



MARKETPLACE: Shlomo Maital

Whom Do We Work For?

“GOOD NIGHT, MRS. CALABASH, wherever you are!” That’s how American comedian Jimmy Durante (The Shnozzola) signed off his radio and TV programs for many years. He never explained why.

I think I know why. It was Durante’s way of reminding himself that he worked not just for himself or the NBC network executives and shareholders, but for ordinary Americans like Mrs. Calabash who’d had a hard day and needed a laugh. In the end, it was they who paid his salary.

The Jewish New Year 5771 is a time for *heshbon nefesh* (soul-searching), for asking ourselves hard questions. This year, my question is: whom do we work for? It is directed first at myself, and then at our business and political leaders. For two generations, I think many of us have flunked this one-question exam, and the consequences have been terrible.

For 50 years, economists duped the world into believing that if individuals worked solely for their own gain in free and open markets, we would all benefit. “Greed is good,” as Gordon Gekko (played by Michael Douglas) said in the 1987 movie, “Wall Street.” But, in fact, a tiny handful grew wealthy, while ordinary working folks gained very little.

Starting in the 1960s, psychologists taught that if parents let kids do whatever they want, instead of putting tough limits on their children, they would become loving responsible adults. In general, they didn’t. The pendulum is now swinging back sharply in favor of discipline.

And how did politicians react? Their goal became to get elected and re-elected at any cost, and only look after those who fund their campaigns. So the politicians focus on what the latest polls favor and make sure to pad their own nests while doing so.

American author and broadcaster Tom Brokaw described the hardy generation raised in the Great Depression, who then went on to defeat the Nazis in World War II, as “the greatest generation.” Brokaw’s characterization applies equally to those who fought in Israel’s 1948 War of Liberation and won independence at great sacrifice (one in every 100 Israelis was killed). They were the “for us all” generations. But “for us all” has evolved into “me.” Is it not clear that selfishness as the central organizing principle of society is not working, neither in Israel nor abroad?

Masters of Business Administration (MBA) students have been taught for years that the function of

a chief executive officer is to earn the maximum profit for the shareholders. But shareholders are increasingly impatient. Meanwhile, CEOs serve for only three or four years, and their compensation is usually based on their profits during that time, so CEOs embark on a myopic course of “take the money and run.” It is a major cause of the global mess we are in now. It caused irresponsible risk-taking, leaving others to try to repair the long-term damage. One positive result to emerge from the mess is the soul-searching in business schools about the harm their greedy graduates caused.

As someone who taught business management for nearly 45 years, I share the blame. And Tel Aviv University economics professor Ariel Rubinstein agrees. He has shown empirically that “the formal method for teaching economics encouraged students to adopt unethical profit-maximizing positions.”

My own penance has recently led me to teach managers about Tom McCabe, an American business leader. McCabe joined Scott Paper when he was 26 and became CEO at the age of 34. He built up the company from a single mill employing 500 people into a global giant employing 40,000 at 60 locations around the world. McCabe served Scott Paper for 61 years. What’s more, he fought in World War I, helped manage the war effort in World War II, and for a time was chairman of the Federal Reserve.

McCabe had his managers place placards on their wall titled “Whom We Serve.” And the answer he provided was: First, our clients. It is they who pay the CEO and everyone else. Second, our employees. Third, our community. Fourth, the people of our country. Fifth and last, our shareholders. Why this group last? Because, McCabe claimed, if we serve the first four stakeholders well and truly, we will also serve the long-term interests of our shareholders.

These are old-fashioned values that are coming into fashion again. The world needs a generation of young McCabes. And I believe they will emerge.

As 5771 begins, let us reflect deeply on whom we serve. If enough of us heed Hillel the Elder (“If I am only for myself, what am I?”) – or at least Jimmy Durante, rather than Goldman Sachs – the coming year should be significantly more fulfilling for us all.

So, good night, Mrs. Calabash. Happy New Year to you. ●

The writer is a senior research fellow, **S. Neaman Institute, Technion.**