

In This Issue

Dimitroff's 'Baldrige Award'

In 1987, the U.S. Congress established the Baldrige Award. Since that time, the award has triggered much interest, however, many believe it has become over-exaggerated in its importance. It is clear that no other award has attained comparable status – so much that it is being copied by other countries including Mexico.

In this article the author presents the pros and cons of the national award. Some noted quality Gurus have pointed to the inherent dangers of 'prize fever.' Philip Crosby has said, 'Like most government programs, the Baldrige will have the opposite effect to the one intended.' The most strident criticism comes from W. Edwards Deming who sees the award as a forced method of striving for goals instead of improvement.

Jerry Main agrees that there are problems. 'The award isn't perfect, takes loads of time and money to apply for, and won't solve all of a company's problems. Beware of a focus on winning, instead of on quality.'

Curt Reiman, the award administrator, agrees that there are problems but industry must be clear about what is and what is not the process. He points out applicants must demonstrate that they meet certain very specific criteria set up by the National Institute of Standards and Technology.

Singer's 'Strategy with Sunk Costs'

The larger the past investment in a strategy, project or plan, the greater the inclination to continue with it; sometimes even regardless of the consequences and huge losses in the future.

Environmentally unsound projects with considerable sunk costs can lead to breakups of states, resignations of governments and even to wars. One

such project is the damming of the Danube at Gabčíkovo-Nagymaros in now dissolved Czechoslovakia. Although Hungary strongly opposes the damming, Slovakia has been 'working' around the clock, deploying 1,650 pieces of earth-moving equipment piling boulders and pouring concrete (as well as good money after the bad) in an extravagant defiance of any economic, environmental and state-security considerations. Police lines, dogs and military equipment guided the site. A hasty bond issue should make the future generations pay for this folly.

On October 27, 1992, Czechoslovakia's Government threatened to resign. Hungary is determined not to let the Danube region to be polluted and devastated according to the old communist prescriptions. They also have claims for southern Slovakia where a Hungarian minority lives. Czech Klaus exploited the conflict and pushed through the breakup without any citizens' referendum. All the ingredients of yet another Yugoslav-type war have been established.

All that because too much money was poured into the communist-initiated behemoth of a project during the ecological-disaster-rule era of the communists. The project is now being exploited by a variety of parties for a variety of shady political, social, nationalistic, economic and separationist goals. The population is not involved, only brain-washed.

People, quite mysteriously, have to finish their pack of cigarettes and their bottle of rum even if convinced that it might kill them in the end. People do not want to 'waste' their sunk costs.

Professor Singer has tackled the strategic mystery of investment decisions involving sunk costs. He quite appropriately uses the Danube disaster (fiasco or folly) as one of his illustrative examples.

Singer explores the normative, descriptive and prescriptive dimensions of the problem and offers their synthesis from the multiple-rationalities viewpoint. All involved decision-making agents have to achieve at least an understanding or awareness of

the multidimensionality and plural rationality present. The conflict of separate and non-intersecting unidimensional views, perceptions and interpretations can never be satisfactorily reconciled.

The only lasting satisfactory solution can come from uncovering or designing new and dimensionally prominent 'ideal' alternatives.

Nodoushani's 'Educational Reform'

Knowledge has become a dominant form of globally competitive capital. The education-oriented societies of Japan, Taiwan and increasingly even China are making the greatest strides in terms of economic growth, and the anti-educational, American-made Sachs-IMF policies in Russia and Eastern Europe have ended in dismal failure. Yet the U.S. is still feebly, scholastically and politically debating the pace and the nature of *its* educational reform, in spite of the recession and the loss of jobs.

O. Nodoushani has offered some reflections on our educational crisis and has analyzed the pros and cons of *liberal* versus *professional* education. It might be nice and useful to know your Plato and Socrates, to know by heart what Martin Luther King had ever said, and to be able to follow the discourses of elite discourses on the origins of myths.

But can you make a car? Can you assume responsibility for yourself and others? Can you manage yourself? Can you manage others? Can you coordinate your actions so that you are closer to the best in the world? Can you work with human beings, can you design products, and can you provide a competent service? Or do you just read comics books or analyze, like the men of leisure do, 'great texts'?

Liberal education provides shared and common values, vocabulary and concepts, it strengthens the culture. Professional education provides the active know-how, know-what, and know-why necessary for succeeding in the global marketplace. Because knowledge is coordination of *action*, not just passive deconstruction and never-ending reinterpretation of texts and other records, professional education, rather than liberal education, is the major dimension of the U.S. educational crisis.

It is paradoxical to see top U.S. businessmen studying the thought of Mortimer Adler (at least for this fleeting time of curious fashion), while actively neglecting and refusing any positive knowledge of producing competitive advantage, self-management, employee empowerment and co-ownership, the Ameoba system, the Bata system, or strategic flexibility investments.

Nodoushani pinpoints another strange trend: using the aid of an 'expert system', a complex computer software, in order to produce competent *human beings*.

America has to become a *learning society*, a society which lives, works and functions in continuous learning of how to do, how to behave, how to produce and how to achieve the best. Writing the best is not enough. Reading the best is not enough. *Doing* the best is necessary.

America does not need additional thousands of pseudoliterati of liberal education who cannot fix a machine, program a computer or milk a cow. They, especially the MBAs, cannot even manage themselves, not to mention the others.

The reality is not just ideas, symbols, names and labels of the failed 'Havels' of this world, the reality is people, action, doing, feeling and producing. Nodoushani therefore, correctly advocates a greater role for management and the professions in the U.S. educational reform.

Professions deliver services, advice or action to individuals, organizations, and governments – that's where we are failing, aren't we? We have failed to achieve the knowledge society of the professions, and might be even aiming at the information society of the *literati*.

Suh, Byun and An's 'Job Placement'

Each company has to attend to two lines of business: producing goods or services for the market and producing itself, i.e., renewing its own knowledge base and maintaining its competitiveness in a most flexible manner. It is therefore crucial that right persons are placed in the right jobs and occupy the right positions and roles.

In a highly competitive economy where each employee's knowledge represents precious and

often irreplaceable capital, it is better to reassess and reassign than to fire. This cannot be done effectively by using the experiential rules of thumb. Job placement management requires optimizing the entire employment management system, not just some of its parts. Computer-aided expert system emerges as a means for improving the effectiveness and efficiency in the areas of decision-making, selection, staffing and job placement on a continual basis.

Professors Suh, Byun and An, from the Management Information Systems Lab at POSTECH in Korea, have developed such an expert system and applied it at Pohang Steel and Iron Co., a giant hiring about two thousands of clerical, technical and production employees annually. Few personnel experts can handle such a task with confidence, efficiency and measurable impacts or results. One does not talk of the OR-type assignment problem here, but of human resources management in an environment of widely distributed computing.

The authors present the EXPER (Expert System for Personnel) which makes it possible to decide not only the problems of wage adjustment, education discipline, team assignment, etc., but starts from solving the specific problem by initial job placement, gradually extending it to human resources management and systematically replacing the initial opinions and judgments by more objective data.

Employment management is not just placement or assignment, but successive knowledge and labor procurement, from recruitment, selection and placement to turnover, rotation, layoff and retirement. EXPER combines artificial intelligence with personnel management in searching for improved productivity, better motivation and job satisfaction, employment knowledge accumulation, standardizing aptitude/personality tests, turning employee constraints and limitations into productive forces, allowing self-managing teams (amoebas) to truly self-manage themselves.

These are neither simple tasks nor modest aspirations.

Raghupathi and Schkade's 'Legal Expert Systems'

Legal decision-making is gaining prominence in the U.S. and its expert support has traditionally focused on so called rule-based models wherein the rules of law are directly represented as rules in the expert system.

Raghupathi and Schkade point out that none of these rule-based legal expert systems have become functional or commercially viable. Such rules fail to reflect the diverse systemic features of the legal decision-making process. The authors propose the blackboard model for designing expert systems in the law.

In this context, it is useful to differentiate between legal decision-making (or *legal reasoning*) and the *legal function*. Interpretation of the law is not the same as the routine or procedural application of the law. These are different domains of human expertise and thus different models are called for.

Rule-based representation and problem-solving models are suitable for many *legal function* applications that often involve narrow, structured and well-defined domains. Legal decision-making models must include objects, frames, semantic nets, rules and combinations of these to represent different levels and types of knowledge.

The *blackboard model* is an opportunistic problem-solving approach, capable of applying the pieces of knowledge from the goal backwards to initial state as well as from the initial state towards the goal.

The authors describe and analyze the blackboard model through its knowledge sources, 'blackboard' (i.e., global data base) data structure, control (scheduler) and the entries made by knowledge sources. Computationally, the different knowledge sources represent the multiple experts whose interaction is crucial in problem solving.

The 'scheduler' in fact coordinates the interaction, modeling an expert coordinator. The self-coordinating, distributed intelligence and self-adapting systems without a central planner are not considered. The research field is therefore wide open for more realistic, self-organizing considerations, taking a cue from parallel processing systems design.

The authors introduce an example of corporate 'litigate-or-settle' decision and compare its formulations under the rule-based and blackboard modeling. They predict that there will be an increased use of blackboard modeling in the future, both in

generic expert systems in a particular legal function domain (cross situational) and in developing the in-house legal expertise of a particular company (situation specific).