



Chapter 10.

Your Social Radar

*Every man is a creature of age in which he lives;
very few are able to raise themselves
above the ideas of the time.*

- Voltaire

The purpose of the social radar is to understand the social dynamics that shape the intentions of those whose actions can enhance or impede the growth of your business.

Cultural and Social Factors that Shape Customer Intention

Just about everybody knows that, if a firm is going to do business outside its home market, its leaders have to understand the social and cultural factors in each local market that can affect demand for its products or services, customer attitudes toward the firm, the practices of its competitors, and a whole host of considerations unique to each particular business culture.

However, even if the firm stays mostly within its home market, it is still critical for the leaders to understand the key *social drivers* — attitudes, values, beliefs, emotions, ideologies, styles, trends, and preferences that affect the market acceptance of its particular value package.

And in either case, the social dynamics that shape your opportunities may originate far beyond your customers. You may find it easier or harder to do business as a result of various social, political, and legal macrotrends beyond your control.

Using your social radar necessarily involves a certain amount of subjective judgment, speculation, and hypothesis about what's going on in the hearts and minds of the humans in your business environment. Trying to make any confident declaration about the implications of a complex set of social dynamics is foolhardy at best, and

potentially suicidal at worst.

However, whenever you make your decisions about various socially sensitive business issues, you are unavoidably proceeding from some set of assumptions or conclusions, or at least from some basic frame of reference that reflects your own beliefs and biases. So, you may as well make the premises for your decisions explicit, rather than leaving them submerged in your own mind or in the collective unconscious of the members of your leadership team. By identifying the social factors to which you choose to adapt, you can at least have intelligent debates, evaluate your strategies against some agreed criteria, and rethink the premises if they prove to be invalid.

As imperfect as it is, your social radar can enable you to take a rough inventory of the social factors that can affect your firm the most, focus on the most critical of these, and make some important decisions about how the firm should present itself in its marketplace. This counts for a great deal, even if it can never be more than educated guesswork.

The first thing we must do in making our scan of the social dimension is to scale down our ambitions to something reasonable. Otherwise, we'll be seduced into trying to write a comprehensive encyclopedia, covering every possible social trend or issue we can think of. The social radar must give us a focused, distilled, essential understanding of the forces that are shaping our particular opportunities. We don't have to define all dimensions and all forces for all businesses. We need to limit our inquiry to an intelligent snapshot of the issues we must realistically face. As with all the radar scans, it's just as important to know what not to study as it is to know what you should study.

Focusing your social radar requires some judgment, experience, creative thinking, common sense, and — frequently — input from a fresh point of view. This dimension in particular is one in which you can trap yourself in your own narrow perceptions, preconceptions, and life experiences. For example, if you want to sell to teenagers, it's important to learn how teenagers think, feel, and view the world. Many adult marketers simply assume that they understand teenagers because they themselves were once teenagers. However, there is very little support for this presumption.

If you're accustomed to marketing your products in developing countries, you may have developed an unconscious mindset about markets and customers that may not work properly in the larger and richer economies. This principle also applies in reverse: what sells in the richer economies may not fit with the social definition of value in developing countries.

Even moving up-market or down-market from a particular position on the product scale may not be as easy as you think. The basic social definition of the product in the mind of a particular buyer may not extend to the mind of a buyer at a different point on the scale. Not everybody wants to eat Big Macs and not everybody wants to drink Champagne. The quintessentially American product Kentucky Fried Chicken didn't go

over well in Switzerland. Why? The memorable slogan “It’s finger-lickin’ good” was repulsive to the Swiss, who don’t eat with their fingers. Chevrolet’s Nova met with amused indifference in Central and South America. Why? Because in Spanish, the term “no va” means “doesn’t go.”

One of the largest and most classic marketing failures in recent history has been the inability of computer and software companies to move the focus of their products from the technophile to the consumer. Despite all the talk about computers becoming consumer products, and all the hype about the Internet being the democratizing influence that makes all users equal, they persist in victimizing their customers with terminology, procedures, and product features created for the technically minded. Computer and software suppliers, with a few exceptions such as game makers, still don’t understand how to move the computer from technical toy to everyday tool.

The phenomenal acceptance of the computer comes more from the determined efforts of non-technical customers than from any strategy for reaching them in their zone of experience. Indeed, it is clear to anyone who cares to view it objectively that the social acceptance and use of the Internet is being paced more by the hype in the popular press than by its practical usefulness or its appeal to non-technical people. The technical people who develop computers, software, and on-line technology tend to be highly introverted sociophobes with limited verbal skills and limited understanding of the “civilian” world. Their personality traits, social values, and limited communication skills act as pacing factors in the development of information technology, just as strongly as do the physics, chemistry, and engineering knowledge involved in chip design and manufacturing.

At the risk of oversimplifying the exploration of the social forces, we can subdivide the task into three general lines of inquiry: driving values, driving trends, and driving conflicts. Again, focusing on the prospects of your particular enterprise, you can explore the social aspects of your business environment to identify the first-order influences that deserve the most attention.

Driving values. Some values are so primal, dominant, and accepted that they are seldom even mentioned. Mentioning them sometimes helps us to understand them. Sometimes we become starkly aware of a certain driving value only after we give it a name and an identity. Then we may see clearly, perhaps for the first time, how pervasive its influence is. For example, personal mobility is a fundamental value in the American culture. Virtually every American from the age of sixteen onward feels entitled to own and use an individual unit of transportation. Americans own and drive more cars than citizens of most of the rest of the world combined. A huge part of the US economy involves the production, sale, movement, operation, and maintenance of automobiles. In the more socialized countries of Europe, the responsibility of the government to provide services to the needy is so deeply embedded as to be taken for granted. The role of government in leveling economic opportunity and protecting the have-nots from the haves is, in many countries, an article of faith. Yet in other countries, notably the US, “welfare” tends to be considered a necessary evil, a form of

institutional failure. The mercantile values of consumption and personal convenience are deeply embedded in most English-speaking cultures, yet they are often explicitly rejected in some of the more orthodox Islamic cultures. In reviewing the driving values that relate to your business, you have to be able to detect and identify the obvious. Which of the dominant values are both relevant to your enterprise and strong enough to shape your opportunities?

Driving trends. Trends are driven by values. A newly rising value, as it gains wider and wider acceptance across a culture or a segment of a culture, gives rise to accepted ways of behaving. One dominant trend in American popular culture for the past two decades has been a steadily increasing emphasis on sexuality in all forms of public expression. Advertising, entertainment, music, and the news have all been subject to intensive sexualization in language and imagery. The intense desire of young people, especially young males, for sexual experience and exemption from parental controls creates an enormous appetite for sexual symbology of all kinds. This becomes a consumer appetite to the extent that those who create and market media products of all kinds search for the response mechanisms that will make their products successful. As a more mundane example, the trend toward privatizing government owned corporations is gaining momentum around the world. It seems driven largely by a practical ideology that considers competitive enterprises based on economic reward superior to subsidized government operations. As the scorecard progressively favors privatization of government ownership, the trend intensifies, because it satisfies the needs of multiple constituencies. As with driving values, reviewing the driving trends that relate to your business requires detecting and understanding the most obvious. Which of the driving trends are both relevant to your enterprise and strong enough to shape your opportunities?

Driving conflicts. Sometimes the measure of a culture is in its social conflicts — the issues of value which it fails to resolve. In most of the wealthier, media-oriented cultures, a person can easily get the impression that major social conflicts are becoming more numerous and more rancorous. In any case, they seem to be the raw material of which the news is made. Debates rage about abortion, the death penalty, and euthanasia. In the poorer cultures, simple ethnic hatred is often the most common form of conflict. More complex cultures have more complex conflicts, which often center on differences in values and perceptions of entitlements. In the American culture, few issues have been so divisive as that of abortion, characterized as a conflict between a “right to life” and a “right to choose.” The conflict is not only one of values, but of basic paradigms. Each of those slogans invokes an entirely separate, self-consistent set of explanations about the relationship between a pregnant woman, her unborn fetus, and the rest of society. Canada has for years struggled with a conflict between people in Quebec who seek to secede from the country and establish a separate republic, and those who favor continuing as a multi-cultural state. Australia has an on-going debate about the issue of declaring itself a separate republic, free of its traditional position as part of the British Commonwealth. The debate could hardly be said to be tearing the nation apart, but nevertheless it expresses deeper-lying differences in values that are beginning to surface in the

culture. As with driving values and trends, understanding the conflicts that relate to your business means detecting, describing, and analyzing them. Which of the major conflicts underway in your business environment are both relevant to your enterprise and strong enough that their outcomes can shape your opportunities?

Sometimes the best way to get a grip on the driving values, trends, and conflicts most relevant to your business is a simple brainstorming discussion with people who can contribute special insights and perceptions which you may not have. This is truly an area where a multi-disciplined approach can bear fruit.

Consider assembling a cross-disciplinary team, including such disparate specialties such as sociologists, psychologists, economists, historians, artists, entertainers, and philosophers. Pose a simple question such as “What’s happening in the X culture?” i.e. the particular culture or segment of a culture you want to understand better. Let the discussion range far and wide, while you and your experts take notes. Head off arguments and debates, capture the most provocative ideas, and assemble them for analysis later. During the analysis, you may discover a few key considerations that establish a useful point of view for assessing the potential impacts.

Careful consideration of a wide range of ideas, together with good judgment in making sense out of them, are the two most important factors in getting a picture on your social radar that you can both trust and put to use.

The American Culture: Prototype for the New World Order?

Some commentators believe that the American socioeconomic structure and culture is the basic point of reference for predicting what most of the developed or developing countries will look like over the next few decades. They believe that America’s political influence, its virtually unequaled economic power, its command of information technology, the success of its economic infrastructure, and its highly consumerized lifestyle will make it the model of choice for developing nations to copy. Some go so far as to say that even the economically successful nations of Europe and Asia will move closer to the American model, particularly in privatizing government enterprises, loosening government controls on business, and generally reducing the economic control and influence of government on everyday life.

Others are not so sure. Some see evidence of alternative lines of development appearing in various cultures, particularly non-English-speaking and non-Christian cultures. Japan has for years maintained a peculiar brand of feudal capitalism, based on complex ties between corporations and their suppliers, lenders, and government overseers. China seems to have been cooking up its very own brand of communistic capitalism, which seems to confound many Western entrepreneurs. A number of the Islamic countries base their economic models on the assumption that Islamic religious law is paramount, and that all secular activity, including the conduct of business, must operate under its directives. Not all governments accept the American social ideology or its view of economic Darwinism, preferring to take a strong hand in

the process of allocating wealth and diminishing what they see as unfair advantage achieved by certain corporations and social classes over others.

In any case, the American socioeconomic model deserves careful study for a number of good reasons. Whether or not any particular country or corporation chooses to adopt, emulate, or adapt it, or parts of it, there are useful lessons to be learned from it, and perhaps useful features to be considered.

One reason for analyzing the American model is that it tends to present a picture of what may be in store for similar societies, i.e. English-speaking or Judeo-Christian cultures. Economic structures, political structures, legal systems, social norms, and popular styles are sufficiently similar across these post-European cultures that business practices that arise in America are often readily applicable in similar countries.

Secondly, the American economy is so vast that it can support an enormous amount of research and development, experimentation, and trial-and-error learning in almost all sectors, and particularly in business practices. People in other countries, even those with very different socioeconomic structures, can benefit by observing the success and failure of many new theories, practices, institutions, fads, and fashions, and adopting only those they find appealing. In a sense, America serves as a huge laboratory for the testing and selection of ideas.

Evidence of this is the regular attendance by foreign delegations at major American conferences in almost all fields — science, technology, medicine, business, and many more. The better-known American experts draw large turnouts when they lecture in other countries, partly because they come from America, aside from their particular qualifications and credentials. This certainly not to assert that the best ideas come only from America — merely that the sheer size of its economy makes it the source of more intellectual raw material. The size of the American publishing industry also plays a part in the rapid migration of American business concepts around the world.

In recent years, the US has been a destination for what some call “industrial tourism,” i.e. the trend for executives from other countries to visit and study the major American companies that are legendary for having solved certain critical business problems, or for having developed management approaches that others find appealing. I have often been asked to participate in these kinds of study tours, particularly to help executives sort through and integrate the overwhelming input of ideas and models, some of which contradict others. Many of the management associations in other countries have taken up the role of industrial tour guides, organizing special excursions to America for their members and for executives in their business communities.

From the angle of view of your social radar, the American environment has a number of important characteristics that tend to shape the conduct of business. Understanding these dominant features can help to set a framework for business strategy, either for doing business there or for extrapolating your strategy to other

business environments.

For the sake of this discussion, we should acknowledge the following key characteristics of the American socioeconomic environment, as it exists at about the beginning of the second millennium.

America has a two-channel culture. With the arrival of television in the early 1950s, America became a country with two parallel cultures, co-existing in the minds of a quarter of a billion people. One, which we might call the *personal culture*, or the natural culture, is the long-existing culture of personal experience and local community. Experiences within the family, neighborhood, community, school, church, and at work constituted the raw material for a shared understanding of what it meant to be American, and what values and standards for behavior prevailed. The second culture, arising with television, and reinforced by movies, radio, and to some extent the print media, is one we might call the *popular culture*. The popular culture is the set of ideas, images, impressions, icons, slogans, brands, and stories shared amongst a large number of people as a result of transmitted imagery, not as a result of direct individual experience. In other words, much of what people think about, talk about, debate about, and fantasize about is the substance of *synthetic experience*. Images and feelings associated with war, violence, drama, adventure, and romance seen on television and in movies take their place in the mind in and among the images built from direct personal experience. For most Americans, the idea of living in America is a collage of personal and synthetic experience. Inexorably, the popular culture has been shaped by the demands of television production, which increasingly favors an amusing style of presentation due to the very nature of the experience of watching it. This bifurcated culture explains some of the quandaries faced by political leaders who try to promote various ideas and points of view. In many respects the popular culture is a set of ready-made slogans, catch-phrases, and visual clichés, which may not always represent the actual substance of thought and feeling. Many Americans, for example, agree emphatically with statements such as “Senators and Congressional representatives are motivated only by their own political interests,” while at the same time registering general approval for their own individual representatives. One response may simply be a learned slogan — the popular culture — while the other may be an expression anchored in direct experience — the natural culture. Certainly the values and responses of the popular culture tend to peruse the experience of the natural culture, but it can be a grave mistake to confuse one with the other.

America is a commercial society. A visitor from Mars, viewing the entirety of the American experience, could hardly avoid the conclusion that the production and exchange of goods and services is the primary dynamic of the nation’s existence. Americans are consumers above all else, and as producers they participate in a never-ending effort to stimulate more and more demand for the fruits of their labor. Social status is largely defined by the ownership of purchased goods, and by the capacity to purchase more. The capital value of the infrastructure for distributing products to all corners of the country dwarfs the entire net worth of most other nations. American firms spend billions of dollars to promote demand for their products. The

entire broadcast industry, both television and radio, most of the periodical publishing industry, and increasingly the Internet, pay their operating costs by transmitting advertising messages for pay. Advertising is virtually ubiquitous in the society — on billboards, in radio and TV messages, embedded in movie scenes, woven into children’s cartoon shows, on hamburger wrappers, on ATM screens, on T-shirts and hats — virtually any space visible to a large number of people. The brand names of products form the common vocabulary of everyday conversation. Children learn to speak the language of brands from a very early age. The right to market a product is one of the most primal of entitlements in the American culture, and politicians seldom oppose it in any general way, typically only when a particular corporation or industry has been politically demonized and is especially vulnerable to attack. American children, from the earliest ages, are considered a distinct set of consumers, and fair game for the promotion of virtually all products that might appeal to them. Many would argue that this consumerist ideology has done more than any other factor to create prosperity for Americans. Others would argue that it has created an economy dangerously dependent on discretionary consumption and “push” marketing rather than natural demand, and consequently prone to emotionally driven recessions. In any case, it is unrealistic and even foolish to deny the power of this production-consumption ideology in shaping the business environment.

America is an atomized society. America has always been a nation of diverse social and ethnic groups, more than most others on the planet. But for several decades, a combination of factors has been at work loosening, dissolving, and severing the meshwork of social connections that form the macroculture commonly identified as American. Mobility is one of the strongest forces; at least 15 percent of American households move each year. Families relocate to bigger and more luxurious houses as their means improve. Professional people are willing to move to other parts of the country to advance their careers. The small-town model of neighborhoods previously romanticized in popular literature now exists only in the smallest of towns. Few people know their neighbors well. While Hollywood movies have typically portrayed American life as white, urban, and middle class, the rise of television news programming has emphasized differences of all kinds. Racial, ethnic, political, religious, and economic differences are the raw material of TV drama. News shows, talk shows, and “real-life” dramatizations portray conflict across virtually all dimensions of culture. Increasingly, America is becoming a collection of microcultures, even as the media images of the popular culture portray a world driven uniformly by what some critics call “Hollywood values,” i.e. materialism, sexualism, narcissism, and rejection of traditional values of family, community, and society. Paradoxically, as America’s media-based culture reaches to all parts of the society every day, ethnic and social divisions are becoming more pronounced, not less. The curious effect of the avalanche of information seems to be to accentuate differences in the culture, not pave them over. This ever-increasing diversity and differentiation is a distinct feature of the American culture, and has profound effects for all companies doing business there.

America is a minimal-control society. One of the most deeply-held of all American values is the right, as Supreme Court Justice Louis Brandeis put it, “to be left alone.”

Within broad limits, a person living in the US has the right to be anonymous if he or she likes. The privacy and sanctity of one's home is considered unarguable. The authority of police and other law enforcement agencies is strictly circumscribed. Increasingly, Americans perceive governments at all levels as necessary for certain social and economic missions, and to be kept out of all others. Two doctrines, enshrined in the US constitution, work to limit the intrusion of government into the lives of individuals. One is the doctrine of "separation of church and state," which dictates that Congress may not pass laws related to the practice of religion. The other is the doctrine of "states' rights," which dictates that all political powers not specifically granted to the US federal government by the constitution remain with the 50 individual states. Although government bodies at all levels have the power to regulate various business activities, it is generally accepted that regulation should focus on preventing illegal or unethical practices, not on enforcing various social values. In recent years, government programs aimed at *forced parity*, i.e. creating artificial advantages for various groups considered socially disadvantaged, have steadily lost support. Contrasting the American sociopolitical environment with a very different one can highlight the differences in the way governments are allowed to influence the conduct of business. In a country governed by Islamic law, such as Iran, religious precepts are fundamental to commercial decisions. In a country with a highly socialized government, such as Sweden, social values impose very heavy constraints on the actions of corporate leaders. In the US, commercial values are virtually on a par with religious values.

America is a knowledge-based society. Information, in virtually all its forms, has always been a basic raw material for American business and in the everyday life of many of its people. America has the largest number of telephones per 100 people than any other country. The number of people with a full secondary education is higher in America than in all but a few other countries. American colleges and universities turn out millions of people with degrees each year. Almost 30 percent of the adult population have one or more college degrees. A greater fraction of the female population is college-educated in America than in almost any other country. The number of patents, trademarks, and copyrights granted in the US swamps those in the rest of the world. The US book publishing industry dwarfs those of all other countries combined. The number of American newspapers and magazines is mind-boggling. Americans see or hear more advertising messages per person in a typical day than any other citizens on the planet. American media producers churn out an endless tide of movies, TV shows, and music albums, which sell in markets all over the globe. In recent years, American television networks have developed the capacity to gather news from all over the world and transmit it all over the world as it is happening, 24 hours a day. American universities and trade associations host conferences on a bewildering range of esoteric topics. The personal computer was developed in America, and the proportion of its population who use computers is far higher than in any other country. It seems unlikely that any other country will overtake the US in computer technology, largely because of the huge acceptance of the phenomenon in the society.

Social Values: Rising, Declining, Conflicting

Certainly the dominant national values of the country in which you seek to do business will affect the opportunities open to your firm, and will set certain of the rules of engagement. Doing business in a country with a democratically elected government is usually much different than in a monarchy, or one with a socialist or communist ideology. Doing business in a predominantly Islamic country can be radically different than in more secular cultures. And, of course, extreme versions of political or religious practice may completely rule out some countries as attractive business opportunities.

Obviously, also, the level of economic development can shape the social factors that affect your business, quite aside from the economic constraints themselves. For example, government bureaucracy, the lack of clear laws for commerce, higher levels of corruption, and unsophisticated business partners in developing countries can create a completely different set of constraints than you might face in the more mercantile cultures.

As the developed countries and most of the developing ones shift toward more media-based social environments, the effect of television, movies, radio, and to some extent periodical publishing is to bring an ever wider array of social issues, causes, conflicts, dilemmas, agendas, and conflicting value systems to the public attention. To the extent that television, in particular, follows the American commercial model, i.e. “free” programming paid for by advertisers, its content gravitates strongly toward an amusement orientation, with conflict, sexuality, scandal, violence, and a focus on the peculiar and aberrant. This forms a natural nutrient medium for the argument of the most extreme social issues and agendas. For nations with state-controlled broadcast industries, this evolution of content will generally be slower.

Some of the more volatile social issues can directly affect your business, others can represent milder or more long-term impacts, and others may have little effect. Your social radar should be carefully tuned to identify those issues or developments that can act either as primary drivers or as dominos, i.e. drivers of your drivers, changing the opportunities available to your business. A fair treatment of the most reputable social issues would require more space than available here, but the following topics can serve to illustrate the kinds of issues that should show up on your social radar.

Ecological issues, for example, pose direct impacts to the cost structure of certain industries. The extractive industries, such as oil, natural gas, coal, lumber, metals, and minerals, all face increasing pressure to reallocate ecological costs along the resource chain. The social premise that the builder or the buyer of an automobile should pre-pay or co-pay the costs of its pollution and its eventual recycling into the environment can radically change the pricing structure for all participants in its life cycle, if the premise finds its way into law and government tax policy. Social issues that affect companies at one end of the resource chain can work their way to the other end, affecting all players involved.

Unpopular products also draw significant attention because of their social impacts. In recent years, the US tobacco industry has become a favorite demon of Congress and the news media, as the evidence of tobacco's health effects has become virtually undeniable. Although the deadly effects of tobacco have been known for several decades, only in the 1990s has the social and political tide turned against smokers, and consequently the firms that sell their addictive products to them. Australia has also had strong anti-tobacco regulations for a number of years. This trend will almost surely spread to many other countries, although probably at a slower rate.

Other consumer products may be in for similar treatment, such as the junk food category with its sweet colas, high-fat snacks, and candy, much of which is marketed directly to children. Class action lawsuits have wrung hundreds of millions of dollars from companies that make products such as asbestos materials, birth control devices, and breast implants. In 1999, the cities of New York, Chicago, and New Orleans filed lawsuits against the major American gun manufacturers, seeking to hold them financially accountable for accidental deaths involving their products. When social causes become popular, they sooner or later become the raw material of litigation and legislation.

Issues of social justice are very attractive to media producers, and none makes better news than the specter of a greedy, heartless corporation exploiting helpless little people. This model easily fits companies operating in industries such as waste management, where the location of a landfill or processing center will always upset someone; smokestack companies that close money-losing manufacturing operations in cities that have become economically dependent on them; and healthcare providers that deny expensive care to individuals who need it.

Corporate greed and exploitation are indeed facts of life in all industries, but unfortunately too many firms get painted with the same brush. Even the most reputable and ethical firms still have to manage the public perception of their operations.

Exploited workers in third-world countries also make excellent news clips, especially when they make products marketed in the wealthy countries by famous companies such as Nike. In recent years several Hollywood stars have been burned by lending their names to fashion products marketed in the US but produced by "slave labor" in other countries. The real news angle is the idea of a glamorous, wealthy, and admired beauty getting rich on the backs of poor people suffering in despicable conditions.

While slave labor, child exploitation, and abominable working conditions are much too common in developing nations, the sad truth is that they seldom find their way into the flow of TV images unless there is some dramatic hook such as the involvement of a movie star or a big corporation. One could argue that there is more cynicism in the editing bay of a typical TV studio than in the boardroom of a typical corporation.

In the United States, and increasingly in other developed countries, the status of

women is a major social issue. Sexual harassment in the workplace and the denial of equal opportunity for advancement ebb and flow in the media as issues affecting the public perception of corporations. In countries such as India and others, feminist activists are fighting their way up from a much lower level of social justice than their counterparts face in America and the richer economies. Japan and certain other Asian countries, as well as many South American countries, tend to fall at the middle of the scale of opportunity and social activism by women. In the US especially, issues of sexual harassment and gender equality have crossed over into the political and legal realms, with strong government involvement.

Issues of law and order have been gaining more public attention in most developed countries lately. In the US, a number of states have passed stringent laws dealing with sex offenders, drunk drivers, stalkers, and habitually violent people. As the interests of the haves are increasingly pitted against those of the have-nots, we may see a trend toward curtailment of certain civil liberties long taken for granted. For example, several US states have introduced procedures for chemical castration of rapists and child molesters, i.e. injection of medications that reduce libido. The rights of convicted sex offenders to move about freely and anonymously in the society have been sharply curtailed. The right to procreate may eventually be denied to women who clearly cannot cope with child raising, such as drug addicts and homeless teen-agers with multiple children. A number of other developed countries have used various of these measures for some time.

The insatiable appetite for social conflict on the part of American news producers and talk shows has contributed to an atmosphere of hyper-sensitivity to anything that could possibly be construed as critical of any supposedly disadvantaged interest group. Statements or actions by public figures or corporations draw fire from special-interest advocates for blacks, Latinos, gays, lesbians, feminists, disabled people, and almost every group that can be portrayed as categorically victimized. Media producers hungry for provocative content are eager to give screen time to even the most obscure or trivial of supposed atrocities when they cannot find enough other material.

The effect of this attack-dog reporting is a form of press censorship — not censorship *of* the press, but censorship *by* the press. As the media sniper fire intensifies, public figures and corporations guard what they say and do ever more self-consciously, taking great care not to present a target for public attack. In some cases, this stifles valid points of view and distorts public debate about important issues such as race politics, gender politics, and the politics of economic opportunity.

In one peculiar case, Taco Bell Corporation broadcast commercials for its fast food restaurants showing American basketball star Shaquille O'Neal suffering from "taco neck syndrome," caused by tilting his head to eat so many tacos. The company received a blistering attack from the National Spasmodic Torticollis Association, accusing it of making fun of people afflicted with a rare neurological disorder.

In a more troubling episode, the administrators of a midwestern American university imposed sanctions on a male student for making derogatory comments about female

students in a campus newspaper. He was required to apologize publicly and attend a course on “gender sensitivity,” or face expulsion. The school’s administrators apparently decided it would be less stressful for themselves to sacrifice the male student’s right to free speech — however uncivil his message might be — than to face the wrath of the rabid feminists on the campus, some of whom were on the faculty. This event, and others like it, have profound implications for the role of the media in the developed societies, particularly America.

This self-censorship, in the face of the “political correctness” social dynamic, is much more pervasive than many people might believe. I recently noticed it in a very unlikely setting. Living in southern California, I have visited the Disneyland theme park in Anaheim many times. One of the theme displays, visible from the old-style train that circles the park, is a wilderness scene depicting the life of early American settlers. A settler’s cabin is ablaze, presumably illustrating the hazards of early life in the American west.

For years, the scene included the body of a settler, lying in front of the cabin with an arrow in his chest. A year or so ago the settler’s body disappeared. I can only speculate that Disney designers made the change so as to avoid a public spanking from any advocacy group that objected to characterizing American Indians as violent. Without the dead settler, the only hazard to be portrayed was that of having your house burn down, which is hardly enough to warrant a special scene.

Some social agendas, although pushed by very small constituencies, can generate a great deal of noise when their advocates figure out how to capture the attention of news producers. Some animal rights activists, for examples, have developed disruptive and even violent methods of stating their case, which virtually guarantees them time on-screen. Anti-abortion activists, in some cases, have resorted to threats, physical assault, sabotage, bombings, and even murder to get camera coverage.

And increasingly, the “nut factor,” i.e. the fringe segment of society that seems to prefer the more unusual and highly specialized issues, gets its share of attention whenever its methods are provocative enough to become news. The key point for businesses of various kinds is not that these obscure agendas threaten to gain broad acceptance, but that their advocates can be capable of harassment, sabotage, and violence in pursuit of their causes. Any agenda that makes it to the TV screen deserves to be reviewed in terms of its overall potential to affect the interests of your business.

Social values and attitudes such as patriotism tend to rise and fall over time, as world events make military conflict more or less likely. Since the end of the Vietnam war, young Americans have shown less and less interest in military service. Coupled with a strong economy and the availability of good jobs in the civilian sector, the US military services have lost much of their appeal.

In 1999 the US Air Force, for the first time in its history, resorted to a \$75 million advertising campaign in an effort to recruit the needed number of new people.

Enlistment bonuses of several thousands of dollars failed to lure enough enlistees, and attractive civilian jobs lured away record numbers of highly trained technical people. The US Navy fell short of its required strength by 7,000 people in 1998, leaving some ships without full crews. Even the US Army was in peril of falling below the 480,000 level of soldiers mandated by Congress.

Another significant rising social issue, particularly in the new age of cheap and abundant information, is data privacy. This will almost certainly broaden into a major legal issue and a companion political issue, as different standards come into conflict across national boundaries. The US and Europe seem to be at opposite ends of the spectrum regarding views about data privacy. This philosophical gap will certainly have a major impact on international commerce, and particularly Internet commerce.

The US has for years permitted corporations to do almost anything they liked with customer data, within the bounds of commercial activities. The huge MetroMail database, for example, contains data about 90 million American households. A constant flow of consumer data updates each household record, to the extent that every household can be classified in terms of the number of occupants, children, cars, approximate income, number and brands of credit cards used, rent or own status, mortgage balance, and a host of other variables.

The American commercial view seems to be that, once a person makes a purchase, any identifying information captured as part of the transaction becomes the property of the firm that sold the product. The firm considers itself perfectly entitled to use that information in its further efforts to market to that customer, and to sell it to other firms for the same purpose. In particular, the credit history of most American citizens is accumulated, packaged, and marketed by a small handful of companies, with relatively little control or oversight. In most cases, US citizens have little or no recourse against a credit bureau that distributes erroneous data, except to force the firm to correct it in the future.

Most European countries, on the other hand, have long viewed commercial data as the property of customers, not corporations. Germany, for example, has established a commission for data protection, the *Datenschutz*, which audits major corporations to make sure they are handling data according to German law. It has the power to restrict the commercial activities in Germany of even the largest global financial firms, for example, if they do not comply with German requirements.

In late 1998, the European Union Directive on Data Protection went into effect, with stringent requirements and legal procedures, including provisions for restricting commercial activities and blocking the Web sites of offending companies. It requires companies who want to use a person's individual data to get permission from that person, and to limit its use to the specified purpose. Individuals can take legal action to determine what information a firm has about them, find out where the firm got it, and require that it be corrected or deleted if it is objectionable under the Directive.

A politically significant provision of the Directive, Article 29, specifies that foreign

governments are expected to enact equally stringent provisions of their own, or face controls on data flows into and out of the EU nations. This, and other political efforts within the US, may help to kindle a new wave of interest in privacy, but the gap between American and European practices is still quite wide. Closing it or reconciling the two views will probably require considerable time, effort, and conflict.

Even as representatives from government and commercial sectors in the US and Europe work to bridge the philosophical gap regarding data privacy, both sides seem to be moving further in their original opposing directions. American Web site operators — and software designers — for example, insist on implanting “cookie” files on the computers of those who view their sites. A cookie is a small file that can record data about the visitor’s computer, software, Email address, and Web sites he or she has visited. Many European privacy advocates consider the cookie a quintessential example of an exploitive mindset that is distinctly American.

In early 1999, Intel Corporation set off a firestorm of protest and debate when it disclosed that its newest Pentium microprocessor chips would be serialized, and that each one would have a distinct digital identity. Upon interrogation by a program on a Web site, the user’s software could transmit the identity of the computer to the Web site. The benefit of this feature was presumably that the Web site could customize its response to each individual visitor, based on stored information about that person’s preferences. The Orwellian downside was the prospect of losing one’s privacy and anonymity while browsing the Web.

With the rising concern among computer users about viruses that can destroy their data, hackers that can destroy Web sites and steal critical business data, and diabolical Web sites that track their activities and bombard them with unwanted marketing messages, this issue of data privacy will probably grow to the proportions of a major social and political issue in the US as well as in Europe and elsewhere. The romance of the Internet is steadily giving way to the practical realization that brings its own set of problems, issues, and threats.

Your social radar may detect other social issues, trends, events, dilemmas, or agendas not mentioned in this discussion. Some may be unique to your line of business. Others may be domino effects of other social forces. In any case, it is important to have a reasonably clear concept of the social factors that are shaping your business, and to think through the major contingencies that might arise as they play themselves out in your environment.

Cultural Imperialism and Protectionism

The economic dominance of the United States has led to worldwide acceptance of many of the artifacts of the American culture, in addition to the products of its enterprises. Sitting in a cocktail lounge in a Copenhagen hotel, I was startled to hear the piano player play and sing an astonishing variety of American popular songs, from show music to pop-rock tunes. Walking by the beach in Tel Aviv, I passed Hilton

and Sheraton hotels, McDonald's hamburger shops, and Pizza Hut shops. In Singapore I saw young people wearing T-shirts displaying the names of American sports teams. In Tokyo I visited a distinctly American-style pizza parlor, complete with employees wearing roaring twenties costumes and singing old popular tunes like "I've Been Workin' On The Railroad." American culture, it seems, is everywhere.

Regardless of the anti-American fervor so vigorously displayed in some countries, the simple fact is that America ranks as the most admired country in the world. The wealthy, consumerist American lifestyle is the envy of all but the most ascetic cultures. American media firms virtually dominate the music and movie business worldwide. American news networks such as CNN, FNN, and MSNBC broadcast the Americentric view of world news on a twenty-four hour schedule. American computer and software products are used all over the world. American medical practice is widely regarded as the state of the art. American books are commonly translated into other languages. American management thinking and business practices are once again the model for international study.

This wide acceptance of the images of the American culture, if not necessarily the substance of it, can obviously work to the advantage of American firms seeking to market their goods and services overseas. However, in recent years a kind of anti-American cultural counter-trend has been rising in some countries, particularly in the developed economies. There seems to be a growing feeling among some national political establishments that the world has become too Americanized.

With American products so omnipresent, particularly fast food restaurants, movies, music, videos, fad toys, and sports gear, more and more people seem to feel that their own national cultures are being somehow invaded or polluted by American logos, brand names, and symbols. They see this as a form of cultural imperialism, or even perhaps cultural colonialism, as American firms dominate their respective sectors in other countries. The distinctly American language and style of the Internet also troubles a number of cultural advocates in other countries, who would like to see it internationalized, or at least "de-Americanized."

The French government, for example, has made several efforts to limit the import of American entertainment products, particularly music, videos, and movies. Some political figures have floated proposals to limit the number of hours of non-French television that can be broadcast.

Trade barriers such as quotas and tariffs have been in effect for many years as part of the normal political competition between nations, but recently other, more subtle barriers have been arising to impede the presumed takeover of world commerce by American products.

Japan, for instance, has long employed an intricate system of interlocking relationships among firms in certain industries — the *keiretsu* — that have the effect of passively resisting the incursion of foreign firms into the Japanese business environment. These well-rationalized subtle barriers have been giving way in recent

years, particularly under the pressure created by the Asian financial crisis that began in 1997, but they are still largely in place and effective.

A revealing case study in cultural defensiveness lies in the exclusion of rice imports to Japan. Key Japanese political leaders have long been dependent on the support of the country's rice farmers, who number a relatively small part of the population but wield enormous political power because of a historical quirk in the apportionment of legislative seats to farming districts. For years they rationalized various "soft" regulations and unspoken restrictions on foreign rice with the polite explanation "Japanese consumers prefer the taste of Japanese rice, and don't want to buy foreign rice." As the lack of competition kept Japanese rice prices embarrassingly high, pressure mounted to allow imported rice into the country. Stubbornly, the Japanese government imposed steep tariffs on imported rice as recently as 1999, especially from the US, with the effect that rice from California sold, in Japan, for more than twice its price in America.

In China, the state-owned news media have played a lead role in fostering "buy Chinese" sentiments, largely by a barrage of negative reporting about foreign products and companies. In a highly publicized incident, Northwest Airlines took a sustained and concentrated media beating in major newspapers, as well as on China Central Television and China National Radio, over an alleged on-board incident between a Chinese passenger, en route to Los Angeles, and a flight attendant.

In a particularly aggressive move, the Chinese Electronics Industry Ministry joined forces with the State Technology Supervision Bureau to hold a press conference denouncing the quality of electronic products made by foreign firms such as Sony, Samsung, and Sharp. Even the American retailing giant Wal-Mart ran into a brutal press campaign, charging false advertising and illegal business practices. Chinese consumers and retailers have apparently reacted strongly to this "reverse advertising," as the ministries hoped. This is one of the more unusual, and perhaps distinctly Chinese, forms of cooperation between government and industry, and provides an object lesson in the kinds of thinking companies can encounter in developing economies.

Some political analysts argue that the Western model of internationalism, largely expressed in the American philosophy of global commerce, is by no means enthusiastically embraced by a majority of third-world regimes. According to UN Secretary General Kofi Annan, "Throughout much of the developing world, globalization is seen not as a term describing objective reality, but as an ideology of predatory capitalism."¹

Commerce, whether international or domestic, is every bit as social and political as it is economic. No firm can afford to proceed in ignorance in an environment where social activists, pressure groups, protectionist governments, and entrenched competitors are working constantly to shape the conditions under which business gets done. Even if certain forces in the social environment seem to have little direct

effect on your business, you may still find that their domino effects on your customers, partners, or competitors can change the opportunities available to you.



Chapter Notes (10)

1. Speech by Kofi Annan at Harvard University, September 17, 1998. Excerpted in *The Futurist*, March 1998, page 27.

