

# A Social Contract for the New Millennium

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# CONTRACT



# A Social Contract for the New Millennium

By Mark Herbert

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## **The other night I was working with my daughter on a term paper**

comparing and contrasting different political agendas from the 1930s. One of the most interesting items that I encountered was one that I had probably read thirty years ago as part of a political science class as a college freshman, but didn't retain it or fully understand its implications.

It would seem that over two hundred years ago that some of our founding fathers were struggling with two related concepts as we tried to distinguish ourselves from the feudal system, a system that distinguished between a *ruling* or ownership class and *servicing* class determined at birth, that we had left behind. One of those concepts we have held onto with a passion, declaring it to be one of the cornerstones of the American experiment- the concept of *personal property ownership*; the idea that through your own achievement you should have the ability to accumulate and own property without regard to your prior economic or social status. This is the cornerstone of the capitalist system. We hear this principle invoked every day, especially when we feel that the government is inserting itself where it doesn't belong.

America was a place where you could reinvent yourself. You could own property, build a business, and leave it to your heirs. Our largely agrarian society and vast frontiers with what seemed to be an inexhaustible supply of land fit this well.

The other principle that we don't hear nearly as much about is the right of *personal competency*. The rights to build your skills, express yourself, and sell your products and services as you saw fit. The interesting thing is that there was not only an implied right, but a responsibility.

The Industrial Revolution impacted this model in a couple of ways. We shifted from an agrarian society to industrial which created a new kind of feudalism, a new dynamic which moved from the fields to the factories, but kept its own version of master and serf; and we ran out of territory to open up.

The parallels between the industrialization and feudalism don't stop there. In the feudal system the "serfs" were bound to the land, without them the nobility couldn't feed their subjects. Prior to the legislation passed in the late thirties and early forties we created a kind of industrial serfdom- collective bargaining was formally or

informally outlawed- we restricted the rights of *personal competency*.

It also seems in a way that over the next sixty years we gradually embraced a semi-feudal model. Large corporations in many ways replaced the feudal monarchs and nobility- we created a sort of corporate co-dependency, especially under the models of Theory X and Frederick W. Taylor and *scientific management*; which states simplistically that we should break things down to repetitive tasks that *common* people could perform over and over without much thought.

People couldn't be trusted or expected to make good decisions. We needed to dumb things down. This was the advent of *white collar*- those who think, and *blue collar*- those who do.

They would do what they were told and in return the *nobility* or management would take care of them, and we did. We promised lifetime employment, we provided for their healthcare, and for their retirement. I'm not going to say we did it willingly; organized labor played a huge role in providing these things as well as industrial safety, limitations on work hours, and others. It does seem though in a way we lost the equality factor, we began to "take care of them", and they began to expect it.

When I entered the workforce I was surprised at the things we didn't or wouldn't talk to employees about. We rarely invited them to participate in decisions about *how* we did things. We didn't talk to them about how we made decisions about the business, about their pay, or other related matters. It was on a *need to know basis*, and we had decided they didn't need to know or didn't care.

In the sixties, seventies, and eighties some interesting things came to pass. One of the first was international competition that forced change in the U.S. business model. The Japanese and Germans began rebuilding their industrial base and to add insult to injury they were including techniques that had been taught in U.S. universities. This competition brought some of the concepts of *personal competency* back into the workplace.

At the same time there were forces further driving us away from investing in *personal competency*. We also began using outsourcing and moving production offshore to reduce costs and avoid regulations, not exactly investing in personal competency.

We also begin to notice that some of the costs of "taking care of our employees" were becoming an issue. You saw the beginning of employers recognizing that the rising cost of healthcare becoming a challenge, experimenting with managed care, cost shifting, reducing benefits, and other strategies.

You saw organizations that had practiced no layoff policies began to downsize their workforce and aggressively outsource and offshore.

You saw the advent of new defined contribution programs like 401k plans replace defined benefit pension plans. You also saw organizations reduce or eliminate retiree health benefit programs. The government even got in the act – requiring corporate health care programs for retirees to be primary rather than secondary to Medicare.

When this became a prevailing attitude you also saw a shift in employee attitudes. The "social contract" had been broken and employees became less trusting and less subservient.

Management wasn't or couldn't hold up their end of the bargain. We saw parents and grandparents who had been promised "lifetime employment" lose their jobs. Capitalism or *personal property* remained, but often at the expense of the American worker as we

outsourced, downsized, and off shored to protect profit margins. People became a “cost” rather than an investment, and the “new” generations responded with a social contract of their own.

I hear a lot from people that the latest two generations, the Generation Xr’s and the Millennials are much different than previous generations. They aren’t loyal. They want more freedom and definition of their work and involvement.

From an employment standpoint, Gen X and Millennials have stated five requirements for them to form a meaningful relationship with an employer:

- Satisfying work content.
- Association with an organization that they respect and that respects them.
- Mutual commitment to them and their careers.
- Meaningful and timely feedback to help them improve their skills.
- Equitable compensation.

In addition to desiring feedback, they also describe four other elements in an optimal employment environment:

- Maximum delegation.
- Personal responsibility and “ownership” of their projects and tasks.
- Clear boundaries and a sense of the big picture.
- Shared ownership (credit) for end result.

Now here is a thought for you- don’t some of these things sound remarkably like what you would expect from someone who embraces the concept of *personal competency*? Maybe these generations are taking us full circle back to what Jefferson and the other founding fathers intended- a relationship between partners that respected and *expects* individual competency.

I have often said that the flip side of *empowerment* is accountability, is that what the right to *personal competency* means?

When I hear personal competency I don’t think of someone taking care of someone else. I hear of a trust based relationship between equals. Maybe these “new” generations are taking us back to the beginning. From *compliance to commitment*, a relationship based on respect, responsibility, information, rewards, and *earned* loyalty not the fealty of

corporate codependency, where “obedience” is rewarded with job security and retirement benefits.

I often hear complaints that these generations are much more transient, they feel loyalty to their profession and their own personal aspirations. That sounds like personal competence as well.

Now in fairness if we want to fully embrace Jefferson’s model employees need to step up and embrace the “bitter” with the sweet. *Personal competence* also implies to me more of a meritocracy, you are rewarded according to your capability and performance. Concepts like “cost of living” pay increases and tolerating performance that doesn’t meet expectations doesn’t fit.

One of my colleagues has a model she refers to as *KindExcellence*™, the implication that these two concepts are fundamentally intertwined. You cannot have true kindness if you artificially lower expectations, and you can’t be truly excellent if there is not compassion and consideration for the “whole person” in your decision making. That sounds very much like the right of *personal competence* to me as well.

The other important thing to remember in concert with the principles of *personal property* and *personal competency* were the values of the balance between individual rights and societal rights. I don’t have the right to pursue my goals to the obvious and callous detriment of others. Madison in the famous debates between Brutus and Publius talked about a central government to deal with issues of the *great and aggregate*. When I look at where we are today with issues like healthcare and financial literacy I see an opportunity for collaboration between individual and institution to balance *personal competency* and the complexity that is a defining social issue, but that is a topic for another day.

**“They want more freedom and definition of their work and involvement.”**

For today, I see myself as a potential defender of these “new” generations. I do this largely because I see their value set as a better representation of the original intention of the founding fathers and because I reject a relationship based on co-dependency in any form. Perhaps rather than rejecting the “values” that we proclaim they are actually closer to the intent of the Founding Fathers than we were, embracing the rights and responsibilities of not only personal *property rights*, but *personal competency*. I kind of like that idea, a partnership of engagement and commitment, not entitlement and codependency. Are we ready for it, I think that I am! You see for me, this right of *personal competency* is very personal, I have two “millenials” aged 18 and 22 and I very much like the idea of them growing up in an environment of partnership and competence rather than codependency.

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