

agement as a permanent condition until only a few decades ago. The situation of lifetime employment offered by large manufacturing plants in the steel, petroleum, and automobile industries during the latter half of the twentieth century is virtually unheard of today, even with labor unions. Given the volatility of the economy and mobility of the workforce, new entrants into the workforce can expect to work with five or more firms during their lifetimes. Even in Japan, where lifetime employment was once an unwritten rule, major corporations routinely downsize thousands of workers at a time.

While industrialization may have been detrimental to the environment and some social institutions, it isn't responsible for the current pressure on businesses to be more competitive. Rather, economic volatility, high employee turnover, international shifts in political power, global competition, and rapid change characterize the modern economic environment. As a result, the modern business organization can't compete effectively in the marketplace without skilled managers and employees and without methods for managing their knowledge of people, and all the processes and technologies involved in the business, including information technology.

**EXHIBIT 1.1**

