AN EXPLORATORY STUDY OF THE MEANING OF SOCIAL INDICATORS IN PRODUCT STRATEGY

Thesis for the Degree of Ph. D.
MICHIGAN STATE UNIVERSITY
POLIA LERNER HAMBURGER
1972

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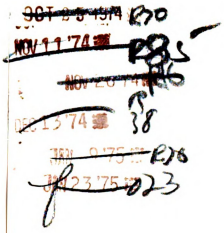
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ABSTRACT

AN EXPLORATORY STUDY OF THE MEANING OF SOCIAL INDICATORS IN PRODUCT STRATEGY

By

Polia Lerner Hamburger

This dissertation deals with the impact of social indicators and social reporting on corporate decision making for product strategy. The basic assumption is that social indicators and social reporting are here to stay, and exploration of their implications for marketing planning is thus justified.

It also is assumed that social indicators and social reporting will help define the state of the society and may indicate the areas to which government policies and programs will be directed. Because of government/business interfaces, whatever indicates the direction in which government will move is bound to have an impact on corporate decision making, specifically on product strategy decisions.

Social indicators and social reporting will point to social trends and consequent changes in life styles, value systems, and

consumer behavior. Their use in planning corporate marketing strategy is obvious. It is further conceptualized that social indicators and social reporting eventually will be part of the information that the Marketing Intelligence System processes in order to allow the effective evaluation of the marketing system's opportunities and constraints.

Consistent with these assumptions, twenty-one initial propositions were advanced. They were investigated in interviews with fourteen executives, in three of the four domestic passenger car manufacturing firms. Conclusions can be summarized as follows.

Most of the subjects interviewed were not aware of the "social information explosion." The executives were familiar with the social areas and issues for which such indicators are being developed, but the term social indicators and the idea of associating measurement with social issues were unfamiliar. Once the concept was explained, it was well understood. Respondents strongly agree that the availability of regularly published social indicators will affect corporate decision making. They also agree that the availability of social indicators will have an impact on corporation goals, organizational structure, and product strategy.

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Respondents strongly agree that the responsibility for procurement and analysis of social indicators and policy recommendations based on them should be given to a specific group as opposed to several different groups within the corporation. There is disagreement on which group. Suggested most often were market research or similar research groups, product planning personnel, "top corporate officers," or an independent agency.

Respondents strongly agree that governmental regulation of business in general and of the automobile industry in particular will increase. The following areas are suggested as the most likely to be subject to regulation in the industry: social product quality, functional product quality, price, damageability, and noise. The subjects agree that product failure risks and the risk of introducing new products are increasing. They also agree that the pace of innovation will increase because of new market values, needs, and potentials, or will be spurred by the regulations themselves.

The interviewees agree that there is popular dissatisfaction with the overall system, the business system, and the automobile industry. However, they agree that there is satisfaction with their own company.

Subjects strongly agree that the high visibility of the automobile industry in the concerns of consumers and environment

protection is due mainly to the size and importance of the industry and the characteristics of the product itself. They agree that the industry's and their own company's reaction to both consumer and environmental protection pressures was about right. The answers were indeterminate in relation to the industry's reaction to government regulations. They agree that their own company reacted better than the industry as a whole.

Respondents agree that to overcome criticism the automobile industry should improve both its product and its communication with the public.

The subjects strongly agree that the consumers' concern with functional product quality is increasing. They agree that concern with social quality and with price is increasing. They agree that future consumer concern with styling will remain about the same as it is now (very high). Answers on whether or not the increases in social product quality are proportional to its high costs are indeterminate. Subjects strongly agree that the consumer will have to pay for the added costs. Answers are indeterminate about the average consumer's willingness to pay. Respondents agree that the average consumer will be able to pay but that there may be some changes in the present patterns of market segmentation and product mix offerings. They strongly agree that the trend in the market is toward the smaller car.

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Respondents agree that the number of product elimination decisions will increase. They disagree with the initial proposition that the diversification of present product lines will increase. They think it will remain at about the present level.

Subjects strongly agree that corporate concern with functional and social product quality will increase. They agree that corporate concern with functional product features will increase. They disagree with the initial proposition that concern with styling will decrease. They perceive concern with styling as remaining at the present level (very high). They strongly agree that standardization of product features will increase and agree that corporate concern with product differentiation will decrease. In both cases, it is because of governmental standards, cost factors, and market reaction.

All subjects perceive the issues of guarantees and warranties, customer service, and consumer education as closely interrelated. They agree that corporate concern with guarantees and warranties will increase. They strongly agree that corporate concern with customer service and consumer education will increase.

They strongly agree that costs will increase. The standards for safety, pollution control, and damageability protection are adding and will add even more to the cost of automobiles. These added costs, of course, will be passed on to the consumer.

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By

Polia Lerner Hamburger

A THESIS

Submitted to
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in partial fulfillment of the requirements
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1972

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POLIA LERNER HAMBURGER

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To the memory of Hugo

To João Luís and Ruth Renata

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ACKNOWLEDGMENTS

A doctoral dissertation is never the work of only one individual. It is difficult to name all those who aided in this study and to state precisely what each individual contributed to the finished work.

I feel especially privileged for working with an outstanding guidance committee. Its members, all long-time mentors and friends, have greatly influenced my thinking in marketing, and I welcome this opportunity to thank them for all they have taught me in the many years we have been associated.

To Dr. Donald A. Taylor, Professor, Department of Marketing and Transportation, advisor of my doctoral program and co-chairman of the committee, I am especially grateful for the valuable counsel throughout all phases of the program. His suggestions and contributions added much to the dissertation, and his consistent understanding, encouragement, and help, particularly when a crisis arose, are deeply appreciated.

To Dr. William Lazer, Professor, Department of Marketing and Transportation, co-chairman of the commiteee, I am

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especially thankful. He suggested the challenging topic, and the dissertation benefited greatly from the stimulating criticisms and suggestions given throughout the work.

To Dr. Stanley C. Hollander, Professor, Department of Marketing and Transportation, member of the committee, I am indebted for having interested me, long ago, in well-researched, well-documented work. His scholarship is an inspiration to all his students.

I would like to thank the automobile industry executives who agreed to participate in this research and who spent several hours in the interviews. Their interest in and full cooperation with the project greatly extended my insights into the difficult topic.

To Mrs. Elizabeth Marcus who did a masterful job of editing the manuscript and to Mrs. Shirley Swick who typed it, I am most grateful. Both shared the time pressures and offered valuable advice as the final work took shape.

I owe a special debt of gratitude to all my friends who shared my great anxieties and my small successes. Their encouragement and support helped me throughout my doctoral program. To me and my children they have been family and a home away from home.

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Major credit for the completion of this dissertation, however, goes to my two children, João Luís and Ruth Renata. My special thanks to João Luís for helping me proofread a major part of the dissertation. Their unfailing understanding, cooperation, and sense of proportion kept me going in the right direction.

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CHAPTER I

IMPORTANCE, PURPOSE, AND SCOPE OF STUDY

Foreword

Both private and government institutions are at this juncture very concerned and involved in the process of developing a social report and a set of social indicators. The purpose of social indicators is to measure the performance of the society in meeting social needs. In other words, they are indicators to measure the quality of life. An assessment of developments leads to the conclusion that the idea of social indicators and social reporting is not a fad, and the exploration of their implications for marketing planning is justified.

The recognition of the divergence between private and social costs and the concern with the measurement of the rates of social change are not new. Neither is the basic concern with the quality of life. Men always have been interested in the quality of their lives and the meaning of their existence. Man's entire

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history, his self-vindication, and his progress are evidence of the quest for that quality. But quality of life has acquired different meanings for different societies, each defining it according to its own hierarchy of values.

There do seem to be several specifically new aspects of the present concern about the quality of life.

1) An awareness exists that there need not be a significant correlation between tangible economic progress and the less tangible feeling of happiness, or whatever term is used to define the subjective feeling of satisfaction with one's own life and with the physical and social environment to which one relates.

2) There seems to be a difference in the quality of thinking: (a) a multidisciplinary, systems approach which recognizes the interrelationships of the multiple events that seem to impinge upon the quality of life (perhaps a natural reaction to the overemphasis on specialization in various fields of study); (b) a quest for rationality which is expressed in a systematic effort to define the variables that can reflect the quality of life and a methodological concern with how to measure them adequately. In addition,

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there is concern with the uses to which these new measurements and information should be put in the rational management of society.

3) An ideological re-assessment of values is taking place which involves the search for a new hierarchy of values for the technological age.

Importance of the Topic

The impact of social indicators and social reporting on decision making is an important topic. It deals with a particular aspect of a broad and important issue of our time: the re-evaluation of the ideological basis of the society.[1]

The "old" ideology accepted the premise that the level of welfare of the society is measured in economic terms. The evaluation of the economic system's performance is made in terms of the consistency between economic goals and the economic achievement of the system. This system is organized and administered according to the capitalistic ideology (economic organization of private property, free contract, and free competition), and production is its central achievement. It is credited with having created wealth,

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the highest standard of living, and a life style of relative leisure and abundance. The belief is that acquisition of material benefits allows for greater enjoyment of life. The profit system stimulates effort, efficiency, and entrepreneurship, and gives origin to a creative dynamism that accounts for growth and innovation.

Within this economic organization marketing is believed to have guided the economy, indicating what is wanted or needed. It is deemed to have played a significant role in the acquisition of the high standard of living and to have had a great and positive influence on the quality of life (since the two were assumed to be directly correlated).

But this same economic system, of late, has been subjected to three main criticisms. First, despite the total wealth produced some minorities remain very poor; this indicates inequity in the distribution of wealth. Second, left to its own free enterprise philosophy and devices, the economy lacks the internal elements of self-control. Thus its concentration and abuse of economic power and its abuse of the environment are leading it into self-destruction; over-population, traffic congestion, air and water pollution, and other damage to the environment may seriously threaten the chances of survival. Technological progress, responsible for the high standard of living, paradoxically has helped to increase man' s

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harmful impact on the environment. Third, consumer satisfaction as a meaning for all economic activity has been an inadequate guide for social welfare because of the differences between private and social good and private and social costs.

These criticisms of the performance of the economic system imply criticisms of marketing as well. From the economic viewpoint, marketing is considered to encourage some waste through meaningless product differentiation, planned product obsolescence, and inefficiency. It has not achieved a good balance between effort and effect, between input and output. From the ethical standpoint, marketing is accused of keeping the consumer continuously dissatisfied with what he has. Critics note that it may stimulate unnecessary wants, manipulate consumers against their wishes, and engage in malpractice, deception, and fraud. From the aesthetic viewpoint, marketing (and especially advertising) is criticized for lowering values. It is said to appeal sometimes to bad taste and to contribute to the degradation of the environment.

These criticisms raise doubts about the very basic economic and marketing assumptions that underlie the prevailing system. The 1970s spurred a wave of examination and re-evaluation, and the system did not seem as adequate as previously had been thought.[2]

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The attempt to evaluate society's performance has wide implications. According to Pitrim Sorokin the twentieth century is witnessing the fall of the "sensible order" of the occidental world.[3] The two world wars, revolutions, and crime are consequences of the disintegration of society's moral and legal values; these and other internal values control and guide the behavior of individuals and groups. The conflicts between the forces of the decaying sensible order and the creative forces of the emerging socio-cultural order underlie all areas of modern social life and culture. These conflicts affect deeply everyone's way of life in all spheres: science, philosophy, religion, ethics, politics, economics, social life, and the arts.

The problem of change is not confined to the United States nor to the economic system; it reaches all "established" systems. In the old ideology wealth and happiness were synonymous goals; in the American hedonistic, materialist way of life, output of goods has been the main objective and capitalism the way to acquire it. Dissatisfaction with this ideology manifests itself mainly in doubting the long-established goals of the economic system.

The discrepancy between the basic beliefs of the society and the perceived shortcomings of its accomplishments have called into question the prevailing values. Basic beliefs include the acceptance

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of equality of opportunity and the positive value of work and education for achieving status in a mobile society. Wealth is deemed to be a factor of social progress, but reality shows the existence of poverty, minority problems, and an increase of crime. The critics point out that capitalism has failed because it has not yet been able to extend prosperity to all levels and all groups of society; it has not granted social justice.

Even those granted prosperity have not gained happiness. The main quest is still for happiness--a better quality of life--and how to attain it. This increasing social concern is, to some extent, a result of the abundance of society. Freed from the more essential and basic material wants, the individual is led to evaluate and aspire to something higher in the hierarchy of values. Work and leisure tend to be redefined. There is a growing concern with norms, values, and social and philosophical issues that transcend the individual's own physical well-being. In other words, the individual does not find satisfaction in wealth only.

> When the getting of more and more comes to mean less and less, when more and more Americans begin to worry over the comparative merits of their increasingly elaborate automatic appliances performing ever-more-trivial functions, is it any wonder that more and more Americans become skeptical of the salvation that lies in wealth? Is it any wonder that more Americans should begin to rediscover the basic uses of American wealth at the lowest level of consumption? Who can doubt the satisfactions of having things or giving things when

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> In the perspective of our history it is not surprising that we should find ourselves seeking to redefine the ideals for the American nation. Perhaps it would be more comfortable to live in an age when the dominant purposes were in full blood, when the hope for fulfillment had not been overshadowed by the frustrations of fulfillment. . . .[4]

It seems clear that the old ideology is doomed and a new ideology is emerging. It is difficult to define the goals, assumptions, beliefs, and values that characterize this ideology. It has been referred to more frequently in reference to the criticisms of the old than in assessment of the new. In Sorokin's view it is mainly characterized by a shift from "sensible" goals to "subjective" goals, from an emphasis on objective, to an emphasis on subjective. Because we are in the midst of the process of change and we are ideologically involved, it is difficult to see clearly and objectively all the implications of the shift. But there is no doubt that recent criticisms imply a re-evaluation of values and that a new ideology is developing. As Jose Ortega y Gasset points out,[5] when one begins to ask questions about values it shows that they already are in crisis. The discussion of values reflects the crisis of modern society.

This reassessment of values has occurred before; ethical values have varied in time and space. But there always has been

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the wish, the aspiration, for some kind of absolute. Thus the existence of different values and value hierarchies in different societies and cultures is explicable, and their validity need not be doubted.

The individual facing the universe is selective. Of the many elements that compose his universe, the individual integrates some which are attuned to his sensitivity. The psychological structure of each individual is like an antenna that is receptive to some values, oblivious to the others. But the individual's perspective is partially conditioned by the society to which he relates. The differences in values among various societies or cultures and between various periods within the same society are not meaningfully explained by considering the value as something that did not exist before and now exists. The value should be understood as something that was not perceived before and now is realized.

To use Gasset's image, one can make "mistakes" in accounts without nullifying the truth of the numbers. Similarly, one can make mistakes in the preference of values, by placing the lower before the higher, without invalidating the values themselves.[6] This reasoning helps to understand why every society establishes its own hierarchy of values and defines the quality of life accordingly. But there are decisive moments in which a society more

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strongly perceives the difference between what its own reality is and what it aspires to be.

This seems to be such a period now. As Karl Deutsch points out,[7] the traditions, habits, political institutions, and cultural patterns are no longer adequate to deal with new problems and new circumstances. In the present environment, however, the major elements of these same traditions, habits, political institutions, and cultural patterns still are necessary for individuals, families, groups, and nations. The divergence between what is seen as right and what is real and the desire to identify the two are leading to protest and rebellion against the existing order.

From these complex developments a new hierarchy of values and a new ideology for an emerging postindustrial society are taking shape.

* * *

According to Daniel Bell, five dimensions characterize a postindustrial society.

"1) The creation of a service economy.

2) The pre-eminence of the professional and technical class.

3) The centrality of theoretical knowledge as the source of innovation and policy formulation in the society.

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4) The possibility of self-sustaining technological growth.

5) The creation of a new 'intellectual technology.'"[8]

The implied rapid expansion of a professional and technical class suggests a new dimension in social affairs: an increasing dependence on human capital. Consequently, policies relating to the institutions concerned with knowledge and technology will become the central political question for society.

As these new conceptions emerge, the concern with social goals and their measurement increases. Hence the concern with social indicators and social reporting. Why the need for a social report? It can indicate how well we are doing and how policy making may be improved. It also can give social problems more visibility and provide more insight into how different measures of national well-being are changing. Social indicators permit a better evaluation of what public programs are accomplishing in improving the quality of life. The development of social indicators and social reporting should be viewed as the attempt to conceptualize, measure, and thus better assess several areas of concern that are implied in the new conceptualization of the quality of life. These include:

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1) concern with social issues such as poverty, civil rights, and minority groups;

2) concern with the environment, including (a) physical environment: housing, pollution, and beauty of the surroundings; and (b) social environment: crime and other forms of social breakdown and participation;

3) concern with education, knowledge, and technology; and

4) concern with consumer protection.

Social indicators should be indicators of the quality of life (real social welfare) and should actually include both economic and noneconomic data, both quantitative and qualitative information. The term social is used in the literature in a rather ambiguous way. Social does include the economic (and the GNP is still a good social indicator,[9] if not the best or only one). However, the economic national accounts are well conceptualized and developed and already are being used as information input by both private and public organizations in their decision making. Therefore, a consensus seems to have developed in the literature that a social indicator is different from or contrasted to an economic indicator.

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Research on social indicators is being done in both private and governmental institutions. Since the quality of life cannot be measured directly, the investigation has focused on trying to conceptualize the proxy, surrogate variables. The next step should be to find some consensus for the direction of social change. The final component of a social report is the recommendation of national goals and policies. Implicit in the idea of evaluating the quality of life is the idea of directing social change. Social indicators deal with sensitive areas, and researchers and institutions will judge "good" and "bad" within the particular framework of their own value system.[10] Because the information can be used to support both claims and programs, it is to be expected that broad discussions will take place in both the academic and political arenas.

Although present development is immature, there already is so much involvement and commitment to the investigation of social indicators and social reporting that it is safe to assume they soon will be part of the information base for decision making.

Purpose of the Study

This study focused on the impact of social indicators and social reporting information on corporate decision making for product strategy.

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At this juncture it is not easy to state clearly how this new information will fit into the marketing planning processes. Furthermore, marketing as a discipline has been slow in joining the social information movement. For example, the more recent social information explosion dates to the early 1960s, and publications on the subject have been appearing since 1965 (as will be seen in chapter 3). But only in 1971, at the San Francisco American Marketing Association Conference, were papers presented speculating on the relevance of the subject for marketing.[11] The recent First AMA Conference on Social Indicators held in Washington, D.C.,[12] indicates a growing recognition of the relevance of the subject and the need to discuss its marketing implications.

In this dissertation the choice to examine the impact of social indicators and social reporting on corporate product strategy seemed a logical one for several reasons.

1) Product strategy is an important aspect of marketing strategy.

2) Despite serious doubts about some economic theory assumptions, corporate decision making still primarily is involved with the bundle of goods it sells. New ideological developments and new social indicators may be implying that

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the bundle of goods should be different, should satisfy different wants and needs, or should satisfy the same wants and needs in different ways, but a bundle of goods still is involved.

3) Product innovation and its basis, technology development, have been a central issue in both economics and marketing. Technological assessment is also a central issue in the emerging new ideology of social concern.

In accordance with these considerations, this study has the following objectives:

A. To review the development of social indicators and social reporting to date.

B. To assess the impact of social indicators on:
   1) the marketing planning process for product strategy, and
   2) corporation evaluation of its own social performance.

C. To suggest topics for research and investigation.

Conceptual Framework

Policy refers to deliberate action taken by the various parts of a government or corporation in pursuit of certain goals and in

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response to problems or opportunities. This action takes the form of particular activity or activities which have definite effects in the context of current forces.[13] Research on social indicators has not yet reached the conclusive stage of stating clearly in what manner they are to be measured and in what ways they are to be affected by alternative policies, but it is progressing in this direction. Most authors agree that indicators fall into several categories of related and interdependent concerns.[14]

Health and safety includes personal and environmental health and public and environmental safety.

Education, skills, and income considers basic schooling and higher education, skills and jobs, and the amount, adequacy, and continuity of incomes.

Human habitat refers to housing, quality of neighborhood, access to the area, recreational opportunities, and the quality of larger environments.

Finer things includes goals for the arts and sciences and aspects of nature and beauty.

Leisure and production deals with interrelationships between economic growth and availability of discretionary time.

Freedom, justice, and harmony considers liberty, democratic values, and the quality of the social environment.

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These indicators, or similar ones, will have a strong impact on corporate decision making in two ways. First, in a micro sense, the data base provided by indicators will lead to a better understanding of the trends in social change and, consequently, in life styles and consumer value systems. The corporation will have better clues for planning its adaptive strategy. Second, in a macro sense, indicators will provide both evaluation of performance in relation to national goals and redirection in the establishment of goals and priorities. They will be used by decision makers in setting national policies, including those that might affect corporations directly.

A basic premise of the conceptual framework is Nestor Terleckyj's statement:

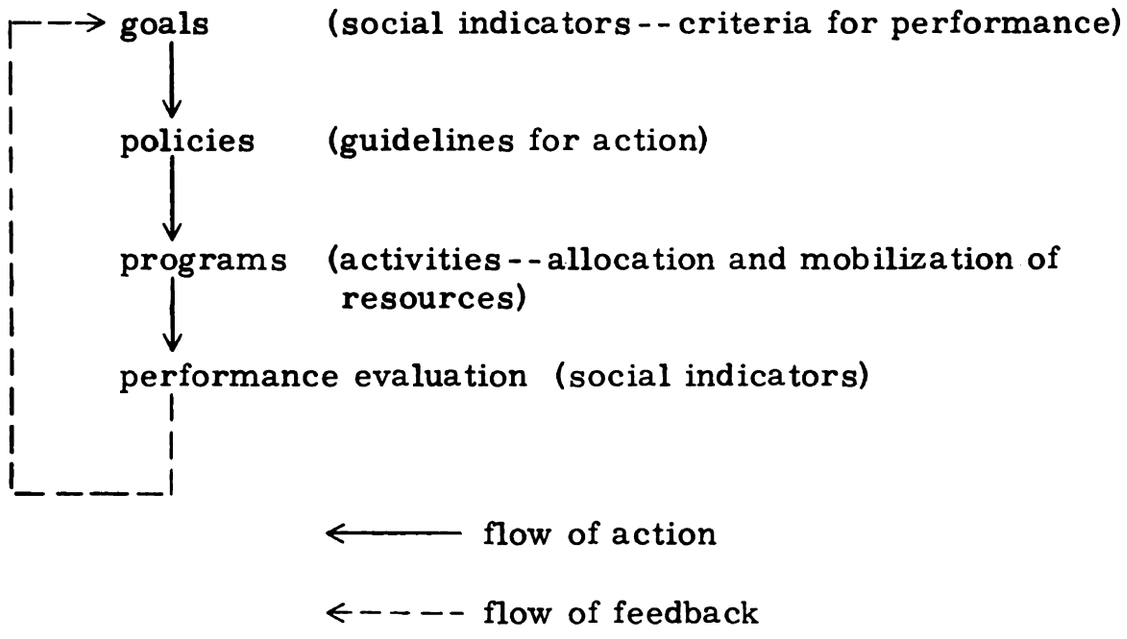
> Achievement of national goals is defined analytically in terms of observable changes in a series of specific goals indicators, such as life expectancy, crime rate, educational testing scores, etc. which were selected to reflect the actual objects of public concern.
>
> . . . changes in goals output indicators are possible only by means of specific combinations of events comprising new types of public policies and private developments called "activities" . . . defined to include . . . large aggregations of public policies and private behavior patterns.[15]

These concepts can be presented schematically:

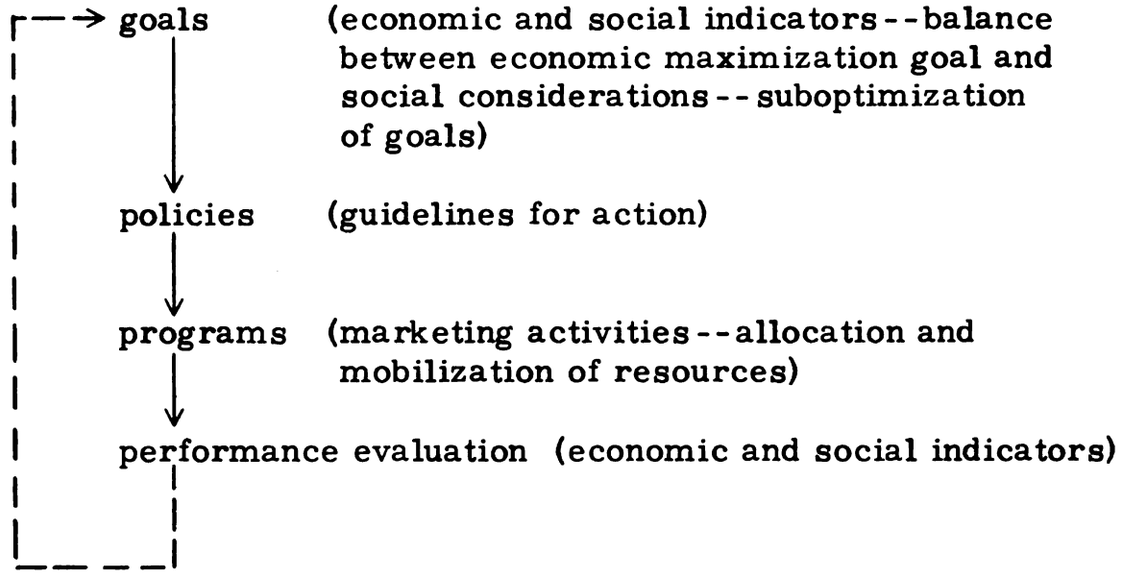
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The same scheme can be applied either to the corporation or to the corporation marketing system (micro level).



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The relationship between the two schemes lies in the interface between the corporation's marketing system and the governmental system.

Methodology

This is an exploratory study. There is no attempt to set hypotheses and test them statistically because the topic area is too new. The concepts of social indicators and social reports are still being discussed and the methodology for measuring them has not been well developed. On the corporation side, social indicators and their implications are in the initial stages of being explored and the procedures to factor them into the decision-making process have not been institutionalized. The nature of the inquiry is, essentially, to explore areas for further research and to formulate propositions which could be tested by empirical research.

Certain assumptions and propositions have been formulated. Although these have not been tested statistically, the study has provided the insight to re-examine them. Some were maintained, others were restated. These final propositions might be used as hypotheses for subsequent work.

The methodology used was threefold. First, a review was made of secondary data from both private and governmental sources,

to summarize the contributions of studies on social indicators and social reporting and to indicate general conclusions on which scholars agree. Second, these conclusions were analyzed and several hypothetical influences on corporate decision making were developed by deduction. Third, case studies were examined to investigate the awareness and perception of corporation executives of the impact of social indicators and social reporting on product strategy decisions.

The automobile industry was chosen for the case studies for three reasons. First, it is the largest industry in the country.[16] Second, it is an industry whose impact on the quality of life has gained high visibility. Third, it leads the list of consumer complaints and shares with a few other industries, such as foods, drugs, soaps, and detergents, the close attention of consumer leaders and government officers regarding safety and pollution control.[17]

Sampling

A judgment sample of executives to be interviewed was selected. Although this sample has the shortcoming of not allowing generalization of conclusions, it does have the advantage of including the "right" people. Their comments gave valuable insights for the restatement of the initial conceptual framework and propositions.

Selecting the sample was a two-step procedure. First, 18 persons in 3 of the 4 corporations of the automobile industry were interviewed. The purpose of the study, the conceptual framework, and the kinds of questions to be asked were explained to them. Then their suggestions for the names of persons to be interviewed in their corporations were requested; 14 names in the 3 corporations resulted. When contacted by telephone, the 14 agreed to a personal interview.

The Interview

Despite the length of the interviews (each took from two and one-half to three hours), the subjects were cooperative. Once the purpose of the study was understood, they all seemed very interested in the topics discussed and gave them great attention. All the interviews were conducted by the writer between 23 February 1972 and 7 April 1972.

The Subjects

The 14 interviewees were distributed among the following general functional areas: (1) product planning and related functions: 3; (2) corporate planning: 3; (3) research, marketing research, and marketing analysis: 5; and (4) engineering, safety and pollution

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control: 3. All have had a long experience in the automobile industry (from 10 to more than 30 years). Most have had a variety of experience, having worked in several different functional areas within their corporation. A few had had previous working experiences outside the automobile industry. Two subjects characterized their positions as being line positions, 9 as staff, and 3 as being both staff and line. If the chairman of the board is designated as the first level of the organizational structure, most of the subjects fall in levels 3 to 6.

The Interview Guide

An interview guide with both open-ended and closed-ended questions was used. There were 5 major sets of questions and each question in a set was designed to elicit the information needed to explore the initial 5 sets of propositions. (A copy of the interview guide is presented in the Appendix.)

The guide was pretested in three interviews to determine whether the wording was clearly understood and to determine the length of time needed for a complete interview. (The data obtained in the pretest are not included in the findings of the study. These refer only to the 14 interviews of the persons included in the sample.)

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An initial difficulty was the definition of social indicators. Since there was no way of clearly and concisely defining the term, an explanation, consistent with the conceptual framework, was read to the subjects. To reduce bias in the answers to question 1, the explanation was read only after replies were received to said question. The newness of the topic presented an additional difficulty. All the basic assumptions of the study had to be clearly stated to and understood by the subjects before they were able to answer the questions.

Analysis of the Findings

The subjects' answers and comments to the questions were content analyzed. An attempt was made to summarize their viewpoints and detect trends. Wherever pertinent, interviewees' comments are reproduced to illustrate their perceptions. The findings were compared to the initial conceptual framework and propositions and, according to the insight gained, these either were maintained or restated.

Limitations of the Study

Because this is an exploratory study it has some inherent limitations. There is no complete agreement in the literature about the concept of social indicators, about the classification of areas of

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concern, about how and by whom the data should be collected and made public, or about the uses of the data. The author had to make choices and assumptions throughout the development of this study about each of these points. Whether the choices and assumptions were the correct ones can only be speculated upon at this juncture. It is to be hoped that further research on conceptualization, measurement, and uses of social indicators will show which assumptions stand and which do not.

Limitations Regarding the Sample

It should be re-emphasized that the choice of a judgment sampling procedure eliminates the possibility of generalizing the conclusions; these are valid only for the group of 14 executives interviewed. It is to be hoped that the two-step sampling procedure ensured that they were the "right" people. But it should be realized that the names suggested in the first stage of the sampling procedure may have been proposed because of the decision-making positions of those executives and because it was believed that they would be willing to be interviewed. The intrinsic limitations of such a sample for a study which tries to draw conclusions about perceptions has to be recognized. It cannot be known whether these 14 executives are representative of executives in the automobile

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Limitations Regarding the Interview Guide and Methodology

The interview guide was satisfactory, but it was hardly the perfect one. First, because of the newness of the topic, the basic assumptions orienting the study had to be stated as introductory explanations preceding sets of questions; therefore, the questions had meaning only within the context of those assumptions. This may have hampered understanding, but observation indicates that the subjects did comprehend both the assumptions and questions, although it may have required some effort. Exceptions are questions 31 and 32 which referred to government's and corporations' relative share in research and development. Several subjects did not understand the meaning of relative share, and their answers indicate that they were talking about absolute dollar figures.

Second, the interview guide was too long. Again this is due to the exploratory nature of the study and the attempt to lay the groundwork for further research. Unfortunately, the length of the guide coupled with the fact that some executives took a long time

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Third, it was impossible to record all the comments. In the first stage of the sampling process the author was advised not to use tape recorders because this might inhibit the subjects. The comments were annotated and it is possible that some information may have been lost in the process. However, great care was taken to reproduce the comments literally.

Format

Some of the basic ideas introduced here under the heading "Importance of Topic" are further developed in chapter 2. Specifically an analysis is made of why traditional economic and marketing theories have not provided an adequate framework for evaluating the quality of life in its new conceptualization. The results of this analysis are related to the movement for social indicators that might lead to this evaluation.

In chapter 3 an historical analysis of the development and evolution of the social information explosion is presented. It is followed by a review of the literature which summarizes the main contributions of the area, the present state of the art, and the main areas of social concern to which public policy might be directed in the future.

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In chapter 4 the conceptual framework is presented. It deals with the viewpoint from which the study was undertaken, the main assumptions, and the formulation of propositions. The latter are logically deducted both from the review in chapter 3 and from the conceptual framework.

Chapter 5 presents the main findings. Chapter 6 is a summary of the conclusions, and suggestions for further research are also presented.

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[6]Ibid.,

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Chapter 1 Footnotes

[1]The following discussion on ideology and values is based on my unpublished paper, "The New Ideology and Marketing Organization," prepared for Marketing Seminar 911, Michigan State University, Winter 1970.

[2]For example, see "From the 1960's to the 1970's" ("sixties--the decade of dissent and discovery"), Time, 19 December 1969, pp. 20-25. See also "Business Faces a Decade of Change," Business Week, 6 December 1969, p. 214.

[3]Pitrim A. Sorokin, Tendências Básicas de Nossa Época, trans. Alvaro Cabral (Rio de Janeiro: Zahar Editores, 1966).

[4]Daniel J. Boorstin, "Tradition of Self-Liquidating Ideals," Wall Street Journal, 18 February 1970, p. 18.

[5]Jose Ortega y Gasset, El Tema de Nuestro Tiempo [The Modern Theme], trans. James Cleugh (New York: Harper and Row, 1961).

[6]Ibid., p. 63.

[7]Karl Deutsch, lecture given in S. Paulo, Brazil, published in Folha de Sao Paulo, 1 September 1968, p. 18.

[8]Daniel Bell, "Knowledge and Technology," in Elizabeth B. Sheldon and Wilbert E. Moore, eds., Indicators of Social Change (New York: Russell Sage Foundation, 1968), p. 153.

[9]George Brown, speech given at the First Annual Social Indicators Conference, American Marketing Association, Washington, D.C., 17 February 1972.

[10]Daniel P. Moynihan, "Urban Conditions in General," Annals of the American Academy of Political and Social Science 371 (May 1967): 102.

[11]Harry A. Lipson, "Social Goals: A New Tool for Marketing Management?"; Robert S. Raymond, "Social Indicators and Marketing Decisions"; and William D. Lee, "The Responsibility of

Government for Creating a Sound Marketing Environment," all three papers presented at the American Marketing Association International Congress, San Francisco, California, 13-14 April 1971.

[12]First Annual Social Indicators Conference: Social Indicators in the Changing Business Environment, American Marketing Association, Washington, D.C., 17-18 February 1972.

[13]This concept is an adaptation of the one presented in a book proposal by Stanley C. Hollander and Jean Boddewyn, "Public Policy Towards Retailing: Development, Evolution and Prospects in Selected Countries," p. 4.

[14]Nestor E. Terleckyj, "Measuring Possibilities of Social Change," Looking Ahead 18, No. 6 (August 1970): 1-10.

[15]Nestor E. Terleckyj, "The Role of Efficiency in Achieving National Goals," paper presented at the Annual Meeting of the American Marketing Association for the Advancement of Science, Chicago, Illinois, 29 December 1970, pp. 1-2.

[16]Lawrence J. White, The Automobile Industry Since 1945 (Cambridge, Mass.: Harvard University Press, 1971); "1971 Automobile Facts and Figures" (Detroit, Michigan: Automobile Manufacturers Association, Inc., 1971).

[17]Peter Vanderwicken, "GM: The Price of Being Responsible," Fortune 85, No. 1 (January 1972): 99. See also Louis R. Ross, "The Changing Consumer and His Effect on the Automotive Industry," unpublished paper prepared for the Advanced Management Program, Michigan State University, 1972, p. 14.

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CHAPTER 2

AN ASSESSMENT OF THE CONTRIBUTIONS OF ECONOMIC AND MARKETING THEORIES TO THE EVALUATION OF QUALITY OF LIFE

This chapter has two objectives: to provide an economic theory perspective on the quality of life, and to present the marketing theory concepts that orient the evaluation of marketing performance and its contribution to the quality of life.

Economic Theory Perspectives

In economic theory, welfare has meant economic welfare. Naturally, this definition is based on the value system that influences the economists' choice of concepts. The evaluation of a system's performance in economic terms, that is, the consistency between its economic goals and economic achievements, indicates the level of welfare of the society. Economic theory has not dealt with the current problem of the quality of life, which includes not only economic factors, but also social and ecological considerations.

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Do purely economic measurements indicate whether the system has improved the quality of life and insured the interest of all? What the economic indicators of the national accounts system actually measure is the result of production: for example, GNP, per capita income, and per capita consumption. But as Jan Drewnowski so clearly points out,[1] national accounting of consumption represents the monetary value of resources available for the satisfaction of human needs. What is created with those resources really should be expressed in terms of social indicators which express the conditions in which people actually live. In other words, the analysis of the economic problem of producing goods and services, although necessary, is not sufficient to assess the welfare of society. To do so one must also consider the social problem of using those resources in such a way as to improve the welfare of all.

The following are major reasons why economic indicators alone are inadequate to measure the quality of life.

1) Welfare is influenced not only by how much is produced, but also by what is produced, that is, by the composition of national output.

2) Welfare also is influenced by how total output is distributed within the society.

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3) Waste at the production, marketing, or consumption stage may mean products registered in the national output do not grant equivalent satisfaction on the consumption side.

4) Some aspects of welfare are not reflected in the national accounting at all.[2]

Underlying these restrictions are doubts about some of the very basic assumptions of economic theory.

Human Wants Assumptions

Economic theory assumes that economic activity is directed to and by human wants and needs. These are assumed to be varied and, in the aggregate, over time, insatiable. How is the level of want or need satisfaction measured in a society? Ordinarily, it is expressed in terms of per capita income, which is a very unsatisfactory measurement for several reasons.[3]

1) This average may be misleading if there is a great dispersion around it.

2) A satisfactory level of income is relative to the historical time under consideration and the geographic area.

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3) A satisfactory level of income does not provide a good assessment of the efficiency of the economy. Its performance would be better judged on the basis of whether or not it provides the highest standard of living compatible with available resources and techniques.

An even more basic question raised by some authors is whether consumer satisfaction as a meaning for all economic activity is a satisfactory guide. John Kenneth Galbraith offers the view that as society becomes more affluent, wants are increasingly dependent on the process by which they are satisfied, a phenomenon he calls "the dependence effect."

> Because the society sets great store by its ability to produce a high living standard, it evaluates people by the products they possess. The urge to consume is fathered by the value system which emphasizes the ability of the society to produce. The more that is produced the more that must be owned in order to maintain the appropriate prestige . . . the production of goods creates the wants that the goods are presumed to satisfy.[4]

Granting that his arguments may be one sided, as several of his critics point out,[5] it is difficult to refute Galbraith's idea that catering to insatiable wants may lead to improper allocation of resources. Demand is diverted away from more socially imperative objectives, such as housing, education, and medical care, and toward expenditures which contribute little to the welfare of the

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people who consume them, hence "the contrast between private wealth and public poverty."

Economic Organization Efficiency Assumptions

Economic organization is the social machinery used to accomplish distinct economic functions. There are five main economic functions,[6] of which two are basic: production and distribution. The others are corollaries to these two. Production involves the allocation of the resources available to the society and the coordination of their use to produce the optimum results. Distribution involves the control of production to ensure that the goods and services produced are, in fact, the desired ones. It should provide incentives to optimize allocation of resources in production.

The other functions are: (1) the fixing of standards, or the establishment of what the society considers to be desirable goods and services and the determination of the measures of value by which the efficiency of production and distribution are to be evaluated; (2) economic maintenance and progress, which enables society not only to maintain its standard of living but also to achieve even higher levels; and (3) the adjustment of consumption to production within very short periods of time. It is this last function that frequently makes the evaluation of the performance of any

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current economic system so difficult. Are observed deficiencies symptoms of a fundamental shortcoming of the system, or are they unavoidable, temporary conditions until the long-run equilibrium is established?

Economic theory assumes that economic organization leads to efficiency. Consistent with the idea of social contract is the assumption that, given the available resources and the state of technology, an organized economic effort enables a social group to produce more want and need satisfaction than could be produced by its members working separately.

The functions of organizing production (what to produce and how much) and of organizing distribution (what to produce for whom, or the payment to the factors of production) can be distinguished but not separated. They can, however, be viewed and evaluated from the standpoint of the different institutional forms by which they are administered. This evaluation is made, generally, by contrasting two ideological extremes, free enterprise and a centrally directed economy.

The Capitalistic Economic System Assumptions

In the capitalistic economic system, the ownership of resources, the production, distribution, and exchange of goods, and

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the operation of the system itself are affected by private enterprise and control under competitive conditions. Every productive resource or agent, including labor, typically belongs to some person who is free within the legal conditions of the market to obtain what he can from its use.[7] The free enterprise system is based on individual economic freedom. It stresses private economic decisions both by individuals and firms; it operates without an overall central plan. The basic idea is to let men, on their own, make economic decisions and allow them to reap the rewards or suffer the lack of rewards.[8]

In a free enterprise economy, cooperation among individuals is achieved primarily by the voluntary exchange of services and goods for money and vice versa. The main organizing force is the price system. Economic decisions are made in the market where the economic forces of supply and demand operate to determine prices.[9] When one tries to analyze these assumptions in a real world situation, one observes that no country has a pure free enterprise system. Market decisions are influenced or modified by governmental decisions in the attempt to reach certain predetermined goals. This is necessary because, despite the dynamics and control force of competition, free enterprise is not self-sufficient.

Government intervention has been necessary for three reasons. First, it must regulate and coordinate, to some extent,

the activities of private individuals and firms. It does so through enforcing, for example, laws of property, contract, methods of settling disputes, and antitrust laws, or through public regulatory agencies. Second, it must supplement efforts in those neglected areas of public need which seem economically unprofitable ventures for private persons or institutions (such as schools and highways) or which require larger amounts of capital than the private sector could or would be willing to provide (for example, for research and development). Third, government must determine the fiscal and monetary policies necessary to achieve price stability and to maintain adequate levels of employment.

Aside from these government constraints, certain social constraints also interfere with the individual's free decisions in the marketplace (for example, unemployment and job discrimination). Furthermore, some of these decisions may be delegated, such as wage bargaining, which is delegated to unions.

In sum, economic theory assumes a "good," "fair," "free" functioning of market forces. In the real world, however, there are so many distortions of this theoretical model that one wonders whether the general conclusions can be held to be valid. A recent and striking example is the wage-price freeze, accompanied by the creation of the Cost of Living Council that includes the Pay

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Board and Price Commission.[10] In economic theory terms the price system is the main organizing force, but the freeze means prices will not be determined freely in the marketplace by the economic forces of supply and demand as the theory assumes, but will be controlled or regulated to some extent. Even if there is no intervention in the price mechanisms, "price theory assumes a stable economy--free from major fluctuations up or down--and reasonably full employment of resources,"[11] which, of course, is not the case.

It is also debatable whether the free enterprise system has shown enough internal self-control, concern for general welfare, and social responsibility. Despite de facto regulations and controls, a philosophy of free initiative and free enterprise has prevailed and may have been responsible, according to some critics, for the concentration and abuse of economic power. Big business may be replacing the market as the controlling power in the economy: "far from being controlled by the market, the firm, to the best of its ability, has made the market subordinate to the goals of its planning. Prices, costs, production and resulting revenues are established not by the market but, within broad limits . . . by the planning decisions of the firm."[12] Similar concerns are shared by Charles Reich.[13] The American corporate state, as he defines it, consists

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of large industrial organizations, plus nonprofit institutions (foundations and the educational system) and the government itself. The state, which is perfectly rational and logical, is guided by one single value, the value of technology: organization, efficiency, and progress. "The State, and not the market or the people or any abstract economic laws, determines what shall be produced, what shall be consumed, and how it should be allocated."[14]

Ecologists argue that some of the shortcomings of the performance of the free enterprise system also can be demonstrated by the lack of concern for the environment. Since Rachel Carson's warnings in 1962,[15] the environmental quality issue has evolved into an area of major national concern.[16] This will be discussed in more detail later in this chapter, but it should be emphasized that the subject also may be viewed within the same context of enterprise self-control and responsibility.

Modern Theory of Consumer Behavior Assumptions

The main assumption of the modern economic theory of consumer behavior is that the consumer attempts to allocate his limited money income among available goods and services so as to maximize his satisfaction. Underlying this basic statement are four other assumptions.[17] First, each consumer has exact and

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full knowledge of all information relevant to his consumption decisions. That is, he has knowledge of the goods and services available and of their technical capacity to satisfy his wants, of market prices, and of his money income. Second, each consumer has a preference function and prefers some goods and services to others. Third, each consumer has some money to make these preferences significant in the market. Fourth, each individual's preferences are independent of others' preferences.

These assumptions stress the importance of information. Preferences also depend on knowledge; people can prefer only things they know. Two main questions arise. Does the consumer have full or adequate knowledge? and does the consumer have free choice? Both knowledge and selection become more difficult as the complexity of products and the number of alternatives increase. Income and time are scarce resources to be allocated among an increasing number of choices. The whole process of choice and consumption has become more complex.[18]

Another source of doubts is the process by which the preferences are made known in the marketplace. According to Milton Friedman,

> the existence of alternative ends implies that there must be some way of rating ends and reconciling conflicting evaluation of these ends by individuals within the society. In a free-enterprise exchange economy this task is accomplished

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> essentially through voting, voting in the market place with dollars. One advantage of this type of decision-making is that it allows for a system of proportional representation in the market place, so that minority groups in the society can also make their wishes felt. The votes of the members of a free enterprise exchange economy are manifested through prices which, in turn, reveal the standards of the society.[19]

Critics cannot help but conclude that individuals with more income have more significant preferences and that their voice in the economic processes has more influence. Furthermore, the assumption of preference independence does not stand up when analyzed in the setting of a social system. Individual's attitudes and behavior are influenced by other individuals or groups. Consumer behavior studies on cultural, reference group, and family influences emphasize this point.[20]

Maximization Assumptions

It is further assumed that if the economy were one of pure competition and if the "static" assumptions were fulfilled, the attainment of general equilibrium would maximize aggregate utility. But, in the real world, various deviations from pure competiton in both product and resource markets prevent the free enterprise system from allocating its resources perfectly among different uses. Several reasons, as have been noted, account for this: lack of information, activities of government or private institutions,

psychological make-up, or social influence on particular economic units. Deviations inherent in the state of modern technological developments and some rigidity in the price system may be added. In the real world, dynamic not static situations prevail, with changes occurring constantly in such basic factors as consumer tastes and preferences, technological developments, and kinds and quantities of available resources. All of these prevent the attainment of the general equilibrium position as viewed in static economics.

The conclusions of static equilibrium do not provide a suitable frame of reference for understanding (and, even less, appraising) a truly dynamic economy and for visualizing the role played by marketing. The shortcomings of this approach are analyzed by Wroe Alderson.[21] Firms and households solve their problems not in the simplistic way suggested by static equilibrium analysis, but by resolution of conflicts in all levels of interaction in the marketplace. Only by departing from an economic organization model that is relevant to the real world could a theory of marketing behavior be developed.[22]

General Equilibrium and Welfare Assumptions

Welfare generally is analyzed in terms of Pareto optimality.[23] An organization is Pareto optimal if, and only if, there is no change

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that will make someone better off without making some other individual worse off. It is assumed that the functioning of the price system in perfectly competitive markets guarantees the attainment of maximum social welfare. Because of the maximizing behavior of producers and consumers, given market determined prices, each individual in pursuing his own self-interest is led by an "invisible hand" to a course of action that promotes the general welfare of all.[24]

Several comments seem pertinent at this point. Regarding the Pareto optimal organization, could it not be worthwhile to make some worse off to improve the situation of others? If so, who could and should make these value judgments? The main problem from a general welfare viewpoint arises exactly from the basic assumption that if each resource is paid market determined prices and each individual and firm adopt a maximizing behavior, then welfare maximization will be attained. Even if we assume perfect and fair functioning of the market, the original endowment of resources--the command over resources--is not equal for all. This problem has not yet been considered by traditional economic theory.

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> productive function. It has little to say about the distribution of income among the individual members of the society, and there is no corresponding body of theory that does. This absence of a satisfactory theory of the personal distribution of income and of a theoretical bridge connecting the functional distribution of income with the personal distribution, is a major gap in modern economic theory.[25]

Besides, there is no evidence that a perfectly competitive, free enterprise system exists. Nor is there any evidence that the pursuit of own self-interest has led to the general welfare of all. One possible explanation for this failure is the existence of conflicts between interests of individual producers or consumers and the society as a whole.[26] Even economists recognize that rather constraining assumptions are necessary to hold welfare analysis conclusions true. For instance, the Pareto efficiency requirements are a necessary, but an insufficient, condition for a welfare maximum; for this an explicit welfare function is required.[27] One cannot help wondering about the ethical evaluations underlying the configuration of this welfare function.

Maximum welfare may not be achieved, even if perfect competition existed in all markets. C. E. Ferguson clearly explains the market failure.[28] According to marginal analysis, maximum social welfare is obtained when marginal social costs equal marginal social benefits, or when the price consumers are willing to pay exactly equals the cost society must incur to secure an additional

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unit of output. In some cases, however, marginal private cost does not equal marginal social cost.

It is in the context of divergence between private and social costs and the existence of externalities that the problem of pollution and environmental quality should be seen. Allen Kneese, Robert Ayres, and Ralph D'Arge call attention to the special and important externalities associated with the disposal of residuals resulting from consumption and production;[29] they, as does Wassily Leontief,[30] consider these a normal part of the process. Their economic significance tends to increase as societies grow in material wealth and as the ability of the natural environment to receive and assimilate them decreases.[31] The authors suggest that economic theory may have failed to recognize these facts because it views production and consumption in a way somewhat at variance with the fundamental physical law of conservation of mass.[32]

In the context of Pareto optimality, if the capacity of the environment to assimilate residuals is a scarce resource, the market exchange process could only be free of uncompensated technological external diseconomies under two conditions: (1) if all inputs were entirely converted into wanted outputs, with no undesired material and energy residuals resulting or if any such residuals could be confined to the producer's premises; or (2) if property

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rights were so arranged that all relevant environmental attributes were in private ownership and these rights were exchanged in competitive markets. The problem is that neither of these conditions prevails in the present economic system.

The law of conservation of mass ("one cannot get rid of matter") still holds. The means of disposal of undesired residuals which maximizes internal return of households or firms is by discharge into the environment, mainly water and the atmosphere. Water and air, the traditional examples of free goods of economic theory, are becoming scarce common property resources. This introduces important and difficult allocation problems that the market mechanism has not yet shown itself capable of solving.

The analysis of pollution reduction or elimination is not conceptually impossible. If the reduction is considered a part of production and consumption processes, then its cost should be incorporated into the input-output economic analysis. But, both in theory and practice, there are difficult problems, such as setting acceptable standards for pollution, determining the costs, and establishing institutional arrangements to set the standards, assess the costs, and enforce the controls.

Assuming that such standards could be set, costs assessed, and the institutional arrangements arrived at without too much

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disagreement (difficult problems in themselves), a basic decision remains to be made. How should the costs of heat, smoke, noise, dirty water, and sewage be apportioned? Among the firms producing them? Among the consumers buying the products of which they are by-products? Among the public in general? Several alternatives have been proposed, including environmental taxes or subsidies,[33] or a price on pollution established by a Pollution Control Board and enforced by the state.[34] But in any solution, it is difficult to avoid the need for some centralized, institutional arrangement to set standards and prices and to enforce control of individual behavior for social benefit.[35] Be it a governmental regulatory body, or a representative political body, or any other form, the regulating agency probably would not conform to the idea of decentralized decision units that the free enterprise philosophy postulates.

The conclusion is that economic theory has not provided and cannot provide a framework for evaluation of the state of the society in terms of quality of life. Because of the constraining conditions that theory requires, the conclusions are very limited in scope. When the assumptions which do not prevail in the real world are removed, one is left with no valid context that could be operationalized for evaluation of the system's performance. At best one is left with an incomplete set of statements that require

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further explanations for operational purposes. Thus economic theory also has failed to provide an adequate framework for the evaluation of marketing performance.

Marketing Theory Perspectives on the Quality of Life

Has marketing theory provided the models and constructs to treat the problem of the quality of life and to analyze marketing's performance in this respect? From a micro-marketing approach, that is, from the individual firm (or industry) viewpoint, goals and standards for performance have been expressed in some form of maximization (profit, return on investment, sales volume). Implied in these, however, are the long-term goals of survival and growth.[36] Even for the individual firm, an accurate evaluation of performance is complex. The determination of the level of actual performance always involves some idea of productivity,[37] or the determination of a ratio between inputs and outputs. The inputs are the resources the firm mobilizes and commits to the marketing program; the outputs include product, and service, distribution, and communications mixes, all coordinated and integrated into a marketing program to obtain and service customer demand.[38] This approach assumes that all outputs are good, desirable, and positive. But also included in the outputs are externalities not taken into account heretofore:

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pollution, planned obsolescence, misuse of resources, and so forth. These imply social costs not computed in the traditional input-output analysis.

The practice has been to adopt cost figures as measurements for inputs and sales figures for final outputs.[39] Sales volume figures also are basic to the calculation of the other goal figures (profit, return on investment). Furthermore, sales volume has been assumed to be a good proxy for the actual outputs of marketing programs. This reflects the basic economic assumption already analyzed that the consumer votes in the marketplace with dollars. Thus, sales volume would reflect the extent of consumer want satisfaction, but the limitations of this assumption already have been discussed.

Even if these limitations are ignored for the moment and one accepts that for each firm, in terms of its economic goals, costs reflect inputs and sales volume does reflect the final output, the problem of evaluating actual performance is not entirely solved. First, some inputs are intangible and are not easily quantified (such as time and quality of effort). Second, some inputs (advertising, sales effort) have "carry-over" effects.[40] Third, the successive marketing programs themselves have a cumulative effect. Marketing activities are not self-generating. Each activity absorbs input

values and produces output values that are either consumed or channeled as inputs to other activity cycles.[41] Because the marketing program is coordinated and integrated, each marketing activity is both influenced by and influences other activities. Because marketing is a continuous process, each time period is at the same time influenced by past periods and influencing future ones. This means that each input-output ratio involves cumulative not net input and output values, which are needed for a productivity evaluation of performance.

The utility of cost-revenue analysis and productivity ratios is not to be disregarded, but there are problems and limitations in using them to evaluate a firm's performance, even in a strictly economic sense. Furthermore, in attempting to evaluate the contribution of the individual firm to the enhancement of the quality of life, traditional analysis is inadequate. The difficulty of the evaluation is compounded when a macro marketing approach is adopted or an attempt is made to try to evaluate the performance of marketing as a social process.[42]

As Stanley Hollander points out,[43] criticisms have long been made. These historically have centered upon the role of middlemen and the cost of marketing. But there have been only a few in-depth studies on these costs.

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Often quoted studies of this sort are those of P. W. Steward and G. F. Dewhurst,[44] Harold Barger,[45] and Reavis Cox and associates.[46] These contributions,[47] interesting and valuable as they may be, do not provide a framework for analyzing in a systematic way the social performance of marketing.

Marketing Performance Assumptions

It has been assumed that since society has acquired a high standard of living (relatively, and in material terms), and that since marketing is a vital part of the economic system, then marketing must have made a positive contribution. It has been accepted that marketing has guided the economy, indicating what is wanted or needed, and has played a significant role in the diffusion of innovation. It is partly through marketing that new inventions gain applicability, and that new products and services are introduced into the market and are incorporated into consumption patterns. The cumulative effect of marketing activities is believed to have induced, over a period of time, a readiness to accept change, a favorable reaction to innovation, and a rise in the level of aspirations. Authors have spoken of marketing "delivering a standard of living" and contributing to the "American dream." It is in this sense that it is believed marketing must have had a positive influence on the quality of life.

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It has been assumed that since the marketing concept implies catering to consumer needs and wants,[48] then the firm from a micro viewpoint, and the marketing system from a macro viewpoint, must have been successful in catering to them or the consumer would have exercised his veto power.[49] The concept asserts, in marketing terms, the basic economic assumption that economic activities are directed to and by human wants.[50] More specifically, the concept involves: (1) awareness and appreciation of the consumer's needs and wants, (2) a profit orientation, or satisfaction of these needs and wants at a profit for the firm, and (3) the idea of mobilization of total corporate resources to focus on the consumer and the organizational rearrangements necessary to implement the concept.[51]

Very few studies actually have been conducted to determine whether firms have undertaken programs of marketing concept implementation, or the degree to which they have succeeded in doing so where attempted. When undertaken, these surveys usually have approached the study from the viewpoint of internal institutional arrangements. In particular, they have investigated the organizational structuring of the several marketing activities, for example, the position of the chief marketing executive in the organizational structure, or whether or not there is a marketing research department.[52]

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It seems apparent that although consumer orientation is the basic idea underlying the marketing concept the literature does not offer any research evidence that consumer want and need satisfaction has been achieved. At best, surveys offer an evaluation of the inputs for the implementation of the concept, that is, what the company has done and how it has organized itself for implementation. The outputs of the implementation have yet to be studied from the consumer side. Is the consumer satisfied? How does he or she evaluate marketing performance? Despite all the progress made in the studies of consumer behavior and the methodological refinements for measurement of attitudes, opinions, and beliefs, very little is known about how the consumer feels.

The literature, when it recognizes that this evaluation is or should be made, returns to economic theory for an explanation.[53] It assumes the evaluation is made in the marketplace and that people's choices among alternatives are an indication (and thus possible indicators) of their preference. Therefore, prices and market votes would indicate people's preferences and satisfaction or dissatisfaction. This approach assumes the existence of alternative choices; free, fair, functioning of the market; people's knowledge of the alternatives; and people's ability to evaluate them. The first two represent the constraints of the system; the latter two refer to the availability and adequacy of information.

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As was seen in the analysis of the basic economic conditions, these four factors may not prevail in some cases. Therefore, market indicators alone are not a clear expression of people's satisfaction or dissatisfaction and, hence, are not a good evaluation of marketing performance. Increasingly it is being recognized that there may be some negative as well as positive marketing outputs.

Positive and Negative Outputs of Marketing

It can be said that product mix decisions have fostered product innovation. Bringing out different products to satisfy various needs and wants has allowed a wider selection and choice and has increased consumer satisfaction. It also can be said that this multiplicity has favored product obsolescence and waste or misapplication of resources and has complicated the process of choice.

Promotional mix is credited with the creation of a mass market and with the provision of information about product and service availability and use. It is argued that it does increase consumer satisfaction and, through subsidization of the media, provides recreation. Among its negative aspects are the impersonalization of the market, the ethical implications of persuasion and manipulation of the consumer, the increase of consumer dissatisfaction, and the waste or misuse of resources.

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Distribution mix makes the mass market possible and creates place and time utility. It also contributes to the impersonalization of the mass market and to a negative impact on the environment in the form of congestion, noise, pollution, and destruction of natural beauty.

To summarize the evaluations, it seems that Stephen Greyser's comments on advertising can be very appropriately extended to marketing as a whole: "The bulk of the positive commentary on advertising has its foundations in its economic accomplishments, while the bulk of the criticism of advertising has been based on its social impacts."[54] Granting that the negative outputs of marketing have not been any better proved or measured than the positive ones, they still raise some doubts about the positive evaluation of marketing performance. They provide a glimpse of the complex problem of trying to evaluate marketing performance from a social viewpoint. Several questions come to mind. First, some of the negative outputs are very clearly by-products of the positive ones. How, then, can we disassociate them for measurement? Second, how can we eliminate the negative outputs and still preserve the positive? Third, some of the negative can be isolated and could be avoided. If they have not been, why? These questions raise some doubt about the marketing concept as a basis for corporate

decision making. If the concept is valid, and if it has been implemented, how can the negative outputs of marketing performance be explained? Several possibilities might be hypothesized. It is difficult for the manufacturer (and other decision makers throughout the marketing network) to identify consumer needs and wants and to cater to them. In other words, the marketing concept has not been fully implemented. Decision makers may be ignorant of the full impact of technolgical developments or marketing practices. Finally, outright dishonesty or a lack of social concern or social responsibility may be to blame.

These explanations may be incomplete and no single one could account for the unsatisfactory situation. However, it is interesting to note that criticisms of the distributive sector are old and that there are historical precedents for consumers' overt manifestations of discontent.[55] Paradoxically, it was during the 1950s and especially the 1960s, when the marketing concept supposedly was gaining increasing acceptance, that a new wave of criticism of marketing's impact on society began. It is also interesting that these criticisms had to come from outside marketing circles. Those in marketing seemed to feel justified in accepting the marketing concept without re-evaluation of the long-established basic assumptions.

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Criticisms of Marketing and Consumerism

A review of the literature since 1959 reveals many writers' concern about marketing. For example, since that year Vance Packard,[56] in a popular journalistic style, has been criticizing the effects of advertising and the wastes produced by the marketing system. Rachel Carson and Jessica Mitford also have criticized marketing practices and their social impact.[57] Arnold Toynbee has been a constant critic of marketing, especially of advertising. He argues that advertising does have an effect on consumption (or advertising expenses could not be justified), and he casts doubts on the validity of the economy of abundance as a goal.[58] Galbraith contends that the economy's major goal of want satisfaction is a poor orientation of priorities.[59]

Other publications express not only a social criticism of marketing but lay the basis for a new consumer movement. These are exemplified by the activities of Ralph Nader and his Raiders and by the Consumers' Protection and Interest Program. Nader's book,[60] speeches, and lectures have had an influence on the government's actions to impose stricter safety standards on automobile and tire manufacturers. The Consumers' Protection and Interest Program is mostly known for its recognition of the consumer's rights: the right to safety; the right to be informed; the right to choose; and the right to be heard.[61] It spurred legislation for consumer protection.[62]

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The main issues in present consumerism seem to center around these four basic consumer rights, protection against themselves and other consumers, and protection against abuses and deceptions. These issues delineate the concerns of the consumer's rights activists, but there is disagreement among consumer organizations, legislators, and in the literature as to the extent of the problem and of the actual involvement of the consumer. The basic question is what consumerism as a movement concerns itself with. In other words, is consumerism the result of consumers' general feelings of dissatisfaction with marketing practices? Does consumerism involve the idea of activist participation of a large number of people, some consensus on issues, goals, and programs of action, and leadership?

So far there are no indications of the active involvement of a large number of consumers. There is agitation about some issues, at both the state and federal level, which is magnified by the mass media and recognized by political leaders as deserving of interest. Political pressure has been responsible for extensive legislation on consumer protection and stricter controls being delegated to agencies like the FTC and FDA.

The present consumer movement is aimed at protecting and helping consumers via pressure applied on business outside marketing channels.[63]

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Several causes for the present consumer movement could be hypothesized:

1) inflation and recession;

2) concern with overpopulation, affluence, rising educational levels, and rising expectations;

3) discontent with products, in particular, their rising complexity, declining quality, inadequate product information, planned obsolescence, and assessment of technology;

4) the impersonalization of society in general and of business and retailing in particular; and

5) general discontent with the performance of the market directed economy, particularly regarding ecology and civil rights matters.

George Day and David Acker stress the political aspect of the present consumer movement.[64] The dissatisfied customer can find a number of formal and informal institutions upon which he can focus discontent to create political pressure. For Robert Herrmann,[65] consumer unrest is explained by rising prices, slumps in the economy, consumer's rising sophistication and

expectations, and the complexity of comparison and choice. Richard Buskirk and James Rothe write of consumerism as an "organized effort" of consumers dissatisfied with products that do not conform to expectations.[66] Charles Leathers proposes that consumerism is an immature phase of countervailing power: "The consumerism movement represents the natural tendency for organizations to arise in cases of social power vacuums to act as countervailing forces. The responsiveness of government action (or simply the threat of such action) provides the movement with the thrust of real power that it needs to succeed."[67]

All these authors (and many others) are trying to find an explanation for the baffling occurrence of consumerism exactly at a period when affluence should generate satisfaction and not dissatisfaction. What complicates the problem is the difficulty in isolating from the complex interrelationships between the individual's multiple needs and wants (or "interests" as Bertram calls them[68]) those which are being gratified and those which are not. Activities seen as relating to one type of need, want, or interest may, in fact, serve as substitutes. Two questions seem pertinent: Are people really dissatisfied? If yes, with or about what?

Any explanation of consumerism must begin with the notion of dissatisfaction, overt or latent. The consumer who files a

complaint about a product or service to a business, governmental office, or an outside agency is actively voicing his dissatisfaction. There may be many others, equally dissatisfied, who do not take any direct steps, but who nevertheless provide the audience and the votes for the mass media and politicians voicing their grievance. Even in the case of the active consumer, it is difficult to determine whether the dissatisfaction is a function of the product or service, or is representative of what the individual dislikes in American society, the business community, or in the quality of his life.

The individual's basic levels of need or want in all these respects depend upon his expectations. These are based upon his past and present learning (information or experience), and whether they are realistic is, at least partially, a function of that information and experience. These considerations lead to some intriguing speculations. Consumerism may simply be evidence of general dissatisfaction with the market economy, and may be related to other issues and concerns (such as ecology, minority rights, and poverty) that reflect criticism of the capitalistic ideology and practices. Low income and socially disadvantaged consumers have been the object of several studies. Some authors stress that they are really more susceptible to fraud, high prices, usury, and poor quality and

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services.[69] Some of these findings are accepted reservedly by others.[70] But the conclusion that marketing discrimination exists is supported by the report prepared by the Office of Economic Opportunity.[71] Slum and ghetto residents have less commodity choice, and products available to them usually are inferior.[72]

Perhaps consumerism is a result of marketing activity itself. The combined complexity and impersonalization of modern retailing, marketing's failure to satisfy the needs for individualization and differentiation, and the dissatisfaction generated by marketing's inability to fulfill high expectations may have given rise to doubts and criticisms being voiced particularly by the more educated, concerned, and activist generation.

If consumerism is an expression of consumer dissatisfaction and if it can be attributed, at least partially, to marketing activities themselves, then doubt is cast on the marketing concept itself. Is the concept invalid? Or, is it valid, but has been improperly implemented?

To recapitulate, the research of institutional or organizational arrangements which supposedly demonstrate the implementation of the marketing concept may reveal awareness of the concept and/or a desire to implement it, but it does not get to the basic issue. To answer the question of whether customer orientation has been successful would require some measurement

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of the consumer's degree of satisfaction or dissatisfaction with marketing's offerings and practices.

Although there is no evidence of active involvement of a large number of people in the consumerism movement, the fact that consumer issues are gaining relevance indicates that there must be some underlying dissatisfaction to which they appeal. A better understanding of present consumerism is needed. Research is indicated in the following areas:

1) the extent of the problem--how diffuse is dissatisfaction among the population?

2) the intensity of feeling, or the degree of consumer dissatisfaction;

3) the specific sources of dissatisfaction--the quality of life, the systems, the products, or the services, and so forth;

4) the existing channels through which consumers voice their grievances within and outside business channels, and the extent to which they are used.

Furthermore, the marketing concept should be re-evaluated to include a consideration of the consumers' perception of their

own level of satisfaction and dissatisfaction with products, services, and the quality of their lives. This, in turn, would lead to a better evaluation of marketing performance, both from the economic and social standpoint. Indeed, this idea is beginning to gain acceptance in the literature.[73]

New Approaches to the Evaluation of Marketing Performance

George Fisk suggests new criteria for measuring performance.

> A criterion is a standard of judgment for evaluating performance. It is articulated in the formulation of a value model of system worth measured by cost of effectiveness, cost benefit, or more subjective measures of personal utility. To design a value model, a planner must identify the constituencies whose goals he is to serve and the order in which they are to be served. He has to specify the organization of activities needed to attain the goals desired, and the consequences of these activities (spillovers, externalities) for people who do not receive the direct benefits produced by the system. The value model thus consists of a set of elements, only one of which is the set of criteria used later in evaluating social performance. . . . alternative marketing programs are designed and tested by simulations, experiments, or pilot operations . . . to produce outcomes which can be measured by effectiveness or efficiency indicators. The act of evaluation consists of measuring the difference between the criterion and the performance of the system.[74]

The proposed new criteria for the evaluation of the social performance of marketing are: (1) biological survival or environmental habitability; (2) consumer sovereignty; (3) business interest;

and (4) government.[75] These criteria consider the major publics whose goals must be served. The ordering of goals reflects basic assumptions on the hierarchy of values. For example, the ranking proposed reflects the environmentalist's assumption that biological survival is the most important end.

Eugene Kelley proposes the "consumer-citizen concept":

> Market segmentation based on consumers' societal orientation is emerging; markets will be evaluated according to the degree to which consumers accept the consumer-citizen concept and buy as individuals concerned not only with their personal satisfactions, but also with societal well-being. . . .
> . Profits will continue to be essential and basic to corporate survival, but the major challenge to business today may be to meet the societal needs of a changing environment.[76]

Arguing that traditional measures of business performance are no longer adequate, Kelley suggests that to the traditional monetary measurement of performance two new dimensions should be added: legalistic-political and social purpose. New concepts and measurements are required. Because business thinking and planning have to be related to national goals, social indicators should be integrated into business planning. The following benefits would accrue:

1) a corporation social accomplishment statement;

2) identification of areas or problems that require corporation attention and correction for accomplishment of the social goals;

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3) evaluation of social progress over time;

4) identification of present markets, products, and appeals to socio-market segments (purchase motivation and purchase behavior); and

5) identification of future societally segmented market opportunities.

Kelley proposes the Socio-Marketing Performance Audit as a conceptual framework for evaluating marketing outputs. It would consider areas such as the following:[77] (1) environmental quality; (2) consumer-citizen welfare (income and poverty, health and illness, public order and safety); (3) socio-marketing product (information, services, warranties, obsolescence); (4) personnel policies; (5) military contracting; and (6) social influence.

Kelley acknowledges that the current state of the arts is immature. The methodology by which firms can evaluate societal impact is not yet fully developed. Efforts should be made and are being made to develop the concepts and measurements that will make the evaluation of societal impact possible.

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Some Closing Remarks

There are a large number of outstanding questions concerning re-evaluation of some of the basic assumptions of economic and marketing theories. The few available answers are insufficient to provide a framework for understanding (much less measuring) the contribution of the economic and marketing systems to the quality of life. These re-evaluations are not isolated phenomena. They are part of a larger context, namely, the overall concern with social re-evaluation that finds its more recent expression in the growing movement for the development of social indicators and social reporting. From these re-evaluations, new concepts are beginning to emerge that may have great relevance for marketing planning.[78]

Chapter 2 Footnotes

[1]Jan Drewnowski, "The Political Significance of Social Information," Annals of the American Academy of Political Science 393 (January 1971): p. 84.

[2]Ibid. See also Arthur M. Okum, "Should GNP Measure Social Welfare?" Brookings Bulletin 8, no. 3 (Summer 1971): 4-5.

[3]Richard H. Leftwich, The Price System and Resource Allocation, 3d ed. (New York: Holt, Rinehart and Winston, 1966), pp. 3-4.

[4]John K. Galbraith, The Affluent Society (New York: The New American Library, 1958), p. 126.

[5]See for example, Jean Boddewyn, "Galbraith's Wicked Wants," in Robert J. Lavidge and Robert J. Holloway, eds., Marketing and Society: the Challenge (Homewood, Ill.: Richard D. Irwin, 1969), p. 120; and F.A.V. Hayek, "The Non-Sequitur of the Dependence Effect," in Hiram C. Barksdale, ed., Marketing in Progress--Patterns and Potentials (New York: Holt, Rinehart and Winston, Inc., 1964), p. 30.

[6]Frank H. Knight, "Social Economic Organization," in William Breit and Harold M. Hockman, eds., Readings in Micro-economics (New York: Holt, Rinehart and Winston, Inc., 1968), pp. 3-19.

[7]Ibid., p. 8.

[8]This underlying idea still accepts the precept of classical political economy: "The belief in a natural order of society and with it of production and distribution as the counterpart of a natural order of the universe. . . . Adam Smith took it for granted that the system of natural liberty would operate within a framework of reason and moral law. The principle of self-interest of which his Wealth of Nations speaks must not be confused with selfishness." K. William Kapp and Lore L. Kapp, eds., History of Economic Thought (New York: Barnes & Noble, Inc., 1960), pp. 63-64.

[9]Milton Friedman, Price Theory--A Provisional Text (Chicago, Ill.: Aldine, 1962), p. 8.

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[10]For a detailed exposition of the organization and functions of the Cost of Living Council see Time, 18 October 1971, pp. 12-17.

[11]Leftwich, The Price System, p. 8.

[12]John K. Galbraith, The New Industrial State (New York: The New American Library, Inc., 1967), p. 121. For a more complete analysis of the issues involved, see also the reviews and discussion of Galbraith's book: Robert M. Sollow, "The New Industrial State or Son of Affluence," Public Interest 9 (Fall 1967): 100-108; John Kenneth Galbraith, "A Review of a Review," ibid.: 109-118; Robert M. Sollow, "A Rejoinder," ibid.: 118-119; Robin Marris, "The Truth About Corporations," Public Interest 11 (Spring 1968): 34-45; Robert M. Sollow, "The Truth Further Refined: A Comment on Marris," ibid.: 47-52. See also: John Kenneth Galbraith, Walter Adams, Willard F. Mueller, and Donald F. Turner, "Are Planning and Regulations Replacing Competition in the New Industrial State?" U.S., Senate, Hearings before the Subcommittee of the Select Committee on Small Business, 90th Cong., 1st sess., 29 June 1969 (Washington, D.C.: U. S. Government Printing Office, 1969) and its analysis by Louis W. Stern, "Perspective on Public Policy: Comments on the Great Debate," Journal of Marketing 33, no. 1 (January 1969): 32-39.

[13]Charles A. Reich, The Greening of America (New York: Bantam Books, 1970).

[14]Ibid., p. 93.

[15]Rachel Carson, The Silent Spring (Boston: Houghton Mifflin Co., 1962).

[16]See, for example, the State of the Union Message for 1970: "The great question of the '70s is: Shall we surrender to our surroundings or shall we make our peace with nature and begin to make reparations for the damage we have done to our air, to our land and to our water." See also: "The Environment: A National Mission for the Seventies," a Special Issue, Fortune 81, February 1970; "Fighting to Save the Earth from Man," Time, 2 February 1970, pp. 56-62; Miller B. Spangler, "Growing Problems: Pollution and Environmental Degradation," Looking Ahead 18, no. 3 (April 1970): 5-8; and "The Issue of the Year: The Environment," Time, 4 January 1971, pp. 21-22.

[17]C. E. Ferguson, Microeconomic Theory, rev. ed. (Homewood, Ill.: Richard D. Irwin, Inc., 1964), p. 14.

[18]For an analysis of choice in consumption, see M. Moss, "Consumption: A Report on Contemporary Issues," in E. B. Sheldon and W. E. Moore, eds., Indicators of Social Change--Concepts and Measurements (New York: Russell Sage Foundation, 1968), pp. 449-523.

[19]Friedman, Price Theory, p. 9.

[20]See James F. Engel, David T. Kollatt, and Roger D. Blackwell, Consumer Behavior (New York: Holt, Rinehart and Winston, Inc., 1968), part 4, "Group Influences in Marketing," pp. 231-343; Thomas A. Staudt and Donald A. Taylor, A Managerial Introduction to Marketing, 2d ed. (Englewood Cliffs, N.J.: Prentice Hall, 1970); and William Lazer, Marketing Management--A Systems Perspective (New York: John Wiley & Sons, Inc., 1971).

[21]Wroe Alderson, Marketing Behavior and Executive Action (Homewood, Ill.: Richard D. Irwin, 1957).

[22]Alderson's approach, functionalism, is exactly such an attempt.

[23]Allen V. Kneese, Robert U. Ayres, and Ralph C. D'Arge, Economics and the Environment--A Materials Balance Approach (Washington, D.C.: Resources for the Future, Inc., 1970), p. 5; and Ferguson, Microeconomic Theory, pp. 445-46.

[24]Ferguson, Microeconomic Theory, pp. 447-54.

[25]Friedman, Price Theory, p. 226.

[26]Perhaps the problem, and its solution, lies in the concept of own self-interest pursuit. We should broaden it to include concerns for environment, for social justice, and so forth. With the appropriate value hierarchy, these also could be considered part of own self-interest pursuit.

[27]Ferguson, Microeconomic Theory, p. 456.

[28]Ibid., p. 461.

[29]Kneese et al., Economics, p. 4.

[30]Wassily Leontief has said: "Pollution and environment disruption are connected with the operation of the economic system, with the complex processes of production and consumption of goods." Lecture at Michigan State University, 27 February 1971. See also Lawrence P. Feldman, "Societal Adaptation: A New Challenge for Marketing," Journal of Marketing 35, no. 3 (July 1971): 55.

[31]For a somewhat different viewpoint, see Larry E. Ruff, "The Economic Good Sense of Pollution," Public Interest 19 (Spring 1970): 69-85.

[32]Kneese et al., Economics, p. 5.

[33]Ibid., pp. 102-107.

[34]Ruff, "The Economic Good," pp. 75-82.

[35]See Thomas C. Schelling, "On the Ecology of Micromotives," Discussion Paper No. 2, October 1970, Public Policy Program, Kennedy School of Government, Harvard University.

[36]William J. Baumol, Business Behavior--Value and Growth (New York: Macmillan, 1953); Alderson, Marketing Behavior; and Wroe Alderson, "A Normative Theory of Marketing Systems," in Reavis Cox, Wroe Alderson, and Stanley J. Shapiro, eds., Theory in Marketing (Homewood, Ill.: Richard D. Irwin, 1964), pp. 92-108.

[37]George Fisk, Marketing Systems--An Introductory Analysis (New York: Harper and Row, 1967), pp. 713-33. The author presents an analysis of the difference between productivity--output per unit of input of a single productive factor--and efficiency that expresses the idea of intellectual effort, in mobilizing all necessary resources to achieve some goal.

[38]For a comprehensive analysis of the marketing system see: Staudt and Taylor, Managerial Introduction; William Lazer, Marketing Management; and Richard J. Lewis and Leo G. Erickson, "Marketing Functions and Marketing Systems: A Synthesis," Journal of Marketing 33, no. 3 (July 1969): 10-14.

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[39]For a distribution cost analysis see Richard J. Lewis, A Logistical Information System for Marketing Analysis (Cincinnati, Ohio: Southwestern Publishing Co., 1970); Bruce E. Mallen and Stephen D. Silver, "Modern Marketing and the Accountant," in Bruce E. Mallen, ed., The Marketing Channel--A Conceptual Viewpoint (New York: John Wiley and Sons, Inc., 1957), pp. 222-29. See also Theodore N. Beckman and William Davidson, Marketing, 8th ed. (New York: The Ronald Press Co., 1967), chaps. 29 and 30.

[40]Donald S. Tull, "The Carry-over Effect of Advertising," Journal of Marketing 29, no. 2 (April 1965): 46-53.

[41]Polia Lerner Hamburger, "Produtividade das Atividades de Mercadizaçao," Revista de Administraçao de Emprêsas 26 (May-August 1967): 89-108.

[42]Staudt and Taylor, Managerial Introduction, chap. 1; Lazer, Marketing Management, chaps. 21 and 22; Robert Bartels, "Marketing, Technology, Tasks, and Relationships," Journal of Marketing 29, no. 1 (January 1965): 45-48; Robert Bartels, "The General Theory of Marketing," Journal of Marketing 32, no. 1 (January 1968): 29-32. For a review of the latter, see Shelby D. Hunt, "The Morphology of Theory and General Theory of Marketing," Journal of Marketing 35, no. 2 (April 1971): 65-68. See also Beckman and Davidson, Marketing, chap. 31.

[43]Stanley C. Hollander, "Measuring the Cost and Value of Marketing," Business Topics 9, no. 3 (Summer 1961): 17-27; and Richard N. Farmer, "Would You Want Your Daughter to Marry a Marketing Man?" Journal of Marketing 31, no. 1 (January 1967): 1-3.

[44]Stewart's and Dewhurst's stated purpose was to "describe and measure these costs of distribution and to find out, if possible, the reasons for the spread between the cost of production and the price the consumer pays." P. W. Stewart and G. F. Dewhurst, Does Distribution Cost Too Much? (New York: Twentieth Century Fund, 1938), p. 3.

According to their analyses, the costs of distribution (including selling costs, clerical expenses, expenses of the sales force, costs of physical handling, selling and promotion expenses, and other indirect costs such as financing, and risks and losses

arising from spoilage and obsolescence) for the manufacturer, wholesale, and retail trade amounted to 59¢ of every consumption dollar spent on goods. Stewart and Dewhurst concluded that distribution does cost too much, even when the costs are evaluated in terms of the functions performed by distribution. The three sources of high cost are competition, services, and inefficiency.

[45]For Barger, "cost of distribution is the gross spread, or the difference between the value of commodities leaving the distributive system and their value when they entered the system." Harold Barger, Distribution's Place in the American Economy Since 1869 (Princeton: Princeton University Press, 1955), p. 55. Distribution includes, then, wholesale, retail, and transport expenses. These were calculated to be 36.6¢ of the retail dollar value in 1929, 37.3¢ in 1939, and 37.4¢ in 1948 (very little change, then). He concluded also that productivity in the commodity industries rose more rapidly in the period since 1909 than in the previous forty years and that a similar acceleration did not seem to have occurred in merchandising, where output per person engaged in distribution rose much less rapidly in the second than in the first half of the period.

[46]Cox and his associates estimated that out of each dollar spent by final purchasers for goods, 41.7¢ were for marketing and 58.3¢ for production. Substituting gross margins for value added, to enable comparison with Converse and associates, the cents attributable to distribution activities would increase from 41.7 to 48.8 for 1947, 45.3 for 1954, and 46.3 for 1958. Converse and associates had estimated distribution costs to be 49.2¢ of the consumer dollar in 1929, 50.5¢ in 1939, and 48.1¢ in 1948. See Reavis Cox, Charles S. Goodman, and Thomas C. Fichandler, Distribution in a High Level Economy (Englewood Cliffs, N.J.: Prentice Hall, Inc., 1965), pp. 149, 158.

Cox and his associates conclude that "the proportionate part played by distribution in delivering values to the ultimate users of goods seems to have become stabilized or have diminished slightly" (p. 161).

They also analyzed the three basic tests in the evaluation of distribution: (1) the test of efficiency (comparison of input and output); (2) the test of fairness (allocation of the economy's product among the people); and (3) the test of consumer orientation (conformity or nonconformity to the basic assumption that the economy is consumer oriented). It is increasingly difficult to make evaluations and obtain measurements, as we move from the first to the last question.

[47]See also Louis P. Bucklin, "National Income Accounting and Distributive Trade Cost," Journal of Marketing 34, no. 2 (April 1970): 14-22. More recently Bucklin stresses the need for current information on trends in distribution costs and suggests that national income accounting data can be used to determine the marketing costs for the distributive trade, wholesale, and retail establishments only. He proposes a trade-cost ratio. Analyzing the data for the years between 1929 and 1965 he concludes that the ratio results in a statistic that fairly reflects observable trends relative to the distributive trade. For him, this statistic is of value for insights into three categories of social and economic performance of the distributive sector: the character of competition in the trade sector; the expanding role of the sector; and the disparate trends in wholesaling and retailing.

[48]Although it is generally acknowledged that the marketing concept clearly evolved in the early 1950s, its basic ideas had been expressed long before, both in economic theory and in marketing theory itself. But it is agreed that it was from the 1950s on that marketing publications and conferences, both in academic and business circles, became effective in generating interest in, and concern with, the marketing concept.

See Robert Bartels, The Development of Marketing Thought (Homewood, Ill.: Richard D. Irwin, 1962), p. 213. For a historical view of the subject see Robert L. King, "An Inquiry Into the Relevance of the Marketing Guide to Mobilization of Corporate Effort," unpubl. Ph.D. diss., Michigan State University, 1960. See also, Bernard J. Lalonde and Edward J. Morrison, "Marketing Management Concepts Yesterday and Today," Journal of Marketing 31, no. 1 (January 1967): 9-13 and some quotes in Bartels, Marketing Thought, p. 188, that contradict his own conclusion that the marketing concept is an evolution of the 1950s.

[49]Staudt and Taylor, Managerial Introduction, p. 22.

[50]Blaine M. Cook, "The Concept Is the Actuality," in Robert M. Kaplan, ed., The Marketing Concept in Action (Chicago, Ill:: American Marketing Association, 1964), p. 480: "The marketing concept is no more than an up-to-date restatement of the ancient and honored idea of consumer sovereignty, an idea seldom expressed better than it was by Adam Smith some 200 years ago."

[51]See King, "An Inquiry," pp. 221-22, and Robert E. Sessions, "The Marketing Concept in Action," in Robert M. Kaplan, ed., Marketing Concept, pp. 3-17.

[52]See for example, Richard T. Hise, "Have Manufacturing Firms Adopted the Marketing Concept?" Journal of Marketing 29, no. 3 (July 1965): 9-12. Hise, with a sample of 273 manufacturing firms, surveyed: (1) customer orientation by asking whether the firms had marketing research departments to determine specifically what customer needs and wants were; (2) profit orientation asking whether firms examined profitability of products, customers, salesmen, and territories; (3) the organizational structure of the marketing department--the status of the chief marketing executive.

He concluded that, to a large extent, both large and medium manufacturing firms have adopted the marketing concept. The greatest degree of acceptance was found in the customer orientation of marketing programs and in the organizational structure of the marketing department, particularly in the status provided the chief marketing executive. Large firms were more fully committed to the marketing concept than medium ones. Although the difference was only slight in some respects, a distinct pattern was shown to exist.

See also: James V. McNeal, "Consumer Satisfaction: The Measure of Marketing Effectiveness," Business Topics 17, no. 3 (Summer 1969): 31-35. McNeal reports an exploratory study undertaken to determine if and how major producers of consumer goods and services ascertain the extent to which they are satisfying consumers. "Of the 128 contacted fifty-eight responded. Five were discarded because they replied that there was no way to measure consumer satisfaction. One reply was discarded because the respondent apparently did not understand the question" (p. 33). These are the very significant data reported. The author, analyzing the 52 useful replies, found that a major portion of these firms (65.2 percent) conducted periodic consumer research to ascertain consumer satisfaction, but that the frequency of consumer satisfaction studies was not divulged.

See also Hiram G. Barksdale and William Darden, "Marketer's Attitudes Toward the Marketing Concept," Journal of Marketing 35, no. 4 (October 1971): 29-36. They report interesting results of a survey to measure current attitudes of executives and educators toward the marketing concept, its operational adequacy,

and its contributions to business and consumers. The majority of executives and educators believe that the marketing concept has influenced management philosophy and thought, but have reservations about its implementation. Significant variations were found in the response patterns of different classes of respondents. The major differences are:

--Business executives express greater belief in the marketing concept than do marketing educators.
--Top management express greater optimism about the concept than do marketing executives.
--Executives from consumer product companies express more positive attitudes than do those from industrial product companies.
--Academicians with more education and those with more business experience express less confidence in the marketing concept than do those with less training and experience.

The authors conclude that after 20 years of experience the issues of the validity of the concept and its operation on a day-to-day basis should be better known and explored.

[53]For an interesting article on the relationships between economic theory and marketing see Charles K. Ramond, "Marketing Science: Step-Child of Economics," in Robert M. Kaplan, ed., Marketing Concept, pp. 662-673.

[54]Stephen A. Greyser, "Advertising: Attacks and Counters," Harvard Business Review 50, no. 2 (March-April 1972): 22.

[55]Carl H. Madden, "Consumerism and Business: The Old and New Perspective," in Neil H. Borden, Jr., and Christopher Gale, eds., Changing Marketing and Marketing Change, Abstract of Papers (Chicago, Ill.: American Marketing Association, 1970), p. 34.

[56]Vance Packard, The Hidden Persuaders (New York: Pocket Books, 1958); The Status Seekers (New York: David McKay Co., 1959); The Waste Makers (New York: David McKay Co., 1960).

[57]Carson, Silent Spring; Jessica Mitford, The American Way of Death (New York: Simon and Schuster, Inc., 1963).

[58]Arnold Toynbee, "Is It Immoral to Stimulate Buying?" Printers Ink, 11 May 1962, p. 43; Arnold Toynbee and William Berenbach, "Is Advertising Morally Defensible?" Yale Daily News, Special Issue, 1963, p. 2.

[59]Galbraith, Industrial State.

[60]Ralph Nader, Unsafe at Any Speed (New York: Bossman Publishers, Inc., 1965). See also "The U.S.'s Toughest Customer," Time, 12 December 1969, pp. 89-98.

[61]John F. Kennedy, "Message from the President of the United States Relative to Consumers' Protection and Interest Program," Document No. 364, House of Representatives, 87th Cong., 2d. sess., 15 March 1962.

[62]For examples of these bills see Louis L. Stern, "Consumer Protection Via Increased Information," Journal of Marketing 31, no. 2 (April 1967): 48-52; and "Consumer Protection Via Self-Regulation," Journal of Marketing 35, no. 4 (October 1971): 21-28.

[63]Pressure also may be applied to government agencies (for example: Nader's criticisms of the ICC and FTC).

[64]George S. Day and David A. Acker, "A Guide to Consumerism," Journal of Marketing 34, no. 3 (July 1970): 12-19.

[65]Robert O. Herrmann, "Consumerism: Its Goals, Organizations and Future," Journal of Marketing 34, no. 4 (October 1970): 55-60.

[66]Richard H. Buskirk and James T. Rothe, "Consumerism: An Interpretation," Journal of Marketing 34, no. 4 (October 1970): 61-65.

[67]Charles G. Leathers, "New Dimensions of Countervailing Power: Consumerism and Environmentalism," Business Topics 20, no. 1 (Winter 1972): 67-72, 69.

[68]Bertram M. Gross, The Managing of Organizations (New York: Free Press, 1964), pp. 320-41; 523-37.

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[69]David Caplovitz, The Poor Pay More (New York: The Free Press of Glencoe, 1963); Louise J. Richards, "Consumer Practices of the Poor," in Lola M. Irelans, ed., Low Income Life Styles (Washington, D.C.: U.S. Government Printing Office, 1966), pp. 67, 84; Lewis Schnapper, "Consumer Legislation and the Poor," The Yale Law Journal 76 (1967); and Gerald Lewivank, ed., The Consumer (New York: Washington Square Press, 1970).

[70]Charles S. Goodman, "Do the Poor Pay More?" Journal of Marketing 32, no. 1 (January 1968): 18-24. Donald Sexton, Jr., analyzed 15 price-comparison studies on the cost of food to blacks and whites. He concludes that it appears inner city residents do not pay more. Because of methodological reservations, the findings are not unequivocal. The studies, in his opinion, are narrowly focused and typically fail to consider the reasons for price differences and shopping patterns. Donald E. Sexton, Jr., "Comparing the Cost of Food to Blacks and to Whites--A Survey," Journal of Marketing 35, no. 3 (July 1971): 40-46.

[71]U.S., Office of Economic Opportunity, Green Power: Consumer Action for the Poor, Community Action Program (Washington, D.C.: U.S. Government Printing Office, 1969).

[72]As an alleviating effort, the Office of Economic Opportunity has suggested an eight-point program including financial, legal and family services, consumer education, and methods of organization to create the conditions in which poor consumers can work together toward a solution of their common economic problems.

[73]For example, the entire issue of the Journal of Marketing 35, no. 3 (July 1971) is dedicated to marketing's changing social environmental role. See also, for an example of the new considerations, Martin L. Bell and C. William Emory, "The Faltering Marketing Concept," Journal of Marketing 35, no. 4 (October 1971): 37-42.

Bell and Emory state that the marketing concept has three basic elements: customer orientation, integrated firm effort, and profit direction. They conclude that the marketing concept has been an operational concept, not a philosophical one. Providing customer satisfaction has been a means to achieving the company's profit objective and does not necessarily imply that the consumer's well-being has been considered. They offer the conclusion

that in a revised marketing concept the main objective for the company is to be more responsible for consumer welfare and that profit should be the reward for doing this. The most effective way to handle the conflict of the social and profit goals would be to establish explicit company criteria of social responsibility.

[74]George Fisk, "New Criteria for Evaluating the Social Performance of Marketing," in George Fisk, ed., New Essays in Marketing Theory (Boston, Mass.: Allyn and Bacon, 1971), pp. 440-41.

[75]Ibid., pp. 444-45.

[76]Eugene J. Kelley, "Marketing's Changing Social/Environmental Role," Journal of Marketing 35, no. 3 (July 1971): 1.

[77]Eugene J. Kelley, "Management Use of Economic and/or Social Indicators in Planning Models," paper presented to the First AMA Annual Social Indicators Conference, Washington, D.C., 18 February 1972.

[78]See also Harry A. Lipson, "Management Use of Economic and/or Social Indicators in the Marketing Planning Process," working paper presented at the First AMA Annual Social Indicators Conference, Washington, D.C., 18 February 1972.

CHAPTER 3

HISTORICAL DEVELOPMENT OF SOCIAL INDICATORS AND PRESENT STATE OF THE ART: A REVIEW OF THE LITERATURE

Introduction

This chapter presents an historical view of the development of social indicators and a review of the literature, summarizing its main contributions. The review poses some peculiar problems. Because of the variety of approaches and subjects chosen by authors of different backgrounds, it is difficult to organize the material into clear-cut, mutually exclusive groupings.

Most of the materials are papers. Even when published in book form and edited by one or two authors, a main line or consistent direction seems to be lacking. The only concern shared by all is the need for and importance of social indicators. A great number also share a feeling for the methodological difficulties

involved in obtaining operational definitions and measurements for social indicators.

Some authors have emphasized the need for a broad framework, a general approach. Others have concentrated on specific areas of interest such as health, education, and the environment. Here too the approaches differ greatly. Some concentrate on a descriptive approach, an analysis of existing statistical data and inference from them of possible conclusions, with or without methodological reservations. Others emphasize the methodological approach with strong normative overtones: what conceptualizations should be developed or what data collection methods should be used, and so forth. Still others combine the two approaches.

To compound the problem, there is considerable overlapping in specific areas suggested for study, for example, science, technology, and education, and education and social mobility. Because of all these difficulties, regardless of the criteria explicitly stated to organize this vast array of materials, conclusions imply primarily subjective judgments. Thus they are open to argument.

To reconcile the desire to give the reader a feeling for the diversity of approaches with the need to keep this section within manageable proportions, the review will be concentrated and

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organized as follows: a brief historical review, a synthesis of main contributions, and some conclusions about the present state of the art.

Social Indicators: A Brief Historical View

Considering the long history of the movement to establish social indicators, it is surprising that society has taken so long to make a systematic effort to define the variables to be measured and the manner of measurement. According to Daniel Bell the idea of social indicators may have arisen from several sources.

They may have been the earliest reflections on the consequences of private economic activities. In particular, the concept may have sprung from the recognition of the divergence between the private costs borne by a firm or individual entrepreneur and the costs to others, or to the community, which entrepreneurs generate but do not bear.[1]

A second source may have been William F. Ogburn's concern with the measurement of the rates of social change. (His book, Recent Social Trends, published in 1933, was an outgrowth of President Hoover's Research Committee on Social Trends, established in 1929 under the chairmanship of Wesley Clair Mitchell.) A third could be the emergence of a new ideology which emphasizes

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social considerations in addition to economic ones for the evaluation of the actual state of society's welfare. This has led to the "information explosion in social indicators,"[2] which was accelerated by: (1) the great growth of social sciences during the first two-thirds of this century and the adoption of the quantitative approach; (2) the increasing number of intellectuals, professionals, modern managers, technologists, and natural and social scientists in political positions; (3) the continuing efforts to provide more rational bases for both corporate and political decision making; and (4) the development of other statistical series.

Among the latter are the World Social Situation published periodically since 1952 by the United Nations,[3] and HEW's Indicators, concerning health, education, and welfare, which was published regularly from 1959 to 1966. The discontinuance of this series was followed by HEW Trends, an annual supplement.[4] More important, however, is the economic statistics series. The Employment Act of 1947 resulted in the establishment of the Council of Economic Advisors, the President's Annual Economic Report, the Report of the President's Council of Economic Advisors, and the Council's monthy Economic Indicators, published by the Joint Economic Committee of Congress. These materials provide well-organized economic charts and tables. They have become the source of factual

information on economic trends and potential, and provide the data base for both private and public decision making.[5]

These developments led to the question: Why not a similar statistical series of social indicators? In Spring 1962 Raymond A. Bauer posed this question to an informal group of scholars. The President's Science Advisory Committee had the same concern when, at about the same time, it called for the "systematic collection of basic behavioral data for the U. S. . . . data that are comparable, systematic and periodically gathered."[6] With the sponsorship of the American Academy of Arts and Sciences, Raymond Bauer, Bertram Gross, Albert Biderman, Robert Rosenthal, and Robert Weiss worked on various sections of Social Indicators.[7] This book and Gross's chapter, "The State of the Nation: Social Systems Accounting,"[8] were to become landmarks, and have been quoted by authors subsequently writing on social indicators.

In 1965 Gross wrote an article advocating that the solution for the "new Philistinism" that expresses national goals and performance in dollar-sign figures was to counter-balance the economic data with noneconomic data. He proposed an annual Social Report of the President should be prepared which would make Americans more conscious of the factors involved in enriching the quality of life.[9] Bertram M. Gross, S. Douglas Carter, and

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Monitoring

Wilbur J. Cohen discussed the need for social information;[10] these discussions eventually led to President Johnson's Message on Health and Education in March 1966.[11]

With the cooperation of John W. Gardner, then Secretary of Health, Education, and Welfare, and William Gorham, Assistant Secretary of HEW for Program Coordination, plans were laid for the development of social indicators that would be required to produce a social report. HEW was given the mission because of its political support and respect within the government and the academic community. Furthermore, it had also taken the lead in organizing the available social data and developing new programs of data collection. These efforts resulted in the publication of a report in the final hours of the Johnson administration.[12] Acknowledging the time constraints on and limitations of the document,[13] the authors called it Toward a Social Report. It deals with seven major topics: health and illness; social mobility; physical environment; income and poverty; public order and safety; learning, science, and art; and participation and alienation.

During this same period Eleanor B. Sheldon and Gilbert Moore of the Russell Sage Foundation prepared a major paper for the American Statistical Association as part of the foundation's Monitoring Change Project. Dealing with quantitative measures of

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"large-scale structural transformation," this work led to the commissioning of 13 papers by 16 different social scientists. In 1968 the efforts were published in a book under five major headings: "Monitoring Social Change in America," "Demographic Base," "Structural Features," "Distributive Features," and "Aggregative Features."[14] This book also became a landmark in the field.

In the fall of 1965 the Commission on the Year 2000, under the chairmanship of Daniel Bell, began investigation of the nature of society in the future and the implications of possible social changes. Their conclusions called attention to the interaction of social, economic, and cultural forces.[15] In addition, they noted that the most important considerations about the year 2000 concern appropriate social arrangements for dealing adequately with the problems society will confront. Also in the fall of 1965, the Bureau of Budget launched its new Planning Programming Budgeting System (PPBS), an effort to analyze the outputs of alternative programs and projects. But PPBS's full implementation required adequate social data, then scarce, which emphasized the need for its systematic collection.

In January of 1966 the National Commission on Technology, Automation, and Economic Progress called for some system of social accounts to assess the utilization of human resources in four areas:[16]

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1) the measurement of social costs and net returns of innovation;

2) the measurement of social ills (for example, crime and family disruption);

3) the creation of performance budgets "in areas of defined social needs" (for example, housing, education, and welfare); and

4) indicators of economic opportunity and social mobility.

All these combined efforts have resulted in considerable progress. Simultaneously with the development of interest in social indicators came the recognition that the formulation of goals for the society and the production of acceptable statistical indicators about where the nation stands in relation to those goals are necessarily complementary.

In a study of the report presented by President Dwight Eisenhower's Commission on National Goals,[17] Biderman found that the members agreed on 82 explicit statements of specific goals in each of 11 domestic areas. Examining the two most complete handbooks of statistical data issued by the federal government for relevant indicators, he found that only 59 percent of the goal

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statements had any pertinent indicator data. These findings showed that new kinds of data needed to be developed.[18] In 1969, President Richard Nixon created within the White House the National Goals Research Staff.[19] As stated in their report,[20] the staff did not consider itself as having goal setting or planning functions. Their objective was to analyze policy alternatives that could aid in the decision process. They selected the following areas of debate: population, environment, education, basic natural science, technology assessment, and consumerism.

More recently, the National Planning Association, in its National Priorities Study, has been concerned with the development of a methodology to assess the range of opportunities for achievement of goals. Achievement of national goals is defined in terms of observable changes in a series of specific goal indicators (such as life expectancy, crime rate, and so forth) selected to reflect the actual objects of public concern. Changes in goal output indicators are possible only by means of activities, that is, specific combinations of events comprising new types of public policies and private development.[21]

Recently, the project to develop a system of social indicators was moved from the Department of Health, Education, and Welfare to the Bureau of the Budget. A social statistical publication

is now being prepared by the Office of Statistical Policy of the Office of Management and Budget, which, it is hoped, will be issued periodically. It will be concerned only with the objective dimensions of individual well-being. Work is proceeding on the determination of the data available, selection and adaptation of available series, experimentation with various presentations of the data, and research into the means of resolving data difficiencies and gaps.[22] The statistics will be arranged by such areas of social concern as health, education, employment, income, housing and the physical environment, public safety and legal justice, and leisure and recreation.[23]

Social indicators also have been introduced in the studies of developing countries. Authors argue that the term development should imply not only economic considerations, but also other social dimensions.[24] This concern has been reflected since 1954 in the United Nation's definition and measurements of standard of living. It takes the

> position that, for several reasons, including difficulties of determining purchasing power parties and converting currencies, no type of monetary index such as the per capita national income or average personal income could be recommended as a general measure of levels of living for international or comparative purposes. Instead, an approach was recommended in terms of "components" of levels of living and "indicators" of these components.[25]

The concern with the components of the quality of life has been expanded to include a global perspective. Using systems

dynamics as the basic approach,[26] a group of multinational, nonpolitical business leaders, scientists, humanists, economists, and educators (the Club of Rome) has become interested in the problems of population, resources, industrialization, pollution, and world-wide disparities in the standard of living.[27] A model of world interactions has been proposed which is now being validated at MIT under the direction of Dennis L. Meadows.[28] If validated, the model could serve as a basis for world planning policy recommendations.

Social Indicators: Synthesis of the Main Contributions

The General Approach

Several contributions in the literature have adopted what can be called a general approach to social indicators. They treat the subject from a global, inclusive viewpoint (as contrasted to studying a specific area of concern only, such as health or environment). Among these are the contributions of Bauer,[29] Gross,[30] Biderman,[31] Sheldon and Moore,[32] the Stanford Research Institute,[33] Etzioni,[34] and Etzioni and Lehman;[35] the reports, Toward a Social Report,[36] Toward Balanced Growth: Quantity and Quality;[37] and Terleckyj's studies for the National Planning Association.[38]

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The general approach is concerned with the desirability of social indicators; the concern with societal goals; the identification of areas of social concern, for which social indicators are needed; the problems of conceptualization and measurement; and the uses of social indicators and the normative implications. Underlying all these is the concern with the development of a conceptual model for society and for suggesting indicators that can describe or measure the state or conditions of that society.

Significantly new in these recent contributions is the idea of relating social change, and the practical implications of trying to influence its direction (always of concern to sociologists and political scientists), to a model of society. This necessarily involves the development of indicators to monitor social change.

The various definitions of social indicators reflect this. Bauer defines social indicators as "statistics, statistical series and all other forms of evidence--that enable us to assess where we stand and are going with respect to our values and goals, and to evaluate specific programs and determine their impact."[39] He calls attention to the fact that innovations, particularly technical ones, have consequences beyond what was intended or anticipated. If planning and guidance of large-scale programs (such as space exploration) demand that these impacts be evaluated, the assumption is that such

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impacts can be detected and measured. This calls for better data about the state of society, but this data will not necessarily establish the causal relationships between a program and the phenomenon observed. In some cases, an impact may be identified, but not measured. For Bauer the purpose of social indicators is primarily to provide the basis of planning for future policies. Such planning should take into account the important consequences of these policies.

For Sheldon and Moore, "[social] indicators would give a reading both on the current state of some segment of the social universe and on past and future trends, whether progressive or regressive, according to some normative criteria."[40] Stressing that their book focuses on large-scale structural change, they suggest that the basic question is: "What is changing?" Any answer must rely on some model of society. They point out some of the changes in American society which have created social strains: growth and urbanization of population, increasing technicality and bureaucratization of work, rising standards of living, the spread and level of education, self-awareness, and the rise of minority groups. At the same time, national concern for society has added to economic considerations others such as civil rights legislation, large-scale support of education, programs to alleviate inequalities, medicare, and many other efforts.

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In Toward a Social Report a social indicator is defined as a "statistic of direct normative interest which facilitates concise, comprehensive and balanced judgments about the condition of major aspects of society. It is in all cases a direct measure of welfare and is subject to the interpretation that, if it changes to the 'right' direction, while other things remain equal, things have gotten better or people are better off."[41] For the Stanford Research Institute study, "social indicators . . . are ideally measures of social output, that is, they measure the attainment of a goal. . . . Since indicators are measures of output, they necessarily are related to the attainment of goals. The definition of indicator concepts, then, amount to a definition of goals."[42]

Although these works share a common basis, they differ on how they choose to tackle the problem and on the aspects they emphasize. Gross and the Stanford Research Institute have proposed a "model-of-society approach." Toward a Social Report, Toward Balanced Growth: Quantity and Quality, and the National Planning Association studies emphasize goal determination and evaluation. Biderman, Sheldon and Moore, and Etzioni and Lehman have stressed the measurement problems. Each of these approaches will be examined, and a review of some of the normative implications of the different approaches will be made.

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The Model of Society Approach

Gross's Model

Bertram Gross offers the view that a more meaningful appraisal of the state of the nation can be obtained through a system of national social accounting that integrates relevant multidisciplinary concepts.[43] Using a systems approach, he introduces a model of a social system at the national level. He incorporates the major concepts traditionally used in national economic accounting, but proposes to broaden them from a set of purely economic to a set of social indicators. A system of national social accounting should supply the concepts needed to structure information about the past or present, formulate goals (desired future system states toward which committments are made), and establish evaluation criteria.

According to Gross's model, the state of any nation can be analyzed in terms of system structure and performance. Structure refers to the internal relations among the system's parts. Performance refers to the acquisition of inputs and their transformation into outputs. Both involve a relationship with the external environment.

Seven multidimensional elements comprise system structure: "The structure of any social system consists of (1) people and (2) non-human resources (3) grouped together into sub-systems that

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(4) interrelate among themselves and (5) with the external environment, and are subject to (6) certain values and (7) a central guidance system that may help provide the capacity for future performance."[44] Similarly, there are seven multidimensional elements of system performance:

> The performance of any social system consists of activities (1) to satisfy the interests of various "interested" by (2) producing various kinds, qualities, and quantities of output, (3) investing in the system's capacity for future output, (4) using inputs efficiently, (5) acquiring inputs, and doing all the above in a manner that conforms with (6) various codes of behavior and (7) varying conceptions of technical and administrative (or guidance) rationality.[45]

The third element, "investing in the system's capacity," is very important because it is the determinant of the future capacity of the system to perform.

Gross analyzes each of the structure and performance elements and then makes specific practical proposals for the development of social indicators. He calls attention to the fact that the process of collecting new and broader kinds of information on social systems is in itself an aspect of system performance. There is resistance to this kind of data collecting, certain resources are needed, and interest conflicts may arise.

The key problem in a system of social indicators is that the variables cannot be measured directly; rather, surrogates must be selected. Table 1 shows the grand and intermediate abstractions

TABLE 1

NATIONAL PERFORMANCE ABSTRACTION: GRAND AND INTERMEDIATE

	Grand Abstractions	Intermediate Abstractions
Satisfying interests	Peace, security, liberty, autonomy, self-determination, equality Tolerance, dignity, honor, prestige, pride Progress, culture, beauty, the arts, self-development	Full employment Fair employment Equitable income distribution Higher living standards
Producing output	Abundance	Growth in national output Output of specific services or goods Price stability
Investing in system	Expansion, unity, national consciousness Saving free enterprise, building socialism or a new or great society	Investment in hard goods Investment in people or institutions Conservation and development
Using inputs efficiently		Productivity ratios Balanced budget
Acquiring resources	Economic independence or self-sufficiency	External assistance Economic independence or self-sufficiency Favorable balance of payments
Observing codes	Justice, equity Democracy Order, duty Obedience to God or gods	Law enforcement Due process Fair procedures
Behaving rationally	Reason Wisdom	Scientific or technological progress Good government or administration

Source: Bertram M. Gross, "The State of the Nation: Social Systems Accounting," in Raymond A. Bauer, ed., Social Indicators (Cambridge, Mass.: The MIT Press, 1966), p. 264.

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p. 265

and Figure 1 shows what happens as one goes from a grand abstraction like abundance down to some event or object that can actually be observed, recorded, and lends itself much better to measurement.[46]

Grand Abstraction

Abundance (plenty)

Intermediate Abstractions

Wealth	Distribution of output or wealth	Appropriation (or expropriation)

Output (or production)

Quantitative Indicator Concepts

Output types	Output quantity		Output quality
Services or goods	End or intermediate products		Gross or net
Physical or monetary units	Time periods	Indices	Aggregate, average, or marginal
Current or stable prices		Type base	

FIGURE 1

AN ABSTRACTION SPECIFICITY LADDER

Source: Bertram M. Gross, "The State of the Nation: Social Systems Accounting," in Raymond A. Bauer, ed., Social Indicators (Cambridge, Mass.: The MIT Press, 1966), p. 265.

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However, Gross points out, in descending the ladder greater precision can be attained but any indicator becomes decreasingly relevant.

Gross does not make the establishment of a national system of social accounting appear simple. He clearly states the progress will be slow and that the maturation of social accounting concepts will take many decades.

The Stanford Research Institute Model

The Stanford Research Institute (SRI) model is conceptually simpler than Gross's model.[47] It accepts Gross's viewpoint that indicator concepts can be thought of as hierarchical, depending on their degree of abstraction, and it also notes that the highest abstractions can achieve a high degree of consensus. But specific goals, because they usually imply the means by which the more general goals are to be attained, are more controversial. The development of a set of goals implies value choices--"a qualitative ordering of possible sets of conditions."[48]

The Stanford model (see Figure 2) structures two sets of attainment levels. One describes the social system and the other the dimension of the individual living within the social system. There are several levels to the model, descending from the general

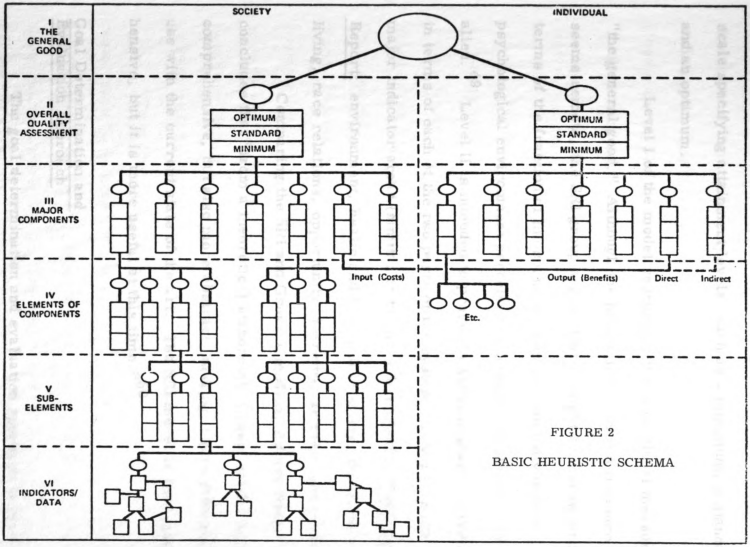


FIGURE 2

BASIC HEURISTIC SCHEMA

Source: Educational Policy Research Center, Stanford Research Institute, "Toward Master Social Indicators" (Menlo Park, Calif., February 1969), p. 5.

to the specific. At each point there are goals and a measurement scale specifying attainment levels, such as a minimum, a standard, and an optimum.

Level I of the model represents the most global measure, "the general good." Although the possibility of such a measure seems remote, the SRI group argues that it might be measured in terms of the fraction of the social system and the individual's psychological environment perceived as hostile, inauthentic, or alien.[49] Level II is intended to provide a general quality assessment in terms of each of the two parts of the system. Level III deals with the major indicator areas (similar to the ones discussed in Towards a Social Report: environment, health and life, public safety, the standard of living, race relations, opportunity, learning, science, and culture).

Comparing the SRI and Gross's models, Adrian Ryans concludes that "from a theoretical standpoint, Gross' model is more comprehensive, but also more abstract, making it very difficult to use with the current state of the art. The SRI model is less comprehensive, but it is more useful at this time."[50]

Goal Determination and Evaluation Approach

The goal determination and evaluation approach is characterized by relating social information to improved policy making.

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Social data should be used to evaluate the implementation of goals; for planning, controlling, and evaluating governmental activities; and for establishing programs, budget choices, and priorities. Governmental publications and the National Planning Association's studies have adopted this approach.

HEW's Toward a Social Report

Reflecting this orientation is Toward a Social Report.[51] In the Introduction and Summary the question is asked: "Why a social report or a set of social indicators?" The answer given is that such an instrument not only could indicate how well society is doing but also could improve policy making in at least two ways. First, it could give social problems more visibility and thus make possible more informed judgments about national priorities. Second, it could provide insight into how different measures of national well-being are changing, which ultimately might enable a better evaluation of what public programs are accomplishing.

Toward a Social Report recognizes that the task is not easy; major social problems are influenced by many things besides governmental action, and it is difficult to separate the various effects of these causal factors. In the long run, however, evaluation of the effectiveness of public programs will be improved if we have social indicators to tell us how social conditions are changing.

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The report states that it is an attempt on the part of social scientists to look at several important areas and summarize what is known about progress toward generally accepted goals. The areas dealt with are health, social mobility, the condition of the physical environment, income and poverty, public order and safety, and learning, science, and art. A chapter on participation in social institutions is included, but, because of the lack of measures, it only discusses the important questions in this area.

Noting that good decisions must be based on a careful evaluation of facts, the report expresses the hope that the study of social indicators and their methodology and the collection of new and more socially relevant data will continue. If a balanced, organized, and concise set of measures of the condition of our society were available, we would have the information needed to identify emerging problems and to make knowledgeable decisions about national priorities. Once the conditions have been exposed, the logical process of policy formation is to choose the most efficient program to deal with them.[52] In order to make this choice, information on benefits and costs of alternative programs is needed.

The output of a program can be determined only by the identification of the changes in the social indicators which result from the expenditures of the program. Social indicators alone do

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not provide all of the quantitative information needed for effective decision making. This requires relating social indicators to program inputs, and it is suggested that they should be integrated into policy accounts so that any changes could be estimated. The report considers that social indicators could be developed in the near future, but that "a complete set of policy accounts is a utopian goal at present."[53]

National Goals Research Staff's
Toward Balanced Growth:
Quantity with Quality

The relationship between social information and public policy also is expressed in the report Toward Balanced Growth: Quantity with Quality.[54] Noting that we are moving from program to policy oriented government, the following distinction is made: "A program is an activity of some kind authorized or required by statute. . . . In terms of the social system, programs represent 'inputs.' . . . Policy is primarily concerned with the 'outputs of a given system' . . . the objective of a policy is to guide government activities in accordance with the properties of a system."[55] The report emphasizes the importance of adequate social data to evaluate the actual results, or outputs, of government programs, to choose national goals, or to evaluate the implementation of those goals already chosen.

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Taking notice of the marked social changes of the 1960s, the report states that one aspect of these changes is the search for a "growth policy" to guide that change. The areas in which the problem of growth is debated are population growth and distribution, environment, education, basic science, technology assessment, and consumerism. "In general, these topical areas do not correspond to the major social problems with which we are presently concerned, including those of our cities, campus unrest, the Vietnam War, and race relations. These represent dissatisfactions over our performance according to our established priorities."[56]

Calling attention to the fact that for the first time the goal of economic growth, as opposed to that of quality, is in doubt, the report emphasizes that the new qualitative goals being proposed themselves require economic growth. The question, then, should not be quantity versus quality, but quantity with quality. Since resources, although numerous and growing, are finite, the main issue is the setting of priorities.

National Planning Association Studies

The concern with goals and priorities also is reflected in the efforts of the National Planning Association. The 1966 study coordinated by Leonard Lecht translated the statements of goals

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into more specific targets and activities and set a pricetag on those goals.[57] These studies have continued with the research objective of developing a systematic analytical framework for examining relationships between goals, and the means of achieving them, in a variety of areas of national concern. The preliminary results of the program, which is oriented toward the progress achievable in national goals over a ten-year period, were published in 1970.[58] The system proposed is characterized by six elements.[59]

1) Concern with national goals, including levels of government and the private sector, with respect to both goal achievement and the cost involved.

2) Quantitative definitions of goal outputs by the use of social indicators, or specific indicators of social change to measure the achievement of national goals.

3) Estimates of total future output possibilities that are technically feasible within a period of ten years as a result of "activities," that is, specific modes by which the desirable social changes can be made.

4) Distinction between new activities and the much less flexible "base activities" that represent the existing systems related to the same goals.

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5) Estimates of the range of alternative future outputs that are compatible with available resources.

6) Clear recognition of the lead-time required for implementing activities and the explicit distinction between their private and social costs.

Nester Terleckyj emphasizes the need for consensus: "The quantitative indicators [that represent goals] were selected to represent the important aspects of . . . concerns and to be normatively meaningful, i.e., to command a high degree of consensus as to their importance and the desirable direction of their change."[60]

The following categories of goals of related and interdependent concerns were selected.

Health and safety: personal environmental health; public and environmental safety.

Human habitat: housing, quality of neighborhood, access to the area, recreational opportunities, and the quality of the larger environment.

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Education, skills, and income: basic schooling and higher education, skills and jobs, and the amount, adequacy, and continuity of income.

Finer things: goals related to the arts and sciences and nature and beauty.

Leisure and production: the interrelationships between economic growth and availability of discretionary time.

Freedom, justice, and harmony: liberty, democratic values, and the quality of the social environment.

The attainment of these goals is measured by a series of indicators at two levels: approximately 20 primary indicators represent the most important aspects of the goals, and a larger set attempts to evaluate additional dimensions. The proposed analysis is illustrated by Table 2 which shows the effects of activities on goal output indicators. Because resource constraints limit what can be effectively undertaken, choices must be made throughout the process among different types of goals, among the means for pursuing the goals, and between the new and base activities to pursue the goals. Terleckyj suggests that these choices are determined by technological, economic, and institutional conditions, and that the choice

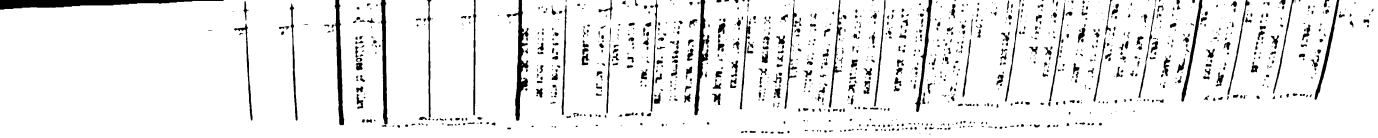


Table 2

Effect of Activities on Goal Output Indicators, 1970-80
(largely illustrative)

ACTIVITIES	Total Cost (billions 1970 $)	Goal Output Indicators: Health & Safety — 1. Average life expectancy in years at birth	2. Number of persons with major disabilities per thousand	3. Number violent crimes per year per thousand persons	Education, Skills and Income — 4. Percent of age group (18-24) completing high school	5. No. of persons not in mainstream of labor force	6. Number of persons living in poor shilling	7. Number persons near-poor	8. Persons with budget need adjusted less than 80% of budget	Human Habitat — 9. Percent of persons living in adequate houses	10. Per cent of persons living in unsafe neighborhoods	11. Per cent of persons exposed to excessive cost to the public	12. Persons exposed to boisterous pollution	13. Per cent persons exposed to polluting part in recreation	Finer Things — 14. No. areas maintaining life & natural forms	15. Number of scientists and artists	16. Number of artists thousands	17. Leisure from work & chores per person per year	Freedom, Justice & Harmony — 18.	19.	20.	GNP — 21. billions of dollars	22.	23.	24.	25.
Base 1966	-	70.2	28.6	158	100	206	12	28	15	10	85%	75%	100	80	45%	300	100	200	2160				800				
Base 1980		71.0	21.0	600	105	305	12	21	11	10	85%	75%	100	80	45%	300	120	240	2160				1500				
1. Chg.behavior-stop smok., reduce cardio., smoking,alcoholism,obesity,drug use	$36	5.6	5.4	-196						- 4					25								10				
2. Special services: mental, cancer arthritis, accidents	46	2.3	2.5	- 58																							
3. Special services: poor, children	61	2.6	2.3																								
4. Improved enforcement system-police, courts, correction	25			- 750																							
5. Full employment of the young - school, job, recreation	60			- 223	7		- 2	- 2	- 1														54				
6. Teacher inputs-training, aides, class ratios of 20, kindergartens	118				7																		54				
7. Remedial tutoring-isol.outside school	71				9																		70				
8. Improved educational technology-learning devices for the very young	232				20																		154				
9. Parent counselling& books for the home	30				4																		14				
10. Universal fellowships	160					30												30	30				10				
11. University improvement-new instit., staff support, technological change	35					15												20	20				10				
12. Maintenance, updating & improvements of job skills	586						- 2		- 5														70				
13. Specialized training for outside mainstream-placement, workshops	200					- 10	-15	- 16															43				
14. Private savings,insurance,pension plans	150							- 3	- 4																		
15. Welfare payments	36							-20	+ 20																		
16. Old age pensions up to 30%	50							- 6	- 4	- 9																	
17. Extended welfare programs-tax & transfer	30							-21	- 11	- 1																	
18. Construction & maintenance of houses	174							- 3	- 1		15	6		- 21													
19. Design & testing of new environments-city, neighborhood, region	155										3	10	- 3	- 56	5				15								
20. Innovations in design and use of cars and roads	78												-15	- 10					60								
21. Improvements in intercity transport.	160												- 3						25								
22. Improved bodies of water	180												- 5	- 8	15	150			20								
23. Pollution control-enforcement & R&D	20											5		- 50													
24. Recreation facilities at work	60	.6	.6												7												
25. Recreation facilities in neighborhoods	100	1.1	1.0									5			15												
26. Major parks and facilities	210														5	50											
27. Preservation of wilderness & scenery	20															300											
28. Beauty of envir. -homes, neighborhoods, public places (plants & architecture)	43											5		- 10													
29. Pure science - institutions, education, commmication	138																100										
30. The arts - institutions, education, subsidies, new forms	67																	200									
31. Three weeks additional vacation	200																		70				- 36				
32. Retirement at 60	300																		94				- 32				
33. Time saving innovations - mechanization of home services	65																		243				45				
Total listed (output not additive)	$1 96	(9.2)	(8.0)	(-438)	(15)	(30)	(-12)	(-21)	(-11)	(-10	(15)	(25)	(-32)	(-70)	(35)	(500)	(150)	(250)	(435)				n.s.				

Source: Nestor E. Terleckyj, "Measuring Possibilities of Social Change," Looking Ahead 18, no. 6 (August 1970): 7. Published under the auspices of the National Planning Association.

Note: Numbers inside the table represent changes in the goal output indicators from the 1980 base resulting from the particular activities. The base projection assumes the absence of these activities.

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maker can be helped by a system of analysis which emphasizes goal quantification and the alternatives, for a certain time period, for achieving different goals.

This model is further expanded to include the concept of efficiency.[61] Some new activities selected may be more or less productive than others in achieving the desired outputs. Assuming efficient use of resources, several possibilities in indicator improvement are exemplified. They are derived from linear programming calculations which provide least-cost estimates and imply the choice of activities which are most effective for the given set of output requirements.

Assuming the efficient use of resources, the output also will be dependent on the amount of resources. These resources are subject to three conditions: the rate of economic growth; the share of total resources which is directed toward the social concerns; and the amount of resources which is directed toward the social concerns, but which already is allocated to ongoing activities.

Summarizing, Terleckyj states that

> the range of possibilities includes two types of efficient outcomes. One efficient outcome is, with given availability of resources, an efficient allocation of discretionary resources among activities such as to maximize the proportion of the outputs chosen as the objects of goals. The second type of efficient outcome is productivity improvement in the base which can release very substantial resources which would

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> make feasible achievement of more substantial proportion of possibilities for attainment of desirable goals.[62]

He also analyzes "inefficient allocations." Terleckyj concludes that great progress can be made by 1980 in achieving domestic social goals, but only if efficient, innovative approaches are adopted and if the efficiency of the ongoing base systems is improved in order to release additional resources.

A later paper on measurement of output of governmental activities concludes that

> measurement of government output is relative to its purpose, and that when viewed in a broader context, the output of government activities can most usefully be seen as dependent on other activities (private or public) and response patterns. This suggests that the measurement of government output is a schedule, or function, rather than a single quantity.
>
> The state of the art for measuring governmental output is very underdeveloped . . . this suggests a need for multiple and flexible simultaneous approaches relating definitions to the purposes of analysis.[63]

The Concepts and Measurement Approach

Biderman

For Albert Biderman,[64] "social indicators" refer to quantitative data that serve as indexes to socially important conditions of the society. His concern is primarily with noneconomic "social" statistics. He proposes an empirical, analytical approach coupled with a sociological assessment. To be useful, each indicator must

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Biderman examines existing social indicators from the point of view of their relationship to the national goals which have been stated, and he analyzes the ways in which such statistical series originate and the multiple uses to which they are put. From his analysis of the actual availability and use of social statistics in areas of public policy (see pages 87-88), he concludes that data will be collected when there is reasonable consensus on the following three issues: importance of the problem; there is some information which, if available, would be useful; and the relevant phenomena can be measured.[65]

He believes the obstacles to consensual evaluation of the state and trends of the society as a whole arise from technical problems: (1) invalidity of available indicators as indexes of the social conditions they propose to measure; (2) inaccuracy due to errors of measurement, sampling, and enumeration; (3) conflicting indicators obtained from different sources; (4) lack of usable statistical data; (5) incompatible models, or different abstract conceptual systems which attach different significance to the various elements of the system, aggregate phenomena differently in the form of concepts, or explain differently the relationships between elements; and (6) lack

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of value consensus, or the fact that differences in standards, tastes, and values limit the agreement that can be gleaned from social indicators about the conditions of society.

Even where consensus does exist about the significance of certain phenomena, these may not be reflected by available indexes. There are other factors determining the availability of indicators: (1) measurement technology, or the susceptibility of the phenomenon to accurate measurement, given the current state and resources of statistical science; (2) social observability: Are or are not the social processes involved organized consciously to permit such measurement? and (3) data-agency perspective, or the perspective toward the phenomena to be studied. Biderman believes all these factors are important in evaluating the present state of social indicators and their role in society.

Biderman doubts the possibility of introducing any complete scheme of social accounting (as proposed by Gross), not because of the difficulty of measuring the newer, "softer" phenomena, but because of the social and political forces that have shaped the existing system of statistical series.

Sheldon and Moore

Eleanor Sheldon and Wilbert Moore call attention to the problems of measuring social change,[66] the first of which is the

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relation between numbers and meanings. No item of information, no measure or series of measures is self-explanatory. They point out that the several papers in the book are concerned with the changing quantities (and implicitly the qualities) of American life. Although these papers deal with quantitative demonstrations, they lack both reliable quantitative data to test leads and lags and a grand probability matrix of sequential changes.

The following problems are discussed:

1) Statistical systems. There is a great flow of numbers from many sources, but many of these have been collected for reasons other than the observer's.[67]

2) Additivity. The problem of adding unlike quantities may lead to simplifying reduction of an observed series to a more limited number of indicators. Sheldon and Moore caution that "in the current state of the theory and art of social diagnosis, it would appear that such simplifying indicators must be established by inductive generalization, not by deductive derivation from established laws."[68]

3) Frequency. Because we lack the knowledge of the rates of change and their shape over various periods of time,

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Etzioni and Lehman

Amitai Etzioni and Edward Lehman analyze conceptualization and measurement problems in a paper on the "dysfunctions" that social measurements may have for social planning.[69] (Dysfunctions are negative consequences of a particular social item for specified part[s] of a specified social system.)

A major part of their analysis is the question of internal validity. "Internal validity refers to the extent of correspondence between a social science concept and its operational definition."[70] Three problem areas associated with questions of internal validity are identified: the more general one of fractional measurement, the related one of indirect measurement, and that of formalistic aggregative measurement of collective attributes.

The fractional measurement problem arises from the difficulty in arriving at an operational definition that covers the ramifications and dimensions of a concept. Social accounting also gives rise to two other kinds of problems. The first, indirect measurement, stems from the often used expedient of measuring societal concepts by using data originally collected for other purposes.

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The second is one of formalistic, aggregative measurement, or dysfunctions resulting from imprecise measurements of the states of social systems. This derives from the tendency to confuse real social units with formal social units and from aggregate data being used to measure a collective property when a global measure would be more appropriate.

Because of the problem of fractional measurement, the adequate measurement of a social science concept frequently requires the use of more than one indicator. If the research situation calls for a unified scoring system, then the multiple indicators may be combined into an overall index. Indexing implies two decisions about weighing: the relative importance of the various dimensions and indicators, and the statistical procedures to be applied to represent the relative value of the various dimensions and indicators.

Etzioni and Lehman caution against over-reliance on quantitative dimensions. They suggest that index building for social concepts should take into account whether or not there are qualitative dimensions of the concept to be considered.[71] They also add a caution about goal measures. Because the means used by social units to attain their goals often are more easily measured than the goals themselves, there may be a tendency to substitute the

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measurements of means for the measurement of goals, especially if the goals are intangible. Taking goals into account can itself be a source of dysfunctional problems if the result is failure to consider other systemic elements, hence the advantage of relying on a system model instead of on a goal model.

Two broad classes of dysfunctions then can be identified: (1) arriving at invalid conclusions which become the basis for erroneous policy decisions; and (2) ignoring those dimensions and indicators of a concept that are most susceptible to social manipulation.[72]

The Normative Implications of the Different Approaches

These different approaches and ideas reflect some of the perplexing questions. What is a social indicator? How are social indicators to be measured? How is the knowledge about social indicators to be associated with the process of policy formulation? There seems to be agreement that social indicators should be thought of as measures of social output. Hence they are related to the definition of attainment goals (the definition of goals implies value choices, that is, choices of the goals and of their priority ordering).

The concept of social indicators also has led to the idea of social accounting, that being the analytical tool by which one can

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evaluate the implementation toward the chosen set of social goals as a result of the programs undertaken. If monetary values can be assigned to the attainment of each of the goals and to the costs of each program, one is then able to calculate the total value of the costs and benefits of the program. This is why social indicators can be so relevant to the process of policy formulation and to the choice of programs.

Michael Springer has made an analysis of the questions mentioned.[73] He compares the several approaches and concentrates his comparisons on the most often referred to (and seemingly better known) contributions: those of Gross and Toward a Social Report. He points out that, to many scholars and public officials, proposals for systems of social indicators and accounts and annual presidential social reports can be viewed as an ultimate instrument of societal management. These eventually would provide an assessment of the current and future state and performance of the social order, along with an indication of control mechanisms and guidelines for the production of social knowledge. If developed and applied to the management of organizations, these approaches could be expanded to the ultimate application of managerial rationality--the overall guidance of the social order.

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Springer calls the direct analogy often made between corporate planning practices and social accounting and reporting "deceptive": any ultimate instrument of government planning must address itself to much more elusive questions (such as crime and social breakdown). Furthermore, the number of decision-making centers and the range of conflicting values are far greater within government than within corporations.

He quotes the following five functions as roughly reflecting what this new instrumentality of rational control is expected to do:

1) assessment of the state of the society--economic and sociological information;

2) assessment of the performance of the society--how well the society is achieving a specific set of goals, whether a certain situation is desirable, and whether "progress" is being achieved;

3) anticipation of the future--an orientation toward the future;

4) indication of control mechanisms--the kinds of government and private actions called for to ameliorate a condition, achieve a particular goal, or secure a desired future; and

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5) guidance of social knowledge--a system of social accounts and regular reporting by the president is required to overcome the deficiencies of the present base of social information. Through this process, some degree of central control could be achieved in the federal statistical establishment.

These five functions are the ultimate application of managerial rationality. It would draw upon the techniques of social trend analysis, the analysis of national goals, futurism, systems theory, and the "new political economy" (a multidisciplinary field of political choice involving various scarce public goods).

The studies reviewed explicitly or implicitly accept the idea of a rationally managed social order, but Gross and Toward a Social Report differ in their notion of what that order would be. Springer believes Toward a Social Report is framed in the context of the new political economy. Pushed to its logical limits, it implicitly argues that the management of society is only rational when there is a complete consensus on national goals and when knowledge about how to achieve these goals is relatively complete. (The same idea is implicit in the Stanford Research Institute Model, the National Planning Association studies, and, to some extent, in Biderman's notion of consensual validation.) The notion is rooted in the conceptual scheme which guided the preparation of the

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document. Fundamental to this scheme is its definition of a social indicator (see page 93).

The Appendix of the report sketches out an approach for the development of a more rigorous set of social indicators. It suggests that:

1) in many areas of direct normative concern, aggregative indices would provide useful measures of social progress;

2) an impressive set of social indicators, based on such aggregative indices, could be developed at a modest cost in the near future; and

3) the next step would be the development of a system of policy accounts for determining the most "efficient" way of increasing a social indicator. Social indicators would measure social outputs, and policy accounts would measure public and private activities' impact upon costs and to a particular indicator.

According to Springer this "macroscopic causal model is a long way off," even though the report believes it ultimately will be required for "rational" decision making. The report assumes that the management of society can be guided, in the near future, by

clear standards of desirability, but will be restricted by limited knowledge of cause-effect relationships. Springer states that behind these notions is the optimization model of welfare economics: political processes will provide relative weights to a set of social indicators, and the cost-constraint analysis and resource allocation can be determined by the product accounts.

Gross's approach rejects, for the present, the causal modeling implied in Toward a Social Report: "My strategy has been to concentrate upon description and thereby prepare a foundation of explanation. This was meant studiously resisting the temptation to leap precipitately into premature use of the proposed accounting system for the purpose of prediction or control."[74] His general systems model, as described earlier in this chapter, takes into account a multiplicity of conflicting goals: "Rationality consists of society's managers being able to work out compromises between conflicting goals--and to act on the basis of sketchy knowledge of cause-effect relationships. In effect, Gross equates 'rationality' with the political process."[75] For Toward a Social Report a consensus (hence removed from social conflict) has to be achieved so that the desired social goals can be secured in an orderly fashion.

Springer's doubts are concerned not so much with the possibility of a managed society as with its moral and political

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aspects. As he sees it, proponents of social accounting and social reporting are inspired by two motives: the desire to bring about the implementation of some long-overdue social reforms, and the hope that in the process of bringing about these reforms they will become a new political elite of technocratic managers. "Such developments would also justify bringing the intellectual and scholar even closer to the centers of national policy-formulation. The literature of social accounting can thus be viewed as presenting an ideology which justifies the emergence of a new ruling class that will provide 'objective,' 'scientific,' and 'nonideological' advice to the 'rulers' of society."[76]

Mancur Olson,[77] who is mainly responsible for Toward a Social Report, defends his approach. He argues that the kind of analysis and data needed for a social report and the information that social indicators can provide could prove very useful in making strategic presidential decisions about socio-economic strategy. The National Goals Research Staff established in the White House might serve this strategic function of gaining visibility and influence through the issuance of annual social reports. The difficulty that Olson envisages is the lack of a satisfactory intellectual framework or theory for the analysis of social problems. He mentions two main acceptable frameworks: the problem solving approach, which

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is inherent in economic theory and operations research, and structural functional analysis, which is common in several social sciences. The contrast between the two approaches came out clearly in the work on Toward a Social Report. In its final format, each chapter of the report refers to a general goal--better housing, health--while the structural-functionalist advisors preferred the analysis organized around structures such as family and social class. The advisers criticized the chosen approach because it introduced value judgments on the choice of goals.[78]

Olson argues that structural-functional analysis is an incomplete version of the problem solving approach. Its main limitations are that it begins with a regular pattern of behavior rather than with the purpose(s) which that pattern of behavior is intended to serve, and that its tendency is to ask whether the structure that has been identified is functional or dysfunctional (in terms of survival, stability, or expansion of an institution rather than on the basis of profits per se). He also criticizes the problem solving approach because it should be used with more concern about suboptimization and with more interest in the "softer" variables that structural analysis considers. He proposes a synthesis of the two approaches: "complex system analysis."

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The General Approach--Some Closing Remarks

The differences in the general approaches reflect more than just a variance in intellectual posture about methods and measurement. Underlying the differences and the controversy is the awareness of what social indicators can mean for policy making and social guidance. If social indicators and social reporting are going to guide policy, then the issues of how to conceptualize and measure indicators have more than mere methodological implications; there are political implications as well.

The production and use of social indicators in an organized, systematic way could have a broad impact on the entire life of society. In addition to assessing how accurately indicators reflect the reality they intend to measure, it is necessary to assess the extent and manner in which indicators may be used by policy makers. The concern with the nonscientific uses to which indicators may be put is derived from the fact that many people will assume that statistics have inherent scientific value. "They are the roles data play as (1) the bases of claims against resources according to allocative devices established by law or custom; (2) as ammunition for the various parties to the adversary procedures of intraorganizational and interorganizational politics; (3) as the cohesion of organizational

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alliances; (4) as symbols for the persuasion of publics, and (5) as new grounds for national and institutional needs."[79]

Obvious questions arise about who should collect the data, what the role of the executive branch and Congress should be, and what should be done about conflicting data and interpretation. Most government publications argue for data collection by federal agencies centralized under the Office of Management and Budget, but several authors have defended the idea of multiplicity of data sources, both public and private.[80] These concerns are reflected in the literature and also in the proposed legislation.

The legislation necessary to enact the development of a social report was first presented in 1967 by Senator Walter Mondale. The bill called for the publication of an annual social report, the establishment of a Council of Social Advisors, and the creation of a Joint Congressional Committee on the Social Report. Since then, the role of the executive and legislative branches and whether there should be a separate Council of Social Advisors or an extension of the existing Council of Economic Advisors have been under discussion.[81] In 1970, the Senate passed the bill sponsored by Senator Mondale. The Full Opportunity and National Goals and Priorities Act provides for the creation of a Council of Social Advisors in the Executive Office of the President and an Office of Goals and

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Priorities Analysis in the Congress. The bill died in the House of Representatives in 1970, but has been reintroduced in the 92nd Congress. The proposed council would advise the president in the preparation of an annual social report and would be a social monitoring and data gathering agency comparable to the Council of Economic Advisors.

In conclusion, the review of the literature reveals that the authors who chose a general approach adopted several different frameworks. These reflect various positions both as to the conceptualization of indicators and social accounts and to the normative questions of how the data should be collected, by whom, and for what uses. There also is some divergence in the literature as to the main areas for which indicators should be developed.

Table 3 is an attempt to summarize the main areas of concern as suggested by the sources. Gross clearly indicated four areas, "a few of the more important and feasible,"[82] but they do not match the more comprehensive listing in Table 1, page 96, suggested by the elements of system performance. Perhaps Gross' s list was not meant to be complete, but was designed to offer examples only. His main concern was with establishing the basic conceptual framework for analysis and not with carrying it through to the final choice of indicators. The main areas mentioned by Sheldon and Moore are

TABLE 3

SUMMARY OF SUGGESTED MAIN AREAS OF SOCIAL CONCERN

Source	Areas of Concern														
Gross										Educational Capacities and Activities	Arts and Humanities			Crime and Delinquency	Vital Statistics of Organization and Association
Sheldon and Moore	Demographic Base: Population Trends and Characteristics	Structural Features					Distributive Features				Aggregative Features				
		Production and Labor Force and Employment	Knowledge and Technology	Politics	Family	Religion	Consumption	Leisure	Health	Schooling	Social Stratification and Mobility	Welfare			
Toward a Social Report and S.R.I. Model									Health and Illness	Learning, Science and Art	Social Mobility	Income and Poverty	Physical Environment	Public Order and Safety	Participation and Alienation
Quantity with Quality	Population Growth and Distribution	Economic Choice and Balanced Growth					Consumerism			Education, Basic Natural Science, Technology Assessment			Environment		
National Planning Association Studies								Leisure and Production	Health and Safety	Education, Skills and Income	Finer Things		Human Habitat	Freedom, Justice and Harmony	
Draft #6 of the Office of Management and Budget	Population Base and Population Distribution	Employment						Leisure and Recreation	Health	Education		Income	Housing and the Physical Environment	Public Safety and Legal Justice	

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derived from the 13 papers in the book they edited. Presumably they also reflect Sheldon and Moore's opinion. Other sources' areas of concern are clearly stated. Table 3 reveals the lack of agreement among the various sources as to the main areas of concern for which indicators should be developed and the taxonomic difficulties involved in the classification and labeling of categories that should be (but are not) mutually exclusive and exhaustive. Despite these divergences, it safely can be concluded from the literature review that there is agreement about the need for social indicators, the need for improved methodology, and some agreement about some areas of concern (for example, education and health).

The Specific Area Approach

Several contributions in the literature on social indicators adopt what can be called a specific area approach: they view the problem from a specific area of concern like health, environment, and so forth. The papers contributed to Sheldon and Moore's book,[83] and most of the articles in the several issues of the Annals,[84] have adopted this approach. In some sense, Toward a Social Report,[85] and Toward Balanced Growth: Quantity and Quality,[86] tend toward this approach when they move from general considerations to the analysis of each specific area of concern.

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The approach is characterized by:

1) descriptive analysis, that is, assessing progress and problems in the various social areas, mainly through the use of the available time-series data;

2) critical analysis of the existing data, showing its limitations; and

3) suggestions for new indicators needed.

Not all authors have emphasized the three aspects equally, and some have added a fourth dimension, the major policy problems involved. These factors compound the problem of making a systematic and balanced review for all the areas of concern.

The specific areas chosen for review here, based on Table 3, will reflect two criteria: (1) those that reflect some convergence in the several studies; and (2) those that are reflected in governmental agency studies, or studies oriented toward government goals and policies (such as the National Planning Association's). It will be assumed that they reflect the way the official data will be organized and published and those areas that are of interest for public policy in the near future. No attempt will be made to reproduce the statistics or statistical analyses; these can be found in the sources mentioned.

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The review for each topic will focus on three areas:

1) the main issues as mentioned by the reviewed authors;

2) measurements, that is, the limitations of existing data and/or proposed methodology and suggested indicators for each area; and

3) major policy problems when these are mentioned by the authors.

A review of the literature will center on the following:

1) demographic factors: population growth and distribution, the family;

2) structural factors: economic growth, labor force and employment, knowledge, technology, and science, the arts, environment and urban conditions;

3) distributive factors: income and consumption, leisure, health and safety, schooling and education, equality, freedom, justice and participation.

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The Demographic Factors: Population Growth and Distribution--The Family

The issues. --Two basic transformations in the nation's population have been growth and urbanization.[87]

The question of population size also involves the issue of whether a technologically advanced and industrially prosperous nation wants, or can continue, to pay the price of congestion and contamination stemming from overall affluence. Population might be limited by the inability of the environment to absorb the wastes that result from economic success.[88]

Another serious issue is population distribution. Because people increasingly have been concentrating in cities, and in a few rather large urban masses, the quality of life has lowered both in urban and rural areas. Projection of migration patterns is a distribution policy issue since that policy might affect such decisions as industrial plant location and other types of investment which would make increasing concentration of population a self-fulfilling prophecy.[89]

Measurement. --Demography is the object of continuous analysis and interpretation. There is a variety of data, but not all data are pertinent to the development of social indicators.

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Conrad Taueber,[90] noting that family structure and family relations are intimately related to demographic events, analyzes the deficiencies of demographic data and points out that there is little information on the interrelationships among economic, social, and demographic factors. He also suggests that more attention should be given to data already collected but improperly analyzed and interpreted before planning new surveys and collections.

William Goode shares these views.[91] He maintains that data on family change are very deficient for long-term charting and even more so for causal interpretations. Goode has noted some of the major problems in the measurement of family changes: (1) ideals in contrast to behavior; (2) class, sex, and generational perspectives; (3) absence of data on the process of building larger kinship units; and (4) low literacy.

He also suggests some of the important variables that seem to justify charting, both because of theoretical significance, and their uses in social bookkeeping. These are: time and money budgets; variations in family patterns; sexual behavior; changes in the employment of women; functioning of kinship networks; socialization practices; and social costs of the family system.

Data collection on these variables would be useful in uncovering problems, or the lack of them, in family behavior, and

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would provide approximate evaluation as to how well the nation is coping with family problems. If used carefully, these data could give some "crude" predictions of the immediate future. He cautions against simple extrapolations from a present trend in the absence of a sound theory.

Major policy problems. --It has been suggested that a viable option for dealing with the problem of population distribution is to encourage growth in centers other than the large urban masses, coupled with a complementary effort to develop new towns.[92]

The Structural Factors

Economic Growth

The issues. --The main concern in the area of economic growth or welfare is its measurement. The national income and product accounts are adequate to measure the current economic state of the nation, but changes in GNP over long periods of time are not a good measure of economic growth or welfare. Since "structural change is the essence of secular change, it must be accounted for."[93]

Another important issue is the analysis of the relationship between balanced growth and economic policy.[94] The search for a policy of balanced growth has major implications for the allocation

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of economic resources and is dependent upon economic growth. Conventional economic policy goals include full employment, an acceptable rate of growth, price stability, and a satisfactory balance of payments. To these must now be added a set of goals under the label (not yet clearly defined) of the quality of life.

Measurement. --A. W. Sametz proposes a method for the comparison of data on economic growth.[95] The gross national product should be adjusted upward to allow for the increase in the quality of output and leisure and downward to allow for the effects of the commercialization of domestic activities and the social costs of urban industrial society. He notes that this "net output index" can specify only the measurable part of economic welfare. It is possible, however, that it may have even less significance for future levels of social welfare. Social welfare, or happiness, may not be increased by increases in output per capita even if shared proportionally; beyond certain levels of real per capita output (and income) the additional satisfaction may be more psychological than physiological and may be more dependent on relative than absolute living levels and on collective rather than on private decisions.

Sametz offers the personal judgment that in the future it may be more reasonable to infer social welfare from increases in the output indicator. This is because the advance of knowledge will

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more than offset the external diseconomies faced today; the increasing role of government in economic affairs will introduce representative social decision making, while still preserving allocation efficiency; and there will be increasing equality of income and opportunity.

Major policy problems. --The setting of new goals for economic policy and the establishment of priorities among them are matters of social choice to be made by the people and expressed through their private institutions and governments. The key choices are among competing ends. Economic analysis can aid understanding of some central aspects of these choices and it can contribute toward the meeting of these ends once they are chosen. An economic policy of sustained growth also can make it possible for more of these ends to be achieved.[96]

Labor Force and Employment Trends

The issues. --The concern with full employment, optimum economic growth, and optimum allocation of resources in the context of social needs are inseparable objectives and do not involve pragmatic differentiation. For example, attacks upon unemployment and poverty are closely related.[97]

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Another concern is the impact of the changes in American society and Americans on the pattern of labor supply and use, and vice-versa. Stanley Lebergott argues that family income goals are determinative in shaping labor supply.[98] He analyzes the contributions of the major components in the labor supply and some consequential changes in the labor market. As the nation's work force moved from predominantly farming to manufacturing to service occupations, there was a decline in the role of the entrepreneur, the traditional creator of opportunities and inventions, and small-scale business enterprise, and an increase in the bureaucratization of work.

Lebergott also shows that productivity gains have been taken mostly in money rather than leisure. Scheduled factory and business hours have declined, but hours worked by individuals have not decreased (since the mid-1930s) because of overtime work and people holding two or more jobs. In addition, there is increasing participation of women and other members of the family in the working force. Furthermore, study of labor marketing stability reveals that job loyalty and stability are decreasing. There is some question whether this would not affect the efficiency and satisfaction of the labor force. On the other hand, since perhaps half of the job changes made by the average American worker are

voluntary, it may be inferred that they expect the change to be for the better (even if they are disappointed later).

Measurement. --Lebergott argues for better data development to orient government policies. Since in some sense the government is committed to guarantee the performance of the whole economy, it must acquire the complex knowledge of how the economy interacts. When its goals include providing better jobs for the socially disadvantaged, measuring the labor market consequences of many types of federal policies is very important. Lebergott also stresses the importance of maintaining consistency between the labor data and other measures usually used by the White House and the Council of Economic Advisors to evaluate the state of the economy.

He advocates data consistency between employment and labor force statistics and those on output, capital consumption, sales, and investments; greater utilization of the Bureau of Labor Statistics wage rate surveys; more information on reports to the Internal Revenue Service; a connection between household and establishment reporting; and more research on the various psychological and social factors (intelligence, background, and so forth) that influence income differentials.

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Major policy problems. --The main policy question discussed refers to the level of employment to be maintained. Leon Keyserling suggests that the main focus of economic and related social policies should be upon federally guaranteed full employment (with a compensation adequate to assure for all workers at least a minimum standard of living).[99] He also advocates a federally initiated nationwide system of guaranteed income for those who cannot be brought within the employment force. Keyserling proposes that full-time unemployment should be reduced to 2 percent and the true level of unemployment to about 3 percent.

Knowledge and Technology--Science

The issues. --The issue of science and technology as major change agencies is an important one. The narrowing interval between scientific discovery, technological implementation, and social use has increased the general rate of change. But the monitoring and accounting procedures for the differential rates of such changes in various sectors of society, and for their short-term and long-term consequences, are presently inadequate.[100]

It has been proposed that the measurement of knowledge and technology must be viewed within the context of the shift from an agricultural to an industrial to a postindustrial economy and

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society.[101] The rapid expansion of a professional and technical class in the postindustrial society suggests two new dimensions in social affairs. First, there is a decreasing dependence on money and an increasing dependence on "human capital," and, second, policies relating to the institutions concerned with knowledge and technology will become the central political questions for society.

Daniel Bell defines knowledge as: "a set of organized statements, setting forth a reasoned judgment or an experimental result, which is transmitted to others through some communication medium in some systematic form. . . . it is part of the social overhead investment of society."[102] Education will become a continuing process for the professional and technical person and it is already becoming the major determinant of the social stratification system ("meritocracy").

The question is also raised that an important source of knowledge--research in basic natural science--not only is experiencing a cut in financial support, but also is being subjected to a growing questioning of its role in society, particularly its relevance to contemporary social problems.[103] Historically, federal funding, the main source of basic scientific research, has been large relative to the scientific resources available. In the recent past, the supply of funds has leveled off and the scientific establishment has

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continued to grow; the previous relationship, in effect, has been reversed.

Scientists and their work also have begun to suffer criticisms because of their associations with the military and with industrial technology, which has polluted the environment. In addition, there has been a shift in priorities to social issues. The result is a serious strain on scientific institutions.

Measurement. --The available indicators in the areas of science and technology tend to be quantitative rather than qualitative. The major indicators of scientific activity which are generally available may be classified into three main groups.

1) Labor force: Measurement includes the numbers and types of scientists and engineers, by field; distribution of such personnel in various sectors of industry, government, and education; number of scientists and engineers added annually, for example, the types and numbers of certifications and degrees awarded.

2) Output: This is measured by the volume of communications such as reports and papers and by the number of discoveries and inventions.

3) Inputs (expenditures): These are indicated by the distribution of various funds for education, research, and development by source and allocation; and further breakdown by regional and social sector, for example, by state and by type of institution or industry.

But other indicators are needed to provide more positive measures of social progress and to warn of the social and environmental effects of new scientific-technical developments. Such extended and qualitative indicators will require further integration and interpretation into a comprehensive system of social accounting.[104]

Concerning the measurement of knowledge, Bell points out that the generally accepted statement (based on numbers of books in libraries, numbers of publications, journals, and so forth) that the amount of knowledge is increasing at an exponential rate obscures a more significant fact. The more typical pattern is not just growth of a field, but the creation of new and numerous subdivisions or specialties within fields.[105]

Bell also discusses the problems of conceptualizing and measuring technological change in an economic sense and concludes that, "even though it is difficult to demonstrate that the 'rate' of technological change has leaped ahead substantially in the past decades, it is undeniable that something substantially new about

technology has been introduced into economic and social history."[106] His suggested indicators for the evaluation of the postindustrial knowledge society are:

1) dimensions of the knowledge class: number of scientists, engineers, and technicians;

2) distribution of scientific personnel by sector (industry, government, university), by function (production, research, teaching), and by discipline;

3) forecasting of future college enrollments;

4) institutional structure (the striking facts about the intellectual institutions of the society are their dependence on the polity and the degree of concentration of resources--students and research money--in a relatively small number of universities); and

5) the allocation of resources--the financial measure of the growth of science and technology--the expenditures on research and development and its distribution by sector. (The federal government supplies most of the funds, while the work is performed principally by industry, universities, and nonprofit organizations).

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Major policy problems. --Because the postindustrial society will require more expertise and more social guidance, and because choices will become more conscious and the decision centers more visible, more politics than ever before will be involved. It will have to confront several crucial decisions. (1) By whom, for whom, and how will higher education be financed? (2) How and by whom should the results of research be evaluated? How will the priority decisions be made? (3) Are the best conditions of creativity based on individual efforts or social cooperation? (4) How will technology be transferred from the laboratory into prototypes and production? (5) What is the pace of knowledge and how can teaching keep abreast of it? (6) How should the strains of change be handled? Among these changes are the inclusion of disadvantaged groups into the society; the growth of interdependence and the creation of national societies; the increasing substitution of political for market decision making; the increase of urbanization and the decline of agriculture population; and the introduction of technological items. All of these stress the need for more consistent monitoring of social change.[107]

The major policy problems related to technology assessment are:[108]

1) establishing the criteria for deciding which among all of the new technologies emerging shall be selected for assessment;

2) how inspections, standards and controls shall be established;

3) the extent to which technology assessment shall become an established procedure with increased consideration of second order consequences of technology through all strata of decision making, both private and public;

4) how to reconcile the impact of the possibility of technology's negative consequences with the demand for new technology to ensure economic development. Among other things, this may require acceleration of efforts to develop new technologies and to correct the harmful impact of older technologies;

5) the level of support to be furnished basic science in the future; and

6) the types of research priorities selected often are short-term ones resulting from a more rapid expansion of the basic pool of knowledge by permitting science to pursue the internal logic of its own development.

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In summary, what is needed, and what may in fact be developing, is a forum in which the partially conflicting needs for maintaining the integrity of the core of basic research and the practical needs of society are resolved.

The Arts

The issues. --The transition to postindustrialism is marked by increasing political concern for the quality of life. The arts, an important determinant of that quality, are affected by this transition in the following ways: growth of mass participation in cultural activities; elaboration of the institutional framework of the arts (such as arts councils, art centers, and the culture industry); formation of a culture lobby; and politicalization.[109]

Due to modern technologies of communication and transportation, society has easier access to art today. But some forms of art, those involving live performance, are not increasing in proportion to the growth of population and the economy; in some cases they may even be declining absolutely. This can be a serious public problem, both from the viewpoints of art appreciation and practicing art, especially in those cases where a large number of live performances are needed to insure the training and development of artists.[110]

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Measurement. --A cultural data system is needed to contain and accelerate the rate of change, to provide information for rational policy making in the cultural field, and to assist those outside the field in understanding their impact on it. A tentative model is proposed to facilitate the monitoring of qualitative as well as quantitative changes in the arts in contemporary society.

Underlying this model is a "restrictive definition of the arts . . . to refer to classical music, opera, dance, theater, the visual arts and literary output."[111] Several variables are suggested by Alvin Toffler. Taken together, these comprise an index of the health of a nation's culture, and methods are proposed for statistically measuring changes in the following variables: (1) copious cultural output; (2) richly varied cultural output; (3) technically outstanding cultural output; (4) excellence in cultural output; (5) contemporary creative work as distinguished from the performance or reproduction of past works; (6) complexity of output; (7) sophisticated audiences, growing in size; (8) a vast amateur movement providing a training ground for both artists and audiences; (9) decentralized institutions of art (museums, theaters, and art centers); (10) artists held in high esteem and well remunerated; and (11) artists of undoubted genius consistently applauded in other countries around the globe.

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Environment and Urban Conditions

The issues. --In the United States the problem of a sufficient quantity of raw materials has been superseded by the qualitative (aesthetic, social, and even ethical) aspects of man's use of the natural environment.[112] Toward Balanced Growth also notes that until recently man's relationship to the environment has been one of exploration. Concern for the environment generally was limited to whether or not humanity was exhausting its new inheritance of sources of food, energy, and materials.

The current interest in the environment has two new aspects: (1) concern that the limitations the environment places on our activities may not be on the input side (sources of food, energy, and materials), but on the output side (a place to dispose of wastes); and (2) the environment is a complex ecological system in which intervention of an apparently minor sort can, and often does, have far-reaching consequences through a chain of unsuspected reactions.[113]

Physical environmental considerations include the quality of air and water, housing, landscaping, and transportation and urban patterns that determine the spatial dimensions of life.[114] Daniel Moynihan points out that urban crisis is a characteristic of our times and that it is a concern that tends to increase.[115]

Measurement: The physical environment. --Joseph Fisher notes that quantitative physical and economic indicators are available for measuring physical environment. However, goals and indicators with respect to the quality of the natural environment are difficult to conceive and are more difficult to work with, for several reasons: Qualitative matters are highly subjective; major elements of the natural environment such as land, water, and air serve a variety of uses and satisfactions, leading frequently to conflicts among different users. Compromises and trade-offs have to be made among them; it is not easy to determine from the human or social point of view exactly where to measure environmental quality; quality questions involve interpersonal, intertemporal, and interregional comparisons. Thus, it is difficult to find general indicators and goals that will hold steady over time; and, finally, services desired from raw materials and the natural environment frequently are jointly produced.[116]

Despite all these difficulties, there is the need to know the state of the natural environment. There is no single overall indicator of natural environmental quality in sight. Fisher suggests the basic indicator for social welfare probably should be the net social benefits that would result from various selected measures to deal with a specific problem. Where such estimates seem impossible,

the second best objective would be the minimization of social costs of selected measures. Because of the interrelatedness of environmental pollution problems, the author proposes the concept of the "environmental problem shed" to take into account the various physical and social problems and indicators within a given area.

He concludes with the following summary points:

1) Environmental quality indicators now being used are almost entirely indicators of physical condition and are not as directly relevant or meaningful for social welfare as one would like or as most people seem to think.

2) Probably the basic indicator for social welfare should be one dealing with net social benefits that would result from selected interrelated measures to achieve acceptable levels of air or water quality.

3) The processes by which decisions relating to environmental quality standards and programs are reached need to be given careful attention and should be measured satisfactorily in engineering or economic terms. Furthermore, typically there will be alternatives from which choices have to be made.

4) Although the qualitative aspects of the natural environment seem more closely related to social welfare, one should not lose sight of the basic importance of quantities of resource products and services for the "good life" in a great society.

5) Much research and development will be needed, not only on environmental pollution, but also on creating and improving the indicators of the trends in such pollution and its effect on people. This is a multidisciplinary task.

Measurement: Urban indicators. --According to Daniel Moynihan, urban indicators should report on conditions in three categories:[117]

1) People as individuals: numbers, distribution and density, mobility, employment and income, antisocial behavior (crime data), health, and participation in social institutions;

2) Families: unemployment and welfare statistics correlations and poverty neighborhood studies; and

3) Institutions: public service and voluntary organizations, business, mass media, education, and urban ecology.

To these, Ross Stagner adds psychological indicators.[118] He focuses on the city as a system and argues that objective indicators are limited; inherent factors in the situation demand that subjective data from those affected by social planning be considered. Stagner hypothesizes that frustrations of desires for status, security, recognition, and self-expression contribute substantially to the hostility and violence found in cities today. Research is required to validate this assertion.

A set of psychological urban indicators would focus on the frequency and intensity of satisfaction (or dissatisfaction) with aspects of urban life. The satisfaction and frustration of individuals with urban planning, urban renewal, urban schools, urban transportation, hospitals, and police security systems must be measured. Effective use of these indicators will require that they be analyzed in relation to the objective data already available. If data are sorted by census tracts or similar units, it should be feasible to test some hypotheses about urban planning by introducing a change in a restricted area and measuring any changes in perception and satisfaction which ensue.

Major policy problems. --The following strategy of response to environmental problems has been suggested:[119] (1) expand our

inadequate knowledge of ecological systems; (2) consider our current technological and economic alternatives in the light of long-range ecological balance; and (3) resolve conflicts between our demands for products and services and the depletion and pollution generated by them. The market mechanism can and should be used as one of the devices for regulating these demands. Government should play a role through appropriate regulations, taxes, subsidies, and setting of standards. Since environmental problems and their solution are of a global nature, they require cooperation of nations throughout the world.

The Distributive Factors

Income and Consumption

The issues. --Although overall income levels are high and are rising, the distribution of income in the United States has remained almost unchanged in the last 20 years. Income is a rough but convenient measure of the goods and services--food, clothing, entertainment, medical care, and so forth--available to a person, a family, or a nation.[120]

The analysis of consumption focuses on three broad issues.[121] First, America has reached a relatively high level of prosperity. Consumption is considered a prime goal of total economic effort.

The abundance has provided more for everyone, but not an equal share for all: there is inequality in income, consumption and assets. In terms of a fixed standard, that is, a given income for a family of a given size, the incidence of poverty has declined. In terms of the simplest of relative standards which relates the lowest incomes to the middle incomes, there has not been such a decline.

Second, at any level of income, consumption involves choice: choice of vocation, job location, size of family, selection of goods of desirable quality and price, and choice of profitable investments. The changes in society have affected the choices processes in two ways. (1) The problem of personal choice has been complicated by the increasing degree of specialized knowledge and discretion needed to determine how a growing amount of time and expenditures should be used. This is particularly relevant to the growth, over a long period, in tangible possessions, in financial investments, in the use of credit, in the decrease in working time, in the lengthening of the life span, and in the rapidity with which occupations may become obsolete during one's working lifetime. (2) There has been a decline in the latitude of individual discretion, resulting mainly from the increase in size of government activity. The proportion of personal income subject to individual discretion has diminished somewhat because of increases in taxes and increases

in the size of consumption collectively provided, while the area of public choice has increased.

Third, the study of consumer behavior as it affects the economy, especially those facets of consumer demand that are relevant for production, is important: changes in the timing of consumer investment decisions, particularly for durable goods such as an automobile, accentuate fluctuations in the economy. The anticipation of changes in such decision patterns has become an important area of research on consumer behavior.

Measurement. --Recognizing that all the above aspects of consumption require much more information, particularly of a longitudinal sort, Milton Moss cautions against the excess of unselective, irrelevant data gathering.[122]

Major policy issues. --At most income levels, and certainly as income levels rise higher, choices become an important issue of personal, family, and social improvement. For the individual, these choices involve the allocation of time and income for consumption and investment, and the allocation of both among the various goods, services, and investments. For the society as a whole the choices involve the allocation of the total effort and resources between private and public goods and services. Leisure, health, and education

involve both personal and public discretionary behavior. Each is differentially distributed among the various social groupings of the population.

Leisure

The issues. --There are ambiguities involved in distinguishing leisure from other major categories of living and in classifying and quantifying activities according to categories. To deal with the first problem, distinghishing major categories, Philip Ennis proposes a tripartite division: work, nurturance-maintenance, and leisure.[123]

Measurement. --For the problem of classifying and quantifying leisure or other categories, Ennis proposes a modular strategy. Three guidelines may help make these classifications more consistent. First, the life cycle of the individual or family should be considered (for example, educational activities for the young have the same coercive connotation that work has for adults). Second, natural distinctions of leisure "envelopes" should be maintained where feasible. For example, the weekday, the weekend, the vacation, and retirement are each constrained by different forces and have different meanings. Third, time, activity, or dollars devoted to leisure should be recorded and reported in a detailed form when

practical. Leisure then could be seen in its complexity, the components could be aggregated in different ways for different purposes. These suggestions help to delimit the field, but do not solve the problem of how to classify an activity. Ennis maintains this must come from a consensus determined either by intuition or empiricism. Present intuition should be clarified and refined by periodic research that will provide a stronger empirical basis for decision.

The following units could measure leisure output: (1) Time measures (total amount of leisure available to the country and time budgets of individuals); (2) money measures (aggregate of all consumer expenditures for leisure and the dollar budget study of persons or households); and (3) activity measures (study of the individual's interests and activities and study of leisure activities themselves through their more or less organized forms). For the measurement of leisure resources, Ennis suggests an assessment of the supply trends in space (land area involved), the capital invested, and the manpower utilized.

Ennis believes solution of the final question about the quality of leisure is the most difficult. Even if a precise evaluation of that quality could be reached, it would not be enough; the entire life process--work, maintenance, and leisure--in all its

social contexts, would have to be aggregated first for the individual then for the society. Because all the attempts to find such a "calculus of happiness" have failed, Ennis concludes that the "quality of society's leisure rests on a subjective judgment as to how well our values are being realized in a general way."[124]

Health

The issues. --The substantial reduction in the mortality rate over the past 60 years (as measured by life expectancy at birth and by death rates) suggests a great improvement in the health of the general population. But the analysis of death rates also shows that the significant decline has occurred primarily in the younger groups, especially among infants. Although great progress has been made in the prevention of death from infectious diseases, very little has been accomplished in the reduction of mortality resulting from chronic diseases. (Actually, an increase in mortality due to many chronic diseases has been recorded.) Healthy life expectancy (life free of disability and institutionalization) seems to have improved somewhat since 1957, but not as greatly as the improvement in medical knowledge and standards of living might warrant. For example, citizens of at least 15 nations have longer life expectancies than Americans, and Negro Americans have, on the

average, about 7 years less expectancy of a healthy life than whites.[125] The reasons for this situation may be the style of life (lack of exercise, smoking, stress), social and economic deprivation and uneven distribution of medical care, and the nation's system of financing medical care (insurance plans included) and the underuse of prophylactic care.[126]

Measurement. --It is recognized that mortality data have been useful in identifying certain public health problems and for epidemiological studies, but their uses as an index of health can be criticized except where the infectious diseases are concerned.

Several possible indicators of health have been suggested by Iwao Moriyama: (1) those associated with the health status of persons and populations in a given area (vital statistics, nutrition); (2) those related to physical environmental conditions having a more or less direct bearing on the health status of the area under review; (3) those concerned with health services and activities directed to the improvement of health conditions (availability and use of hospitals, physicians, and other health personnel); and (4) biochemical and other indicators of "healthiness."[127]

If the availability of data is a prerequisite, then a health index would have to include disease and disability; it should be expressed in terms of the demographic characteristics of the

population; and it should indicate the causes of disability and should be able to adjust to changes or differences in situations. Also needed are clarification on the uses of the health index, and more studies on conceptual problems, especially those relating to a definition of health. None of the existing definitions, including that of the World Health Organization ("a state of complete physical, mental and social well being and not merely the absence of disease and infirmity") is satisfactory for measurement purposes. In the spectrum of optimum health at one extreme and death at the other, they do not specify any criteria to determine where the state of health or disease begins or ends.

Major policy problems. --These issues regarding health remain to be resolved:[128]

1) How much of our resources should be devoted to medical research now and in the future?

2) How can the nation provide health services to encourage preventive care, and which will insure that all persons have access to health services which are reasonably comprehensive?

3) How much of the nation's health resources should be used to serve the various age groups?

4) Can new ways be found to solve the problems of sharp increases in medical care costs?

5) How can public policy reconcile organizations' and individuals' freedom with a redirection of control practices that are harmful to the environment and with an alteration in harmful personal habits and life styles?

Education and Learning

The issues. --There is some evidence of progress toward the goals of assuring the right to an education for all. An increase in the learning force is demonstrated by the explosive increase in school enrollment and in other vocational, technical, and professional training activities outside the formal educational structure. There also has been a great proliferation of other formal educational activities under a variety of sponsorships (business, libraries, museums, churches, charity groups, and some more informal activities such as those of neighborhoods or other small groups). Other indications are the increasing number of teachers, rising educational expenditures, changing methods of teaching, and the

increasing average number of years of schooling.[129] Learning and education for the poor show less encouraging results, and socially and economically disadvantaged groups systematically learn less.

Education has an important role in providing people with the knowledge and skills necessary to manage change and complexity.[130] In the past, going to school was equated with education, and the role of schooling was to transmit information and traditional values. Today's society is changing so rapidly that a new orientation is demanded of the schools. They should be relevant to the needs of the student, that is, they should treat him as an individual and teach him to deal with contemporary problems, and institutions of higher learning must help solve the present problems of society.

Measurement. --An understanding of the educational process and how to evaluate it must be developed. It is further required that an experimental posture toward innovation in education be developed which will reflect the present basic uncertainty as to how to go about solving the many problems which the educational system faces.

Several questions about education remain unanswered. New indicators must be developed which take into consideration the wide variety of goals as well as the changes in definitions and emphasis of those goals. There is need for both qualitative and quantitative

data. Although some quantitative indicators exist (educational opportunities, quantity of education), the data disclose little about the quality of the educational system or its products. New indicators relating to educational opportunities, the quality of education, fundamental human behavior, and political and economic behavior are needed. The responsibility for developing them must be shared by public and private interests--government, business, educators, labor unions, and civic and community groups.[131]

In addition to these, Beverly Duncan suggests that future top priority should be given to a better arrangement of data collected under existing programs.[132] For example, data might be rearranged to examine the progression of successive peer groups through the school system. The second priority would be the increase in size of the sample surveyed periodically with respect to enrollment status and grades completed.

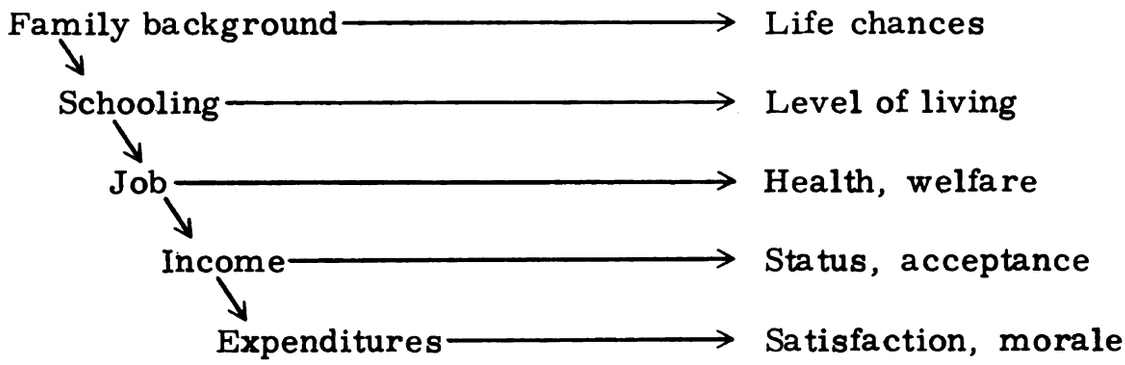
Equality, Freedom, and Justice

Under the general heading of equality, freedom, and justice are included several topics on poverty, inequality and conflict, discrimination, social mobility, social breakdown and crime, and participation.[133]

Poverty, discrimination, stratification, and mobility: The issues. --It is argued that poverty in high-income societies is more than income insufficiency: it refers to a relative deprivation and to the more disturbing issue of inequality.[134] The principal cause of the decline in the number of people that have incomes below the poverty line has been the increase in earnings. But some of the poor are unable to work because they are too young, too old, disabled, or otherwise prevented from doing so. They would not, therefore, be directly helped by increased levels of wages and earnings in the economy as a whole. The patterns of present programs (social insurance, public assistance, minimum wage, and job training programs) and a discussion of new proposals for solutions to the welfare crisis have been analyzed in the literature. The conclusion reached is that there is no simple, single answer or a magic solution to the problems of poverty and economic security.

Closely related to the problem of poverty is the problem of discrimination. Otis Duncan, proposing a concept of discrimination, notes that what we really want is freedom from the results of discrimination, but since we can only measure, or infer, some of these results, the goal might be better stated as freedom of full participation.[135]

The functions of indicators to measure fullness of participation of minorities in American society can be best understood in relation to the socioeconomic life cycle.[136]



This scheme assumes that the circumstances of the family orientation (size, structure, socioeconomic status, stability, and so forth) provide a set of initial conditions whose effects are transmitted through subsequent stages of attainment and achievement. Schooling, job, income, and expenditures are the "distributive variables."

The term nonwhite includes a variety of minorities, but because of the lack of comparable data on other groups, the author limits his analysis to the Negro minority. Data for Negroes, in particular, reveal the operation of two types of disadvantages: those common to all members of society subject to disadvantages of background or misfortune, and those specific to the minority status. Negroes are also discriminated against in the job market. Limitations on credit and less access to markets give those Negroes

at the same income level as some whites less buying power. Even if a Negro attains educational and occupational achievements and levels of living and welfare comparable to whites, his social status is not the same.

Duncan also has studied the problems of stratification and mobility in the United States. His conceptual orientation is that "the degree of rigidity in the stratification system . . . refers to the extent to which the level of status achievement depends upon the social origin. If there is much intergenerational transmission of status, a society is highly stratified, if there is little, the degree of stratification is low."[137] Duncan's analysis, although limited by the available data and its own shortcomings, provides a partial answer to the question of the rigidity of the stratification system in the United States. Since the relationship between father's and son's occupational status has remained positively related, then, at least for white males, the data suggest that no change has occurred in the rigidity of the stratification system between 1910 and 1950, and that the same probability would be valid through 1966.

Analysis of the available data also shows that Negroes have much less occupational mobility than whites. Their opportunity seems to be restricted to a very great extent by current race

discrimination and other factors specifically related to race. In addition to the handicaps in background that arise out of past discrimination and that limit opportunities, the Negro also continues to obtain less reward for his qualifications than he would if he were white.[138]

Poverty, discrimination, stratification, and mobility: Measurement. --Consistent with the conceptualization presented above that poverty should be viewed as a social condition, and that income alone is an inadequate indicator of the standard of living, six dimensions are proposed for the measurement of well-being:[139]

1) Income: its level, stability, and source;

2) Assets: housing, consumers' durables, savings, and insurance;

3) Basic services: health, neighborhood amenities, transportation, and legal and social services;

4) Education and social mobility: expenditure data, quality of the output, and intergenerational social mobility rates;

5) Political position: voting, representation, quality of treatment, rights and grievances, membership in

organizations and associations that represent the interests of individuals, and feeling of powerlessness; and

6) Status and satisfaction: occupational prestige, community stratification, index of income stigma, degree of acceptance of self, agreeability of self-image, satisfaction with life, and individuals' perceptions of inequalities in each of these six dimensions.

For the measurement of participation of minorities in the society, it is proposed that a better evaluation of the two groups of handicaps stated in the conceptual orientation, "initial conditions" and "distributive variables," is necessary if efficient methods of inducing change are to be found.[140]

Duncan suggests that any real change in the degree of stratification or in correlations between variables implicated in the process of stratification can be detected. However, the change must be large enough and there must be a rigorous standardization of concepts, scales, and survey techniques. He proposes replication of previous studies so as to detect the changes, if any, in the degree of stratification. Among these studies are Occupational Changes in a Generation Survey, The Chicago Six-Cities Survey of Labor Mobility, replication and extension of Rogoff's study for

Marion county, and also recovering and recording schedules of ad hoc measurements of intergenerational mobility that have been made in connection with other studies.[141]

Social breakdown and crime: The issues. --Some of the present social problems have been analyzed and interpreted from another perspective. Nathan Goldman points out that reports from a variety of sources state that American society is breaking down morally and socially.[142] Indicators of this are those forms of behavior which deviate from the accepted norms of the Judaeo-Christian culture (drug addition, alcoholism, prostitution, gambling, divorce, venereal disease, illegitimacy, poverty, homosexuality, crime, riots, racial discrimination, and so forth).

Analyzing some of the statistics available, Goldman concludes that it is difficult to indicate the extent of the problem or its trend in relation to past periods. Lack of data, the unclear and varying definitions of the indicators of social breakdown underlying existing data, and the differential reporting at various levels explain the difficulties. Furthermore, some of the problems seem to be more or less socially sanctioned adjustments to strains in the social system rather than maladjustments in themselves. Many of these strains result from restrictions, confusion, and inadequacy

in role performance. To attain the goal of maximizing the social health of American society, we must consider these problems as indicators of strain and focus our national resources on their reduction.

One of the problems of social breakdown that has received quite a lot of attention in the literature is that of crime. Albert Biderman uses crime to illustrate both the difficulties in obtaining good operational definitions as a basis for measurement and the shortcomings of available statistics.[143] According to Daniel Glaser,[144] some general formulation of crime and delinquency reduction goals is possible and sound estimates can be made as to the progress toward these goals. His proposed procedure considers the various types of offense under the label of crime (as will be seen on page 171).

The burden of crime is uneven:[145] it is concentrated among the poor. Both criminals and victims are more likely to be residents of the poverty areas of central cities than of suburbs and rural areas. Many of those residents in the urban ghettoes are Negroes. Negroes have much higher arrest rates than whites, but it is less widely known that Negroes also have higher rates of victimization than whites of any income group.

Young people commit a disproportionate share of crimes. Part of the recent increase in crime rates can be attributed to the

growing proportion of young people in the population, but the propensity of youth to commit crimes appears to be increasing. How could crime be prevented? Fear of apprehension and punishment may deter some crime, and the crime rate in a neighborhood drops with more intensive policing. But crime and disorder tend to center among young people in ghetto areas, where the prospects for legitimate and socially useful activity are poorest. It seems unlikely that stronger punishment, a strengthening of public prosecutors, or more police can, by themselves, prevent either individual crime or civil disorder. Opportunities for the poor and their attitudes toward the police and the law also must change before the problems can be solved.

Social breakdown and crime: Measurement. --Nathan Goldman suggests the need to improve the collection of data on the indicators of social strain and to devise new ones; these would identify and locate situations which interfere with the ideal functioning of the social system.[146] A significant aspect of social breakdown is seen in the inability of the society to mobilize for an attack on situations which it considers undesirable. Standard definitions or criteria of social problems must be established; the scope and accuracy of data collection must be increased. Information-gathering

on the local or state level needs to be coordinated on a nation-wide basis.

Glaser suggests that the procedure for measuring the prevalence of crime should be based on the type of offense:[147]

1) predatory crime, or acts which have a definite and intended victim. This type is most readily counted because the victim generally reports the offense;

2) illegal service crimes are acts which involve a relationship between a criminal and his customer (for example, narcotics, gambling, prostitution). These are not counted readily, because both parties share an interest in not reporting the offense;

3) public disorder crimes also lack a specific victim in most cases. These are crimes only when performed before an audience that is offended or is likely to be offended (drunkness, vagrancy, and so forth); and

4) crimes of negligence usually involve an unintended victim (such as automobile driving infractions).

Each of these four types poses different problems in the specification of goals and indicators. Further complication arises from the

tendency for crimes to be defined differently. In practice crimes are defined according to the status of both the offender and his victim, customer, or audience.

After analyzing each of the four types the author suggests that the assessment of the effectiveness of police, court, and conventional agency programs requires crime statistics different from those collected to estimate the incidence of crime. Long-term data on criminal careers, for example, would enable comparison of the subsequent criminality of similar offenders who receive different kinds of correctional treatment. The formulation of crime reduction goals also should consider the difficult problem of crime definitions and the social costs of crime control actions. Because of the multiplicity of the data sources and scope of perspective necessary for such diversified measurements, the author recommends that the primary responsibility should be in the hands of a single national agency. It would be assisted by the many other agencies at the national, state, and local level now oriented to segments of this task.

Participation: The issues. --Another topic that has interested the authors is that of politics and political participation. Analyzing the topic from a broad viewpoint, Joyce and William Mitchell view the political system "as a functional element of the

wider, more inclusive society engaged in a variety of valued activities."[148] They find it represents a paradox of stability and change.

The United States has created and preserved one of the most stable sets of political structure ever known: it has the oldest operative written constitution, the oldest continuous two-party system, and the oldest recurrent set of peaceful elections in world history. The original Constitution still defines the basic structure of the government, but 15 amendments and subsequent interpretation and implementation have brought about important changes and adaptations.

Political life has become both more centralized and decentralized (greater federal and state activities) both in defining problems and establishing public offices. The increasing complexity of governmental practices is exemplified by the proliferation of more elective offices, administrative units, boards, and commissions, across all levels and different geographic jurisdictions. Public-private cooperation has become widespread.

As the polity has grown in size and complexity, official functions have become more specialized and professionalized. Political participation, as measured by voting, involves only two-thirds of the eligible electorate. On the other hand, highly

organized associations or interests groups and political parties and campaign organizations increasingly have become the major factors in political life. This bureaucratization of interests is a primary political means of achieving policy and other public ends, but not all segments of society have been, or are, organized into equally powerful organizations. (According to the Mitchells, the most organized are business, labor, and professional interests, in that order.) As a result of bureaucratization, groups have become more impersonal and more distant from their membership. Far from having decentralized decision units, the elites make the choices. They are constrained to please their constituents only to the extent that they fear losing their own positions.

The Mitchells point out that the exclusion, through willfulness or apathy, of about one-third of the electorate may be interpreted as a symptom of division and alienation. Policy preferences and demands of the citizenry still can be voiced, but rarely in the direct fashion of personal participation. The American activists of today do not seem to have given up entirely the right to protest, but as the authors point out, their alternatives of political action (demonstrations, sit-ins, rioting) are not new. However, the methods and the extent of their usage in this country are new and still are considered "marginal" by the most conservative elements of the society.

The Mitchells speculate on the future process of resolution for the present conflicts and suggest the possibility of a cyclical pattern of behavior: individual protest, accommodation or repression, increased agitation, increasing amounts of organized effort, formation of formal organizations, negotiation and compromises with more established private organizations and governments, internal divisions and protests by members as the original movements become establishment-oriented, and then routinized bureaucratic participation in political life as success is taken for granted.

The authors contend that the government has an increasing impact on the lives of American citizens and that this can be supported by objective evidence (rather than the subjective feelings) of the citizens. They illustrate this both by an analysis of the citizens' role in supporting the system through taxation and subsidies and of the regional share of government expenditures.

The issue of electoral participation was analyzed by Richard Scammon, on the basis of the report of the Kennedy Commission on Registration and Voter Participation, the 1964 Current Population Survey of the Bureau of Census and other data.[149] He notes that Americans participate less in national elections than do the citizens of many other democratic states, and the voter turnout varies greatly as measured by social class, geographic areas, sex, age, and other criteria.

The low turnout is explained by understanding two basic groups of nonvoters. One is limited by such obstacles as citizenship, registration and absentee voting requirements, racial and religious inequalities, and administrative regulations for voting times and locations. The other group includes those who meet legal and administrative requirements but "lack involvement." Women vote less than men; young people less than the middle-aged. Socioeconomic status also affects lack of involvement, as does importance of the election, closeness of the race, and competitiveness of the political atmosphere. Noting that voter participation is a dubious goal, the author suggests that perhaps the effort should be to increase access to the polls by elimination or changing of the legal and administrative barriers to voluntary voting.

Participation has been studied in a broader context by Sidney Verba. He defines democratic participation as the "process by which citizens influence or control those who make major decisions affecting them."[150] Participation is important because it represents a general value in this society. Although it is often thought of as a means to some other end, it is an end in itself because it enhances the individual's self-esteem and feeling as a citizen. Furthermore, the more the government does in relation to the life of a society, the higher the stakes of political participation.

The author discusses several problems of participation, including the problems of scale (the individual's participation in relation to the size of the decisional unit); the problem of technical complexity (consequent need for specialized agencies and technical expertise); and the problem of inequalities in participation.

Participation: Measurement. --For participation in general, and political participation and electoral participation in particular, the following topics are proposed for further research:[151] (1) membership in organizations; (2) more comprehensive analysis of electoral behavior; (3) more systematic, continuous accounts of "non-legitimate" forms of political action (riots, evasions of or resistance to laws, brutality and violence between officials and citizenry, and other such efforts at coercion, disruption, evasion and pressure); (4) more research on political communication, sources, channels, volume, and ultimate distribution or reception; (5) more systematic surveys of citizen-government transactions beyond electoral participation; and (6) a great deal more basic conceptualization on measuring policy outputs of American governments. Further definitions and measures are needed for public "goods" in the terms of their final goals or consequences, such as security, welfare, benefits, burdens, and satisfactions.

Social Indicators: The Present State of the Art

The review of the literature illustrates the "social information explosion" noted by Gross. But reviewed as a whole, the literature lacks consistency and integration. The general approach makes a positive contribution to the problem of initial conceptualizations, but the efforts are not translated into operational definitions facilitating measurement or into specific measurement proposals. The specific areas approach concentrates mostly on the specific statistics needed, but very often lacks the basic conceptual context within which these statistics gain meaning. The lack of some common format in the several papers and articles also is regrettable. The proposed three areas of review (issues, measurement, and major policy problems) are not balanced because they were not given equal consideration by the various authors.

The overall impression is one of the immaturity of the state of the art. The main problems seem to be in moving from level to level: (1) from the general formulation of a societal model to the conceptualization of the specific areas of concern; (2) from the conceptualization of the specific areas of concern to the operational definitions of the variables to be measured; (3) from the operational definitions of the variables to the adequate choice of

measurements;[152] and (4) from the indicators to some process of policy planning to which they are relevant.[153] Most of the authors seem well aware of these problems. Some of those using the specific areas approach make methodological suggestions for those areas that actually are measurement requirements of general applicability.[154]

The suggested guidelines for a comprehensive study of social indicators include conceptual framework, data, and policy planning. The major elements of each is described below.

Conceptual Framework:

a. conceptual orientation that will lead to criteria for measurement,

b. standardization of categories,

c. specificity of categories, and

d. complete categories embodying all variables and elements that impinge upon the quality of life.

Data

a. location or creation of data pertinent to the needs of the conceptual framework,

b. disaggregation of data (data should be as specifically local as resources permit, but also should allow aggregation for a truly national set of indicators),

c. correlation of data (data should report the correlation between phenomena: what unit, which people, and how many of them are doing what under known social conditions),

d. availability of comparable data for successive periods of time so that intertemporal differences can be taken to signify change rather than mere fluctuations in errors of measurement or variation in study design, and

e. inspection of the intertemporal comparisons for evidence of secular trends or other identifiable temporal patterns.

Policy Planning:

a. the data should be relevant to some coherent national process of policy planning, which is necessary to establish the relationships of social indicators to some national or societal objectives, goals, and so forth, and

b. the use to which social indicators are put for policy making is important in terms of inferring, interpreting, analyzing, and evaluating (thus the several suggestions for multiplicity of data source, for apolitical or "panpolitical" data, and so forth).

The important conclusion from this review seems to be that despite restrictions on both the conceptualization and measurement of social indicators, and despite the relative immaturity of the present state of the art, social indicators soon will be part of the information base for decision making.

As seen in the literature review, the authors have been very critical of the methodological basis of existing data. Nevertheless, some of them have tried to apply better conceptual frameworks to the analysis of that data and have reached many new

conclusions and raised many interesting questions. It is to be expected that researchers' interest in pursuing studies of social indicators with better methodological tools will be greatly stimulated. As a matter of fact, many private institutions and governmental agencies already are involved in the investigation of social indicators and social reporting.

Although in the present state of the art there is no agreement about what the indicators are, how they are to be measured, and what activities lead to changes in these indicators, the review implies that agreement may be possible in the future. The review also indicates that what began with considerations for the quality of life in terms "of hard or soft data, quantitative or qualitative data, ordinal or cardinal,"[155] is evolving more and more into the idea of quantitative data of a longitudinal nature, expressed in statistical series.

Furthermore, whether or not the best indicators, the best conceptualization, or the best measurements are used, the emergence of quantitative social indicators and a periodic social report will have a broad impact. The final component of a social report is the recommendation for national goals and policies. Implicit in the idea of evaluating the quality of life is the idea of directing social change through the sound choice of government policies. It is here

that the nexus between information from social indicators and corporation decision making becomes clear: social indicators both will reflect and guide government policies, and these, in turn, will influence the corporation. This is the basic idea which underlies this dissertation.

Chapter 3 Footnotes

[1]Daniel Bell, "The Idea of a Social Report," Public Interest 15 (Spring 1969): 72-84. Bell cites the work of J. C. L. Simonde de Sismondi, New Principles of Political Economy, published in 1819; Arthur C. Pigou, Economics of Welfare, published in 1920, and Karl W. Kapp, The Social Costs of Private Enterprise, published in 1950.

[2]Bertram M. Gross and Michael Springer, "A New Orientation in American Government," Annals of the American Academy of Political and Social Science 371 (May 1967), 1-19.

[3]Wilbur J. Cohen, "An Introductory Commentary," preface to Toward a Social Report (Ann Arbor, Mich.: The University of Michigan Press, 1970), p. v.

[4]Cohen, "Commentary," p. vi.

[5]Gross and Springer, "New Orientation," p. 8.

[6]Ibid.

[7]Raymond A. Bauer, ed, Social Indicators (Cambridge, Mass.: The M.I.T. Press, 1966).

[8]This was later published separately as a book with the same title, London Tavistock Publications, Ltd., 1966.

[9]Bertram M. Gross, "The Social State of the Union," Trans-Action (November-December 1965), pp. 14-17. This article led Thorsten Sellin, editor of THE ANNALS, to suggest that an issue of the publication be devoted to the subject of social indicators. Two issues were published in 1967, "Social Goals and Indicators for American Society," Vol. I, May 1967, Vol. II, September 1967, and one in March 1970: "Political Intelligence for America's Future."

[10]Cohen, "Commentary," p. vi.

[11]"To improve our ability to chart our progress, I have asked the Secretary to establish within his office the resources to develop the necessary social statistics and indicators to supplement those prepared by the Bureau of Labor Statistics and the Council of Economic Advisors. With these yardsticks, we can better measure the distance we have come and plan for the way ahead."

[12]U.S., Department of Health, Education and Welfare, Toward a Social Report (Washington, D.C.: U.S. Government Printing Office, 1969). Alice Rivlin and Mancur Olson, Jr., worked with the several drafts of the document.

[13]For a different view of the constraints and problems in the preparation of the Report see Lewin's harsh comments. Arthur Lewin, The Satisficers (New York: The McCarl Publishing Co., 1970).

[14]Eleanor B. Sheldon and Wilbert E. Moore, eds., Indicators of Social Change: Concepts and Measurements (New York: Russell Sage Foundation, 1968).

[15]Daniel Bell, ed., Toward the Year 2000 (New York: Houghton Mifflin, 1968). The commission's work is similar in scope to various other long-range studies: Herman Kahn and Anthony J. Wiener, The Year 2000: A Framework for Speculation on the Next Thirty-Three Years (New York: McMillan, 1967), and Bertrand de Jouvenel's Futuribles project in Paris, The Art of Conjecture (New York: Basic Books, 1967). See also Robert Jungk and Johan Galtung, eds., Mankind 2000 (London: Allen and Unwin, 1969).

[16]Gross and Springer, "New Orientation," p. 10.

[17]President's Commission on National Goals, Goals for the Americans: Programs for Action in the Sixties (Englewood Cliffs, N.J.: Prentice Hall, 1960).

[18]Albert D. Biderman, "Social Indicators and Goals," in Bauer, ed., Social Indicators, pp. 68-153.

[19]Office of the White House Press Secretary, "Statement by the President on the Establishment of a National Goals Research Staff," 13 July 1969.

[20]National Goals Research Staff, Toward Balanced Growth: Quantity with Quality (Washington, D.C.: U.S. Government Printing Office, 1970).

[21]Nestor E. Terleckyj, "Measuring Possibilities of Social Change," Looking Ahead 18, no. 6 (August 1970): 1-10, and "The Role of Efficiency in Achieving National Goals," paper presented to the Annual Meeting of the American Association for the Advancement of Science, Chicago, Ill., 29 December 1970.

[22]Dwight A. Ink, "Statement Before the Special Sub-Committee on Evaluation and Planning of Social Programs of the Senate Committee on Labor and Public Welfare" on S. 5, "The Full Opportunity and National Goals and Priorities Act," mimeo supplied by the author.

[23]Office of Management and Budget Statistical Policy, "Social Indicators," Draft no. 6, June 1971. See also Daniel B. Tunstall, "Developing a Social Statistics Publication," paper presented at the 1970 Annual Meeting of the American Statistical Association, Detroit, Mich., 27 December 1970. In this paper only five areas of social concern are mentioned: health, public safety, legal justice, education, and employment and income.

[24]See, for example, Irma Adelman and Cynthia Taft Morris, Society Politics and Economic Development (Baltimore, Md.: The John Hopkins Press, 1967); Frederick H. Harbison, Joan Maruhnic and Jane R. Resnick, Quantitative Analysis of Modernization and Development (Princeton, N.J.: Princeton University, 1970). See also the issue of the Annals of the American Academy of Political and Social Science 393, "Social Information for Developing Countries" (January 1971).

[25]Donald V. McGranahan, "Analysis of Socio-Economic Development Through a System of Indicators," Annals of the American Academy of Political and Social Science 393 (January 1971): 66.

[26]Jay W. Forrester, Industrial Dynamics (Cambridge, Mass.: The M.I.T. Press, 1961); and Jay W. Forrester, Principles of Systems (Cambridge, Mass.: Wright-Allen Press, 1968).

[27]Dennis L. Meadows, "World Simulation--An Approach to World Planning," The MBA (April 1971), pp. 42-46.

[28]Meadows, "World Simulation." See also: Jay W. Forrester, "Counterintuitive Behavior of Social Systems," Technology Review 73 (January 1971): 53-68; and Jay W. Forrester, World Dynamics (Cambridge, Mass.: Wright-Allen Press, 1971).

[29]Bauer, Social Indicators.

[30]Bertram M. Gross, "The State of the Nation: Social System Accounting," in Bauer, ed., Social Indicators, pp. 154-271.

[31]Biderman, "Social Indicators," pp. 68-153.

[32]Sheldon and Moore, Indicators.

[33]Educational Policy Research Center, "Toward Master Social Indicators" (unpublished memorandum), Stanford Research Institute (Menlo Park, Calif., 1969).

[34]Amitai Etzioni, "Toward a Theory of Societal Guidance," in Sarajane Heidt and Amitai Etzioni, eds., Societal Guidance: A New Approach to Social Problems (New York: Thomas Y. Crowell Co., 1969). See also: Amitai Etzioni, "Short-cuts to Social Change?," Public Interest 12 (Summer 1968): 40-51.

[35]Amitai Etzioni and Edward W. Lehman, "Some Dangers in Valid Social Measurement," Annals of the American Academy of Political Science 373 (September 1967): 1-15.

[36]Toward a Social Report.

[37]Toward Balanced Growth.

[38]Terleckyj, "Measuring Possibilities."

[39]Raymond A. Bauer, "Detection and Anticipation of Impact: The Nature of the Task," in Bauer, ed., Social Indicators, p. 1.

[40]Sheldon and Moore, Indicators, p. 4.

[41]Toward a Social Report, p. 97.

[42]"Toward Master Social Indicators," p. 12.

[43]Gross, "State of the Nation."

[44]Ibid., p. 183.

[45]Ibid., p. 185.

[46]Ibid., pp. 264-65.

[47]"Toward Master Social Indicators."

[48]Ibid., p. 15.

[49]Ibid., p. 7.

[50]Adrian B. Ryans, "Developing a Rational System of Social Indicators," unpubl. paper, Graduate School of Business, Stanford University, 1970, p. 6.

[51]Toward a Social Report. See also: Mancur Olson, Jr., "The Plan and Purpose of a Social Report," Public Interest 15 (Spring 1969): 85-97.

[52]Toward a Social Report, p. 100.

[53]Ibid., p. 101.

[54]Toward Balanced Growth.

[55]Ibid., pp. 5-6.

[56]Ibid., p. 33.

[57]Leonard A. Lecht, Goals, Priorities and Dollars: The Next Decade (New York: The Free Press, 1966).

[58]Terleckyj, "Measuring Possibilities."

[59]Ibid., pp. 2-3.

[60]Ibid.

[61]Terleckyj, "The Role of Efficiency."

[62]Ibid., p. 16.

[63]Nestor E. Terleckyj, "Measuring Output of Government Activities," paper presented at the International Conference on Income and Wealth, Ronneby, Sweden, 29 August 1971, p. 25.

[64]Biderman, "Social Indicators."

[65]Ibid., p. 24.

[66]Sheldon and Moore, Indicators.

[67]Some of the same restrictions are expressed in Toward a Social Report, pp. 96-97. A large part of our existing social statistics are excluded from the category of social indicators since they are records of inputs; they do not indicate whether things effectively improved. The main shortcomings of the existing statistical system are: (1) many of our statistics on social problems are merely a by-product of the informational requirements of routine management; (2) the decisions about what statistics should be collected are ad hoc. A series of more or less independent decisions, however intelligent, may not provide the most coherent and useful system of statistics.

[68]Sheldon and Moore, eds., Indicators, p. 10.

[69]Etzioni and Lehman, "Some Dangers."

[70]Ibid., p. 2.

[71]On indexing, see Iwao M. Moriyama, "Problems in the Measurement of Health Status," in Sheldon and Moore, Indicators, pp. 573-600. Analyzing the need for an overall index of health and the difficulties of deriving it, Moriyama suggests that an index should have certain properties: (1) it should be meaningful and understandable; (2) it should be sensitive to variations in the phenomenon being measured; (3) the assumptions underlying the index should be theoretically justifiable and intuitively reasonable; (4) it should consist of clearly defined component parts; (5) each component should make an independent contribution to variations in the phenomenon being measured; and (6) the index should be derivable from data that are available or quite feasible to obtain.

[72]The same kind of restrictions are made by Terleckyj. Arguing that there has been a failure of both demand and supply statistics for social fields, the author states that "the existing statistical systems in the social field do not adequately serve the needs, either of scholarship or of policy making for measuring and analysis of social changes in the United States." Nestor E. Terleckyj, "Data Systems for Measuring Social Change," paper presented at the 1970 Business and Economic Statistics Section, Proceedings of the American Statistical Association, mimeo supplied by author.

[73]Michael Springer, "Social Indicators, Reports and Accounts: Toward the Management of Society," Annals of the American Academy of Political and Social Science 388 (March 1970): 1-13.

[74]Quoted in ibid., p. 12.

[75]Springer, "Social Indicators," p. 12.

[76]Ibid., p. 13. This idea seems consistent with the ideas espoused by Daniel Bell concerning the emergence of a new class as required by the postindustrial society. His ideas will be reviewed in more detail later in this chapter under "Technology."

[77]Mancur Olson, Jr., "An Analytic Framework for Social Reporting and Policy Analysis," Annals of the Academy of Political and Social Science 388 (March 1970): 112-126.

[78]Ibid., p. 126.

[79]Biderman, "Social Indicators," p. 102.

[80]Daniel Bell also sponsors the view that the responsibility for a Social Report must rest with the government, "because only the government has the resources to maintain such a large-scale effort and because only a government report has the independence and authority to command attention and become the basis of policy." Bell, "Social Report," p. 83.

For the defense of a multiplicity of data source see, for example, three articles in Annals of the American Academy of Political Science 371: (May 1967): Gross and Springer, "New Orientation," pp. 13-14; Otis Dudley Duncan, "Discrimination Against Negroes," pp. 95-96; and Daniel Glaser, "National Goals and Indicators for the Reduction of Crime and Delinquency," p. 126.

[81]Cohen, "Commentary," and Ink, "Statement."

[82]Gross, "State of the Nation," pp. 268-69.

[83]Sheldon and Moore, Indicators.

[84]Gross, "Social State."

[85]Toward a Social Report.

[86]Toward Balanced Growth.

[87]Conrad Taueber, "Population Trends and Characteristics," in Sheldon and Moore, eds., Indicators, pp. 27-74.

[88]Toward Balanced Growth.

[89]Ibid.

[90]Taueber, "Population."

[91]William J. Goode, "The Theory and Measurement of Family Change," in Sheldon and Moore, eds., Indicators, pp. 295-348.

[92]Toward Balanced Growth.

[93]A. W. Sametz, "Production of Goods and Services, the Measure of Economic Growth," in Sheldon and Moore, eds., Indicators, p. 77.

[94]Toward Balanced Growth.

[95]Sametz, "Production."

[96]Toward Balanced Growth.

[97]Leon H. Keyserling, "Employment and the 'New Economics,'" Annals of the Academy of Political and Social Science 373 (September 1967): 102-119.

[98]Stanley Lebergott, "Labor Force and Employment Trends," in Sheldon and Moore, eds., Indicators, pp. 97-143.

[99]Keyserling, "Employment."

[100]John McHale, "Science, Technology and Change," Annals of the American Academy of Political and Social Science 373 (September 1967): 120-140.

[101]Daniel Bell, "The Measurement of Knowledge and Technology," in Sheldon and Moore, eds., Indicators, pp. 145-246.

[102]Ibid., pp. 161, 163.

[103]Toward Balanced Growth.

[104]McHale, "Science."

[105]Bell, "Measurement."

[106]Ibid., p. 180.

[107]Ibid.

[108]Toward Balanced Growth. Technology assessment is the label given in Congress to a set of procedures to aid Congress in making decisions for the orderly introduction of new technology and the evaluation of technology already in use. However, it is better viewed as a manifestation of a larger phenomenon of a decreasing willingness of both the public and its representatives to accept the undesirable effects of things done in the name of progress. See: U.S., Congress, House, Committee on Science and Astronautics, A Study of Technology Assessment. Report of the Committee on Public Engineering Policy (Washington, D.C.: U.S. Government Printing Office, 1969); U.S., Congress, House, Committee on Science and Astronautics, A Technology Assessment System for the Executive Branch. Report of the National Academy of Public Administration (Washington, D.C.: Government Printing Office, 1970); Harvey Brooks and Raymond Bowers, "The Assessment of Technology," Scientific American 222, no. 2 (February 1970): 13-20; and James D. Carroll, "Participatory Technology," Science 171 (February 1971): 647-53.

[109]Alvin Toffler, "The Art of Measuring the Arts," Annals of the American Academy of Political Science 373 (September 1967): 141-155.

[110]Toward a Social Report.

[111]Toffler, "Art of Measuring," p. 146.

[112]Joseph L. Fisher, "The Natural Environment," Annals of the American Academy of Political and Social Science 373 (May 1967): 127-140. See also: Boyd Collier, Measurement and Environmental Deterioration, Research Monograph no. 34 (Austin: Bureau of Business Research, University of Texas, 1971).

[113]Toward Balanced Growth.

[114]Toward a Social Report.

[115]Daniel P. Moynihan, "Urban Conditions: General," Annals of the American Academy of Political and Social Science 371 (May 1967): 159-177. See also: Barry Gottehrer, "Urban Conditions: New York City," ibid., pp. 141-158; and Jay W. Forrester, Urban Dynamics (Cambridge, Mass.: The M.I.T. Press, 1969).

[116]Fisher, "Environment."

[117]Moynihan, "Urban Conditions."

[118]Ross Stagner, "Perceptions, Aspirations, Frustrations and Satisfaction, An Approach to Urban Indicators," Annals of the American Academy of Political and Social Science 388 (March 1970): 59-68.

[119]Toward Balanced Growth.

[120]Toward a Social Report, p. 41.

[121]Milton Moss, "Consumption: A Report on Contemporary Issues," in Sheldon and Moore, eds., Indicators, pp. 449-523.

[122]Ibid.

[123]Philip H. Ennis, "The Definition and Measurement of Leisure," in Sheldon and Moore, eds., Indicators, pp. 525-72.

[124]Ibid., p. 566.

[125]Toward a Social Report; and Iwao M. Moriyama, "Problems." See also Philip R. Lee, "Health and Well Being," Annals of the American Academy of Political and Social Science 373 (September 1967): 193-207.

[126]Toward a Social Report.

[127]Moriyama, "Problems."

[128]Toward a Social Report.

[129]Wilbur J. Cohen, "Education and Learning," Annals of the American Academy of Political and Social Science 373 (September 1967): 79-101; and Beverly Duncan, "Trends in Output and Distribution of Schooling," in Sheldon and Moore, eds., Indicators, pp. 601-719. See also Toward a Social Report.

[130]Toward Balanced Growth.

[131]Cohen, "Education."

[132]Duncan, "Trends."

[133]At first sight it may seem a rather broad range of issues to be included under the same heading. But they all refer to the basic questions of whether goals have been achieved in a democratic or totalitarian way, and of whether there is harmony in society. The questions of individual freedom, of civil rights, the sense of belonging, equality and justice (justice in courts, access and redress in large organizations) are basic to a democratic society. As is clearly stated in Toward a Social Report, p. 79, at present, one can no more than ask the right questions, hoping to encourage the development of the needed data in the future. See Milton Konvitz, "Civil Liberties," Annals of the American Academy of Political and Social Science 371 (May 1967): 38-58.

[134]S. M. Miller, Martin Reed, Pamela Roby, and Bertram M. Gross, "Poverty, Inequality and Conflict," Annals of the American Academy of Political and Social Science 373 (September 1967): 16-52. See also: Eli Cox, "What Is Poverty? Who Are the Poor?," Business Topics 19, no. 3 (Summer 1971): 5-10, and Eli Cox, "Poverty and Demand," Business Topics 19, no. 4 (Autumn 1971): 25-32.

[135]Duncan, "Discrimination," p. 86.

[136]Ibid., p. 87.

[137]Otis Dudley Duncan, "Social Stratification and Mobility Problems in the Measurement of Trend," in Sheldon and Moore, eds., Indicators, p. 696.

[138]Toward a Social Report, p. 15.

[139]Miller et al., "Poverty."

[140]Duncan, "Social Stratification."

[141]Ibid.

[142]Nathan Goldman, "Social Breakdown," Annals of the American Academy of Political and Social Science 373 (September 1967): 156-79.

[143]Biderman, "Social Indicators."

[144]Glaser, "National Goals."

[145]Toward a Social Report.

[146]Goldman, "Social Breakdown."

[147]Glaser, "National Goals."

[148]Joyce M. and William C. Mitchell, "The Changing Politics of American Life," in Sheldon and Moore, eds., Indicators, p. 247.

[149]Richard M. Scammon, "Electoral Participation," Annals of the American Academy of Political and Social Science 371 (May 1967): 59-84.

[150]Sidney Verba, "Democratic Participation," Annals of the American Academy of Political and Social Science 373 (September 1967): 54.

[151]Mitchell and Mitchell, "Changing Politics," and Verba, "Democratic Participation."

[152]See Russell L. Ackoff, The Design of Social Research (Chicago, Ill.: University of Chicago Press, 1953); and Russell L. Ackoff, with the collaboration of Shiv K. Gusta and J. Sayer Minas,

Scientific Method: Optimizing Applied Research Decisions (New York: John Wiley and Sons, 1962).

[153]Nake M. Kamrany and Alexander N. Christakis, "Social Indicators in Perspective," Socio-Economic Planning Science 4 (1970): 207-16.

[154]See for example, Moynihan, "Urban Conditions"; Ennis, "Definition"; Duncan, "Social Stratification"; and Kamrany and Christakis, "Social Indicators."

[155]Gross, "Preface," in Bauer, ed., Social Indicators, p. xvii.

CHAPTER 4

CONCEPTUAL FRAMEWORK

Introduction

In chapter 2 it was noted that doubts exist about the ability of the present system (and underlying ideology) to provide a quality of life comparable to its achievements in purely economic terms. It was also noted that traditional economic and marketing theories have not provided a conceptual framework for evaluating quality of life even in general terms, much less in terms of measurements. The information explosion concerning social indicators represents an attempt to conceptualize and measure variables other than economic ones in order to evaluate the quality of life.

The review of the literature in chapter 3 indicates the progress of such developments and clearly shows that, despite the present immaturity of the state of the art, the concern with social indicators is an irreversible process for three reasons. First, there is extensive ongoing research, the results of which should

contribute to better conceptualizations and measurements. Second, the ongoing work within federal government agencies is a sign of the government's interest and commitment to the subject. Third, the high visibility brought to social issues by social indicators could make them an important tool for support of claims and causes by interested groups. Having discovered the usefulness of this kind of data, it is not likely that these groups will let the subject drop.

Ongoing research is being supported, among others, by the National Science Foundation. It has given a substantial grant to the University of Michigan to continue research that will lead to better social reporting, and has contracted for the Urban Institute to continue its work in social and urban indicators.[1]

Several agencies within the federal government have evinced interest. Since 1969, the Statistical Policy Staff of the Office of Management and Budget has been working on social indicators. "Although still in the development stage, most of the indicators selected are presently published and used intensively by analysts and policy makers."[2] The Presidential Commission on Federal Statistics, which is reviewing the federal statistics system, will propose a five-year plan for research in social indicators and social reporting, both in private and government research organizations.[3] Late in 1970, the Office of Management and Budget was

directed by the president to develop a performance measurement system for federal programs. It is expected that the system will state clearly the goals and objectives of important social concerns, their conditions, problems, and needs, and will be a reporting system by which the results of programs dealing with these problems and needs can be evaluated in terms of the stated goals.[4]

The National Marketing Advisory Committee of the Department of Commerce appointed task forces in 1970 to study and make recommendations in three areas of social concern: social legislation and business; new marketing criteria created by environmental issues; and new values and measures in the quality of life.[5] The final report, with recommendations, already has been presented to the Secretary of Commerce.[6] The recommendations are concerned with understanding the effects of marketing activities on the economy and society, with the social changes taking place, and with the role of the Department of Commerce as a liaison between government agencies and business as they cope with these changes. The report also suggests the utilization of existing information, the gathering of new data, and that the responsibility for the proposed periodical publication on social indicators be assigned to the Bureau of the Census as a high priority issue.

Examples of the high visibility brought to social issues by social indicators can be found in the tone of most contributions reviewed in chapter 3.

It seems very likely that the conceptualization and measurement of social indicators will continue. The Office of Statistical Policy of the Office of Management and Budget already is committed to the study of a social indicators statistical series to be published regularly. Social indicators information already is influencing and will continue to influence policy planning and decision making at the governmental level. In addition, such data also will influence corporate policy planning and decision making.

Conceptual Framework

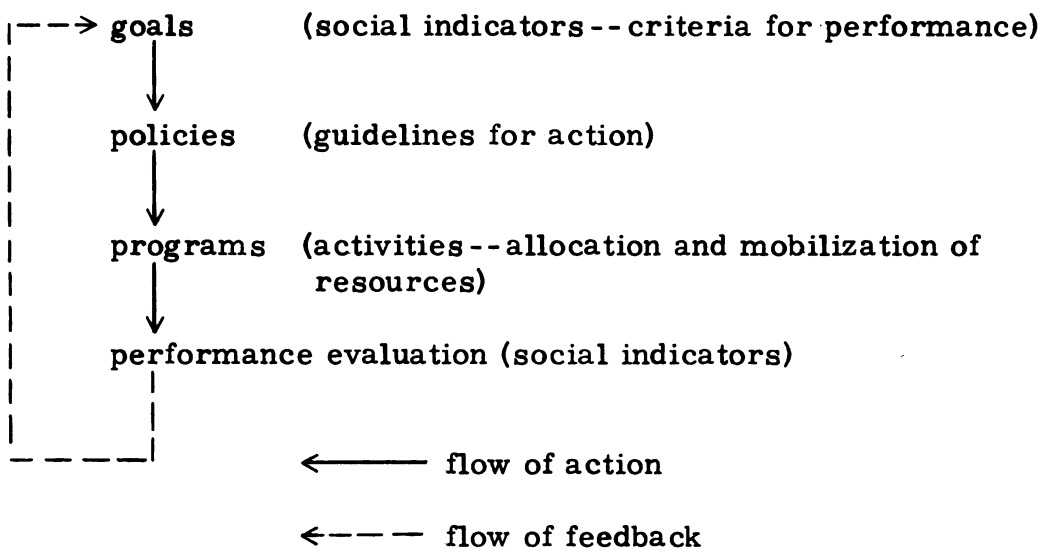
A conceptual framework should include the underlying theory or theories, and the assumptions, models, concepts, and hypotheses that indicate the viewpoint from which the study is conducted.[7] Because of the immaturity of the state of the art, there is no well-developed and tested theory on social indicators. Thus, the first step is to establish a series of concepts and general assumptions and deductively derive propositions from these assumptions.

As pointed out in chapter 3, both Etzioni and Olson criticize the goals approach adopted by some other authors.[8] However, the review in chapter 3 indicates that most government-sponsored research or government-oriented research is adopting a goals approach. It seems reasonable to accept this approach. Accordingly, policy is conceptualized as referring to deliberate action taken by the various parts of a government or corporation in pursuit of certain goals and in response to problems and opportunities. These deliberate actions take the form of particular activity(ies) which have definite effects in the face of current forces.[9]

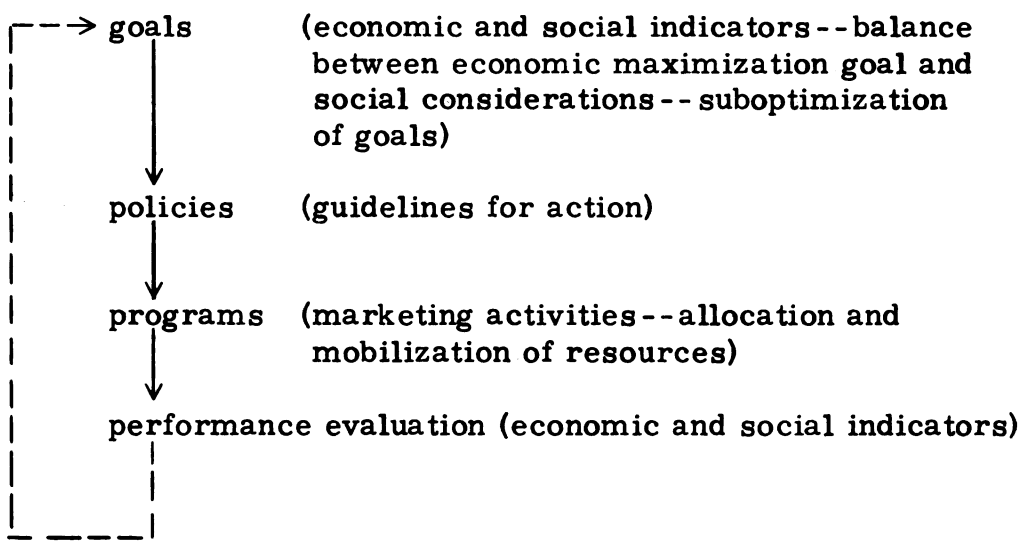
The initial premise of the conceptual framework used here is Terleckyj's statement that

> achievement of national goals is defined analytically in terms of observable changes in a series of specific goals indicators, such as life expectancy, crime rate, educational testing scores, etc., which were selected to reflect the actual objects of public concern.
>
> . . . changes in goals output indicators are possible only by means of specific combinations of events comprising new types of public policies and private developments called "activities" . . . defined to include . . . large aggregations of public policies and private behavior patterns.[10]

This concept can be schematized on the macro level as follows:



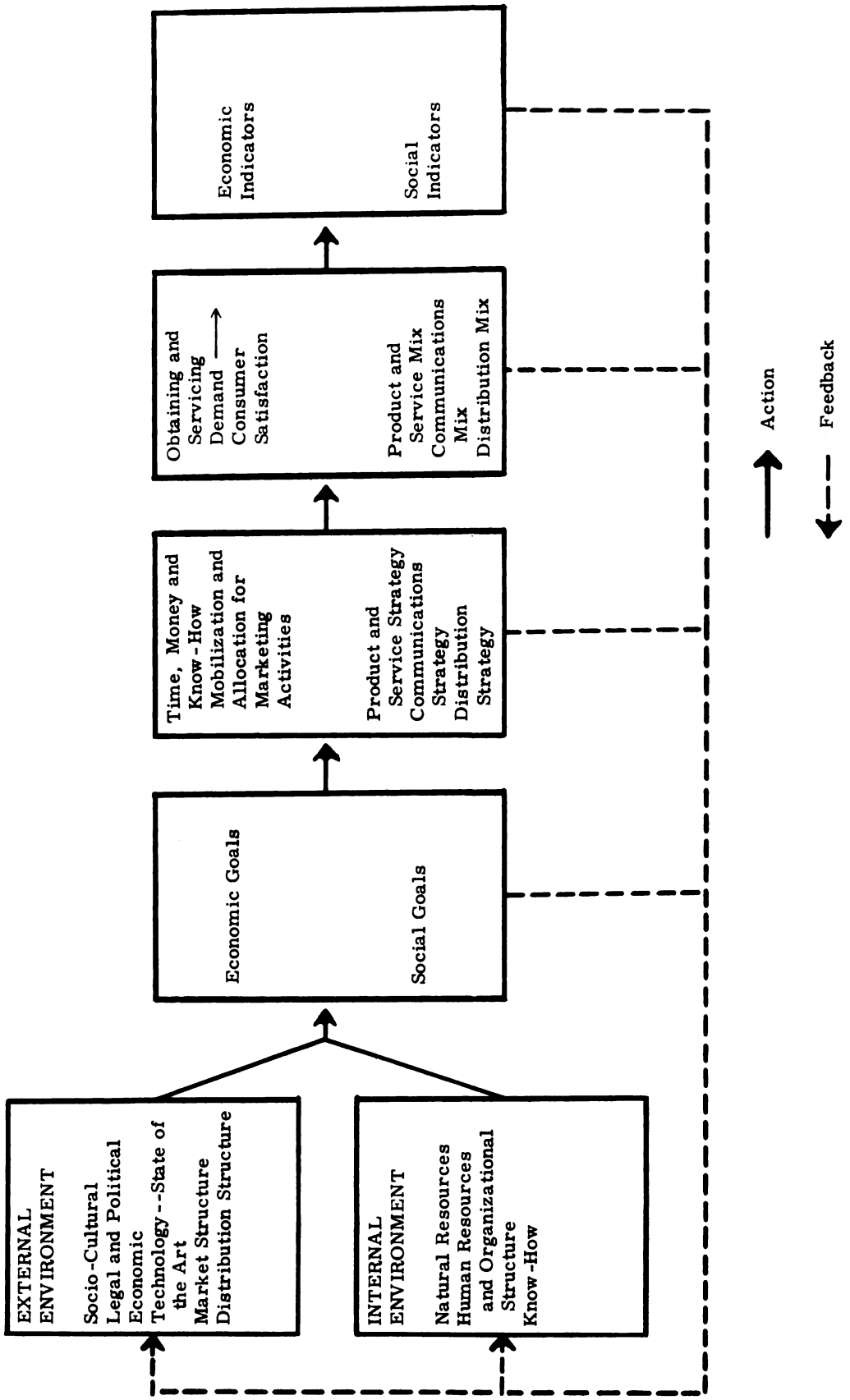
The same scheme can be applied either to the corporation or to the corporation marketing system (micro level).



The relation between these two schemes lies in the interface between the corporation's marketing system and the government system and can be visualized in the model shown in Figure 3.

FIGURE 3

THE MARKETING SYSTEM



This model describes the marketing system and the process and sequence of decisions that it entails. Let us examine the main components of the system.

The Constraints

1) The external environment. Sociocultural, political, and legal conditions, the existing level of technological development, market structure, and the structure of distribution define the environment surrounding the firm. They affect the marketing system but are relatively uncontrollable by it (although there is some interrelationship and feedback, as the model indicates); consequently, the marketing system must adapt to them, rather than the opposite.

2) The internal environment. The marketing system's own internal constraints refer to the material, human, and organizational resources that it can mobilize. To some extent, they limit what the system can do in its adaptation to environmental conditions, its goal definitions, and the choice of alternative activities.

3) The goals. The general goals are here conceptualized as being suboptimized. Long-run, economic maximization goals, implying consideration of volume, cost, market entrenchment, and so forth, are counterbalanced by the desired social goals,[11] which are expressed in terms of social indicators.

The Inputs

Time, money, and know-how are mobilized and allocated for marketing activities, which here are conceptualized as being of three types: product and service strategy; communications strategy; and distribution strategy.

1) Product and service strategy includes consideration of the product both in its intrinsic, functional characteristics and its perceived characteristics as a need satisfier. Activities related to the product include product planning and product development, packaging, labeling, branding, pricing, choice of product lines, and warranties and services related to the product.

2) Distribution strategy encompasses the distribution channels and physical distribution activities: unitization, communications, inventory allocations, transportation, and warehousing.

3) Communications strategy includes personal selling, mass selling (advertising and publicity) and sales promotion activities. Personal selling refers to the situation where two or more people interact face-to-face with the objective of closing a sale, which is in contrast to the impersonal nature of mass selling. Sales promotion refers to various specialized promotional activities of relatively short duration such as displays, contests, and shows. Since personal selling, mass selling, and sales promotion all are reinforcing efforts and are substitutable among themselves, up to a certain point, the strategic decision of the allocation of effort among the three is of major importance.

These groups of activities must be combined coherently to assure maximum effectiveness in reaching the market, in accordance with the stated goals. This is marketing strategy. Implied in the concept are the ideas of combined inputs, relative substitutability among activities, and varying emphasis on the different activities depending on the overall marketing strategy selected.

The Outputs

The outputs of the marketing system are obtaining and servicing demand and, ultimately, creating consumer satisfaction.

These outputs reflect the marketing mix and are expressed in terms of product mix, communications mix, and distribution mix.

The Performance Evaluation

The marketing system's performance is evaluated through its outputs--product, communications, and distribution--and is reflected in terms of economic and social indicators as related to previously set goals. Economic indicators include such items as sales volume, profit, and return on investment; social indicators include standards of health, safety, and pollution.

The Feedback

There is a continuous feedback flow from the marketing system to the external environment and to elements of the system itself. The firm's decisions and actions have internal and external repercussions, and, although external conditions are relatively uncontrollable by an individual firm's marketing system, the firm is not entirely powerless. Through the system of representation of interests discussed in chapter 3, the firm has some political power and exerts it.

In this model, interface between the marketing system and government emerges. Government policies and programs are part

of the firm's environment and affect it strongly because of the government's multiple role. It is an important buyer, is a large supporter of research and development (even if it subcontracts this function to private firms and research institutions), and serves as regulator.

Present and future governmental policies and programs may be of importance for the corporation as a whole and for the marketing system in particular. Information about these policies and programs is part of the information the marketing intelligence system (MIS) processes. The next model, Figure 4, shows how this information (including social indicators and social reports) is fed into MIS. The latter can be seen from two perspectives: the factors which are producing the information, and the impact of the information. The model shows both.

The model indicates that data from social indicators and social reporting will be part of the environmental information that MIS collects and processes. This step is necessary to generate knowledge about environmental developments and trends and the marketing system's opportunities and constraints. It also shows the continuous feedback process.

MIS information will have a strong impact on corporate decision making in two ways.

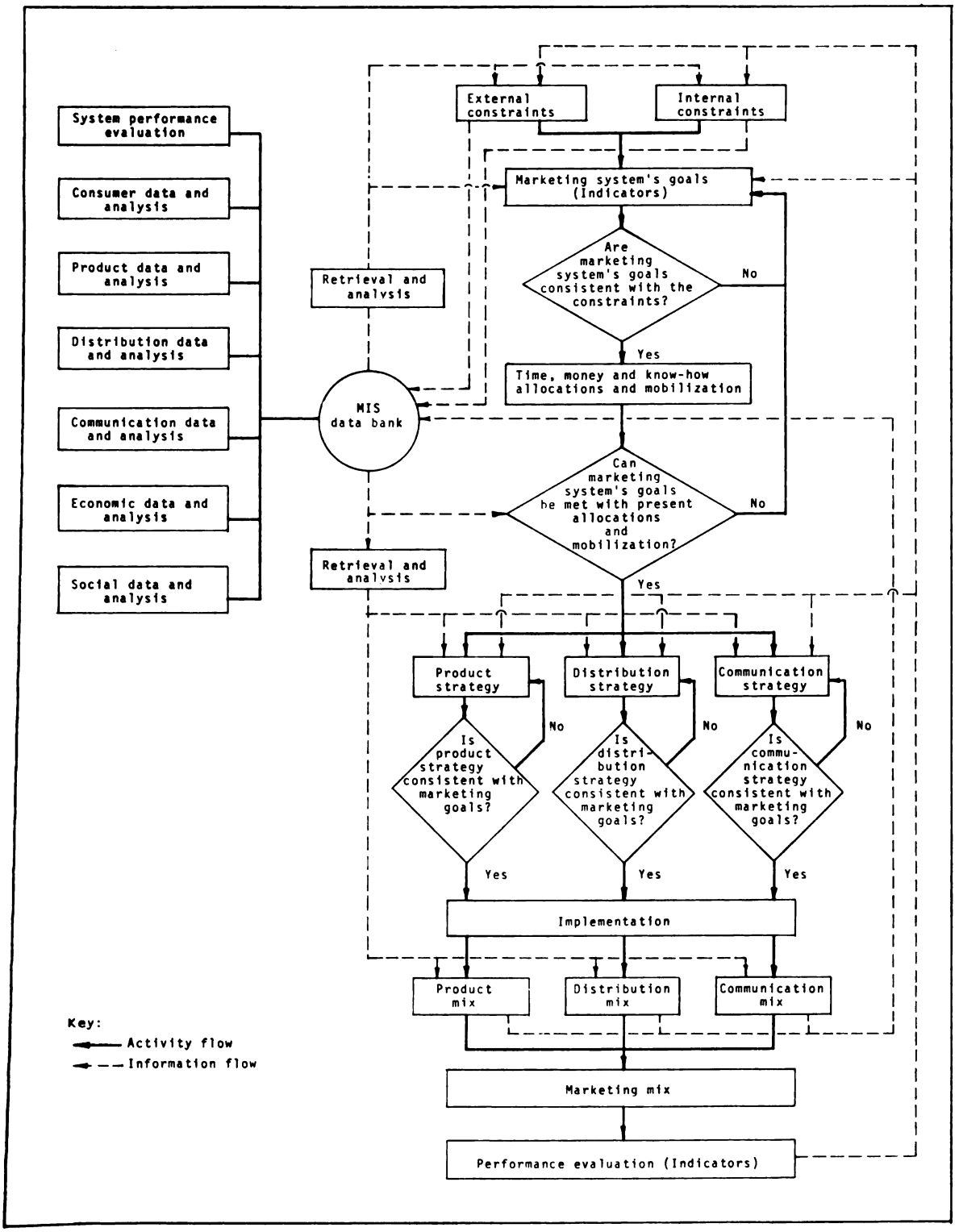


Figure 4 The Marketing Intelligence System
Source: Adapted from Motohisa Miranoi, "Advertising Feedback," Paper prepared for Communications,820 class, Michigan State University, 1970.

1) In a micro sense, the data base provided by the indicators may lead to a better understanding of the trends in social change, life styles, values system, and consumer behavior. Such knowledge gives better clues to plan its adaptive strategy.

2) In a macro sense, the information from indicators both will provide evaluation of performance in relation to national goals and redirect selection of goals and priorities. The data will be used by decision makers in establishing national policies, including the ones that might affect corporations directly. The concern with health, safety, and pollution (to name only a few) already has resulted in extensive legislation and stricter enforcement by agencies like the FDA and the FTC.

Both in the micro and macro sense, decision making may be schematized in simplistic terms: (1) identify the problem or opportunity and goals and constraints of the situation; (2) procure, process, and evaluate information; (3) identify alternatives of action; (4) evaluate each alternative's uncertainties, advantages, and disadvantages; and (5) choose the best alternative, in terms of the problems, goals, and constraints. This scheme, useful as it is,

should be used cautiously. Its simplicity is its main appeal, but it can be misleading, at least in two senses. First, it seems to imply that this is a logical sequence, which is not a rigorously established fact. Different authors disagree about the number and sequence of steps, although there is some consensus as to what is involved in the decision making process. Second, the scheme seems to imply that the procurement, processing and evaluation of information is confined to the second step, when actually it pervades the entire decision-making process.

Decision making is approached here from a behavioral, descriptive viewpoint: how decisions are made--and not from the normative viewpoint of how they should be made. It is further conceptualized to be situational, that is, constrained by the limitations of the environment and the marketing system and by how the executive --the decision maker--perceives and reacts to the environment. The decision maker's perception of the situation and his reaction are influenced by personal factors, such as his personality characteristics, past experience, and information, by his values and attitudes, and by the organizational structure within which he acts, which has characteristics and values which also play a role.

To study the impact of social indicators and social reporting on corporate decision making it is then necessary to identify:

(1) the actors, the decision-making unit (individual or group) that has the leverage or capacity to effect a substantial influence on the output of the system;[12] (2) their position in the organizational structure; (3) their awareness of the existence of social indicators and social reporting; and (4) their perception of how this information would fit into the complex of information that guides their decision-making process.

Definition of the Problem

Within the context of the proposed conceptual framework, the general problem of assessing the impact of social indicators and social reporting on corporate product strategy decision making can be redefined in specific terms. The objective of this dissertation is to investigate, in the automobile industry, the awareness of the existence of the social information explosion and the perception of how social indicators and social reporting data will influence product strategy decision making.

Operational Definitions

Social indicators are indicators of observable changes in a series of specific goals that help to evaluate the quality of life (for example, life expectancy and the crime rate). Based on Table 3,

page 127, these indicators refer to areas of concern such as health and safety; housing; the physical environment; education; science and the arts; employment and income; leisure and recreation; justice, harmony, and freedom.

Social reporting is periodic reporting on the social state of the nation, based on regular publication by the Bureau of the Census (or other official agency) of a statistical series of social indicators.

The automobile industry in this context is restricted to the domestic industry producing passenger cars. Due to the market structure of the industry it includes only four companies: General Motors Corporation, Ford Motor Company, Chrysler Corporation, and American Motors Corporation. Three are included in the study.

Points of leverage refer to those groups or individuals capable of effecting a substantial influence on the system's output. The preliminary survey, taking into consideration the differences in the organizational structures of the four companies, indicates a common point of leverage for product decisions can be identified. This is the product planning group. In the automobile industry, Product planning can be described as the determination and implementation of product strategy. The degree of formal organization required to perform the functions of product planning depends on the

product's complexity, rate of change of products, the size of the company, and the importance of new products to the company. The characteristics of the automobile industry require a formalized organization and approach to product planning. It is an industry with highly complex products, annual product changes, long lead times, and high volume production. It also is characterized by heavy fixed costs associated with model change, high market risks, and intensive product competition.

Despite a common product and similar problems, each company has developed a different system for coping with product planning problems. For example, one firm considers product planning primarily an engineering function; another views it mainly as a separate staff function at the corporate level; a third assigns it primarily to the product marketing division along with the responsibility for engineering and selling the product.[13]

It should not be assumed that the product planning group is the only point of leverage for product decisions, but it was the primary group for product decisions in all companies included in the study. Other points of leverage exist, and these may differ from company to company.

Taking a car from concept to production involves the development and coordination of a plan among the four basic

operations of styling, engineering, manufacturing, and sales. A data collecting system that reaches into all areas of the company's business is essential. These data are needed to assess the trends of market preferences and the reaction (private and governmental) toward the industry and each company's products and practices.[14] According to the conceptual framework adopted in this study, social indicators will be part of this data base.

Product strategy refers to decisions on product planning, development, differentiation, standardization, and diversification, to warranties and services relating to the product, and to customer product information. An important aspect of the product is its quality, which can be conceived of in two senses. First, it implies quality in a purely functional sense (materials and engineering). It involves the notions of reliability, or functional product design, and durability, or a product designed to last. Second, it implies the idea of social quality, including considerations such as safety and pollution standards.

In accordance with the conceptual framework, the definition of the problem, and the operational definitions, several propositions are presented for study. At least one question, and sometimes several, relating to each proposition was included in the interview guide.

Propositions

Awareness

Proposition 1. Corporate decision makers are aware of the social information explosion.

Perception of Impact of Social Indicators on the Corporation

Proposition 2. Corporate decision makers perceive of social indicators as having an impact on corporate decision making.

Proposition 3. The availability of social indicators will have an impact on corporation goals, organizational structure, and product strategy.

Perception of Impact of Social Indicators on Business and Government Interfaces

Proposition 4. Government regulation of business in general will increase.

Proposition 5. Government regulation of the automobile industry will increase.

Proposition 6. The risk of product failure will increase due to government's tighter controls and regulations.

Proposition 7. The rate of development of new products (pace of innovation) will decrease.

Proposition 8. Government's relative share in research and development will increase.

Proposition 9. Pressures for government regulation of business indicate that business has failed to meet consumers' needs and wants.

Perception of Social Indicators as Indicators of Changes in Life Styles

Proposition 10. The social change trends (as revealed by social indicators) point to changes in people's life styles, value systems, and attitudes as consumers.

Perception of Impact of Social Indicators on Product Strategy

Product Mix

Proposition 11. The number of product elimination decisions will increase.

Proposition 12. Diversification of present product lines will increase.

Product Quality

Proposition 13. Corporate concern with functional quality will increase.

Proposition 14. Corporate concern with social quality will increase.

Proposition 15. Corporate concern with product styling will decrease.

Proposition 16. Corporate concern with standardization of product features will increase.

Proposition 17. Corporate concern with product differentiation will decrease.

Warranties and Guarantees, Customer Service, and Consumer Education

Proposition 18. Corporate concern with making guarantees and warranties more explicit will increase.

Proposition 19. Corporate concern with customer service will increase.

Proposition 20. Corporate concern with consumer education will increase.

Cost

Proposition 21. Product costs for the manufacturer and consumer will increase.

Propositions and Related Interview Questions

Proposition 1. Question 1 was designed to explore whether subjects are or are not aware of the social information explosion. If the subjects answered yes, they then were asked where they had heard about social indicators.

Proposition 2. An explanation of what social indicators are and of the main areas of social concern was read to the subjects. Question 2 then was asked to investigate whether they thought the availability of social indicators would affect corporate decision making. Subjects were asked to justify their "yes" or "no" answers. If the answer was "yes" they were further asked to mention areas in which indicators would be more important to the automobile industry (question 3).

Proposition 3. Subjects who answered "yes" to question 2 were asked questions 4, 5, and 6 of the questionnaire. These were designed to obtain the subjects' perception, using a semantic

differential scale, of the degree of effectiveness or ineffectiveness of social indicators on corporation goals, organization structure, and product strategy. Questions 7 and 8 investigated who should be responsible in the corporation for the procurement and analysis of the social indicators and social reports. Question 9 inquired who should make policy recommendations based on these analyses.

Proposition 4. Proposition 4 was covered by question 34. Subjects were asked to give their opinion as to whether government regulation of business would increase, remain about the same, or decrease, due to the availability of social indicators and policies that follow from them. They were also solicited to justify their answers.

Proposition 5. Question 35 was designed to explore the same topics as mentioned above, but specifically for the automobile industry. Subjects also were asked to give their opinion on which areas seemed more likely to be subject to government regulation in the future.

Proposition 6. Questions 30 and 33 were included to investigate the proposition that the risk of product failure will increase, due to government's tighter controls and regulations. Subjects were given three alternatives: the risk will increase, remain about the same, or decrease, and were expected to justify their choice.

Proposition 7. Question 29 referred to the effect of the availability of social information, and the government policies that follow from them, on the rate of development of new products (pace of innovation). Subjects again were invited to explain and justify their answers.

Proposition 8. Questions 31 and 32 were designed to elicit subjects' opinions about government and corporate relative shares in expenditures for research and development.

Proposition 9. A set of questions was included to explore the proposition that pressures for government regulation of business indicate that business has failed to meet consumers' needs and wants. Questions 37 - 40 were designed to investigate how the subjects perceived the popular images of the overall system, the business system, the automobile industry, and their own company. The questions used a semantic differential scale to obtain an idea of the degree of satisfaction or dissatisfaction with the systems mentioned above.

Questions 41 - 44 asked the subjects' opinion about whether people were justified in their satisfaction or dissatisfaction.

Questions 45 - 47 were included to investigate whether the subjects agree or disagree about what is important in a car for the consumer. They also deal with the consumer's ability to evaluate car features.

Questions 48-52 were designed to explore how the subjects perceive the high visibility of the automobile industry in the context of consumer and environmental protection, and how they evaluate the industry's and their own company's reaction to these movements. They were asked what they thought could be done and has been done so far to overcome the criticisms leveled at the industry.

Proposition 10. Questions 21-29 were designed to investigate the proposition that social changes (as revealed by social indicators) point to changes in people's values system and attitudes as consumers. The wording of the questions implied that social indicators reflect trends in social change and consequences in life styles and value system of consumers. Subjects were asked to speculate on the direction of these changes in the specific case of their product, the automobile.

Proposition 11. Question 10 was included to investigate the proposition that the number of product elimination decisions will increase.

Proposition 12. The proposition that diversification of present lines will increase was explored in questions 55 (diversification will increase, remain about the same, or decrease?) and 56 (diversification to what lines of products seems more likely?).

Proposition 13. Question 12 investigated the statement that corporate concern with functional quality will increase. Answers to question 12 also were compared with answers to question 21 (consumer concern with functional quality) and 45 (In a car, what is more important for the consumer?).

Proposition 14. The proposition that corporate concern with social quality will increase was investigated by question 13. The answers were compared to answers to question 22 (consumer concern with social quality) and 45 (In a car, what is more important for the consumer?).

Proposition 15. Questions 18 and 19 refer to the proposition that corporate concern with product styling will decrease. The answers to question 19 were compared to those to question 23 (consumer concern with styling) and 45 (In a car, what is more important for the consumer?).

Proposition 16. Question 14 was designed to explore the proposition that corporate concern with standardization of product features will increase.

Proposition 17. The proposition that corporate concern with product differentiation will decrease was investigated with question 11.

Proposition 18. Question 15 was included to explore the proposition that corporate concern with making guarantees and warranties more explicit will increase. The answers to this question were compared with those to question 45 (In a car, what is more important for the consumer?).

Proposition 19. Question 16 referred to the proposition that corporate concern with customer services will increase, and answers were compared to answers to question 45 (In a car, what is more important for the consumer?).

Proposition 20. This proposition states that corporate concern with consumer education will increase. Question 17 investigated this proposition and the answers were compared to answers to questions 46 and 47, which refer to consumer's ability to evaluate the product.

Proposition 21. Question 20 relates directly to the proposition that corporate concern with cost will increase. Answers to question 20 were compared to answers to question 24 (consumer concern with price) and question 45 (In a car, what is more important for the consumer?).

The procedures used to select respondents within the companies as well as the details concerning the interviewing procedure were described in chapter 1.

Chapter 4 Footnotes

[1]Ink, "Statement." See also the article by the Director of the University of Michigan Institute for Social Research, Angus Campbell, "Social Accounting in the 1970's," Michigan Business Review 23, no. 1 (January 1971): 2-7.

[2]Ink, "Statement," pp. 8-9. See also U.S. Office of Management and Budget, "Social Indicators."

[3]Ink, "Statement," p. 10.

[4]Ink, "Statement," p. 11. Actually, this is not the first attempt to evaluate the performance of government programs. See: U.S. Bureau of the Budget, Measuring Productivity of Federal Government Organizations, Executive Office of the President, 1964.

[5]William D. Lee, "The Responsibility of Government for Creating a Sound Marketing Environment," paper presented at the 54th International Marketing Congress of the American Marketing Association, San Francisco, California, 13-14 April 1971.

[6]U.S. Department of Commerce, National Marketing Advisory Committee, "Life Style and Environmental Issues and Challenges," Report to the Secretary of Commerce with Recommendations.

[7]Paul H. Rigby, Conceptual Foundations of Business Research (New York: John Wiley & Sons, 1965), p. 95.

[8]The same distinction between a goal model and a system model, as expressed for marketing by Lazer, can be generalized here.

"A goal model, sometimes called a task- or end-means model, starts with a management task to be achieved. The goal model focuses on a particular aim of marketing, such as increased sales and the use of company resources to achieve this aim as efficiently as possible. The achievement of this specific goal becomes the important target. . . . In the systems model, the starting point is not a goal but a total functioning system--a system

capable of achieving goals. The system model recognizes that there can be many conflicting objectives within an organization that require concessions to be made. This model also considers the fact that some resources must be allocated to efforts not directed specifically toward the goal, such as the resources necessary to maintain marketing organization itself." Lazer, Marketing Management, p. 199.

[9]Hollander and Boddewyn, "Public Policy," p. 4.

[10]Terleckyj, "Role of Efficiency," pp. 1-2.

[11]There already is some evidence that corporations are clearly recognizing social goals. For example, Lipson's research indicates that 38 percent of large U. S. industrial corporations included social goals for 1970 planning. Lipson, "Management Use," pp. 5-7. See also: Peter Vanderwicken, "G. M.: The Price of Being Responsible," Fortune 85, no. 1 (January 1972): 99-101, 172-176; and Seymour Marshak, "Social Indicators--How to Use Them Responsibly," paper presented to the First AMA Conference on Social Indicators, Washington, D. C., 18 February 1972, p. 4.

[12]Raymond A. Bauer and Kenneth J. Gergen, The Study of Policy Formation (New York: Free Press, 1968), p. 19.

[13]Educational Affairs Department, "Product Planning and Development" (Dearborn, Mich.: Ford Motor Company, n.d.), p. 1.

[14]Ibid. See also B. H. Bouwkamp, "The Role of the Product Planner," paper presented to the Society of Automotive Engineers, Detroit Section, Detroit, Mich., 9 February 1970, pp. 1-4.

CHAPTER 5

MAIN FINDINGS

Introduction

The purpose of this chapter is to present an analysis of the findings of the study. The data did not lend themselves to statistical analysis. However, all the answers to the interview guide were tabulated and analyzed to identify by observation whether or not there was a prevailing trend. To indicate the intensity of the trend, a five-point scale is used in reporting the findings:

Strongly agree:	about 75 percent or more of the answers agree with the initial proposition or viewpoint implicit in the interview guide's questions.
Agree:	more than 50 percent to about 75 percent of the answers agree with the initial proposition or viewpoint implicit in the interview guide's questions.

Indeterminate:	wide dispersion of opinions.
Disagree:	more than 50 percent to about 75 percent of the answers disagree with the initial proposition or viewpoint implicit in the interview guide's questions.
Strongly disagree:	about 75 percent or more of the answers disagree with the initial proposition or viewpoint implicit in the interview guide's questions.

Subjects' answers and comments were grouped according to their relevancy to the sets of initial propositions as stated in chapter 4. In this manner the analysis allows a comparison between what was conceptualized and what the exploratory study brought out.

It is interesting to note that there is no intracorporate pattern of response. Subjects in the same corporation did not answer the questions in a way that might suggest "a corporation point of view X." Also, there was no pattern that could be discerned by comparing the answers of subjects occupying similar positions in different corporations. A product planning point of view or engineering point of view does not exist. As a lack of pattern began to emerge after several interviews, this was discussed with

the subjects themselves at the end of the interviews. The gist of their explanation was that "contrary to what most people may think, we are very individualistic in this industry." Another subject commented that "the lack of pattern in the responses you have been finding is not strange. Each one of us perceives things differently, makes decisions, and moves ideas forward. The criteria used for decisions reflect our values. We are deeply involved in the industry and we may be provincial in outlook, but by nature we are aggressive, innovative, and individualistic people."

These observations are consistent with the conceptualization in chapter 4 that an executive's behavior is <u>situational</u>. The executive's perceptions and his reactions are influenced by several factors. These include personal factors such as personality characteristics, past experience, information, and values and attitudes. The organizational structure within which he acts and its own characteristics and values also play a role. It can be argued, then, that even if subjects in one corporation do reflect its organizational structure and values, these factors are tempered by their own personal characteristics. The same reasoning might explain why all product planners do not necessarily agree on the answers to all questions.

An adequate random sample coupled with sophisticated statistical analysis would be required to generalize these conclusions. But the above exploratory observations did emerge.

Awareness of the Social Information Explosion

The study shows conclusively that most interviewees were not aware of social indicators as such. This was expressed by a "no" answer or by comments such as "not by this name," "not the terms per se," "not sure," or "What do you mean by social indicators?" "Why don't you explain to me what you mean by social indicators?"

These answers are in some sense surprising. It is true that this social information explosion only recently has been acknowledged in marketing. In two of the three corporations included in the study, it was reported that there is some ongoing work concerning social indicators and how they could be factored into the information system and decision-making process. However, several subjects in these same corporations either did not know about the ongoing work or did not relate it initially to the questions being asked. One possible explanation for the lack of awareness is that the topic is too new. The procedures to procure and analyze social indicators or to make policy recommendations based on them

are not yet institutionalized. The work going on in the corporations is in the initial stages and has not been communicated throughout the organization.

Of the executives who answered "yes," two were very familiar with the literature on social indicators. A third remarked that "some of the social indicators are not new, you know. Only the name is new."

When the explanation about social indicators was read, all the subjects immediately recognized the issues and areas of concern. By observation, it seems that they understood the concept of social indicators very well. It can be safely concluded that the subjects are aware of the social issues with which the social indicators deal. The expression social indicators and the association of measurements to the issues, however, were unfamiliar.

Perception of the Impact of Social Indicators on the Corporation

Impact of Social Indicators on Corporate Decision Making

Respondents strongly agree with Proposition 2 that the availability of regularly published social indicators will affect corporate decision making. The reasons mentioned most often were good social statistics are useful, social indicators can help predict

the direction of government's future actions and regulations (macro effects), and social indicators can better identify future market trends (micro effects).

The following comments are examples of the perception of social indicators as useful statistics. "In some cases [social indicators] are already affecting decision making. What we do not have is a good system to collect these statistics. If we could get them on a national basis, collected by a national bureau, I would view them as excellent data." "One of the things we lack in the corporation is concrete information. Regular, consistent statistics are desirable to indicate what happened and to help to plan ahead." "This company's success as a business institution was enhanced by the flow of technological information. Hence, the great importance of technological research. Now there is the need for both technological and social data for decision making. We need social research too."

One subject's comment focused on the macro effects of social indicators. "Social indicators are bound to have an impact on both government's policies and future regulation and because of this on us. I would like to see good indicators developed. But I am not sure how you can measure them. I am afraid of having [associated with the indicators] goals written into law. As a citizen I would like to participate in setting social goals."

Another subject's comment shows awareness of the micro effects of the availability of social indicators. "We spend half of our time figuring out what effects things will have on customers and their acceptability of our products. We are concerned with living patterns and how [our products] can best fit them. Social indicators may help to identify customers' needs and wants, as new life styles are developing."

Some subjects commented that social indicators will have an impact on decision making, but in a limited way. "They are useful [information] inputs, among hundreds or thousands of others." "Yes, social indicators will affect corporate decision making, but they would be a rather small portion of our forecast. We already use economic indicators, but do not take them at their face value either. You know how inaccurate data can be. We have to temper the data with judgment. We pile all the stuff together. No one thing is more important. Also some of the indicators should be handled in a qualitative way. They are not sophisticated enough to be quantified."

Finally, an interesting observation on the possibility of information overload : "I already get so many materials that I do not have time to read them all. It will get worse with all these social indicators."

Only a few subjects answered "no" to question 2. One indicated that "social indicators would not affect corporate decision making in the near term. Managers of industries are themselves reflections of the value system of society as a whole. Society still holds the view that economic indicators, profit, are objective. . . . There is nothing even remotely equivalent to the emotional reaction to profit." Another stated that "before there is any demonstration that [social indicators] might affect policy, we would have to see the specific relationship between the indicator and the policy."

Asked which indicators would be more important to the automobile industry, answers ranged from mention of only a few to mention of indicators in all areas. Indicators in the areas of health and safety and the physical environment were mentioned more often, which is understandable. Both are major regulatory issues for the automobile industry. Also mentioned as important were indicators for the economic issues (employment, income) and for leisure and recreation, which would characterize market opportunities. Overall, the comments indicated that the subjects were more concerned with indicators related to social concerns which may be subject to governmental regulation, than with those which might reflect new market opportunities.

Other interviewees stressed that all indicators are important. There is a close interrelationship among them. For example: "There are overlaps in the areas of concern you mentioned. When you are talking about these indicators, you are talking about values. You cannot measure values or separate them in nice little pockets." "Social indicators in all the areas mentioned are important. I view this corporation as being in the transportation business. This being the case, they all are important. They all are related and interact with each other. There is synergism. We should look at all together. They all are important in terms of the total characteristics of the car."

Impact on Corporate Goals, Organizational Structure, and Product Strategy

Proposition 3 stated that "the availability of social indicators will have an impact on corporation goals, organizational structure, and product strategy." Respondents agree with this proposition, although a few qualified their affirmative answers. The effectiveness of social indicators would depend on how good a measurement they will be and on their acceptance by other sectors of society as well.

Impact on Corporate Goals

Respondents agree that the corporation should accept social goals and responsibilities, without jeopardizing its present goals. These include profits, and satisfying the interests of consumers, employees, stockholders, dealers, and suppliers. It is clear that most of these answers reflect the framework of the free enterprise, capitalistic ideology. Even the subjects who criticized the present lack of social goals in the corporation were quick to add that the corporation needs profits to survive and grow and to preserve the interests of all parties involved. For example, "We have to move beyond the profit goal, but we do need profit to achieve the other goals." One subject said that "social indicators will affect corporation goals, but only if they become an important procedure to measure growth in some sense other than the economic. The corporation is just one element of society and it will only accept [indicators] for decision making if others do too."

Among the few who thought that indicators would not have an impact on corporate goals, one observed: "I do not think goals will change. Maybe the course [means] to reach them might change."

Impact on Organizational Structure

The interviewees agree that the availability of social indicators would affect the organizational structure. Some subjects

stressed that social issues already have had an effect. The three companies in the study have appointed top level corporation officers to new positions concerned with consumer affairs and areas of government regulation such as safety, emissions control, urban affairs, and minority rights.

The organizational changes needed to incorporate social indicators into decision making procedures were mentioned also. "We will have to be able to analyze and interpret the indicators. We have to provide the organization to take care of this [procurement, analysis, and interpretation of social indicators]." "It will affect the number of people on the payroll. We will expand in the areas involved."

Impact on Product Strategy

Respondents also agree that the availability of social indicators would affect product strategy, both in the micro sense (as indicators of market trends and opportunities) and in the macro sense (as indicators of regulatory policies affecting product strategy). The following are examples of comments on micro effects. "If social indicators are available in a manner we can accept [as good measurements], they will affect product strategy. We will try to adapt the [product] offerings. For example, if

indicators show that life styles will be such that people will be wanting mass transportation, we will shift to it. In some sense we are already using social indicators, but imperfectly." "Social indicators will be very effective for product strategy, provided the goals they represent really refer to what people want. We still have to devise products for identifiable segments of the market." "This industry has a peculiar problem: time lag. We are identifying what people want today to plan a car for '75. Will they still be wanting the same things? Social indicators may help to identify the change in trends."

Other executives were more concerned with the macro effect. "Social indicators will be effective. Not so much in themselves, but because of what they mean. Are things going bad or well? They are indicators of where government, consumer advocates, or the corporation itself should move to."

It also was mentioned that the impact of social indicators on product strategy cannot be evaluated in the short run. The automobile industry has a long lead time. "It takes three or four years to develop a new car. We are taking even longer than that. We do not introduce a new car every five years anymore because of economic reasons."

Locus of Responsibility for Social Indicators

The subjects were asked to comment on the locus of responsibility for social indicators within the corporation. How should social information data be factored into the decision-making process? Respondents strongly agree that responsibility should be given to a specific group as opposed to several different groups within the corporation. They are indeterminate, however, about which one. Marketing research or similar groups (business, economic, and corporate research), product planning, "top corporate officers," or an independent, explicit agency were suggested as possible organizational structures to handle social indicators.

The following comment is an example of the suggestions of the marketing research group. "We will be dealing with data from two different sources: total universe or census data and sampling data. So, the procurement and analysis should rest with a group like ours that can evaluate both sets of data." Others suggest the product planning group or a group reporting to it. "Product planning is responsible for defining a product program that will meet all kinds of requirements: a product that will sell, that the company can produce with the present infrastructure, and that is socially responsible." "Product planning is more directly involved

with collecting all data relative to future model alternatives. It is the key group for product strategy."

It also was suggested that social indicators should be the concern of "top corporate officers" (the board of directors, the office of public responsibility, or similar offices). Finally, others saw the need for an independent, explicit agency within the corporation. "It has to be an explicit agency to serve as a clearing house. The average decision maker does not have the training and knowledge to use the information directly. We need an explicit agency to interpret [social indicators] to the executives. The same is true with economic indicators. We have a formalized group that studies them and reports the conclusions to the decision makers."

This diversity of opinion on the locus of responsibility indicates the newness of the corporation's concern. Procedures to deal with social information are not yet well institutionalized. The two corporations already concerned with social indicators are still in the research stage. They are interested in identifying the indicators that may be relevant to their industry, and the next step will be the evaluation of their validity and reliability. But, as a group, the executives interviewed could not visualize how the collection and analysis of social indicators, and the recommendations based on this analysis, could be handled in terms of organizational delegation.

The model suggested in the conceptual framework showed social indicators and the social report as part of the environmental information that the marketing intelligence system processes. Assimilation of this data is necessary to develop the knowledge about environmental conditions and trends and to evaluate the marketing system's opportunities and constraints.

If the locus of responsibility for social indicators is marketing research, or product planning, the model as conceptualized fits reality. If the locus is placed on some independent group, the model still stands but it must be modified. Instead of collecting and processing the data, the marketing intelligence system would receive the data already analyzed and interpreted. The same pattern already adopted for the use of economic indicators in several corporations would be followed. The processed economic data are a received input to the marketing intelligence system, and the same would be the case with social indicators.

The discussion of responsibility brought out some interesting facts. The same concern with the data, and its measurements and uses as analyzed in chapter 3, reappear now at the corporate level. There was some anxiety expressed about improper use of data not fully understood. This was reflected in the opinion that the average manager cannot evaluate social indicators unless they first

are analyzed for him. The observation also was made that "access to this kind of data should be limited to senior executives. There is the problem of failure of nerve of people who have to make decisions and do not know how to interpret these data."

Perception of Impact of Social Indicators on Government and Business Interface

Several propositions were advanced referring to the perception of impact of social indicators on government policies and programs and, hence, on corporations. Subjects strongly agree that the regulation of both business in general and the automobile industry in particular will increase. They also agree that the risks of product failure will increase, due to government's tighter controls and regulations. They disagree with the initial proposition and saw the pace of innovation as increasing also.

Extent of Government Regulation of Business

Proposition 4 states that "government regulation of business in general will increase." Interviewees strongly agree. The essence of their comments was that once governmental regulation begins, it is almost irreversible. "The only thing capable of reversing this trend [toward greater regulation] will be a catastrophe of major proportions, like the depression in the '30s." "The trend

is irreversible. The rate may decrease, but the trend is upward." "I would like to think that the trend to a mixed economy is stabilized, but as an objective person I see that it will increase." "Changes in people's values are pressing business more than ever. These changes have been building up for some time. They are reflected in legislation, more control by regulatory agencies and even in court suits."

A few remarked that even though legislation is going to increase, there will be a change of emphasis in the areas to be regulated. "Price control is becoming now what antitrust was in the 1950s. Legislation is moving in this direction."

Respondents strongly resent the increase in regulation of business. They recognize that some business practices improved only after public and government pressure were exerted, but they "dislike government running our business." This attitude is reflected in their comments. "Some people might be willing to give up freedom for health and safety. You let the government protect you as a necessity. But once government starts protecting, where does it stop?" "Regulations affect consumers' ability to choose. Less choices will be offered." "Now, anybody that has an idea, makes it into a regulation."

A few subjects speculated that government regulation of business could either increase or decrease. "Social indicators will give a better understanding of where we are going and will show whether we need more or less legislation." "I might answer all three ways [government regulation will increase, remain the same, decrease]. It depends more on individual leaders in the government and business than on great changes in society."

Extent of Government Regulation of the Automobile Industry

Respondents strongly agree with the initial proposition that "government regulation of the automobile industry will increase." The following areas are suggested as the more likely to be subject to regulation in the near future: product social quality, product functional quality, and price. Some respondents suggested that in addition to safety and emission controls, two other issues are emerging: noise control and damageability. The concern with the latter is a result of pressure from both the public and insurance companies. The insurance industry argues that it must charge high premiums because of the high costs of car repairs. The consumer complains about the high cost of insurance policies and about the costs of repairs not covered by insurance. Some evidence of damageability as an issue exists already in the standard requirements for bumpers.

There was some disagreement about price as an issue of regulation. Some indicated that price will be a new area of concern. "They have not touched us on price yet. The standard requirements will add to the cost of the car and the politicians will claim that the [added dollars] will be all going to profit." Others argue that "they are already regulating price and this will increase."

The idea seemed to prevail that the concern with car services and repairs has tended to increase as the number of automobiles and people's dependence on them has increased. "The consumer did not articulate this feeling [of dissatisfaction], but when someone [Nader] took on the automobile industry, the public thought it was great. In '65, '66, '67 the whole industry was caught off guard." "Actually, it is surprising that such an important industry survived so long without regulation. Transportation is really a matter of public interest. It involves almost everyone. As the number of automobiles increased, people's dissatisfaction with autos increased too. This led to regulation." "Underlying the politicians' interest there is an awareness that the consumer is dissatisfied. But what he really is dissatisfied with is his only contact with the industry, the dealer."

As in the case of regulation of business, the respondents agree that some regulation of their industry was necessary. "The

way antitrust laws are now, automobile companies cannot agree on standards. [Standards] have to be regulated. But then over-regulation becomes the problem." It also was accepted that regulation is needed for the "things people would not be willing to pay for. Seat belts, for instance. We had them, before the regulation, on an optional basis. We could not sell them."

The main issue underlying the comments was the dividing line between necessary legislation and too much legislation. The respondents themselves recognized that some measures were taken only after public and governmental pressure. They also recognized that, in the competitive situation of the marketplace, several of the safety and emission control devices could not be adopted because the consumer would not be willing to pay for them. Still, they perceived government regulation negatively. They argued that government is pushing standards that are too strict and/or too costly for the present state of technology. Some subjects distrusted the competence of "Washington people" to set standards. "They hire engineers that are not good enough to make it in the industry." This viewpoint is contradicted by the comment that "the government is competing with me for my best engineers."

Some of the legislated requirements were seen as contradictory: "I really do not know whether it was the industry or the

automobile that got so much criticism because of effects on environment, the quality of life, and so forth. The rules of the game have changed. People feel that industry should take care of externalities. . . . We are required to make better products . . . but this is inconsistent with other requirements like hiring minorities and hard core unemployed, plus spending money on this and that."

Some respondents expressed the feeling that the automobile industry was "singled out." "Vehicles are the largest pollutants only if the criterion for pollution is tonnage; if the criterion were toxicity, industry and power plants would be the major pollutants." As to safety, it was argued more than once that "safety involves three variables: the car, the highway, and the driver." "Why pick on the car only? Nobody wants to pick on the driver. Politically it is not the thing to do."

A few respondents answered that regulation of the automobile industry either would remain the same or increase only slightly. "It cannot increase much. We are already at threshold point and [politicians] may not find us so easy as the railroads." "It is at a high level right now. It will increase some more and then it will level off and go on to something else. Everybody's been on the car."

Risk of Product Failure

Proposition 6 states that "the risk of product failure will increase." The underlying reasoning is that increasing regulation of business and of the automobile industry implies increasing risk for the corporation, which would make the corporation more cautious.

Interviewees agree with the proposition. Subjects repeatedly mentioned the costs of product elimination decision, of recall campaigns, and of owner complaint settlements as additional burdens and risks facing the corporation. To the "normal" market risks due to uncertainty about future consumer tastes and competitive moves, they believed one had to add the risks due to uncertainties created by government regulation. The Corvair was quoted several times as an example of pressure induced product failure. It also was argued that "because of regulations, many changes are being introduced in the car. The more changes, the larger the probability of failure."

It is interesting to note that, using the same kinds of arguments, other subjects concluded that the rate of product failure will remain the same or decrease. "We will have fewer product failures because of the pressures. The public is less tolerant. The corporation will have to be more careful. It costs money to fail." "Now more features of the car have standards of performance."

There are more things that can fail. On the other hand, the industry will take more care to avoid failure. It is difficult to see how they net out."

Consistent with the opinion that the rate of product failure will increase, subjects also perceived that the risk of introducing new products will increase. "Now we have market risks plus liability risks." "Risks of introducing new products are inherently greater as there are more legal standards to be met by the product." Other respondents perceived the risk of introducing new products as remaining the same or decreasing. "We will be more careful now, so there will be less chances of failing." "Well-developed social indicators will decrease the risk. The largest element of risk is the uncertainty about change."

Pace of Innovation

Proposition 7 states that "the rate of development of new products (pace of innovation) will decrease." Although it seems a logical deduction from Propositions 4, 5, and 6, subjects disagree with the initial proposition. They perceived the pace of innovation as increasing. In justification they mentioned new market values, needs, and potentials, or the government regulations themselves. "We will increase the pace of innovation. We will do even more than necessary because of the exposure." Some viewed the

regulations themselves as spurring innovation, but, as one subject said, "the industry is turning fundamental capabilities to areas which are not going to result in perceptible differences in consumers' views." "The more regulation we have, the more we need to innovate."

The few subjects who agreed with the initial proposition argued: "If social concerns as reflected by social indicators bring about additional legislation, then the pace of innovation will decrease. The development of the product becomes too expensive. Plus the new liability risks." "If we are to live up to certain standards, accept liability for products, then we have to be more careful in design, testing, and so forth. The costs will increase. The pace of innovation will decrease."

Finally some subjects argued that they were not sure what the pace of innovation will be. "In some [industries] it will increase; in others it will decrease. There will be more opportunities for some and more constraints for others." In the same vein: "We may be witnessing a swinging pattern. The pace of innovation will decrease in some areas and increase in others."

Government's Relative Share in Research and Development

Proposition 8 asserts that "government's relative share in research and development will increase" (and the private sector's

will decrease). Unhappily the idea of "relative share" was not understood by several subjects. Despite additional explanation, several subjects answered that both shares will increase. This interprets the question as referring to absolute terms instead of relative share. Because of this misunderstanding, any attempt to find a general trend in the answers may be misleading. Some interesting remarks referred to the shift in priorities for research, namely, to areas of "more relevancy," such as "from aerospace to cancer." This was the only indication, although indirect, of concern with technology assessment. The question of technology assessment was not mentioned directly by anyone.

Pressures for Government Regulation of Business

It was proposed (Proposition 9) that "pressures for government regulation of business indicate that business has failed to meet consumers' needs and wants." A variety of topics related to consumer satisfaction and dissatisfaction were discussed. Overall, subjects agree with the proposition.

Satisfaction or Dissatisfaction with the Overall System, the Business System, the Automobile Industry, and Own Company

Subjects were asked to comment on what they perceived to be the popular image of the business system, the automobile

industry, and their own company. Some subjects admitted their company had research data on the questions. Others answered in terms of what they believed people generally think. Respondents agree that there is dissatisfaction with the overall system, the business system, and the automobile industry, but that there is satisfaction with their own company.

They suggested that some issues, like the Vietnam War, may color people's views, and that "some people are really satisfied, but get upset because they think that others are dissatisfied." Another stated: "The silent majority is a very satisfied large majority. [One] only hears the small, noisy group." "People may be concerned, but they are satisfied." A few ventured the opinion that "people are confused" and most do not know how they feel. "Most opinion polls are not asking the right questions."

Very few subjects admitted that people generally were dissatisfied with their own company, but the overall results show inconsistency. If people are satisfied with each of the three companies, how can they be dissatisfied with the industry? As this pattern of inconsistency began to appear, it was discussed in the remaining interviews. Some did not offer explanation; another suggested: "It means that consumers are more satisfied or less dissatisfied with our company than with the other three." One

might conjecture that the perception of their own company's image may be biased.

Respondents agree that people are justified in the way they feel about the overall system, the business system, the automobile industry, and their own company. The "justified" answers were given in reference to the "satisfied" answers, but also, in several cases, in reference to the "dissatisfied." The gist of the comments was: "If this is the way they feel, they are justified," implying that feeling is self-justifying. A candid remark was that "they would be justified in being even more dissatisfied than they are. They do not know how good the vehicle could and should be." Another comment was: "There are some real facts to justify the way they feel [dissatisfied]. There have been lots of wrongs. But people are discounting all positive, right things, in arriving at their conclusions. The conclusions are wrong. But it is understandable how they got there."

The "not justified" comments were mainly associated with the "dissatisfied" answer. "The lack of confidence in big business is not justified. I cannot be objective. We are a very hard-working industry in technology and administration. Maybe we are not so sensitive as we should be. But hard work and motivation should rate higher than they do." "The utility provided by the car far

exceeds its price. The industry is not worthy of all criticisms. They are disproportionate."

Throughout the interviews the subjects repeatedly emphasized that they are in the business of satisfying consumer needs and wants. The marketing concept was stated and restated. The words may have varied, but the same idea was expressed. Nevertheless, the subjects did admit the following: First, consumer advocates and politicians have capitalized on some dissatisfaction with the product and the industry. Second, some of the regulation, at least, was brought about by consumer pressure. Third, some of the safety and emission control devices had to be introduced by legislation. They were useful, but the consumer was not willing to pay for them. These statements are not consistent with the implementation of the marketing concept.

Consumer Evaluation of the Product

In the subjects' opinions, for the consumer, the most important features in a car are its functional quality, styling, customer service, and price, in that order. Respondents are indeterminate on whether or not the consumer can evaluate these features. Answers ranged from "can evaluate all of them" to "none." Concerning functional quality and customer service, it was

mentioned that evaluation may be based on own experience or word-of-mouth information. As to styling, "either the customer likes it or not." "It is in the eyes of the beholder." It also was mentioned that evaluation depends on how the consumer feels about the car. "He feels good or bad about his car, based on his expectations. If he likes his car, he will go as far as lying to say how good his car is."

Respondents are indeterminate on what should be done to improve the consumer's ability to evaluate the product. Some subjects saw some value in giving the consumer more information. Others argued that he does not read the information already provided. Either "he is not interested" or "information given by the corporation lacks credibility." Consistent with this latter opinion, it was suggested that "consumer protection agencies [might] help the consumers to evaluate [cars]." Some "poor starts by the government in this direction" also were mentioned.

There were other comments regarding improvement in the consumer's evaluating ability. "In a free enterprise system, we have to build a better mousetrap. Consumers and corporations must play in this field. And one does not get there by social legislation." "The consumer knows what he wants and will get what he wants. He should educate us in what he wants. If he does not get

what he wants, it is because we do not know what he wants. We have to find this out." Finally, other subjects stated that they did not know what could or should be done in this area.

This last set of comments also did not seem very consistent with the implementation of the marketing concept that the subjects had stressed before.

Visibility of the Industry

Subjects strongly agree that the high visibility of the automobile industry and its product in the concerns of consumer and environmental protection is due mainly to the size and importance of the industry and the characteristics of the product itself. It also was argued that the industry, despite its economic significance, lacks political power.

The subjects agree on various product characteristics that make it an important issue for the consumer. First, the pervasiveness of the car throughout society was mentioned. The car means mobility, freedom, and access to work or recreation. Second, it is a major purchase, outranked only by the home. Third, it is a product of high technical complexity, which affects product quality directly. It makes adequate service and repairs difficult. According to the subjects, all these factors explain why

any problems the consumer has with his car become a major source of dissatisfaction.

The lack of political power was explained by arguments like the following: "We represent only a few votes. The dealers represent many more votes and are more successful in protecting themselves. We have failed to gain the dealers' support for mutual help and interest."

The executives agree that overall, the industry's response to both consumer and environmental protection issues has been "about right." "We do not over-react. We only do what makes sense." "We are rational, conservative, in our reactions." "We may have over-reacted in some things and under-reacted in others, but overall the response was about right." Some argued that the reaction was correct but slow. Others pointed out that the problem was not one of over- or under-reaction, but that the reaction was inadequate. "There was lack of understanding of what these movements were. There was a tendency to generalize instead of taking specific action." "We completely misunderstood the whole problem." A few thought that the industry may have over-reacted. "In terms of time and costs there was maybe some over-reaction. The consumer advocates should be blamed for not understanding the state of technology and the price effectiveness of each measure. We

count pennies in each car. Every decision ends up being a million-dollar decision. We cannot have everything in the car at the same time."

Opinion about the industry's response to government regulations was indeterminate. Some thought the reaction was correct. "We analyzed the demands [of regulatory agencies]. We complied with the ones that made sense and fought the others. We would be irresponsible if we did not fight goals that do not make sense. We cannot fight good goals, but we can fight means that are not adequate to reach those goals."

Another thought industry over-reacted "because of the first impact of legislation. I do not know whether it was because of guilt feelings, but we tried to do everything that was asked from us, be it right or wrong. A two-sided debate would get better results. Some of the regulations are foolish." "The industry refused to deal with issues in the terms they should have been dealt with. For example: it should have examined mathematically the cost/benefits of tackling the issue [of safety] from the three variables: car, highway, and driver. The industry had the data and did not use them. . . . it would have had to say that one million to save one life is too much." One subject also mentioned that "in our own research we are beginning to get professional people

speaking negatively about the industry and our company. They feel we let them down because we did not take a firm enough stand against unrealistic demands [of regulatory agencies]."

Again the subjects agree that their own company reacted better than the industry as a whole to consumer and environmental protection movements and to government regulations. A few recognized that the company could have done better in relation to consumer movements. "There was a time lag in the response." In relation to government regulation, "we over-reacted in some cases, but have been under-effective in supporting current positions."

Respondents were asked what the automobile industry should do to overcome criticisms leveled at it. The answers polarized around two positions. First, the industry should do as much as possible to improve the product. Second, the industry needs more and better communications with the public. These opinions were expressed in several comments. "The industry should continue to improve the products according to what the consumer wants. And service is right, at the right price." "The industry needs more and better communications with the public. The consumer does not know the positive things about us, just the bad." "Public relations in this industry have been very bad." "We should have sorted between the good and bad criticisms. We should have taken a firm stand [about the latter] and gone to Washington

and the consumer with the facts. We do not brag enough about what we have done that's good. We did a lot about safety, even before there were criticisms and regulations."

Some views were more radical. The industry should "fight back." "Industry should become as pure as it can be. Then, it should resort to legal action in some of these issues. We should sue in a punitive way. We should let people be aware that if they criticize [the industry] they have to be ready to back it up with facts." "The industry is doing a disservice to society [by agreeing] to appropriate money where it is not very effective to cause social benefits."

The subjects agree that so far industry has improved both the product and communications. Most think that the industry "has come a long way in becoming socially responsible."

Perception of Social Indicators as Indicators of Changes in Life Styles, Value Systems, and Attitudes of Consumers

Proposition 10 states that "social trends point to changes in people's life styles, value systems, and attitudes as consumers."

The subjects were asked to speculate on the direction of social change trends and their specific effect on the automobile. Overall, they agree with the implications of the initial proposition. The interviewees strongly agree that the consumer's concern with

the product's functional quality either will remain the same (very high) or increase. They agree that consumer concern with social quality will increase and that consumer's concern with styling will remain about the same as at present (very high). They also agree that consumer concern with price is increasing.

Consumer Concern with Functional Quality

The respondents strongly agree that the consumer's concern with functional quality either will remain the same or increase. The concern is already very high. The consumer is showing irritation with lack of product quality. This is indicated by the number of consumer complaints, either directly through business channels or to consumer protection agencies. In addition, as the consumer becomes more knowledgeable about products, his expectations about them tend to increase. Their comments illustrate all these points. For example, "The consumer has already shown irritation with lack of quality. His expectations are increasing and provide a background for comparisons." "The consumer wants to believe he is sophisticated in relation to the product."

Consumer Concern with Social Quality

The interviewees agree that the concern with social quality will increase, but there is less agreement about it than in the case

of functional quality. "The consumer has changed. He is becoming aware of things like safety and pollution." Some think that the concern will remain the same (low) or even decrease when "the cost of social quality begins to be recognized by the consumer. "It is not only the cost of the car too. There are costs related to the fact that the consumer will not get the same level of performance from the car."

Consumer Concern with Styling

Respondents agree that consumer concern with product style will remain about the same as at present (very high). Although a few thought it may even decrease, throughout the interview it was apparent how style-conscious the industry is. "Style is what really grabs the customer." "First the customer has to like the way the car looks. Then he will see the other features." Consequently, it is notable that a few subjects mentioned that the consumer may become less concerned with styling.

Consumer Concern with Price

Interviewees agree that the consumer is concerned that price will increase. They believed he already is concerned and will become even more so when prices rise because of the costs of meeting standards. "When these costs amount to $800.00 or $900.00

per car, the consumer has to be concerned with the price he will be paying."

Cost-Benefits of Added Social Quality

The answers were indeterminate on whether or not the increase in product quality due to the social concerns is proportional to its high costs. There were a few conditional "yes" replies. "If we are allowed to control what we do, yes. If we are controlled by government regulations, no." Others gave a negative answer. "Some of the things we are adding cost more than the benefits they bring." Some stressed the idea that resources are not unlimited and that evaluation should be made in terms of costs of alternatives. "No, in terms of alternative costs. I do not think money is being put where it matters." "No doubt the standards [demanded] will save some lives and will improve the pollution situation. But could not this money be better spent? Deaths by accidents can be avoided by safety devices in the car, or better highways, or by not allowing drunk people to drive. Or all three together. Or by getting the victims to the hospital faster. Or by giving them better medical care. Where is the money better spent? My objection is not against the spending. It is against the waste."

Some subjects said that the cost-benefit ratio depends on the quality being added and stressed the difficulty of attaching a dollar figure to some of these values. One executive showed an attitudinal study done by his corporation and quoted one of his subjects: "I would say that the costs in dollars, performance, and reliability for emission controls outweigh the current gain to the consumer regarding clear air interest."

Subjects strongly agree that the consumer is the one who will pay for the added costs of social improvements in the product. The gist of their argument was that "there is no other that could pay." "My opinion on who should pay has nothing to do with it. Ultimately the consumer pays it, regardless of how it is accounted. He will pay, freely or unfreely, knowingly or not." A few thought the general public could pay some of these costs, but that the bulk should be paid by the consumer. It also was recognized that in the case of a product like the car, the two almost coincide, but not entirely.

The interviewees strongly agree that the corporation cannot and will not pay for the added costs. It was argued that under the present economic system there is no way the corporation could do so; costs will have to be passed on to the consumer. Moreover, even if the corporation were to give up all profits, funds would not

be sufficient to cover the anticipated increases of 20 to 25 percent. One subject commented: "What an amazing question. What difference does it make? Society will pay for it. The industry will simply raise prices. Should it come from the shareholders or consumers, there is very little the automobile industry can do. Consider the complex network of consumers, plus stockholders, plus stockholders of supplying industries. It is society imposing a price on itself."

The answers on whether or not consumers will be willing to pay for these added costs were indeterminate. Some thought the consumer will be willing, up to a point, if he sees the advantages of the added features. Others argue that, given the choice, the consumer will not be willing, but that in the future he will not be given the choice. Subjects agree that the average consumer will be able to pay, but that there may be some changes in the present pattern of market segmentation and product mix offerings. They strongly agree the trend in the market is toward the smaller car.

Concerning consumer willingness and ability to pay, the following comments were made. "The consumer will be willing to pay, up to a point, but not for what he will have to pay three or four years from now. This is why I think the concern with safety and pollution will decrease." "Thus far, the consumer is not being given too much choice. By not giving choice, some safety and

pollution devices were successfully introduced, without much outcry." "It is a matter of education. If he is educated and sold on the advantages of the added features, he will be willing to pay." "It is not the consumer paying for added costs. It is society establishing new priorities and reallocating resources accordingly."

Many responses referred to smaller cars and changes in buying habits. "The consumer is able to pay, but in order to do this he may have to trade-down or give up the family's second car." "People already are buying smaller cars because of price pressures." "Yes, they will be able to pay for the car, but they may have to buy a smaller car or give up some options." Some subjects argued that the average consumer will not be able to pay for the added costs. "Some people are already finding it difficult to pay for these added costs, and the costs are going up. Some may be forced to smaller cars or no car at all." "The more expensive cars are, the less cars will be bought. Sales dollars might not decrease, and profit is on sales, not on the number of cars sold, but the product mix will be changed."

Perception of Impact of Social Indicators on Product Strategy

Propositions 11-21 concerned the impact social information would have on corporate product strategy decision making.

The subjects agree with the initial proposition that the number of product eliminations will increase, but they disagree that diversification of present lines will increase. The subjects strongly agree with the propositions that corporate concern with functional quality and social quality will increase. They agree that corporate concern with functional product features is increasing, but they disagree that the concern with aesthetic features will decrease. They believed this latter concern will remain as high as at present. Respondents strongly agree that corporate concern with standardization of product features is increasing. However, answers on whether or not this will necessarily mean standardization of the final product were indeterminate. Some thought it will. Others thought that even with standardization of product features it is still possible to have some differentiation of the final product. However, the executives agree with the proposition that corporate concern with product differentiation will decrease. They agree that corporate concern with guarantees and warranties will increase, and strongly agree that concern with customer service and consumer education also will increase. They strongly agree that costs will increase and that the added costs will be reflected in the prices of the finished product. These issues will be analyzed in more detail to include the subjects' justifications for their answers.

Product Mix

Product Elimination Decisions

Proposition 11 states that "the number of product elimination decisions will increase." Subjects justified their agreement by citing either regulatory pressures or economic reasons. An example of the former is the comment that "the industry will eliminate the convertible because of convoluted pressure. The government is concerned with the problem of roll-overs. Also, the consumer is showing preference for stereos and air conditioning. Add all these, the convertible will go." "The number of products is decreasing already. Some products will not meet the government standards." "We are eliminating muscle, highly powered cars from our lines. This is because of pressure by the insurance companies and also because of public pressures." The economic reasons refer to the added costs of meeting standards. "We have limited resources to allocate for transportation. Proliferation of products is costly. If the government is requiring greater expenditures, we will have to reduce the variety of offerings."

All these arguments are summarized in another subject's comment: "We had two decades of expansion and proliferation of products in answer to what we believed the market wanted. It led

to a complication of product lines difficult to cope with. Now, with all the federal requirements on the design of the vehicle, we lack the resources--men, money, materials--for a large variety of products. It has to result in the increase of elimination decisions."

Diversification of Present Product Lines

Proposition 12 states that "diversification of present product lines will increase." Respondents disagree with this proposition, and argued that the tendency is for diversification to remain at about the same level as it is today. Their observations referred to the difficulties that they considered peculiar to the automobile industry. "The problem is to find something large enough to diversify to." "This is a large, heavy capital industry, keyed to large capital operations." Some subjects emphasized that "we are in the transportation business. If we diversify, it should be to other forms of transportation."

The topic of mass transportation provoked various responses. Some were strongly in favor. "If it is shown that people are changing and willing to accept mass transportation, we should go into it." "We should expand our role in public transportation. Growth does not come by staying with the same product lines. We should expand to other vehicles." "I hope we will be

permitted to go into mass transportation. We are discouraged by the government from entering new fields." "We are in the business of moving people. If the trend evolves to something like mass transportation, we should do it. But we are not systems people. We would not be involved in planning the system, but in producing the basic hardware."

Others vehemently opposed mass transportation. "The most rigorous reaction should be mounted against it by the automobile industry. There is no economic or social argument for it. Some top managers in this industry think that if there is social pressure for mass transportation, then let us go into it. This is wrong. Mass transportation precedes the automobile. It reflects an urban environment that is socially and psychologically unhealthy and economically wasteful." "In thirty years the vehicle may be something you would not recognize. Maybe it will not even be called a car. But the idea of personal mobility will not change. It will still be some mode of personal transportation and we are all going to like it."

Finally, a few subjects pointed out that the best solution might be market diversification. "We should expand foreign operations to meet the greater demands in other countries." "The world is our market." "Successful, profitable operations in growing

countries may offset the future domestic problems of slower growth and cost pressures."

Product Quality

Corporate Concern with Functional Quality

Proposition 13 states that "corporate concern with functional quality will increase." Respondents strongly agree. Only a few subjects thought that this concern will remain about the same because it is already very high.

Comparing the answers to questions 12 and 21, referring to corporate and consumer concern with functional quality, there was consistency in the direction of the answers. Subjects strongly agree that both will increase. Some pointed out that upgrading functional quality is the best answer to consumer movements. "There is a terrific drive to upgrade quality of product both as to reliability and durability." "Upgrading quality is really the best answer to consumer movements. We should build a product of such high quality that the problem of guarantees and services will really lose significance." Others adopted a more cautions approach. "We should try to build the best car that technology allows, but there are economic considerations too. We have to reach a

compromise between the durability and reliability and the cost to the consumer. We are concerned with the durability and trade-in value of our cars because the customer rates them as important considerations."

Corporate Concern with Social Quality

Subjects strongly agree with Proposition 14, which states that "corporate concern with social quality will increase." Subjects cited both market and regulatory pressures as reasons. There were several comments from the market pressure proponents. "If the public is aware of the social issues, it will pressure and we will respond." "We are responsive to anything that affects viability in the marketplace." Others stressed the regulatory pressure. "Concern with social quality would not increase without regulations. We tried to sell safety features on an optional basis five to seven years ago. We never got our investment back." "[Social quality] will increase because of [government] imposed constraints." "It's got to increase. We are committed to it by public policy." The comparison of answers to questions 13 and 22, referring to corporate and consumer concern with social quality, also showed consistency. Both were seen as increasing. However, the number of subjects who thought that consumer concern with social quality

will increase was smaller than the number who stated the same concern for the corporation. If, as the subjects repeatedly claimed, the corporation responds directly to consumer needs and wants, how does one explain this discrepancy? There are two possible explanations. First, some who thought the consumer will not be concerned with social quality believed the corporation will be concerned because of regulatory pressures. Second, there may be a time lag in the responses of the two groups: "The corporation is lagging behind the consumer. It has been slow to react. Now it is reacting and will increase its concern with social quality, when the consumer is letting off."

Trying to explore this point further, answers to questions 12 and 21 and 13 and 22 were compared to answers to question 45 (In the subjects' opinion, what is more important for the consumer in a car?). Subjects cited functional product quality, styling, customer service, and price, in that order. It seems reasonable to conclude, then, that although a large number of respondents stated that the consumer concern with social quality will increase, their belief was not as strong as their belief in the increased interest in functional quality, where there was strong consistency between the three sets of answers.

One of the subjects criticized the author's arbitrary division of functional and social quality as incomplete. "A third dimension should be added: psychological, satisfaction quality. It has to do with enjoyment, pride of ownership. This kind of quality is going to decrease because of the standards. The car will not even have the same performance. Some comforts and little touches will have to go, too, as the number of choices decreases."

The next observations, that contrast concern with functional features with concern for styling, may confirm this viewpoint. Styling may be considered as referring directly to a psychological dimension.

Corporate Concern with Product Styling

Proposition 15 states that "corporate concern with styling will decrease." Interviewees agree that concern with functional product features will increase, but disagree that concern with aesthetic features (styling) will decrease. Rather, it will remain about the same (very high). They argued that the greater concern with functionality and regulations do not lessen demands on designing. On the contrary, the demands will be the same or even higher than before to accommodate these requirements and still keep the vehicle aesthetically pleasing. In the subjects' opinions, the industry

is very style-conscious, and very significant changes in market demands would be needed to modify its outlook.

The gist of the comments concerning greater interest in functional features was that it is a response to a market trend. This point of view is consistent with the one expressed before on increasing concern with functional quality (questions 12 and 21). "In the past, this industry emphasized styling. The trend was toward bigger, more luxurious, more expensive cars. Some buyers still like a big, luxurious car, but many others want a functional, economic kind of car." "The corporation will put money where the consumer can discern a difference. It is difficult to acquire differential advantage in styling today. All cars are very well styled. The last significant [styling] market advantage was car X in 1965." "From now on, if we have style changes, they will be functionally related, that is, styling changes to accommodate new functional features."

The subjects who sponsored the idea that corporate concern with styling will remain about the same point out that in the past styling determined whether a car would sell or not, and that this is still true. "The love affair with the car is not over." Otherwise, why would consumers buy cars with "de luxe," not functional, features? "To sell a car to a customer, you have to get him to the

showroom first. Styling does it." For these subjects, regulations and the greater concern with functionality will not decrease demands on designing; they will be the same or heavier than before to accommodate the requirements "aesthetically." "Styling changes will become less frequent, but concern with styling will remain the same. People are going to aesthetics in everything, including cars."

The comparison of the three sets of data (answers to questions 19, 23, and 45) shows consistency in the belief that styling is and will remain an important concern for the consumer and the corporation.

Throughout the intereviews, as noted before, it became evident that the industry is style-conscious to a high degree. The subject was explored. Some executives said that they had "data to back up the opinion that style is what grabs the customer." Others answered that they had no research data, but that this has been a strong belief of the industry. One subject cautioned: "Maybe it is just a belief, about which the success of the VW raises serious doubts." Other subjects speculated that so many issues are demanding the corporation's attention that the focus on styling gradually may shift to them.

Corporate Concern with Standardization of Product Features

Subjects also were asked to comment on Proposition 16, "corporate concern with standardization of product features will increase." They strongly agree. Several subjects stressed the economic advantages of standardization of components: reduction of parts inventory and simplification of manufacturing and training of mechanics. Others again mentioned government requirements leading to standardization. "Standardization will increase out of necessity, not because consumers want it." "Standardization leads to minimization of trouble." Some subjects thought that standardization will remain at present levels, mostly because of market pressures. "People like multiplicity of choices and freedom of choice. The customer loves to custom design his own car and get away from standardization."

The question of whether standardization of product features necessarily will mean standardization of the final product was indeterminate. Some thought that it will, but others thought there still could be some differentiation of the final product. "We can combine the standard features in different packages. We also can offer optional features that differentiate the car." "We will never produce complete sameness because we are ingenious in meeting

all the regulations and still designing a product that is different in the consumer's eyes."

Corporate Concern with Product Differentiation

The subjects agree with Proposition 17: "Corporate concern with differentiation will decrease." Several arguments were presented in justification. First, government requirements are a "push to sameness." Cost factors and market reaction also will lead to less product differentiation. "By 1974, 1975, all bumpers will look pretty much alike." "The cost of meeting the standards leads inevitably to cutting down expenses for other things, product differentiation included. You cannot increase everything with the same amount of money. Something, product differentiation, for instance, will have to go." "The market itself is reacting differently. Nowadays, it has to be a meaningful differentiation." "Consumers do not go for small, meaningless differences any more."

Some subjects believed the level of product differentiation will remain the same as today. "The market requires differentiation in the car." "Product identity is the most important thing to sell in a car. We would have to have very compelling reasons to discontinue product differentiation, so compelling as to outweigh the advantages of differentiation." A few thought that product

differentiation might even increase. "Differentiation is basic in this business. As society changes, the indicators will show what kinds of differences people want in their cars."

Guarantees and Warranties, Consumer Service, and Consumer Education

All the subjects perceived these three issues as closely interrelated and as areas of increasing concern for the corporation.

Corporate Concern with Guarantees and Warranties

Proposition 18 states that "corporate concern with making guarantees and warranties more explicit will increase." Subjects agree. Some mentioned market demand for more explicit guarantees, and regulatory demands and the need for the corporation to protect itself from a competitive and legal viewpoint also were emphasized. "The market is better educated. It demands more explicit guarantees and warranties. The corporation has to be responsive to what it perceives as market needs and wants." "The concern with making guarantees and warranties more explicit increases greatly as government develops a greater regulatory posture and the corporation has to respond to it." "Because of the loosening up of the legal process, the advantages [in the liability

suits] are all on the side of the consumer. Companies will tighten up warranties and promise less and less."

Other subjects used the same kinds of arguments to justify the opinion that corporate concern with guarantees and warranties will remain at the same level. "Guarantees will not be increasingly explicit. Courts already have gone further than the corporation would have gone in making the implicit more explicit." "We want to have our consumer satisfied. We stand behind our product. But we do not feel we should stand behind abuse."

Subjects stress that the problem of guarantees and warranties is closely related to customer service and product quality. "We should strive to have a car that does a good job for a long time. Then warranties would not be so important."

Corporate Concern with Customer Service

Proposition 19 refers to customer service. It states that "corporate concern with customer service will increase." Respondents strongly agree. Some rated it "number one priority." They believed that cost and inconvenience related to servicing and repairing the car are the main sources of consumer dissatisfaction. This is consistent with answers to question 45, where customer service was mentioned as important to the consumer. The subjects

perceived the dealer as the main locus of responsibility for this dissatisfaction. "The dealer is the point of contact with the consumer and he very much influences consumer satisfaction with the product, both in services and administration of the manufacturer's guarantee."

It was argued that because the dealers are independent businessmen, the manufacturer cannot have, as it should, strong control over services. "We are blamed for the bad service, but we do not own the dealerships. And the dealers are the ones that contact customers." "People are more and more concerned about the services and the dealers. Customers do not want to depend on others they can't trust."

The subjects recognized that most dealers do not see themselves as the ones responsible for the poor service. They blame the problem on the manufacturer. Dealers argue that the car's complexity plus poor workmanship and extended warranties require an extensive service organization that most of them are not prepared to manage. Manufacturing problems, as exemplified by the recalls of great numbers of cars, put an added stress on service demands. In addition, the dealer has no incentive to provide good service. "You see, people say they are concerned about services, but they do not develop any loyalty to the dealer. They

go down the street to whoever gives them a $25.00 discount. Then the dealer does not feel he gets rewarded for good service and does not provide it. The customer reasons that since he is not going to get good service anyway, he might as well take the discount. And so on. . . . it is like a vicious circle."

Subjects agree that the dealers are not prepared or willing to cope with the service problem on their own. The solutions the subjects proposed varied. They suggested bypassing the dealers, increasing product quality, and minimizing product complexity. "We just could set up our own service organization . . . but there are the antitrust laws that do not let us do it." Others suggested the need for "an almost trouble-free car that does not need servicing." "The solution is to minimize the product's complexity. We should have product simplification and the highest possible component standardization across car lines." "The solution to the service problem should begin at the very start, when the product is conceptualized at the designer's table."

Efforts to improve service were mentioned in all the three corporations, including "hot line," mobile training units to help dealers' technicians, and incentive programs giving awards to dealers about whom customers do not complain. Subjects in all three corporations mentioned Ford's recent decision to set up

service as an organizational division separate from sales. Subjects pointed to it as an example of the priority that service is being given.

It becomes clear that not only the question of customer service is being discussed, but also the complex web of manufacturer and dealer relationships and power conflicts within the channel of distribution. Consumerism brings these to the surface, since each party blames the other for consumer dissatisfaction. Some of the subjects seemed aware of the fact that any solution to the customer service problem must take these interrelationships into consideration. If the consumer is to be satisfied, there must be a provision for swift "flow of services," in the same way there is a flow of transactions and a flow of physical distribution activities. The problem, however, is how to organize and administer the flow of services.

Corporate Concern with Consumer Education

Proposition 20 states that "corporate concern with consumer education will increase." Again subjects strongly agree. Several mentioned on-going and planned activities within the corporations for better product information and recourse channels. Most view consumer education within the context of improving communication with the consumer.

The importance of expanding consumer education was recognized, but it also was stated candidly that any such program encounters difficulties that the manufacturers do not yet know how to overcome. They have not found the way to gain credibility or to capture consumers' attention and interest. "We should expand the feedback system." "We have to find better ways of communicating with consumers." "We don't know how to get the customer's attention and interest. He does not read even the information we are putting out now." "Maybe the consumer will be overloaded with information." "Customers do not trust us very much as a source of information. They trust the dealers even less." One subject suggested "that independent consumer agencies or even government agencies could be an unbiased good source of product information. But the government efforts in this direction, up to now, have been awful."

Comparing answers to questions 17, 53, and 54, one is led to conclude that the subjects believed in the value of better communication with consumers, but have not yet found a good way of implementing it.

Product Cost

Proposition 21 states that "product cost for the manufacturer and consumer will increase." Interviewees strongly agree on this

topic. Subjects argued that the standards for safety, pollution control, and damageability protection are adding and will add even more to the cost of the car, and this will be passed on to the consumer. Subjects' perception of costs as increasing is consistent with their perception of price as important for the consumer (question 45) and of consumers being increasingly concerned with price (question 24). "Prices will be going out of sight." "Costs are a major concern already. The government will have to back off." "Costs are increasing and will continue to go up, and so will the prices consumers will have to pay."

CHAPTER 6

CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

The purpose of this chapter is twofold: first, to summarize the conclusions of the study, and, second, to set forward suggestions for further research.

Conclusions

This dissertation's focus is on the impact of social indicators and social reporting on corporate decision making for product strategy. Underlying this study is the basic assumption that the idea of social indicators and social reporting is here to stay. Therefore, the exploration of their implications for marketing planning is justified.

It is also assumed that social indicators and social reports will help gauge the state of society. They may point to the areas to which government will be directing policies and programs. Because of government business interfaces, whatever indicates the direction in which government will move is bound to have an impact

on corporate decision making. Social indicators and social reporting will define trends in social change and consequent life styles, value systems, and consumer behavior. They may, then, be useful information for the corporation in planning its marketing strategy, especially product strategy.

The propositions advanced in chapter 4 referred to these basic assumptions. These initial propositions were explored by interviewing 14 automobile industry executives, in leverage positions for product strategy decisions. The detailed analysis of the findings was given in chapter 5. In the present chapter only the dominant trend (strongly agree, agree, indeterminate, disagree, strongly disagree) toward each proposition will be summarized.

The first proposition referred to executives' awareness of the social information explosion, and the conclusion is that most interviewees were unaware. All executives were familiar with the social areas and issues for which social indicators are being developed, but the term social indicator, and the idea of associating measurements with social issues, were unfamiliar. Once the concept of social indicators was explained, it was well understood, although some executives expressed reservations about the possibility of valid and reliable measurements.

The conceptual framework suggested that social indicators, because of their micro and macro effects, would have an impact on corporate decision making, goals, organizational structure, and product strategy.

Respondents strongly agree that the availability of regularly published social indicators will affect corporate decision making. In justifying the affirmative answers, the factors mentioned most often were the usefulness of good social statistics, the value of social indicators in pointing the direction of future government actions and regulations, and the uses of social indicators for better indentifying future market trends. The respondents mentioned indicators in the areas of health, safety, and the physical environment as more important for the automobile industry. Safety and pollution are major regulatory issues and it is understandable that indicators in these areas should have been mentioned often. Also mentioned as important for characterizing market opportunities were indicators of economic issues (employment, income) and, in a few cases, indicators of leisure and recreation. Overall, the subjects' comments showed more concern with the relationship of social indicators to the social concerns that may be subject to governmental regulations than with indicators possibly reflecting market trends and new market opportunities.

Respondents agree that the availability of social indicators would have an impact on corporate goals, organizational structure, and product strategy. A few qualified their affirmative answers, stressing that the effectiveness would depend on how good a measurement indicators will be and on their acceptance by other sectors of society. The gist of most observations on corporate social goals is that corporations should accept social goals and responsibilities, but without jeopardizing present economic goals. The executives stressed that social issues already have affected the organizational structure. The three companies in the study have appointed top corporate officers to new positions concerned with consumer affairs and areas of government regulation such as safety, emissions control, urban affairs, and minority rights. Respondents also agree that the incorporation of social indicators into decision-making procedures will induce organizational changes. The procurement, analysis, and interpretation of social indicators will have to be delegated to an expanded, existing organizational group, or to some new group.

Interviewees agree that the availability of social indicators will affect decisions on product strategy, both in the micro sense (as indicators of market trends and opportunities) and in the macro sense (as indicators of regulatory policies affecting product strategy).

The locus of responsibility within the corporation for procurement and analysis of social indicators and policy recommendations based on them also was discussed. The respondents strongly agree that the responsibility should be given to a specific group as opposed to several different groups within the corporation; they are indeterminate, however, about which group. Marketing research or similar groups (business, economic, and corporate research), product planning (or a group reporting to it), "top corporate officers," or an independent, explicit agency were suggested as possibilities. This diversity of opinion on the locus of responsibility indicates the newness of the concern for the corporations. Procedures to deal with social information are not yet well institutionalized.

The model suggested in the conceptual framework implied that social indicators and social reports are part of the environmental information that the marketing intelligence system processes. Such social data are necessary to develop knowledge about environmental conditions and trends and to evaluate the marketing system's opportunities and constraints. If the locus of responsibility for social indicators is a marketing research or product planning group, the model as conceptualized is adequate. If responsibility is given to some other independent group, the model still stands, but is

modified, somewhat. Instead of procuring and analyzing the data, the marketing intelligence system will receive the input of data already analyzed and interpreted.

Respondents strongly agree with the proposition that government regulation of business will increase. In essence, they see the trend to regulation as an almost irreversible one. They also strongly agree with the proposition that government regulation of the automobile industry will increase. The following areas are suggested as the most likely to be subject to regulation: the product's social quality, functional quality, and price.

Some respondents suggested that in addition to safety and emissions controls, two other issues are emerging: damageability and noise control. The respondents recognized that some regulations were necessary, because of the importance of the industry to the public, and because safety and pollution control standards otherwise could not be met in the competitive conditions of the market; consumers are not willing to pay for them. But the executives seemed to strongly resent the extent of regulation to which business in general, and their industry in particular, has been subjected. It is claimed that safety and pollution standards are too strict and are beyond the possibility of present technology.

Some propositions were offered regarding related areas of business-government interfaces. The reasoning underlying these propositions is that increasing regulation of business and of the automobile industry imply increasing risk for the corporation. This would move the corporation to more cautious actions.

Subjects agree that the risk of product failure will increase, thus agreeing with the initial proposition. Costs of product elimination decisions, recall campaigns, and owner complaint settlements were mentioned as examples of additional burdens and risks that the corporation is facing. Consistent with the previous perception that the rate of product failure will increase, subjects also agree that the risk of introducing new products is increasing. They disagree, however, with the proposition that the rate of development of new products (pace of innovation) will decrease. They believed that the pace of innovation will increase because of new market values, needs, and potentials, or will be spurred by the regulations themselves. Technology will have to be developed so that the required standards can be met at a reasonable cost.

The proposition that government' s relative share in research and development will increase was not well understood. This being the case, any attempt to interpret a general trend in the answers may be misleading.

Subjects agree that people in general are dissatisfied with the overall system, the business system, and the automobile industry. Somewhat contradictorily they agree that people in general are satisfied with their own companies. They also agree that people are justified in the way they feel. The essence of their comments was: "If this is the way people feel, then they are justified."

The subjects seemed to believe in the marketing concept. They also believed that their own company implements it. It was repeatedly stressed that the industry is in the business of satisfying consumer's needs and wants, but they did admit to a few failures. First, consumers' advocates and politicians have capitalized on some dissatisfaction with the product and the industry. Second, some of the regulation, at least, was brought about by consumer pressure. Third, some of the safety and emission controls could only be introduced by legislation because the consumer did not want them. These attitudes hardly are compatible with the implementation of the marketing concept.

Most often mentioned as important in a car for the consumer were functional product quality, styling, customer service, and price, in that order. Answers are indeterminate on whether consumer can or cannot evaluate these features. They are also

indeterminate on what, if anything, should be done to improve consumers' ability to evaluate the product.

Subjects strongly agree that the high visibility of the automobile industry in the concerns of consumer and environmental protection is due to the size and importance of the industry and the characteristics of the product itself. Some also argued the industry lacked political power to combat the situation.

The subjects agree on the various product characteristics that make it an important issue for the consumer. Most often mentioned were the pervasiveness of the car throughout society, the fact that it is a major purchase, second only to the home, and the fact that it is a product of high technical complexity. This latter affects product quality directly and makes it difficult to obtain good service and repairs. Poor dealers' service was often noted as a major source of consumer dissatisfaction.

Interviewees agree that the industry's reaction to both consumer and environmental protection movements has been about right. Answers about the industry's response to government regulations are indeterminate. Some of the respondents thought industry's reaction was about right. Others thought that the industry overreacted.

The subjects agree that their own company reacted better than the industry as a whole to consumer and environmental protection movements and to government regulations.

Subjects were asked what the automobile industry should do to overcome criticisms leveled at it. The answers polarized around two positions. First, the industry should do as much as possible to improve the product; second, the industry needs more and better communications with the public. The subjects perceived that so far this is exactly what the industry is trying to do.

It was conceptualized that social change trends revealed by social indicators point to changes in people's life styles, value systems, and attitudes as consumers. Subjects were asked to speculate on the direction of these changes in the specific case of the automobile. They strongly agree that the consumer's concern with functional product quality either will remain the same (very high) or will increase. They also agree that consumer concern with social quality will increase. They agree that the concern with styling will remain about the same (very high) and that the concern with price is increasing. Answers on whether or not the increase in product social quality is proportional to its high costs are indeterminate. Subjects strongly agree that the consumer will pay for the added costs of social improvements in the product; the gist of their argument was that "there is no one else that could pay."

Answers are indeterminate on whether or not the consumer would be willing to pay for the costs of increased social quality of the car. Some thought the consumer would be willing to pay, up to a point, and if he is educated to see the advantages of the added features. Others argued that, given the choice, the consumer would not be willing to pay, but that from now on he will not be given the choice. Respondents agree that the average consumer will be able to pay, but that there may be some changes in the present pattern of market segmentation and product mix offerings. They strongly agree that the trend in the market is toward the smaller car.

It further was conceptualized that the impact of social information on corporate decision making would have some specific impact on product strategy decisions.

Subjects agree that the number of product elimination decisions will increase because of both economic and regulatory pressures.

They disagree, however, with the initial proposition that diversification of present lines will increase. Justifying their perception that the tendency is for diversification to remain at about the present level, the subjects pointed out the difficulties that they consider peculiar to the automobile industry. These

include antitrust restrictions and the fact that automobile manufacturing is a large, heavy capital industry, geared to large capital operations.

The topic of the role of the industry in mass transportation provoked various responses. Some strongly favored it, if this is what the market demands. Others were vehemently against mass transportation and even felt that the automobile industry should react against it. Finally, some subjects perceived market diversification, through expansion to foreign operations, as a solution for the domestic problems of slower growth and cost pressures.

It was proposed that corporate concern with functional product quality will increase. Subjects strongly agree. They also strongly agree with the proposition that the corporate concern with social quality will increase. In both cases it will be a response to market and regulatory pressures.

Respondents agree that corporate concern with functional product features is increasing. They disagree with the initial proposition that corporate concern with product styling will decrease. They perceived the concern with aesthetical features (styling) as remaining about the same (very high). It was argued that the greater concern with functionality and the regulations does not mean lesser demands on designing. The demands will be the same or even

higher than before to accommodate these requirements aesthetically. The subjects perceived the industry as being highly style-conscious, and significant changes in market demands would be needed to modify this basic belief.

Subjects strongly agree with the initial proposition about standardization of product features. They perceived corporate concern with it as increasing. Economic reasons and regulatory pressures were mentioned to support the answers. Answers are indeterminate on whether or not standardization of product features will necessarily mean standardization of the final product. Some thought that it will, but others thought that even with standardization of product features, it is still possible to have some differentiation of the final product. However, subjects agree with the proposition that corporate concern with product differentiation will decrease. Arguments to justify the answers included government's "requirements for sameness"; costs factors, and market reaction. It was believed that the market "won't go for small, meaningless differences any more."

The subjects strongly agree the issues of guarantees and warranties, customer service, and consumer education are closely interrelated. They agree with the initial proposition that corporate concern with guarantees and warranties will increase. The

increased concern with guarantees and warranties is justified by the demands of a more educated consumer, regulatory demands, and the need for the corporation to protect itself both from a legal and competitive viewpoint.

Subjects strongly agree that corporate concern with customer service and consumer education will increase. Customer service is rated "as top priority." The respondents believed it to be the main source of consumer dissatisfaction. They perceived the dealer as the main locus of responsibility for this dissatisfaction. Behind all these comments lie the complex interrelationships of the manufacturer-dealer actions in assuring consumer satisfaction. The respondents mentioned efforts by the manufacturers to improve customer service: mobile training units to help dealers' technicians, incentive programs to award dealers with no customer complaints, and establishing service as a separate organization at the corporate level.

The importance of expanding consumer education was recognized. The issue was perceived within the context of improving communications with the consumer, but it was candidly recognized that the corporations are not sure of how a good program of consumer education could be implemented. They do not know how to achieve credibility or win consumers' attention and interest.

Interviewees strongly agree that costs will increase. The standards for safety, pollution control, and damageability protection are adding, and will add even more, to the cost of cars. These added costs, of course, will be reflected in the prices of the final product.

The conclusions are summarized in Table 4. The propositions and main trends of the answers are listed, following the same criteria explained in chapter 5: strongly agree, agree, indeterminate, disagree, strongly disagree. There is one exception to these criteria. For Proposition 8, no conclusion could be drawn because the subjects did not seem to understand the related questions very well. It also should be noted that although the interviewees agree overall with Propositions 9 and 10, these are broad propositions, including several issues. A better understanding of the trends for specific aspects can be gained from the analyses on main findings or from the conclusions.

Restatement of Propositions

According to the objectives of the study, the initial propositions are restated as a result of the findings detailed in chapter 5.

TABLE 4

SUMMARY OF CONCLUSIONS

Propositions	Conclusions
1. Corporate decision makers are aware of the social information explosion.	Strongly Disagree
2. Corporate decision makers perceive of social indicators as having an impact on corporate decision making.	Strongly Agree
3. The availability of social indicators will have an impact on corporation goals, organizational structure, and product strategy.	Agree
4. Government regulation of business in general will increase.	Strongly Agree
5. Government regulation of the automobile industry will increase.	Strongly Agree
6. The risk of product failure will increase, due to government's tighter controls and regulations.	Agree
7. The rate of development of new products (pace of innovation) will decrease.	Disagree
8. Government's relative share in research and development will increase.	No Conclusion Could Be Drawn
9. Pressures for government regulation of business indicate that business has failed to meet consumers' needs and wants.	Agree
10. The social change trends (as revealed by social indicators) point to changes in people's life styles, value systems, and attitudes as consumers.	Agree
11. The number of product elimination decisions will increase.	Agree
12. Diversification of present product lines will increase.	Disagree
13. Corporate concern with functional quality will increase.	Strongly Agree
14. Corporate concern with social quality will increase.	Strongly Agree
15. Corporate concern with product styling will decrease.	Disagree
16. Corporate concern with standardization of product features will increase.	Strongly Agree
17. Corporate concern with product differentiation will decrease.	Agree
18. Corporate concern with making guarantees and warranties more explicit will increase.	Agree
19. Corporate concern with customer services will increase.	Strongly Agree
20. Corporate concern with consumer education will increase.	Strongly Agree
21. Product costs for the manufacturer and consumer will increase.	Strongly Agree

Awareness

Proposition 1 Corporate decision makers are aware of social issues and concerns, but are not aware of the social information explosion. They do not yet associate indicators and measurements to these issues and concerns.

Perception of Impact on the Corporation

Proposition 2 Corporate decision makers perceived of social indicators as having an impact on corporate decision making.

Proposition 3 The availability of social indicators will have an impact on corporation goals, organizational structure, and product policy.

Perception of Business-Government Interfaces

Proposition 4 Government regulation of business in general will increase.

Proposition 5 Government regulation of the automobile industry will increase.

Proposition 6 The risk of product failure will increase due to government's tighter controls and regulations.

Proposition 7 The rate of development of new products (pace of innovation) will increase.

Proposition 8 Government's relative share in research and development will increase.

Proposition 9 The pressures for government regulation of business indicate that business has failed to meet consumers' needs and wants.

Perception of Social Indicators as Indicators of Consumers' Changes

Proposition 10 The social change trends (as revealed by the social indicators) point to changes in consumer life styles, value systems, and attitudes.

Perception of Impact on Product Strategy

Product Mix

Proposition 11 The number of product elimination decisions will increase.

Proposition 12 Diversification of present product lines will remain at the present level.

Product Quality

Proposition 13 Corporate concern with product functional quality will increase.

Proposition 14 Corporate concern with product social quality will increase.

Proposition 15 Corporate concern with styling will remain at the present level (very high).

Proposition 16 Corporate concern with standardization of product features will increase.

Proposition 17 Corporate concern with product differentiation will decrease.

Guarantees and Warranties, Customer Service, and Consumer Education

Proposition 18 Corporate concern with guarantees and warranties will increase.

Proposition 19 Corporate concern with customer service will increase.

Proposition 20 Corporate concern with consumer education will increase.

Costs

Proposition 21 Product costs for the manufacturer and the consumer will increase.

Some Additional Observations

Finally, some comments are in order about observations made throughout the interviews.

The interviewees' answers reflect the framework of the free enterprise, capitalistic ideology. They believe in free enterprise, private ownership, and free competition; they consistently see profit as the main goal of the corporation. The adherence to this set of beliefs has several implications.

First, despite the fact that as a group they are well aware of the social changes occurring in society in the 1970s and of the need to adapt to them, they have difficulty in doing so. It is not easy to discern, by observation, whether this is because of ideological involvement and commitment, or because they are at a loss to

interpret the pace and direction of change (or a combination of both). Only a few respondents seemed to accept change as a positive value, to welcome it as a challenge, an opening of new horizons and opportunities. The others seemed to consider change as a threat to themselves, their corporations, and the capitalistic system.

Second, although the subjects strongly agree that the corporation should have social goals and should accept social responsibilities, most of them qualified the statement by adding "but without jeopardizing present economic goals." This indicates that their own and the corporation's value structure has not changed sufficiently to accept general social welfare as the important goal, or to easily accept the idea of internalizing social costs.

Third, the respondents repeatedly stated that the corporation reflects the values of society. But which values of society does it reflect? The society is not monolithic, does not have consensual values. It is pluralistic, involving a complex network of subcultures, each with its own value hierarchy. "Similarities of culture, social system, caste and class, sex, occupation, education, religious upbringing, and political orientation are major variables that are likely to shape in more or less similar ways the value systems of large numbers of people."[1] At this juncture, when

basic values of society are being reassessed, such as "the conceptions of time, space, work, love, religion, sex, and everything else,"[2] value differences and conflicts between the various segments of society become more obvious. For example, "there are many values that define the difference between being poor and rich, uneducated and educated, and Negro and white in American society."[3] The changes in basic orientation are faster in some segments of society than in others. The younger, the more liberal, and open-minded, for example, are considered to be more ready to accept value changes than the older, the more conservative, and closed-minded.[4] From the executives' comments throughout the interviews, it can be deducted that the corporation is still strongly identified with the old ideology, whose values it still reflects.

The interviewees also were deeply committed to the automobile industry and their own companies. When asked to evaluate the criticisms leveled at the industry and the need for regulations, the subjects' commitments surfaced despite their obvious willingness to be impartial. In the respondents' opinion, the automobile industry had not forecast and had not planned for the social change of the 1960s. It reacted as well as it knew how to the change brought about by the consumer and environmental protection movements and legislative pressure. But some executives candidly admitted they

did not understand or evaluate the former properly, and that they resented the latter. Pressures placed upon the corporation by consumer and environmental protection groups, by minority rights protection groups, by the government, and so forth, indicate a change in power relationships that seem baffling and even threatening to the executives. Their well-defined place in the scheme of things seems to be changing. They perceive these forces, but so far have lacked the time and space perspective to evaluate them or to cope with them.

The interviewees considered themselves, their corporations, and the automobile industry as being very socially responsible, in the terms in which they understand social responsibility. Primarily, this implies fulfilling obligations to stockholders, employees, suppliers, dealers, and customers. They felt "unfairly chosen" to receive all criticisms. The respondents agreed that people in general are dissatisfied with the overall system, the business system, and the automobile industry; they even admitted that people are justified in the way they feel. But when asked to analyze the reasons why the industry has been criticized, they did not point out the industry's behavior. They quoted the size and importance of the industry, the characteristics of the product itself, and the bad customer services provided by the dealer. They also added that

changes in work ethics and the social requirements to hire hard-core unemployed and minorities have added to the problem of obtaining excellence in a product of such high technical complexity as the car.

When discussing government regulations, the subjects did recognize that some were necessary. They admitted that some of the safety and pollution controls could not have been sold in the marketplace in competitive conditions, but strongly resented the extent of regulation, "the interference of the government in running our business."

The subjects saw their industry in a position of "constrained power" amidst the contradictory requirements of legislation. Expected to provide good service, the industry has no control over the dealers whose franchises are protected. They cannot bypass the dealer because antitrust laws would not allow further vertical integration. The industry must meet safety and pollution standards at fixed dates, even if they are unrealistic given the present state of technology, but the corporations cannot pool research efforts with their competitors because of antitrust laws.

This concern with government regulation colors the executives' perception of the impact of social indicators on corporate decision making. Although they recognize the micro effects, it is obvious that they are more concerned with the macro effects.

At this juncture social indicators are perceived as more useful as indicators of regulatory trends than as indicators of market trends and of new marketing opportunities.

The author has no reason to interpret interview responses as being anything but candid. They reflect the subjects' commitments and perceptions. The subjects' comment about consumers, "if this is the way they feel, they are justified," could be applied to themselves. If their comments reflect the way they feel, there is no way one can argue with their feelings. It seems that despite outward signs of corporation willingness to accept social goals, the process of ideologically internalizing them may be a slow one. It is to be expected that the availability of social indicators published on a regular basis may help speed this process of ideological change. The high visibility indicators give to issues and the credibility associated with data and measurements will have an impact. While all indicators are important to all industries, some may be more important for particular industries.

It was conceptualized in chapter 4 that each marketing strategy can be evaluated in terms of measurable changes in the indicators. Many decisions and policies may involve different alternative activities. The evaluation of the social impact of each alternative also could be made in terms of measurable changes in

the indicators. But there are several problems not yet solved. First, all changes are not yet measurable. However, even a qualitative evaluation of each alternative in terms of social effects may be an improvement over the present lack of any social evaluation. Second, some of the activities are counterintuitive and may affect different indicators in different ways. For example, hiring the hard-core unemployed may have a positive effect on indicators of employment and social mobility, but may have a negative effect on product quality and, thus, on safety.

The unsolved theoretical problem of how to index the various indicators is reflected in the previous example. Obviously, setting priorities is an essential part of the process of social evaluation. Priorities reflect hierarchical values. Therefore, although indicators may seem to reflect the objectivity of hard data, the choice of the indicators themselves and their ranking are the result of subjective choices. It is to be hoped that for society these subjective choices will reflect the interests and welfare of all.

Social indicators will have a strong impact on corporate decision making, and specifically on product strategy. They also will have a strong impact on the process of internalization of social values by executives and corporations. But this study is concluded on the sobering note that this will be a slow process. The

immaturity of the state of the art in the development of social indicators coupled with the fact that they deal with areas of strong ideological commitment lead to this conclusion.

Suggestions for Further Research

This exploratory study was designed to provide insights into the new area of the impact of social indicators and social reports on corporate decision making for product strategy. One of the main contributions of such a study is to indicate the areas deserving of further investigation.

In a field as new as social indicators, the list of topics for research that can be drawn from the bibliographic review is almost endless. The exploratory study, however, suggests several areas in particular. These suggestions concentrate on two classes of topics: first, those that relate directly to the conceptual framework and, second, to those that are specific to some problem uncovered by the exploratory study. All of these could be useful both for the automobile and other industries.

Impact of the Availability of Social Indicators on Product Strategy

Underlying this study is the assumption that the availability of regularly published social indicators would have an impact on

product strategy, both from a micro and macro viewpoint. The conceptual framework, the propositions, and the questions in the interview guide were oriented to both kinds of effects. In the study, however, it became clear that although the subjects recognized social indicators as indicators of market trends, they were much more concerned with them as indicators of the trends of future regulatory practices. This concern seemed to color their perceptions and answers. This might be due to the fact that the automobile industry has received quite a lot of attention from consumer and environmental protection movements, and has been subject to extensive regulations and controls. It is conceivable that other industries, less visible and less subject to regulations, might have a different perception of the impact of the availability of social indicators. It should be interesting, then, to replicate this study across different industries.

Purpose of the Study

The purpose of the study still would be to test "awareness" and "perception of impact." But with an adequate random sample (drawn from Fortune's 500, for instance), statistical techniques could be used to test whether there are significantly different patterns of responses for different industry groups.

Type of Study

The data obtained should be analyzed comparing highly regulated and not highly regulated industries. Some preliminary secondary data research would be needed to establish the operational definition of highly regulated and to establish the criteria for classifying the industries in the sample.

Hypotheses

The major hypothesis underlying this study would be: Highly regulated industries tend to perceive social indicators as indicators of regulatory trends.

The 21 propositions of this study can be used as specific hypotheses for further research. But some may be more relevant to a study across industries than others. The relevant questions in such an inquiry would be:

1) Awareness:

   Which industry groups (if any) are more aware of the social information explosion?

2) Perception of impact:

   (a) Which industries (if any) perceive social indicators as having impact on corporate decision making?

(b) Which industries (if any) emphasize micro effects of the availability and use of social indicators?

(c) Which industries (if any) emphasize macro effects of the availability and use of social indicators?

(d) Indicators in which areas of concern are more relevant to specific industries?

3) Locus of responsibility for product strategy decisions and for the factoring of social information:

(a) Is product planning the leverage group for product strategy decisions across industries? Are there other organizational groups with more leverage?

(b) What organizational groups are suggested, across industries, for the procurement and analysis of social indicators and recommendations for decisions based on them?

(c) Is it the sensitivity of the areas social indicators deal with that determines the organizational concern with the locus of responsibility?

4) Government-business interfaces:

(a) Which industries (if any) perceive government regulation of business in general as increasing?

(b) Which industries (if any) perceive themselves as subject to increasing government regulations?

(c) Which areas (if any) are perceived as more likely to be regulated in different industries?

(d) Which industries (if any) perceive their risks as increasing due to tighter controls and regulations?

5) Product strategy:

All 11 propositions on product strategy (Propositions 11 to 21) would be equally relevant to the replication study. The existence (or nonexistence) of an industry pattern of response should lead to interesting conclusions about the initial hypothesis.

An Exploratory Study of the Meaning of Social Indicators in Communications Strategy

According to the conceptual framework proposed in chapter 4, the inputs to the marketing system are mobilized and

allocated for marketing activities and are conceptualized in three sets: product and service strategy, communications strategy, and distribution strategy. The assumptions about how the visibility brought to social issues will affect government's and corporation's policies and programs imply an impact on the decisions for the three sets of activities. Social information fed into the marketing intelligence system is relevant for the three sets of activities (Figures 3 and 4, chapter 4). The present study concentrated on product strategy, but the impact of social indicators on communications and distribution strategies also should be explored.

Communications activities, especially advertising, have been subject to criticisms, on one hand, and regulation, on the other. Some of these criticisms have been analyzed in chapter 2. Other topics have been mentioned recently as being related to the quality of life, such as truth in advertising, violence in mass media, and advertising of children's products. It seems reasonable to assume, then, that the visibility brought to social issues by social indicators might affect decisions on communication strategy. Moreover, to be effective, communications strategy must be geared to identifiable market social trends. If regularly published social indicators can give a better indication of these trends, they will be a valuable contribution to better planning.

Purpose of the Study

The purpose of the study would be to investigate awareness and perception of impact of the availability of regularly published social indicators on communications strategy.

Type of Study

This should be an exploratory study, directed to the development of basic propositions to be tested by further empirical research.

Propositions

The same conceptual framework of the present study could be used as a departure point for developing the initial propositions. Some preliminary investigation is required to determine the point(s) of leverage for communications decisions. Three basic propositions are suggested:

Corporate decision makers are aware of the social information explosion.

Corporate decision makers perceive of social indicators as having an impact on corporate decision making.

The availability of regularly published social indicators will have an impact on communications strategy.

More specific propositions could be deducted from probing the following questions:

1) How would the availability of regularly published social indicators affect decisions on the components of communications strategy (personal selling, advertising, and sales promotion)?

2) Which of the above mentioned three components is more likely to be affected? Why?

3) Has regulation (and/or visibility of social issues) already affected communications strategy decisions? How?

4) Has allocation of resources among personal selling, advertising, and sales promotion been affected by the visibility of social issues and/or regulations? How?

5) Is it likely that the allocation of resources among personal selling, advertising, and sales promotion will change in the near future because of visibility of social issues and/or regulations? How? Why?

6) Is it likely that the visibility of social issues and/or regulation will affect the present allocation among several media? How? Why?

7) Is it likely that the visibility of social issues and/or regulation will affect present techniques of personal selling, advertising, or sales promotion? (For example, "hard-pressure" selling, fear appeal advertising.) How? Why?

8) Indicators in which areas are more relevant to communications decisions? Why?

An Exploratory Study of the Meaning of Social Indicators in the Distribution Strategy

A complete exploration of the meaning of social indicators in marketing strategy must also consider distribution strategy. The latter includes channel and physical distribution decisions. Issues discussed before in the present study, such as customer services and administration of guarantees, refer directly to channel decisions. Others, such as the concern with the environment, may have an important bearing on the choice of modes for physical distribution and plant warehouse location.

Purpose of the Study

The purpose of the study would be to investigate awareness and perception of impact of the availability of regularly published social indicators on distribution strategy.

Type of Study

This should be an exploratory study, geared to the development of basic propositions to be tested by further empirical research.

Propositions

The same conceptual framework used for the present study could be used as a starting point for developing the initial propositions. Some preliminary research is required to determine the points of leverage for distribution decisions. The general propositions are:

Corporate decision makers are aware of the social information explosion.

Corporate decision makers perceive of social indicators as having an impact on corporate decision making.

The availability of regularly published social indicators will have an impact on distribution strategy.

More specific propositions could be inferred from analysis of the following questions:

1) To what extent might regulations and/or the visibility of social issues and problems (product liability suits, for example) affect channel decisions?

   (a) What are the present channels of distribution? What are the problems encountered within present channels?

   (b) In regard to selection of channel policy, is it likely that the trend will be toward more or less vertical integration? Why?

   (c) In regard to channel control, is it likely that the manufacturer will try to hold on to or acquire a stronger position in the channel?

2) To what extent might regulations and/or the visibility of social issues and problems (product liability suits, for example) affect the distribution of functions among the manufacturer and the other levels in the channel?

   (a) What is the present distribution of functions?

(b) Which functions, if any, seem more likely to be affected? How? Why?

3) Indicators in which areas are more relevant for channel decisions? Why?

4) To what extent might regulations and/or the visibility of social issues (air pollution, noise pollution, traffic congestion) affect physical distribution decisions?

(a) How are physical distribution activities presently organized? What are the problems encountered within the present organization?

(b) Is it likely that the trend in physical distribution will be one of more centralization of the functions, decentralization, or of delegation of the functions to third parties?

5) To what extent might regulations and/or the visibility of social issues and problems affect:

(a) the present allocation of physical distribution functions among the manufacturer and channel levels?

(b) the decisions about plant location?

(c) the decisions about warehousing location?

(d) the decisions about choice of modes?

(e) the costs of distribution?

6) Indicators in which areas are more relevant to physical distribution decisions?

Automobile Manufacturer-Dealer Relationships and Their Impact on Consumer Satisfaction/Dissatisfaction with Services

The present exploratory study reveals that the automobile manufacturer-dealer relationship is problematical. The manufacturer views the dealer as a source of consumer irritation or complaints. It is argued that because the franchises are legally protected, the manufacturer cannot have, as it should, strong control over the quality and costs of services delivered. On the other hand, it is recognized that the dealers do not see themselves as being responsible for consumer dissatisfaction and are not properly organized for adequate performance of the service function. Dealers do not even think they are properly remunerated and consider servicing "just part of the franchising agreement." This problem is not entirely restricted to the automobile industry. It may be relevant in all industries where the product has these three

characteristics: (1) relatively high cost, meaning it is a major purchase for the customer; (2) high technical complexity, requiring good administration of guarantees and good services; and (3) frequent use, hence any break-downs represent a break in routine and a greater source of irritation. Probably a study in the large appliances industry would reveal the same kinds of problems, but the three characteristics and the related problems are magnified in the automobile industry.

Purpose of the Study

The purpose of the study can be stated as follows: How should the flow of service be organized and administered, both from the manufacturer's and dealer's viewpoint?

Type of Study

The inquiry should be twofold. First, a descriptive study of the present patterns of organization for the administration of guarantees and services, both for the manufacturer and dealer. Second, a normative study to determine how the implementation of these functions should be organized for consumer satisfaction.

Hypotheses

The two basic hypotheses of the study are:

The manufacturer is presently inadequately organized for the administration and control of guarantees and service.

The dealer is presently inadequately organized for the administration of guarantees and for services.

The specific hypotheses could be derived from the analysis of the following questions.

1) Descriptive study:

(a) How does the manufacturer organize the administration of guarantees and services?

(b) What are the functions delegated by the manufacturer to the dealer according to the terms of the franchising agreement (for example, selling, cooperative advertising, administration of manufacturer guarantees, customer services, and so forth)? The latter two involve the availability of trained technicians and inventory of parts.

(c) What are the functions performed by the dealer?

(d) How is the dealer organized for the performance of these functions?

(e) How is he remunerated for the performance of these functions? Are they all equally rewarding for him?

(f) What are the major problems with the present set-up from the viewpoint of the manufacturer, the dealer, and the consumer?

2) Normative study:

(a) Taking into consideration the present organizational set-up and legal constraints (antitrust regulations, for example), what could the corporation do to improve the flow of services?

(b) What should be the internal organizational structure, both for the manufacturer and the dealer?

(c) How should the manufacturer fiscalize and control the performance of functions delegated to the dealer?

(d) What kinds of dealer help should the manufacturer provide?

(e) How could the manufacturer improve communication with the consumer directly and through the dealer?

Business - Government - Consumer Interrelationships

Finally, a complex but necessary area of research would be the study of the intricate business, government, and public interrelationships. The consumer and environmental protection movements, regulatory pressures, and business reactions to both clearly indicate that the three parties are not communicating well. What are their communications processes? What are the patterns of conflict resolution? How are the different interested groups characterized? What motivates them? What is the power of these groups? How and for what purpose would each of them use social indicators?

The complexity of problems involved here is such that several projects of research would be necessary to cover all its aspects. A few will be discussed.

Consumerism

In chapter 2, it was indicated that more research would be necessary for a better understanding of the present consumeristic problem.

Purpose of the Study

The purpose of the study is to characterize the present consumer movement and evaluate its extension and power.

Type of Study

A longitudinal study on the objective manifestations of consumerism and on the "subjective" feelings of satisfaction/dissatisfaction of consumers would be advantageous. It would allow an analysis of whether satisfaction/dissatisfaction is increasing or decreasing.

Hypotheses

The main hypotheses for the study are:

There are objective indications of an extensive consumer movement.

The consumers are dissatisfied with the overall system, with the business system, with different industries, and with different products.

The specific hypotheses could be derived from the suggestions listed in chapter 2, p. 63. These involve the following:

1) What are the existing channels for consumers to voice their grievances within and without business channels, and to what extent are they used?

(a) What are the recourse channels within business (for example, "hot-lines)?

(b) What are the number, location, organization, membership, sources and amount of funding, and functions of private consumer protection agencies?

(c) What are the number, location, organization, sources and amount of funding, and functions of governmental agencies for consumer protection?

(d) Concerning (a), (b), and (c), what are the number of complaints received annually, breakdown by products, brands, kinds of complaints and, if available, socio-demographic characteristics of the consumer lodging the complaint?

2) Concerning the consumers' subjective feelings of satisfaction/dissatisfaction:

(a) How do people feel about the overall system, business system, different industries, and different products?

(b) What are the sources of satisfaction/dissatisfaction?

(c) What is the extent of the problem? How many are satisfied/dissatisfied?

(d) What is the intensity of feeling, that is, the degree of satisfaction/dissatisfaction?

Regulatory Pressures

In chapter 2 it was noted that since the 1960s a reassessment of the performance of marketing has begun to take shape. Due to the criticisms voiced and resulting pressure, an extensive body of consumer and environmental protection legislation was developed. A study of these pressures could provide an insight into the mechanics of government-business-public interrelationships.

Purpose of the Study

The purpose of the study is to make an analysis of the pressures that brought about the extensive consumer and environmental protection legislation.

Type of Study

A historical study, dating from 1960, of selected bills related to consumer protection and of the kinds of pressures which brought them about is suggested. These pressures can be inferred from the content analysis of the congressional hearings about the different bills and of news and editorials on these topics in newspapers, journals, and magazines of the period.

Hypotheses

The main hypothesis for the study is: Legislation for consumer and environmental protection results more from pressure of consumer advocates, consumer protection agencies, environmental protection agencies, and politicians speaking on behalf of consumers than from pressure organized by the consumer himself.

The specific hypotheses will be derived from the study of the following questions:

1) Do the pressures originate directly from consumer complaints?

2) Do the pressures originate from consumers through consumer advocates and/or consumer protection agencies, and/or environmental protection agencies, and/or politicians' actions?

3) Do the pressures originate from the consumer advocates, and/or consumer protection agencies, and/or environmental protection agencies, and/or politicians' actions?

4) What is the role of the media in compounding the pressure?

5) In the hearings, did manufacturers present satisfactory answers to the complaints lodged?

6) Are there any indications of how manufacturers reacted to these pressures (such as lobbying, industry-government agreements, increased communications, and public relations)?

7) How are government agencies (state and federal) organized to control and enforce compliance to consumer and environmental protection regulations?

8) How effective have they been in control and enforcement, both in their own view and in the opinion of the regulated?

9) How could social indicators be used in the future by the involved parties to support their claims or defend their actions?

New Organizational Rearrangements for Social Responsibility

During the interviews the organizational structure rearrangements prompted by consumer or government pressure often were mentioned. The three corporations in the study have appointed top level officers to new positions concerned with consumer affairs and areas of government regulation such as safety,

emissions control, urban affairs, and minority rights. Other corporations in other industries have done the same. These organizational changes seem an interesting area of research. What functions do these offices actually perform? Do they have a real impact on the corporation's actions and decisions, or are they just another public relations or communications gimmick? How and for what purpose would these offices use social indicators?

Purpose of the Study

The purpose of the study is to inquire about the functions of the new offices related to social issues.

Type of Study

The study should be twofold: first, a descriptive study of the present functions actually performed by the above-mentioned offices; second, a normative study to determine what functions they should perform and how. It could be a cross-industry study to see whether different patterns emerge for different industries.

Hypotheses

The basic hypothesis for the study is: New offices created because of governmental or consumer pressure are not yet being adequately used for the purposes of fulfilling the social responsibility of the firm.

The specific hypotheses can be inferred from analysis of the following questions:

1) Descriptive study:

   (a) What are the offices' stated functions?

   (b) What functions do they really perform?

   (c) What is their location in the organizational structure?

   (d) How much leverage do they really have for socially related decisions?

   (e) Do they use social indicators? Which ones? How?

2) Normative study:

   (a) What functions should the offices have?

   (b) What should be their location in the organizational structure?

   (c) How much leverage should they have for socially related decisions?

   (d) Which social indicators should they use? How? Why?

Conceptualization and Measurement of Social Indicators

Due to the immaturity of the state of art in the development of social indicators, more research is required on their conceptualization and measurement. This should be a comprehensive, multidisciplinary effort, so as to ensure methodological consistency for all areas of concern. This kind of research is beyond the scope of the individual or small research group. It should be an institutional research project due to the vast amount of resources and the variety of know-how needed. The main guidelines for this kind of research are summarized in chapter 3, pages 179-80, under the following headings: "Conceptual Framework," "Data," and "Policy Planning."

Suggestions for Further Research--Some Closing Remarks

As indicated in the introduction to this section, these suggestions for further research are by no means an exhaustive listing. The interested researcher might find, in the review of the bibliography, in the exploratory study, or in the suggested topics themselves, some clues to projects that might seem more challenging. Social indicators' concepts and measurements and social indicators' uses for government and corporate decisions are two

broad, interesting fields. Not much work has been done yet, and there is room for a variety of studies and contributions.

Chapter 6 Footnotes

[1]Milton Rokeach, Beliefs, Attitudes and Values (San Francisco, Calif.: Jossey-Bass Inc., Publ., 1969), p. 161. See also Alvin Toffler, Future Shock (New York: Bantam Books, 1971), pp. 303-304.

[2]Toffler, Future Shock, p. 11. According to Philip Kotler, the following are "some of the major shifts that seem to be taking place in American values:

self-reliance	government reliance
hard work	the easy life
religious convictions	secular convictions
husband-dominated home	wife-dominated home
parent-centered household	child-centered household
respect for individual	dislike of individual differences
postponed gratification	immediate gratification
saving	spending
sexual chastity	sexual freedom
parental values	peer-group values
independence	security."

Kotler adds that "this is not the place to judge these changes, if indeed they are actually taking place to a significant degree. The major point is that ideas and values of people, especially in a modern society, can undergo changes even within a generation." Philip Kotler, Marketing Management, Analysis, Planning and Control, 2d ed. (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1972), p. 82.

William Lazer, John E. Smallwood, and others state that "despite the attention given changes and technological developments, predictions for the decade suggest stability in the basic pattern of American life. . . . social changes and their impact on life styles are more likely to be subtle, implicit, low in profile, or even superficial. Rather than changes in values, they will represent adaptations of basic values and patterns of relationships to new social, technological, ecological, economic, and political situations." William Lazer, John E. Smallwood, and others, "Consumer Environments and Life Styles of the Seventies," Business Topics 20, no. 2 (Spring 1972): 5.

[3]Milton Rokeach and Seymour Parker, "Values as Social Indicators of Poverty and Race Relations in America," Annals of the American Academy of Political and Social Science 338 (March 1970): 110.

[4]Milton Rokeach, The Open and Closed Mind (New York: Basic Books, Inc., 1960), p. 336. See also Toffler, Future Shock, p. 40.

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APPENDIX

INTERVIEW GUIDE

APPENDIX

INTERVIEW GUIDE

1. Have you heard about social indicators?

1.1	Yes	☐	Where?	_____
1.2	No	☐		_____
1.3	Not sure	☐		_____

As you know, recently a number of people inside and outside the government have been studying and trying to define and measure social indicators. These indicators are designed to tell us whether we are advancing or sliding back in various national goals--to help us evaluate the social aspects of the quality of life. They are specific goal indicators such as life expectancy, educational testing scores, number of persons with major disabilities, number of persons living in satisfactory neighborhoods, number of persons exposed to bothersome pollution, and so forth. These indicators refer to areas of concern like health and safety, housing and the physical environment, education, science and the arts, employment, income, leisure and recreation, justice, harmony, and freedom.

It seems possible that quite soon we might have most or some of these indicators developed and published regularly, plus an annual social report, in the same way we now have economic indicators and economic reports.

2. Do you think the availability of such information would affect corporate decision making?

2.1	Yes	☐	Why?	_____
2.2	No	☐	Why?	_____
2.3	Not sure	☐		_____

IF YES -- QUESTIONS 3 to 6.

We mentioned the following general areas of concern: health and safety, housing and the physical environment, education, sciences and the arts, employment and income, leisure and recreation, justice, harmony and freedom, and so forth as examples.

3. Indicators on which (if any) of the above-mentioned areas would be more important to the automobile industry? (Please rank the first three.)

	Indicators	Why?
3.1	_____	_____
3.2	_____	_____
3.3	_____	_____

To be even more specific: In your opinion, how might the availability of the information provided by these social indicators affect:

		Very Effective	Effective	Neither Effective Nor Ineffective	Ineffective	Very Ineffective
4.	corporation goals	4.1 ☐	4.2 ☐	4.3 ☐	4.4 ☐	4.5 ☐
5.	organizational structure	5.1 ☐	5.2 ☐	5.3 ☐	5.4 ☐	5.5 ☐
6.	product strategy	6.1 ☐	6.2 ☐	6.3 ☐	6.4 ☐	6.5 ☐

In your opinion, within the corporation (or division) who should be responsible for procurement and analysis of the social indicators and making policy recommendations based on these analyses?

	7. Procurement	8. Analysis	9. Policy Recommendations	Observations
top management	7.1 ☐	8.1 ☐	9.1 ☐	_____
statistical department	7.2 ☐	8.2 ☐	9.2 ☐	_____
marketing department	7.3 ☐	8.3 ☐	9.3 ☐	_____
product planning department	7.4 ☐	8.4 ☐	9.4 ☐	_____
other (specify) _____	7.5 ☐	8.5 ☐	9.5 ☐	_____

Assuming that social indicators and social reporting will indicate the state of the society and thus the areas in which government will be more involved in policy making, in your opinion how would this specifically affect product strategy decisions?

	Increase	Remain About The Same	Decrease	Why?
10. number of product elimination decisions	10.1 ☐	10.2 ☐	10.3 ☐	_____
11. product differentiation	11.1 ☐	11.2 ☐	11.3 ☐	_____
12. corporate concern with quality (materials, engineering)	12.1 ☐	12.2 ☐	12.3 ☐	_____
13. corporate concern with quality ("social quality": safety, pollution-free)	13.1 ☐	13.2 ☐	13.3 ☐	_____

		1 Encouragement	2 Neutrality	3 Discouragement
top management	4.1			
statistical department	4.2			
marketing department	4.3			
product planning department	4.4			
other (specify)	4.5			

Assuming that social [illegible]
can the state of the society [illegible]
will be more involved in [illegible]
this specifically affect [illegible]

10. number of product eliminations decisions	10.1	10.2	10.3	
11. product differentiation	11.1	11.2	11.3	
12. corporate concern with quality (materials, engineering)	12.1	12.2	12.3	
13. corporate concern with quality ("social quality": safety, pollution-free)	13.1	13.2	13.3	

	Increase	Remain About The Same	Decrease	Why?
14. standardization of product features	14.1 ☐	14.2 ☐	14.3 ☐	_____
15. corporate concern with making guarantees and warranties more explicit	15.1 ☐	15.2 ☐	15.3 ☐	_____
16. corporate concern with customer service	16.1 ☐	16.2 ☐	16.3 ☐	_____
17. corporate concern with consumer education (product information and recourse channels)	17.1 ☐	17.2 ☐	17.3 ☐	_____
18. corporate concern with functional product features	18.1 ☐	18.2 ☐	18.3 ☐	_____
19. corporate concern with aesthetical product features (style)	19.1 ☐	19.2 ☐	19.3 ☐	_____
20. the cost of the product	20.1 ☐	20.2 ☐	20.3 ☐	_____

Assuming that social indicators and social reporting will indicate social trends and consequent changes in life styles, value systems, and so forth, in your opinion, the consumer's concern with the following features will increase, remain about the same, or decrease?

	Increase	Remain About The Same	Decrease	Why?
21. functional product quality (materials/ engineering)	21.1 ☐	21.2 ☐	21.3 ☐	_____
22. "social" product quality (safety, pollution-free)	22.1 ☐	22.2 ☐	22.3 ☐	_____
23. aesthetic product features (style)	23.1 ☐	23.2 ☐	23.3 ☐	_____
24. product price	24.1 ☐	24.2 ☐	24.3 ☐	_____

Assuming that because of all these social concerns we are adding "quality" to the product, in your opinion:

25. Will the benefits be proportional to the costs?

25.1 Yes ☐ Why? _____

25.2 No ☐ Why? _____

25.3 Not sure ☐

26. In your opinion, who should pay the costs of "social" product improvement?

26.1 the government ☐

26.2 the corporation (or division) ☐

26.3 the product consumer ☐

26.4 the public in general ☐

26.5 other (specify) _____ ☐

Why do you think so? _____

_____

27. In your opinion, would the average consumer be willing to pay for these addes costs?

27.1 Yes ☐ Why? _____

27.2 No ☐ Why? _____

27.3 Not sure ☐

28. Would the average consumer be able to pay for these added costs?

28.1 Yes ☐ Why? _____

28.2 No ☐ Why? _____

28.3 Not sure ☐

In your opinion, how much would the availability of social indicators and social information and the government policies that follow from them affect the following:

	Increase	Remain About The Same	Decrease	Why?
29. the rate of development of new products (pace of innovation)	29.1 ☐	29.2 ☐	29.3 ☐	_____
30. product failure	30.1 ☐	30.2 ☐	30.3 ☐	_____
31. government's relative share in research and development	31.1 ☐	31.2 ☐	31.3 ☐	_____
32. corporation's relative share in research and development	32.1 ☐	32.2 ☐	32.3 ☐	_____

	Increase	Remain About The Same	Decrease	Why?
33. perceived risk of introducing new products	33.1 ☐	33.2 ☐	33.3 ☐	_____
34. governmental regulation of business in general	34.1 ☐	34.2 ☐	34.3 ☐	_____
35. governmental regulation of the automobile industry	35.1 ☐	35.2 ☐	35.3 ☐	_____

36. In your opinion, which of the following areas will be more subject to governmental regulation in the automobile industry (please rank the first three)?

36.1	functional product quality (materials, engineering)	☐	Why? _____
36.2	social product quality (quality-safety pollution)	☐	Why? _____
36.3	product guarantees and warranties	☐	Why? _____
36.4	customer service	☐	Why? _____
36.5	price	☐	Why? _____
36.6	other (specify) _____	☐	Why? _____

In your opinion, how do <u>people</u> feel about the following:

	Very Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dissatisfied	Very Dissatisfied
37. the overall (political, legal, social, and business) system	37.1 ☐	37.2 ☐	37.3 ☐	37.4 ☐	37.5 ☐
38. the business system in this country	38.1 ☐	38.2 ☐	38.3 ☐	38.4 ☐	38.5 ☐
39. the automobile industry	39.1 ☐	39.2 ☐	39.3 ☐	39.4 ☐	39.5 ☐
40. about your own company	40.1 ☐	40.2 ☐	40.3 ☐	40.4 ☐	40.5 ☐

In your opinion, are they justified in the way they feel (satisfied/dissatisfied)?

	Yes	No	Why?
41. overall system	41.1 ☐	41.2 ☐	_____
42. business system	42.1 ☐	42.2 ☐	_____
43. automobile industry	43.1 ☐	43.2 ☐	_____
44. own company	44.1 ☐	44.2 ☐	_____

45. In your opinion, of the following, in a car, which are more important for the consumer. Please rank the first three.

45.1 product quality (materials, engineering) ☐

45.2 product quality ("social sense"--safety, pollution) ☐

45.3 product guarantees and warranties ☐

45.4 price ☐

45.5 customer service ☐

45.6 product information ☐

45.7 other (specify) _____ ☐

	Very Positive	Positive	Neutral	Negative	Very Negative
37. the overall (political, legal, social, and business) system	37.1 ☐	☐	☐	☐	☐
38. the business system in this country	38.1 ☐	☐	☐	☐	☐
39. the automobile industry	39.1 ☐	☐	☐	☐	☐
40. about your own company	40.1 ☐	☐	☐	☐	☐

In your opinion, are they (positive/negative/neutral/satisfied/dissatisfied)?

	Yes	No
41. overall system	41.1 ☐	☐
42. business system	42.1 ☐	☐
43. automobile industry	43.1 ☐	☐
44. own company	44.1 ☐	☐

45. In your opinion, of the following, which are the most important for the consumer:

45.1 product quality (materials, engineering)
45.2 product quality ("social aspects", pollution)
45.3 product guarantees and warranties
45.4 price
45.5 customer service
45.6 product information
45.7 other (specify) _____

46. In your opinion, which of the above can the consumer evaluate?

46.1 _____

46.2 _____

46.3 _____

46.4 _____

46.5 _____

46.6 _____

46.7 _____

47. In your opinion, what (if anything) should be done to improve consumers' ability to make these evaluations?

48. To what do you attribute the high "visibility" of the automobile industry in the concerns of consumer and environmental protection movements?

In your opinion, the automobile industry's response to the following has been:

	Over Reaction	About Right	Under Reaction	Why?
49. to consumer movements	49.1 ☐	49.2 ☐	49.3 ☐	_____
50. to government regulation	50.1 ☐	50.2 ☐	50.3 ☐	_____

In your opinion, your own corporation's response to the following has been:

				Why?
51. to consumer movements	51.1 ☐	51.2 ☐	51.3 ☐	_____
52. to government regulation	52.1 ☐	52.2 ☐	52.3 ☐	_____

53. In your opinion, what (if anything) should the automobile industry do to overcome criticisms leveled at it?

54. What has it done so far?

55. Finally, in your opinion, in the automobile industry the trend toward diversification of present lines will:

55.1 Increase ☐ Why? _____

55.2 Remain about the same ☐ Why? _____

55.3 Decrease ☐ Why? _____

IF ANSWER 55.1 (INCREASE), ASK 56.

56. Diversification to what kinds of products, does it seem more likely to you?

Which one of the following best describes the functional area in which you now work?

1. corporate planning ☐
2. research and development ☐
3. product planning ☐
4. product styling ☐
5. engineering ☐
6. production { primary / final ☐
7. quality control ☐
8. marketing ☐
9. customer relations ☐
10. other (specify) _____ ☐

Please indicate the areas of your previous working experiences.

Functional Area	How Long?

Your present title or position:

Counting the chairman of the board as first level, at what level of the organizational structure are you?

What are the main activities that you are directly responsible for?

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