve as a method of research. I will conduct one-on-one interviews with a cross-section of employees in order to learn about individual personal experiences within the organization and to study how, if at all, their achievements and ambitions are affected by an individual's status within the hierarchy. The results will be used to formulate a composite of the experiences of other employees in the organization.

<u>Literature Review</u>

Research abounds on race and racism, class, gender, and cultural conflicts in the workplace. Such conflicts and their resolutions have an impact on numerous aspects of organizational behavior, affecting decision-making processes, associating and practicing particularistic behavior toward group members, and determining the balance of power within the organization—the outcomes of which affect pay, status and influence. A review of existing literature serves as a foundation that helps to gauge the extent to which society and organizational culture have evolved in the forty years since the civil rights legislation, which dramatically altered the racial, class, and gender makeup of the modern organization. It also provides a framework for understanding the context in which the language around diversity has broadened to reflect various groups to which such legislation was not originally targeted, yet whose inclusion is vital

to gain more broad-based support for continued legislation. Throughout this proposal I will discuss the topics I intend to include in my research, citing relevant literature I have reviewed that will serve as a background for my work.

<u>The Modern Organization</u>

The organization is a complex and dynamic force in American life, exerting significant influence on individual and group behavior, and to a large extent, the identity of the individual. US corporations are in a state of transition, and, as a result, they have become more fluid than ever, exercising more options, from where to base operations to deciding on the types of employees they wish to hire. Concurrently, global forces have compelled many organizations to rethink strategies and behavior for their economic survival. In turn, these challenges have presented the individual with both new opportunities and new worries. An employee rarely stays (or rarely is expected to stay) with one organization throughout her entire career, increasing the possibility for mobility. At the same time, she must contend with restructurings, downsizing, and the loss of promised benefits. Such changes have produced profound effects on the psyche of the individual within the organization. As a result, only a select few enjoy any considerable degree of autonomy, access to specialized resources and privileges, or have the freedom to live the ideals of self-actualization that the organization purports to imbue in its members. For the vast majority, the organizational reality is one of a more highly restrictive environment where individualist perspectives may go unrewarded, meritocracy yields to nepotism or favoritism, and the ability to advance within the hierarchy is hampered,

depending on the individual's rank. This research will attempt to address some of the underlying causes and implications for organizations and their members.

<u>Diversity and Conflict in the Workplace</u>

The incorporation of new groups into the organization has led to an increase in conflict, as members from disparate social backgrounds compete for limited resources and question objectionable behavior practiced by outside group members. In response, management has attempted to mitigate organizational change and strengthen corporate culture with a variety of strategies. For example, diversity initiatives, sensitivity training, and conflict resolution seminars are some of the tools managers use to attempt to bridge cultural differences and biases that resonate through the larger society (Ezorsky, 1991). At the same time, however, conflict, tension, and distrust seems to permeate the office environment with increasing frequency. Employees have grown skeptical of motives both of senior management, as well as competing groups, whether the group is defined by function, geography, or distinguishing physical characteristics.

Nonetheless, human resource managers devote considerable attention and resources to diversity in the workplace. Whether for competitive or legal purposes, most organizations maintain official policies for incorporating various constituencies into the workplace. To be sure, most organizations may pledge commitments to assembling a workplace that is reflective of society at large; indeed, many appear to be diverse in terms of raw numbers. A closer observation, however, often unmasks seemingly intractable stratification,

hierarchy, and segregation largely based on race, gender, and class (See Pierce, 2003; Cardwell and Elliott, 2006; Handelsman and Cantor, 2005; and Blackburn and Jarman, 2006).

Because the lore of hard work weighs heavily in driving US workers toward greater achievement it is imperative to dispel some of the myths about organizational behavior. Such mythology belies the inconsistencies that accompany issues of equity, meritocracy, advancement, and full participation in the workplace. Allegorical references to Horatio Alger, for example, remain powerful and mythically compelling, yet such mythology has the effect of demoralizing those, for whom through no fault of their own, success seems perpetually unattainable. The promulgation of the idea that hard work and dedication alone dictate the level of success one achieves often negates institutional and societal inequities inherent in our social ordering, and the institutional expectations of group members that are projected onto individuals. Such mythology leads the individual to internalize failure, while it neglects to account for forces beyond the individual's control. In short, the myth is such that it deflects much of the societal and organizational obligation to obviate destructive behavior and practices.

<u>The Myth of Pure Merit</u>

Critics claim that diversity policies require merit to be put aside. This argument is predicated on a highly abstract definition of merit, however (Bowen, Bok, and Burkhart, 1999). Essentially, it requires us to believe that organizations want only the most qualified individuals, regardless of how their contribution will

impact the overall performance of a unit, department, or team. As in sports, coaches assemble successful teams by recruiting individuals whose collective efforts will contribute to the overall success of the team. To be sure, some organizations have discovered that hiring one type of high-achieving individual almost exclusively does not create the type of balance necessary to maintain a successful organization. Google, for example, has begun to expand its definition of a well-qualified candidate to move away exclusively from a focus on grades to seek other qualities that might make employees a better fit for their roles within the organization.[1]

Highly volatile words such as "fairness", "merit", and "achievement" take on different connotations depending on the speaker and the context. (Bowen, Bok, and Burkhart, 1999). History demonstrates that such terminology can be very subjective and the criteria reclassified to reflect the preferences of the decision-making elites, and as such, a system maintains its ability to enforce and reward its desires. One disturbing consequence of this phenomenon is that certain groups enjoy only provisional status, whereby they must prove themselves worthy of the title, privileges and responsibilities inherent to their roles; something that may be taken for granted by the dominant group (Anderson, 2005). In such instances many subtleties prevail, and the burden of proof of a real or imagined slight or demotion in status by the aggrieved may prove difficult to confirm. In this environment subcultures may develop and intangible qualities that confer or validate status may exist only informally; often the organization has little authority to manage a desirable outcome.

<u>Race</u>

"Minority" equals "affirmative action hire" equals "unqualified." I

don't mean everyone thought this way, but enough people did to

make it matter . . . So, yeah, it was disappointing[2] (Pierce, 2003,

p.1).

<u>General Survey</u>

The Civil Rights struggles and ensuing legislation, specifically Title VII of

the Civil Rights Act helped to address much of blatant discrimination that

occurred with regularity in the workplace.[3] As a result, many whites assume such

issues are largely resolved. In support of this claim, some will cite encouraging

developments. For instance, in 1964 there were no Fortune 500 companies

headed by a black executive; since the late 1990's, however, we have witnessed

some high profile appointments. For example, in business A. Barry Rand at Avis

Rent-A-Car, Lloyd Ward at Maytag Corporation, Franklin Raines at Fannie Mae,

Kenneth Chenault at American Express, and Richard Parsons of Time Warner

assumed CEO positions; in government Colin Powell and Condoleezza Rice

come to mind. However, even with these very significant achievements, the

overall statistics are quite sobering: combined, blacks and Hispanics account for

less than two percent of executive position appointments in the United States

(Grossman, 2000). Major studies (Pew, 2004;[4] EEOC, 2006; Pager and Western,

2005, for example) indicate that bias and discrimination is a continual issue for

people of color. Thus, evidence suggests that race continues to act as a primary

subtext to organizational conflict.

<u>The Precept of Whiteness</u>

Conflict generally ensues when different individuals or groups compete for limited resources within an organization such as jobs, promotions, or raises, for example[5]. Although corporations attempt to measure and distribute rewards and sanctions in some objective, universal manner, what has been largely absent in the analysis of organizational conflict is standard against which everyone is measured—whiteness. Whiteness studies have emerged recently to document the phenomenon, the unspoken element in the construct of organizational behavior and norms. As noted by Pierce (2003), whiteness studies has emerged in recent years to address the maintenance and reproduction of racial inequality. Lipsitz (1998) notes that because whiteness is the "unmarked category, against which difference is constructed, whiteness never has to speak its name, never has to acknowledge its role as an organizing principle in social and cultural relations" (p. 1). Confronting the issue offers the chance to dissect and engage a topic that often is difficult to discuss or even acknowledge, because although rarely explicitly mentioned, its presence in normative judgment making is unmistakable (Lipsitz, 1998).

The intersection of race and racism within the organization and the discomfort the subject engenders demonstrates the predicament of attempting to form a corporate culture that attempts to mute its existence. Affirmative action policies, initially seen as a way to correct historical imbalances, are viewed unfavorably by middle class whites, because they perceive them as race-based, meritless preferences. White Americans favor abolition of race-based policies in

the workplace, speaking generally that equality has been achieved or that such

programs how outlived their utility (Pew, 2004). Many argue further that university

admission, hiring, and promotion decisions should be made on color- and gender

blind bases.[6] However, this group of Americans chooses to practice behavior that

limits interaction with other groups. To be sure, whites tend to live in racially

segregated neighborhoods by choice, to work in racially segregated occupations,

and would hire white employees if given the chance (Massey and Denton 1993;

Tomascovic-Devey, 1993; Wilson, 1997). In light of this, it is important to

examine the constructs that influence such preferences and to demonstrate how

such preferences manifest into the maintenance of inequities in the organization.

The divergence between ideology and practices reflects a chasm in

cultural ideas—ideas that inevitably infiltrate the workplace (Pierce, 2003). As a

result, such attitudes call into question the ability for members of an organization

to practice color-blind policies, especially when one group seems to benefit

greatly from current practices at the expense of other groups. Complicating the

issue of bias is the precept of whiteness. Members of other racial and ethnic

groups are measured against the unspoken standard, and consequently

marginalized or ostracized if they do not conform. Or they may be driven out by

overt behavior of other group members, which the members themselves may not

recognize or acknowledge (Pierce 2003). Attitudes about race affect individual

actions and perceptions of groups, the manifestations of which reflect in

organizational practices and decision making in trying to formulate a corporate

culture. Until this precept is fully acknowledged, a major source of organizational

conflict will continue to exist.

Most official policies of an organization espouse objectivity in addressing

and resolving conflicts. Impartiality is the implied theme in a managerial approach

using rewards and sanctions to influence behavior, for example. Research

indicates, however, that some groups are more prone to particularistic forms of

demotion, dismissal, and suppression of wages, while other groups

disproportionately receive the rewards within the organizational structure (Wilson,

2005; Blackburn and Jarman, 2006), offering evidence that positive and negative

behavioral assumptions continue to be associated with certain groups. For

example, Wilson (2005) found the dismissal rate for African Americans, relative

to whites, is widespread. Compared to whites, African Americans are susceptible

to dismissal across categories of traditional stratification-based factors—namely,

human capital credentials (e.g., education, job absences), background,

socioeconomic status, and job/labor market characteristics (e.g., union status,

economic sector, and industry). Moreover, research indicates that particularism,

as a determinant of dismissal, is more pronounced in working-class than middle-

class occupations (Labor Law Journal, 1995). At the same time, most of the

rewards and benefits accrue primarily to whites in general and white males in

particular. For example, representation in upper management and high prestige

professions is significantly concentrated with white males.[7] This reality has

profound implications for organizational policy setting and one's ability to

exercise a degree of autonomy within the workplace.[8] Such data prompts

curiosity with respect to the precept of whiteness, which appears to function as a discursive practice simultaneously to deny accountability for racist practices at the same time that everyday racism is practiced (Pierce 2003).

<u>Consequences of Provisional Status</u>

The precept of whiteness places minorities, particularly professionals, in a unique position in the workplace. Professional blacks, for instance, encounter a different set of problems within the organization. Anderson's "The Social Situation of the Black Executive" (1999) details the tenuous dilemma facing the modern professional of African descent in the organization. Blacks have made tremendous gains in the organization, yet they remain tethered by subtle discrimination and the demands of loyalty, conflict, and jealousy both within and beyond their own group. The black professional navigates a delicate path that may not be visible to the outside observer. She must reconcile relationships with other blacks (own, or core group), the outside sympathizers to her cause (the wise), and the unsympathetic or hostile (the normals), all who have certain behavioral expectations of her.

How she resolves such expectations can have far-reaching personal and professional consequences for her. Differing outlooks, goals, and experiences from core members may present the most angst-filled situations for the black professional. She is keenly aware of the expectations this group has of her on the one hand; on the other she is conscious of the image and behavior she needs to project to the wise and the normals to ascend the corporate ladder. It is difficult to separate completely from the core group, because they may provide a

significant source of support in a crisis due to an acute perception of similar

shared experiences. At the same time, too close an association with the core

might further stigmatize her in the view of the normals who, like the spurned core

group members, look for opportunities to discredit her. Minorities find that they

are often more easily discredited and discreditable, and therefore her

associations much be chosen with care.

<u>Summation</u>

In contrast to public opinion that assumes little influence of discrimination

on organizational and labor market inequality, this research will demonstrate that

race remains a prime driver of discrimination in the organization. Discrimination

continues to represent a major barrier to economic self-sufficiency for those at

the low end of the labor market hierarchy. Blacks, and to a lesser extent Latinos,

face more obstacles than whites to gaining entry into the workplace, promotion,

and lag in pay parity even when controlling for human capital credentials,

background, socioeconomic status, and job/labor market characteristics. Indeed,

discrimination has not been eliminated in the post-civil rights period as some

contend, but remains a vital component of a complex pattern of racial inequality. I

will use these research findings to determine their degree of replication with the

Fortune organization under study.

<u>Gender conflict</u>

Most of us spend most of our days in work organizations that are

almost always dominated by men. The most powerful

organizational positions are almost entirely occupied by men.

Power at the national and world level is located in all-male

enclaves at the pinnacle of large state and economic

organizations. These facts are not news, although sociologists

paid no attention to them until feminism came along to point out

the problematic nature of the obvious (Joan Acker, 1990, p.139).

Acker's observation typifies a positive statement most take for granted and accept as a natural, immutable state. As one begins to question certain assumptions about gender and power, however, the subjectivity of such a system and the controls that have been institutionalized to perpetuate the status quo become more apparent. Organizations are assumed to be gender neutral, yet Acker (1990) advocates convincingly that such an assumption is flawed. Job descriptions, roles, and task management are predicated on abstract discourse on rationality, rules, and procedures. Women's status in the organization is devalued because women are assumed to be unable to conform to the demands of the abstract job. Ranking of women's jobs, she argues, is often justified on the basis of women's identification with childbearing and domestic life (hence, a deviation from the abstract job). This devaluation is enforced more overtly through sexual harassment, relegating childbearing women to lower-level mobility tracks, and penalizing (or rewarding) their emotion management to conform to the abstract, and thus reinforcing hierarchy. Moss Kanter (1977) further supports this, stating: "While organizations were being defined as sex-neutral machines, masculine principles were dominating their authority

structures" (p. 46). Thus, as with the precept of whiteness, a precept of maleness is the unspoken standard in the organization by which everyone is judged.

Women historically have been relegated to ancillary roles within the organization, and their salaries have been reflective of this. Anecdotal experiences suggest that the support roles that women occupy in society are replicated in the organization. For instance, women generally perform duties that involve organizing the social life of the workplace (such as arranging offices parties, or offering official outreaches of sympathy to an ill colleague, for example). Such actions aid greatly in forming the social and personal cohesion that develops in the workplace, yet they are functions that go unacknowledged in the marketplace. Confounding the unpaid segment of work women perform, a large portion of their human capital skills goes unrewarded. Even as women's salaries have moved upward since the 1960s, and given the fact that since 1982 women have overtaken men in enrollment and graduation rates from college[9] they have begun to stagnate economically[10]. These trends suggest that many recent high-profile achievements—the first female secretary of state, the first female lead anchor of a nightly newscast, the first female presidents of Harvard and Princeton, the first female speaker of the House, and the first woman to launch a campaign for President with a plausible chance of winning, to name a few—do not reflect what is happening to most women. (Please see Appendix B for a more detail on the trend of wage disparities between men and women).

Feminist social scientists have conducted extensive research on the subject of women and organizations. Work from Moss Kanter (1977, 1993),

Feldberg and Glenn (1979), MacKinnon (1979), Ferguson (1984), and Acker (1990) provide excellent context. Kanter (1993), for example, documents various aspects of office life from the on-boarding process for new employees, to the level of autonomy an individual enjoys, to the opportunities for advancement depending on the role an individual occupies. Women consistently ranked behind men in all categories. Such distinction and group identification often determines an employee's opportunities for growth career advancement and, hence, the ability to exercise influence within the organization. Kanter also details the masculinization of management and the feminization of administrative work to divide office functions. Once hired, men receive more on-the-job training and visible job assignments that facilitate career mobility. Men are also more likely to be assigned mentors and receive more favorable job evaluations from their (usually) male superiors. Such differentiation in orientation and categorization leads to and reinforces pay disparity (Blackburn and Jarman, 2006).

Meanwhile, Feldberg and Glenn (1979) document work's centrality of linking the individual to the industrial society and to each other. They study how work functions proceeded along sex-differentiated lines, noting how job and gender models have distorted investigation and interpretation in the process. Finally, they proceed to investigate how sex segregation, social class, and gender analytically relate to job stratification and the labor market. Such research will help to form the basis of my work when studying gender inequity in my organization of focus.

<u>Gender and Loyalty</u>

The concept of the "organization man" as loyal and conformist to corporate life was a dominant cultural construct in the 1950s (Carroll and Noble, 1988). Implicit in this dynamic was the agreement between companies and employees that if workers remained loyal to the company and worked hard, employers would reward them with promotions, raises, and job security. This social contract also was structured by gender. In the immediate post Second World War era, the organization man was not a generic person, but specifically a man who was expected to be the mainstay breadwinner of the family. (Erickson and Pierce, 2005). This image, in turn, was supported by the profile of domesticity in popular culture following the war (Breines, 1992; May, 1988; Spiegel, 1992).

Since the 1950s, however, the American economy has undergone a dramatic shift that has challenged the concept of company loyalty. Industrial and manufacturing jobs moved increasingly offshore, while service sector work expanded significantly. At the same time, from 1950 to 1998, the percentage of women in the paid labor force increased from 31 percent to 60 percent (Cleveland et al., 2000; Reskin and Padavic, 2002). The decline of the industrial economy and the rise of the service sector have produced changes in the labor force and the labor process, impacting possibilities for workers' long-term financial security. By a similar token, the rise of the service sector witnessed a change in the culture of work for those working in service jobs (Herschenberg et al., 1998). Unlike manufacturing work, service work, as Erickson and Pierce

(2005) define it, involves face-to-face interactions with customers and often requires emotional labor on the part of the workers. Yet, this intensiveness and loyalty goes largely uncompensated. Interestingly, service sector employment is predominately female and much more lowly compensated than industrial manufacturing work.

Organizations often exploit personal relationships to exercise psychological control to instill loyalty by service workers. Whether or not women dislike the organization for which they work, it is the personal relationship with an immediate supervisor that holds them in their job. Thus, it is important to explore and understand the role in which these dynamics impede women's progress within the organization in order provide a context for a new set of assumptions that address inherent institutional inequities. This study will explore these issues and attempt to gauge the extent to which gender functions in perpetuating job stratification, wage inequity and the power imbalance in the workplace.

<u>Class</u>

Big capitalism has created systems of work organization, which, under the prevailing conditions of exploitation of the masses, represent the harshest form of enslavement by which the minority, the propertied class wring out the working people surplus amounts of labor, strength, blood and nerves (Lenin, Vol. 42. pp 79-80).

Class relations, like gender and race relations, are reproduced in the organization with a high degree of conformity. When one class determines the

rules for engagement in the workplace, those who do not participate in the formation of the rules essentially lose in the hierarchy. Exclusion from such decision making impacts the relative efficacy and autonomy workers experience in the workplace, career goals, worth, and meaning of work pay etc. This, in part, helps to explain the defining of "feminine" and "masculine" work; "clerical", "administrative", "professional", "managerial" work, and generally valuing certain work more, aiding the justification of pay disparity (Please see Appendix C for CEO to worker disparity trends). It also helps explain why some groups often will "fail" to meet the standard of the defining class, thereby justifying their lower status within the hierarchy.

Critical perspectives on work organizations argue that rational-technical systems for organizing work, such as job classification and evaluation systems and detailed specification of how work is to be done, are parts of pervasive systems of control that help to maintain class relations (Edwards 1979). Reward and sanction systems are important tools for managing corporate culture and behavior. Such systems have the effect of reinforcing a class structure through their ability to limit access to privilege, and, in the process, conferring a level distinction upon the recipients. Ordering, ranking, and assigning a value to work, functions, and job titles reinforces the perceived contribution of the individual and helps her define her role within the organization.

Frederick Taylor's theories on management helped to codify a classist system of management, whereby labor became valued less than managerial expertise. His study of work practices at Bethlehem Steel placed emphasis on

timed work habits that measured performance. Conflict ensued almost immediately from the application of Taylor's principles in the workplace. Laborers dislike the concept of scientific management because the idea lacks a human dimension. Furthermore, Taylor's general disdain for workers, coupled with management's embrace of Taylor's theories helped cement a level distrust between the two groups. He could not explain mathematical concepts of heavy labor to workers he called "so stupid and so phlegmatic that he more nearly resembles in his mental make-up the ox than any other type" (Clark, 2000, p 8). Scientific management is taught today in much the same way employers focused on employees at the turn of the century, as "extensions of machines—as human interchangeable parts of a large impersonal production machine" (Clark, 2000, p. 8). Therefore, it is not difficult to appreciate that workers might feel alienated under such a system.

    <u>Manifestations of Class at Work</u>

    Power and conflict are pivotal themes of organizational life (Hathaway, 1992). The most significant forms of power are: (1) authority; (2) expertise; (3) control of rewards; (4) coercive power and (5) personal power (Ya-Hui Lien, 2005). With power, one gains more responsibility, money and influence. These determinants manifest in salary grades, exempt versus non exempt status, and the defining of job skills and requirements, which act as demarcations to produce a hierarchy that determines the way individuals are treated in the workplace. Under such a system, for example, hourly workers generally face a more restrictive environment, reporting to a supervisor who closely monitors behavior

and performance. Professional and more senior employees, by contrast, are granted more autonomy. For example, professional employees are more like to enjoy a flexible work schedule (McCrate, 2002). Ammons and Markham (2003) note professional workers tend to work at home to alleviate work/family conflicts, or because of factors in the external labor market. Yet single mothers, who bear the full responsibility of work and home for their families, receive very little flexibility as a group. That this group is powerless in the organization is a reflection of societal behavior at-large. In a review of the literature, Brown et al. (1996) reveal that the effects of social class are quite complex throughout one's career impacting behavior and relationships in the organization. They suggest that social class affects occupational attainment, access to work opportunities, individual worldviews, and values placed on work as well as how an individual is viewed by others. Single mothers often do not enjoy the luxury of pursuing more individualistic goals within the organization and advancing their careers. Because of this they do not rise within the hierarchy and remain powerless as a group and confined to more restrictive work environments.

Powerlessness in the context of class in the organization often results from structural barriers. Such barriers include valuations assigned to specific work, the existence of various job restrictions, and the existence of unclear company policies (Ya-Hui Lien 2005). Reward systems express and reinforce the values and norms that comprise corporate culture. Reward and punishment systems are, in effect, powerful mechanisms managers use to communicate desired attitudes and behaviors to organization members. Yet, these same

systems can be used effectively to create barriers to addressing underlying structures that impede the progress of entire groups within the workplace.

Conclusion

Modern organizations are like societies; their cultures are reinforced and modified over the years to reflect larger societal changes. Culture itself is rooted in the countless details of organizational life. How decisions are made, how conflict is resolved, how careers are managed—each small incident serves to communicate some facet of the organization's culture to those involved. My research will combine the theoretical underpinnings of the topics discussed in this proposal and link them with the findings of the data I will gather in order to form a more comprehensive qualitative evaluation of workers' attitudes about organizational life. My findings will provide researchers, workers, and management with a snapshot of organizational equity. Moreover the findings will provide management with information it can use to refine its policies to target specific group members. The findings of this research can serve as the foundation for future research that could offer comparative analyses of workers' attitudes across differing types of organizations, or by examining the decision making behind formulating organizational rules and policy, for example. It remains to be seen if my findings will be generalizable to different types of organizations (for example, large versus small, information, service, or industrial organizations, etc.).

Given the importance of understanding how group dynamics influence organizational decision-making and effectiveness, and given the importance of

such outcomes on organizational effectiveness, I will initiate an exploratory, discovery-oriented project designed to develop inferences to foster subsequent research. My proposed study will add to the existing knowledge base by giving voice to distinct groups within the organization, thereby providing an acute glimpse into the complex ways in which the variables interact to influence group ascendancy within the hierarchy. In my view, the consequences of ignoring the experiences of less enfranchised groups in the organization comes at great costs; therefore, I believe that it is critical to understand the experiences of all individual groups in order to foster more effective organizational learning.

CHAPTER 3
ETHICS QUESTION

Background for the Question

In the spring of 2006, I completed DYNM 671, Ownership Matters, taught by Professor Andrew Lamas, where we explored this subject in a way that went beyond the traditional property- and law-based parameters. We studied ownership issues from an ethical perspective by reading economic, political, and social doctrines, and by analyzing religious, gender, globalization, and class conflicts. This class provoked thoughtful conversation through the varied readings and spontaneous discussions that arose during class. The topics we covered in Ownership Matters offered me a chance to evaluate my learning from other Dynamics classes, which focus on developing the knowledge and tools necessary for effectiveness in a corporate setting, to weigh the impact of such teachings, and learn how they influence my thoughts on ownership and rights when removed from a traditional organizational setting.

Question from Andrew Lamas

> Write an essay that describes, analyzes, and connects Benjamin's and Moglen's pieces in a way that advances understanding of an important, 21st-century issue (of your choice...with my approval). (1) Walter Benjamin "The Work of Art in the Age of Mechanical Reproduction" (1936) (2) Eben Moglen (Professor of Law, Columbia University Law School) "The dotCommunist Manifesto" (January 2003).

Response

Abstract

Walter Benjamin's *The Work of Art in the Age of Mechanical Reproduction* and Eben Moglen's *The dotCommunist Manifesto* are powerful essays which, when augmented with economic principles and concepts corporations have supported to legitimize their power, foretell the ultimate futility of attempting to restrict the flow of information in a digital era (both essays are attached as Appendices D and E respectively). This essay will focus on the conflict between digitization and copyright, linking Benjamin's observation that technical reproducibility diminished the aura associated with a work of art, with Moglen's argument that digital reproducibility, with little to no associated marginal production costs, no longer grants the capitalist a right to exclude his product.

Prologue

Each year in mid-January the Australian Open, one of the four grand slam events on the tennis calendar, takes place in Melbourne. Over the course of two weeks tennis enthusiasts around the world follow the progression of the tournament. Time differences and lack of significant coverage, however, preclude many tournament observers in the US and Europe from following live tournament action. As recently as ten years ago, tennis fans would have to content themselves with reading about the results in the newspaper the following day (actually, two days later, as most late editions would have gone to press before the conclusion of the day's proceedings). Thankfully, technology has improved significantly the way tennis fans receive information and follow such

tournaments. The grand slam tournaments (the others being the French Open, Wimbledon, and the US Open) have enhanced coverage significantly via their websites, allowing fans to follow live scoring of matches in progress, as well as to listen to live audio broadcasts of some of the matches. Wimbledon has gone one step further, and now offers live webcasts of matches on its showcase courts as a subscriber fee service. Still, most followers will not be able to view live telecasts of matches of their favorite (or most reviled) players.

One partial remedy to this problem is very inexpensively and easily producible, and is easily accessible to millions of followers around the world: uploading footage onto You Tube, a premier, and widely-used website that allows the public to post and view videos and other digital content. Yet for confounding reasons, rights holders to footage (primarily the English-language companies) refuse to allow clips to be posted, or once posted, they are quickly removed. As the technology of accessibility and distribution has improved, corporations have undertaken massive, sometimes heavy-handed measures to restrict access to material. For example, if a tennis fan visited You Tube's website the day after the match and clicked on a video link for highlights of Andy Roddick versus Marat Safin, one was likely to receive the following message: "This video has been removed at the request of copyright owner Tennis Australia (or ESPN) because its content was used without permission." Latin American or Asian distributors own most of the material that is allowed to remain on the site. As much as anyone may enjoy tennis, it is difficult to imagine that the footage Tennis Australia or ESPN possess is so valuable that most fans would want to

buy or view hundreds of hours' worth of tennis matches. Similarly, it is difficult to imagine that without some expensive editing, the companies could package a collection that would net them a profit. In the meantime, these two companies are content to restrict access to the material, and otherwise let the footage remain forever sealed in a storage facility. Granted, this may be property of Tennis Australia, but a pervading view is that watching 6-7 minutes clips of matches for reliving great moments in a match does not detract from any initial profit potential for the companies involved (the content is not streamed live), and, in fact, such inexpensive promotions often work to increase interest. To be sure, shows like NBC's *Saturday Night Live* and Comedy Central's *The Daily Show,* have attracted new viewers in direct response to video clips that have circulated on You Tube. Moreover, since ardent fans provide all the editing and distribution, these efforts cost the rights owners nothing while enhancing interest in their product. Thus, it is surprising that officials would suppress circulation of clips of an expired sporting event. To date, rights owners have made very little effort to package and distribute this archived material, yet in the spirit of enjoyment for those who appreciate viewing this material, such hoarding appears hostile and avaricious. When the public is confronted with such behavior it is not surprising that a momentous conflict exists between consumers and producers of creative content.

Intellectual Property Rights Disputes

File sharing of books, art, movies, and music has fueled considerable discussion around copyright issues. This activity is popular, easy, and fun, yet it

also violates many U.S. copyright laws. Literally millions of copyrighted files are shared every day, and only an unlucky few actually are held responsible for this transgression. If one chooses to calculate an economic risk-versus-reward scenario of sharing music, the odds clearly favor the risk taker. To be sure, a few well-publicized cases of record companies suing violators gain headlines, but hundreds of thousands file sharers escape detection and prosecution. Clearly, technology has outpaced the law in today's digital world, rendering true enforcement virtually impossible or economically unfeasible.

Unsurprisingly, intellectual property rights (IPR) issues have moved prominently into the forefront of legal debate. Previously, this debate remained relatively innocuous in the legal arena, confined to a very small portion of the public, namely distributors and creators of content. Until recently, much of the public had neither the means nor the incentive to be legitimate participants in this conversation. Now, copyright reform impacts millions on a daily basis: artists, students, professors, and those who wish to access, download, share, or edit music, movies, or text, for example.

Technological advances have forced a reevaluation of ownership ideas. Many of the reasons cited for granting ownership rights, or extending such rights—production and distribution costs, and the time, effort, and expense of embarking on a creative project, for example—no longer exist. A key issue in moving the conversation forward, however, entails disentangling esoteric, reverential platitudes ascribed to a work of art, or as Walter Benjamin (who will be discussed shortly) describes it, removing the aura, and addressing questions

of ownership, fair use, and when such work enters the public domain. Until these questions are addressed in a relevant manner that considers how technology has altered the discussion, the debate will continue.

Deconstructing Aura

One step toward initiating honest dialogue surrounding copyright involves removing the mysticism that often shrouds the creative process. Walter Benjamin does this in *The Work of Art in the Age of Mechanical Reproduction.* He explains that human advances in technical reproduction helped transform art and art forms. So, for example, he points out that lithography, photography, and film dramatically altered how we view, process, and receive information. As a result, creative works were transformed from singular, spatial events into more universal ones, ones that could be removed from their original settings, placed in new settings, and interpreted at will. At the same time, improvements in the technical aspects of these processes have advanced to the point where each derivative copy becomes virtually indistinguishable from the original. As Benjamin notes:

> The whole sphere of authenticity is outside technical – and, of
> course, not only technical – reproducibility. Confronted with its
> manual reproduction, which was usually branded as a forgery,
> the original preserved all its authority; not so vis-à-vis technical
> reproduction. The reason is twofold. First, process reproduction
> is more independent of the original than manual
> reproduction…Secondly, technical reproduction can put the
> copy of the original into situations which would be out of reach

for the original itself. Above all, it enables the original to meet

the beholder halfway, be it in the form of a photograph or a

phonograph record. The cathedral leaves its locale to be

received in the studio of a lover of art; the choral production,

performed in an auditorium or in the open air, resounds in the

drawing room. *(p. 116)*

Such accessibility had the effect of demystifying the creative process. One no longer had to witness a work of art at its point of origin in order to experience it. In response, rights owners clung tighter to the idea of the "original" and marketed the aura of the "artist." Thus, the author, painter, or film star was promoted as a mystical, somewhat superhuman whose physical presence would help enhance the value of the copies his work inspired, such as an author performing a book reading, a film star promoting a movie at a premier, or a signer performing in concert.

Rights holders have long argued that their works are the efforts of substantial creative energy. These efforts, coupled with the expense of reproducing and distributing their works, have been the rationalization for various pricing schemes they invoke. The inability, or the expense involved to reproduce enough copies of a work to satisfy demand allowed the owner to create and maintain an aura around the product, enhancing its value, and hence, inflating it price. While few deny that an author or inventor should be rewarded for his creative efforts, Benjamin argues the ability to reproduce works inexpensively with new technology negates a portion of their argument. He writes:

One might subsume the eliminated element in the term "aura"

and go on to say: that which withers in the age of mechanical

reproduction is the aura of the work of art. This is a symptomatic

process whose significance points beyond the realm of art...By

making many reproductions it substitutes a plurality of copies for

a unique existence. And in permitting the reproduction to meet

the beholder or listener in his own particular situation, it

reactivates the object reproduced. These two processes lead to

a tremendous shattering of tradition which is the obverse of the

contemporary crisis and renewal of mankind. Both processes

are intimately connected with the contemporary mass

movements. Their most powerful agent is the film. Its social

significance, particularly in its most positive form, is

inconceivable without its destructive, cathartic aspect, that is,

the liquidation of the traditional value of the cultural heritage.

(p.117)

Benjamin seems especially prescient given that his essay was written fully

half a century before issues of digitization would impact the purview of the

average citizen. He explains how the close integration of aura to the creative

process blended to rarify art. Until recently (although still not fully expunged)

such decision making tended be less market-driven and more oligopolistic, with a

select minority controlling the market and their ability to exclude de facto. Indeed,

art critic Dave Hickey said, "a work of art itself has no value. Value is what we

assign to it; critics, curators, historians. The thing itself has no intrinsic value."[1]

Creating illusions around a work of art, a product, or an idea is a key strategy to

increasing its economic value; it may also serve to heighten its cultural

significance and provide incentive to a particular group to restrict its access.

Benjamin illustrates the threat reproducibility (in this case, digitization) poses to

the sensibilities of the traditionalists:

> An analysis of art in the age of mechanical reproduction must do
>
> justice to these relationships, [tradition, ritual, authenticity, aura,
>
> and the rise of socialism] for they lead us to an all-important
>
> insight: for the first time in world history, mechanical
>
> reproduction emancipates the work of art from its parasitical
>
> dependence on ritual. To an ever greater degree the work of art
>
> reproduced becomes the work of art designed for
>
> reproducibility. From a photographic negative, for example, one
>
> can make any number of prints; to ask for the "authentic" print
>
> makes no sense. But the instant the criterion of authenticity
>
> ceases to be applicable to artistic production, the total function
>
> of art is reversed. Instead of being based on ritual, it begins to
>
> be based on another practice – politics. *(p. 121)*

Reproducibility transforms a work from traditional constraints, freeing it

from the rarefaction in which an elite class chooses to encase it, opening it to

different interpretations from varied audiences and increasing its accessibility.

Such an occurrence has tremendous implications for shaping the cultural

arena—from criticism, to defining relevance, to the actors who determine such outcomes. In effect, universal access requires an elite class to cede its control.

A Shift in Copyright

Ownership of intellectual property is designed to facilitate the funding of creativity. But such ownership can also make one vital input into the creative process—other artists' copyrighted works—prohibitively expensive. The consequence of a system that commingles creativity and money also affects the distribution of creative opportunities. While creating, for example an artist or author may find there is a tendency to deny access to copyright, whereas after the artist or author has finished a creation he will tend to claim copyright. Some creators want the monetary incentive that copyright provides; others do not. Further, some creators can bear the expenses that copyright imposes, while others cannot. The expense of building on the works of others is justified in copyright theory by the hope that the burden copyright imposes on creativity is outweighed by its benefits.[2] William Landes and Richard Posner state, "a fundamental task of copyright law is...to strike the optimal balance between the effect of copyright protection in encouraging the creation of new works by reducing copying and its effect in discouraging the creation of new works by raising the cost of creating them."[3] As corporations tighten controls on processes to allow for a freer flow of information such an outcome clearly is not the case.[4]

Copyright disputants generally approach the issue from different perspectives: citizens, intellectuals, and the creative classes seek a balance on issues concerning fair use, an appropriate timeframe for copyrighted works to

enter into the public domain, and access to material for which the copyright owner cannot be located[5]; while corporations generally enter the conversation with economics at the forefront. Of course, there are other important considerations, such as creativity and authorship, which are important and rightfully deserve attention, but the core dispute (with corporate interests setting the agenda) is driven by economic incentives. To be sure, the evolution of copyright law has followed a trajectory of extension in response to demands from media companies that have sought to control content for longer periods of time, and newer provisions to allow for revising the law every three years specifically to address new technologies that may impact production and distribution channels.[6] Lawrence Lessig, a distinguished scholar on IPR, makes a keen observation in his book *Free Culture*. He notes that Jack Valenti, head of the Motion Picture Association of America (MPAA), advocates for stronger copyright law, and for equating such laws with physical property laws. But, he argues, Valenti's motivation is based on money and control for those he represents:

> He [Valenti] speaks for an industry that cares squat for our tradition and the values it represents. He speaks for an industry that is instead fighting to restore the tradition that the British overturned in 1710. In the world that Valenti's changes would create, a powerful few would exercise powerful control over how our creative culture would develop *(p. 118).*

<u>Economic Principles and Copyright</u>

Benjamin's essay and Eben Moglen's, *The dotCommunist Manifesto,* are powerful pieces which, when coupled with an application of rudimentary economic principles and concepts that corporations have advocated to legitimize their power, demonstrate the ultimate futility of attempting to restrict the flow of information. Both essays challenge the controls capitalists (the bourgeoisie, according to Moglen) use to restrict the flow of information and to vest cultural control in an elite class. They also demonstrate that when a popular movement ensues, which directly challenges social norms, it is tantamount to a revolution whose forces cannot be curtailed easily. Major changes in processes and social norms can cause chaos not only because rules are no longer so straightforward, but also because they have the ability to weaken the ability of one class to determine the rules of engagement.

Inaccessibility to information and ideas helps owners maintain collusive practices with respect to producing, valuing, and distributing creative content. While Benjamin argues owners use such inaccessibility to create an aura in order to inflate prices, Moglen says they apportion the products of aura as if they are pure private goods. To be sure, Moglen describes how technology developments altered the nature of previously perishable cultural commodities, converting them into durable consumption goods. This, he reasons, is part of a bourgeois system that must reinvent itself to maintain and expand a consumption-based economy. With the advent of the phonograph, for instance, he says:

music became, as an article of consumption, an opportunity for

its new 'owners' to direct additional consumption, to create

wants on the part of the new mass consuming class, and to

drive its demand in directions profitable to ownership (p.147).

An unintended consequence for owners, however, was that the regenerative production processes they put in motion would eventually work against them, even as they cling to a property system ill-equipped to effectively protect them. Moglen writes:

Like the ancien régime in France, which believed that feudal

property could be maintained by conservative force of law

despite the modernization of society, the owners of bourgeois

culture expect their law of property to provide a magic bulwark

against the forces they have themselves released (p. 153).

At this point it is helpful to discuss the concept of the *private good*, which is central to the argument that both writers make, and which helps place the copyright debate in context. Briefly, microeconomics informs its adherents that there are four types of goods:

- Public goods
- Private goods
- Common resources, and
- Natural monopolies

Figure 1 shows examples of different goods. (This discussion will focus on public and private goods. Please see Appendix F for more detail on the different types of goods and their properties).

Figure 1. Four Types of Goods

	Rival?	
	Yes	**No**
Yes **Excludable?**	**Private Goods** • Ice-cream cones • Clothing • Congested toll roads	**Natural Monopolies** • Fire protection • Cable TV • Uncongested toll roads
No	**Common Resources** • Fish in the ocean • The environment • Congested nontoll roads	**Public Goods** • National defense • Knowledge • Uncongested nontoll roads

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The properties of a good, its rivalry and excludability, determine how that good will be rationed in the marketplace. So, for example, if a good exhibits rivalry, one person's use decreases its enjoyment by another; if it exhibits excludability, it can be regulated in a way that prevents someone from using it. If both of these conditions are met, the good can be allocated in the market as a private good (for example, a television set, or a hamburger meets these criteria). With consolidated production and distribution capabilities (there were a finite number of book publishers, record labels, and film studios, for instance), the

owners have been able to regulate the supply of copyrighted material. Thus, consumers pay for such goods because the owner can restrict access to them.

Digital technology, transforms the characteristics of the goods media companies produce, however. They are neither rival nor exclusive in the literal sense (This strict interpretation does not discount other technological protocols, like coding products to prevent duplication, or monitoring the internet, an owner make undertake to regulate the use of his product. Such actions add to the cost of doing business independent of the pure act of producing and distributing content). On the contrary, this new media format exhibits the exact opposite characteristics, making them public goods. Specifically:

1. The media is easily and inexpensively reproducible;

2. It is more difficult for a rights owner to prevent others from using it; and

3. The use of said media does not interfere with another person's ability to enjoy it.

More importantly, digital technology fundamentally alters such an economy, because marginal production and distribution costs are negligible (and, not incidentally, these costs do not need to be incurred by the owners). This is a crucial consideration, because marginal production costs are often the reason producers cite for limiting output. They argue, for example, the cost of hiring extra workers or buying additional supplies does not justify more production. Thus, if the owner has decided to limit production because he does not wish to bear additional costs, he has essentially decided on a de facto quota, letting the deadweight loss of unrealized production and benefits accrue to society, since he

has decided to produce only to the point where it is profitable for him. This seems to irk Moglen particularly, who challenges the bourgeoisie on such practices. To be sure, he asserts,

> Society confronts the simple fact that when everyone can possess every intellectual work of beauty and utility—reaping all the human value of every increase of knowledge—at the same cost that any one person can possess them, it is no longer moral to exclude (p. 149).

His argument has considerable merit, because digital technology essentially has transformed the private property characteristics of these goods into public goods, and, at the same time, it negates the capitalist's justification for higher prices because of production and distribution costs.

Moglen speaks forcefully against such a system of ownership that demands that knowledge and culture be rationed when the need to do so no longer exists. Rightfully, he believes that the suppression of the free flow of information in light of new technologies that meet the conditions above is unconscionable, declaring:

> If Rome possessed the power to feed everyone amply at no greater cost than that of Caesar's own table, the people would sweep Caesar violently away if anyone were left to starve. But the bourgeois system of ownership demands that knowledge and culture be rationed by the ability to pay (p. 149).

Other economic principles also help to explain why people seek ways to circumvent official venues for obtaining goods. (Please see Appendix F for a quick summation of the ten principles of economics, and how several of them relate to the copyright debate). One says that people respond to incentives. As constructed, the distribution of content is overpriced and highly inefficient, yet companies are reluctant to abjure these outdated models. When technology offers consumers the convenience of obtaining a specific product without leaving home to do so, without wasteful packaging, and without unnecessary transaction costs of obtaining the product, the incentive is firmly in place.

If these technical requirements are met, each consumer, knowing that s/he cannot be easily excluded, has no rational incentive to agree to pay for the good. Rather, it is in the consumer's interest, behaving as a rational actor (another principle), to behave as a free rider and avoid contributing to the good's production costs. Until rights owners concede the physically changed nature of media and recognize the rules of engagement need to be amended, they appear to be fighting a losing battle; arbitrage and counterfeiting opportunities abound for a thriving extralegal market.

Moglen's Manifesto

Benjamin initiates a much-needed dialogue on the implications for liberating culture from the control of a select few, skillfully acknowledging how social movements combined with technology broaden the scope of possibilities for the average citizen. Such an outcome was not realized fully, however, as corporate rights owners moved to lockdown access to culture. Moglen responds

to this development by demanding citizens reclaim their rights to access such artifacts. His sense of indignation is palpable, and his declarations, while effective, make little attempt at subtlety.

Initially, *Manifesto* has the feel of an anarchist tirade against "the system." For starters, the title suggests an obvious reference to Marx's unrealized vision, while the typeset of the title (dotCommunist) hints at a seemingly casual approach to his discussion. Moreover, *Manifesto* borrows liberally from the prose and style of Marx's namesake work, with modifications to the text to address 21st Century intellectual property issues. Then, Moglen signals the target of his antagonism from the outset, stating:

> A specter is haunting multinational capitalism—the specter of
> free information. All the powers of "globalism" have entered into
> an unholy alliance to exorcize this specter: Microsoft and
> Disney, the World Trade Organization, the United States
> Congress and the European Commission.

He immediately follows up by asking,

> Where are the advocates of freedom in the new digital society
> who have not been decried as pirates, anarchists, communists?
> Have we not seen that many of those hurling the epithets were
> merely thieves in power, whose talk of "intellectual property"
> was nothing more than an attempt to retain unjustifiable
> privileges in a society irrevocably changing? (p. 145).

Yet on close examination, *Manifesto* is a carefully reasoned commentary, from its clever incorporation of "dotcom" into the title to emphasize the digital focus of his piece, to his demonstration of the futility of a class of rights owners—such as media conglomerates, transnational corporations, and pharmaceuticals—to appropriate intellectual property and ration it to consumers in the face of technology that expediently allows circumvention. Just as the authors of the *Declaration of Independence* describe a host of grievances against the British and the intentions of the colonists to free themselves of such oppression, *Manifesto* lays the groundwork for a social revolution by providing a thoughtful, impassioned response to the economic tyranny the bourgeoisie exercise in their collective suppression of information. Moglen explains why circumvention of this system is both acceptable, and, in fact, encouraged:

> Throughout the digital society the classes of knowledge workers…are radicalized by the conflict between what they know is possible and what the ideology of the bourgeois compels them to accept. Out of that discordance arises the consciousness of a new class, and with its rise to self-consciousness the fall of ownership begins…Creators of knowledge, technology, and culture discover that they no longer require the structure of production based on ownership and the structure of distribution based on coercion of payment (p. 150).

<u>Confronting the Opposition</u>

Benjamin and Moglen underscore a glaring incongruity in current IPR law: such laws were written for physical, more tangible modes of production and distribution. Benjamin observes that mechanical and technical improvements compelled owners to adjust their strategies. Their tactics remained effective, because reproducibility efforts had not yet exceeded their ability to control output. Moglen demonstrates that virtual reproduction calls for a reassessment of the rules for engagement. As social values and societies progress, laws must change. Moglen reaffirms that laws and morals are not static constructs, but that they are principles that evolve over time. To be sure, whereas feudalism deemed ownership of humans as reasonable and acceptable, mercantilism and colonialism refined this concept, and capitalism negated this to some extent. Accordingly, laws and morality responded to reflect the change. In the same way that capitalism spurred competition, Moglen argues that private ownership of ideas and such usurpation by corporations will give way, because evolutionary forces will not allow for such practices to continue. Indeed, as technology continually presents a direct challenge to IPR, we could be on the cusp of a revolution with respect to property laws. As Benjamin points out:

> In principle a work of art has always been reproducible. Man-made artifacts could always be imitated by men. Replicas were made by pupils in practice of their craft, by masters for diffusing their works, and, finally, by third parties in the pursuit of gain.

> Mechanical reproduction of a work of art, however, represents
>
> something new. (p. 113)

Moglen simply updates this observation for the digital age, challenging the bourgeoisie to justify the status quo.

Moglen has a strong ally in Lawrence Lessig, the chair of Creative Commons and author of *Free Culture*. Lessig, for example, takes issue with media companies' attempt to reclassify *creative property*. He recounts testimony of Jack Valenti, head of the MPAA, at congressional hearings on copyrighted works in 1982:

> No matter the lengthy arguments made, no matter the charges
>
> and the counter-charges, no matter the tumult and the shouting,
>
> reasonable men and women will keep returning to the
>
> fundamental issue, the central theme which animates this entire
>
> debate: Creative property owners must be accorded the same
>
> rights and protection resident in all other property owners in the
>
> nation. That is the issue.[7]

Lessig openly disputes this claim. He argues that Valenti is both wrong, because copyright was never constructed to be accorded the same rights as physical property rights, and misleading, because such attestations lure the casual observer into agreeing with him. Says Lessig:

> …it has never been the case, nor should it be, that "creative
>
> property owners" have been "accorded the same rights and
>
> protection resident in all other property owners"…We have

always treated rights in creative property differently from the

rights resident in all other property owners. They have never

been the same. And they should never be the same, because,

however counterintuitive this may seem, to make them the

same would be to fundamentally weaken the opportunity for

new creators to create. Creativity depends upon the owners of

creativity having less than perfect control (p.118).

Moglen and Lessig recognize that IPR were created with the greater good

of society in mind. Such rights were never intended to have a sense of

permanency to grant the owner interminable ownership. Lessig argues such an

actuality is destructive to creativity, while Moglen openly advocates for the

overturn of such a system:

We, the creators of the free information society, mean to wrest

from the bourgeoisie, by degrees, the shared patrimony of

humankind. We intend the resumption of the cultural inheritance

stolen from us under the guise of ``intellectual property''…We

are committed to the struggle for free speech, free knowledge,

and free technology (p. 157).

After listing seven measures that the creators of the free information

society will promote in their attempt to achieve such an economic and ideological

coup, Moglen ends, stating:

By these and other means, we commit ourselves to the

revolution that liberates the human mind. In overthrowing the

system of private property in ideas, we bring into existence a

truly just society, in which the free development of each is the

condition for the free development of all (p. 158).

Ultimately, *Manifesto* is such a powerful piece that it is bound to leave the

believer firmly committed to his cause, and, at the same time, it is certain to

make some skeptics apologetic for the initial temptation to dismiss it as a

marginalized screed.

<u>Conclusion</u>

It is difficult to comment on or engage in culture without use of that culture.

Copyright was designed to provide an incentive to create and distribute cultural

information and materials, to enrich our lives, and to fuel discussion and debate

in a democratic republic. A properly designed copyright system provides the

incentives for the next creators, without unfairly tethering them to Byzantine

rules, allowing them to create new material without the fear of being sued. The

current system does not adequately reflect these goals. Art derives specifically

from other art; we all take inspiration from thinkers, writers, and artists who have

influenced us. As a result, it is impossible to label any one thought, product, or

creation as truly unique, wholly deduced, or singularly owned. Humans are social

animals who learn and develop by exploring and sharing with others.

Fair use is a uniquely American concept in copyright law; exceptions for

use of such material for education, criticism and parody were deemed essential

enough to the public good that these classifications were exempt from the law.

Fair use clearly has been beneficial to cultural dialogue, but the system is under

attack, however, as even these exceptions are being eroded, as we have entered an environment of overprotection and paranoia.

Culture is not zero-sum. Sometimes creative copyrighted material released into the public domain generates more interest that it ends up economically more profitable for the copyright holder. Popular music is a perfect example, and Napster provided an excellent medium for underscoring the issue. Most people will not willingly pay, or even attempt to access older pop music at full price. However, releasing older material builds interest in an artist's new material. This is a social benefit that can yield economic rewards copyright owners never would have realized without access to material that exists in the public domain. To be sure, many artists have picked up on this and disseminate even their newly released material via the Internet for free, bypassing record companies altogether.[8]

As evidenced by the decline or extinction of certain staples or entire industries of the past century—typewriters, vinyl recordings, and film cameras to name a few—technological advances often foretell profound shifts in the way goods and services are produced and sold, indeed whether such items are relegated to obsolescence. How information is gathered, produced, disseminated and stored is no exception. Flexibility in copyright laws is necessary to account for this shift.

The copyright system is ill designed and, unless modified, will continue to make criminals of millions who are responding to economic incentives in order to escape unfair pricing and fundamental disagreements they have with the

suppression of information. Cultural and media institutions will continue to fight a losing battle if they remain singularly focused and choose not to engage in meaningful reform of copyright law. Jimmy Wales, the founder of Wikipedia, notes the power of his organization and others engaged in information output for public domain use:

> We have the people to do it. We have the technology to do it. And we will do it, bad law or not. But good law, law that recognizes a new paradigm of collaborative creativity, will make our job a lot easier. Copyright reform is not about kids' stealing music. It is about recognizing the astounding possibilities inherent in the honest and intelligent use of new technologies.[9]

This statement could be viewed as an ominous warning for the publishing and content producing world. The technology exists to upend their business models, and the economic incentives are such that millions of people the world over are willing to take risks to obtain information. Wales' quote should be taken as a sign to work collaboratively with new media and technology companies who have the advantage with content distribution. A protracted fight could leave the industry weakened or irrelevant like the railroad, manufacturing, or steel industries. Copyright laws and reform should be centered on protecting a long-cherished tradition of allowing access to work that enters the public domain in a reasonable period of time—it should not be an attempt to keep works private and to criminalize of a large portion of the public.

<u>Epilogue</u>

I am an alumnus of New York University and still use my email account as a primary address; therefore I visit the website daily. Very recently I came across an article posted by NYU's Chief Information Technology Officer warning students against illegal downloading. College undergraduates are a primary target of the recording industry in their quest to prosecute illegal file sharing, because university computer networks generally allow for fast efficient downloads. In her letter, Marilyn McMillan cautions students that the university will comply with subpoenas issued by The Recording Industry Association of America (RIAA) seeking the identity of students suspected of such activity. She then appeals to the students' sense of reason and honor to cease such activity (Please see Appendix G for the full text):

> We know that illegal downloading of music is a widespread
> practice. It has become an international phenomenon, one that
> is hardly confined to college campuses. Its allure is clear: why
> would you pay for something—a song to load on your MP3
> player or a movie to load on your laptop—when you can get it
> for free with a little exploration and few keystrokes? And why
> would you not share something for free with friends?
> In answering those questions, the University appeals to what
> Abraham Lincoln once called "the better angels" of your nature
> and to your commitment to the culture of scholarship.

One might instantly notice the sense of irony in attempting to appeal to the integrity of a portion of the population who may among the most financially motivated to avoid payment for a product they are all too adept at obtaining and distributing for free. Further to that, however, one might question the logic and effectiveness of suing the very consumers who ultimately may be the music industry's best customers. Owners must acknowledge there must be a better way to legally share and distribute digital content. According to industry observers, more than 25 million songs are illegally downloaded daily. This translates into nearly $4.5 billion worth of pirated music annually, according to the International Federation of the Phonographic Industry. Moreover, the increasing bandwidth capacity is driving the growing popularity of downloading movies.

As I previously stated, it appears the trades associations (The RIAA and MPAA) are in a losing battle as long as they continue to operate under outdated business models. One model may which may be part of the problem is Digital Rights Management (DRM) of media. With DRM songs, for example, are not interchangeable across platforms or devices, or the ability to make copies of music and movies the consumer has purchased is limited. Such limitations invite an open challenge from consumers who have equally effective means of using technology to circumvent such controls. Another reason which might possibly account for lagging music sales, may be even more difficult for the RIAA to accept: the poor quality of popular music, and the industry's myopic focus on promoting hit singles versus promoting the album or the artist. Consumers' tastes and sophistication levels change over time, and perhaps a large segment of the

public is rejecting the aura the owners continue to promote around a stale

product.

CHAPTER 4
COACHING QUESTION

<u>Background for the Question</u>

In the summer of 2006, I completed DYNM 610, Knowing Yourself: The

Coach as an Instrument of Change, taught by Professor Rod Napier. This course

provided me with the opportunity to learn about my behavioral characteristics and

the how such behavior works to shape others' perception of me. It also helped

me realize the effect my behavior might have on others if I were to coach. His

class required introspection and directness from myself as I underwent a 360-

degree evaluation in order to learn how those in my personal and professional

lives evaluate me. This class and the professor provided me with valuable insight

by helping me evaluate my strengths and areas for development, and it helped

me gain perspective on the particular skills a coach needs to have for managing

change with prospective clients.

<u>Question from Rodney Napier</u>

Using information from relevant journals and books in the field,

please describe the similarities and differences between

coaching as a legitimate field of endeavor and psychotherapy.

In what ways does coaching demand more expertise and build a

case for this. In light of your responses to this point, suggest the

skills   and related training a highly effective coach would have

in his/her repertoire, if he/she took a job as a coach in the upper

levels of a large business enterprise. Finally, how would

success be measured given the array of issues that would face

the coach? In other words, how will the coach's boss know

whether this employee is being successful?

<u>Response</u>

<u>An Overview Coaching and Psychotherapy</u>

While psychotherapy has become increasingly categorical (Mahoney, 2003), therapy, narrowly defined, concerns issues that affect how people behave and how they feel. It is emotion based, and can help people gain insight by recognizing and then discarding ineffective approaches challenges of life, and by discovering talents, capacities and strengths that were previously buried (Bender, 2003). Therapy commonly involves a combination of cognitive, behavioral, and emotional strategies to induce change (Mahoney, 2003). The aim of therapy is to understand the control the subconscious has on a patient's behavior and happiness. Underlying treatment strategies is the therapist's recognition that the patient's inner conflicts, fears, and motivations originate from this subconscious (Bender and Messner, 2003). Thus, therapists often seek an understanding of the patient's early experiences in order to help the patient improve.

Coaching, which is more professionally focused, is aimed at changing behavior, and increasing skills, professional development, and performance (Gray, 2006). Coaching can help a client improve current job effectiveness, prepare for higher levels of responsibility, manage work-related stress better, and clarify or modify career goals (Battley, 2006). The focus of coaching is on improving organizational efficiency, effectiveness, and impact (Morgan, Harkin and Goldsmith ed. 2005). As such, an effective coach has an understanding of

psychology and organizational behavior, and employs counseling techniques to work with individuals and teams to make them as cohesive and effective as possible in their work environments.

   <u>Differences between Coaching and Psychotherapy</u>

   Coaching and therapy recognize change as a goal. Both disciplines may bring about behavioral change and help people understand how their cognitive and emotional reactions can interfere with personal effectiveness, performance, and well-being. They share some similar core skills, such as deep listening and questioning, which raise awareness in those they are helping (Bluckert 2005). Yet, there are significant differences between the two disciplines. Whereas coaching requires a set of skills centered on helping an individual change behavior in order to improve his group and organizational effectiveness, therapy, whose practitioner skills focus more on individual or family behavior, may not have the requisite skills to effectively manage groups or group behavior. An untrained therapist may compound a negative situation by focusing on therapeutic treatment, as opposed to group-based, problem-solving solutions. Because coaching requires skills for helping clients develop strategies for managing abnormal behavior of others, it requires a set of specialized skills that a therapist, who primarily works with individuals, may need to develop before moving into this realm.

   Similarly, because of the differences between coaching and therapy, what is acceptable in one practice may be inappropriate in the other. For instance, while a therapist may legitimately explore a client's early background to find the

source of difficult behaviors; it is less appropriate for an executive coach to do so. At the same time, if a coach believes there are important residual emotional issues hindering an executive's performance in the workplace, he or she should have the capability to recognize this, and refer the executive to a competent therapist (Bluckert, 2005).

The Coaching Profession

Coaching has grown considerably in recent years, attracting an increasing number of entrants to the profession, many who are lured by the potential profits from corporate clients. Specifically, therapists, skilled in listening and diagnosing problems in patients, have moved into executive coaching, attracted by the promising pay, and viewing coaching as a way to circumvent bureaucratic medical insurance systems for payments. Because the coaching field is unregulated, however, therapists and other academics may lack core competencies necessary to be effective coaches. In the same way that a coach with little therapy experience may be prone to misdiagnose in this area, a therapist who coaches without an understanding of organizational theory and behavior may soon be confronted by her ineffectiveness.

To gauge where coaches need to focus their skills in order to enhance their effectiveness with clients, it is helpful to learn why clients seek coaching. Clients and human resources directors cite the following as the prime reasons they seek professional coaching services:[1]

- Leadership coaching for behavioral change
- Career transition/succession coaching

- Improving performance and development

- Communications and interpersonal skills

- Lower-tier employees coaching

- Strategic thinking

- Helping teams work effectively

- Managing conflict

- Interpreting performance feedback and creating developmental plans

- Managing organizational change

Meanwhile, when working with clients, coaches list the following areas they observe in which clients need development[2]:

- Strategic thinking

- Problem solving

- Presentation skills

- Team building skills

- Conducting effective meetings

- Stress management

- Conflict management

- Anger management

- Crisis management

- Dealing with issues of power and authority

These results point to an overlap, and thus help identify key training strengths effective coaches need to develop in themselves in order to coach

clients successfully. Therefore, the overlap should be the baseline point where coaches must focus their training.

<u>Credentialing</u>

Executive coaching is an area in which the practice is far ahead of theory. While executive coaching has become an established practice, it still is ill-defined (Feldman and Lankau, 2005; Joo, 2005; Sherman & Freas, 2004). A lack of generally recognized credentialing standards makes the field difficult to assess. Moreover, coaching professionals come from diverse backgrounds, ranging from psychology, sports, law, management consulting, teaching, and training entering and working as professionals (Berglas, 2002; Feldman and Lankau, 2005, Sherman and Freas, 2004). Such diversity has led to different approaches to practicing coaching, and disagreements on the effectiveness of certain practices. Although certification is possible, it is not a requirement; moreover, certifications offered by various self-appointed bodies are difficult to evaluate (Joo, 2005).

Precisely because of the lack of regulation, certification and reliability have become important concerns for clients and the industry as a whole when attempting to assess qualifications. The International Coach Federation (ICF), a global organization dedicated to advancing the coaching profession, has emerged as the leading association group to attempt to institute credentialing standards in an effort to bring recognizable certification and licensure to the field. ICF has proposed a set of suggested skills, and it certifies coaches at three levels based on the training they have acquired.

For example, ICF has initiated the Accredited Coach Training Program (ACTP), offered at affiliated learning centers. Its program offers each coach a minimum of 125 hours of coach-specific training, and six observed-coaching sessions with an experienced coach. Afterward, the student must pass a comprehensive final exam that evaluates his coaching competency. Certified graduates then have the opportunity to apply as an ICF graduate with the following distinctions (please see Appendix H for requirements for each level):

- Associate Certified Coach (ACC)

- Professional Certified Coach (PCC)

- Master Certified Coach (MCC)

Skills

Because certification is not required, it is imperative for prospective clients to educate themselves on the importance of selecting a coach who can competently guide clients through complex organizational matters. Sherman and Freas (2004), Battley (2006), and White (2006) note that clients encounter unsatisfactory experiences due to selecting unqualified coaches who lack the expertise to manage complex organizational and relationship issues. They, along with Morgan et al (2005) argue that successful coaches must have certain skills in order to be able to achieve performance in other people. Competent coaches take a problem solving approach, adapt to new information quickly, and can tolerate short-term ambiguity that may arise from reticence or denial from a client. While there are a host of skills a coach should have, the most prominent are listed below, followed by a brief discussion of the top five.

- Active listening and questioning

- Understanding system and group dynamics

- Conflict management

- Strategic thinking

- Delivering effective feedback

- Have strong planning and goal-setting skills

- Conveying empathy

- Move between direct tutoring and guided inquiry modes

- Knowing how and when to be patient

- Knowing how and when to apply pressure

<u>Active Listening</u>

In addition to listening or addressing a client's comments, equally importantly, a coach must know how to use active listening techniques. Shepherd et al (1997) find that effective listening involves creating a situation in which the speaker feels free to share information, and is receptive to constructive feedback. Brooks (2003) suggests that active listening consists of focusing on the speaker as well as the message being communicated, not being preoccupied with extraneous issues, analyzing the message, avoiding interrupting the speaker, providing feedback, asking thoughtful questions, recording what is being said, and responding appropriately.

A coach who listens actively is able to pick up on cues, to act as good diagnostician and, in turn, will be able to ask questions that reveal information needed for maximum benefit to the coaching relationship. Such questioning will

provoke discovery, insight, and a commitment to action. The goal of such

questioning is to move the client toward performance improvement.

An Understanding of Group Dynamics

Therapists and other solo practitioners new to the field often neglect the

magnitude of group dynamics when taking on an assignment. Work today is

highly team based, requiring extensive interaction across functions, departments,

and regions. Moreover, work is increasingly virtual, necessitating additional

knowledge in the management of groups or systems. Such interaction creates

tension, because each individual or department may have different interests. Yet,

those leading teams often lack the experience to develop such teams. Coaches

need to be able to help team leaders: 1) establish and maintain trust through the

open communication; 2) ensure that individual input is understood and

appreciated; 3) manage the work-life cycle; 4) monitor team progress; 5)

enhance visibility of virtual members within the team and outside of the

organization; and 6) enable individual members to benefit from the team.

(Malhotra, Majchrzak, and Rosen, 2007). Clearly, these are complex directives

that entail using a coach knowledgeable about corporate culture who can

communicate such learning to clients.

Conflict Management

Conflict is an inevitable outcome of people and groups that compete for, or

have interest in differing outcomes. A coach, however, is vital asset in helping

clients recognize that some conflict is actually helpful. Mannix and Neale (2005)

point out that conflict can help teams be more innovative, as long as good

managers discourage personality conflict and encourage intellectual conflict, debate and controversy. For example, several conflict management scholars (Amason, 1996; Jehn, Northcraft, & Neale, 1999; Rahim, 2001) suggest that conflict management strategies involve recognition of the following:

1. Certain types of negative conflict, (e.g., personal attacks of group members, racial disharmony, sexual harassment), which can adversely impact individual and group performance, may have to be reduced.

2. Other types of conflicts may have positive effects on the individual and group performance. These conflicts pertain to disagreements relating to tasks, policies, and other organizational issues. Successful conflict management strategies involve generation and maintenance of a moderate amount of these.

3. Organizational members will be required to deal with their disagreements constructively while interacting with each other. This calls for learning how to use different conflict-handling styles.

An effective coach has solid conflict negotiation skills and can enlighten clients on the various distinctions of conflict, and helps build an understanding of the positive outcomes of constructive conflict.

Strategic Thinking

All managers are called upon to make decisions under uncertainty (Ahmed and Sahinidis, 2003; Sniezek and Buckley, 1993). At the same time, most managers are required to motivate and influence people. (Parente, Stephan, Brown, 2006). Part of the motivation process entails encouraging employees to think creatively about uncertainty. Teaching clients to think

strategically about the competitive environment that may exist in the near- to medium term is an essential part of the coach's job. There is great value in a coach's ability to help clients assess future business needs. Developing and preparing clients for future events enhances continuity, builds confidence and loyalty, and creates the level of support a business needs to sustain its vitality.

Delivering Effective Feedback

Collecting interpreting and discussing feedback is a vital component of a coach's value. 360-degree feedback, leadership assessments, and performance reviews are important tools for a coach to discuss learning, and to offer difficult, but necessary evaluation. A well-constructed 360 helps identify particular behaviors with great precision and links them to corporate goals, values, and leadership models. Coaches add significant value by delivering such constructive information. Collecting, analyzing, and discussing feedback, and constructing a development plan is essential to helping a client appreciate the value of coaching. A coach fluent in psychology can interpret results and make an effective diagnosis in determining if therapy is necessary, or if a client can perform strategic actions (because the event is far-enough removed) that can help the client manage the problem.

Gauging the Success of a Coach

 Evaluation of the coaching experience is crucial for both the client and the coach: evaluation can help a client gauge the effectiveness of coaching; a coach can gain vital feedback on improving on her teaching. Evaluation helps to: [3]

- Decide if the coaching objectives were met

- Satisfy the client and employer the investment was a profitable one

- Identify how to sustain and extend the coaching result

- Determine if a program renewal is warranted

The results of executive coaching are measurable qualitatively, and increasingly,

quantitatively, as organizations and coaches devise metrics against which to

measure outcomes of coaching. In Figure 2 Battley outlines a coaching

evaluation that addresses various levels of executive coach training. Such a

framework is helpful for helping a client understand the various aspects in which

coaching aids in her development.

Figure 2. Program Evaluation Review Levels

1 Personal Satisfaction	**Intangible Results**
2 Learning	-Feelings -Motivations -Attitudes -Insights -Knowledge
3 On-the-Job Application	**Tangible Results**
4 Business Impact	-Behaviors -Skills -Profitability -Productivity -Innovation -Reduced Costs
5 Return on Investment	
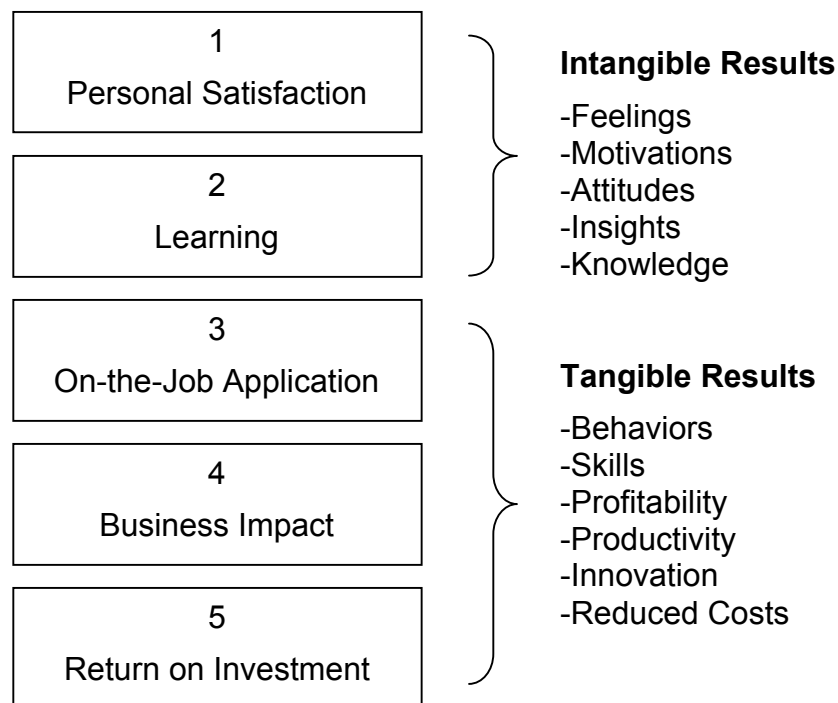
Because coaching is a corporate tool and resource, employers

understandably are concerned about its impact on the bottom line. The question

of coaching's return on investment (ROI) is being addressed in coaching

literature (Battley, 2006; Morgan et al, 2005; Turner, 2006, for example). Battley, for example, demonstrates how measuring the impact of coaching can be calculated by examining cost savings or increased revenues of a program or unit under the scope of a coached employee, while Morgan et al build the case for performing detailed statistical analyses to measure ROI of a randomly selected population of coached and non-coached subjects. Both positions suggest that early research indicate positive ROI for coaching.

<u>Conclusion</u>

Executive coaching has emerged as a major developmental tool in business that has had, at least on the face of it, some positive outcomes for clients and their organizations alike. At the same time, there is limited empirical evidence on its impact. Additionally, because of the lack of regulation of the field, clients may be overwhelmed when attempting to choose a coach for their organization. As a result, dissonance within the profession is high. This paper outlined minimum skills a client should seek in a coach in order to enjoy a productive relationship. Coaching runs the risk of being marginalized without stronger credentialing standards, or without the commitment to study it as an academic field with scholars who devote rigor to the study of efficacy of specific methods. The problem is not the practice per se, but the lack of research and theory to advance the field. The hope is that the unaddressed issues will stimulate further research on executive coaching. Finally, the question evaluating the effectiveness of executive coaching is being addressed directly through the design of metrics to capture qualitative and quantitative outcomes.

CHAPTER 5
STRATEGY QUESTION

Background for the Question

Eric van Merkensteijn teaches DYNM 684, Organizing for New Services and New Markets, which I completed in the fall of 2005, and DYNM 654, Business Growth Strategies and Successful Implementation, which I completed in the spring of 2006. These courses focused on strategic considerations organizations face when introducing new products or services, when entering a new market, or when market share declines, or downsizing becomes necessary due to a variety of internal and external factors. These classes relied on extensive discussion and analysis of business case studies, which offered students the opportunity to evaluate the risks and rewards of various strategies.

Question from Eric van Merkensteijn

Provide an analysis of Ford Motor, and discuss the strategies you would develop for Ford to turn it around and return it on a path of growth.

Response

Abstract

This report will provide analysis of the Ford Motor Corporation North American Division, examining its recent leadership over that past decade, and evaluating its *Way Forward* restructuring plan it announced last year to return the company to solvency. This report makes recommendations on additional actions the company should undertake to regain its market share, consumer loyalty, and financial footing in the North American auto market.

Table 1. Ford at a Glance

Headquarters: Dearborn, Michigan
About 300,000 employees at 108 plants worldwide

Business Description:
Ford Motor Company and its subsidiaries design, develop, manufacture, and service cars, trucks, and parts worldwide. The company operates through two sectors: Automotive and Financial Services.

Ford Brands
Vehicles: Ford, Lincoln, Mercury, Mazda, Volvo, Jaguar, and Land Rover
Automotive Service: Ford Credit, Genuine Parts, and Service Motorcraft

Executive Leadership
William Clay Ford Jr. - Chairman, Director
Donat R. Leclair - Chief Financial Officer, Executive Vice President
Mark A. Schulz - Executive Vice President
Alan Mulally - Chief Executive Officer, President

Mission Statement
We are a global family with a proud heritage, passionately committed to providing personal mobility for people around the world. We anticipate consumer needs and deliver outstanding products and services that improve people's lives.

Financial Information (April 2007)
Earnings FY 06 ($12.6 billion)
Current Price $8.01
Market Capitalization $15.2 billion
Sales $160.1 billion (-9.5 previous 12 months)
(Detailed Financial Statement attached as Appendix I)

Introduction

One question is constantly asked and debated by analysts and those with ties to the automotive industry: Which Detroit automaker is worse off — Ford or General Motors? At the moment, the answer undoubtedly is the Ford Motor Company. The troubles at Ford are numerous. Ford suffered its worst year in the company's 103-year history in 2006, losing $12.7 billion (bn) and losing significant market share United States auto market. Massive recalls to repair

defective vehicles only add to image problems that plague the company. Ford's market share has fallen to 17.5 percent last year, from 25.7 percent a decade ago. The outlook is so grim that Ford expects to lose its hold on second place in the American market sometime this year, when it is overtaken by Toyota. By the end of the year, Ford's internal projections show that the company may even fall to fourth place, behind Toyota, the Chrysler unit of DaimlerChrysler and General Motors (GM), the market leader. Clearly, Ford is in need of drastic restructuring if it is to remain a vital company in the automotive sector and to the US economy.

This report will analyze the Ford Motor Company and make recommendations to improve its North American Division. Following a brief biography of key leadership for this unit, it will examine the US automotive sector, noting the developments that led to the current crisis. Next will be an examination of the areas for development Ford. This section will focus on its recent leadership, beginning with the Jacques Nasser era, documenting the missteps in key areas that led to the company's current predicament. Following this will be a discussion and analysis of senior management's plans to turn the company around with its *Way Forward* plan. Finally, this report will make recommendations on strategies Ford should initiate in order to have a chance at success against the more agile foreign competition. Customers are hungry for more innovation, while investors realize that the innovative company is usually the one on which to place a stock watch. Yet, innovation is costly, and it remains unclear whether Ford can find the right balance between being innovative, lean, and strategically focused to become a viable competitor given its record and its balance sheet.

Table 2. Considerations for Strategic Decision-making

Strengths	Weaknesses
Strong Ford Asia, Africa and Ford Mazda operations	Weak North American automotive segment
Growing Premier Auto Group segment (Jaguar, Land Rover, and Volvo)	Tarnished brand image
Profitable financial services division	Large unfunded pension and other obligations
Opportunities	**Threats**
The Way Forward Plan	Rising raw material prices
Hybrid vehicles	Increasing competition
Opportunities in India and China	Low research and development spending

North American Leadership

Figure 3. Key Ford Figures

Alan Mulally
CEO

Mark Fields
President, Americas

Don Leclair
CFO

Alan Mulally-President and CEO. Alan Mulally was named president in

September 2006. He was recruited from Boeing where he was Executive Vice

President (EVP) and CEO of Boeing Commercial Airplanes (BCA). Mulally began

his career with Boeing as an engineer in 1969, and is credited with BCA's

resurgence against Airbus in the mid-2000s. Mulally graduated from the

University of Kansas with BS and MS degrees in aeronautical and astronautical

engineering. He also received a Master's degree in Management (S.M.) as a Sloan Fellow from MIT.

Mark Fields-EVP and President of the Americas. Mark Fields was appointed to his current position in October 2005. As head of the Americas division, Mr. Ford enlisted Fields to develop *The Way Forward* plan (to be discussed later), in an effort to repair the ailing automaker. He has an economics degree from Rutgers and worked for IBM before earning an MBA at Harvard. Fields joined Ford in 1989, and in 1998 he was chosen to run the Mazda unit, becoming the youngest person (at 38) ever to run a major Japanese company. In 2002 Fields became chairman of the Premier Automotive Group, Ford's luxury unit, which included Aston Martin, Jaguar, Land Rover and Volvo.

Donat R. (Don) Leclair- EVP and CFO. Leclair assumed the CFO position in August 2003. He joined the company in 1976 as a financial analyst, and has held a number of leadership positions in Product Development, Manufacturing and Finance. Leclair holds a BA in economics and MBA in finance from Michigan.

<u>The US Automotive Industry</u>

To put Ford's predicament in context, some background on the US auto industry is helpful, because Ford's peers find themselves similarly situated due to structural, institutional, and operational shortcomings. As a result, the traditional Big Three (GM, Ford, and Chrysler) are chasing Toyota. The Japanese carmaker's US sales have climbed steadily, setting a record in March 2007 due in part to soaring demand for hybrid vehicles. Toyota's gain of almost 12 percent from a year earlier contrasted with declines at its Detroit-based rivals. For

example, GM reported a four per cent drop in March sales, Ford was down nine percent, and DaimlerChrysler's Chrysler division was five percent lower.[1] Toyota's FY 06 profit was $11.7bn—an 86 percent increase from three years prior (Ford's profit during the same period was –1269 percent). Moreover, in response to the US automotive sector's decline, and what is certain to be a blow to their pride, the Big Three are to be known as the Detroit Three—a reflection of their diminished market dominance. To be sure, Toyota's market capitalization is $228bn, dwarfing GM's $18bn and Ford's $15bn. DaimlerChrysler, which is German owned, has a valuation of $87bn,[2] however, Daimler is actively trying to sell Chrysler and struggling to get an offer above $5bn.[3]

The domestic companies' woes are painful reminders of decisions made years ago, which have led to over-capacity costs, labor issues, higher product-development costs, lack of commonization of global components, and supplier relationship issues, to name a few, which add a cost differential of more than $2,400 per vehicle to the best Japanese competitors.[4]

When the trade barriers were lifted in the U.S. and foreign competition began importing and building vehicles here, the domestic automakers were too slow to react. The arrogance within the industry led to denial and resistance to change. Studies report that their competitors' vehicles are made with the best technology and with fewer resources.[5] Likewise, American consumers found foreign vehicles were often of higher quality and they began to modify their preferences accordingly. Other countries had a culture of efficiency by necessity, and such behavior forced adjustments from the domestic automakers. The 1990s

witnessed a relatively stable period for domestic carmakers after restructuring and low oil prices, which essentially negated emphasis on fuel efficiency, yet they still struggled with operational efficiency. More importantly, the lack of speed with which US companies executed, the lack of effort they put into adapting to changing consumer expectations, and the series of recalls and poor workmanship sealed their fates as laggards in a rapidly changing industry.

Even today, quality remains a significant hurdle for the US carmakers. Each recall adds further to the lack of consumer confidence in US-made vehicles. To be sure, the American Customer Satisfaction Index (ACSI), an economic indicator which measures customer evaluations of the quality of goods and services purchased in the United States, notes in its most recent analysis, the auto industry achieved its highest level of 81 (on a 100-point scale). The distribution is uneven, however. Toyota, for example, topped the list at 87, followed by Buick, Honda, and Lexus, all at 86. Jeep (Chrysler) and Ford scored the lowest at 77.[6] The trend toward increasing satisfaction is good news for the industry as a whole, but consumers are showing their dissatisfaction with the US-made cars by rejecting them, resulting in declining market share.

<u>Ford's Troubles</u>

Problems at Ford are numerous and far-reaching, stemming from four key areas: leadership, the corporate culture, product design, and quality. Each of these components of the carmaker's shortcomings contributes to an overall environment of inefficiency, which acts as inertia pull, preventing Ford from moving forward. Indeed, Ford's inability to overcome these problems is highly

suggestive of a traditional 20th Century manufacturing company incapable of making the transition to a new era.

<u>Leadership</u>

Leadership issues have plagued Ford for nearly a decade. From overreaching, to retreating, to reluctance, the contrasting styles of two the principal leaders since the late 1990s, Jacques Nasser and Bill Ford, have had a profound effect on the strategic direction and the financial health of the company. Now, Alan Mulally bears responsibility for trying to right the ship.

<u>Jacques Nasser (1999-2001)</u>

"I don't go back and try to analyze specific events, because I don't think that's very productive,"[7] said Nasser, whose three-year tenure as CEO included record-high profits in 1999 of $7.2bn followed by a $5.5bn loss in 2001. Under his leadership, Ford acquired Volvo and Land Rover, which he referred to among his proudest accomplishments there. He also cited with pride his push to "get the company thinking differently, in terms of what an auto company could be."[8] Nasser's acquisitions, and his strategy to mold Ford into a customer-focused organization that could provide lifelong transportation products and services, are mentioned by executives and employees as an example of what went wrong. He presided during the mismanaged crisis and decision to recall 13 million potentially faulty Firestone tires in May 2001, which figured prominently in the company's losses. Since disposing Nasser, Ford has abandoned his philosophy in favor of a back-to-basics approach.

William Clay Ford Jr. (2001-2006)

Jacques Nasser left his post amid a storm of criticism, and was replaced by William Clay Ford Jr., the great-grandson of Henry Ford, as CEO. When he began his tenure, he was perceived as a reluctant executive who would rather be pursuing personal endeavors or spending time with his four children than confronting the serious problems the company faced. He went to work on trying to fix the problems however, and announced the Revitalization Plan in 2002, which called for the company to:

- Reduce capacity by 1 million units,
- Reduce Material costs,
- Add new products, and
- Refocus on the core business

He undid many of Nasser's initiatives, writing off billions of dollars in losses on Nasser's investments like selling Kwik-Fit, the British-based light-repair chain, and putting Aston-Martin up for sale to enable the company to focus more attention on its main businesses. These actions stemmed the losses and improved the balance sheet, but they did not address some of the more deep-rooted problems, like problem with production efficiency, and managing unmet pension obligations.

While Mr. Ford partially streamlined the bureaucracy and became the public face for the company, some of his instincts did not achieve fruition. For instance, as a devoted environmentalist, he relented early on to the wishes of Ford's entrenched middle managers and senior executives, who wanted the company to keep producing profitable but gas-guzzling sport utility vehicles and

pickup trucks during a period when oil prices were a bargain. Had Mr. Ford followed his environmental passion and insisted on more fuel-efficient vehicles like hybrids sooner, he not only would have found his company keeping pace with nimble foreign competitors like Toyota when oil prices spiked, but he also would have been able to illustrate the bottom-line merit of his environmental values. Instead, Ford is again in the all-too-familiar spot of playing corporate catch-up, as others followed his personal passions and now are being rewarded handsomely for their efforts.

Ford recalled 1.2 million trucks, sport-utility vehicles (SUVs) and vans in August 2006 amid concerns of potential engine fires, expanding upon one of the largest vehicle recalls in history. This came on the heels of an even larger recall in September 2005, when Ford recalled 3.8 million pickups and SUVs from the 1994-2002 model years, because of similar concerns; it was the fifth-largest auto industry recall in U.S. history. Bill Ford's revitalization planned had clearly stalled.

Worse, confidence inside and outside of the company about Ford's leadership was undermined. Numerous management changes and departures occurred during Bill Ford's tenure. It is obvious that he had a stake in Ford's future, since his family owns 40 percent of its voting stock and he had a legacy to consider. Still, employees and outsiders questioned his ability and dedication. Similarly, there was skepticism about Mark Fields, who oversees plans to turn around North American operations. Called brilliant and a strong leader by some, he also is perceived as an opportunist, particularly since he has not moved to Detroit and until recently, commuted via corporate jet to his Florida home.[9]

Bill Ford decided to step down in September 2006 to concentrate on being chairman of the board and to place the company in more capable hands; it was a step in the right direction, but the outlook is still bleak.

Alan Mulally (September 2006 -)

In the six months since he succeeded Bill Ford, Mulally has been a tireless student of the company and the auto industry. "I came in and tried to learn everything I could as fast as possible. It was just like nonstop learning."[10] Ford employees feel he is in action mode, focusing on troubled areas such as the marketing department, which he wants to see attract more customers into showrooms. He is searching for a new global marketing chief and is assessing closely the team he inherited. As he remarked, "I'm going to focus on our customers and what they want and what they need."[11]

Already he has made some changes: The Taurus brand, which was slated to be discontinued, will remain; but the *Five Hundred* name will go. He completed the sale of Aston Martin last month saying the sale supports the restructuring objectives of the company, allowing Ford to concentrate on the development of new products. In addition, CFO Leclair has arranged a financing package to bring in much-needed funding in order to complete its overhaul. Nonetheless, morale at Ford has been battered in recent years by continued bad performance, failed turnaround plans, and a culture that some describe as negative. During the past year, industry analysts have openly questioned Ford's chances of survival as a major player in the competitive global environment.

Mulally spent his first months observing operations; what he noticed was leaders who worked together without politeness, structure, or unity. He said, "I noticed some people kind of made fun of each other at people's expense. You know, that didn't really work for me, either, because it doesn't really create a working-together environment, and so we got rid of all that stuff, and pretty soon we started to really hum."[12] Nonetheless, tensions and distrust remain high. If Mulally succeeds in his mission to save Ford, his legacy as a businessman, engineer and leader would soar. He would be the man who saved two industrial American icons, first Boeing, and then Ford. He faces an uphill task, however, attempting to revive Ford.

Corporate Culture

Our company is very unique. If you've not worked at Ford, I think it's very difficult to understand this relationship we have with the Ford family. As sort of the main way we run the business, you'd have to say that it's better to grow your own. And to come up through the organization still has a lot of merit (Former Ford Division President, Steve Lyons).[13]

Ford often has been criticized as too insular and unwelcoming to high-level hires from outside. One outsider who had a short stay at Ford in the early 2000s says, "Ford is a careerist company: You're either ascending or descending, and that's the most important thing to the talented people at Ford. The Ford people saw me as an interloper who had stolen a job from one of theirs."[14] Even as a longtime employee, Jacques Nasser found himself a victim of

this environment. He received credit for trying to bring in outsiders in order to break the provincialism. This angered longtime employees, and his strategy was rejected. When he left, many of those he appointed soon followed.

Bill Ford Jr. reverted to the pattern established by Henry Ford II of promoting from within. Historically, leadership has rotated between family members and professional managers, and establishing strong ties with the Ford family is important requirement for top-level executives. The result of such tight control has led past and present employees to describe the company's culture as "toxic," "cautious," "cliquish," and "hierarchical."[15] Ford's management culture remains very much top-down and militaristic, resembling the institution created in the 1950s when a team of World War II veterans, including future Secretary of Defense Robert McNamara, was hired to run the company.

While the Ford family may be one obstacle to newcomers; failure to understand the fundamentals of auto manufacturing and retailing is another. Because of the complexity of the automotive business, some outsiders from other industries face additional challenges. Core positions in product development, marketing, and dealer relations, for example, are very difficult for outsiders to navigate. Moreover, as CEOs surround themselves with a cabinet of trusted insiders, it becomes that much tougher for outsiders to assimilate.

Product Design

Since the popularity of the Explorer, which helped define the SUV market in the mid to late 1990s, Fords concepts have been relatively lackluster. As sales dropped and it struggled to mimic the Japanese, it seems as though they took

basic design and engineering guidance from Japanese Mazda and Ford Europe. The resulting products have been generally flat, uninspired designs. The criticism on products like the Ford Five Hundred sedan and the similarly engineered Mercury Montego was that they were too plain, unlike the reintroduced Mustang model, which offered evidence that Ford can be creative.

In addition, during the design stages there was little collaboration between engineers and assembly line workers, which led to costly errors at the plants. Design flaws with SUVs and pickup trucks contributed to poor quality and safety ratings, with the Ford Ranger and Mazda B-Series pickup trucks earning only two out of five stars in rollover ratings by the National Highway Traffic Safety Administration. The agency noted the two vehicles, which share similar designs, have a 30 percent likelihood of rolling over in a single-vehicle crash, an unusually high-risk profile.[16]

Frustrations and lack of commitment to change have resulted in defections of top engineering and design talent. Tom Watson, who spent the past eight years working on Ford's hybrid models recently departed, following his boss Phil Martens. It was Watson — along with Mary Ann Wright, Ford's former director of sustainable mobility technologies and hybrid programs — who turned the Escape Hybrid program into a success. Martens was Ford's group vice president for North American product creation before leaving the automaker in late 2005.[17] Key staff departures in a crucial area may reflect Ford's retreat from the hybrid sector. Such defections may send a clear signal to engineers and designers

hoping to work in this area to avoid employment at Ford, further damaging its prospects for gaining a foothold in the hybrid market.

<u>Unreliability of Products</u>

Even with the problems above, most consumers would not be as hesitant to choose Ford's vehicles because they would not feel the effects of such problems personally. Product unreliability, however, is an issue that directly impacts the consumers, and they have stated their dissatisfaction by buying other products. Ford seems to be in a perpetual cycle of overcoming image problems associated with quality inferiority, both perceived and real. As mentioned previously, several of Ford's products rank at the bottom of consumer response and satisfaction reports.[18] David Van Amburg, managing director for ASCI notes:

> For manufactured products of all kinds, quality of the product is
> tantamount to the satisfaction of the customer. In the automobile
> industry, product quality plays a bigger role in impacting
> satisfaction than does either service or price. A company like
> Toyota is on top in ACSI because its vehicle quality is also rated
> tops in the industry, while Ford scored at the bottom on
> satisfaction directly as a result of the quality of its autos being
> rated lowest.[19]

Ford's problem with Firestone Tires in the late 90s was one of a long list of costly and image-damaging missteps: the Explorer recall resulting from the Firestone Tires, The Escort airbag malfunction, The Lincoln LS had problems

with loose ball joints and malfunctioning engine-control modules; the Focus had

faulty wheel bearing seals and seat latches; the Thunderbird had faulty water

pumps; and the 2002 Explorer had a defective lift gate latch.[20] Such problems

persisted, culminating in the massive the five million-car recall in 2005-06.

The Way Forward

In acknowledgment of its troubles, Ford announced its latest strategic

plan, The Way Forward, in January 2006, as a way to return to profitability by

2008 and to cut costs by $6bn by 2010. The plan's goals are to:

- Retake the American marketplace

- Place an emphasis on customer focus

- Be innovative

The firm also revealed plans to be leaner by closing fourteen manufacturing

facilities and eliminating as many as 30,000 jobs, primarily in its North American

division, which had experienced three straight quarters of losses, and it

announced the closing of five plants by 2008. Ford also stated its intention to

build more crossover utility vehicles and more hybrids, with a goal of producing

250,000 hybrid petro-electric models in the next two to four years.

Critics, who said it did not go far enough to address the severity of Ford's

problems, immediately assailed the plan[21]. In line with analysts' negative

forecasts, the financial losses continued to mount, with $5.3bn reported in third

quarter of 2006 amidst a costly recall. Bill Ford relinquished CEO responsibilities

in September, and Mulally became the new CEO. Some analysts were pleased

with Ford's decision to step down, because they viewed him as unfit and

unwilling to lead the company to solvency, yet they were uneasy with Mulally's appointment as well. For example, analysts at KeyBanc Capital Markets said, statements made by Ford and Mulally suggest "business as usual at Ford. Management defections in recent years that have significantly reduced the amount of seasoned automotive experience at the company, and Mr. Mulally's poor track record with unions [at Boeing]" left them pessimistic about Ford's short term prospects.[22]

The Way Forward was expanded and speeded up in September. The revised strategy calls for Ford to close 16 factories and to eliminate as many as 44,000 hourly and salaried jobs — or about one-third of its work force — by 2012. Ford is paying a heavy price for its new strategy. Two rounds of job cuts, early buyout packages, and other restructuring charges have saddled the company with mounting financial losses (these charges accounted for $9.9bn of Ford's FY 06 losses)[23]. As a result, Ford has pushed back its expected return to profitability. Mulally, fending off rumors of further job cuts said, "With everything we know, we don't see any changes to the plan. This is the transformation. It's all in the plan to get there by 2009." [24]

Still, analysts remained unconvinced. To be sure, many questioned why the remodeled Way Forward was announced just before Mulally's arrival; they also noted Bill Ford's and Field's comments that the revised plan would continue unaltered, suggesting Mulally would have little input. In November, Ford disclosed it had pledged nearly all its assets, including the trademark on its 100-

year-old logo, as collateral against $25bn in loans needed to fund its restructuring.

Ford executives have acknowledged that an over-reliance on trucks led to the current financial crisis. Fields noted that the automaker paid too little attention to consumer trends, and added that Ford failed to look over the horizon to the day when consumers might opt for something else. It is an important acknowledgement, because it recognizes Ford has been slow to react to the new environment, yet the challenge remains for senior management to break through the entrenched culture and translate changed consumer tastes into products the public wants to buy.

Recommendations

In almost every aspect of the auto industry Ford is playing it too safe, following the leaders and not carving a distinction for itself. From innovation, to design, to a focus on technology, Ford is living up to its reputation as conservative and unadventurous. Ford is adrift, and its losses will continue as it tries to right itself, yet without some bold moves it is certain to remain behind the leaders or render itself a target for either takeover or extinction.

Learn From Past Difficulties

It was a hopeful sign that Bill Ford recognized his initial Way Forward Plan was not aggressive enough, and that he made the decision to step down as CEO. It was equally encouraging when Mark Fields decided to intensify efforts to cut costs and accelerate product development. However, it was ill conceived to have significant, near-simultaneous developments (the announcement of a

revised Way Forward Plan, Ford's resignation, and Mulally's appointment) with virtually no public input or comment from new CEO Mulally, who is charged with managing its implementation.

While the above-mentioned developments are a step in the right direction, it is time for Ford to take a more far-reaching approach to recovery. The problems with the previous two Ford restructurings (the initial Way Forward Plan, and the 2002's Revitalization Plan) were that they were not comprehensive enough to reduce costs or they did result in the development of enough new products to raise revenue. Fields and Mulally would be wise to examine the strategy the company used in the 1980s. The difficulties were similar to today's: Ford Motor's U.S. market share shrank from 25.5 percent in 1978 to just 16.6 percent in 1981, the lowest in its history. From 1980 through 1982, it lost $3.2bn ($7.2bn in current dollars[25]). With cars like the Pinto, which subjected Ford to endless litigation, its products were mercilessly ridiculed. (If there were any doubt between the similarities of then and now, in addition to the problems mentioned, at this writing Ford announced a recall of 500,000 Ford Escape SUVs due to engine troubles that have caused fifty fires thus far). Management responded decisively. Under CEO Philip Caldwell's leadership, the company made the painful, but necessary cost reductions, it articulated a clear mission, "Quality it Job One,"[26] and it set product development on a radical course—with the requisite budget to underscore its importance to company strategy—that gave birth to the Ford Taurus sedan and the Mercury Sable[27]. These changes put the company on course to profitability, which it reached by the end of decade. The

situation today is no less desperate than the one in the early 1980s. Now, the company must use the Caldwell example.

Reduce Dealerships

Mulally acknowledges that Ford has too many dealers, saying, "When you have overcapacity, you need to consolidate to match capacity to demand."[28] There are about 4,600 Ford and Lincoln-Mercury dealers in the US. Ford's closest competitor, Toyota, has 1,300 Toyota and Lexus dealers in the US. The push system of production, to which US automakers have been long accustomed, encouraged too many dealerships because the lots simply absorbed the excess, and the dealerships were burdened with trying to move products to consumers' garages. The continual glut of new cars created a market of savvy customers who learned to wait for favorable financing incentives before agreeing to purchases.

Similarly, the retailing of vehicles over the Internet has emerged as an inescapable reality for dealerships. Fueled by the rapid rise of independent online buying sites, such as Autobytel.com, consumers now research the best deal possible before visiting a showroom or making a purchase. In fact, consumers can completely bypass the dealership if they choose to do so, with such sites offering full services, like financing and insurance. Too many dealerships in a downsizing market of automobile distribution breed unhealthy competition among dealers, and forces Ford to overproduce to meet contract agreements.

Fields and Mulally need to develop a plan to encourage dealerships in some metropolitan areas to combine operations. State franchise laws prevent

carmakers from unilaterally closing dealerships, and financial advisers to Ford have estimated that it would cost the company several billion dollars to buy out hundreds of dealers. The automakers will either need to advocate for loosening franchise laws or limiting production to reasonable inventory levels in order to force consolidation of dealerships.

<div align="center">Be Innovative in Design and Product Development</div>

Ford apparently has not learned the painful lessons provided decades ago by Japanese carmakers: Build sturdy, attractive, reliable, fuel-efficient, technologically advanced vehicles. For all of its talk about being bold and innovative, Ford still is following the leader when it comes to true product innovation and stylish design. To be fair, to Mark Fields, president of the Americas, and his team began tackling the troubled U.S. business last fall. He was wise to recognize design flaws or uninspired products and send them back for changes or even dropping them from the line. Even so, Ford continues to follow the leaders when it comes to introducing original-looking products. To be sure, at the New York International Auto Show earlier this month, Ford introduced its hope for the crossover vehicle market, the Flex (See Figure 4).

While the car looks attractive, it carries a strong resemblance to two other models already on the road: the Scion xB (Figure 5), a small van sold by Toyota, and the cube-like Honda Element (Figure 6). Ford plans to put the Flex on sale in the summer of 2008. Copying products on the market from other manufacturers will never help Ford reclaim market share, nor will it distinguish the company as a forward-looking one that can set trends. Mark Fields said that the Flex would

make Ford "the defining crossover company," just as it led the sport utility vehicle market in the 1990s, with the Explorer, Expedition and others. But Ford is late in expanding its offerings in the crossover market, which was created in 1995 when Toyota introduced the RAV-4, and simply replicating current offerings.

Ford management says their design shifts are aimed at getting bolder designs and the right products to the market faster. But skepticism remains. Erich Merkle, analyst at IRN Inc. says, "My point with Ford is and always has been, they wouldn't be in this position if they didn't have these problems on the product side. What Ford has to do on the product side is to get back to an understanding of why people purchase cars and take more risks in terms of design."[29]

Ford has been criticized widely for its lack of a competitive small car in the US especially when it builds great ones in Europe and other overseas markets But it's not that simple, says Freeman Thomas. Ford director-strategic design for North America Advanced Studios. "One of the things you realize when you're in Europe is that small cars look really vulnerable," he says. "But [such cars are] okay for the European environment, because [car buyers] accept that."[30]

Figure 4. The Ford Flex

Figure 5. Toyota's Scion xB

Figure 6. The Honda Element

Such a statement speaks to the shortsightedness of a very influential figure in the organization, which does not consider the success of cars like the Mini Cooper, urban residents' desire for smaller cars to navigate crowded streets and tight parking spaces, and those concerned with rising fuel costs.

<u>Make a Firm Commitment to Hybrid Vehicles</u>

Under Bill Ford Jr., Ford missed the opportunity to take the initiative in the hybrid market; now Ford is wavering on its recently announced commitment in this area. Such dithering is costing the company a considerable stake in a burgeoning segment. Toyota invested a complete effort to establish the Prius nearly a decade ago, and made a commitment to its success. It was a costly, long-term investment for Toyota, but Honda and others soon followed. These companies are now well on their way to selling future-generation hybrid models like the Camry, Civic and Accord.

Meanwhile, the US manufacturers were much too slow to implement models in this segment, letting the Japanese, and Toyota in particular, take the lead. An unstable oil market and a move toward conservation are driving the demand for such cars. Because of their slow entry, however, the Detroit Three have let the Japanese set the standard. Last June, Ford announced plans to scale back its (recently announced) goal of producing 250,000 hybrids, further cementing Bill Ford's reputation as indecisive and uncommitted. This retreat is shortsighted. It is distinctly possible for Ford to develop this segment, and to market these cars successfully to the environmentally conscious, coastal state

residents, and upscale consumers to justify the higher price tag that hybrids currently command.

Invest in Technology Strategies with the Detroit Three

Ford's capital spending, including research and development expenditure, is lower than its competitors, which impacts its future competitiveness. In 2005, Ford's capital spending was $1,766 per vehicle, compared to Honda's $3,193, and Toyota's $2,937.[31] Ford announced last summer it would continue to invest in cleaner technology. This is admirable, but Ford's commitment, like that of the other US automakers, is limited because of their financial constraints. This presents each of them with an opportunity to combine synergies in order to make a real impact in this area. A US policy- and consumer agenda focused on environmentally-friendly durables should send clear signals to Ford that investment in this area is likely to be rewarded. With scale and favorable proximity, it is feasible for the Detroit Three to combine research efforts in these areas while maintaining their individuality. Specific areas where Ford would benefit from working with GM and Chrysler include:

•Clean diesels. Each of the Detroit Three is investing in technology to build engines that use cleaner diesel. At the same time, they are looking to European manufacturers for inspiration and products, because they are more developed in this area. For example, Ford most likely will use a European-sourced diesel V-8 engine for its pickups and SUVs to compete with GM's hybrid trucks and SUVs. Neither company has a clear advantage in developing the technology to make

their brands stand out, however. Thus, combing research efforts is a smart move for both.

•<u>Advanced gasoline engines and transmissions</u>. Ford engineers are working on gasoline direct injection, turbochargers, and other technologies that will boost the efficiency of its gasoline engines while lowering emissions. So are the other US carmakers. This commonality presents an area of overlap where it is sensible to share technology and research costs.

•<u>E85 ethanol</u>. Although it's expensive and hard to find, the home-grown biofuel has gained favor because it can reduce the nation's dependence on imported oil. A strong commitment to producing cars that use this fuel would spur the production necessary to drive this technology, and thus provide a boost to agricultural sector in the process. In fact, this is already happening.[32] Consumers have demonstrated their willingness to make the switch, but without the production from Detroit to drive this segment, widespread acceptance will occur much slower than anticipated—and too late for the US carmakers to be a factor.

•<u>Advanced batteries</u>. Ford and others want to bring highly efficient lithium-ion batteries to hybrids. These batteries could be ready by 2010. They have the potential to enable plug-in hybrids and to increase the range that hybrids can travel on power. Combining in these efforts could help the Detroit Three save money and possibly bring the products to market on an efficient scale before the Japanese gain an insurmountable hold on this sector of the market.

Conclusion

Ford is in a desperate situation, and it is not an understatement to suggest that its entire future is at stake. Ford represents a company that seems to have difficult time learning from mistakes and breaking from the reticence that has gripped the organization for the past decade. American consumers want to support Ford; it represents a symbol of a powerful past and was a vital company in a sector that drove a dynamic economy. Yet they are far too savvy, and far too financially prudent to support a company that turns out an inferior, unimaginative product. These problems are well documented. What may be less known to outsiders is the depth of employee despair, much of which stems from internal problems such as managerial turnover and constant strategy changes.

Mulally needs to act quickly on Ford Motors' pledge to innovate. Toyota overtook Daimler Chrysler this spring to claim the number three spot in American auto sales, and is fast approaching Ford. True innovation, as illustrated by vehicles like the Toyota Prius, is an elusive goal in an industry that typically requires three years to bring its cars to life. A major shakeup is necessary and possibly even a confrontation with the family is in order. The value of the family fortune has dropped from $1.1 billion to $581 million in 5 1/2 years[33] (primarily under Bill Ford's tenure as CEO). The family owns 40% of the voting stock, making it difficult to overrule their decisions. Rebuilding Ford is a tough challenge for Mulally as he battles a culture that still clings to vestiges of its more illustrious past. One cannot help but wonder if his leadership will be the last for the company if a turnaround is unsuccessful.

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APPENDIX A

FORTUNE MAGAZINE HOW WE PICK THE 100 BEST

To pick the 100 Best Companies to Work For, we rely on two things: our evaluation of the policies and culture of each company, and the opinions of the company's own employees. We give the latter more weight: Two-thirds of the total score comes from employee responses to a 57-question survey created by the Great Place to Work Institute in San Francisco. The survey goes to a minimum of 350 randomly selected employees from each company and asks about things such as attitudes toward management, job satisfaction, and camaraderie. The remaining one-third of the score comes from our evaluation of each company's demographic makeup, pay and benefits programs, and the like. We score companies in four areas: credibility (communication to employees), respect (opportunities and benefits), fairness (compensation, diversity), and pride/camaraderie (philanthropy, celebrations). After evaluations are completed, if news about a company comes to light that may significantly damage employees' faith in management, we may exclude that company from the list.

About 1,000 companies contacted us or were recruited to participate; of those, 356 completed the exhaustive survey process. (Any company that is at least seven years old with over 1,000 U.S. employees is eligible.)

For an online nomination form, go to http://www.greatplacetowork.com/.

APPENDIX B

WAGE DISPARITY BETWEEN MALE AND FEMALE WORKERS

Despite the gains in education women's wages continue to lag men, and for women with advanced degrees, pay parity compared with similarly credentialed men has actually regressed. Below is a 30-year trend of women's wages compared to men (cents per dollar).

Male to Female Wage Ratio
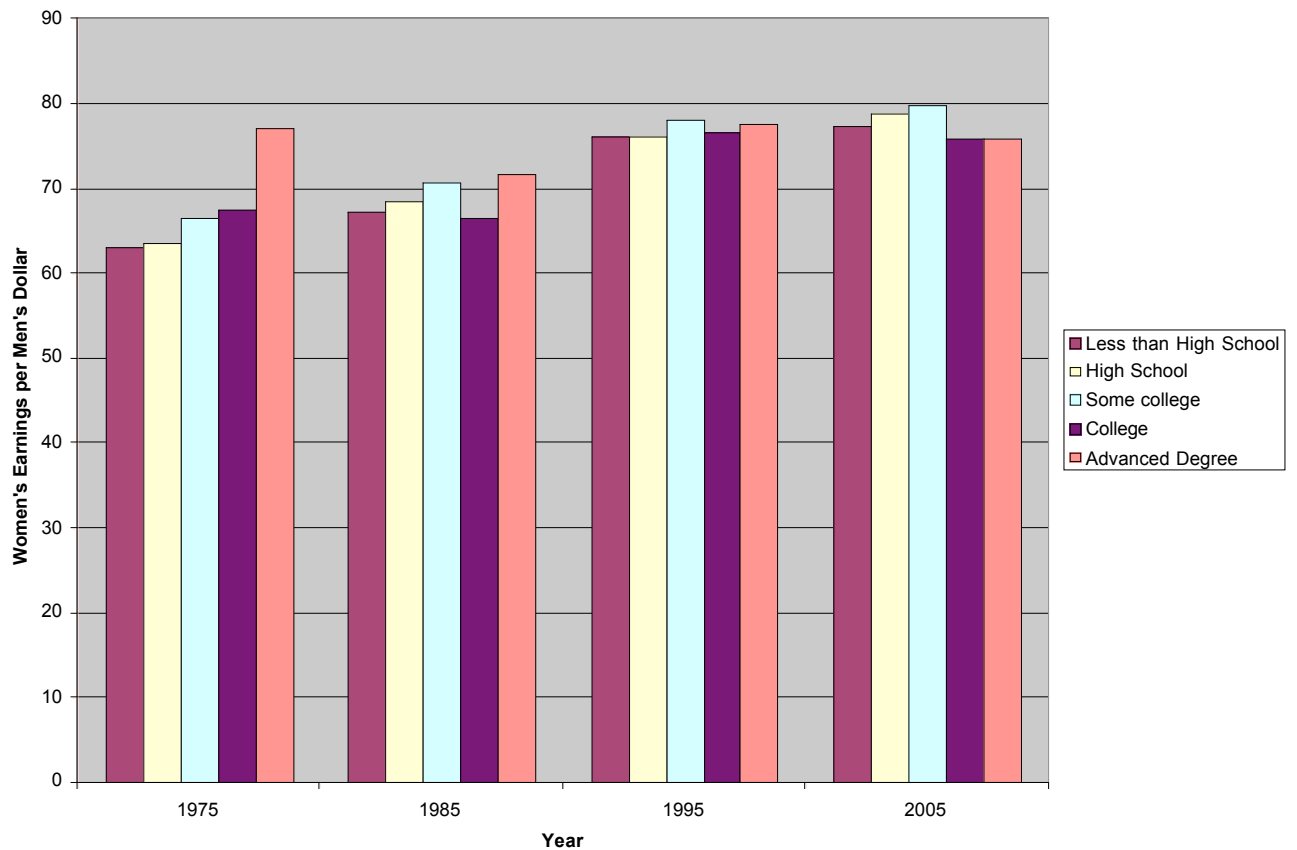
Source: Bureau of Labor Statistics

APPENDIX C

CEO-TO-WORKER PAY IMBALANCE GROWS
By Lawrence Mishel of the Economic Policy Institute

In 2005, the average CEO in the United States earned 262 times the pay of the average worker, the second-highest level of this ratio in the 40 years for which there are data. In 2005, a CEO earned more in one workday (there are 260 in a year) than an average worker earned in 52 weeks.

The 1980s, 1990s, and 2000s have been prosperous times for top U.S. executives, especially relative to other wage earners. This can be seen by examining the increased divergence between CEO pay and an average worker's pay over time, as shown in Appendix C. In 1965, U.S. CEOs in major companies earned 24 times more than an average worker; this ratio grew to 35 in 1978 and to 71 in 1989. The ratio surged in the 1990s and hit 300 at the end of the recovery in 2000. The fall in the stock market reduced CEO stock-related pay (e.g., options) causing CEO pay to moderate to 143 times that of an average worker in 2002. Since then, however, CEO pay has exploded and by 2005 the average CEO was paid $10,982,000 a year, or 262 times that of an average worker ($41,861).
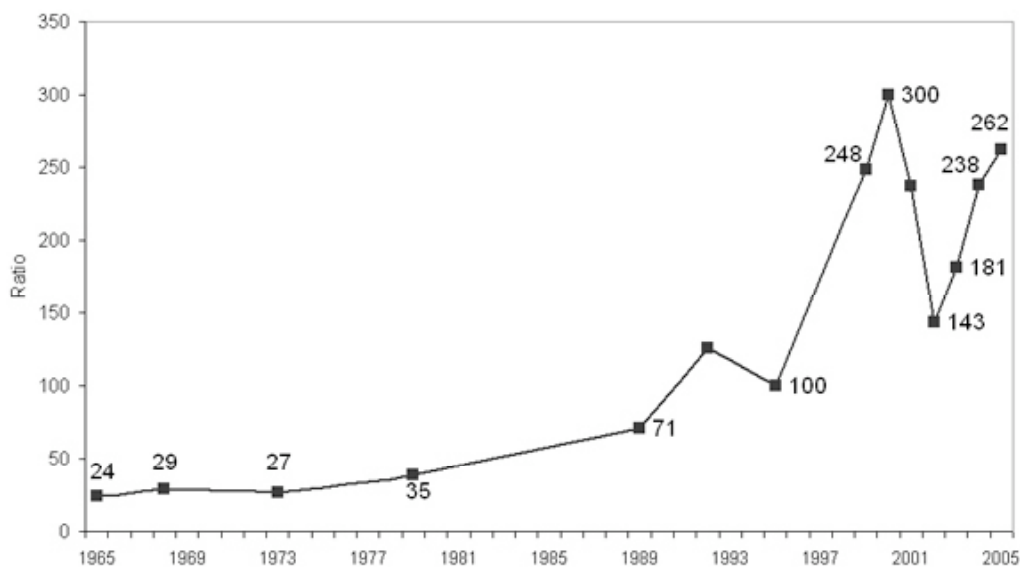
Ratio of CEO to average worker pay, 1965-2005

*Data Note: CEO pay is realized direct compensation defined as the sum of salary, bonus, value of restricted stock at grant, and other long-term incentive award payments from a Mercer Survey conducted for the Wall Street Journal and prior Wall Street Journal-sponsored surveys. Worker pay is the hourly wage of production and non-supervisory workers, assuming the economy-wide ratio of compensation to wages and a full-time, year-round job.

APPENDIX D

THE WORK OF ART IN THE AGE OF MECHANICAL REPRODUCTION
Walter Benjamin (1936)

"Our fine arts were developed, their types and uses were established, in times very different from the present, by men whose power of action upon things was insignificant in comparison with ours. But the amazing growth of our techniques, the adaptability and precision they have attained, the ideas and habits they are creating, make it a certainty that profound changes are impending in the ancient craft of the Beautiful. In all the arts there is a physical component which can no longer be considered or treated as it used to be, which cannot remain unaffected by our modern knowledge and power. For the last twenty years neither matter nor space nor time has been what it was from time immemorial. We must expect great innovations to transform the entire technique of the arts, thereby affecting artistic invention itself and perhaps even bringing about an amazing change in our very notion of art."

Paul Valéry, Pièces sur L'Art, 1931 Le Conquete de l'ubiquite

PREFACE

When Marx undertook his critique of the capitalistic mode of production, this mode was in its infancy. Marx directed his efforts in such a way as to give them prognostic value. He went back to the basic conditions underlying capitalistic production and through his presentation showed what could be expected of capitalism in the future. The result was that one could expect it not only to exploit the proletariat with increasing intensity, but ultimately to create conditions which would make it possible to abolish capitalism itself.

The transformation of the superstructure, which takes place far more slowly than that of the substructure, has taken more than half a century to manifest in all areas of culture the change in the conditions of production. Only today can it be indicated what form this has taken. Certain prognostic requirements should be met by these statements. However, theses about the art of the proletariat after its assumption of power or about the art of a classless society would have less bearing on these demands than theses about the developmental tendencies of art under present conditions of production. Their dialectic is no less noticeable in the superstructure than in the economy. It would therefore be wrong to underestimate the value of such theses as a weapon. They brush aside a number of outmoded concepts, such as creativity and genius, eternal value and mystery – concepts whose uncontrolled (and at present almost uncontrollable) application would lead to a processing of data in the Fascist sense. The concepts which are introduced into the theory of art in what follows differ from the more familiar terms in that they are completely useless for the purposes of Fascism. They are, on the other hand, useful for the formulation of revolutionary demands in the politics of art.

<u>I</u>

In principle a work of art has always been reproducible. Man-made artifacts could always be imitated by men. Replicas were made by pupils in practice of their craft, by masters for diffusing their works, and, finally, by third parties in the pursuit of gain. Mechanical reproduction of a work of art, however,

represents something new. Historically, it advanced intermittently and in leaps at long intervals, but with accelerated intensity. The Greeks knew only two procedures of technically reproducing works of art: founding and stamping. Bronzes, terra cottas, and coins were the only art works which they could produce in quantity. All others were unique and could not be mechanically reproduced. With the woodcut graphic art became mechanically reproducible for the first time, long before script became reproducible by print. The enormous changes which printing, the mechanical reproduction of writing, has brought about in literature are a familiar story. However, within the phenomenon which we are here examining from the perspective of world history, print is merely a special, though particularly important, case. During the Middle Ages engraving and etching were added to the woodcut; at the beginning of the nineteenth century lithography made its appearance. With lithography the technique of reproduction reached an essentially new stage. This much more direct process was distinguished by the tracing of the design on a stone rather than its incision on a block of wood or its etching on a copperplate and permitted graphic art for the first time to put its products on the market, not only in large numbers as hitherto, but also in daily changing forms. Lithography enabled graphic art to illustrate everyday life, and it began to keep pace with printing. But only a few decades after its invention, lithography was surpassed by photography. For the first time in the process of pictorial reproduction, photography freed the hand of the most important artistic functions which henceforth devolved only upon the eye looking into a lens. Since the eye perceives more swiftly than the hand can

draw, the process of pictorial reproduction was accelerated so enormously that it

could keep pace with speech. A film operator shooting a scene in the studio

captures the images at the speed of an actor's speech. Just as lithography

virtually implied the illustrated newspaper, so did photography foreshadow the

sound film. The technical reproduction of sound was tackled at the end of the last

century. These convergent endeavors made predictable a situation which Paul

Valery pointed up in this sentence:

> "Just as water, gas, and electricity are brought into our houses
> from far off to satisfy our needs in response to a minimal effort,
> so we shall be supplied with visual or auditory images, which will
> appear and disappear at a simple movement of the hand, hardly
> more than a sign."

Around 1900 technical reproduction had reached a standard that not only

permitted it to reproduce all transmitted works of art and thus to cause the most

profound change in their impact upon the public; it also had captured a place of

its own among the artistic processes. For the study of this standard nothing is

more revealing than the nature of the repercussions that these two different

manifestations – the reproduction of works of art and the art of the film – have

had on art in its traditional form.

II

Even the most perfect reproduction of a work of art is lacking in one

element: its presence in time and space, its unique existence at the place where

it happens to be. This unique existence of the work of art determined the history

to which it was subject throughout the time of its existence. This includes the changes which it may have suffered in physical condition over the years as well as the various changes in its ownership. The traces of the first can be revealed only by chemical or physical analyses which it is impossible to perform on a reproduction; changes of ownership are subject to a tradition which must be traced from the situation of the original.

The presence of the original is the prerequisite to the concept of authenticity. Chemical analyses of the patina of a bronze can help to establish this, as does the proof that a given manuscript of the Middle Ages stems from an archive of the fifteenth century. The whole sphere of authenticity is outside technical – and, of course, not only technical – reproducibility. Confronted with its manual reproduction, which was usually branded as a forgery, the original preserved all its authority; not so vis-à-vis technical reproduction. The reason is twofold. First, process reproduction is more independent of the original than manual reproduction. For example, in photography, process reproduction can bring out those aspects of the original that are unattainable to the naked eye yet accessible to the lens, which is adjustable and chooses its angle at will. And photographic reproduction, with the aid of certain processes, such as enlargement or slow motion, can capture images which escape natural vision. Secondly, technical reproduction can put the copy of the original into situations which would be out of reach for the original itself. Above all, it enables the original to meet the beholder halfway, be it in the form of a photograph or a phonograph record. The cathedral leaves its locale to be received in the studio of

a lover of art; the choral production, performed in an auditorium or in the open air, resounds in the drawing room.

The situations into which the product of mechanical reproduction can be brought may not touch the actual work of art, yet the quality of its presence is always depreciated. This holds not only for the art work but also, for instance, for a landscape which passes in review before the spectator in a movie. In the case of the art object, a most sensitive nucleus – namely, its authenticity – is interfered with whereas no natural object is vulnerable on that score. The authenticity of a thing is the essence of all that is transmissible from its beginning, ranging from its substantive duration to its testimony to the history which it has experienced. Since the historical testimony rests on the authenticity, the former, too, is jeopardized by reproduction when substantive duration ceases to matter. And what is really jeopardized when the historical testimony is affected is the authority of the object.

One might subsume the eliminated element in the term "aura" and go on to say: that which withers in the age of mechanical reproduction is the aura of the work of art. This is a symptomatic process whose significance points beyond the realm of art. One might generalize by saying: the technique of reproduction detaches the reproduced object from the domain of tradition. By making many reproductions it substitutes a plurality of copies for a unique existence. And in permitting the reproduction to meet the beholder or listener in his own particular situation, it reactivates the object reproduced. These two processes lead to a tremendous shattering of tradition which is the obverse of the contemporary crisis

and renewal of mankind. Both processes are intimately connected with the contemporary mass movements. Their most powerful agent is the film. Its social significance, particularly in its most positive form, is inconceivable without its destructive, cathartic aspect, that is, the liquidation of the traditional value of the cultural heritage. This phenomenon is most palpable in the great historical films. It extends to ever new positions. In 1927 Abel Gance exclaimed enthusiastically:

> "Shakespeare, Rembrandt, Beethoven will make films... all legends, all mythologies and all myths, all founders of religion, and the very religions... await their exposed resurrection, and the heroes crowd each other at the gate."

Presumably without intending it, he issued an invitation to a far-reaching liquidation.

III

During long periods of history, the mode of human sense perception changes with humanity's entire mode of existence. The manner in which human sense perception is organized, the medium in which it is accomplished, is determined not only by nature but by historical circumstances as well. The fifth century, with its great shifts of population, saw the birth of the late Roman art industry and the Vienna Genesis, and there developed not only an art different from that of antiquity but also a new kind of perception. The scholars of the Viennese school, Riegl and Wickhoff, who resisted the weight of classical tradition under which these later art forms had been buried, were the first to draw conclusions from them concerning the organization of perception at the time.

However far-reaching their insight, these scholars limited themselves to showing the significant, formal hallmark which characterized perception in late Roman times. They did not attempt – and, perhaps, saw no way – to show the social transformations expressed by these changes of perception. The conditions for an analogous insight are more favorable in the present. And if changes in the medium of contemporary perception can be comprehended as decay of the aura, it is possible to show its social causes.

The concept of aura which was proposed above with reference to historical objects may usefully be illustrated with reference to the aura of natural ones. We define the aura of the latter as the unique phenomenon of a distance, however close it may be. If, while resting on a summer afternoon, you follow with your eyes a mountain range on the horizon or a branch which casts its shadow over you, you experience the aura of those mountains, of that branch. This image makes it easy to comprehend the social bases of the contemporary decay of the aura. It rests on two circumstances, both of which are related to the increasing significance of the masses in contemporary life. Namely, the desire of contemporary masses to bring things "closer" spatially and humanly, which is just as ardent as their bent toward overcoming the uniqueness of every reality by accepting its reproduction. Every day the urge grows stronger to get hold of an object at very close range by way of its likeness, its reproduction. Unmistakably, reproduction as offered by picture magazines and newsreels differs from the image seen by the unarmed eye. Uniqueness and permanence are as closely linked in the latter as are transitoriness and reproducibility in the former. To pry

an object from its shell, to destroy its aura, is the mark of a perception whose "sense of the universal equality of things" has increased to such a degree that it extracts it even from a unique object by means of reproduction. Thus is manifested in the field of perception what in the theoretical sphere is noticeable in the increasing importance of statistics. The adjustment of reality to the masses and of the masses to reality is a process of unlimited scope, as much for thinking as for perception.

<p style="text-align:center">IV</p>

The uniqueness of a work of art is inseparable from its being imbedded in the fabric of tradition. This tradition itself is thoroughly alive and extremely changeable. An ancient statue of Venus, for example, stood in a different traditional context with the Greeks, who made it an object of veneration, than with the clerics of the Middle Ages, who viewed it as an ominous idol. Both of them, however, were equally confronted with its uniqueness, that is, its aura. Originally the contextual integration of art in tradition found its expression in the cult. We know that the earliest art works originated in the service of a ritual – first the magical, then the religious kind. It is significant that the existence of the work of art with reference to its aura is never entirely separated from its ritual function. In other words, the unique value of the "authentic" work of art has its basis in ritual, the location of its original use value. This ritualistic basis, however remote, is still recognizable as secularized ritual even in the most profane forms of the cult of beauty. The secular cult of beauty, developed during the Renaissance and

prevailing for three centuries, clearly showed that ritualistic basis in its decline

and the first deep crisis which befell it. With the advent of the first truly

revolutionary means of reproduction, photography, simultaneously with the rise of

socialism, art sensed the approaching crisis which has become evident a century

later. At the time, art reacted with the doctrine of *l'art pour l'art*, that is, with a

theology of art. This gave rise to what might be called a negative theology in the

form of the idea of "pure" art, which not only denied any social function of art but

also any categorizing by subject matter. (In poetry, Mallarme was the first to take

this position.)

An analysis of art in the age of mechanical reproduction must do justice to

these relationships, for they lead us to an all-important insight: for the first time in

world history, mechanical reproduction emancipates the work of art from its

parasitical dependence on ritual. To an ever greater degree the work of art

reproduced becomes the work of art designed for reproducibility. From a

photographic negative, for example, one can make any number of prints; to ask

for the "authentic" print makes no sense. But the instant the criterion of

authenticity ceases to be applicable to artistic production, the total function of art

is reversed. Instead of being based on ritual, it begins to be based on another

practice – politics.

<u>V</u>

Works of art are received and valued on different planes. Two polar types

stand out; with one, the accent is on the cult value; with the other, on the

exhibition value of the work. Artistic production begins with ceremonial objects destined to serve in a cult. One may assume that what mattered was their existence, not their being on view. The elk portrayed by the man of the Stone Age on the walls of his cave was an instrument of magic. He did expose it to his fellow men, but in the main it was meant for the spirits. Today the cult value would seem to demand that the work of art remain hidden. Certain statues of gods are accessible only to the priest in the cella; certain Madonnas remain covered nearly all year round; certain sculptures on medieval cathedrals are invisible to the spectator on ground level. With the emancipation of the various art practices from ritual go increasing opportunities for the exhibition of their products. It is easier to exhibit a portrait bust that can be sent here and there than to exhibit the statue of a divinity that has its fixed place in the interior of a temple. The same holds for the painting as against the mosaic or fresco that preceded it. And even though the public presentability of a mass originally may have been just as great as that of a symphony, the latter originated at the moment when its public presentability promised to surpass that of the mass.

With the different methods of technical reproduction of a work of art, its fitness for exhibition increased to such an extent that the quantitative shift between its two poles turned into a qualitative transformation of its nature. This is comparable to the situation of the work of art in prehistoric times when, by the absolute emphasis on its cult value, it was, first and foremost, an instrument of magic. Only later did it come to be recognized as a work of art. In the same way today, by the absolute emphasis on its exhibition value the work of art becomes a

creation with entirely new functions, among which the one we are conscious of, the artistic function, later may be recognized as incidental. This much is certain: today photography and the film are the most serviceable exemplifications of this new function.

<p style="text-align:center">VI</p>

In photography, exhibition value begins to displace cult value all along the line. But cult value does not give way without resistance. It retires into an ultimate retrenchment: the human countenance. It is no accident that the portrait was the focal point of early photography. The cult of remembrance of loved ones, absent or dead, offers a last refuge for the cult value of the picture. For the last time the aura emanates from the early photographs in the fleeting expression of a human face. This is what constitutes their melancholy, incomparable beauty. But as man withdraws from the photographic image, the exhibition value for the first time shows its superiority to the ritual value. To have pinpointed this new stage constitutes the incomparable significance of Atget, who, around 1900, took photographs of deserted Paris streets. It has quite justly been said of him that he photographed them like scenes of crime. The scene of a crime, too, is deserted; it is photographed for the purpose of establishing evidence. With Atget, photographs become standard evidence for historical occurrences, and acquire a hidden political significance. They demand a specific kind of approach; free-floating contemplation is not appropriate to them. They stir the viewer; he feels challenged by them in a new way. At the same time picture magazines begin to

put up signposts for him, right ones or wrong ones, no matter. For the first time,

captions have become obligatory. And it is clear that they have an altogether

different character than the title of a painting. The directives which the captions

give to those looking at pictures in illustrated magazines soon become even

more explicit and more imperative in the film where the meaning of each single

picture appears to be prescribed by the sequence of all preceding ones.

<div align="center">VII</div>

The nineteenth-century dispute as to the artistic value of painting versus

photography today seems devious and confused. This does not diminish its

importance, however; if anything, it underlines it. The dispute was in fact the

symptom of a historical transformation the universal impact of which was not

realized by either of the rivals. When the age of mechanical reproduction

separated art from its basis in cult, the semblance of its autonomy disappeared

forever. The resulting change in the function of art transcended the perspective

of the century; for a long time it even escaped that of the twentieth century, which

experienced the development of the film. Earlier much futile thought had been

devoted to the question of whether photography is an art. The primary question –

whether the very invention of photography had not transformed the entire nature

of art – was not raised. Soon the film theoreticians asked the same ill-considered

question with regard to the film. But the difficulties which photography caused

traditional aesthetics were mere child's play as compared to those raised by the

film. Whence the insensitive and forced character of early theories of the film.

Abel Gance, for instance, compares the film with hieroglyphs: "Here, by a remarkable regression, we have come back to the level of expression of the Egyptians ... Pictorial language has not yet matured because our eyes have not yet adjusted to it. There is as yet insufficient respect for, insufficient cult of, what it expresses." Or, in the words of Séverin-Mars: "What art has been granted a dream more poetical and more real at the same time! Approached in this fashion the film might represent an incomparable means of expression. Only the most high-minded persons, in the most perfect and mysterious moments of their lives, should be allowed to enter its ambience." Alexandre Arnoux concludes his fantasy about the silent film with the question: "Do not all the bold descriptions we have given amount to the definition of prayer?" It is instructive to note how their desire to class the film among the "arts" forces these theoreticians to read ritual elements into it – with a striking lack of discretion. Yet when these speculations were published, films like *L'Opinion publique* and *The Gold Rush* had already appeared. This, however, did not keep Abel Gance from adducing hieroglyphs for purposes of comparison, nor Séverin-Mars from speaking of the film as one might speak of paintings by Fra Angelico. Characteristically, even today ultrareactionary authors give the film a similar contextual significance – if not an outright sacred one, then at least a supernatural one. Commenting on Max Reinhardt's film version of *A Midsummer Night's Dream*, Werfel states that undoubtedly it was the sterile copying of the exterior world with its streets, interiors, railroad stations, restaurants, motorcars, and beaches which until now had obstructed the elevation of the film to the realm of art. "The film has not yet

realized its true meaning, its real possibilities ... these consist in its unique faculty to express by natural means and with incomparable persuasiveness all that is fairylike, marvelous, supernatural."

VIII

The artistic performance of a stage actor is definitely presented to the public by the actor in person; that of the screen actor, however, is presented by a camera, with a twofold consequence. The camera that presents the performance of the film actor to the public need not respect the performance as an integral whole. Guided by the cameraman, the camera continually changes its position with respect to the performance. The sequence of positional views which the editor composes from the material supplied him constitutes the completed film. It comprises certain factors of movement which are in reality those of the camera, not to mention special camera angles, close-ups, etc. Hence, the performance of the actor is subjected to a series of optical tests. This is the first consequence of the fact that the actor's performance is presented by means of a camera. Also, the film actor lacks the opportunity of the stage actor to adjust to the audience during his performance, since he does not present his performance to the audience in person. This permits the audience to take the position of a critic, without experiencing any personal contact with the actor. The audience's identification with the actor is really an identification with the camera. Consequently the audience takes the position of the camera; its approach is that of testing. This is not the approach to which cult values may be exposed.

IX

For the film, what matters primarily is that the actor represents himself to the public before the camera, rather than representing someone else. One of the first to sense the actor's metamorphosis by this form of testing was Pirandello. Though his remarks on the subject in his novel *Si Gira* were limited to the negative aspects of the question and to the silent film only, this hardly impairs their validity. For in this respect, the sound film did not change anything essential. What matters is that the part is acted not for an audience but for a mechanical contrivance – in the case of the sound film, for two of them. "The film actor," wrote Pirandello, "feels as if in exile – exiled not only from the stage but also from himself. With a vague sense of discomfort he feels inexplicable emptiness: his body loses its corporeality, it evaporates, it is deprived of reality, life, voice, and the noises caused by his moving about, in order to be changed into a mute image, flickering an instant on the screen, then vanishing into silence .... The projector will play with his shadow before the public, and he himself must be content to play before the camera." This situation might also be characterized as follows: for the first time – and this is the effect of the film – man has to operate with his whole living person, yet forgoing its aura. For aura is tied to his presence; there can be no replica of it. The aura which, on the stage, emanates from Macbeth, cannot be separated for the spectators from that of the actor. However, the singularity of the shot in the studio is that the camera is substituted for the public. Consequently, the aura that envelops the actor vanishes, and with it the aura of the figure he portrays.

It is not surprising that it should be a dramatist such as Pirandello who, in characterizing the film, inadvertently touches on the very crisis in which we see the theater. Any thorough study proves that there is indeed no greater contrast than that of the stage play to a work of art that is completely subject to or, like the film, founded in, mechanical reproduction. Experts have long recognized that in the film "the greatest effects are almost always obtained by 'acting' as little as possible ... " In 1932 Rudolf Arnheim saw "the latest trend ... in treating the actor as a stage prop chosen for its characteristics and... inserted at the proper place." With this idea something else is closely connected. The stage actor identifies himself with the character of his role. The film actor very often is denied this opportunity. His creation is by no means all of a piece; it is composed of many separate performances. Besides certain fortuitous considerations, such as cost of studio, availability of fellow players, décor, etc., there are elementary necessities of equipment that split the actor's work into a series of mountable episodes. In particular, lighting and its installation require the presentation of an event that, on the screen, unfolds as a rapid and unified scene, in a sequence of separate shootings which may take hours at the studio; not to mention more obvious montage. Thus a jump from the window can be shot in the studio as a jump from a scaffold, and the ensuing flight, if need be, can be shot weeks later when outdoor scenes are taken. Far more paradoxical cases can easily be construed. Let us assume that an actor is supposed to be startled by a knock at the door. If his reaction is not satisfactory, the director can resort to an expedient: when the actor happens to be at the studio again he has a shot fired behind him

without his being forewarned of it. The frightened reaction can be shot now and

be cut into the screen version. Nothing more strikingly shows that art has left the

realm of the "beautiful semblance" which, so far, had been taken to be the only

sphere where art could thrive.

<u>X</u>

The feeling of strangeness that overcomes the actor before the camera,

as Pirandello describes it, is basically of the same kind as the estrangement felt

before one's own image in the mirror. But now the reflected image has become

separable, transportable. And where is it transported? Before the public. Never

for a moment does the screen actor cease to be conscious of this fact. While

facing the camera he knows that ultimately he will face the public, the consumers

who constitute the market. This market, where he offers not only his labor but

also his whole self, his heart and soul, is beyond his reach. During the shooting

he has as little contact with it as any article made in a factory. This may

contribute to that oppression, that new anxiety which, according to Pirandello,

grips the actor before the camera. The film responds to the shriveling of the aura

with an artificial build-up of the "personality" outside the studio. The cult of the

movie star, fostered by the money of the film industry, preserves not the unique

aura of the person but the "spell of the personality," the phony spell of a

commodity. So long as the movie-makers' capital sets the fashion, as a rule no

other revolutionary merit can be accredited to today's film than the promotion of a

revolutionary criticism of traditional concepts of art. We do not deny that in some

cases today's films can also promote revolutionary criticism of social conditions, even of the distribution of property. However, our present study is no more specifically concerned with this than is the film production of Western Europe.

It is inherent in the technique of the film as well as that of sports that everybody who witnesses its accomplishments is somewhat of an expert. This is obvious to anyone listening to a group of newspaper boys leaning on their bicycles and discussing the outcome of a bicycle race. It is not for nothing that newspaper publishers arrange races for their delivery boys. These arouse great interest among the participants, for the victor has an opportunity to rise from delivery boy to professional racer. Similarly, the newsreel offers everyone the opportunity to rise from passer-by to movie extra. In this way any man might even find himself part of a work of art, as witness Vertov's *Three Songs About Lenin* or Ivens' *Borinage*. Any man today can lay claim to being filmed. This claim can best be elucidated by a comparative look at the historical situation of contemporary literature.

For centuries a small number of writers were confronted by many thousands of readers. This changed toward the end of the last century. With the increasing extension of the press, which kept placing new political, religious, scientific, professional, and local organs before the readers, an increasing number of readers became writers – at first, occasional ones. It began with the daily press opening to its readers space for "letters to the editor." And today there is hardly a gainfully employed European who could not, in principle, find an opportunity to publish somewhere or other comments on his work, grievances,

documentary reports, or that sort of thing. Thus, the distinction between author and public is about to lose its basic character. The difference becomes merely functional; it may vary from case to case. At any moment the reader is ready to turn into a writer. As expert, which he had to become willy-nilly in an extremely specialized work process, even if only in some minor respect, the reader gains access to authorship. In the Soviet Union work itself is given a voice. To present it verbally is part of a man's ability to perform the work. Literary license is now founded on polytechnic rather than specialized training and thus becomes common property.

All this can easily be applied to the film, where transitions that in literature took centuries have come about in a decade. In cinematic practice, particularly in Russia, this change-over has partially become established reality. Some of the players whom we meet in Russian films are not actors in our sense but people who portray themselves and primarily in their own work process. In Western Europe the capitalistic exploitation of the film denies consideration to modern man's legitimate claim to being reproduced. Under these circumstances the film industry is trying hard to spur the interest of the masses through illusion-promoting spectacles and dubious speculations.

<p style="text-align:center">XI</p>

The shooting of a film, especially of a sound film, affords a spectacle unimaginable anywhere at any time before this. It presents a process in which it is impossible to assign to a spectator a viewpoint which would exclude from the

actual scene such extraneous accessories as camera equipment, lighting machinery, staff assistants, etc. – unless his eye were on a line parallel with the lens. This circumstance, more than any other, renders superficial and insignificant any possible similarity between a scene in the studio and one on the stage. In the theater one is well aware of the place from which the play cannot immediately be detected as illusionary. There is no such place for the movie scene that is being shot. Its illusionary nature is that of the second degree, the result of cutting. That is to say, in the studio the mechanical equipment has penetrated so deeply into reality that its pure aspect freed from the foreign substance of equipment is the result of a special procedure, namely, the shooting by the specially adjusted camera and the mounting of the shot together with other similar ones. The equipment-free aspect of reality here has become the height of artifice; the sight of immediate reality has become an orchid in the land of technology.

Even more revealing is the comparison of these circumstances, which differ so much from those of the theater, with the situation in painting. Here the question is: How does the cameraman compare with the painter? To answer this we take recourse to an analogy with a surgical operation. The surgeon represents the polar opposite of the magician. The magician heals a sick person by the laying on of hands; the surgeon cuts into the patient's body. The magician maintains the natural distance between the patient and himself; though he reduces it very slightly by the laying on of hands, he greatly increases it by virtue of his authority. The surgeon does exactly the reverse; he greatly diminishes the

distance between himself and the patient by penetrating into the patient's body, and increases it but little by the caution with which his hand moves among the organs. In short, in contrast to the magician - who is still hidden in the medical practitioner – the surgeon at the decisive moment abstains from facing the patient man to man; rather, it is through the operation that he penetrates into him.

Magician and surgeon compare to painter and cameraman. The painter maintains in his work a natural distance from reality, the cameraman penetrates deeply into its web. There is a tremendous difference between the pictures they obtain. That of the painter is a total one, that of the cameraman consists of multiple fragments which are assembled under a new law. Thus, for contemporary man the representation of reality by the film is incomparably more significant than that of the painter, since it offers, precisely because of the thoroughgoing permeation of reality with mechanical equipment, an aspect of reality which is free of all equipment. And that is what one is entitled to ask from a work of art.

<u>XII</u>

Mechanical reproduction of art changes the reaction of the masses toward art. The reactionary attitude toward a Picasso painting changes into the progressive reaction toward a Chaplin movie. The progressive reaction is characterized by the direct, intimate fusion of visual and emotional enjoyment with the orientation of the expert. Such fusion is of great social significance. The greater the decrease in the social significance of an art form, the sharper the

distinction between criticism and enjoyment by the public. The conventional is uncritically enjoyed, and the truly new is criticized with aversion. With regard to the screen, the critical and the receptive attitudes of the public coincide. The decisive reason for this is that individual reactions are predetermined by the mass audience response they are about to produce, and this is nowhere more pronounced than in the film. The moment these responses become manifest they control each other. Again, the comparison with painting is fruitful. A painting has always had an excellent chance to be viewed by one person or by a few. The simultaneous contemplation of paintings by a large public, such as developed in the nineteenth century, is an early symptom of the crisis of painting, a crisis which was by no means occasioned exclusively by photography but rather in a relatively independent manner by the appeal of art works to the masses.

Painting simply is in no position to present an object for simultaneous collective experience, as it was possible for architecture at all times, for the epic poem in the past, and for the movie today. Although this circumstance in itself should not lead one to conclusions about the social role of painting, it does constitute a serious threat as soon as painting, under special conditions and, as it were, against its nature, is confronted directly by the masses. In the churches and monasteries of the Middle Ages and at the princely courts up to the end of the eighteenth century, a collective reception of paintings did not occur simultaneously, but by graduated and hierarchized mediation. The change that has come about is an expression of the particular conflict in which painting was implicated by the mechanical reproducibility of paintings. Although paintings

began to be publicly exhibited in galleries and salons, there was no way for the masses to organize and control themselves in their reception. Thus the same public which responds in a progressive manner toward a grotesque film is bound to respond in a reactionary manner to surrealism.

<div align="center">

XIII

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The characteristics of the film lie not only in the manner in which man presents himself to mechanical equipment but also in the manner in which, by means of this apparatus, man can represent his environment. A glance at occupational psychology illustrates the testing capacity of the equipment. Psychoanalysis illustrates it in a different perspective. The film has enriched our field of perception with methods which can be illustrated by those of Freudian theory. Fifty years ago, a slip of the tongue passed more or less unnoticed. Only exceptionally may such a slip have revealed dimensions of depth in a conversation which had seemed to be taking its course on the surface. Since the *Psychopathology of Everyday Life* things have changed. This book isolated and made analyzable things which had heretofore floated along unnoticed in the broad stream of perception. For the entire spectrum of optical, and now also acoustical, perception the film has brought about a similar deepening of apperception. It is only an obverse of this fact that behavior items shown in a movie can be analyzed much more precisely and from more points of view than those presented on paintings or on the stage. As compared with painting, filmed behavior lends itself more readily to analysis because of its incomparably more

precise statements of the situation. In comparison with the stage scene, the filmed behavior item lends itself more readily to analysis because it can be isolated more easily. This circumstance derives its chief importance from its tendency to promote the mutual penetration of art and science. Actually, of a screened behavior item which is neatly brought out in a certain situation, like a muscle of a body, it is difficult to say which is more fascinating, its artistic value or its value for science. To demonstrate the identity of the artistic and scientific uses of photography which heretofore usually were separated will be one of the revolutionary functions of the film.

By close-ups of the things around us, by focusing on hidden details of familiar objects, by exploring common place milieus under the ingenious guidance of the camera, the film, on the one hand, extends our comprehension of the necessities which rule our lives; on the other hand, it manages to assure us of an immense and unexpected field of action. Our taverns and our metropolitan streets, our offices and furnished rooms, our railroad stations and our factories appeared to have us locked up hopelessly. Then came the film and burst this prison-world asunder by the dynamite of the tenth of a second, so that now, in the midst of its far-flung ruins and debris, we calmly and adventurously go traveling. With the close-up, space expands; with slow motion, movement is extended. The enlargement of a snapshot does not simply render more precise what in any case was visible, though unclear: it reveals entirely new structural formations of the subject. So, too, slow motion not only presents familiar qualities of movement but reveals in them entirely unknown ones "which, far from looking

like retarded rapid movements, give the effect of singularly gliding, floating, supernatural motions." Evidently a different nature opens itself to the camera than opens to the naked eye – if only because an unconsciously penetrated space is substituted for a space consciously explored by man. Even if one has a general knowledge of the way people walk, one knows nothing of a person's posture during the fractional second of a stride. The act of reaching for a lighter or a spoon is familiar routine, yet we hardly know what really goes on between hand and metal, not to mention how this fluctuates with our moods. Here the camera intervenes with the resources of its lowerings and liftings, its interruptions and isolations, it extensions and accelerations, its enlargements and reductions. The camera introduces us to unconscious optics as does psychoanalysis to unconscious impulses.

<div align="center">XIV</div>

One of the foremost tasks of art has always been the creation of a demand which could be fully satisfied only later. The history of every art form shows critical epochs in which a certain art form aspires to effects which could be fully obtained only with a changed technical standard, that is to say, in a new art form. The extravagances and crudities of art which thus appear, particularly in the so-called decadent epochs, actually arise from the nucleus of its richest historical energies. In recent years, such barbarisms were abundant in Dadaism. It is only now that its impulse becomes discernible: Dadaism attempted to create

by pictorial – and literary – means the effects which the public today seeks in the film.

Every fundamentally new, pioneering creation of demands will carry beyond its goal. Dadaism did so to the extent that it sacrificed the market values which are so characteristic of the film in favor of higher ambitions – though of course it was not conscious of such intentions as here described. The Dadaists attached much less importance to the sales value of their work than to its usefulness for contemplative immersion. The studied degradation of their material was not the least of their means to achieve this uselessness. Their poems are "word salad" containing obscenities and every imaginable waste product of language. The same is true of their paintings, on which they mounted buttons and tickets. What they intended and achieved was a relentless destruction of the aura of their creations, which they branded as reproductions with the very means of production. Before a painting of Arp's or a poem by August Stramm it is impossible to take time for contemplation and evaluation as one would before a canvas of Derain's or a poem by Rilke. In the decline of middle-class society, contemplation became a school for asocial behavior; it was countered by distraction as a variant of social conduct. Dadaistic activities actually assured a rather vehement distraction by making works of art the center of scandal. One requirement was foremost: to outrage the public.

From an alluring appearance or persuasive structure of sound the work of art of the Dadaists became an instrument of ballistics. It hit the spectator like a bullet, it happened to him, thus acquiring a tactile quality. It promoted a demand

for the film, the distracting element of which is also primarily tactile, being based on changes of place and focus which periodically assail the spectator. Let us compare the screen on which a film unfolds with the canvas of a painting. The painting invites the spectator to contemplation; before it the spectator can abandon himself to his associations. Before the movie frame he cannot do so. No sooner has his eye grasped a scene than it is already changed. It cannot be arrested. Duhamel, who detests the film and knows nothing of its significance, though something of its structure, notes this circumstance as follows: "I can no longer think what I want to think. My thoughts have been replaced by moving images." The spectator's process of association in view of these images is indeed interrupted by their constant, sudden change. This constitutes the shock effect of the film, which, like all shocks, should be cushioned by heightened presence of mind. By means of its technical structure, the film has taken the physical shock effect out of the wrappers in which Dadaism had, as it were, kept it inside the moral shock effect.

<p style="text-align:center"><u>XV</u></p>

The mass is a matrix from which all traditional behavior toward works of art issues today in a new form. Quantity has been transmuted into quality. The greatly increased mass of participants has produced a change in the mode of participation. The fact that the new mode of participation first appeared in a disreputable form must not confuse the spectator. Yet some people have launched spirited attacks against precisely this superficial aspect. Among these,

Duhamel has expressed himself in the most radical manner. What he objects to most is the kind of participation which the movie elicits from the masses. Duhamel calls the movie "a pastime for helots, a diversion for uneducated, wretched, worn-out creatures who are consumed by their worries a spectacle which requires no concentration and presupposes no intelligence which kindles no light in the heart and awakens no hope other than the ridiculous one of someday becoming a 'star' in Los Angeles." Clearly, this is at bottom the same ancient lament that the masses seek distraction whereas art demands concentration from the spectator. That is a commonplace.

The question remains whether it provides a platform for the analysis of the film. A closer look is needed here. Distraction and concentration form polar opposites which may be stated as follows: A man who concentrates before a work of art is absorbed by it. He enters into this work of art the way legend tells of the Chinese painter when he viewed his finished painting. In contrast, the distracted mass absorbs the work of art. This is most obvious with regard to buildings. Architecture has always represented the prototype of a work of art the reception of which is consummated by a collectivity in a state of distraction. The laws of its reception are most instructive.

Buildings have been man's companions since primeval times. Many art forms have developed and perished. Tragedy begins with the Greeks, is extinguished with them, and after centuries its "rules" only are revived. The epic poem, which had its origin in the youth of nations, expires in Europe at the end of the Renaissance. Panel painting is a creation of the Middle Ages, and nothing

guarantees its uninterrupted existence. But the human need for shelter is lasting. Architecture has never been idle. Its history is more ancient than that of any other art, and its claim to being a living force has significance in every attempt to comprehend the relationship of the masses to art. Buildings are appropriated in a twofold manner: by use and by perception – or rather, by touch and sight. Such appropriation cannot be understood in terms of the attentive concentration of a tourist before a famous building. On the tactile side there is no counterpart to contemplation on the optical side. Tactile appropriation is accomplished not so much by attention as by habit. As regards architecture, habit determines to a large extent even optical reception. The latter, too, occurs much less through rapt attention than by noticing the object in incidental fashion. This mode of appropriation, developed with reference to architecture, in certain circumstances acquires canonical value. For the tasks which face the human apparatus of perception at the turning points of history cannot be solved by optical means, that is, by contemplation, alone. They are mastered gradually by habit, under the guidance of tactile appropriation.

The distracted person, too, can form habits. More, the ability to master certain tasks in a state of distraction proves that their solution has become a matter of habit. Distraction as provided by art presents a covert control of the extent to which new tasks have become soluble by apperception. Since, moreover, individuals are tempted to avoid such tasks, art will tackle the most difficult and most important ones where it is able to mobilize the masses. Today it does so in the film. Reception in a state of distraction, which is increasing

noticeably in all fields of art and is symptomatic of profound changes in apperception, finds in the film its true means of exercise. The film with its shock effect meets this mode of reception halfway. The film makes the cult value recede into the background not only by putting the public in the position of the critic, but also by the fact that at the movies this position requires no attention. The public is an examiner, but an absent-minded one.

EPILOGUE

The growing proletarianization of modern man and the increasing formation of masses are two aspects of the same process. Fascism attempts to organize the newly created proletarian masses without affecting the property structure which the masses strive to eliminate. Fascism sees its salvation in giving these masses not their right, but instead a chance to express themselves. The masses have a right to change property relations; Fascism seeks to give them an expression while preserving property. The logical result of Fascism is the introduction of aesthetics into political life. The violation of the masses, whom Fascism, with its Führer cult, forces to their knees, has its counterpart in the violation of an apparatus which is pressed into the production of ritual values.

All efforts to render politics aesthetic culminate in one thing: war. War and war only can set a goal for mass movements on the largest scale while respecting the traditional property system. This is the political formula for the situation. The technological formula may be stated as follows: Only war makes it possible to mobilize all of today's technical resources while maintaining the

property system. It goes without saying that the Fascist apotheosis of war does

not employ such arguments. Still, Marinetti says in his manifesto on the Ethiopian

colonial war:

> "For twenty-seven years we Futurists have rebelled against the
> branding of war as anti-aesthetic ... Accordingly we state:... War
> is beautiful because it establishes man's dominion over the
> subjugated machinery by means of gas masks, terrifying
> megaphones, flame throwers, and small tanks. War is beautiful
> because it initiates the dreamt-of metalization of the human
> body. War is beautiful because it enriches a flowering meadow
> with the fiery orchids of machine guns. War is beautiful because
> it combines the gunfire, the cannonades, the cease-fire, the
> scents, and the stench of putrefaction into a symphony. War is
> beautiful because it creates new architecture, like that of the big
> tanks, the geometrical formation flights, the smoke spirals from
> burning villages, and many others ... Poets and artists of
> Futurism! ... remember these principles of an aesthetics of war
> so that your struggle for a new literature and a new graphic art
> ... may be illumined by them!"

This manifesto has the virtue of clarity. Its formulations deserve to be

accepted by dialecticians. To the latter, the aesthetics of today's war appears as

follows: If the natural utilization of productive forces is impeded by the property

system, the increase in technical devices, in speed, and in the sources of energy

will press for an unnatural utilization, and this is found in war. The

destructiveness of war furnishes proof that society has not been mature enough

to incorporate technology as its organ, that technology has not been sufficiently

developed to cope with the elemental forces of society. The horrible features of

imperialistic warfare are attributable to the discrepancy between the tremendous

means of production and their inadequate utilization in the process of production – in other words, to unemployment and the lack of markets. Imperialistic war is a rebellion of technology which collects, in the form of "human material," the claims to which society has denied its natural materrial. Instead of draining rivers, society directs a human stream into a bed of trenches; instead of dropping seeds from airplanes, it drops incendiary bombs over cities; and through gas warfare the aura is abolished in a new way.

"Fiat ars – pereat mundus", says Fascism, and, as Marinetti admits, expects war to supply the artistic gratification of a sense perception that has been changed by technology. This is evidently the consummation of "l'art pour l'art." Mankind, which in Homer's time was an object of contemplation for the Olympian gods, now is one for itself. Its self-alienation has reached such a degree that it can experience its own destruction as an aesthetic pleasure of the first order. This is the situation of politics which Fascism is rendering aesthetic. Communism responds by politicizing art.

APPENDIX E

THE DOTCOMMUNIST MANIFESTO
Eben Moglen* January 2003

A Spectre is haunting multinational capitalism--the spectre of free information. All the powers of ``globalism'' have entered into an unholy alliance to exorcize this spectre: Microsoft and Disney, the World Trade Organization, the United States Congress and the European Commission.

Where are the advocates of freedom in the new digital society who have not been decried as pirates, anarchists, communists? Have we not seen that many of those hurling the epithets were merely thieves in power, whose talk of ``intellectual property'' was nothing more than an attempt to retain unjustifiable privileges in a society irrevocably changing? But it is acknowledged by all the Powers of Globalism that the movement for freedom is itself a Power, and it is high time that we should publish our views in the face of the whole world, to meet this nursery tale of the Spectre of Free Information with a Manifesto of our own.

Owners and Creators

Throughout the world the movement for free information announces the arrival of a new social structure, born of the transformation of bourgeois industrial society by the digital technology of its own invention.

The history of all hitherto existing societies reveals a history of class struggles.

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, bourgeois and proletarian, imperialist and subaltern, in a word, oppressor and oppressed, stood in constant opposition to one another, carried

on an uninterrupted, now hidden, now open fight, a fight that has often ended, either in a revolutionary re-constitution of society at large, or in the common ruin of the contending classes.

The industrial society that sprouted from the worldwide expansion of European power ushering in modernity did not do away with class antagonisms. It but established new classes, new conditions of oppression, new forms of struggle in place of the old ones. But the epoch of the bourgeoisie simplified the class antagonisms. Society as a whole seemed divided into two great hostile camps, into two great classes, directly facing each other: Bourgeoisie and Proletariat.

But revolution did not by and large occur, and the ``dictatorship of the proletariat,'' where it arose or claimed to arise, proved incapable of instituting freedom. Instead, capitalism was enabled by technology to secure for itself a measure of consent. The modern laborer in the advanced societies rose with the progress of industry, rather than sinking deeper and deeper below the conditions of existence of his own class. Pauperism did not develop more rapidly than population and wealth. Rationalized industry in the Fordist style turned industrial workers not into a pauperized proletariat, but rather into mass consumers of mass production. Civilizing the proletariat became part of the self-protective program of the bourgeoisie.

In this way, universal education and an end to the industrial exploitation of children became no longer the despised program of the proletarian revolutionary, but the standard of bourgeois social morality. With universal education, workers

became literate in the media that could stimulate them to additional consumption. The development of sound recording, telephony, moving pictures, and radio and television broadcasting changed the workers' relationship to bourgeois culture, even as it profoundly altered the culture itself.

Music, for example, throughout previous human history was an acutely perishable non-commodity, a social process, occurring in a place and at a time, consumed where it was made, by people who were indistinctly differentiated as consumers and as makers. After the adoption of recording, music was a non-perishable commodity that could be moved long distances and was necessarily alienated from those who made it. Music became, as an article of consumption, an opportunity for its new ``owners'' to direct additional consumption, to create wants on the part of the new mass consuming class, and to drive its demand in directions profitable to ownership. So too with the entirely new medium of the moving picture, which within decades reoriented the nature of human cognition, capturing a substantial fraction of every worker's day for the reception of messages ordering additional consumption. Tens of thousands of such advertisements passed before the eyes of each child every year, reducing to a new form of serfdom the children liberated from tending a productive machine: they were now compulsorily enlisted in tending the machinery of consumption.

Thus the conditions of bourgeois society were made less narrow, better able to comprise the wealth created by them. Thus was cured the absurd epidemic of recurrent over-production. No longer was there too much civilisation, too much means of subsistence, too much industry, too much commerce.

But the bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society. Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air.

With the adoption of digital technology, the system of mass consumer production supported by mass consumer culture gave birth to new social conditions out of which a new structure of class antagonism precipitates.

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilisation. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt its culture and its principles of intellectual ownership; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image. But the very instruments of its communication and acculturation establish the modes of resistance which are turned against itself.

Digital technology transforms the bourgeois economy. The dominant goods in the system of production--the articles of cultural consumption that are both commodities sold and instructions to the worker on what and how to buy--along with all other forms of culture and knowledge now have zero marginal cost. Anyone and everyone may have the benefit of all works of culture: music, art, literature, technical information, science, and every other form of knowledge. Barriers of social inequality and geographic isolation dissolve. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of people. And as in material, so also in intellectual production. The intellectual creations of individual people become common property. Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer's apprentice, who is no longer able to control the powers of the nether world whom he has called up by his spells.

With this change, man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind. Society confronts the simple fact that when everyone can possess every intellectual work of beauty and utility--reaping all the human value of every increase of knowledge--at the same cost that any one person can possess them, it is no longer moral to exclude. If Rome possessed the power to feed everyone amply at no greater cost than that of Caesar's own table, the people would sweep Caesar violently away if anyone were left to starve. But the bourgeois system of ownership demands that

knowledge and culture be rationed by the ability to pay. Alternative traditional forms, made newly viable by the technology of interconnection, comprising voluntary associations of those who create and those who support, must be forced into unequal competition with ownership's overwhelmingly powerful systems of mass communication. Those systems of mass communication are in turn based on the appropriation of the people's common rights in the electromagnetic spectrum. Throughout the digital society the classes of knowledge workers--artists, musicians, writers, students, technologists and others trying to gain in their conditions of life by copying and modifying information--are radicalized by the conflict between what they know is possible and what the ideology of the bourgeois compels them to accept. Out of that discordance arises the consciousness of a new class, and with its rise to self-consciousness the fall of ownership begins.

The advance of digital society, whose involuntary promoter is the bourgeoisie, replaces the isolation of the creators, due to competition, by their revolutionary combination, due to association. Creators of knowledge, technology, and culture discover that they no longer require the structure of production based on ownership and the structure of distribution based on coercion of payment. Association, and its anarchist model of property-less production, makes possible the creation of free software, through which creators gain control of the technology of further production.[1] The network itself, freed of the control of broadcasters and other bandwidth owners, becomes the locus of a new system of distribution, based on association among peers without

hierarchical control, which replaces the coercive system of distribution for all music, video, and other soft goods. Universities, libraries, and related institutions become allies of the new class, interpreting their historic role as distributors of knowledge to require them to offer increasingly complete access to the knowledge in their stewardship to all people, freely. The liberation of information from the control of ownership liberates the worker from his imposed role as custodian of the machine. Free information allows the worker to invest her time not in the consumption of bourgeois culture, with its increasingly urgent invitations to sterile consumption, but in the cultivation of her mind and her skills. Increasingly aware of her powers of creation, she ceases to be a passive participant in the systems of production and consumption in which bourgeois society entrapped her.

But the bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his ``natural superiors,'' and has left remaining no other nexus between man and man than naked self-interest, than callous ``cash payment.'' It has drowned the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value. And in place of the numberless and feasible chartered freedoms, has set up that single, unconscionable freedom--Free Trade. In one word, for exploitation, veiled by religious and political illusions, naked, shameless, direct, brutal exploitation.

Against the forthcoming profound liberation of the working classes, whose access to knowledge and information power now transcends their previous

narrow role as consumers of mass culture, the system of bourgeois ownership therefore necessarily contends to its very last. With its preferred instrument of Free Trade, ownership attempts to bring about the very crisis of over-production it once feared. Desperate to entrap the creators in their role as waged consumers, bourgeois ownership attempts to turn material deprivation in some parts of the globe into a source of cheap goods with which to bribe back into cultural passivity not the barbarians, but its own most prized possession--the educated technological laborers of the most advanced societies.

At this stage the workers and creators still form an incoherent mass scattered over the whole globe, and remain broken up by their mutual competition. Now and then the creators are victorious, but only for a time. The real fruit of their battles lies, not in the immediate result, but in the ever-expanding union. This union is helped on by the improved means of communication that are created by modern industry and that place the workers and creators of different localities in contact with one another. It was just this contact that was needed to centralise the numerous local struggles, all of the same character, into one national struggle between classes. But every class struggle is a political struggle. And that union, to attain which the burghers of the Middle Ages, with their miserable highways, required centuries, the modern knowledge workers, thanks to the network, achieve in a few years.

Freedom and Creation

Not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons--the digital working class--the creators. Possessed of skills and knowledges that

create both social and exchange value, resisting reduction to the status of commodity, capable collectively of producing all the technologies of freedom, such workmen cannot be reduced to appendages of the machine. Where once bonds of ignorance and geographical isolation tied the proletarian to the industrial army in which he formed an indistinguishable and disposable component, creators collectively wielding control over the network of human communications retain their individuality, and offer the value of their intellectual labor through a variety of arrangements more favorable to their welfare, and to their freedom, than the system of bourgeois ownership ever conceded them.

But in precise proportion to the success of the creators in establishing the genuinely free economy, the bourgeoisie must reinforce the structure of coercive production and distribution concealed within its supposed preference for ``free markets'' and ``free trade.'' Though ultimately prepared to defend by force arrangements that depend on force, however masked, the bourgeoisie at first attempts the reimposition of coercion through its preferred instrument of compulsion, the institutions of its law. Like the *ancien régime* in France, which believed that feudal property could be maintained by conservative force of law despite the modernization of society, the owners of bourgeois culture expect their law of property to provide a magic bulwark against the forces they have themselves released.

At a certain stage in the development of the means of production and of exchange, the conditions under which feudal society produced and exchanged, the feudal organisation of agriculture and manufacturing industry, in one word,

the feudal relations of property became no longer compatible with the already developed productive forces; they became so many fetters. They had to be burst asunder; they were burst asunder.

Into their place stepped free competition, accompanied by a social and political constitution adapted to it, and by the economic and political sway of the bourgeois class. But ``free competition'' was never more than an aspiration of bourgeois society, which constantly experienced the capitalists' intrinsic preference for monopoly. Bourgeois property exemplified the concept of monopoly, denying at the level of practical arrangements the dogma of freedom bourgeois law inconsistently proclaimed. As, in the new digital society, creators establish genuinely free forms of economic activity, the dogma of bourgeois property comes into active conflict with the dogma of bourgeois freedom. Protecting the ownership of ideas requires the suppression of free technology, which means the suppression of free speech. The power of the State is employed to prohibit free creation. Scientists, artists, engineers and students are prevented from creating or sharing knowledge, on the ground that their ideas imperil the owners' property in the system of cultural production and distribution. It is in the courts of the owners that the creators find their class identity most clearly, and it is there, accordingly, that the conflict begins.

But the law of bourgeois property is not a magic amulet against the consequences of bourgeois technology: the broom of the sorcerer's apprentice will keep sweeping, and the water continues to rise. It is in the domain of

technology that the defeat of ownership finally occurs, as the new modes of production and distribution burst the fetters of the outmoded law.

All the preceding classes that got the upper hand, sought to fortify their already acquired status by subjecting society at large to their conditions of appropriation. Knowledge workers cannot become masters of the productive forces of society, except by abolishing their own previous mode of appropriation, and thereby also every other previous mode of appropriation. Theirs is the revolutionary dedication to freedom: to the abolition of the ownership of ideas, to the free circulation of knowledge, and the restoration of culture as the symbolic commons that all human beings share.

To the owners of culture, we say: You are horrified at our intending to do away with private property in ideas. But in your existing society, private property is already done away with for nine-tenths of the population. What they create is immediately appropriated by their employers, who claim the fruit of their intellect through the law of patent, copyright, trade secret and other forms of ``intellectual property.'' Their birthright in the electromagnetic spectrum, which can allow all people to communicate with and learn from one another, freely, at almost inexhaustible capacity for nominal cost, has been taken from them by the bourgeoisie, and is returned to them as articles of consumption--broadcast culture, and telecommunications services--for which they pay dearly. Their creativity finds no outlet: their music, their art, their storytelling is drowned out by the commodities of capitalist culture, amplified by all the power of the oligopoly of ``broadcasting,'' before which they are supposed to remain passive, consuming

rather than creating. In short, the property you lament is the proceeds of theft: its existence for the few is solely due to its non-existence in the hands of everyone else. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is the non-existence of any such property for the immense majority of society.

It has been objected that upon the abolition of private property in ideas and culture all creative work will cease, for lack of ``incentive,'' and universal laziness will overtake us.

According to this, there ought to have been no music, art, technology, or learning before the advent of the bourgeoisie, which alone conceived of subjecting the entirety of knowledge and culture to the cash nexus. Faced with the advent of free production and free technology, with free software, and with the resulting development of free distribution technology, this argument simply denies the visible and unanswerable facts. Fact is subordinated to dogma, in which the arrangements that briefly characterized intellectual production and cultural distribution during the short heyday of the bourgeoisie are said, despite the evidence of both past and present, to be the only structures possible.

Thus we say to the owners: The misconception that induces you to transform into eternal laws of nature and of reason, the social forms springing from your present mode of production and form of property--historical relations that rise and disappear in the progress of production--this misconception you share with every ruling class that has preceded you. What you see clearly in the

case of ancient property, what you admit in the case of feudal property, you are of course forbidden to admit in the case of your own bourgeois form of property.

Our theoretical conclusions are in no way based on ideas or principles that have been invented, or discovered, by this or that would-be universal reformer. They merely express, in general terms, actual relations springing from an existing class struggle, from a historical movement going on under our very eyes.

When people speak of ideas that revolutionise society, they do but express the fact, that within the old society, the elements of a new one have been created, and that the dissolution of the old ideas keeps even pace with the dissolution of the old conditions of existence.

We, the creators of the free information society, mean to wrest from the bourgeoisie, by degrees, the shared patrimony of humankind. We intend the resumption of the cultural inheritance stolen from us under the guise of ``intellectual property,'' as well as the medium of electromagnetic transportation. We are committed to the struggle for free speech, free knowledge, and free technology. The measures by which we advance that struggle will of course be different in different countries, but the following will be pretty generally applicable:

1. Abolition of all forms of private property in ideas.

2. Withdrawal of all exclusive licenses, privileges and rights to use of electromagnetic spectrum. Nullification of all conveyances of permanent title to electromagnetic frequencies.

3. Development of electromagnetic spectrum infrastructure that implements every person's equal right to communicate.

4. Common social development of computer programs and all other forms of software, including genetic information, as public goods.

5. Full respect for freedom of speech, including all forms of technical speech.

6. Protection for the integrity of creative works.

7. Free and equal access to all publicly-produced information and all educational material used in all branches of the public education system.

By these and other means, we commit ourselves to the revolution that liberates the human mind. In overthrowing the system of private property in ideas, we bring into existence a truly just society, in which the free development of each is the condition for the free development of all.

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[*]Professor of Law, Columbia University Law School.

[1] The free software movement has used programmers throughout the world--paid and unpaid--since the early 1980s to create the GNU/Linux operating system and related software that can be copied, modified and redistributed by all its users. This technical environment, now ubiquitous and competitively superior to the proprietary software industry's products, frees computer users from the monopolistic form of technological control that was to have dominated the personal computer revolution as capitalism envisioned it. By displacing the proprietary production of the most powerful monopoly on earth, the free software movement shows that associations of digital workers are capable of producing better goods, for distribution at nominal cost, than capitalist production can

achieve despite the vaunted ``incentives'' created by ownership and exclusionary ``intellectual property'' law.

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APPENDIX F

TEN PRINCIPLES OF ECONOMICS, AND KINDS OF GOODS
Source: Principles of Microeconomics, N. Gregory Mankiw.

The Ten Principles

The principles of economics explain how people make decisions. Principles 1-8 are especially relevant in the copyright conflict, to varying degrees.

Individual Decision Making	1. People face tradeoffs. 2. The cost of something is what you give up to get it. 3. Rational people think at the margin. 4. People respond to incentives.

Economic Interaction	5. Trade can make everyone better off. 6. Markets are a good way to organize economic activity. 7. Governments can sometimes improve market outcomes.

Workings of the Economy as a Whole	8. A country's standard of living depends on its ability to produce goods and services. 9. Prices rise when the government prints too much money. 10. Society faces a short-term tradeoff between inflation and unemployment.

The Different Types of Goods

Four Types of Goods

- *Private Goods* are both excludable and rival.
- *Public Goods* are neither excludable nor rival.
- *Common Resources* are rival but not excludable.
- *Natural Monopolies* are excludable but not rival

Excludability refers to the property of a good whereby a person can be prevented from using it.

Rivalry refers to the property of a good whereby one person's use diminishes other people's use.

APPENDIX G

A NOTE ON ILLEGAL DOWNLOADING
Marilyn McMillan, Associate Provost and CITO

A large percentage of people who use the Internet have downloaded music or movies. And most of the individuals who download these files—through paid services, file-sharing applications, or peer-to-peer networks—by now are aware of how prominent the issue of illegal downloading has become.

The University's stance on this issue is simple: downloading copyrighted material without permission is illegal, and you should not do it. You should also not use your computer to distribute copyrighted material without the permission of the copyright holder. Be aware: some applications for downloading music, movies and other files actually turn your computer into a server, allowing it to be used for distributing copyrighted material. If you are doing illegal downloads or distributions now or have done so, you should stop.

The music industry thus far has principally targeted those whose computers distribute illegally downloaded music, rather those who simply download. The Recording Industry Association of America (RIAA) is using the legal tools provided by the U. S. Digital Millennium Copyright Act (DMCA) of 1998. If the RIAA believes you are involved in illegal downloads or distribution of copyrighted materials and submits a valid subpoena to NYU seeking your identity, the University will comply with the subpoena and furnish your name and contact information to the RIAA's lawyers.

We know that illegal downloading of music is a widespread practice. It has become an international phenomenon, one that is hardly confined to college

campuses. Its allure is clear: why would you pay for something—a song to load on your MP3 player or a movie to load on your laptop—when you can get it for free with a little exploration and few keystrokes? And why would you not share something for free with friends?

In answering those questions, the University appeals to what Abraham Lincoln once called "the better angels" of your nature and to your commitment to the culture of scholarship.

As communities of scholars and learners, research universities—such as NYU—have two primary missions: to educate students and to create knowledge. This latter mission involves the production of original scholarship and research. Accordingly it is accompanied by an enormous respect for proper recognition being given to the creator of those ideas and knowledge. In higher education, it is considered a grave act to take another's work without permission or attribution. At NYU, which also has large and renowned programs in the arts, this respect extends to the creation of new art.

Few in this community would uphold shoplifting CDs from a record store. And few would be content to see their own work—a paper, for instance, or a journal article, or a term project in a course—taken by someone else and used without permission.

Yet, in reality, that is what you do when you download copyrighted files illegally. However you may feel about the music or film industry or about their responses to piracy, when you download copyrighted files without permission,

you are stealing the work of a director or a producer or an artist. It is not only wrong, it puts you at legal risk.

The Internet has brought unimaginable access to information and extraordinary flexibility and opportunities for exploration and communication. NYU wants you to take advantage of all that. But, just as you abide by certain standards of behavior for scholarship and for University life, so, too, should you abide by high standards when it comes to the intellectual property of others on the Internet.

This article can be found at:

nyu.edu/its/news/archives/2007/04/a_note_on_illegal_downloading.html

APPENDIX H

CERTIFIED COACHING CREDENTIALS
From the International Coaching Federation

Many who call themselves coaches have not been formally trained in specific coaching skills and are transferring skill sets from other professions into their coaching. Often this results in an inadequate or ineffective coaching experience for clients.

Coaching has its own unique skills it employs and for many coaches "unlearning" old skill sets from other professions has to occur before they can competently pick up the new skill sets used in coaching.

There are three levels of Coach Credential from the ICF. We have briefly outlined the differences below and the basic requirements for each level:

1. Associate Certified Coach (ACC)

- 60 hours of coach specific training

- 100 hours of coaching experience with clients

- Satisfactory completion of oral exam

- Agreement to adhere to the Code of Ethics as outlined by the ICF

2. Professional Certified Coach (PCC)

- 125 hours of coach specific training

- 750 hours of coaching experience with clients

- Satisfactory completion of written and oral exam

- Agreement to adhere to the Code of Ethics as outlined by the ICF

- Continued professional development to renew credential every three years

3. Master Certified Coach (MCC)

- 200 hours of coach specific training

- 2500 hours of coaching experience with clients

- Satisfactory completion of written and oral exam

- Demonstrated leadership within the profession

- Agreement to adhere to the Code of Ethics as outlined by the ICF

- Continued professional development to renew credential every three years

Source:
http://www.coachfederation.org/ICF/For+Coaching+Clients/Selecting+a+Coach/

APPENDIX I

FORD MOTOR COMPANY FINANCIAL STATEMENT
Source: Standard and Poors

ANNUAL STATEMENT INCOME
(MILLIONS, EXCEPT PER SHARE)

FORD MOTOR CO
One American Rd
Dearborn, MI 48126
Ticker: F
Fiscal Year: 12/31

SIC: 3711 (Motor Vehicles & Car Bodies)
GICS: 25102010 (Automobile Manufacturers)
S&P Long-Term Issuer Credit Rating: B
S&P Short-Term Issuer Credit Rating:

	Dec 06	Dec 05	Dec 04	Dec 03	Dec 02
Sales	160,123.000	176,896.000	171,652.000	164,196.000	162,586.000
Cost of Goods Sold	137,645.000	136,712.000	129,422.000	141,783.000	138,386.000
Gross Profit	22,478.000	40,184.000	42,230.000	22,413.000	24,200.000
Selling, General, & Admin Exp.	14,126.000	19,251.000	18,497.000	@CF	@CF
Operating Income Before Depreciation, Depletion, & Amort.	8,352.000	20,933.000	23,733.000	22,413.000	24,200.000
	16,519.000	14,066.000	13,052.000	14,297.000	15,177.000
Operating Profit	(8,167.000)	6,867.000	10,681.000	8,116.000	9,023.000
Interest Expense	8,783.000	8,417.000	7,071.000	7,690.000	8,824.000
Non-Operating Income/Expense	1,899.000	2,629.000	1,243.000	944.000	754.000
Special Items	@CF	@CF	@CF	@CF	@CF
Pretax Income	(15,051.000)	1,079.000	4,853.000	1,370.000	953.000
Total Income Taxes	(2,646.000)	(845.000)	937.000	135.000	302.000
Minority Interest	210.000	280.000	282.000	314.000	367.000
Income Before Extraordinary Items & Discontinued Operations	(12,615.000)	1,644.000	3,634.000	921.000	284.000
Preferred Dividends	0.000	0.000	0.000	0.000	15.000
Available for Common	(12,615.000)	1,644.000	3,634.000	921.000	269.000
Savings Due to Common Stock	0.000	0.000	0.000	0.000	0.000
Adjusted Available for Common	(12,615.000)	1,644.000	3,634.000	921.000	269.000
Extraordinary Items	0.000	(251.000)	0.000	(264.000)	(1,002.000)
Discontinued Operations	2.000	47.000	(147.000)	(162.000)	(262.000)
Adjusted Net Income	(12,613.000)	1,440.000	3,487.000	495.000	(995.000)

Page 2

ANNUAL STATEMENT INCOME
(MILLIONS, EXCEPT PER SHARE)

FORD MOTOR CO

	Dec 06	Dec 05	Dec 04	Dec 03	Dec 02
Earnings Per Share Basic - Excluding Extra Items & Disc Op	(6.720)	0.890	1.990	0.500	0.150
Earnings Per Share Basic - Including Extra Items & Disc Op	(6.720)	0.780	1.910	0.270	(0.550)
Earnings Per Share Diluted - Excluding Extra Items & Disc Op	(6.720)	0.870	1.800	0.500	0.150
Earnings Per Share Diluted - Including Extra Items & Disc Op	(6.720)	0.770	1.730	0.270	(0.540)
EPS Basic from Operations	(1.430)	1.130	2.340	1.140	0.610
EPS Diluted from Operations	(1.430)	1.090	2.110	1.140	0.610
Dividends Per Share	0.250	0.400	0.400	0.400	0.400
Com Shares for Basic EPS	1,877.000	1,843.000	1,826.000	1,830.000	1,815.750
Com Shares for Diluted EPS	1,877.000	2,135.000	2,126.000	1,843.000	1,890.750

NOTES

Chapter 1

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[1] A New York Times article (January 3, 2007), writes that Google is starting to explore job applicants' attitudes, behavior, personality and biographical details in an attempt to assemble a workforce with a variety skill sets in order to perform certain functions more effectively. This article can be found at:

nytimes.com/2007/01/03/technology/03google.html?ex=1168491600&en=a069dbe704808625&ei=5070.

[2] An African American lawyer being interviewed about his experiences at a large Bay Area law firm.

[3] For more information on the Civil Rights Act of 1964 please see:

usinfo.state.gov/usa/infousa/laws/majorlaw/civilr19.htm.

[4] According to the Pew Study, on most issues relating to race, the gap in opinion between white and black Americans remains substantial. 46% whites believe that efforts to promote equal rights have gone too far, compared with 26% of African Americans. Similarly, 61% of African Americans compared to 31% of whites say there has been no real improvement in the conditions of blacks in the US.

[5] Notes from Elijah Anderson's classroom lecture, Fall, 2005, Managing Diversity in the Workplace, DYNM 600, University of Pennsylvania.

[6] For example, Hopwood v. Texas (1996), (tarlton.law.utexas.edu/hopwood); California's Proposition 209 (1996) (vote96.ss.ca.gov/bp/209text.htm); Gratz v. Bollinger (2003) (law.cornell.edu/supct/html/02-516.ZS.html) in Michigan; and the Michigan Civil Rights Initiative (michigancivilrights.org) approved by Michigan

voters in November 2006 represent a few of the initiatives outlawing race and gender-based preferences in either state hiring and/or state university admissions.

[7] In their book, *Breaking Through: The Making of Minority Executives in Corporate America* (HBS Press: 1999), Harvard faculty members, David Thomas and Professor John Gabarro, explain that the road to success for such corporate leaders takes them through a very circuitous path. Promotions, for instance, are typically much harder to come by in the early stages of their careers than they are for whites. Also, In a *New York Times* article (July 14, 2004) data from the Equal Employment Opportunity Commission show that men made up more than two-thirds of the officials and managers in the securities industry in 2002, even higher than the ratio in other industries. The Securities Industry Association says that more than half of all the employees in the securities industry are white men but, more important, white men fill about four out of five executive management positions and make up more than 70 percent of investment bankers, traders and brokers.

[8] For example, a 2002 study by the Economic Policy Institute shows single mothers, who handle all the responsibility for work and family on their own, have particularly rigid schedules. There is also a pronounced racial difference in work schedule flexibility: black workers are much less likely than white workers to be able to exercise any discretion over their work schedules. In contrast, men, and to some extent women with supervisory or policy-making authority, enjoy much greater flexibility than other workers. Furthermore, contrary to the expectations of

many economists, workers who do enjoy flexible hours earn more, not less, than those with rigid work schedules. Some of this differential is accounted for by organizational power.

[9] U.S. Census Bureau, October, 2000.

[10] According to the *New York Times* (Dec 24, 2006) in the mid-'90s, women earned more than 75 cents for every dollar in hourly pay that men did, up from 65 cents just 15 years earlier. Since then the figure has decreased slightly to 74.5 cents. One significant group of women, those with a four-year college degree, has stopped making progress.

Chapter 2

[1] Dave Hockney, <u>Air Guitar</u>, 1997.

[2] William M. Landes and Richard A. Posner, *The Economic Structure of Intellectual Property Law*, p. 69, 2003.

[3] Ibid, p. 69.

[4] Cases abound where permissions seekers either are denied access to material, or are quoted exorbitant fees to use even the smallest amount of material for non- or modestly commercial uses. For example, Jon Else, who made a documentary about Wagner's Ring Cycle, sought to clear the rights to use 4.5 seconds of a scene from *The Simpsons*. After great effort to find the rights holder, he was told it would cost $10,000. In another, a father wanted to make a home movie for his children with their favorite cartoon characters. He approached all the major studios, promising not to circulate in on the Internet or

to distribute any copies; it was to be strictly a home movie. All the studios turned

him down except for Universal, which quoted him $900 for each 15 seconds.

[5] There are several organizations devoted to copyright reform, including Creative

Commons, FreeCulture.org, The Electronic Frontier Foundation, and

digitalconsumer.org. These organizations work to raise public awareness,

advocate Congress, press legal initiatives, and craft solutions to copyright issues.

[6] For example, the original term of copyright in 1790 was 14 years with a possible

14-year renewal. The Digital Millennium Copyright Act (DMCA) and the Copyright

Extension Act of 1998 extended copyright to the life of the author plus 70 years;

works owned by corporations are protected for 95-120 years. DMCA is

reviewable at three-year intervals specifically to address new technology.

[7] Home Recording of Copyrighted Works: Hearings on H.R. 4783, H.R. 4794,

H.R. 4808, H.R. 5250, H.R. 5488, and H.R. 5705 Before the Subcommittee on

Courts, Civil Liberties, and the Administration of Justice of the Committee on the

Judiciary of the House of Representatives, 97th Congress, 2nd session. (1982):

65 (testimony of Jack Valenti).

[8] Many new and established artists, including David Byrne, the Beastie Boys and

Chuck D. release their material in this manner because they realize the interest it

generates is beneficial for generating interest in the artist's other material.

[9] Jimmy Wales, "I Am Not a Thief," *Newsweek*, November 28, 2005, p. 71.

Chapter 3

[1] This list was compiled from three sources: 1) results gathered from surveys conducted by Linkage Inc., a global organizational development company that specializes in leadership development. They survey organizations on a variety of factors related to coaching and workplace issues. The results of its survey were published in *The Art and Practice of Leadership Coaching*, edited by Morgan, Hawkins and Goldsmith. 2) Observations made by Daniel White, who manages a consulting firm that trains coaches. His results are noted in his book, *Coaching Leaders*. 3) Results were also gathered from Mary Shapiro and Cynthia Ingols, professors of Organizational Behavior at Simmons College, who I interviewed separately in April 2007 when they led leadership training sessions at the Ford Foundation.

[2] Results gathered from Susan Battley, *Coached to Lead*, Cynthia Ingols and Mary Shapiro, Simmons College (see Note 1 for information on Ingols and Shapiro).

[3] Susan Battley, *Coached to Lead*, p. 169-171.

Chapter 4

[1] Bernard Simon, *Hybrid Cars Bring 12% Sales Increase for Toyota*, *Financial Times*, London (UK): Apr 5, 2007, p.14.

[2] Figures from MarketWatch.com.

[3] Daimler Benz purchased Chrysler for $36 billion in 1998, and so far has had an offer of only $5 billion. Source: *All Things Considered* National Public Radio Frank Langfitt, April 10, 2007.

[4] Laurie Harbour-Felax. " Does Detroit Matter? (Yes.)" *Automotive Design & Production*, Mar 2007, p. 24.

[5] For example, Liker and Wu (2000) report on the just-in-time delivery process and lean manufacturing that minimizes waste, coupled with the on site training the Japanese provide for teaching such techniques to suppliers. *Just Auto* (July 2006) discusses Toyota's investment in, and marketing of hybrid technology cars in the US market, noting Toyota plans to increase its hybrid models to 14 by 2011 and expects to sell one million hybrid vehicles by 2010.

[6] Results of the survey can be found at ACSI's website, theacsi.org/index.php?option=com_content&task=view&id=147&Itemid=155&i=Automobiles+%26+Light+Vehicles

[7] Jamie Butters and Jeffrey McCracken, "Nasser Heads in Different Direction - Former Ford Chief Talks About His Old, New Jobs," *Detroit Free Press*, November 11, 2002, p. 1C.

[8] Ibid, p. 1C.

[9] A Detroit media investigation revealed Fields was using a corporate jet to commute home at an estimated cost of $900,000 per year. He switched to commercial flights afterward. Source: *CNN Money*.

[10] Sarah Webster, "Sky's the Limit, Says Ford's Down-To-Earth Chief," *Detroit Free Press,* p. 1A, April 1, 2007.

[11] Ibid.

[12] Ibid.

[13] Amy Wilson, "Outsiders Go Home," *Automotive News*; November 17, 2003, p.1.

[14] Ibid, p 1.

[15] Jeffrey McCracken, 'Way *Forward' Requires Culture Shift at Ford. Wall Street Journal*, January 23, 2006. pg. B.1

[16] National Highway Traffic Safety Administration, nhtsa.dot.gov/.

[17] Richard Truett, "Key Ford Hybrid Exec Joins Arvin Meritor," *Automotive News*, January 29, 2007.

[18] In an interview at company headquarters, Mark Fields explaining the "Way Forward Plan," noted that twelve Ford vehicles were cited among the "least reliable" in consumer surveys. Source: *Tooling and Production*, April 2006.

[19] "What Do Consumers Say?," *Automotive Design & Production*, February 2007.

[20] Jonathan Fahey, "The Lemon Factor, Forbes," April 14, 2002.

[21] For example, Jeffrey McCracken (*Wall Street Journal*, May 5, 2007), Irwin Speizer (Workforce Management, Mar 27, 2007), analysts at Standard and Poors, KeyBanc, and JP Morgan all criticized the plan.

[22] Brett D. Hoselton, CFA and Brandon Ferro, KeyBanc Capital Markets

[23] Nick Bunkley, "Ford Loses Record 12.7 Billion in '06," *New York Times*, January 25, 2007.

[24] Michelle Maynard, "Ford Chief Sticking to His Road Map for Turnaround," *New York Times*, p. C1, April 5, 2007.

[25] Based on an average Consumer Price Index rating of 89.9 from 1980-82 and a CPI of 203.5 of February 2007. Source: Bureau of Labor Statistics bls.org.

[26] Russ Banham, *The Ford Century*, p.116-123.

[27] Ibid. The budget for the Taurus/Sable campaign was $3.5 billion, a record budget for product design at the company at that time.

[28] Supra, Note 25, p.1.

[29] "Ford Names New CEO," *CNN Money*, September 5 2006,

http://money.cnn.com/2006/09/05/news/companies/ford/index.htm.

[30] Byron Pope, *European Small Cars Not Right for U.S.*, Ward's Auto World, p. 37, December 2006.

[31] *Ford Motor Company SWOT Analysis*, p. 9, August 2006.

[32] Andrew Martin, "Farmers Head to Fields to Plant Corn, Lots of It," *The New York Times*, March 31, 2007. With demand for ethanol pushing corn prices to $4 a bushel or higher, farmers intended to plant 90.5 million of acres corn this season, the most since World War II and 15 percent more than last season.

[33] Alex Taylor, III. "The Fords Shop for Advice," *Fortune* p. 23. April 16, 2007.