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Orpen's 'Managers: Plateaued and nonplateaued'

The proportion of 'stalled' managers, i.e., those who have become stuck at the middle levels of management, nowhere to go, burdened with wrong education, wrong experience and wrong skills, desperately clinging to the old ways and resisting the change – this proportion has increased dramatically during the past decade.

The increase in numbers of stuck, misplaced and 'wrong' managers is not surprising given the pace of high-technology revolution, managerial revolution and social transformation: managers just have not kept the pace and as the proverbial 'horsewhip makers', they are going to wither.

Human Systems Management, through its very existence, has many times attempted to introduce the requisite new management skills and theories, new economic and business practices, and increased awareness of the *managerial revolution* now under way. Yet, most managers, being 'plateaued', have not been able to benefit – by definition.

Professor Orpen now presents a study of job attributes, satisfaction and performance for the two, contrasting groups of managers: plateaued and nonplateaued.

The Japanese system of 'job rotation', hi-tech approach of *ad hoc* decision-making groups, etc., start making sense in view of Orpen's conclusions. Managers have to take active steps to overcome the indifference and unresponsiveness which come from a prolonged stay in the same job. They will receive poorer rating from their superiors as a direct consequence of remaining in the same job beyond the 'average' length of time. Managers *have to move*: not from company to company (which is unproductive) but from job to job within the same company; job rotation, intrapreneurship and continuing education and acquisition of new skills are the answers.

The age of specialization, as a result of the extreme division of labor, is over. Managers, in order to avoid 'plateau' and to assure a continuous and naturally self-rewarding growth, must rotate their jobs, must master a number of specialties, must reverse the process of the division of labor.

Many progressive companies are starting to devise wage and salary structures *based on the number of jobs and specialties* an individual can perform within the organization. This trend is going to accelerate and the category of *deadwood managers* is going to grow. It is doubtful that services, government and schools of business will be able to absorb them all.

Orpen cautions against overreacting to his findings: (1) this was a conditional study and it was not possible to identify factors that are causing the differences between the plateaued and nonplateaued managers; (2) the study has not attempted to identify *potential moderators* of the impact of cessation of upward movement on job satisfaction and performance.

There is no doubt however that the 'mid-career crisis' managers are growing as a group and are becoming 'deadwood' managers, also as a group.

The issue of workers being displaced by high technology, because of their insufficient skills, lack of knowledge and inadequate education and experience, have been sufficiently discussed. The same problem lies ahead for managers.

Scores of managers are going to be displaced because they do not know computers, expert systems, decision support systems, artificial intelligence, 'just-in-time' production, inventory-less operations, teamwork, intrapreneurship, robotics, CAD/CAM and, rapidly approaching, CIM. Entirely new breed of managers will be required by CIM systems and they are not coming from our current business school curricula: many of our graduates will go directly into the 'deadwood' category.

The implications of Professor Orpen's findings are potentially very serious. These types of studies should be continued, refined and some specific organizational countermeasures designed. Organizations and managers should pay more than average attention to such studies: their survival might

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be at stake: no company can survive long amidst of managerial deadwood.

Human Systems Management encourages and welcomes such studies in the future. It is necessary, for the well-being of the economy, to arrest the built-in obsolescence and skill-deterioration of managers of the 'Iaccocian era'.

Burns and Midttun's 'Conflict and complexity'

Societal decision making is increasingly characterized by multifaceted conflicts. Not only the environmentalists, but also small entrepeneurs, family businesses and area residents are challenging governmental inflexible decision making and its insensitive meddling with both natural and human environments. Big governments, after the U.S., now also in Norway, Sweden, Great Britain and West Germany (but not in the U.S.S.R.) are increasingly being opposed by larger and larger groups – a process amounting to the transformation of social structures.

Professor Tom Burns from Uppsala and Atle Midttun from Oslo have analyzed the 'Case of Hydropower Construction in Norway'. The Alta region hydropower development project spawned the most serious social confrontation in post-war Norway. As big governments represent less and less the interests of their constituencies and more and more the interests of their own bureaucracies and their perpetuation, conflicts, challenges and social disruptions are bound to emerge on a larger and larger scale. Burns and Midttun are contributing their experience and insight into the ongoing discussion dealing with the increasingly non-representative governmental decision making.

One of their conclusions is the increase in the *complexity* of societal decision making: large number of groups, alliances and constituencies involved; lengthy and complicated court proceedings, hearings and mandated delays; enormous amount of time involved; large and costly bureaucratic apparatus needed to carry out all the rules and mandates; and so on. Traditionally, big government responds to challenges by increasing the complexity of its operation: that is the safest way to growth, entrenchment and institutionalization of bureaucracies. (Recall the 'treatment' of the Chernobyl nuclear disaster.)

Burns and Midttun develop a *decision history diagram*, a flowchart where actors and activities are recorded in a matrix consisting of the relevant set of institutional spheres, related to the flow of time. This huge 'critical-path diagram' then serves to reconstruct the history of the project for comparative purposes with other projects of similar nature. It also allows contrasting formal and informal decision-making structures and performing rudimentary 'if–then' analyses.

The mapping and flowcharting of complex social phenomena, and the identification of the 'critical path' of the decision activities involved, could serve as a useful tool for environmentalists and companies concerned about the governmentally imposed and highly regulated investment projects, like the Alta or the Chernobyl projects.

The salmon-rich fishing and recreational area of Alta has been targeted for governmental hydropower powerplay, creating also a large reservoir at the Lapp village of Masi. Government had to deploy the police forces in the region in order to control the civil disobedience of its constituencies, taxpayers and local residents. *The construction is expected to be completed in the latter part of the 1980s.*

Although this particular confrontation failed, there is some hope that in the future the government will proceed with more caution and insight and that the remaining Norway's water resources might ultimately be preserved from governmental exploitation.

Burns and Midttun introduce a label of *irregular and counter-institutional politics*, to designate various folk-meetings, demonstrations, media efforts, tax protests, and so on, i.e., the old American principle of civil disobedience of Thoreau and Emerson. These activities are outside the regular activities of political ('green') parties, official lobbying efforts and consumerism, which are all in support of traditional governmental functioning.

It is the irregular politics and counter-institutional activities which have the largest potential to gain the attention of the general public and the mass media. Important processes are taking place *outside the spheres of control of the actors dominating the formal framework*. These processes are not limited only to Poland but take increasingly place in Western democratic societies. Whether the re-emergence of the idea of civil disobedience is the harbinger of much needed societal transformation or whether the big government will be able to

counteract it with even more complexity, this remains to be seen. Partial successes have been demonstrated and documented.

But no matter what the final outcome, more and more we witness the increasing viability of parallel economies, do-it-yourself lifestyles, 'cottage' industries, self-employment patterns, self-management and self-reliance of larger and larger groups of the society. Now also 'self-decision making' and 'self-government' can be added to such processes. It is obvious that complex and sclerotized power structures are being increasingly eroded, their legitimacy questioned, challenged, and, most importantly, *often ignored, not respected and ridiculed*. That is the most dangerous challenge to bureaucracy.

The development of the alternative cultural framework for problem solving is further supported by newly emerging information and networking technologies which could ultimately provide 'parallel' groups with unprecedented power.

Shrivastava's 'Top management teams'

New technologies and global business environments are placing new demands on *top management* of firms. How do we structure top management teams? What are the current top management structures and what are the new relevant theories and ideas? How does a top management team develop the capacity for flexibility, up-to-date-information, and strategic decision making? Can we design a structure which would induce chief executives and top managers to *innovate* and be willing to *share* power and authority in exchange for strategic effectiveness?

Professor Shrivastava of New York University has acknowledged the need for strategic *management* of high technologies. High technology, more than any other technology, must be managed. High technology forces managers to do things differently and to do different things; its main purpose is effectiveness, not efficiency; it transforms the business from concerns about the economies of scale to the economies of scope.

In the past technology 'took care of itself', today, because of its differential impacts and effects, it must be managed. *Top management* must assume a leading role in managing innovation, overall systems performance and human systems (humans & technology).

Despite this obvious need, organization design literature contains virtually nothing on designing organizational structures at top management levels. One can find volumes on structuring operational, supervisory, lower and middle management levels – yet, the most important top level is usually missing.

Professor Shrivastava examines the inadequacies of traditional organizational structuring approaches for designing top management structures. He proposes 'Organizational Learning' as a theoretical base for the new structuring efforts. This represents a much needed opening into an important area of research and the Editors of *Human Systems Management* do hope that a useful action theory will be spawned by the publication of papers like this.

No organizational theorist, to our knowledge, has ever explicitly addressed the issue of designing top management structures, or the *strategic apex*, of the organization. Why? Top management itself contracts and pays for organizational research, design and redesign: it is not interested in being itself 'restructured' in the process. Organizational researchers know it. Thus, top management is simply let to reflect the structuring of operational levels. Top management reflects and mirrors, it does not pay attention to *its own* performance and effectiveness.

Yet, in order for a company to perform, top management *must* perform. Shrivastava proposes *organizational learning*: the processes by which individual assumptions, perspectives and world-views are shared among the strategy makers, in order to evolve a consensually validated set of 'action–outcome' decision rules or heuristics. These decision rules are then cumulatively built up into an *organizational knowledge base*. Top management 'team' becomes a team.

American business has now reached the peak of placing all power and authority in one manager, or in a few managers related to each other through formally controlled hierarchy. Such inflexible and highly centralized control is out of step with modern knowledge-based technologies: they are organizational dinosaurs of the times past ...

Arshadi's 'Technology and financial institutions'

Electronic delivery of financial services: what are the costs, the pricing and the economics of

electronic funds transfer systems? They were an interesting experiment in the old environment, they are necessity in the new environment: and the new environment has taken its shapes few years ago. Security and human resource implications of financial electronics are profound, the cost and competitive aspects are revolutionary: the whole nature of management of financial institutions is rapidly changing.

Professor Arshadi is taking a closer analytical look at the electronic delivery of financial services. Electronic Fund Transfer Systems (EFTS), Electronic Banking, Consumer Memory Cards, Financial Electronics, and so on, are the concepts and systems that have arrived – for most of us some time ago.

In the era of financial electronics, what is the role of 'Wall Street' and is there a need for 'Wall Street'? Merrill Lynch has moved most of its operations (including trading) into the suburbs of New Jersey. The analysts will not take their 'lunch strolls' on the 'Street'. That, they agree, was the only thing which was changed.

The most important thing about EFTS is not the technology, but the environment, the support net in which the technology is being embedded. This new environment has changed during the past few years and has invalidated most early studies about financial electronics. It will invalidate many financial institutions as well and their massive overhaul is just taking place.

Instead of 'services', financial institutions are increasingly delivering 'products'. A multi-purpose (rather than dedicated) technology has evolved in order to deliver a variety of 'custom made' products to individual consumers. Current employees, trainees and MBAs will have to be retrained, reorganized or – fired.

Professor Arshadi attempts to formulate a new strategy for the application of EFTS in current, traditional institutions. He argues quite convincingly why the data on EFTS collected from the 70s cannot and should not be used in the 80s. EFTS reduces production costs (modern financial institutions are *not* providing services, but producing products), provides faster, more convenient and more reliable access for the consumer, and increases profits.

The future of retail banking is being drastically altered: inter-institutional interaction and cooperation becomes inevitable, price competition sets firmly in, direct links to households are unavoidable. A new financial firm is emerging: not a narrow 'efficient' specialist, but a broad financial service firm capable of effectively delivering the *entire spectrum* of financial products and services to the consumers.

Payment systems based on cash are quickly disappearing: their costs are going to be nothing less than staggering. As soon as the problem of 'electronic fraud' is resolved – and it is going to be very soon – the EFTS will become the major form of banking operations, at least in the U.S. (Many London banks still use ledgers with handwritten double-entries, in full view of foreign tourists).

EFTS will lead to worker displacement and the need for retraining is obvious. Many institutions might opt for simply hiring young and qualified operators and thus avoiding the issue of retraining. Especially if universities adapt their finance and banking curricula and programs with some despatch. Human resource management in banking institutions will soon become one of the most vexing problems in the 'service' industry. Many of them will participate in the dismantling of 'post-industrial' society by transforming banking into an 'industry'.

Dang-Nguyen's 'Telecommunications in Europe'

Telecommunications are now permeating business technologies so thoroughly that it is difficult to imagine that 'their time' is still to come. Fully computerized electronic switching systems are now obvious prerequisites to taking any advances and certainly a leadership in this most important sector. The transition to such systems is a complex and demanding managerial undertaking. Europe has failed to take a leading role in telecommunications precisely because of this: inadequate, obsolete and incompetent management. Americans have much to learn from European management failures ...

Dr. G. Dang-Nguyen from the European University Institute spent a number of years 'at the source': at the Direction Générale des Télécommunications in Paris. Why European telecommunications managers, having initiated the digital exchanges much earlier than their competitors, why did they ultimately fail to take a lead in the

natural transition from electromechanical to electronic devices?

This is the question Dr. Dang-Nguyen asked. To answer it, he had to investigate the circumstances of this less than perfect 'transition' in four major countries: West Germany, France, Italy and England. His research shows that the responsibility lies with the managers.

Dang-Nguyen presents a good and thorough analysis of European managerial failures, which are by no means limited to telecommunications. The whole general area of *high technology* is being frequently misunderstood, oversimplified and even feared. Hesitation, undecisiveness, risk aversion and procrastination seem to characterize European attitudes. High technologies are often confused with some sort of specialized hardware or software and *its management / organizational embedding* totally neglected.

One, of course, cannot manage high technologies with the same approaches and methods as the older conventional technologies. One cannot even *think* properly about high technology without realizing its unique and unprecedented qualitative (management/organizational) impacts. The new technological paradigm requires a new managerial paradigm.

In the particular area of telecommunications, European managers simply failed to adapt the management structure of their procurement policy to the new high technology-induced situation. Mismanaged, lukewarm and poorly understood deregulation efforts were (and remain) among additional reasons.

The four countries are analyzed separately and in detail: histories of their failures provide for interesting and useful reading. What is not significant, in spite of the peculiarities of each country, are their similarities which turn out to be at the core of management failings.

First, the 'electronic switching' had to be inserted into the framework of telecommunications operators' public procurement. Second, a vast R&D project of novel expertise had to be initiated. These two transactions are neither totally independent nor totally identical or undifferentiated (the latter requires more vertical integration and tighter control from the operators). Telecommunications operators should have realized that not only was the R&D transaction something new per se, but also that it would also transform the existing procurement policy.

It was 'natural' to repeat, for computer-electronic switching, what had worked so well for electromechanical systems. But nothing fails in the future like a success transplanted from the past. The new technology has changed the very nature of requisite organization, skills, and vendor relationships. Not everybody grasped that.

Schmid's 'Changing role of management'

As in all other organizations, the role of management in *human service* organizations is changing. New roles for the executives are emerging as organizations strive to free themselves from the dependence on external environments and thus strengthen their independence. New areas of knowledge for executives are also emerging. The acquisition of this new knowledge is now mandatory for those executives who wish to 'survive' the ongoing transition to a qualitatively different mode of organization, operation and management.

'Change' is rapidly becoming a keyword for management practices in general and management of human services in particular. Professor Schmid provides nothing less than a *new definition of the role of the executive*, and a new definition of management as they relate to human services.

Special attention is given to internal power struggles, internal competition for resources, coalition formation and political affairs and organization: in short, *organizational power and politics*.

Several major trends characterize this transition period, especially affecting the social agencies: (1) scarcity of resources, (2) privatization of services, (3) further cutbacks and regulation, (4) computerization, and (5) direct people involvement. In addition, we also mention calls for quality and professionalism, broadening of expertise (rather than specialization), demands for literacy of social workers, and increased competition.

The use of computers in decision making is becoming pervasive and high computer literacy at *all levels* of management is mandatory. Network organization of small, distinct and semi-autonomous units *will replace* the mega-bureaucracies of the (recent) past. Social services will become centralized and distributed, more flexible, directly accountable and fully responsible to their multiple and increasingly demanding constituencies. Delegation of authority, flattening of organizational

'hierarchies' and rapid departures of 'big boses' are desirable accompaniments of the *transition from 'social' service organizations to 'human' service organizations*: serving humans and serving in a human way is the new and highly competitive principle.

Professor Schmid enumerates major roles and tasks of management executives within *human service organizations*:

(*1*) Mapping task environments: agencies, economic, political and legal.

(*2*) Legitimization of the agency's domain: ideology, goals, target populations.

(*3*) Goal setting and strategy formation under the conditions of turbulence and goal displacements.

(*4*) Integration and coordination of the decentralized and autonomous units.

(*5*) Budget management.

(*6*) Efficient management: process of *managerial* productivity, efficiency and cost effectiveness.

(*7*) Political roles: new skills of negotiation and compromise.

(*8*) Development of intelligence system: scanning the environment, improving flow *and* circulation of information.

(*9*) Community study and understanding: closer to people in the community.

(*10*) High quality of services: continuous improvement as a principle.

(*11*) Management of innovation: continuous search for better systems.

(*12*) Management of high technology: going beyond hardware/software.

Nothing less will do.