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Making organisations work

Trevor Owen

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Preface

I have worked as a manager in a large industrial organisation for the last twenty years. During that time I have seen the job of a manager change almost out of recognition in both complexity and difficulty. For the last five of those years I have held a job which has been much concerned with the problems which managers face under these circumstances, and I have been in the position to discuss these problems with people doing similar jobs in other large organisations, who have in turn often asked me for advice on their problems.

The result has been to build up a general picture of the manager in large and complex industrial organisations and of those practices which will help him or her to be effective and those which will not. I suspect that the picture which emerges is one which may have some validity for large and complex organisations in other spheres – trade unions, for instance, or the civil service – but I have no first-hand evidence to show whether this is so or not. It is a picture which is certainly not so relevant for small organisations. These (and I have had the pleasure of working in some from time to time) have their own problems, but they tend to be different ones.

This book thus draws extensively on practical experience, and all the examples quoted are real. I have been party to many of the events myself and the rest have been directly experienced by individuals with whom I have myself discussed them. None of them is more remote from reality than that.

In fairness to those who have shared their problems with me, all the examples quoted are anonymous. A few are from my own company and will no doubt be identified as such, but I hope that the rest are sufficiently well-camouflaged to ensure that identification is impossible.

My own debt in writing a book like this is not only to these numerous friends and informants but also to the many people who have, over the years, helped me to a greater understanding of the nature of the management task.

First and foremost amongst these are the Board of Imperial Chemical Industries, Ltd., my employers, who have given me so many exciting and rewarding jobs in this time, and the managers for whom I have myself worked in that remarkable enterprise – notably George Costley, John Garnett, and Geoffrey Gilbertson. I have learnt much from their examples and much from the opportunities which they have given me to experiment and to learn, both from my successes and from my failures.

Then there are many other colleagues who will find in this book ideas which have been filched from them, or which have arisen out of discussions which we have had together; Jim Bell, Brian Jenkins, Arthur Johnston, David Jones, Robin Paul, Jack Rowbotham, Derek Sheane, and Tony Ward are amongst those who come into this category.

Finally, I have been lucky enough to discuss some of these ideas from time to time with many wise people who look at the problems facing managers today from an academic, or at least a more detached, viewpoint. In particular, Dick Beckhard, Oliver Clarke, Fred and Merrelyn Emery, Madeline Heilman, Harvey Hornstein, Gaie Houston, Michael Long, Will McWhinney, Philip Sadler, Rosemary Stewart, Eric Trist and Tommy Wilson have all helped to deepen my understand of the subject, and many were kind enough to read and to criticise an early draft of this book.

Without the help of these and many other friends, this book would never have been written. Its shortcomings, however, are mine and mine alone.

1. The management energy crisis

Throughout the Western world today the resources which are being devoted, both in industry and in academic institutions, to the analysis and improvement of industrial organisations and of management practices are both substantial in scale and increasing year by year. There is almost something frenetic about it – and not surprisingly since the success or failure of industry on which our society is so dependent, depends in its turn largely on the way in which the creative energy of its managers is used.

Unfortunately the supply of management energy is in the end limited in much the same way that the supply of energy from fossil fuels, on which the prosperity of the world more generally depends, is also limited; and the potential consequences of this ultimate limit to the supply of management energy are in their way almost as serious to the future of our society as we know it today as is the ultimate limit to the supply of energy derived from fossil fuels.

Like energy derived from fossil fuels, any particle of management energy can be used only once. If it is devoted, for instance, to the solution of one problem it can not be recycled and used for the solution of another – that will require a fresh source of energy.

We can of course occasionally find new sources of management energy by improving our selection methods, for instance. A limited degree of substitution is also possible through switching people of high management potential into industry out of non-managerial tasks elsewhere in the community, and any individual manager will himself produce more energy in stimulating and enhancing situations than in those which are less propitious – but these are relatively minor adjustments to the total pool and are not long term solutions to the problem.

How we use management energy

It is important therefore to look at the way in which management energy in industrial organisations today is being used. Its original and still its prime use is to ensure that the human and technical resources of industry are effectively directed towards the production of wealth for the community.

The world we live in today, however, demands also that management energies are increasingly devoted to other purposes, both within the organisation and at the frontier between the organisation and the outside world. Internally, the size and complexity which has become essential to many organisations if they are to function on an economic scale is such that much of the management energy available to the organisation is devoted not to productive purposes but to the maintenance of the huge and complex system which the enterprise has become. If energy is not used in this way, the enterprise will begin to fall apart; but energy used in this way produces nothing that is in itself useful.

Looking from the industrial enterprise to the world which surrounds it, there we find intervention being made into the enterprise on an ever-increasing scale. There are more and more laws to be obeyed, more and more questions to answer, more and more discussions with and explanations to governments and to governmental and quasi-governmental institutions, and to other bodies which have a legitimate right to satisfy themselves that the enterprise is being managed in ways appropriate to the needs of the community. These interventions constitute an ever increasing drain on the available pool of management energy.

It is important to emphasise that all these interventions are indeed legitimate. There are those today who would seek to argue that this whole trend of complexity within our Western civilisation, and of ever-increasing interventionism, should be in some way reversed and that we should move back to something which more nearly resembles the village community structure of the pre-industrial era. It is irrelevant for the purposes of this book whether that is a correct objective for our civilisation or whether or not it can be achieved.

This book is concerned only with the facts of the current situation – that there is a limited pool of management energy and ever increasing demands on that pool. And as the problem resembles that presented by the ever increasing demands that the world is making on the limited resource of fossil fuels, so does the solution.

It is clear to start with that the existing energy potential which lies available to managers in organisations, either latent in themselves or embedded in other people with whom they work, is not being effectively used. Many organisations today seem to be designed in such a way as to suppress energy rather than to release it. The conditions which would enable the energies of people in organisations to be well used have been described (Argyris 1964) in terms of the psychology of the individual as ones in which:

- individuals value themselves and aspire to experience an increasing sense of competence.
- opportunities for work are provided in which the individual is able to define his immediate goals, define his own paths to those goals, relate these to the goals of the organisation, evaluate his own effectiveness, and constantly increase the degree of challenge at work.
- the society and the culture which surrounds the individual places a high value on his self esteem and competence.

These conditions are not present in many organisations today and managers, as individuals within such organisations, suffer accordingly. Organisations are thus not designed in such a way as to use the energies of their managers well. Nor is the relationship between an industrial organisation and its external environment efficient and much management energy is wasted at this inefficient interface.

What is therefore needed is a plan which will ensure that the scarce resources of management energy in industrial organisations are released and effectively used – used, that is, for their prime and original purpose, the creation of wealth for the community as a whole.

That is what this book is about.

2. Industry in a social perspective

'Industry' is a word which we now use rather loosely to describe the machinery, the process and the system by which we, as a society, produce the material wealth which we need or which we demand. It is devised, developed maintained and operated by people and any industrial society must ensure, by one means or another, that sufficient members of the community are both able and willing to undertake this task and are organised in such a way as to produce the results that society requires.

Industry is thus a tool of society and it will serve its purpose, in terms of being an effective tool or an ineffective one, to the extent that the skills and energies of the people who work in industry are well used. Ensuring that this happens is the task of management. Management therefore operates as it were under licence from society, having to take account of the ideals, aims and objectives of that particular society to which it belongs.

When the aims and objectives of society in which any particular manager happens to operate are clearly defined his job is a relatively easy one. In communist China and in Russia (although the models of these two countries differ greatly in philosophy and in detail) each enterprise has its task allocated to it by the state and the job of the manager is to carry out that task. Fortunately for him, too, the job of the employees within the enterprise is to help him to do so – in the interests of the state plan and hence (presumably) in the interests of society as a whole.

The aims of Western society

In the Western world the management task is complicated and disrupted by the uncertainty which exists in our society about our aims and our objectives as communities of human beings. Is the generation of wealth, for which industry exists as the prime tool, really an acceptable aim? Many young people reject it (See Musgrove 1974). Is not the quest for continued economic growth, which has been implicit to the industrial strategies of the Western world ever since industry as we know it began to be formed in the eighteenth century, leading the world inexorably to economic destruction? (See Club of Rome 1972.) What ecological price are we prepared to pay for the contribution that industry can make towards better living throughout the world? (See Carson 1963.) Is not our reliance on individual choice now leading us both to economic and, paradoxically, to social impoverishment? (See Hirsch 1977.) What are our responsibilities, in the industrialised countries to the countries of the Third World and how can we fulfill those responsibilities?[1] Is an 'efficient' industry desirable or even acceptable if it means that a high level of unemployment will result, particularly among those least able to fend for themselves? These are questions which would hardly have been dreamt of during the period, twenty or thirty years ago, when the basic framework of ideas of our present generation of managers was being formed; but they are a commonplace today and they are not questions to which any clear social answer is immediately apparent.

Living with uncertainty

It is basic to this book that this uncertainty about society's aims and objectives has caused an inevitable and fundamental shift in the nature of the management task. When the nature of any task changes in such a fundamental way the problems of adjustment can of course be considerable – and changes in the nature of the management task are no exception. Historically, the British management class, trained in an educational system designed for

1. On what grounds, for instance, does the Swiss Government give a sum equivalent to 0.18% of GNP in aid to developing countries when the equivalent Swedish figure is 0.82%? And, if it comes to that, is even the latter figure enough?

ruling an empire, had difficulty in adjusting to the entrepreneurial style of leadership that industry required (Barnett 1972) – unlike their American counterparts who found the transition from the tradition and the ethic of the frontiersman and the men who won the West to the driving force necessary to create new industrial empires a relatively easy one.

Today we have a new shift which is uncomfortable for all of us who practice management in the Western world. None of us are finding it easy to adapt to the new world in which we now find ourselves, in which the management task is becoming more tactical and less strategic, more reactive and less pro-active. It is as if men trained to be captains of ocean liners, with their charts and their radars and their weather reports and their time schedules, had been suddenly translated in time to join Columbus, caught in a storm in mid-Atlantic not knowing quite where he was going or how he was going to get there but hoping at least to survive till tomorrow.

We, who have not been brought up to be Columbuses, are finding it difficult to find ways of applying our management skills effectively to this new situation. In the words of one exasperated group of managers 'we all know its going to be uphill work, but will someone kindly tell us which direction uphill is'! As managers we feel a sense of shame that we are lost in this way failing to recognise, perhaps, that the loss of direction is a loss of direction on the part of Western society as a whole. We are indeed a part of that society and share both its strengths and its weaknesses; but we can hardly hold ourselves wholly or solely responsible for either of these.

It will be noted that this uncertain world is not the nice ordered world of management, where plans can be made and implemented and where management systems actually work in a comprehensible and controllable way, which is the world which is normally presented to us by those who research into and teach the subject of management at universities and elsewhere; but it is the world in which those of us who are actually practising management have to live and have to succeed. In fairness to those who teach otherwise, it is only recently this change has taken place and it has in a sense crept up on all of us unawares.

Indeed it is difficult to know just how and why this sense of uncertainty in Western society has arisen. Probably it has something to do with the difficulty that our social systems and our social values have had in keeping up with the headlong pace of technological change. Consider, for instance, the way in which the speed of travel has developed over the centuries (see figure 1).

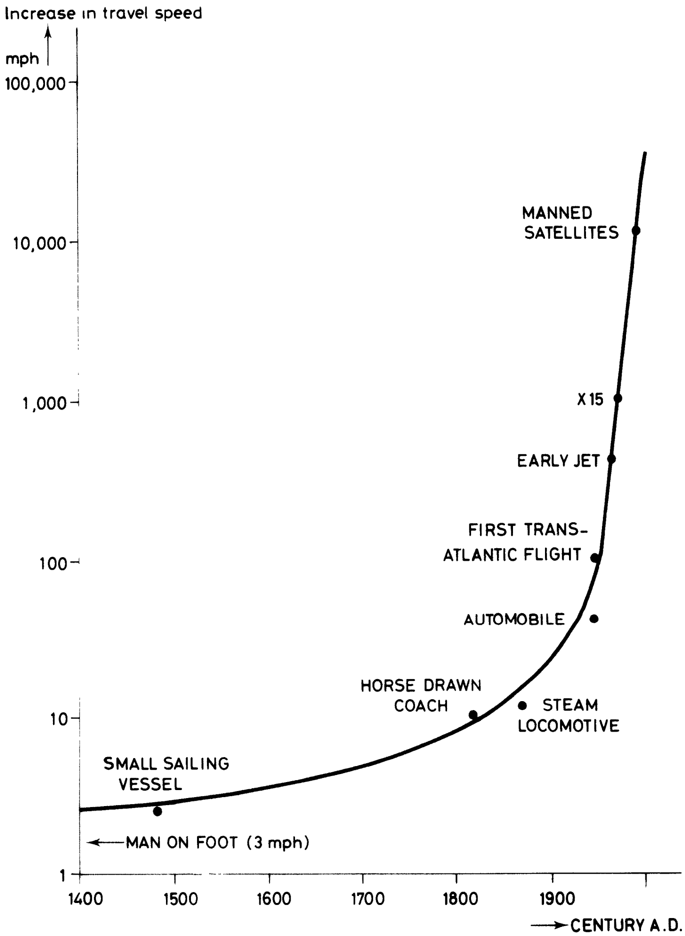


Figure 1. Increase in travel speed.

It should cause no surprise that social systems are finding it difficult to adjust to such a rate of change, or that uncertainty should exist in our Society today about the social purpose and social values which should exist in its technological arm, industry.

Intervention by society into industry

One measure of this uncertainty is the degree of intervention into industry which has emerged over the last few years and which has had a significant effect on the manager's task. In a settled society, little intervention from the legislature is needed because in such a society industry works (for better or worse) within a social consensus in which its aims and purposes are simple, clear and widely accepted – and in the early days of modern industry the issue was indeed extremely simple. Industry was there to create wealth – for the industrialist in the first instance and then indirectly for the nation as a whole. Adam Smith had shown that well enough as long ago as 1776.[2] Industrial methods of manufacture might indeed cause a little individual hardship here and there but there was no doubt in mens' minds that this was a disadvantage which had to be endured in the interests of the overall good of the community. It was not until the second half of the nineteenth century that some basic constraints were put on to the statute books of various countries in order to prevent undue exploitation of human beings in the process of creating wealth for the wider benefit of society as a whole.

During the subsequent years the developing social conscience of society gradually modified this basically clear and simple view of industrial purpose but did not fundamentally change it. So the twentieth century saw the development of welfare and personnel policies in industry designed to enable work in industry to be more nearly in accord of the current view of what a human life should be;

2. 'As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it... By pursuing his own interest he frequently promotes that of the society more effectively than when he really intends to promote it'. (*Wealth of nations*, Book IV).

but the overall view of industry as a necessary good rather than a necessary evil remained largely the same until comparatively recently. Arguably, it was not until the mid 1960s that real doubts began to be expressed in practical ways about the place of industry in society and about the sort of contribution that industry should make to social aims and social purposes. Yes, it should create wealth for the community, but that was not somehow good enough and maybe there were other things it should be doing or should not be doing. And the means by which society expressed these doubts, throughout the Western world, was the introduction of legislation to ensure that new or developing social values were reflected in industrial practice.

In Britain there have, since 1963, been some twenty major legislative interventions into the social aspect of industrial affairs, where the Statute Book was almost blank before. In Sweden industrial legislation passed since 1970 now exceeds that which existed before that date. In America the number of statues and executive orders which the U.S. Department of Labor is responsible for enforcing has gone up from 16 in 1940 to 130 today (Foulkes and Morgan 1977).

This intervention by Society in the form of legislation can be both overwhelming and confusing. American managers have now to grapple with no less than three separate pieces of legislation to ensure that there is no discrimination against women in employment – at state level, at federal level and as government suppliers. Managers within the EEC are now beginning to have to come to grips with legislation at community level as well as at national level – and even within the organs of the community itself some confusion exists as the following exasperated comment from the EEC Economic and Social Committee shows:

'The Community's institutional machinery needs to be improved by strengthening its parliamentary democracy and by better Community level co-ordination of the Member States' medium-term economic policies. But even before such an improvement is made, the present institutions should already set about the task of introducing greater consistency between the action taken under the various common policies now in operation or at the development stage (in particular the regional agricultural and industrial policies) and the contents and main aims of social policy. The same applies to the various Community consultative bodies whose rôle is more than a technical one, such as the Economic and Social Committee, which was set up by the EEC Treaty and the Tripartite Conference, the Standing Committee of Employment and the other consultative or research bodies established by the Council. The present dissipation of effort and resources due to duplication and even conflicting activities must cease, (*Official Journal of the European Communities*, No. C 172/2, dated 20 July 1977).

Yes, indeed. Practising managers are fortunately for the most part unaware of the extent of the confusion which surrounds them in this way, but they can not be unaware of the questioning and of the criticism which exists in the community about them, even though the messages which they receive from that community are often inconsistent, and sometimes change rapidly. When a severe recession hit the automotive industry in the USA in 1974, for instance, the problems of the control of emissions from the internal combustion engine suddenly became less significant and the pressure from society was to get the industry moving again, at whatever cost.

All this creates a sense of insecurity for managers in industry who become ever more uncertain of the nature of the task which society is setting for them and even wonder, sometimes, whether society believes that they are needed at all. This is not, unfortunately going to change. We are an insecure, uncertain society and, since industry is a part of that society, managers are going to have to learn to live in a world of turbulence and of instability, which is the world of Western society today (cf. Ringbakk 1976; Vickers 1972; Emery 1977).[3]

This turbulence and instability does of course affect not just industry but all parts of our Western society – family life, community life and government – and the questioning and the uncertainty is heard in all these places. If the uncertainty is particularly damaging in the industrial context (because of our society's almost total dependence on industry to produce the material wealth on which we have come to rely) it is also in this context that the questioning is particularly sharp, for equally good reasons. The potential threat to the community of ever larger industrial establishments and ever more sophisticated industrial processes is undoubted. Each year

3. The concept of the 'turbulent field' as an environment in which an enterprise may have to operate, and the implications of this, was well defined by Emery and Trist in their article (1965: 21-32). But since then the 'turbulent field' has become the norm rather than the exception.

some new ecological disaster deriving from industrial sources overwhelms some group of people somewhere in the world and some of the risks of industrial practices are not apparent until many years after the event. Nor can anyone argue, at a less painful but far more common level, that jobs in industry are always designed in a way which will enhance the qualities of the human beings who do them – the assembly line, for instance, patently is not.

Ignorance of industry in society

These are things about which society has every right to be concerned, and this concern is heightened by the ever-increasing ignorance which exists in society of what industry is really like. Indeed it is one of the paradoxes of the modern world that, as the effectiveness of industry becomes ever more important to society (which depends on it to provide both the material wealth and the social support systems which we increasingly regard as essential to our western way of life), so the number of people who actually work in industry diminishes as a part of the employed or indeed of the total population. This drift away from industry seems to be both inevitable and inexorable as figure 2 shows.

What appears to happen is that, when the drift from the land begins, people move out of agriculture into industry and into the service sector of employment in roughly equal proportion. When the agricultural pool dries up (which is at a different point for different countries) the pull toward the service sector continues and the proportion employed in the industrial sector begins to fall in consequence. For those of us who live in the Western world the effect of such a drift (provided that it is a genuine drift to services and not just a drift to bureaucracy) should be entirely good. It will enable us at least to reap the rewards of our industrial labour. It does, however, have one undesirable consequence. As the drift to services occurs, real knowledge in the population of what is happening in industry begins to be diluted and myth and suspicion grows in consequence.

Furthermore, as a separate but probably related development, there is within the service sector itself a growth of employment in the civil service, and also in governmental agencies established specifically for the purpose of making interventions into industrial life. It was Professor Parkinson who pointed out that the impressive de-

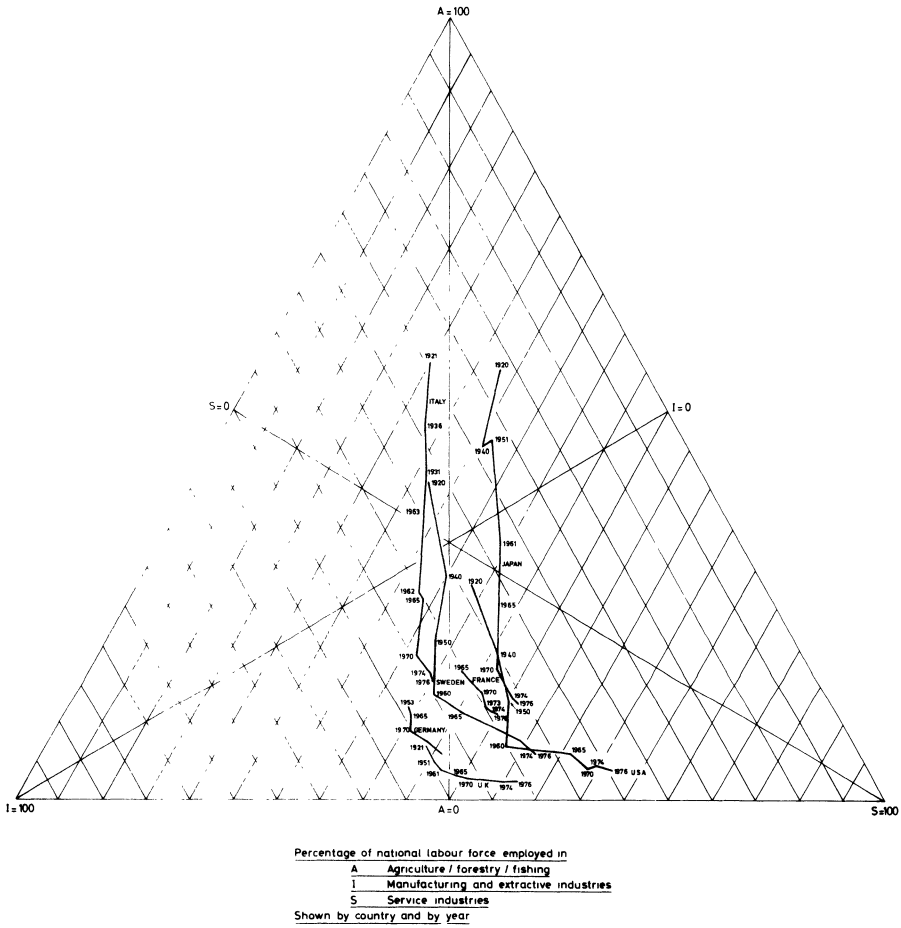


Figure 2. Civilian employment patterns.

cline (67.74%) in the number of capital ships in commission in the Royal Navy over a fourteen year period (1914-1928) was paralleled by an even more impressive growth (78.45%) in the number of British Admiralty officials over the same period (Parkinson 1958).

It would be nice to find an equivalent statistic for the relationship between industrial growth and the growth in numbers of those employed, directly or indirectly, by Parliament to watch over industry's activities in one guise or another but such a statistic is unfortunately difficult to obtain.

We do, however, know something about the extent of growth in numbers of British civil servants employed in categories other than Defence. A century and a half ago (in 1833), for a population about a quarter of the size that it is today, the figure was 19,500 – of whom 16,000 were in Customs and Excise (Roberts 1960). The current figure is nearly half a million and of course they all have to do something. Many are employed in some form of relationship with industry – all of it legitimate, all of it authorised by Parliament as the trustee of the nation's interest and most of it (at least) very well done. But it all absorbs management energy and diverts it from its primary productive task.

Nor is this increase in the scale of intervention into the industrial system confined only to the national scale. International bodies are proliferating and there are now at least four international governmental bodies (the UN, the EEC, OECD and the ILO) which are concerning themselves directly with the operations of multinational companies, a field in which none of them operated 50 years ago.

Turbulence and uncertainty – and individual freedom as well!

So the manager is finding himself having to cope with an external environment which is not only turbulent and uncertain, but is of ever-increasing complexity and ever more demanding of his attention and of his energies. Furthermore the enterprise itself, which constitutes the manager's own home ground, has also grown in size and complexity to an extent that would have been difficult to envisage a relatively short time ago. There are now more than twice as many people in the United Kingdom working in establishments employing over 1,000 people as there were forty years ago (*Business Monitor* 1976) and some industrial organisations are now so vast and complex, and have external relationships so intricate and so baffling, that no single human mind can fully comprehend them.

Finding ways of managing in such circumstances is inevitably and intrinsically difficult. We in the West (and especially in the United States and Britain) make it even more difficult because we rightly deny ourselves the luxury of autocratic management which might, in theory at least, be one way forward. Our actions are conditioned instead by our passionate belief in the importance of the individual – a belief, incidentally, which is not shared by other cultures of the world. It is this passionate belief which ensures that we remain free people, in spite of all the pressures to the contrary. It is however a belief which also greatly increases the difficulty of ever providing our Western democracies with the sense of direction which today they manifestly lack and the manager, working within that political system and within those values, finds that these are issues which affect him directly and increase the difficulties that he has in knowing just how his job should be done and how it should be directed.

Industry, as a tool of society, can in fact be directed in any one or more of three ways – towards the production of material wealth for the community, towards the creation of healthy social systems (making industrial enterprises good communities) and towards individual freedom. A society which is able to disregard at least one of these three objectives is able to provide its industrial component with a tolerably clear sense of direction. Victorian society, for instance, was not too much concerned (until latterly at least) with the creation of healthy social systems. It was concerned with individual freedom and with the creation of national wealth and that created a sense of direction to which it was easy for industry, and managers within industry, to respond (see figure 3).

There was a price to be paid, of course, for this clarity of purpose. It caused industry to ignore the development of healthy social systems to the extent of creating an evil industrial environment against which society in due course rebelled.

Similarly, the social values which exist in Communist China today permit industry to ignore questions of individual freedom entirely, and again the sense of direction is clear and Chinese industry responds to it in its organisation and practice (see figure 4).

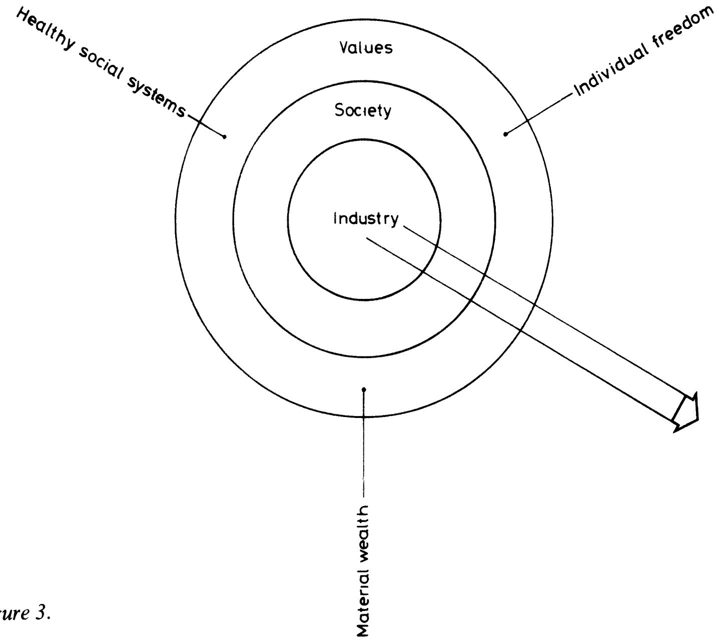


Figure 3.

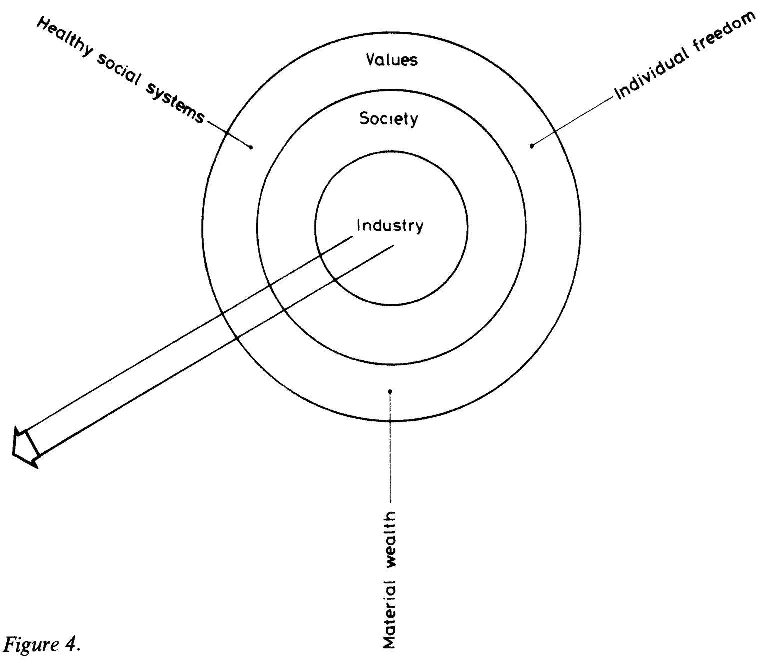


Figure 4.

In Chinese industry as a result there is a clear understanding of the need to create material wealth and a scrupulous ordering of the social systems but, for the individual, no choice of what you do or where you do it or what you think about it. The loss of liberty is absolute.

Our Western society today has values which encompass all three of these pulls on industry – material wealth, the creation of healthy social systems within industry and individual freedom as well – and indeed that is clearly the sort of society in which most of us, managers as well as others, would wish to live. It does, however, create a loss of sense of direction (see figure 5).

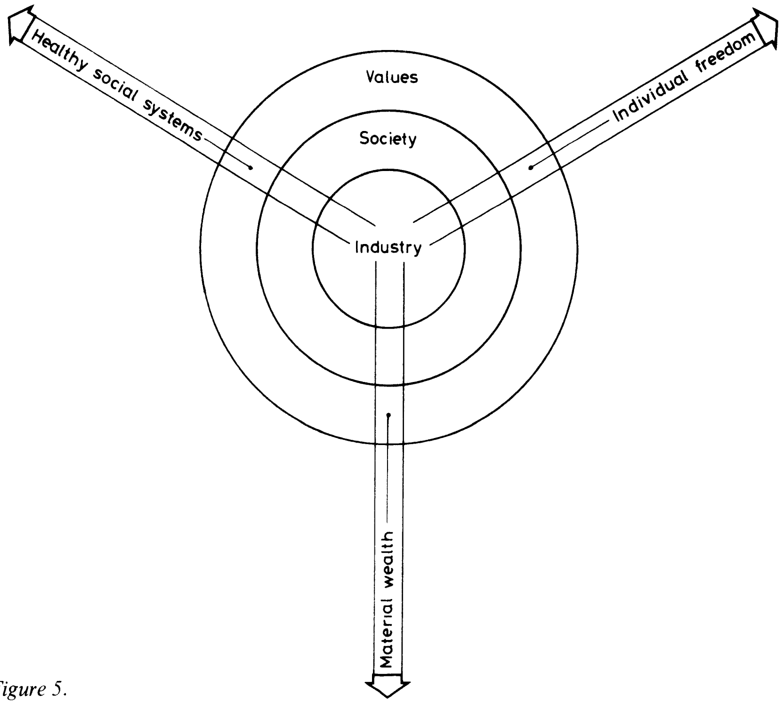


Figure 5.

Instead, industry in the Western world today lies in a state of delicate balance in which confusion exists about the real purpose and objectives which society requires of it and new thoughts and often quite small events will necessitate a redressing of the balance and a new view of where priorities lie.

Managing in a democracy

The stress on the importance of individual freedom in our culture is of particular importance in terms of its effect on the management task at the present time. It has been developing new significance, in the industrial as well as in the political context, at the same time as our concept of democracy in the West has also been developing and changing. For democracy is not a simple, stable concept, though it is difficult for those of us who have grown up in nations where democracy is a natural and inevitable inheritance to remember how long it has taken for our present concept of this political system to develop. In the Anglo-Saxon world we look to the great milestones of Magna Carta, or of the Declaration of Independence, or of the Great Reform Bill of 1832, but each of these steps was a limited step along a long and difficult road. Full adult suffrage was not achieved in the United Kingdom until 1928 – in Switzerland not until 1971.

It is perhaps appropriate that it was in the debates about the foundation of the United States of America, today the foremost champion of the free democracies of the world, that the fundamental issue was defined. 'No taxation without representation' was the cry of the American colonists and their supporters. The issue of taxation was specific to that moment in time but it has a general implication which has developed since then which has importance for all of us who work in industry today. The commonly held view of democracy in the West today clearly implies that *everyone who contributes to a society has a fundamental right to a say in how that society is run.* This is not, it must be stressed, in any way a traditional view. Indeed it would have caused surprise to almost any advocate of democracy from the time when the Greeks invented the word to the turn of the last century.

It is hardly surprising, therefore, that industry has been slow to recognise that there must be some implications for the management of industrial enterprises in this new all-embracing concept of democracy. It is indeed recognised in the 'democratic imperative'[4]

4. 'That those who will be substantially affected by decisions made by social and political institutions must be involved in the making of those decisions" Bulletin of the European Communities, Supplement 8/75. 'Employee Participation and Company Structure'.

contained in a 'Green Paper' on employee participation published by the Commission of the European Economic Community, but this is not a document which lies in the main stream of management thinking.

Many of the writers on management theory today still work from an implied assumption that social values have not fundamentally changed – or, if they have, that industry need not be affected. The change which has taken place in the values which underlie, or which society believes should underlie, industrial systems today tends only to emerge clearly when a breakdown in those systems takes place, as it did when employees in the Lip watch factory in France, faced with the closure of the factory, sought to maintain the factory as a workers' co-operative. Of that, Gilbert Mathieu of the newspaper *Le Monde* wrote:

'The affaire Lip is important in that it has caused the French, and the politicians in particular, to examine their conscience on the respective positions of property and men in the contemporary economy. Is it right that it should have been possible for the livelihoods (incomes and security of employment) of several hundred working-class families to be threatened because their successive employers, whether Swiss or French, had committed serious management errors?

'The answer – if one is to believe the opinion polls and the most authoritative sources, including the President of the Republic and the Prime Minister – is clear; France is no longer prepared to allow employees to suffer for the mistakes of their employers. this feeling is so strong that, even among management unions, the question of whether and how an incompetent employer can be removed from office is once again a live issue. At all events, workers must have a voice on the present and future of the company which employs them, although the procedures for this, of course, still have to be discussed' ('The Europa Economic Supplement', Nov 1973).

The last half sentence of that statement will produce a wry smile in most practising managers, whether in France or in any other Western country. The discussions which Mathieu envisaged are unlikely to be brought to a speedy conclusion because the implications, both for the social structures of industry and for its ability to perform its basic task of generating wealth for the community, are so vast. Indeed recent attempts to translate concepts of democracy which are current in the political field into organisational forms which would make sense in an industrial setting (in the Bullock report ['Report of the committee of Inquiry on Industrial Democracy' 1977] in England and the Sudreau report ['Rapport du

Comité d'Etude pour la Réforme de l'Entreprise 1975] in France) have cut so sharply across the traditional views of industrial practice both of managers and of trades unionists that they have had to be abandoned – for the time being at least, until a greater understanding of the implications of political democracy in industrial terms can be achieved.

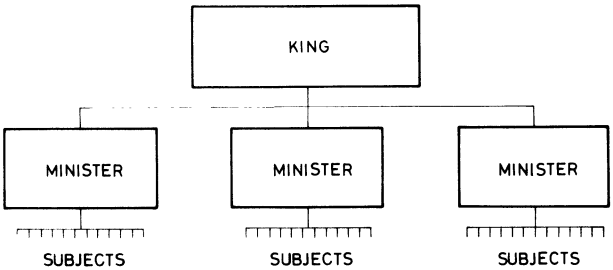
Bullock however (though not Sudreau, where other political cross-currents were at work) was a clumsy attempt to dress up a bid for power from a minority group in the trades union movement in the trappings of democracy and so was almost bound to fail. At a simpler and far more fundamental level, the need for individuals who work in an enterprise to have a more effective say in the way in which that enterprise is managed is undoubted and managers in industry face some aspect of this problem almost daily.

The location of power in industrial organisations

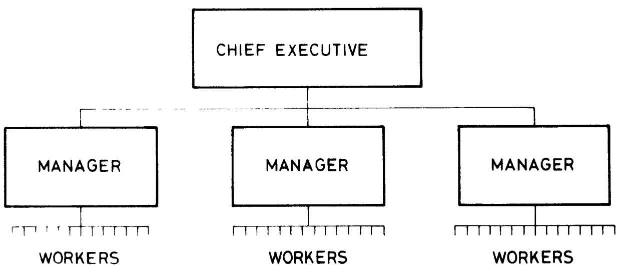
Simultaneously a quite separate but equally fundamental change is taking place in the nature of industrial organisations. Power, which used at one time to be placed at the top of the organisation, is now being spread throughout it. Notionally, of course, power in an industrial company is still rested absolutely in the board of directors who are responsible only to the shareholders and this concept of an absolute and ultimate source of authority by which all actions are legitimised is one which has lain so deep in Western thought for so long that it is not easy to shake. It would have been recognised fairly uncritically by the subjects of Queen Elizabeth I or the Emperor Augustus, for instance. They were indeed the ultimate sources of power and so it has been with the people at the head of armies, churches and most other forms of organisations through the ages. Power has rested at the top of the organisation and the nearer you got to that power source, the more powerful you yourself were. There may have been many different reasons for the existence of the power source at the top of each organisation – religion, brute force or just plain convenience – but traditionally power has rested with the man at the top and *all other power in the system has been derived from him.*

We translated this system very easily and naturally into industry and it is no coincidence that one of the first great thinkers on the problems of management organisations in the 1930s – Col. Urwick – was a military man who retained his military title. Industrial organisations have thus been conceived on military lines[5] and in our accepted model of the industrial enterprise, the chief executive has taken the place of the general or the king and the managers underneath take their power from him in the same way as the ministers of

An organisation chart is thus in a sense a *power model* in which we have translated the original:



very easily into:



5. To most of us it seems self evident, indeed, that they should be; but we might ponder the fact that the military model, which used at one time also to be the model for *political government* in the West, has long since been translated for these purposes into something far more sophisticated.

the realm did from their king or the officers from the general; and at the bottom of the pile are the employees, private soldiers or subjects who just do what they are told.

The organisation charts which exist in industrial enterprises represent this view clearly. Typically, they display the management hierarchies ascending to the ultimate position of power, the Board and its Executive Committees. The names and titles get written larger and in heavier print the higher you go and the individual operators on the shop floor or in the office do not get a mention at all, except possibly as a figure of numbers employed attached to the title of a particular works or department.

This form of organisation represented the reality of the situation for which it was designed, in which power rested at the top and decisions were handed down from on high and implemented at a lower level. It also represented the reality of industry in the nineteenth century, when power did indeed rest with the owner and entrepreneur. He too made all the decisions, and he had the full weight of the law behind him if it was necessary to see that they were implemented.

In such a situation, the task of the manager is seen essentially as a *conversion* task. In large and complex organisations, the power which lies at the top can not be transmitted to the office or to the shop floor without going through a series of processes to enable the decisions of the board and its chief executive to be translated into instructions and practices which will enable those decisions to be carried out effectively at the place of work. These successive conversion processes are the responsibility of successive layers of management and, with the growth in size and complexity of our industries and of our industrial units, they have created management tasks of great and ever increasing technicality and sophistication. Hence much of our management teaching today is devoted to providing the manager with tools to enable him to perform this conversion task more effectively.

This implicit assumption that power continues to lie at the top of all organisations, and that the management task is and will continue to be some sort of conversion process, underlies much of our organisational structure and practice in industry and most organisational theory even today. The organisational consultant typically takes a view from the desk of the Chief Executive and says in effect: 'If you want to transmit your power effectively from here, this is the way to do it'. The hopes, aspirations or human failings of other individuals or groups within the organisation are seen as, at best, artificial blockages to the transmission of power which the application of sufficient expertise can remove.

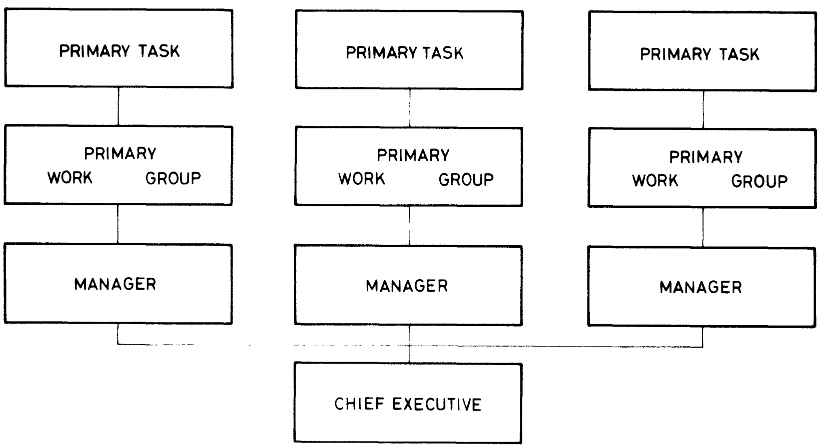
Such a view is not entirely unhelpful. To the extent that managers continue to work in organisations in which the change in balance of power within the organisation has not been recognised by those employed in it – and most of us do work in such organisations – such interventions may indeed be both helpful and necessary; but they are based on a misconception. The management task is no longer essentially a conversion task, and for one very simple reason. Power no longer rests solely, or even primarily, at the top of organisations. That is not in any way intended as a comment on what may or may not be politically *desirable*, but rather as a factual description of the world in which we in industry work and live today.

The diffusion of power

The world in which we now live is one of huge and technologically complex organisations in which it is no longer possible for the top man, or even a top group of men, to make all the decisions, or even all the important decisions, simply because they can not have access to all the data on which the decisions are based, no matter how frenetically the management information systems are ransacked to provide it. Decisions made at the top are increasingly predetermined by judgements on market growth, on technical viability, on competitive response and so on which can not in the nature of things be made at the top of an organisation, remote from the data source. The decision makers are thus obliged to rely on other people's judgements in a way which gives them little practical control over the events which they appear to command.

The world in which we now live is also a world in which the power of an individual or a group of individuals at the place of work to bring an enterprise to its knees by withholding its labour, in whole or in part, is so great that power is in practice shared, to a greater or a lesser extent, between the employees and the owners of the enterprise, or the top management which represents them. If top management had the power that the organisation charts appear to claim then they would be able to execute dissenting employees like the kings of old did their dissenting subjects – or at least put them in prison as the one of the old owner/entrepreneurs would have done a century and a half ago. They no longer have that power. The absolute power which is a feature of the hierarchical systems which organisation charts were designed to represent no longer exists and has been replaced by *power vested not in the person but in the task.*

Now when an industrial enterprise is perceived dispassionately in task terms it becomes clear that power lies not with any single individual or group of individuals but is shared between all the work groups throughout the organisation and perhaps lies particularly not at the top but in the primary work groups on the shop floor of industrial organisations. The men at the top after all produce nothing, or nothing which a consumer can use. That is done in the primary work groups and to recognise the power implications of this fact we would have to turn existing organisation charts upside down. Seen as power models they would then look something like this:



In such a model the manager would appear in an inferior position (and the chief executive even more so) because he is that much removed from the source of power, the primary task. But this model, much as it would no doubt delight the hearts of left wing politicians, is also defective. Although the primary task[6] must inevitably provide its performers with the greatest single source of power (because if it is not performed, then the enterprise comes immediately to a halt) power also resides to a greater or a lesser degree in a myriad of other tasks throughout the organisation, which is thus a total system of interdependent task groups.

Nor is the chief executive in any sense powerless, as the inversion of the organisation chart above might seem to imply. The ever-increasing complexity of industry, though it has largely deprived him of any authority to act by 'divine right', has also created for him a set of tasks which only he can perform and which thus gives him a new and considerable source of power. Only he can integrate the efforts of the enterprise and give all those people who work in it a common sense of purpose. He is best placed to relate the aims and objectives to the economic and social developments of the community within which the enterprise exists. And, finally, it is he who is responsible for ensuring that the progress and image of the company is consistent with the need to ensure a continuing supply of cash when necessary from the financial institutions and from the shareholders. It is arguable therefore that the two most significant sources of power in any industrial organisation today are the chief executive at the top of the organisation and the primary work group at the bottom.

6. 'Primary task' in the context of this book is that task which, in any particular organisation, *has* to be performed for the organisation to function at all. In most industrial enterprises production at the work bench is a primary task, and so is making a sale. Research is not normally a primary task in an industrial enterprise, but within a research department (considered as an organisation in itself) work at the bench is a primary task. Management is never, under this definition, a primary task.

Fundamental changes in the management task

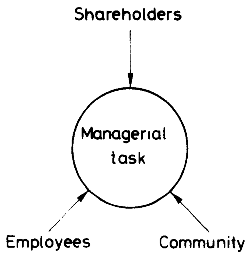
Caught in the middle between these two power sources, the manager can with certainty look neither to the one nor to the other to legitimise his actions and all the protection which he has had in the past which has given him enough organisational space to enable him to concentrate on deploying his technical skills to do his job is beginning to crumble away. He thus has to face the ever increasing questioning and ever more stringent control that the community is imposing from an internal position within the enterprise which appears now to be most insecurely based. It is hardly surprising that a growth of interest in trades unions designed to protect managers' interests has emerged as a significant trend in so many European countries over the last decade, which has been a period during which the uncertainties of the managerial rôle have become particularly apparent.

Managers are thus having to find ways of dealing with a new world which is not the world they have been trained to deal with. Worse – it is not even a comfortable world. It is a world of rapid change and of great instability. Managers are being asked not only to relate to society in ways they have never done before but are being asked to relate to a society which has become unstable and is in a state of turmoil, and with considerably less protection from within the organisation than they have been accustomed to expect.

The nature of the management task has therefore undergone a fundamental change. It is no longer a conversion task – the translation of power at the top of an organisation into action at the bottom – but rather a task of relating specific technical skills to the complex and conflicting pressures which surround an organisation and of reconciling the demands of the various sources of power which have a legitimate stake in the enterprise – shareholders, employees and the community at large.

As a power model the organisation chart will no longer serve and we would have to substitute some model which shows the manager's task at the centre of a complex network of pressures deriving from three different sources of power, all of them equally legitimate but each having a significantly different concept of what they require from an industrial organisation and hence from the managerial task (see figure 6).

Figure 6.



These power sources, far from giving the consistent sense of direction which industry derived from the old historical model, will constantly be pressing in on the manager and seeking to apply constraints to his actions until he is so hemmed in that he can no longer apply his skills and energies effectively in pursuance of his task and this must be to the detriment of society as a whole.

Society needs an effective and responsive industrial sector and hence requires that managerial energies are neither neutralised nor wasted. Some way has therefore to be found of developing and changing both industrial enterprises and the nature of the managerial task within each industrial enterprise so as to enable the manager to find new ways of relating to the power sources which surround him. Only in this way can the manager continuously renew his 'licence to act' and win for himself what one might describe as an arena of competence – sufficient space to enable him effectively to deploy his skills and energies without being so cramped by intrusion and constraint that those skills and energies are made unusable.

Adapting to this new way of life will not be easy but is essential if management energies are to be used for the creation of wealth for the community and not misused and wasted in managers' attempts merely to ensure the maintenance of the organisation and their own short-term survival. The subsequent chapters in this book attempt to place signposts along the road we shall have to travel.

3. Sources of energy within the organisation

The traditional view of the management task as a conversion task implies that the manager is there to transmit energy from a remote power source through an otherwise inert system in order to achieve a predetermined result. Power, in this traditional view, lies only at the top of the organisation and other parts of the organisation are there to respond to the input of energy from that power source, but are not themselves sources of power or of energy. Hence the traditional (and still not wholly defunct) description of people in the work force as 'hands' – implements employed to do things but not in any way to think creatively or to be responsible for initiating action.

Our present hierarchical systems of organisation are based on this traditional view and they in no way represent today's realities. This mismatch is putting such strains on organisations that there must be doubt as to whether they can any longer be effectively managed. While the organisations themselves become ever more complex and ever more subject to external intervention boards of directors, which are composed of individuals who have been brought up mostly in the tradition of the all seeing all powerful executive, try to preserve that image by exploiting modern technologies to the full. Computers and communication systems which can transmit data in many different forms over any distance almost instantaneously are being pushed to the limit to ensure that all the information needed to enable decisions to be made at the top of organisations is processed and made readily available and, just to make doubly sure, the senior executives hurtle round the world in jet planes to deal with issues on the spot where possible.

One can admire their stamina and their bravery, but not their wisdom. Good decisions can not be made in this helter-skelter way and indeed information systems are today being wrongly exploited to bolster an illusion of continuing power which in practice no longer exists. Tradition, politeness and the law require that the major decisions which affect a company receive the assent of the board of directors and this assent is still formally minuted as a decision of the board, but most such decisions are in reality preordained by the preparatory work done by subordinates or by the political and economic environment which surrounds the enterprise, or by both. It is certainly possibly for boards of directors to have a negative effect on this decision making process (by holding up or referring back those decisions which cause them discomfort) but the instances of boards of directors having a positive effect on the decision making process must become increasingly rare as overload sets in. Mostly all the unfortunate members of the Board will be able to do is to flit from decision to decision in the hope that they can get through each decision point without humiliation.

The concept that apparently powerful people are not entirely masters of their own fate is of course a familiar one to all students of Greek drama (and in a later age was spelt out at inordinate length by Tolstoy in his novel *War and peace*) but it is not one that the power people themselves find easy to accept – in industry or anywhere else for that matter.[1]

This problem is at least now beginning to be understood in the political world where a stream of autobiographies and research data is showing how chaotic and unthought out many of the major decisions of governments are and how rarely presidents and prime ministers actually control (or even understand) the events which they appear to dominate. Industrialists have been less willing to give accounts of the decision making processes within industry and, when they have done so, have generally managed to convince themselves (and hope therefore to convince their readers as they believe

1. See the apt and relevant comment in the interesting study of American college presidents by Cohen and March (1974): 'The presidency is an illusion. Important aspects of the rôle seem to disappear on close examination. In particular, decision making in the university seems to result extensively from a process that decouples problems and choices and makes the president's rôle more commonly sporadic and symbolic than significant. Compared to the heroic expectations he and others might have, the president has modest control over the events of college life. The contributions he makes can easily be swamped by outside events or the diffuse qualities of university decision making'.

also that they have convinced their employees) that everything under their command went forward with an implausible smoothness and efficiency. Generals have the same knack, incidentally – but neither are to be believed.

One result of this image which the most senior industrialists have created for themselves, and constantly refurbish, is that people judge the standing of a company to a large extent on the apparent quality of its management – particularly, perhaps, the apparent quality of its chief executive – and of course there is obvious sense in this. The task of the chief executive is indeed an important one and, unlike the run of the mill operator at the work bench, good chief executives are hard to come by. A good chief executive can transform an enterprise for the better, as a bad one can transform it for the worse.

The nature of complex organisations

Nevertheless, this view of a company as largely the creature of its chief executive contains two important flaws. Firstly, all the important decisions *cannot* be taken at the top of a large and complex organisation. Secondly, neither the chief executive nor his senior colleagues invent, produce or (normally) sell anything at all. These activities are in the hands of small groups of (say) 10-20 people under the leadership of a supervisor. The chief executive and his colleagues have the responsibility for establishing the framework within which these working groups can function effectively and fulfill objectives which are seen as appropriate by all those who have a stake in the company's success – shareholders, employees and the community at large; but the ultimate success of any industrial enterprise depends not on the chief executive and his immediate colleagues but on the commitment and performance of these interlinked working groups which make up the enterprise as a total system.

Organisations are thus a series of interlinked working groups ending with the primary work group (which is where the productive work is actually done) and the organisational problems of industry are about the motivation and management of each working group throughout the system and about the linkages between them, right through to the primary work group itself. The rôle of the chief executive is to create an appropriate framework within which all these working groups can function effectively and to ensure that that framework is devised in such a way that it wins the support of the financial, social and political environment which surrounds it. The vehicle which is available for him in this task is the work group of senior managers which immediately surrounds him.

The manager at the interface and the sources of energy at his disposal

The job of the manager is to set a similarly appropriate framework for the working group which he manages and to ensure that the linkages, both between that working group and other working groups within the enterprise and between that part of the enterprise and the external environment, are in good working order.

When these problems involved in the leadership and linkages of this diverse concatenation of work groups which make up an industrial enterprise are solved (or are as near to solution as can be practically be achieved in the imperfect world in which we operate) then the industrial machine works well and managers'energies can be used in ways which positively assist the creation of wealth for the community. When the problems are such that the machine is not working well – and increasingly it isn't – then managers' energies are diverted on to ad hoc trouble-shooting tasks to compensate for the inefficiencies of the enterprise and to prevent its ultimate breakdown.

The performance of the individual work group, and its appropriate relationship to the other work groups within the organisation, is therefore critical to the success or failure of any industrial enterprise and it is for this reason that a great deal of research has been done in industry on the nature of group work in general and on the organisation and motivation of the primary work group in particular. It also explains the fact that so much time and money is spent in industry on supervisory training and other events which concern themselves with the management of working groups (see, e.g., Blake and Mouton 1968; Adair 1973).

What has been less well documented (although its importance is well known to anyone who has had to deal at first hand with the problem of achieving effective performance from a working group of any sort, inside or outside the industrial sector) is the nature of the relationship between the working group and other working groups within the organisation, particularly those working groups which are superior to it in hierarchical terms, and the effect that a change in this relationship can have.

There are however many practical examples which suggest that it is this relationship which is in fact critical in terms of organisational effectiveness. For instance:

In the mid 1960s 'Productivity Bargains' were in vogue in the United Kingdom. A productivity bargain was an agreement signed between a company and a trades union (or a group of trades unions) in which the company offered higher wages in return for a commitment from the trades union to the achievement of higher productivity.

One such bargain involved a paint factory, employing some 1,000 people, which was part of a larger group.

The bargain had been reached with the trades unions on behalf of the group and the management of the paint factory was at some loss to know how to proceed. The factory was well-equipped and well-managed, had excellent labour relations and had a level of productivity which compared well by any available standard of measurement with the best of the world. A technical study had already been put in hand which had led to the conclusion that immediate improvements in productivity were by any known standard impossible. And yet something had to be done.

There was only one way forward and that was to take the one step which had not yet been taken and put the problem to the men on the shop floor. Each primary work group was therefore asked to address itself to the problem of how that group could increase its own productivity. The questioning and the discussions went on for nine months and there were many detailed suggestions forthcoming as a result covering a very wide range of useful, though minor, technical improvements which the management had overlooked but which were nevertheless obvious to the people who were actually doing the job concerned; but the really important conclusion which emerged from these discussions was that the primary work groups in that factory, though well managed, were overmanaged. If more decisions could be passed to the working group itself, then more appropriate solutions would be found to the production problems as they arose, and they would be found more quickly.

The proposals which resulted from these discussions were subsequently implemented and the immediately apparent result was that a large number of *relatively* minor operational decisions – on testing, for instance, and on the detail of sequencing of batches for production – was left to the primary work group instead of being taken by managers who were hierarchically superior to the work group, and who possessed higher technical qualifications and/or greater practical experience, but who were by definition further from the practical benefits or problems which resulted from these decisions being made more or less efficiently and appropriately.

What was perhaps not so immediately apparent from this change in the level of decision making on that plant was that it resulted in significant changes both in management structure and in management style. Fewer managers were needed at all levels (and in fact it proved possible to reduce the number of levels of management between the works manager and the shop floor from seven to three) and the jobs of those that remained became more concerned with supporting the working group's activities and relating them to those of the rest of the factory and less concerned with detailed instruction and control.

When the changes had been implemented it was found that the productivity of the factory shot up immediately by a previously inconceivable 18%.

In this example, the key to the effectiveness of the change (which surprised even the most optimistic of those concerned with the events) lay simply in the undoubted fact that the people who actually do a job in general know more about that job than do those who study it from the outside and there are many other examples which make this clear. For instance:

In a textile factory there was a job known as 'doffing' – removing spindles of spun yarn from the spinning frame when they were full. In order to achieve adequate machine utilisation it was important that each spindle was removed as soon as possible after it had been filled and replaced by an empty spindle for filling. The problem was complicated by the need to provide for a meal break in the middle of the shift and considerable operations research effort went into the technical studies which were needed to provide the operators with detailed instructions which would ensure that the timing and sequence of work was optimal for machine utilisation purposes.

The operators however wanted more control over their own activities since they believed that, given this greater control, they could then achieve greater freedom for themselves on the job which would enable them to increase output whilst at the same time taking their meal breaks when they themselves wanted rather than when the OR sequencing program dictated. They therefore suggested to the management that they should be allowed to devise their own sequencing program.

This suggestion was strongly opposed by the OR men who were able to provide calculations which appeared to demonstrate without doubt that their solution was the best available, but the management agreed to give the men's proposal a trial nevertheless.

As a result, the operators got the flexibility they wanted and – in spite of the OR men's predictions – machine utilisation actually improved.

Releasing the energy of the working group

The purpose of recording at this point incidents such as these is to demonstrate (if demonstration is needed) that a potential source of energy does indeed lie within many if not all working groups, even at the lowest level of an organisation, which will under traditional hierarchical systems lie for ever untapped. The manager who blocks this source of energy is not only doing a disservice to the people he manages (because he is depriving them of the opportunity of fulfilling their own potential at work) but it also depriving himself of the powerful support that he needs if he is to perform the complex task of management in the turbulent environment which surrounds him.

If on the other hand he can find ways of enabling and encouraging the work group to take over some responsibility for the organisation and management of its own work, that will begin to release the energies of the group so that they begin to be applied more positively to the task in hand.

The process, and the reasons for it, are something like this:

1. *Knowledge* of the task, and detailed understanding of how it is done, lies in great measure with those perform it, as the examples quoted above show. That knowledge is not automatically applied by the work group and indeed its application may well be actually prevented by the instructions under which the group operates. Hence the more the management, who are at one level

or more removed from the task, seek to control and define in detail how the task shall be performed, the more the practical task knowledge within the work group will be withheld; and the more remote that source of management control, the more absolute that withholding is.

2. As the *attitude* of the manager towards the work group is seen by the members of the group to change, from the way he works, and as he begins to entrust them with responsibility for the task of the group, so will the attitude of the work group change towards its manager. The management task in traditional hierarchical systems of management suggests that the manager will be someone who:
   - controls and manipulates people in ways they do not want to be controlled and manipulated.
   - threatens them with a system of punishment and rewards (including the gift of promotion or the threat of the sack).
   - imposes organisational goals which may diminish the individual at the expense of socially considered goals which would enable him to grow as a person.
   - controls the work of the individual rather than allowing the indidual to control his own work.
   - acts, and is treated, as if he were a superior being to the people he manages.

   It is hardly surprising that such an unattractive picture (and it is not caricature) should provoke so little enthusiasm from the people being managed, or that employees generally should find it so easy to think of management as 'them' – an opposing force to be outwitted, decieved and combatted by all means at their disposal – no matter how agreeable any individual member of the management team may appear in personal terms. To the degree, therefore, that a manager can demonstrate by his actions that the traditional picture is false, to that degree will the members of his work group gain sufficient confidence to offer their own skills and energies freely to the task in hand.
3. As the attitude of the work group towards its manager begins to change, so the *sharing of objectives* between the two parties on an

equal basis will begin to be possible and the waste of energy which results from trying to operate with mutually conflicting objectives will diminish.

Getting such a major change moving is not an easy task. It needs something of an act of faith, a rejection of the traditonal belief that managers should in all respects know better than the people they manage and a great deal of openness and attention to interpersonal relations, in which the expertise of skilled organisation development practitioners can make a valuable contribution. There are, moreover, some significant problems – and some false dawns – along the way. But the change is potentially so productive and so capable of releasing energy that it must be attempted, and increasingly such attempt are being made.

The first large–scale effort to introduce such a concept into industrial practice was that done in Norway in the early 1960s under the guidance of Fred Emery and Einar Thorsrud (1969; 1976) and since developed with great enthusiasm in Sweden under the joint leadership of the Swedish trade unions and employers arising out of a national agreement signed in 1966. Individual companies have undertaken similar projects in many other countries.[2]

So far these developments have tended to concentrate almost exclusively on the concept of the 'humanising of work' – not unreasonably, since the methods of exploiting individuals in industry which were parodied by Charlie Chaplin in his film 'Modern Times' do indeed constitute what is most obviously and painfully wrong in human terms in some parts of industry even today. Concentration on the humanising of work in this way has however meant that the wider and longer term implications of the *organisational* change which is needed have tended to be ignored or inadequately dealt with.

2. A broad overview of these developments in a number of different countries is given in pp 50-58 of the report 'Making Work More Human' made by the Director-General of the ILO to the International Labour Conference of 1975. This report (and indeed its title) also helps to make clear the limitations envisaged in these developments. Case studies of a specific kind can be found in volume 2 of Davis and Cherns (1975) and, in a more detailed and extended study, in Roeber (1975).

Boundary control

It is of course inevitable that there should be some constraints imposed in a risky venture of this sort and in most of the experiments referred to, in the early days at least, the limits to the freedom of action entrusted to the work group were quite rigidly defined by management – which is why the work groups in these experiments were normally described as 'semi-autonomous' rather than as 'autonomous'. In this stage of development the group has freedom of action within certain defined boundaries and the rôle of the manager is not to manage the *group*, but to manage the *boundaries* between the group and other parts of the organisation, or the outside world with which the group itself is by this definition not concerned.

The concept of 'boundary control' is an important one. Like so many of the important and creative ideas in organisational theory it emerged from the work of the Tavistock Institute in the 1950s and 1960s and has been beautifully and concisely described by two members of the Tavistock team (Miller and Rice 1967)[3]:

> Any system of activity or task system has a boundary which separates it from its environment. Intakes cross this boundary and are subjected to a conversion process within it.
>
> The boundary is not simply a line but a region with two boundaries, one between the internal activities of the system and the region of regulation, and a second between the region of regulation and the environment. Boundary controls are needed to protect the conversion process from interference from the environment, and the boundary of a system of activities therefore implies both a discontinuuity and the interpolation of a region of control (see figure 7).

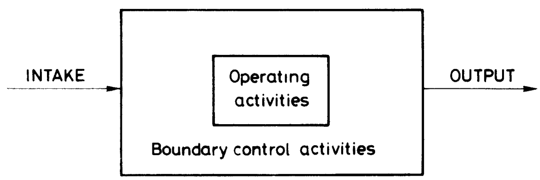


Figure 7.

3. It may help to avoid confusion in the minds of anyone who refers back to this book to note that the Tavistock definition of 'primary task' is slightly different from mine.

Leadership of the group is thus a boundary function that controls transactions between inside and outside.

Second thoughts about boundaries

Seen as a model of the way in which tasks get done, and as an illustration of some of the problems associated with task performance, the 'boundary control' concept is an extremely helpful one. As an organisational model it has some snags from the point of view both of the manager and of the work group.

From the manager's point of view the concept of a double boundary, with appropriate discontinuities, does not seem very real. Managers might possibly be prepared to accept that there was some ragged frontier round their part of the enterprise which they were expected to patrol. and through which marauding bands of trades union officials, political lobbyists, civil servants and managing directors pass incessantly, yelling wild war cries and pillaging as they go; but that hardly constitutes boundary control on the Tavistock model.

From the point of view of the work group on the other hand it may well prove difficult, as the developments in the 'humanising of work' progress and give people more freedom over their immediate tasks, to accept the apparent constraint on that freedom of a boundary control function which at present and in most organisations will remain solely with the manager. The freedom which they have been proudly given in this way by enlightened managements must in the long run begin to appear illusory. It is as if the governor of a prison had made an announcement to all the inmates that they were to be given their freedom, and then unlocked all the cell doors but not the main gate. The effect is to give the prisoners far greater freedom than they have ever had before, but they are still in prison; and so it is with anyone who works in a 'semi-autonomous' work group.

So, in industry, as people within the individual working groups that make up the total enterprise – and in the primary work group in particular – begin to take responsibility for the organisation of the work which lies within a boundary (which has in effect been set by management in determining the structure of the enterprise) they will at the same time begin to question the constraints which are applied to their actions by those boundaries, and hence the actual boundaries themselves.

The clearest and most significant example of this as the allocation (or withdrawal) of capital. Within any traditional view of the industrial enterprise, the decision to allocate capital to any particular part of the enterprise, or to withdraw it (i.e. close that part of the enterprise down), must belong solely to the board of directors. If the sums involved are small the board will allow that responsibility to be exercised by members of the management team nominated for this purpose, but in this case they act clearly in the name and authority of the board. Organisationally that is entirely defensible in task terms, because it is only the board that is placed in a position which enables it to assess the conflicting demands of the various parts of the enterprise and to relate those conflicting demands to the supply and cost of funds available to the enterprise from internal or external sources of capital.

It is however also true that it is the allocation or withdrawal of capital which is the most important decision affecting the life of the work group – far more important than the question of how any particular day's work is to be organised. It is therefore hardly surprising that rank and file employees are seeking to have a share in these decisions[4], or that the pressure for a share in these major decisions comes especially in those enterprises in which the concept of semi-autonomous work groups is already established since it is in enterprises such as these, where a limited freedom has already been

4. Put in trades union terms the issue has been clearly expresses as follows: 'The whole concept of a greater degree of industrial democracy is the achievement by work people collectively of a greater control over their work situation. To be relevant, schemes of industrial democracy must be seen to be effective by workers at their own place of work. Yet some of the most basic aspects of the work situation, and the security of that employment, stem from decisions taken at extremely remote levels. This applies particularly to decisions on closures, redundancies, mergers and major redeployment' (Trades Union Congres 1974).

achieved, that the constraints will most easily be felt. For example:

One large British company had, since 1965, been progressively adapting its management systems to enable work groups throughout the organisation to take more responsibility for their own work and the way in which it was done – this process being additional to a well developed consultative system which enabled representatives of the employees to make representations to the management on a wide range of subjects and which had been in existence for some thirty years before that.

Finally the employee representatives, at one of their annual meetings with the board of the company, expressed the view that means needed to be found of involving employee representatives in decisions on investment and made a formal request that representatives from all parts of the company should meet representatives of the board from time to time for this purpose.

The board readily agreed to this request and instituted forthwith a company Business and Investment Committee, made up principally of directors of the company and employee-elected representatives, to review regularly the company's business and investment plans.

The effect of such a development is to enable the work group to pierce rather dramatically the task boundary within which its activity appears to be confined and get to grips, albeit in a remote and inefficient way as yet, with one of the major influences which lies outside that boundary. It should be remembered, however, that there are many other influences on the work group which lie outside the task boundary which, though not as immediately obvious as that of the provision or withdrawal of capital, nevertheless effect the work of the group and these other influences will also have to be dealt with.

Boundaries may shield people from reality

Furthermore, the adverse consequences of too literal an interpretation of the boundary concept are not confined to the frustration caused to a developing work group by the constraints apparently imposed upon it. A boundary can act not only as a constraint, but as a shield which may protect those within the boundary from the harsh realities of the world outside and, to the extent that the members of the group are shielded, they will ignore those realities, to the obvious detriment of the health and well being of the organisation. Examples of this exist even at the highest levels of an organisation. For instance:

The board of a medium-sized manufacturing company believed that the company was too highly manned to ensure its long term financial viability in a competitive market. This judgement was reached by a consideration and comparison of a variety of factors – cash flow projections from different parts of the company, the availability of money on the capital market, specific manning comparisons with other companies, the likely movement in the cost of labour and so on. A plan was therefore devised at board level for a gradual reduction in the numbers employed in the company.

The plan depended, however, for its successful implementation on the managers operating below board level and the tasks of these managers prevented them from taking such a comprehensive view. Their concerns were with the effective management of one particular part of the enterprise rather than with the management of the enterprise as a whole and their contact with and understanding of the money market was negligible. These were matters which did not fall within their immediate task boundaries.

They therefore did not believe the analysis which the board had made. They rejected the manning comparisons as inaccurate or irrelevant and sought in every covert way possible to frustrate the attempts of the board to reduce employee numbers, and with considerable success.

Thus the perfectly legitimate boundary control activities of the board were in this case effectively rejected by its subordinates who, being so to speak within the boundary, were prevented from having any real understanding of or feeling for the long term view that the board was presenting.

The solution in this case lay in attempting to simulate for a group of senior managers the situation from which the board's perception was derived. A computer-based cash flow model of the company had already been devised and arrangements were made for a group of senior managers, specially assembled for this purpose, to discuss and reach conclusions about the range of probability in the future of the specific variables which would most affect manpower numbers and manpower costs and test the effect of these figures on the cash-flow model.

The managers went to their task with a will, believing that this was their opportunity to prove the board's folly. In the event, having had the experience of testing the reality of the board's conclusions even in the artificial situation of a computer simulation, they were obliged to accept for themselves that there was no way forward for the company in the long term without manpower reductions and numbers employed began to fall rapidly from that point on.

The obstructiveness which the managers in this company showed is a typical harmful effect of a group which have attained to a position of considerable power but which are shielded from the realities of its external environment by some form of boundary control. In similar fashion the UK balance of payments was adversely affected in the mid 1970s by local councils who were sufficiently unable to appreciate the gravity of the country's economic plight to ignore or obstruct the spending limits which central government sought to impose on them – and which would indeed have had uncomfortable consequences for their own local operations.

Taking a different sort of example which illustrates the same problem:

A large and complex British company, made up of ten substantial operating divisions, operated a common personnel policy across all its divisions, and this included the central determination of a common wages system.

As the divisions operated in a number of quite separate industrial sectors, some of which were labour intensive and some capital intensive, the common wages system was something of an uneasy compromise and managers began to find its restrictions increasingly irksome and to claim that it was hindering the effectiveness of their operation. Indeed there was some truth in this. Not only was the design of the wages system somewhat inappropriate for some of the technologies within which the company worked, but the need to arrive at a common wages level throughout the company meant that some individual managers were paying their employees less than was needed to attract the standard of labour they required, while others were paying significantly more than competitors in the same line of business and consequently rather more than they could strictly speaking afford.

The corporate staff, who were responsible for controlling the common wages system, argued that, if it was an evil, it was at least a necessary evil because it protected the managers from the chaos which would ensue if, within the tightly knit industrial relations situation of the United Kingdom, each manager went his own way and had to face the problems which would result from unfavourable comparisons being made on any and every detailed point of the wages system between his employees and those employed in other parts of the same company.

Nevertheless the pressure still grew and ultimately reached such a pitch that the corporate staff was obliged to relent and to accept the principle of local pay determination, leaving it to a team of managers drawn from the various divisions of the company to work out the practical details.

Six months' later the team came back and with great forcefulness announced that they had discovered that local pay freedom for managers would be entirely undesirable since the pressure on each individual manager, from his own employees and from the trades unions which represented them, to escalate his employees' wages would soon become intolerable and wage costs would as a result rise throughout the company.

In this instance a great deal of energy of senior managers both at corporate and at divisional level had been wasted in pointless bickering simply because the corporate staff, who well understood the pressures on a wage system, had been unable to communicate this problem to the managers and had in effect protected them from it. They had, as it were, 'controlled the boundary' which separated the managerial task from its external environment too effectively. It goes without saying that energy wasted in this way by the senior managers of a large enterprise is energy which can ill be spared from the immediate management tasks which face them.

The conclusion is obvious. Human beings act in relation to what they perceive. The manager who protects his group from the realities of the outside world, settling the problems for them before they can be affected by them, is doing the group a false service. People will not work in a responsible way unless they are treated as adults and adults (unlike children) are not normally protected from the harsher realities which surround them.

This leads inevitably to some doubts about the longer term validity of too narrow a definition of the 'boundary control' concept of the manager's rôle. The more that the manager reserves to himself the task of assessing and dealing with the pressures which are brought to bear on the working group from the external environment, the less the members of the group are able to understand either the nature or force of those pressures. And the less they understand, the more they will be dissatisfied if their immediate working environment (including the behaviour of other work groups as it affects them) is not helpful to their work, and the more unreasonably they are likely to behave in consequence.

The work group as an 'open system' and the boundary as an infinitely permeable membrane

The next stage, therefore, to the concept of the semi-autonomous work group must be to develop further the view originally put forward by research workers in the Tavistock Institute of Human Relations that the work group should be seen as an 'open system'. The 'open system' concept was derived originally by analogy from a proposition (von Bertalanffy 1950) in the physical and biological sciences that it was openness or closedness to the environment which distinguished living organisms from inanimate objects. It is not unreasonable to consider a task oriented group as a living organism and the analogy was made in these terms by Miller and Rice (1967):

> 'Any enterprise may be seen as an open system which has characteristics common with a biological organism. An open system exists, and can only exist, by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes some of the products of conversion for internal maintenance, and exports the rest. Directly or indirectly, it exchanges its outputs for further intakes, including further resources to maintain itself. These import-conversion-export processes are the work the enterprise has to do if it is to live.
>
> "One intake of a biological organism is food; the corresponding conversion process is the transformation of food into energy and waste matter. Some of the energy is used up in processing further supplies of food, some in fighting, or in securing shelter from, hostile forces in the environment, some in the functioning and growth of the system itself, and some in reproductive activities. In the same way a joint stock company imports capital through the sale of shares or the raising of loans, converts the capital into income by investment in commerical and industrial enterprises, uses some of the results to maintain itself and to grow, and exports the remainder in the form of dividends and taxes. A manufacturing enterprise imports raw materials, converts them into products, and sells the products. From its returns on the sale it acquires more raw materials, maintains and develops the enterprise, and satisfies the investors who provided the resources to set it up.'

In this concept of the open system the environment is seen as essentially hostile. The authors refer to the need for boundary controls to 'protect the conversion process from interference from the environment' and in a subsequent paper Rice (1976) lays stress on the needs for groups to 'defend themselves against uncertainty about the integrity of their boundaries' in order to achieve effective relationships with other groups.

This stress on the defensive nature of the boundary control function is misleading in the practical realities of the turbulent world in which managers have to operate today. The uncertainty that Rice refers to is now, to a greater or a lesser extent, a constant for most groups and what we have to learn is not so much to defend ourselves against it (since there is no way in which the average manager could find those resources of energy which would enable him to build and maintain a defence system adequate for such purpose) but rather to find ways of dealing with it constructively – which after all is what the simpler biological organisms from which the open system analogy is derived must also learn to do. In the more sophisticated terms of the human group that involves not merely protecting ourselves against influence, but seeking ourselves to influence in return.

In this developed view of the work group as an open system, therefore, the stress on the need to control boundaries against the potentially hostile intrusions of the forces of the environment is replaced by a concept in which the boundary of the work group is a task boundary only, serving to unite the group and give it a common purpose. In terms of the external environment the boundary is at best an infinitely permeable membrane through which the group receives (and expects to receive) the influences of the external environment, whether hostile or benign, and find some appropriate way of dealing with them in each and every case. The relatively simple Tavistock model of an input-conversion-output processes protected by a double boundary from the environment has, unfortunately, to be replaced by something more complicated (see figure 8):

In this situation the rôle of the manager is not to control the task boundary in such a way as to protect the group from the effect of external influences, but something very much to the contrary. His rôle is rather to help the group to define the nature of the external influences which will affect it in the performance of its task and in particular to place his skills at the service of the group in finding

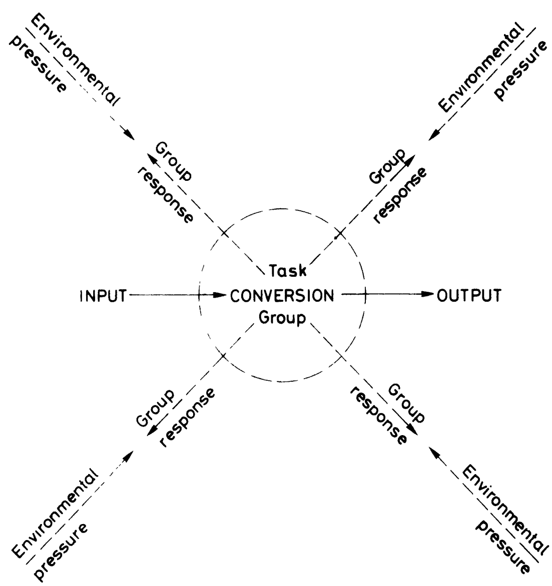


Figure 8.

good ways of dealing with them and, *where this is seen to be appropriate*, in dealing with them himself on behalf of the group.

The proposition is thus that the manager should expend his own energies not in constructing an artificial boundary which will protect the group from the external realities (since this will cause the energies of the group to be directed against the manager, as representing those forces of constraint which the group finds irksome) but rather to enable the group to use its energies constructively by sensing those realities for itself and hence taking the responsibility of deciding how they should deal with them.

The process for the group of diagnosing these pressures and finding ways of dealing with them is not an easy one, though an effective and well-researched technique known as 'Open Systems Planning' now being operated by Professor James V. Clark and his colleagues of the Institute for Development Organization will assist it (Clark and Krone 1972). It is likely that as the process is gone through, most of the tasks involved in relationship to the environment will continue to fall to the manager, as they would also have done under the old boundary control concept. It is for instance unlikely that a primary group will decide that its relationships with the board of directors (which must be one of the most powerful of the influences external to itself that the group will be obliged to consider) should be dealt with other than through its own manager, in normal circumstances at least. Relationships with other departments, on the other hand, or relationships with other bodies external to the enterprise itself (the trades union organisation for instance) might well be dealt with in another way and through a different member of the group, or indeed some other agent. *The important thing is that the group itself should be able to decide how its relationship with the influences of the external environment are to be managed.*

It is worth adding that the changes in attitude which this implies, both for managers and for members of the work group, are not easy to achieve. The first time that a manager abdicates the throne which has traditionally allowed him (and him alone) to regulate the relationship between the group and its environment and instead joins the group on equal terms for the purpose of deciding how the forces of the environment are to be managed the action has very little credibility. It is usually seen as something of a trick and there will indeed certainly be some people within the organisation, at all levels, who will never be able fully to make the move from attitudes based on traditional hierarchical assumptions to the acceptance of shared decision making for this purpose. So this change, like any other change involving human behaviour, requires time and a great deal of patience if it is to be successfully accomplished; but, because it will ultimately enable the manager to use both his own energies and those of his group better than at present, it is an essential part of a long term conservation plan for management energy in industrial enterprises.

4. Using the energy sources

The previous chapter has sought to show that, although the breaking down of the existing power structure implicit in the hierarchical systems of industrial management leaves the manager of today in an apparently vulnerable position compared with his predecessors, the same breakdown is also revealing new sources of energy within the enterprise which the previous system had failed to tap. Some managers inevitably view this development with fear and with apprehension. At least in the previous system these energy sources were held under control and there is a risk that their release will lead not to their productive use, but to anarchy.

This risk of anarchy is a real one, and is supported by many of the horror stories which are reported in the industrial relations field, in which individual work groups have used their energies selfishly for the partial or total destruction of the enterprise as a whole. And yet these events, serious in their effects though they undoubtedly are, are in the overall industrial scene minor exceptions to the gradual constructive development of new forms of relationship between the manager and the work group. Here, for instance, is an example taken from a situation in which the management team of a factory was struggling to implement a productivity agreement which would involve substantial change in organisation and in shop floor practices:

The factory was part of a large group and the agreement, which was a broad framework agreement leaving the details to be worked out factory by factory, had been reached between the corporate staff of the company and the national officers of the trades unions concerned – all of whom were organisationally remote from the actual managers and shop stewards who would have to hammer out the practical method of implementation.

The factory management did their best but every step which they took seemed to raise another practical difficulty and their own energies were flagging. They had, however, established between themselves and the shop stewards over the previous two years a relationship of openness and trust in which it was their mutual practice to attempt to display their common problems and work together towards a mutually agreed solution.

At this point, therefore, the shop stewards in the factory, seeing that management energies were beginning to flag, took over the initiative and *themselves* organised a series of 12 short off-site conferences for the people in the factory. The report of one of the shop stewards reads as follows:

'The idea came from the shop stewards, who felt that shop floor people had not shown sufficient interest in the agreement. They were merely concerned about the extra money and not willing to consider the changes they would have to make under the agreement.

The conferences were composed of a vertical, or perhaps triangular, slice with production managers and section engineers at the top, down to shop floor people at the bottom, with a mixture of maintenance and process.

The average number was 20 per conference and there were one or two members from education department on each course to act as tutors and independent chairmen and to generally keep things moving.

After sorting through and sifting out ideas the summing up usually looked something like this:

Coming from today's discussion we would like more information on:

1. What progress there is so far.
2. What the problems and hold-ups are.
3. Why it is taking so long.
4. How long it will be before implementation.
5. How much work sharing, redeployment and training is visualised.
6. What hope there is of moving on and what we can do to speed things up.'

Each conference then worked as a total group – managers, foremen, shop stewards and the people they represented on the shop floor itself – on these problems and the blockages to the implementation of the agreement which had previously been apparent were speedily removed so that practical progress could be made towards their common objectives.

Co-operation and sharing power

Anyone taking a relaxed view of these particular events will be inclined to say that the shop stewards 'co-operated' splendidly with the management. A more suspicious observer might point out that in doing so they clearly usurped some of management's power – which indeed they did. It is generally true that the new relationships which have to be developed within industrial organisations must involve power sharing in some sense of that term and it should be clear from the preceding chapter that, although the concept of power sharing is entirely consistent with social trends that are more generally current, it is in no way to be pursued for social or idealistic (and far less for political) motives. If it is it may well be applied in ways which would result in the deterioration and ultimately extinction of industry's capacity to generate wealth for the community and that is clearly not what is required.

Rather, power sharing should be seen as an essential part of a long term strategy for using management energies well, since the health and indeed the survival of the enterprise will depend increasingly on the ability of the manager to tap that source of energy which the work group provides and use it in support of his aims and in support of the aims of the enterprise as a whole. In the example quoted above, for instance, the willingness of the management to share their problems (and, in effect their power) openly with the group whom they managed, the shop steward group in the factory, led to a major release of energy and commitment from the shop stewards (all the more remarkable because the formal relationships between the company and the union to which the shop steward who led this initiative belonged were not good at this time) and to a corresponding relaxation of the pressure on the management and the managers, who until that point in time had been obliged to use the bulk of their energies in fighting with their work groups about the relatively trivial details of the agreement which they had inherited, were able now to redeploy those same energies in the exercise of their technical skills which were sorely needed on the plant at that time.

However, things are not always that easy. There must always be some conflict between the need on the one hand to ensure that the work groups of an industrial enterprise (and in particular the primary work group, which has in the end got the power to decide what is invented, produced or sold and in what quantity) accept the policies of the enterprise, which must inevitably be devised against a far broader background than can be within the view of any particular work group, and are committed to their implementation and the need on the other hand for sufficient central control to ensure that there is overall consistency in the objectives and practices of the organisation as a whole.

Ways of avoiding anarchy

The problem therefore is one of ensuring that the energies which exist in the work groups of an enterprise are released in an ordered and a constructive way. In this process the risk of anarchy remains but the penalty of doing nothing (even if this option is available, which it probably isn't) is the acceptance that the energies of an uncommitted and unresponsive work force will continue to lie untapped at a time when we certainly need all the resources of energy we can find.

It is a dilemma which is not confined to the western world and can indeed be illustrated by looking at the largest integrated industrial systems in the world at the present time, those of the Communist states. In all of the Communist states until very recently (and even now with only one exception) the whole industrial machine of the country has been integrated under a single direction under central government control. Central government has decided what is to be made where and when and in what quantities, in relation to a centrally designed national economic plan. From this point the line of control in the European communist countries (China differs in detail, but the principle is much the same) has come down via government departments through a series of bureaucratic steps to the directors of individual industrial enterprises, whose job it is to see that the enterprise does in fact carry out the task which has been allotted to it by central goverment.

In this process there is due regard to the representational processes to enable the views of the workers in the individual enterprise to be heard (and maybe taken account of) but essentially as a management system within the world of industry it smacks far more of nineteenth century autocracy than it does of the participative practices which many of its advocates would wish us to believe exist in the countries of the Communist world. The commitment of the individual worker to the implementation of the task which has been allotted to his factory is not based on any understanding or acceptance that this particular task is appropriate or right, because he has no data whatsoever on which to base such a judgement, but rather on a political acceptance that the Communist Party (which ultimately controls government and hence industry) will base its decisions on the interests of the workers, so that whatever task is allocated to the factory must automatically be right and worthy of his support.

This is however a somewhat remote concept and there is some evidence that it is not entirely succeeding in delivering the goods, particularly in Poland where growth in production is being maintained only by the continuing massive transfer of labour out of the agricultural into the industrial sector and even official voices are now being raised in anxiety about the low levels of productivity which are being achieved in Polish factories.[1]

As might be expected, it is in Yugoslavia that sufficient flexibility of thought still exists within the Communist system to recognise that this problem not only exists but is of sufficient importance to demand major organisational change in order to be dealt with and it is thus Yugoslavia which is now the exception to the general communist system.

Until 1974 Yugoslavia followed a pattern of control of industry which was very similar to that of the other communist countries. By that time, however, it was becoming clear that the direction and control of enterprises from a remote central point was not providing the workers in Yugoslav industry with the sense of ownership and commitment which was essential if they were to make the contribution to the national wealth which the community required.

In 1974 therefore, after long discussions and some political turmoil, the system was radically revised and in effect stood on its head. A new concept was introduced into industry, the concept of the Basic Organisation of Associated Labour (BOAL), which might either be an independent enterprise or an identifiable discrete part

1. See, for instance, the comments by David Lascelles in the special supplement on Poland in the *Financial Times* of 5 December 1975.

of a larger organisation. The BOAL is under the direct control of the workers who work in it and appoints its own director, who is a professional manager responding to the instructions of the workers' committee of the unit. It has formal linkages with the local community on the one hand and with the provincial industrial bodies on the other and is responsible both for forming and implementing its own plans and for ensuring that they are consistent with the wider industrial and social policies of the province and, ultimately, the state. In one of the larger Yugoslav enterprises, a chemical company employing 7,000 people, the system works like this:

1. BOAL Organisation

There are 17 basic units (BOALs) covering all the workers in the company.

One BOAL may cover up 1,000 workers.

Inside each BOAL there are a number of *working units* of between 3 and 15 workers.

The workers in each BOAL elect by secret ballot between 15 and 35 workers for the *BOAL council*. The council members are elected for 2 years' duration and they are not allowed more than 2 consecutive terms of office. The members are not full time neither are they paid extra. The council meets once or twice per month.

The council assembles the 1 to 5 years' plans for each BOAL and the related agreements for other BOALS and Headquarter working units.

The combined final plan for all BOALS must be agreed by *all workers*, and this covers the organisation of work, the development and investment policy, the allocation of income, holiday arrangements and the numbers employed.

Each BOAL has an *executive and a business group* to ensure that this plan is implemented and that management actions conform to the policy.

Each BOAL also includes a group of between 5 and 15 workers who comprise the *control group* with rights provided by law to check that the financial control is correct. They have the power to call in external auditors.

Each BOAL is provided with a financial statement every three months. This displays the total income and expenditure from which the revenue is obtained by difference. It should be noted that the balance is struck before the payment of wages, which then have to be agreed by the BOAL Council.

The total revenue is thus divided by the BOAL in four ways:

e.g. 20-30% for expansion
60-70% for personal expenses (wages/holidays/flats, etc.)
10% to reserve
after deduction of any agreed amounts to headquarter working units and the local communities.

Each BOAL council selects delegates for the combined Assembly *(skupstina kombinata)*, for the various 'self–managed' local government bodies *(community interest committees)* and for the *social/political* bodies.

Care is taken that delegates do not act as representatives and they can be removed from office if they introduce too much personal bias.

2. The headquarters staff

Those who do not belong to a BOAL belong to five 'self–managed' groups called *working units*. These are

– development and research covering	150 staff
– finance/economics	150
– marketing	350
– design engineering	50
– administration (including the general manager)	120

The five working units are allowed a total of 2 delegates to the Assembly, and their annual budget has to be agreed by the BOALS.

3. *The Assembly (Combined Workers Council)*

The combined BOAL councils can only act by authority from the BOALS. There is a formula which lays down which decisions require to be unanimous, which can be decided by majority. There are 80 delegates to the assembly and 4 from each BOAL and 2 from the headquarters units. The four delegates from each BOAL are allocated to one of the four main councils for development and investment, for instance, the community council and the council for health and social standards. The assembly is assisted by five committees covering

- the allocation revenue to wages using external comparisons;
- employment – development and investment;
- communication to and from the workers (for instance, there is a daily newssheet for each worker); and
- mobilisation and making plans for security, protection of equipment, etc. in the event of a national emergency.

Finally there is an executive body for ensuring that the management implements the BOAL policy.

4. The management is headed by the general manager selected by the BOALS. His administration numbers about 100 and includes the technical directors for each of the BOALS also selected by the workers. In addition there are about 1000 supervisors.

5. *Co-ordination*
Seven of the BOALS manufacture similar products and the organisation is being developed to include a council for the necessary co-ordination of these BOALS.

In the Yugoslav variant of the communist system, therefore, the powerful directing thrust from central government has been withdrawn and a process of building the national plan upwards from the BOAL has been substituted. In effect the Yugoslavs have, with impeccable logic but doubtful wisdom, accepted the inversion of the organisational model described in Chapter 2 and implemented it fearlessly and without regard to the consequences, though the basic unit in Yugoslavia is not the primary work group, but something far larger than that.

The change has certainly resulted in tapping the source of energy of the primary work groups and there appears to be a greatly increased sense of ownership and commitment at the shop floor level in Yugoslavia than there used to be, and much more active interest in learning about the techniques which will help to make for more efficient industrial practice. 'Clubs of Self Management' designed for this purpose have the enthusiastic support of many Yugoslav shop floor workers.

There are reasons for believing, rather sadly perhaps, that this bold attempt of the Yugoslavs to break out of the traditional mould and find a radically new structure for the industrial enterprise will fail to deliver the goods and will ultimately have either to be scrapped or at least substantially modified.

In this system the rôle of the manager as we know it is effectively crushed with inevitable loss to the driving power of the enterprise. The manager in Yugoslavia under this system lacks not only the respect which he needs psychologically if he is to function effectively (it is even proving difficult in that country to persuade suitably qualified people to take the job) but also the organisational space in which his managerial skills can be effectively deployed – his 'arena of competence', without which he is unable usefully to contribute to the success of the enterprise.

Furthermore, the loss of central control in Yugoslavia, not replaced by any practical alternative cohesive device, would seem to have been too radical and too rapid and it seems likely that some swing of the pendulum in the reverse direction will later become necessary. Certainly there is no evidence that the change has done anything to solve the problems of low levels of productivity which are a feature of the Yugoslav scene.

Almost all industrial enterprises in the West are in control terms miniature versions of the Russian model, with decision making heavily centralised in a board of directors and transmitted through a tightly controlled management line. They have yet to learn, it seems, the lesson that has been learnt politically in Yugoslavia – that a high degree of centralisation leads to a correspondingly low degree of commitment from the mass of the people who are thus obliged to operate to plans devised at a remote and inaccessible source.

It is of course possible to make such a system work, at least for a time, by a constant reinforcing and strengthening of the centralised control systems and there is at least one very large international company, operating world wide and in many different industrial sectors, in which detailed operating figures for every operating unit in the world are telexed weekly to corporate headquarters and analysed forthwith for the perusal of the chief executive. Moreover, this is a perfectly genuine control system and not just an exercise in bureaucracy for its own sake mounted by an ossified and incompetent organisation. The chief executive is indeed liable to send out his heavy gang to assist the chief executive of any one of his subordinate units which is making unacceptable deviations from plan – and he runs a successful business.

The trouble with this approach is that the chief executive of such an enterprise has to regard himself and be regarded throughout the organisation, no matter its size and complexity, as not only the prime but even the sole source of energy within the organisation. His managers, at whatever level, are there only to operate a conversion process for his energy and the subordinate employees remain only 'hands' to operate according to instructions received. The neglected sources of energy within an organisation which is managed in this way are enormous and the chief executive concerned has got to be either an exeptional genius or exceptionally lucky, or more probably both; for his employees, though they may admire him, are unlikely to have a wholehearted commitment to carrying out his policies, in which they can have no real sense of ownership. He is on his own and the number of autocratic princes of industry who have ended up by being totally discredited when the wind has turned against them tells its own story.

Moving from this position will oblige the manager to take some risks and will cost him some pain. The pain results from being obliged to put himself in the unenviable position of having to share power when he can not equally share responsibility, for it is the fact that each manager ultimately takes responsibility for the results of this group and that it is this that holds the organisation together. It is of course unfair, but the manager is well paid[2] to put up with this sort of unfairness.

2. Or should be. Mostly nowadays he isn't and this is beginning to cause serious problems in the effective functioning of industrial enterprises, particularly in the U.K.

Mutual hostility and mutual trust

The risks that the manager undergoes when he finds it necessary (as increasingly he will if he is to survive) to share power with the group he manages and in this way create some form of synergy with them, can be kept down if the manager goes into the process with eyes open and without too much starry eyed idealism. It is easy for a manager to lapse, or to be forced, into a form of power sharing which is no more than an armed truce, the momentary cessation of hostilities in the midst of a war of implacable enmity. When this is the situation, the slightest sign of weakness on one side is pounced upon and exploited by the other and in those organisations in which the industrial relations climate has been allowed to deteriorate, this is the character and form that power sharing takes.

There is however an alternative model, based on mutual trust between the parties[3]. The choice between the two models in the context of this book is simple. In the model based on mutual hostility the energies both of the manager and of his group are being wasted on the conflict and on the task of outwitting the other party. This can even on occasions be quite exciting to all concerned but we are no longer able to afford the luxury of such unproductive excitement. We who work in industry have a useful and constructive purpose in the community and no form of power sharing in industry, on whatever scale, will produce useful and constructive results in the turbulent environment in which we increasingly find ourselves unless it is based on mutual trust. The alternative model leads ultimately to anarchy.

Mutual trust is unfortunately something we were not born with or, if we were, it has been largely neglected in the adverse social consequences of the development of our present civilisation. Nor is there any apparent reason why industrial enterprises should have environments which would be sympathetic for the regaining of this quality of mutual trust. The sense of common purpose between the management ('them') and the employee ('us') has long been ob-

3. The two models of power sharing, based respectively on mutual hostility and on mutual trust, will be familiar to all married couples; as will their respective merits.

scured and has been replaced by emphasis on the differences of purpose. These differences of purpose do undoubtedly exist (the employees can not credibly share the determination of the management to close the factory and put them out of work, however proper that determination may be) but they are not fundamentally as comprehensive as they have been allowed to appear.

For the manager to work within some limited and appropriate form of power sharing does therefore involve creating quite new dimensions of mutual trust within groups and between groups in industrial organisations, and this in itself has its pitfalls as we shall see.

Creating an environment of mutual trust

Creating the environment of mutual trust within which constructive power sharing can begin to develop is a knack which some managers have naturally, but they are the exception. Most of us have to learn it as a skill and it is for this reason that so much research and teaching effort has been applied to understanding the nature of groups and how they work[4].

From this research was developed the 'T Group' which is not (as in the popular imagination) a torrid arena for psychological masochism but the creation of a protected group environment in which an individual can learn about the way in which a group works and test the extent to which he can develop a relationship with other people within the group based on mutual trust[5]. As greater understanding of the process has been developed in these ways, both in industrial and in non-industrial situations, it has been possible to carry this sort of learning through into less protected environments[6] and in some industrial enterprises this understanding of group processes is beginning to enable the critical problems facing individual groups at all levels within the organisation to be tackled from within

4. Anyone interested in how this all began should refer to Cartwright and Zander (1960).
5. For the reality as opposed to the fantasy see Bradford, Gibb and Benne (1964).
6. See, for instance, the account of a remarkable BBC television series in Houston (1976).

a framework of power sharing and mutual trust rather than within a framework of mutual hostility and control.

The following example of how this can work at the top of an organisation is taken from a book by Richard Beckhard of MIT:[7]

The example concerns a major division of a very large chemical company which, after a successful history of contributing profit to the corporate finances, had become overstaffed and complacent. Changes in market and in technology brought a profits slide and something of a crisis.

The personnel director and the chief executive of this particular unit had already made a significant investment in the 'behavioural sciences' – external advisers had been brought in to teach the senior managers some of the theory of group processes and a number of them had experienced "T Groups" or similar events.

The personnel director and chief executive therefore judged that the time was ripe to put some of this learning into practice and see if it would in any way help them to deal with the crisis which faced them. Accordingly they devised, with the help of a skilled consultant, a major organisation development programme which included a restatement of the objectives of the unit and an analysis and restructuring of the work of the senior management team. This was accompanied by a continued use of sensitivity training which both enabled greater openness to enter management discussions and ensured that less attention was paid to the old hierarchical arrangements and more to the genuine relationships on which work was based. An interdepartmental management group was set to continue 'managing' the change.

This total involvement strategy enabled the chief executive to share his problems with his managers, and they with the employees, in a way which had not been possible before and the unit was able voluntarily to put forward to corporate headquarters a profit target higher than that which existed in its long-term plan, and higher than that which had been suggested by corporate headquarters themselves.

In such a situation the problems which are normally inherent in a system of central control – the setting up of arbitrary targets by a remote central source, the combatting and evasion of those targets by the operating unit and the total waste of energy which all this process implies – simply do not arise. The mutual trust which had been developed in this organisation within groups (within the top management group in particular) and between groups enabled the problem to be shared, with the result that the employees and their managers became committed to something which was clearly better

7. Beckhard (1969). This book is essential reading for those interested in this process.

than what would have emerged from the traditional authoritarian control systems. The energies available within the organisation were thus being devoted willingly to a common purpose.

This ideal situation is not achieved every day and is unlikely to be achieved at all without a good deal of preparatory work in learning new attitudes to people in groups and trying out these new attitudes in practice – a comprehensive organisation development programme amounting to something near organisational saturation. Even so there are risks, and the following example illustrates one of them:

The company was a medium-sized engineering company specialising in the manufacture of machine tools. It was a subsidiary of a larger company which had a wide range of interests in the engineering industry and which had itself recently merged with a company of even wider interests to become a minor conglomerate. The chief executive of the holding company thus formed did not himself have a background in the engineering industry. He was a driving, ambitious man and talk of rationalisation was in the air.

The machine tool company was meanwhile going through troubled times. Much of the existing product range was out of date and attempts to bring in a comprehensive new range incorporating some major new technological developments were being progressively frustrated and delayed by an inability to master some key technical problems, and by the failure of a company supplying a special steel required.

This was proving an exceptionally heavy and unbudgeted-for drain on the company's cash resources at a time when the bottom had fallen out of the market and profit was in any case non-existent. The immediate forecast was for a loss the next year, breakeven the year after and a modest profit the year after that and the company was an almost certain target for the new conglomerate's axe – it would be sold off, pruned or possibly even closed.

The chief executive of the machine tool company had already made a substantial investment in organisation development over the previous three years. Consultants had been brought in, valuable work had been done on the management systems of the company and sensitivity training was widely accepted amongst the members of the senior management team. It seemed to the chief executive, therefore, that the time was ripe to get the value from this investment by testing it against the harsh realities of the situation with which he was faced.

The whole management team was therefore set to working in ways of achieving a credible profit in the next year. People worked enthusiastically together and there were frequent reportings back to and discussions with the chief executive who was finally able to make a presentation of the result to a large meeting of all the management. Figures had been revised throughout and everyone was committed to the new figures. As a result, a comfortable profit was expected in the next year and the company's future was assured.

The chief executive had an understandable satisfaction, shared by his colleagues, both in the results and in the way in which they had been achieved and there was much talk of the mutual trust that had been created and of the value of openness in problem sharing which had resulted. The management was able to face the coming years trading with a new confidence.

The confidence proved in the event to be entirely misplaced. The company not merely made a loss in that year but made a loss of even greater proportions than that which had been forecast before the revisions had been made.

What had gone wrong?

The stress in the earlier years' organisation development programme had been largely on improving interpersonal relationships at work and the result was a greatly enhanced sense of team work and mutual trust and loyalty between members of the management team and in particular towards the chief executive who was a lovable and even a charismatic character. The commitment which the management team achieved as a result of the studies which he initiated (and it was a real one) was a personal commitment to *him*, a determination that he should not be let down but should be provided with figures which would not lead to his disgrace and probable dismissal.

The actual trading prospects of the company had not been changed as a result of the review. The technical problems were no nearer being resolved and there was no sign that the market would be on the move any earlier. The original forecasts had represented a reasoned if slightly optimistic view of the future. The revised forecasts had no rational basis and yet the chief executive could be forgiven for believing that he had in no way imposed these figures on his management team – they had offered them freely and were committed to them.

Sharing problems and the 'San Andreas Fault' syndrome

The problem here is a simple one of human failing, a characteristic which is less and less taken into account as the quality of purely intellectual thought applied to the study of management increases. The success with which a manager can share a problem with the members of the group which he manages, and they with him, depends in the ability of both parties to communicate freely and effectively their respective views of the problem – a process which D.R. Kingdon (1973) has aptly described as a 'sharing of cognitive maps'. Unfortunately the ability to achieve the genuine and realistic sharing of perceptions which this requires does not exist where the consequences are psychologically too painful to the individuals concerned and in this particular instance the pain which would have been involved for the members of the senior management team of the machine tool company (who found themselves very close to the chief executive of the company as a result of all the team building work and sensitivity training which they had undertaken) in facing up to the harsh realities of their perception of the business situation was too great and they managed to suppress it, with unfortunate consequences.

It is all too easy to ignore the fact that the ability of human beings, (whether inside industry or out) to act rationally is always somewhat limited. There are for instance hundreds of thousands of people who live around the San Andreas Fault in California which all the world knows is going to move some time, with disastrous results.

All the world, that is, except those who live there. They will explain to you compellingly that it is not going to move at all, or not in their lifetime, or that if it does there will be no disastrous results. The price that they would have to pay for accepting geological reality is altogether too great. They believe only what they can afford to believe, and so do we all.

The most vivid and most tragic illustration of this 'San Andreas Fault Syndrome' in an industrial situation concerns the Aberfan mining disaster in South Wales (See the 'Report of the Tribunal

Appointed to Inquire into the Disaster at Aberfan'1967):

Aberfan was a mining village in South Wales, dominated physically by the giant slag heap from the mine which towered over the village. It was known that part of the slag heap was built over springs on the mountain side. There had already been disquieting movements of the tips around Aberfan in the 1930s and 1940s but technical studies as far back as 1927 had suggested that it was likely, under these conditions, that a major slide of the tip would take place at some time in the future.

One day in 1966 weather conditions led to a slurry being formed by these streams under the base of the slag heap. On this slurry the whole heap moved with a terrifying suddenness. It engulfed the village school and of the 144 lives lost 116 were children. There were no young children left in Aberfan.

Anyone reading the report of this disaster will ask himself the question why the managers of the mine – honourable, rational and technically highly trained men – did nothing to remove the slag heap before the disaster struck. The answer must surely be that there was no way in which they could afford to believe the evidence which existed. The cost of moving the tip was enormous and any proposal by them to the owners or subsequently to the National Coal Board to spend such a sum on moving the tip would have been given short shrift, since neither the owners nor the NCB had cash to spare. There was in any case no absolute certainty that the tip would ever move and, although any rational assessment of the evidence pointed to the fact that it would, they could not afford to believe such reason. No problem can be properly dealt with when a proper perception of its dimensions would involve too much emotional discomfort.

It is therefore necessary for a manager, when he is seeking to share a problem with the group that he manages in such way as to gain their commitment to a particular problem or line of action, to ask himself what are the limits within which the group can afford to place their beliefs. These limits are set by the balance of pain involved, and *if a particular course of action implies an unacceptable degree of pain to the individual contemplating it (as moving away from the San Andreas Fault does to the individual whose whole way of life is committed to living near it) then that course of action is rejected, no matter how rational it is.*

Furthermore, the near certainty of pain in the future is much more compelling than the certainty of pain now. The consequences for the management team which commits itself to future targets which in a more rational situation it would know that it could not achieve may indeed be grave but that is pain deferred and, if the only way of escaping from present pain is for them to commit themselves to targets which are unattainable, the pressure on them to commit themselves in this this way will be great.

It is worth stressing this problem because it is all too easy for us to believe that the highly trained managers that we have in industry will act rationally. They will, but only within limits and these limits are set by the frontiers of pain. For example:

The chief planning executive of a very large corporation was presenting a paper to a conference on planning techniques. In question time he was asked 'What considerations led your corporation fix on a target of 19% return on capital?' He could have blinded the questioner with science by referring to any of the battery of techniques which he had described. Instead he thought carefully and said. 'We thought that at 21% we were likely to over-reach ourselves and we can not afford the consequences of setting a target which we will not achieve. 14% on the other hand would have had unbearably adverse consequences for the enterprise and the people within it'.

He had thus defined the limits of pain which the organisation could tolerate and was working within those limits. That is a correct perception of reality and nothing less than a correct perception of reality will work, however much one might want it too. For instance:

At the end of the 1960s, a medium-sized chemical company (with a capital investment of £ 200m) was with considerable difficulty achieving profits of between £ 4m and £ 5m. The chief executive directed all the efforts of the management team to working out a plan to raise this profit figure to £ 10m. One of his colleagues on the board sought to raise the target to £ 25m, which seemed to him to be the minimum figure required to ensure the long-term viability of the company.

Such a figure would at that time however have involved planning for substantial redundancy which was too painful to contemplate and, since most members of the board believed they could just get by on £ 10m, it was therefore rejected. The suggestion of the higher target was therefore quite unhelpful and only served to distract the team from concentrating their energies on the achievement of a target which was within a range that they were able to contemplate without distress.

In the event having achieved that target their new found confidence enabled them *then* to go on to achieve profit figures in excess of £40m five years after the debate had taken place. But it could not have been planned for at the earlier stage. Finally:

The chief executive of a textile company had, over the years, developed excellent relationships with the trades union representing the employees in his plants. It had reached a stage where the books of the company were entirely open to the employees and to their representatives and the problems of the company were openly shared between the chief executive and the union leaders. The result was a remarkable degree of co-operation, of flexibility in the introduction of new machinery and of commitment by the employees to the implemention of the policies of the chief executive which they felt that they understood and shared. It was as a result a highly effective enterprise.

The time came, however, when the particular part of the textile industry in which this company operated was hit by world wide over-capacity. At the same time there was an economic recession. The market fell and prices slumped simultaneously. There was nothing for it but a cut back of some 20% in the labour force.

As was his custom, the chief executive shared this problem with the representatives of his employees and opened the books to them. They challenged every figure but there was no way out. Eventually they said to him, 'This is one problem which we can not share with you. We understand your reasoning but cannot accept it. If you want to shed 20% of your labour force that is your decision. You cannot expect us willingly to be committed to the unemployment of our members'.

The pain barrier

This last example is important because in it the employee representatives explicitly and clearly defined the pain barrier which limited the extent to which the problem and a commitment to its solution could be shared. The only way in which they would be persuaded to cross that pain barrier would be if they came to believe that not crossing it would leave them in an even more painful situation. Then they would in effect be obliged to assess the balance of pain involved in choosing between the one option and the other.

It is this last example which points a way forward out of the dilemmas posed by the need to achieve commitment from the people within an enterprise and at the same time ensure that degree of control which is necessary if the enterprise is not to be overwhelmed by the adverse pressure of external events.

The manager will gain the commitment of the group that he manages, and so harness its latent energies instead of having to waste his own energy in driving it in any particular direction, to the extent that he accepts a degree of power sharing and is accordingly able to share with the members of the group a common perception of the problems created by the pressures which are being brought to bear on him in his task and, as the Beckhard example shows, intensive work on internal relationship and on management systems can make this both a satisfying and a productive process.

At the same time, the manager must must also be sensitive to the extent to which genuine problem sharing is or is not attainable since *shared* solutions outside this area of common perception is clearly impossible. He must in particular be aware of the point at which his attempt to share his perceptions and problems with his subordinates is bringing them to a pain barrier which they are emotionally unable to cross.

Sometimes this pain barrier will be obvious, but there is also a risk of mutual collusion taking place as it did in the machine tool company. In this particular instance a prudent chief executive would have been wise to have sought to protect both himself and his subordinates against drifting into this world of shared fantasy by occasionally checking some of the basic data on which the final forecasts were built with the people responsible for preparing that data and pondering on their consistency with the figures finally presented to him. He would have found that the final collusion was based on an assumption of changes in performance trends that there was no reason to expect.

The manager has thus a responsibility for identifying the point at which a pain barrier is leading his subordinates either to frustrate the taking of necessary action or to collusion. In a really healthy social system, where mutual trust and confidence have been intensively built up and worked on over a period of years (as in the textile company in the final example), this pain barrier will be openly and mutually identified.

Crossing the pain barrier – or not

At this point the manager has a responsibility to attempt yet again to *enlarge* the area of common perception, by demonstrating to his group that the consequences of not going through that pain barrier will be even more painful than the barrier itself. If that is impossible, however, he is left with a clear choice and it is a choice that only he can make. He can either accept that the cost of pushing his subordinates beyond that pain barrier is too great (because it would involve a loss of commitment and there would be at least a possibility that the power held by his employees would be used against him instead of in his support) in which case he may take the risk of ignoring the danger signals of the external environment and hope that, with the support of his team, he will be able to avoid the worst of the perils ahead. Or he can decide that these risks are too great, in which case he must pay the possible price of alienation and of downright opposition and revert to a traditional posture of control and authority and instruct that the steps that he believes to be necessary are taken.

It is easy for the 'participative' manager to believe that an apparent reversal of practice of this sort will not succeed, but there is no evidence for this. There is widespread acceptance of the fact that it is the manager's responsibility ultimately to take the hard decisions. Without this, anarchy will prevail and it is for this reason that the manager, although he is obliged to share power, can not ultimately share responsibility. The decision to push his employees through the pain barrier is his and his alone. His employees can not make that decision for him and the ultimate responsibility for the conduct of the group (in the sense of ensuring that its achievement is consistent with the necessary objectives of the organisation) lies escapably with him.

Tapping the sources of energy which lie within the working group must involve some form of power sharing between the group and its manager but it does not mean the surrender of power by the manager and it should not be entered into without careful preparation. To be successful it depends on mutual trust and that is something that has to be worked for and carefully judged. Even with the utmost good will there will be circumstances when the consequences of accepting reality are so painful to the people concerned that they will be unable to share their manager's problems or, if they do, the shared commitment which results will be a false commitment to unattainable objectives. In circumstances such as these, control passes back to the manager and the responsibility for the subsequent decisions is entirely his.

5. Creating energy networks

The view of organisations which has been displayed so far is of a system of interdependent task groups. Each task group is in itself a source of energy and the manager must work to release that energy rather than to suppress it. He will do this best by seeking to share problems with the group that he manages but must be aware of the limits which differing perceptions will put to such problem sharing.

The fact that no single work group within an organisation can be independent makes this aspect of the manager's rôle of particular importance both to the work group and to the manager himself. The freedom that each work group has to use its own energies as it thinks best is freedom which is limited by its ability to negotiate appropriate contracts with the various bodies within its environment with which it interacts. The linking together of the work groups within the organisation to form an energy network is thus critical to the effectiveness of the organisation.

The significance of the managerial rôle in this context is that the manager belongs to, or has natural working relationships, with many of the other work groups with which his own work group interacts and where this is so he is the person who will inevitably have the task of presenting the needs and perceptions of this work group to other work groups and vice versa. The process is particularly important in vertical relationships, because it is the vertical relationships of the management chain which in the end hold the organisation together, but key lateral relationships are important too. It is in these relationships that the manager should serve as what Rensis Likert, in his well-known exploration of the subject, described as a 'linking pin' (Likert 1961). Holding this rôle at the interface between the working group and other groups with which it relates is thus a key part of the management task, and not always an easy one. The interface can be represented by anything from a gentle merging of one system into another to something more akin to a barbed wire fence, and it is not comfortable to sit for too long on the latter.

False linking pins

The difference between these two situations is the difference in the extent to which shared objectives and a sense of common purpose exist between the two groups which the manager is seeking to link. When this sense of common purpose is lacking the manager's operating space, the 'arena of competence' which he needs if he is to deploy his skills effectively, can be so constrained that his usefulness to the organisation as a creative source of energy is totally destroyed.

The point can be illustrated by two examples of organisations outside the industrial sphere:

A group of wealthy philanthropists were concerned about social decay in the poor part of a large city. They founded an institution in the most depressed part of the city which was intended to bring enlightenment and practical help to the people in the area. The institution was to be managed by a warden and staffed by ten social workers. The direction and policy of the institution was in the hands of a management committee composed of some of the people who had put up the money for the institution in the first place, and the warden was *ex officio* a member of the management committee.

The warden was thus the linking pin between two groups of people (the social workers and the philanthropists) with apparently shared objectives. In fact, however, these two groups approached what was indeed a shared problem from quite different view points. The philanthropists remained essentially part of the establishment (being part of the establishment was after all the way in which they had become wealthy) and, combined with their genuinely charitable feelings towards their less advantaged fellow citizens, they acted from an underlying belief that if these people could be encouraged to behave 'better' (i.e. in a more establishment-oriented way) the city would be a better place. They therefore saw the institution, working closely with the police and other arms of the establishment within the area, as a means of reforming people.

The social workers on the other hand belonged for the most part to the radical left and were no part of the establishment – which indeed they saw as creating many of the evils which they believed an institution such as theirs should be designed to cure. Their broad objective was therefore to work closely with the individuals in the area and to help them to articulate their real problems and present a challenge to the organs of the establishment which would in the long run lead to the reform of those organs to the lasting benefit of the individuals concerned and hence, ultimately, of the city as a whole.

These two views of the same problem are so different as to be almost irreconcilable. A similar situation existed in a research institute which had been established with industrial funds at a university:

The industrial sponsors of the institute had a clear (though highly generalised) view of what they wanted from it. They saw it in investment terms and waited impatiently for practical results which would justify their investment. The members of the research staff on the other hand, who were located on a university campus and styled themselves 'Fellows' of the institute, were rather more concerned with the publication of academic papers which could be seen by their peers in the university as contributing new data to the universal sum of knowledge and which would contribute to the furtherance of their own careers.

They saw the interventions of their industrial paymasters, with some justification, as inconsistent and far too short-term to enable any useful corpus of knowledge to be built up which would justify the existence of a research institute. If, they argued, they had wanted to become industrial consultants they could have done so and would have been a lot better off financially – but this was not their purpose.

The executive committee of the institute, which consisted of a small number of the industrial sponsors plus the director of the institute meeting for an hour or two once a quarter and away from the campus, thus became a forum for ill-considered sniping at the director and his (absent) staff and was disliked and mistrusted by the Fellows of the institute back on the campus as a result.

In these situations the linking pin (the warden of the city charitable institution or the director of the research institute) cannot be effective and constant friction will arise. Instead of being a link between two groups dedicated to similar purposes he is a shuttlecock batted between one group and the other with ever-increasing frustration on both sides. If he commits himself to the aims of either group he will be rejected by the other and will thus be ineffective. If on the other hand he seeks to serve both groups he is seen as weak and unreliable by both (because he is never able to return from a meeting of one group having achieved what he agreed to set out to achieve with the other) and his long-term chances of survival are poor. As a source of creative energy (which is what both the able individuals in these particular examples had set out to be) he is effectively neutralised.

These are situations in which an individual is asked to serve as a linking pin between two groups which can fairly demonstrably be shown to have different aims. However, the problem may also exist for those who seek to serve as linking pins between work groups whose differences of aim are not so immediately apparent. It would be natural to assume, for instance, that the chief executives of the subsidiary companies of any large industrial group would naturally share the overall objectives of the group board (of which they may indeed be members themselves) and that their policies and practices in running the subsidiary company will thus conform equally naturally and easily to the aims and objectives of the group as a whole.

In practice this is often far from the truth. The work group with which the chief executive of the subsidiary company often most readily identifies himself is that constituted by the senior management of the subsidiary with whom he has probably got (and indeed should have) a close personal relationship. These senior managers will however not necessarily be committed to, or even fully understand, the aims and objectives of the group as a whole. Their prime motivation will be to protect and develop their own company whose technology, market and history they fully understand and to which they are wholly committed, even if that is at the expense of other companies within the group.

The chief executive thus has a dilemma of loyalty. He can not retain the respect and good will of both groups of people and (unless his own personal security is clearly threatened) will tend to side with that with which he works most closely and personally (i.e. the senior management in the subsidiary) at the expense of the effectiveness of the group as a whole. For instance:

One group of companies ran into a severe cash crisis which limited its ability to invest in new technologies. The reason was simple: the subsidiary companies of the group were consistently failing to meet their profit targets (one of them indeed had failed to achieve fifteen successive forecasts of profit) and, although some allowance for over-optimism in the subsidiaries' forecasts was always made in preparing the overall group plan, the shortfall had become too great to enable the group to fulfill its intended commitments.

The chief executives of the subsidiaries had consistently submitted over-optimistic figures because they believed that was the only way in which they could get enough of the corporate group budget to enable them to do the things which they and their colleagues in each subsidiary company thought were essential for that particular business. They were unable effectively to serve both groups to which they belonged – the corporate management team and the subsidiary management team – and their priorities lay with the subsidiary management team which was nearer and more immediate to them.

In this case they had each won their own space to operate, but it was at the expense of the organisation as a whole.

A similar problem arises in certain form of matrix organisations. A matrix organisation (in which an individual manager may be responsible to two or, exceptionally, more people)[1] will work well in situations where the different executives to whom an individual manager reports have clear and shared mutual aims and objectives. The less this is true, the less effective the matrix:

A large British manufacturing company was made up of a number of subsidiary companies, all of which operated within the United Kingdom. The chief executives of the subsidiaries, all of which operated in different markets and technologies, were generally free to manage their enterprises in ways appropriate to the needs of that particular business, but, largely because of the complexities and difficulties of the trades union situation within the United Kingdom, personnel and industrial relations policies were managed centrally.

Each chief executive had reporting to him a personnel executive who was thus responsible simultaneously to the chief executive of the subsidiary for personal and industrial relations within the subsidiary and to the personnel and industrial relations manager at corporate headquarters for observing and indeed helping to create corporate personnel policies.

The personnel executives thus belonged, both organisationally and emotionally, two separate peer groups – to the senior management group of the subsidiary company and to the corporate personnel group, consisting of the personnel executives of all the subsidiaries and the corporate personnel and industrial relations manager, which met monthly to resolve problems of corporate personnel policy.

1. This is a simple but practical definition of what is in fact a highly complex concept. See Kingdon (1973).

In practice these people were in a similar position to that of people holding 'linking pin' positions between two not wholly compatible organisations. They were seen by their colleagues in the subsidiary to which they belonged as being delegated to ensure that corporate personnel policies were bent in the direction of the needs of their particular subsidiary. They were seen by the corporate personnel and industrial relations manager as a group which would help him to resolve the problems of the corporation as a whole by making individual sacrifices on behalf of their own particular subsidiary in the interests of the wider community. They could not satisfy both these demands on them and, unless given some further organisational support, would have been reduced to impotence. They had, in the apt phrase of Richard Beckhard of MIT, 'been matrixed'!

The effect of the situations which have been described is that organisational devices which were intended to be useful and constructive (and could indeed have been so under different circumstances) became in practice nutcrackers to reduce otherwise willing and competent managers to a state of helplessness and ineffectiveness so that their energies were totally wasted. What can be done?

It must be stressed that, when there is not a clearly defined commitment to shared values and a common purpose between the different parts of an organisation, ineffectiveness will certainly occur at the linkage points, with consequent loss of effectiveness for the organisation as a whole.

As the effectiveness of the linkage diminishes, so energy loss becomes inevitable and indeed some organisations are held together only by a quite disproportionate and wasteful expenditure of managerial energy at the joints to make good the deficiencies of the organisation itself.

Improving linkages

This is a problem which can never be entirely eliminated, but it can be minimised. Here are some of the devices available:

1. In examples such as that of the charitable organisation and research institute cited at the beginning of the chapter a broader linkage has

to be established. It is not possible to link two groups with potentially or actually conflicting aims just by making one individual a member of both groups. It is necessary to provide an organisational device in which members of both groups meet to make at least some of the specific tactical decisions which are going to determine how the resources of the institution are to be employed. In this instance, mutual commitment to a set of generalised objectives is not enough because such objectives can usually be interpreted in more than one way. It is only by the two groups seeking to commit themselves jointly to agree that 'we will do this and in this sort of way' that the reality behind the generalisation can become clear.

In the case of the research institute the problem was tackled in two ways. Firstly a two-day residential meeting was held at which five key representatives of the industrial sponsors and the five senior Fellows of the institute met to share perceptions and reach a common view of the aims and objectives of the institute – the aims being the broad purpose of the institute's existence and the objectives being the specific priorities which the institute's limited resources would allow it to tackle in the short term (say, over two years) in fulfilment of those aims.

Secondly the former executive committee (which had on occasions served only as a device for inducing a sense of paralysis into the director) was replaced by a programme committee of ten people (the same ten, five a side, who had attended the two-day meeting) which met for half a day every two months to monitor progress, review plans and set new targets *against the background of the aims and objectives which they had agreed* at their two day meeting. The task thus became a shared task binding the two groups together instead of an issue of conflict driving them apart.

Even so there are snags. Such a device involves considerable additional expenditure of time by the members of both groups involved and some may not be willing or able to contemplate it for that reason – indeed the sponsors of the charitable organisation were not. There is also a limit to the extent that individuals going from one or other of the two groups to a common body will be seen as genuine representatives by those who are left behind. The ability of these 'representatives' to reach an accommodation with members of the other group will continue to be regarded with suspicion by the rest – but the alternative, which is to merge both groups into a single decision-making body, is often impractical.

In spite of these snags, the strengthening of the linkage in this way does help to provide sense of common purpose within which the individual who is placed as the linking pin (the warden and the director in these examples) can achieve sufficient space to enable his managerial skills and energies to be effectively used.

2. The matrix problem is a bit different and has to be resolved by bringing the two parts of the matrix closer together. In the particular instance quoted the chief executives of the subsidiary companies were formed into a specially convened corporate group for the purpose of resolving common problems and were joined by the corporate personnel and industrial relations manager for the discussion of matters concerned with personnel policies. The personnel executives of each subsidiary were thus able to respond to their two separate bosses (the chief executive of the subsidiary and the corporate personnel and industrial relations manager) in the knowledge that they shared at least a broadly similar view of what needed to be done. In this way they escaped from the nutcracker!

3. Problems such as that illustrated concerning financial control are different again. One large and complex corporation has resolved the problem by making all the financial controllers in the subsidiary companies report direct to the chief executive of the group. In this instance no matrix exists, since the financial controller has no responsibilities to the chief executive of the subsidiary within which he works or to any of his peers within that organisation. This results inevitably in some loss of cohesiveness and mutual support at the subsidiary level and many people today will reject it for that reason, as being culturally inappropriate; but in other respects it works. The chief executive of the subsidiary is not able to present overoptimistic forecasts because the financial controller's own future depends on the extent to which he personally validates these forecasts at corporate headquarters.

4. An alternative approach was tried by another large international company in a similar situation, where the members of the boards of the subsidiary companies were finding it increasingly difficult to understand or to relate to the policies of the parent board, thus causing the chief executives of the subsidiaries to be caught between two fires.

In this instance a series of week-long conferences, three a year, was held at which a mixed group (i.e. not all specialists in the subject under discussion) of directors from the subsidiary companies was asked to explore in depth some aspects of the company's policies—company strategy in the Americas, productivity and social responsibility were for example three of the themes explored.

Each conference was sponsored by a director of the parent Company who was under an obligation to explain to the conference at the outset why he believed this particular problem merited attention at the present time, to discuss in detail the findings of the conference with its members and to say what he intended to do about those findings.

The initial conferences were something of a disaster, only serving to reveal the gap that existed between the parent board and its subsidiary boards, both parties to the conference leaving with exclamations about the stupidity and/or ignorance of the others which had been revealed during the week.

Gradually however, as the people involved became more skilled at handling these affairs, a considerable improvement in mutual understanding and respect developed between the parties and this began equally gradually to carry through to the day to day conduct of the company's business and to take some of the pressure off the chief executives concerned.

Using linkages to create a common framework of perception

The devices described above are in a sense palliatives, but all of them except the third can be used as steps toward the creation of the 'shared cognitive map,' the common framework of perception through which the various parties to an enterprise are able jointly to view their prospects and their problems, and this is what must be the ultimate aim. From the sort of steps outlined above, therefore, it is necessary to move forward to a determined attempt to share objectives between groups which have working relationships one with another, either laterally or vertically, within the organisation. It is only this sharing of objectives between groups within an organisation which will ensure that the energies of those managers who are employed on the interfaces between groups are well used towards a common organisational purpose. As an example of lateral relationships:

Relationships between the corporate personnel function in a large and complex manufacturing company and the works managers and heads of departments who were faced with the task of implementing the policies which the corporate staff devised were at a low ebb, the line managers regarding the personnel specialists as impractical and the personnel specialists for their part regarding the line managers as obstructing the implementation of corporate policies which were essential for the well-being of the enterprise as a whole.

Some organisational changes were made in the decision making machinery to ensure greater involvement of the directors and chairmen of the divisions (to whom the line managers reported) in policy formation but the corporate personnel specialists were still regarded by the managers as being responsible for all or most of the problems with which the implementation of the company's personnel policies presented them.

The corporate personnel manager therefore convened a series of four week long conferences attended on the one hand by a representative selection of line managers from each division of the company, specially briefed for this purpose by their management colleagues, and on the other by the corporate personnel specialists, who attended a day at a time. The issues for debate were constructed equally out of concerns tabled by the line managers and out of those tabled by the corporate personnel staff and it was required that every issue had to have an agreed conclusion and, where necessary, recommendations for action.

These conclusions and recommendations were then presented to the corporate personnel director who gave his answers there and then and a final reporting back was made by those line managers who had attended the conference to their colleagues in each division of the company.

The outcome was a greatly increased mutual understanding and sharing of common objectives between two previously antagonistic parties and personnel policy and practice within the corporation improved accordingly.

A precisely similar procedure can help with vertical relationships:

A large factory in a process industry, much dependent for its effectiveness on the availability and efficient working of its sophisticated plant, was having trouble with its engineering function. Plant down-time was too high, maintenance was too expensive and work was being held up and disrupted by a constant stream of petty squabbles between the unions and the management.

Neither the senior shop stewards nor the works engineer were happy with this situation which seemed to them to be all the worse since the efforts of organisation development specialists in the factory over the last two years had greatly improved the personal relationships in the factory and both parties were anxious therefore to find some way of improving the effectiveness of their working relationships on the job.

They agreed that all of the shop stewards in the factory and an equal number of managers, from the works engineer himself down to and including foremen, should spend a week together at some off-site residential centre working together on the problems which faced the factory in which they all had a mutual interest. The agenda for the week was devised jointly by the management and the Unions and at the end of the week agreed conclusions and proposals were put jointly by all the members of the Conference, management and shop stewards alike, to the production director of the company who in the event sanctioned them all.

The shop stewards and the engineering management team in the factory thus had shared objectives to which they had all committed themselves and performance improved accordingly.

In each of these examples, both lateral and vertical, the objectives which had been shared between the groups were then shared with a manager who was hierarchically superior to either. That is certainly desirable and probably necessary, since the space that a manager can win for himself on the interface between two groups for the deployment of his skills and energies can easily be lost if that space is invaded by a power source from higher up the line. Apart from that, though, it has to be recognised that the most that encounters of this sort can achieve is a greater measure of shared objectives – total sharing is rarely possible – and that there is likely still to be a need for the higher management to resolve, or at the very least to be aware of, the areas in which conflict of objectives remains.

For a similar reason, the sharing of objectives between two parties does not mean the end of the rôle of the manager or of the individual whose organisational purpose is to serve as the linking pin or as the co-ordinator between the two. It means rather that this individual, instead of being compelled to waste his energies in a continuous battle with one or other of the groups with which he is obliged by his rôle to relate (and often indeed with both simultaneously), can protect his ' arena of competence' and be granted space in which he can use his energies and deploy his skills in the interests of both.

6. Management decision making

In today's world, in which power is no longer concentrated at the top of an organisation but spread throughout it, the traditional concept that the manager should be entitled to make all the decisions which are needed about the way in which the group works – and indeed that it is his *responsibility* to make all such decisions – clearly is not valid. If he does so he is unwisely protecting the group from access to data about the environment which they need if they are to work properly and is therefore having to waste his energies in having to stimulate and propel an inert or resistant group in the direction he wants, instead of finding ways of freeing the energies within the group for this purpose.

Managers today have been trained to be too conscientious, inefficiently conscientious. They tend to fuss round the groups which they manage like anxious nannies and are offended when the groups in their turn respond like rebellious children. If the work group is to flourish, and the manager survive, the manager has got to learn how *not* to make decisions; but, because the manager's task normally places him at the interface between his own work group and other work groups within the organisation, some decisions will always rest ultimately with him, so that his learning how not to make decisions has got to be a considered and a selective process – and a difficult one, since the pressures on him from all sides to go on in the old way are considerable.

The decisions which will continue in the last resort still to be essential to the management task are almost entirely concerned with the ultimate resolution of conflict

- within the group (or, for more senior management, between separate groups)

and

- between the objectives of the group and wider organisational goals

The first of these is perhaps sufficiently obvious. Anarchy is unacceptable, even in this libertarian age and the absence of any agreed means of conflict resolution has on occasions led to some strange results. For example:

The village of Datchet in the County of Buckinghamshire has always been an important place for crossing the river Thames to the Royal Borough and Castle of Windsor in the County of Berkshire on the other bank. As early as the reign of Henry VIII a royal ferry used to ply between Datchet and Windsor Castle for this purpose but in due course a bridge was erected.

When the bridge eventually fell down and had to be replaced the industrial revolution was already in full swing and those on the Berkshire side of the river favoured a modern iron bridge. Those on the Buckinghamshire side however, being more conservatively minded, stuck out for a good old fashioned wooden bridge.

The argument went on for some years and eventually each party decided to go their own way and the result is immortalised in a print of the time. An iron bridge juts out in an uncompromising horizontal, as befitted the new technology, from the Berkshire bank of the Thames to be joined in the centre of the river by the gracefully curving span of the wooden bridge rising from the Buckinghamshire bank. Not surprisingly, this bridge took rather less time to fall down!

The folly of such an affair lies not merely in the product but in the process – the endless months spent in bickering about two equally acceptable routes to an agreed end is a total nett loss of energy which could better be used for more essential purposes.

The reason why this particular nonsense exists less in industry than it does, say, in local government (although it does also exist in industry as anyone who reflects on the issues that are being most hotly discussed within his own particular enterprise today will realise) is that the management tradition in industry is an autocratic tradition, whereas that in local government is of democratic bumbledum. As the industrial tradition of autocracy gives way to a norm of participation and shared problem solving, the descent into democratic bumbledum is fatally easy and must be avoided.

The temptation is however great. The new social environment demands a measure of egalitarianism and tempts the manager to put all his energies into problem sharing and none into conflict resolution. This is nice and comfortable and enables the manager to persuade himself that he is acting in socially appropriate ways. But it means that nothing ever happens and that the enterprise must ultimately fall into decline in consequence, which is clearly not what society requires. It is indeed a form of energy conservation, but what is the point of conserving energy if you are never going to use it for any alternative constructive purpose?

A willingness on the part of the manager to share decisions with the group for which he is responsible does not mean that he can evade the responsibility for seeing that decisions are reached effectively. If that means sometimes that he has got to make decisions that the group was entitled to reach on its own but has failed to do so, then that is the most proper service that he can give to the group and will be recognised as much. Management is *never* a passive pursuit.

Conflict between the objectives of the organisation and the objectives of individuals within the organisation

The second form of management decision making – the resolution of conflict between the objectives of the group and wider organisational goals – is considerably more complex and presents far greater difficulties[1]. The problem is basically that the overall objectives of the organisation, representing in some way as it does the wider but ill-defined aims of society in its pursuit of the creation of wealth, are nevertheless not identical with the objectives of the individuals and the groups of the individuals who work within the organisation. Idealists will often claim that identical objectives do exist and of course it would be nice if they did; but they do not. It may be, for instance, that it is clearly in the wider interests of society as a whole that a particular enterprise should be closed down completely. It is no longer appropriate for the shipwrights and the master carpenters to build their wooden ships at Yarm on the River Tees, as they used to in the sixteenth century, because the British people no longer

1. It is not possible in this book to develop the important question of the effects of organisational structure on management decision making. Much has been written on this elsewhere but three books seem particularly helpful: Woodward (1965); Lawrence and Lorsch (1969): Beer (1972).

have the need which they had then of the boats these craftsmen built.

So it is with many enterprises today. They no longer fullfill a social need and from the point of view of a society which regards industrial enterprises as tools for the creation of wealth there is no doubt about it; they should be closed down.

The individual and the groups of individuals which make up the enterprises inevitably see it quite differently. For them the enterprise is a source of material wealth and status and it provides them with a network of social relationships on which, after a bit, they will have come to depend. Closure of the enterprise destroys, or at least threatens, all of these things. It can not be an objective which they can share and, although this is the extreme example, there are many other lesser instances where the needs and objectives of the organisation can not easily be reconciled with the needs and objectives of individuals and groups of individuals within the organisation.

For the manager, placed precariously at the interface between the organisation and the group which he manages, this is a difficult situation and one on which he is likely to deploy his energies wastefully, particularly as the extent of the conflict between the objectives of the organisation and the group is not always easy for him, preoccupied with the day to day pressures of the job, to diagnose. It can exist in circumstances far less severe than that of total closure, and may then be indicated only superficially by an apparent perverseness in behaviour. For instance:

The corporate head of the research function in a large technically based company instituted a study to analyse the requirements for technical staff in the company. The company operated in a number of semi-independent divisions, each of which was about 10,000 strong. Each operated in a different industrial field and, though these industrial fields were closely inter-related one to another and there was considerable interchange both of technical expertise and of people, each had its own research function. It was common for young technical graduates to enter the research function in the first instance on joining the company from the university but many would go from there into the production or marketing functions later on. The group studying the problem was made up of a small number of research managers and manpower planning experts drawn from the divisions themselves.
The resulting study suggested that, whereas the size of the company's technical

functions had been expanding at a steady $3^1/_2$% per annum over the previous decade, it was likely that it would remain static over the next decade, or even suffer a small decline. The underlying reasons for this were partly that the company had over the previous decade been developing (exceptionally) two major new inventions of world wide importance and it seemed unlikely that two inventions of quite such world wide significance would be available in the coming decade, and partly that great advances in the economies of scale had meant that outlets into other functions were being reduced.

The implications of such a slowing up of growth in manpower terms were disquieting. If things were left as they were it would mean that promotion opportunities for people within the function would be halved and the recruitment of new graduates from the universities would have to be brought to an end altogether, resulting in an ageing population of increasingly frustrated individuals – which is hardly a good recipe for a creative and vital function such as research, for instance.

The report of the study team suggested, however, that there were some ways in which the situation might be improved. If new graduates were to be recruited only on short-term contracts, for instance (so that the services of some of them could be dispensed with between the ages of 30-35) or if a major drive were to be instituted to persuade some of those over the age of 50 in the function to retire, then it would be possible to renew the inflow of young blood the function and a healthy flow through would be resumed.

The report, with these conclusions, was then put to the personnel directors of the divisions of the company who thought about it and reported back in due course that the proposals were unacceptable. They maintained that either the short-term contract or the early retirement proposal would have such damaging effects on morale that the results would be worse than those of the problem they were designed to cure and made it clear therefore that they did not propose to implement them.

Did they then accept the conclusion of an ageing, frustrated research population? Certainly not. What then was wrong with the arguments of the Report? This caused an uneasy silence until eventually they concluded that the input data must be wrong. Over the succeeding months the input data was checked and rechecked with them. It was not wrong.

They still did not accept the conclusions of the study team's report, however, and the problem remained unsolved until eventually, for other reasons, it became a commonplace for executives in that company to retire early in their 50s. The problem then solved itself without further ado.

What this example illustrates is that mutual problem solving is not possible, even between two highly rational groups of people of who are accustomed to deal with problems in intellectual rather than emotional terms, in the absence of shared objectives.

If shared objectives already exist, or if there is no great obstacle to their existence, then mutual problem solving can take place; but the more divergent the objectives, the more sharp and painful is the barrier which exists between the two groups and which prevents them joining together to solve problems constructively (see figure 9).

Figure 9.

Crossing that barrier is, for either group, a move which is quite at variance with their true objectives and may cause a degree of pain to the members of the group which they are quite unwilling to undertake. The manager who seeks to develop joint problem solving and joint decision taking in this situation is wasting his energies and the energies of the members of his group as well.

When people seek to avoid decisions

The behavioural problem here has been aptly diagnosed by Professor Will McWhinney of UCLA (1971) in an analogy drawn from bull fighting. It is well known to *afficionados* (apparently) that the bull after entering the ring discovers for himself a spot in which he feels relatively safe and in which, if he can establish himself there, he will fight and not be moved. This place, often against the door through which he entered the bull ring, is called the '*querencia*' and much of the bull fighter's art is to prevent the bull from establishing himself there. Once he is so established, the matador attacks him at risk to his own life.

Human beings, as individuals or groups, also have their own *querencias* from which they feel instinctively that it would be unwise to be tempted. They are however at a disadvantage by comparison with the bulls because they (unlike the bulls) are expected to explain their behaviour in rational terms. How can a group of personnel directors, very senior executives in a large company, say in response to a well-documented and well-argued conclusion, 'The implications are just too disturbing – you are asking us to cross a pain barrier which we fear to cross'? It is both more comforting and more respectable to challenge the input data!

The manager, therefore, has first to recognise the point at which the group for which he is responsible has reached its *querencia*, its safe place surrounded by barriers of pain which it does not wish to cross, and having done so to decide whether to allow the group to rest in that place or to force the issue and drive the group through those barriers of pain which they fear. As in bull fighting, either course can have painful consequences but, as in bull fighting, the manager has not got the option of not making the choice; and the longer he delays making that choice, the more energy he wastes.

Here is an example where the manager decided to push the group through the pain barriers and was successful:

A large British company negotiated an agreement on a national basis with the group of trades unions representing its shop floor employees for greater flexibility of operation between employees of different unions on the various factory sites. Implementation of the agreement was however in the hands of the local managements and the local trades union representatives.

At one of the largest sites, employing some 15,000 people, difficulties were expected with the engineering union which was a powerful body in the locality as a whole and whose district committee, on which the employees of this particular company were not represented, had under the Union's constitution considerable local autonomy.

The members of the district committee did not much like the agreement, which they did not fully comprehend and which had in any case been signed over their heads by the national executive of the union. They set themselves therefore to frustrate and delay the implementation of the agreement on the site in any way they could. The local management, which over the years had acquired endless patience in dealing with situations such as this, played along with these delays and waited for the break.

When the break did come, it went the wrong way. The district committee, although not able to annul the agreement, was entitled under the rules of the union to make rules governing the practice and behaviour of union members throughout the locality. It therefore passed a series of five resolutions which limited the actions of the members of their union employed on the site so effectively that the flexibilities envisaged in the original agreement could not in fact be practised.

The personnel director of the site concerned detected a certain feeling of relief all round when this position was reached. The work of preparing for the implementation of the agreement on the site had already been gruelling, both for the managers and for the site union representatives, and there was some scepticism as to whether the result would in any case have justified the immense effort involved. To many of them, therefore, the action of the district committee was a fortunate stroke of Providence. It appeared to have ended the problem because, as the personnel director was assured, its decision was final and binding on matters concerning the conduct and work of its union members in its locality. The group had reached its *querencia*, the point at which it was surrounded by barriers of pain which it did not intend to cross.

Further investigation by the personnel director revealed that, under union rules, a resolution of the district committee could be overturned by a mass meeting of all the union membership in the enterprise – but, he was warned, it had never been done and was regarded as impossible. Union loyalty was too great to allow such a challenge to the district committee to succeed.

He told his managers that he believed nevertheless that the attempt should be made. In reaching this decision he had recognised both the *querencia* within which the group found itself and the existence of a barrier of pain which surrounded that place of rest and which would make it very difficult for people to move. He was however convinced that it was part of his task to ensure that somehow both the management and the union officials crossed that barrier. If they did not, then all the work which had been put into the implementation of the agreement would have been wasted.

He called the senior union officials within the plant to a private meeting and put the proposition to them that they should call the mass meeting. They demurred – it seemed pointless. Eventually and reluctantly they agreed to try. One of them, as he left the meeting with the personnel director said, 'You know we must be mad. We shall never win'.

But in this case they did and, at the mass meeting which followed, the resolutions of the district committee were overturned by an overwhelming majority and the agreement was implemented. This therefore was an instance in which a management decision to force the pain barrier resulted in a new release of energy for the enterprise as a whole.

However, this point at which a group finds itself up against the pain barrier, in its '*querencia*', is not a point at which it will by any means always pay the manager to force the issue. There is always some damage done in the forcing process and there is always some residue of ill will which has got to be taken into account. In the earlier example (of the manning of a research function) no real advantage would have been got from forcing the issue earlier, since it ultimately resolved itself. Indeed, as it turned out, the continuing working through in this instance of all the figures was a total waste of time and energy on a mutual problem solving exercise which was entirely phoney. When early retirement became the norm the pain barrier was removed and shared objectives began to appear. Management energies were then able to be used constructively on the problems of manning the function rather than negatively in combating an initiative with which they felt thoroughly uncomfortable.

The industrial relations example was one in which conflict between objectives not only existed but had to be resolved but that is not always the case; and, since this is a book designed to assist in the conservation of management energy, it follows that there should be a resolute and continuing determination at every level of management to resist the temptation to make decisions which do not have to be made and, above all, to resist those processes which are set up with the apparent aim of making decisions but which are actually concerned with postponing decisions or indeed avoiding having to make them at all. Typically, this process involves the setting up of a committee.

On the whole, committees which are a good use of management energies are those which are set up when a group of people *already have shared objectives* so that they know broadly what they want to do already and either need some plausible justification for doing it or are uncertain about the precise method of implementing their shared objectives. Committees on the other hand which are supposed to *devise shared objectives* and create some sense of common purpose in a team which does not have it already (the 'long range strategy committee' is a common example) are usually doomed to failure.

Finding the right level for decisions to be made

Even where there are sufficiently shared objectives for a decision to be taken, it is still important that it is taken at the right level. A great deal of management energy is customarily wasted in industrial enterprises, and particularly in large and complex organisations, with decisions being chased up and down the management line. For instance:

A petrochemical company had two factories, each of which was situated on a site which contained a number of factories owned by other companies. Each petrochemical factory was required by law to be surrounded by a perimeter fence with a gate on which there was a 24-hour guard.

Following the different practice which existed on the two different sites, the gatemen at one factory were equipped with uniforms, while the gatemen at the other were not. The works manager of the latter factory began to be perturbed by this anomaly and began to wonder whether he ought not also to provide uniforms for his gatemen who numbered eight in all. He applied to the corporate personnel manager for a ruling.

The personnel manager replied that he was quite indifferent to the question of whether the gatemen wore uniforms or not and regarded it as well within the competence of the works manager to decide. The works manager was dissatisfied with this reply and said that he thought that the matter was (or should be) a question of corporate policy. He referred the matter upwards to the production director of the company and succeeded in convincing him that it was indeed a matter of corporate policy. The production director therefore tabled the matter for discussion at the next board meeting at which the unedifying spectacle took place of the chairman, two managing directors, the research director, the commercial director and five other highly paid executive directors earnestly discussing the question of the gatemen's uniform.

They decided in favour – but who cares?

This event (though it happened) is fortunately not typical but it is realistically indicative of a malaise which is prevalent amongst managers as individuals and in groups. There is a powerful instinct which appears to oblige managers to absorb as much of the decision-making process as they can – and which, in particular, makes the suggestion by some junior body that perhaps a more senior body might care to make the decision apparently irresistible.

Sometimes, however, it can work the other way too. There is a mangement process which tends to resemble that famous conjuring trick which is one of the most impressive in the theatrical repertoire, in which the magician covers a bowl containing half a dozen swimming goldfish with a cloth. Hey, presto! And the gold fish bowl has disappeared, complete with swimming goldfish. The magician then recovers the six goldfish from the pockets, handbags and seats of six discomforted members of the audience and, if he is in a particularly nasty mood, hands each fish to its apparent new owner and leaves him or her to wonder what on earth to do with it.

This trick is sometimes played by senior executives on junior executives who should watch for it very carefully since it is the quickness of the hand which deceives the eye and some senior executives are skilled performers. For instance:

Five smallish companies, grouped together under a holding company, were operating in a relatively new industrial field. Two professional bodies were struggling to be recognised as the appropriate body for technical staff in this new industrial field to belong to. The chairman of the holding company was a member, for historical reasons, of the council of one of these professional bodies but was by no means convinced that it had the capacity or the appropriate experience to fulfill the rôle it was seeking in the new industrial field in which his companies were engaged. Membership of either body amongst his executives was low and interest was minimal.

The executive committee of the professional body of which the chairman was a member decided that it was time to have a recruiting drive to try and ensure that it got sufficient influence in the new industry to pre-empt any counter-bid by its rival. Each chief executive in the field, including the chairman of the holding company concerned, therefore received a request that he should either enlist all those executives in his company with appropriate qualifications into this professional body on a corporate basis and under a corporate subscription; or that he should appoint a senior member of his staff to act as a recruiting agent and persuade the appropriate executives to join.

The chairman of the holding company was in a dilemma. As a member of the council of the institution concerned, albeit for historical reasons, he felt that he could not very well ignore the request he had received. On the other hand he retained his strong doubts about the appropriateness of the institution for this particular purpose and he was aware of the apathy among his executives and the probable resentment that a recruiting drive would cause amongst them.

He consulted the company secretary who suggested that this new development made it urgent for the chairman, with his board if necessary, to consider whether he thought that a professional institution was needed for executives in this industry and if so how that could best be achieved – whether by backing one of the existing institutions in the field or by creating a new one – and to decide accordingly. Either way it would be necessary to spend time, money and energy to make an institution work in terms of the needs of executives in this new industry and so it was not a decision to be taken lightly. If, on the other hand, he believed that a professional institution was not needed in this industry at all, then he would save everyone a lot of trouble by saying so.

The chairman considered the secretary's advice and eventually announced that he had a better idea. He would have the letter he had received copied and sent to the chief executives of each of the five subsidiary companies and ask each of them to deal with it as he saw fit.

The company secretary protested that this would be entirely wasteful. Not only would it mean that the trouble of dealing with the problem would be multiplied by five but the fundamental issue – whether a professional institution was needed in this new industrial field, and if so of what sort – would be quite unresolved. The chairman smiled. 'Ah', he said, 'but it will get me off the hook, won't it?'

As a result, five chief executives of small companies were left wondering what to do with the goldfish that had suddenly appeared in their laps!

This is an evasion technique which reduces the expenditure of energy of one man at the expense of greatly increased and badly directed energy expenditure of others. The fact that decisions should always be taken at an appropriate level does not mean that they should always be taken at the lower of any two levels. This one should clearly have been passed smartly back to the chairman of the holding company, to whom it rightly belonged.

Broadly, there are two criteria by which it is possible to make at least a subjective judgement as to whether a decision is being taken (or attempted) at a level which will prevent a wasteful use of management energy. The first criterion is that:

Decisions should be taken by those who have access to and genuinely understand the data on which the decision is to be based.

It appears unfortunately to be impossible for the human mind to encompass more than six variables at any one time, so decisions which are dependent on an ability to understand the interaction between more than six variables are going to be gambling decisions rather than rational decisions in any case, and these should be avoided if possible. Many pages of figures may of course be necessary in order that the *background* to the decision which has to be made can be properly understood but, unless the key variables (no more than six and preferably less) can be isolated before the decision process is entered upon, the decision will be a confused one and the chances of success are thereby reduced. Winston Churchill made some of his biggest decisions on the basis of a submission confined, at his insistence, to half a sheet of foolscap.

It is the data contained in these six variables that the decision makers must be able fully to comprehend and evaluate and test their validity – each decision maker individually if at all possible but, if not, then the capability must exist within any group of decision makers addressing themselves to a single decision. The selection and assessment of the key variables in a decision in this way is not easy and is often quite unattainable by some of the people who are called upon to share in the decision making process. This results in a wholly wasteful process known as 'tyre kicking':

Most people who buy second hand cars unfortunately know nothing whatsoever about them. They are however naturally unwilling to be taken as gullible by the car salesman whom they (probably rightly) mistrust.

They try opening the bonnet and peering inside but any actual comment is probably risky and is more likely to expose their ignorance than to give the salesman any impression of deep mechanical knowledge. So they resort to kicking the tyres in what they hope is a knowledgeable way giving occasional grunts which are intended to represent some telling but undefined form of disapproval.

Tyre kicking is, alas, a procedure often indulged in in executive meetings. Beginners find some abstruse figure showing the cost of, say, nuts and bolts in a comprehensive expenditure proposal for the siting of a new factory which will cost millions to build and ask with an anxious frown on their foreheads who the supplier of the nuts and bolts is to be, shake their heads in a worried way as they write the name down on the edge of their blotters and keep quiet for the rest of the meeting, trying to decide by listening to the conversation of the others which way the voting is going to go so that they can be on the side of the angels.

Senior executives have usually developed the art of tyre kicking to a more sophisticated level, and this particularly applies to overworked senior executives in large and complex companies. They will breeze into the room, ask a whole series of searching questions of doubtful relevance to which they know that the answers can not be immediately available, refer the matter back for further consideration and rush on to repeat a similar process at the next meeting.

People who indulge in tyre kicking should not be at that meeting. When very senior executives indulge in the more sophisticated form of tyre kicking described above it is because they are quite unprepared to make the necessary decision and don't have adequate access to the necessary data anyway. Either their jobs should be lightened and the range of their activities reduced so that they can ensure that they are in fact able to understand and evaluate the data on which the decisions that they are being asked to take are based or, better, they should accept that the decision will be taken at a lower level.

'Tyre kicking' is a bad use of an executive's energies. It can be avoided by a clear recognition of the fact that in the situation which currently exists, where both power and information is spread throughout the organisation and not concentrated in one place, decision making should also be spread throughout the organisation. Indeed it will be appropriate for a manager at any particular level to supply relevant information *downwards* to his subordinates to enable them to make decisions as often as it will be appropriate for them to supply information upwards to enable him to decide.

The second criterion to be observed by those who wish to ensure that management energies are not wasted in attempts to take decisions at the wrong level is that:

Decisions should be taken as far as possible by those who are both able and willing to own the results of those decisions.

This criterion is a recognition of the fact that it is not really the decision itself that matters so much as the action which results. The 'light blue paper and retire' style of management is therefore going inevitably to be less effective than a process which ensures that decisions take account of the objectives and the legitimate aspirations of those who have to implement them. Sometimes a quite trivial acceptance of the needs of the implementers will make the difference between arriving at a decision which is effective in implementation terms and one which is ineffective – or even failing to arrive at a decision at all, as the following example shows:

A large company, split for operational purposes into ten largely autonomous separate subsidiary units, operated nevertheless a common personnel policy which was shaped by the personnel directors of each subsidiary working as a single group under the chairmanship of the corporate personnel manager.

At a certain juncture the board of the company decided to introduce a new salary structure in which the salary of each individual employee would be more clearly linked to his or her performance than had hitherto been the case. In consequence, it became necessary to review the systems of individual performance appraisal (which were of variable effectiveness across the company and in some instances did not exist at all) to ensure that any decision which was taken on an individual's salary was taken on the basis of a clear assessment of that individual's performance.

The personnel directors of the subsidiary units therefore set out jointly to prepare a company scheme of performance appraisal which would meet the needs of the proposed new company salary scheme. Unfortunately, each of the subsidiary units had differing management practices and as a result each personnel director had his own view of how a scheme of performance appraisal should operate. Some were highly numerate, some entirely judgemental and each personnel director produced his own system and argued doggedly in its favour against the opposition of his colleagues.

Months went by and were wasted, as indeed were the energies of the senior executives involved, which would have been better devoted to more constructive purposes. There was no need to decide the detail of the performance appraisal scheme at this level and the problem was resolved when they agreed to settle merely for a statement of minimum practice which, on half a sheet of paper, set out the five basic points to which performance appraisal throughout the company had to conform (that it should be in writing, for instance, and that the employee should have the opportunity of making his own written comment). There was no reason at all why the detailed scheme should not vary from one part of the company to another—which indeed, in the event, it did. The more important criterion was that the scheme should be effectively owned by the people who would have responsibility for its subsequent implementation.

It is therefore always necessary that a manager asks himself the question 'Is it necessary that this particular decision is made by me?' and this is particularly so when the request for the decision comes from a lower level in the organisation. Such a request may well represent an attempt to evade the consequences of taking the decision at the lower level, to which it more appropriately belongs. If it is a two-prong decision, the consequences of which will be unpleasant either way, then referring the decision upwards means that it is possible firstly to complain of the delays which inevitably result and secondly to fulminate at the decision which results – since either way it will be unpleasant. Prudent bosses will resist the temptation to provide an easy scapegoat for their subordinates' unwillingness to face up to the consequences of the unpleasant decisions which properly belong to them, but it is always flattering to be asked and those who fall for the flattery will have taken a decision for which there is little ownership or commitment in the organisation below him.

Decision making is one of the key elements of the management task. Business schools exert themselves in teaching management decision making more, perhaps, than any other subject and managers, whether they have been subject to business school education or not, worry about their skill and expertise in this area.

Perhaps they worry too much. Many of the decisions which a manager now takes can as well be taken by the group which he manages, provided he gives them access to the necessary data, and will then be implemented more effectively because there will be more commitment to their implementation. Some decisions are best postponed until a basis of common objectives can be reached on which to take them, and some are best returned for those who have access to the necessary data to make. Some discipline in decision making provides an enormous saving of management energy.

Some decisions however remain for the manager to take and these are critical. Where the group can not resolve its own problems and, more frequently, where there is conflict between the objectives of the group and of the wider organisation the manager has to act, and act decisively.

7. The nature of the management task and the problems of achieving it

Industry is a tool which society uses to create wealth and it is the management team on which society has traditionally relied to operate that tool. The nature of that task, in the changed society in which we live today, should by now be becoming relatively plain. Stripped down to its basic structure it consists of four essential parts:

1. The provision of technical skills as a service to the group to enable the group to perform its task.
2. The provision of a link to the environment which surrounds the group (both within and on occasions outside the enterprise) to enable the group to assess and to deal with the pressures in that environment which affect its work.
3. The creation of the greatest possible area of common purpose between the group and inter-related parts of the organisation.
4. The ultimate responsibility for conflict resolution in situations in which a common purpose and shared objectives is essential and can not be achieved by other means.

Energies spent on these four activities are well spent. Energies spent on the myriad of ancilliary activities which tend to clutter up the management task tend to be at best marginal in value and indeed may have only a negative effect. At the present time, when management energy is in short supply, a manager is well advised to seek to reduce his task as far as possible to its four essential parts.

That seems sufficiently obvious to the dispassionate observer seated in front of his typewriter or to the scholar reading in his study. To the manager in the industrial enterprise itself, surrounded by a never ceasing and intrusive environment of turmoil and apparent insanity, it is little more than a dream of an unattainable paradise.

He may even be driven by the incessant stream of abuse, criticism and advice to wonder whether his is a legitimate rôle at all.

Is a manager necessary?

It is useful, therefore, to examine the obstacles which lie in the way of the manager who seeks to build his task round the four essential parts. The ultimate position – that of a group working without a manager – can of course be tested and there are indeed already some practical examples of this. For instance

The manager of a small group of 22 people in the central laboratory of a large corporation engaged in fundamental research was promoted to another job. While the director of the laboratory was considering the question of a replacement he was visited by a small delegation from the group who said that the members of the group thought that they could manage as well without a manager – if not better. To the director's somewhat anxious enquiry as to how the group would be able under these conditions to relate to the rest of the laboratory's functions, and in particular to his own management needs, the members of the delegation replied that they had recognised the problems which would be created by such an arrangement and were confident that they could find ways of resolving these problems. After some thought, the director agreed to give it a trial.

The group proved as good as its word, and this is how it worked. The group had consisted initially of ten senior Ph.D.s, five junior Ph.D.s, and seven technicians. Of the ten senior Ph.D.s, one was generally accepted within the group as being the most experienced and outstanding scientist in the group, and two, also relatively senior individuals, had more practical experience of management and of organisational systems than the rest. In practice, therefore, these three came to be regarded as the managing triumvirate by the rest of the group.

That, however, is to put the matter too simply since the decision about what had to be done and who should do it was placed clearly and firmly in the hands of the group itself and these decisions were taken on the basis of who had the necessary skills for the particular task. For broad policy meetings with the director of the laboratory this would normally be one of the 'managing triumvirate' (since they were seen as having the skills and experience which this job demanded) but this was not inevitably so.

The whole group met weekly over a sandwich lunch on a routine basis to make its own decisions and over one or more of such meetings it proved perfectly possible, for instance, to agree to stop putting resources into any particular line of scientific investigation which looked as though it might be of doubtful value. Minor questions of housekeeping and discipline could be dealt with easily and as a matter of course.

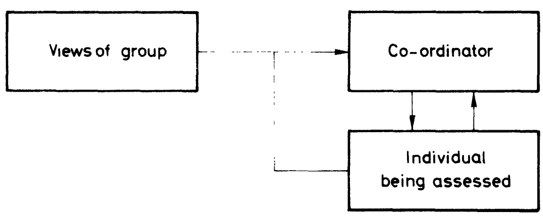
For other decisions, for which the weekly business meeting was clearly inappropriate but which it seemed should be taken by the group as a whole, other mechanisms were employed. Potential new recruits, for instance, were grilled technically for an hour at a time in six separate discussions with individuals most suited for this task but were seen informally over a meal by as many of the other members of the group as were available. The decision was then taken by the group as a whole.

Finally, there were some decisions in which the idea of turning a traditional management task into a group process was so difficult that, on two occasions, the whole group arranged an off-site meeting of a couple of days in order to agree amongst themselves how the decision should be reached or – if they were very lucky – what it should actually be. One example was staff assessment. The crude traditional model – that of the boss being required to write down on a piece of paper what he thinks of his subordinate – was clearly inappropriate. What the group decided that it wanted to achieve through this traditional management process was:

- to reflect a group view to the individual;
- to ensure that everyone has the opportunity to assess everyone else; and
- to ensure that the 'Boss' gets a view of how he is seen by the individual as well as vice versa

Out of these broad aims they arrived at a process whereby all members of the group (including, incidentally, the individual being assessed) was asked to prepare a brief note on each individual's performance and achievement.

These notes went individually to a co-ordinator (in practice a member of the 'managing triumvirate' entrusted by the group with this task) whose responsibility it was to collate the views, deal with any lack of clarity or inconsistency which emerged by checking back with the individuals who had written in and then discuss the findings of the group with the individual concerned Schematically it worked like this:



The acceptance of criticism by the individual in this process turned out to be much higher than had existed under previous traditional methods and of course the sense of group commitment and concern about the part each individual had to play in the achievement of group objectives increased immeasurably.

In these ways, sharing jointly responsibility for its own management, the group worked well for something like two years and was notably effective in the achievement of its technical targets during that time. In the end, however, the commitment to this form of working gradually faded, a new manager was appointed and the group reverted to a more traditional method of working.

This ultimate reversion to a conventional system should not be taken as a failure – it was indeed almost inevitable as long as the group was alone in adopting its peculiar way of working in a larger system which worked in different ways. It had been able to adopt its experimental form of working, and make it succeed, because the people in the group had been working together for some time before the experiment started, had a clearly defined and shared objective and were united in their joint commitment to the achievement of this objective, which was the completion of a piece of research which had reached a particularly interesting phase. The character and attitude of the 'managing triumvirate' was also important – the way in which the experimental group worked corresponded closely to their ideals.

Over the two years in which the experiment took place, there was a number of significant changes. The group expanded numerically from 22 to 32 (which may be too large a group for this form of working) and, as this happened, new people came into the group straight from university who regarded this commitment to working on an equal basis with people whom they regarded as intellectually their inferiors as an unrealistic waste of time. The sharp focus of the research project became somewhat more diffuse as time went on. And finally, one of the key members of the triumvirate moved on to a different task in another part of the laboratory.

There are three lessons which can be learnt from this experiment:

1. A fully autonomous working group is possible, given the right circumstances, even in a large and complex organisation; but it must have clarity about shared objectives and may need other special conditions which can not long be sustained.
2. There will continue to be, even in such a group, something which can be defined broadly as 'the management task'.

3. But since the group decided ad hoc who should speak for the group in any meetings who should represent and speak for them, and this was by no means always the same individual, it must be concluded that the the nature of the management task is not necessarily as indivisible as our organisation charts and our management teaching tend to imply.

The third point will be returned to later in this chapter. Meanwhile some further exploration is necessary both of degrees of autonomy which are possible in a work group and of the problems which bedevil a move in the direction of greater work group autonomy.

It has been suggested above that the conditions which applied in the experimental group were not typical and in particular it should be noticed that the task was a research task which was effectively the sole property of the work group itself, so that the importance of linkages to other parts of the organisation were greatly lessened. Even then the method of working caused some suspicion and unrest among other work groups and it is doubtful whether this form of working will ever have application as a universal model. It may be worth considering alternatives.

Managers in other cultures

The most radical model which has so far been put to any wide application exists in Yugoslavia where the employees within an individual enterprise do indeed have a clear large measure of autonomy but are not without a formally designated manager. The manager is however designated by and wholly responsible to the representatives of the employees of which he is designated 'manager'. The Yugoslavs thus have a very clear idea of the primary responsibility of employees to manage themselves and set and achieve their own targets appropriately, in which process they see the manager as providing only a technical service to the employees.

Such a concept is not entirely ridiculous (it is working, after all) but is nevertheless too extreme. The working group needs to have someone who can speak with authority on its behalf in dealing with other groups (and it is significant that it was generally the two senior Ph.D.s who were employed for this purpose in the autonomous work group experiment) and this will not be achieved by someone who is employed in what is in effect a servile capacity. In practice it is not easy in Yugoslavia to persuade qualified people to undertake this rôle, so unrewarding is it, and special pressure has often to be put on suitable but reluctant candidates. Furthermore, it makes problems of conflict resolution (in particular where the activities of the group are not fully consistent with those of other groups or with the larger organisation) ultimately almost impossible.

A more interesting example exists in the practice of Communist China. In China the manager is appointed by the higher authority on the basis of his technical competence and of his political awareness, but the appointment is made only after consultation with the group and his conduct is subject to continual review and discussion by the group. At primary working group level this involves a weekly discussion meeting between the manager and the whole of the group at which the manager is expected to review the events of the week and initiate some self criticism in which he is helped by the members of the group.

The fact that the Chinese example is suffused with an ideology which is unacceptable (indeed all relationships at work are dominated in China by the factory branch of the Communist Party) does not mean that we can not learn any lessons at all from China in management terms. The concept that a manager should be appointed by and responsible to a higher organisational authority (rather than to the group itself, as in Yugoslavia) but should at the same time be obliged to share the problems of management with the group has got much to commend it. In fact the experimental group in the laboratory described earlier could well have achieved this sort of result if as had accepted the appointment of a manager but worked out ways of working with him which closely resembled those which they implemented in their autonomous state. The experiment might perhaps have lasted longer if they had.

Conflict in a democratic society and its implication for the manager

The practical application of such a concept is however not easy and it is necessary at the outset to remind ourselves that those of us who are managers in the western world, unlike our colleagues who manage industrial enterprises in China and in the countries of the Soviet block, have to work within both the strengths and the weaknesses of a democracy and a wholly necessary part of the democratic process is *conflict*. Conflict is inadmissable in a totalitarian state[1] and that results in a stable and wholly predictable rôle for a manager who works in such a country, but also a wholly uncreative one. In a democracy, it is the existence of conflict, the freedom and willingness to challenge existing ideas, which enables progress to be made both in the political field and in the field of scientific invention (cf. Popper 1945;1959).

Conflict is thus endemic to our political system and, since industry can not be taken out of the context of the society in which it belongs, it is equally endemic to our industrial enterprises as well[2]. Badly managed, conflict can of course be destructive either to a nation or to an industrial enterprise, and many examples of both litter the historical landscape. To get the benefit of conflict it must be understood and it must be managed, and this is fundamental to the nature of the management task.

Placed between the group which he manages and the wider organisation to which the group belongs, the manager has to find some way of dealing with the conflicting objectives of these two bodies. A basic position was illustrated in the previous chapter with a diagram which suggested that two groups which are supposed to interrelate at work may yet have totally different objectives (figure 9). Where that is so, their efforts will be separated by a barrier, a 'pain barrier',

1. A senior Chinese official, asked about the nature of the crimes committed by the infamous 'Gang of Four' replied not that they were wrong, but that they 'created confusion in the minds of the Chinese people'.
2. Alan Fox (1966), made this point well in his splendidly partisan broadside which masqueraded as a research paper for the British Donovan Commission.

which will prevent them from joining together to solve common problems on a mutual basis. The job of the manager is therefore not to ignore this fundamental conflict but to manage it constructively and above all to *seek with the group that he manages first of all to identify and then to enlarge the area of common purpose which exists between the objectives of the group and the objectives of the organisation as a whole.*

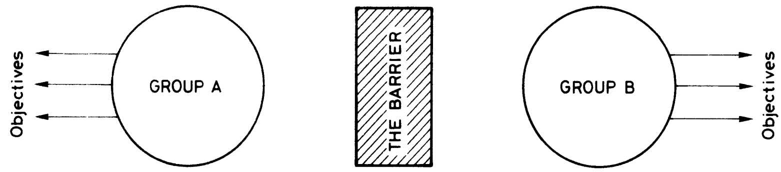


Figure 9.

As this process develops, figure 9 changes. The circles will never quite merge (except for short periods of extreme crises) and the 'pain barrier' which prevents one group wholly accepting the objectives of the other will therefore remain – but clearly the greater the area of common purpose, the more effective will be the relationship between the group and the organisation as a whole (see figure 10).[3]

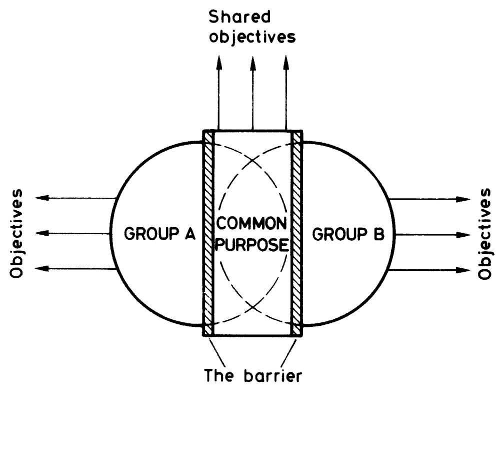


Figure 10.

3. There is now a lot of practical knowledge about ways of achieving this. Those unfamiliar with this field could do well to start with two simple but powerful books in the Addison-Wesley series on organisation development, Beckhard (1969) and Schein (1969).

The process, and its difficulties, can be seen at its simplest and clearest in the relationship between the manager and the individual (or, as it were, the group of one). Already the manger is having to act as the bridge between the individual and his needs and the organisation as a whole and its needs, and the difficulties of achieving a genuinely constructive relationship which will enable problems to be solved on a mutual basis apply equally to the relationships between a manager and an individual as to a manager and a group. It is appropriate for the manager and the individual to regard themselves as a combined team with a common task in which each has a contribution to make, and it is appropriate for each to criticise the other where the contribution made to the common task is unhelpful or inadequate. But the two parties should not be misled into believing that *all* the issues which lie between them are capable of a common problem solving approach.

Sometimes there will be issues in which the legitimate organisational requirements of the manager are so divergent from the equally legitimate personal requirements of the individual that no common problem solving is possible. The organisational need to move an individual from one location to another, where family ties make such a move impossible for the individual, is a not uncommon example. Nor am I, as an individual, going to indulge in problem solving with my manager over my own dismissal. So the areas representing divergent objectives will remain, and so will the 'pain barrier' which separates those divergent objectives. In such situations a conflict situation exists which can only be resolved by traditional patterns of authoritarian management on the one hand and challenge to authoritarian management on the other.

It is the same in the relationship between a manager and the group for which he is responsible and this was illustrated in the example of the textile factory quoted in Chapter 4. Here the fact that the limits of common problem solving had been reached was recognised by both parties, and wisely so. The objectives of the individuals who compose the group can not always be reconciled with those of the organisation which employs them.

What is involved in the common problem solving approach is not the total elimination of conflict, which must be an unattainable ideal as long as differing objectives exist, but the reduction of the area of conflict to the minimum and the identification of the greatest possible area of common purpose.

This identification with the group of the greatest possible area of common purpose is fundamental to the development of the management task today. The greater the area of common purpose which can be identified, the more the energies of the group will be applied to this common purpose and the more the unnecessary drain on the energies of the manager will be lessened as a result. In this area of common purpose the group is able to share the decision making process with the manager and no problems of lack of commitment or ownership will result. The decisions will normally be better in quality, too, than they would have been if the manager had sought to make them on his own. On the other hand, the smaller the area of common purpose, the greater the area of conflict which remains to be exploited by powerful forces both inside and outside the organisation.

Identifying the maximum area of common purpose

There, remain, however, some major problems of how to arrive at this position in which the maximum area of common purpose has been identified. In a sense, once a manager has arrived at this point his task is relatively easy; it is getting there which is the difficult bit. The manager who is going to ensure that his own energies and those of the members of the group for which he is responsible are well used has first to enable them as far as possible to 'feel' the environment in which both he and the group is placed. Much can be done by encouraging the group to make its own diagnosis but the manager has the prime responsibility not only of enabling it and encouraging it to happen but also *acting as the group's point of access to this external environment.*

Partly this is a question of making the information in the manager's possession freely available to the other members of the group (rather than, as commonly happens, using it as a means of the bolstering of his own power) but it is equally important for the manager to try to give the members of the group the feel of the constraints under which he himself operates, or believes himself to operate. To the extent that he does not make these constraints real to the members of the group for which he is responsible he will find that any attempt at problem sharing will result in a release of the group energy against him rather than against the solution of his problem. For instance:

The chairman of the subsidiary company of a large conglomerate with interests in many different business fields was deeply concerned about the level of profitability of his company. He sought to share this problem with the whole of his management team and, through the managers, with the employees as a whole.

The managers who had been chafing for some years under the somewhat autocratic style of leadership of this particular chairman, reacted to this new and unexpected initiative with enthusiasm. They scurried around in teams and in working parties and eventually produced their suggestions. The chairman should change his authoritarian style and allow them (the managers) a great deal more freedom. They should not be so searchingly pressed on such matters as numbers employed and stock levels. And more effort should be allowed for the development of new products. In effect the managers were saying politely to their chairman that, if only he would stop interfering, everything would be all right. It is a not uncommon reaction of any working group to its manager.

In this particular case, indeed, there was an element of justice in the group's reaction since the authoritarian style of management which the subsidiary company chairman customarily employed was not making the best use of the skills and energies of the managers within the company.

The reaction did however fail to take account of the chairman's relationships with the board of the conglomerate of which the subsidiary formed a part. That organisation was at that time pressed for cash and was also entertaining some doubts about the long-term future of the particular industrial sector in which the subsidiary company was engaged. The pressure on the chairman of the subsidiary to produce short term results can be imagined and the response of his managers to his plea for help seemed to him to be quite inadequate protection against those pressures. He would have had more success with his attempt to involve his managers in sharing his problem if he could have helped them to understand the nature of this pressure on him and dealt with this problem first.

The manager has therefore the responsibility of acting as a bridge between the group for which he is responsible and the external environment of which the group forms a part but before he can do so some groundwork has to be done to create a common frame of reference. There is widespread misunderstanding, for instance, amongst employees in industry in the United Kingdom about the uses of profit and the way in which industry is financed and one enterprise has thought it worthwhile to devise a $2\frac{1}{2}$ day programme of lectures, videotapes and exercises which all of its 7,000 employees are undertaking in order to get at least this basic frame of reference on a shared basis. Actions which the manager wishes to take in the interest of profit cannot be understood unless this shared frame of reference exists.

As the shared frames of reference become more firmly established, it then becomes possible for the manager to let the pressures of the outside world come through to the group, seek their guidance on how these pressures should be dealt with, and ensure that this guidance is realistic in terms of the environment as he knows it. The more he acts as a shield to protect the group from these pressures, the more wastefully he uses his energies which have then to be deployed both against the pressures themselves and against the group, and the members of the group will in their turn spend a lot of their own energies (which could otherwise be used more productively) in complaining futilely to the manager about those aspects of the environment which do not appear to them to be wholly supportive of the group's aims and activities.

Letting reality in

Part of the management task, therefore, must be to create and maintain energy links with the external environment so that the group can feel that it is both influencing and being influenced by the pressures which surround it. Where these pressures are near at hand – from neighbouring groups within the same organisation, for instance – the problem is relatively easily dealt with by adopting the open systems approach described in Chapter 3.

But some of the influences which affect the ability of a work group to perform its task (and which it should therefore in theory seek to influence) are extremely remote from the group. The tenant farmers of Oklahoma in John Steinbeck's *The Grapes of Wrath* could feel nothing but anger, frustration and despair at the invasion of their world and the destruction of their livelihoods by a remote and depersonalised Bank whom they could not meet and whose actions they were quite unable to comprehend. Many people who work in industry today have the same feelings about some of the pressures which are brought to bear on them from remote sources which are inaccessible to them.

The problem exists even within organisations as well as between members of one organisation and another. The ordinary employee working in a large and complex enterprise regards the endless ranks of the management hierarchy which surround him either with amazement if he is well disposed towards the company for which he works, or with anger if he is not. It is essential that the people at the top make themselves both visible and accessible if the realities which face the senior management are to be understood. Even then misconceptions are rife:

It was the practice in one very large international company for the board of directors to meet representatives of its shop floor employees twice a year to discuss the progress of the business and any other items which either the board or the employees wished to table for the agenda.

The meetings themselves were formal affairs but as each occupied rather more than a day there was plenty of opportunity for informal discussion round the bar and at coffee breaks and so on.

At one of these breaks the chairman of the company found himself standing next to one of the shop floor representatives whom he knew well and, as one of the topics discussed during the morning debate had been the question of whether representatives from the shop floor should be provided with seats on the board of directors, the chairman took the opportunity of asking this particular representative whether he himself felt that he would wish to be a director of the company. 'Of course I would' came the immediate answer. 'It is not for nothing that I have been a representative of the employees all these years. I know a lot about them and about their needs and I know a lot about the company. I believe I would have a lot to offer'.

Two meetings and twelve months later this particular representative sought out the chairman of the company at a coffee break and reminded him of the conversation which had taken place the previous year. 'I have been watching you since then and finding out more about what you do. I want to tell you that I was quite wrong in saying that I would like to be a director of the company. In have in no way got the skills and experience needed for that task as I have now been able to understand it'.

That was, perhaps, an unusual degree of honesty, but it represents a disturbing reality. Indeed, a total incomprehension of the environment which exists at only one remove from the working group itself (i.e. that environment with which the manager normally has to deal at first hand, but of which the group has only second hand knowledge) is common at all levels of an organisation and, at the highest level, is the most frequent cause of friction between the parent board of a large corporation and the board of its subsidiary companies and the reason for the nutcracker effect (discussed in Chapter 5) suffered by individuals which try to link such organisations.

If the members of the work group have difficulty in finding any effective way of relating to those power sources which affect their work even within the organisation (as they do) then the problem of the remoter power sources is inevitably that much greater. The idea of any individual work group having any influence at all on central government for instance is frankly ridiculous, even though there is no doubt of the effect that central government's decisions may have on the ability even of the primary work group to perform its task. Some of the influences on the primary work group have therefore still to be dealt with on their behalf at one or more steps removed.

The senior management of a company however – and the chief executive in particular – will normally have some ability to influence such macro-systems, at least indirectly. They are themselves remote from the primary work groups, at least in large organisations, and it is at first sight somewhat implausible that they should be seen in any way as agents of the primary work groups for the purpose of influencing the external environment. How is it possible to ensure that the chief executive,remote as he is from the primary working group, can be seen by the group at least in some sense as its link to the even remoter external environment? Two devices may help:

The chairman of a very large company decided that, notwithstanding the elaborate and effective systems of representational consultation which existed in his company, he needed to be better informed about the current day-to-day concerns of the employees in his company. Over a period of three months he undertook a series of visits to the various sites on which the company operated and had meetings with groups of employees, 10 at a time. Each group covered one particular segment of the employee force (junior production staff, for instance) but was otherwise randomly selected. There were no official spokesmen or representatives in the group and senior management was not involved, except in separate groups of their own.

Each meeting took an hour. The chairman made no speeches or policy statements but, as far as possible, listened. At the end of the three-month period he had met and listened to the views and concerns of over 800 of his employees in this way. He had thus got some first-hand feel – limited but real – of what his employees were thinking and what was concerning them and in subsequent discussions with government on the problems that certain national policies were posing for the company he was able to speak with confidence not only on behalf of his board but also on behalf of his employees and, when challenged through the representational system, was able to demonstrate that he had done so.

A chemical company employing 15,000 people had already begun work on introducing the concepts of open systems planning into various parts of the enterprise and this initiative was being greeted with a fair amount of enthusiasm by the employees who were concerned in it.

The board of the company decided that it would be worthwhile simultaneously developing a statement of its own purpose and objectives and, having done so, putting this statement out through the line management to the employees for comment. In some instances directors attended meetings of shop floor employees at which they were cross-examined about the precise meaning of some of the statements and were challenged on the consistency of some of the board's actions with these statements. Gradually the overall statement was refined and modified until the board was satisfied not only that it represented their views but that it had the understanding and support of its employees. The effect was to make the board far more confident in its dealings with bodies in the external social and political environment, and far more credible to its employees.

In a sense interventions such as these are not new and variations have been practised in many companies where the chief executive and his colleagues have been committed to listening to their employees, allowing their views to influence their actions and explaining those actions in such a way as to win support for the board's policies and for the actions which result from them.

What is new is the context in which such interventions are made. The industrial systems within which we work are increasing in both size and complexity year by year. Large corporations are themselves now organisations of colossal size and complexity and even small companies are parts of immensely complicated total industrial systems which they find it hard to influence but from which they can by no means set themselves free.

The difficulties of gaining support and understanding for the board's actions inevitably increase year by year, as size and complexity increases. But at the same time as the difficulty of achieving this support and understanding increases, so too does its importance. In a large and complex system the board can no longer control the details of its organisational performance. In a situation in which ever-increasing amounts of capital, in a manufacturing system of ever increasing complexity and interdependence, are under the control of the primary working group, power no longer lies exclusively with the board but is being diffused throughout the organisation and the challenge for those who manage industrial enterprises today is that of finding ways of tapping this source of power and thus releasing the energy which is latent within it.

The layers of management control which currently prevent this happening have got to be opened up and interpenetrated and must be replaced for integrating purposes by a sense of common purpose diffused throughout the organisation, from the primary work group to the board, since without this the energies of all concerned will be frittered away in purposeless and non-creative activities and the enterprise will lapse into greater and greater ineffectiveness and will ultimately fail.

It is the task of the individual manager to ensure that the changes which are necessary to achieve this are brought about. He is the link between the group that he manages and the most senior executives of the enterprise and, through them, to the sources of power and influence in the outside world and he must seek to interpret the needs of the one group to the other so that shared objectives can begin to develop.

Helpful and unhelpful interventions

It is against this background, and against this background only, that the manager can develop the area of common purpose which is needed if he is to succeed. Allowing irrelevant or destructive intervention from the external world to invade the group will hinder the group's ability to work effectively. Taking a simple and familiar illustration from near to the top of an organisation:

The subsidiary companies of a holding company were subject to a six monthly review of plans and performance conducted by a member of the board of the holding company. These reviews were attended by the Chairman and any other member of the subsidiary board whose presence was thought necessary, the subsidiaries all being substantial industrial enterprises in their own right.

On this occasion one of the home team was the production director of the subsidiary who had come armed with (amongst other things) details of his production costs, comparisons with the production costs of his competitors, his target costs and how all these costs related to the plans of his marketing colleagues. The conversation between the local production director and the reviewing director from the holding company went like this:

Reviewer:	'What are your maintenance costs?'
Production director:	'They're included in the overall production cost'.
Reviewer:	'Well, what are they?'
Production director:	'I don't know – they proved not to be important'.
Reviewer:	'Well, how many people do you employ on maintenance, then?'
Production director:	'I don't know that either'.

At this point the meeting broke up in disorder. The production director received a reprimand from his own chairman and copious details had subsequently to be sent to the reviewing director on the holding company board, with a suitable letter of apology.

There will be many who work in industry who find themselves siding with the reviewing director in this instance and believing that the local production director should indeed have had the maintenance figures at this fingertips, but this feeling results more from the guilty consciences which have been engendered by years and years of inquisition at the hands of managers brought up in the old hierarchical system than from any understanding of the real issues involved.

The production director of the subsidiary had indeed made a careful study of his maintenance costs (and had therefore at one time clearly known what those costs were) but that study had revealed (as he had intimated) that they were an unimportant factor in getting the overall production cost down. He had therefore wisely devoted his energies to other matters and the actual maintenance cost figure had dropped from his mind.

The subsequent flurry of activity to produce these figures for the reviewing director was a total waste of management energy. They simply served to demonstrate the truth of what the production director of the subsidiary had said – that they were not important – and it would have been better if his original response had been allowed to stand unchallenged.

That however does demand a degree of confidence and trust between different hierarchical layers in a management system which is desirable from the point of view of preventing the unnecessary waste of management energy, but uncommon nevertheless. Managers have a right to be satisfied that all is well in the group or groups for which they are responsible, because they can not discharge their responsibilities as links within the organisation unless they are, but there are appropriate and inappropriate ways of achieving this satisfaction. To quote a single but common example:

A company which was going through hard times was having a review of its overhead activities. One of the activities which underwent particularly close scrutiny was the training function, which was operated under delegated authority on a large number of different and disparate factories and sites. A high-powered committee was appointed which made an elaborate paper study comparing training costs per man between the various sites and factories, and between the company and other companies, ending with a general statement that all the training costs were too high and setting a cost per man figure to which all the sites and factories should conform. The corporate training manager was asked by the board to implement this new policy.

The training officers from the individual sites and factories were deeply affronted. Each was attempting to deal effectively with the different needs of their different units as defined by their own local managements and no account had been taken of this by the investigating committee which, it seemed to them, had simply made an ignorant intervention into a healthy system and which could therefore most appropriately be ignored. Even the definition of what counted as training for costing purposes varied from one part of the company to another. The corporate training manager was left in no doubt that he was expected to make this offensive intervention on behalf of the board to disappear.

It is a common enough expectation by a group of its manager, but an immature one. The board had indeed made an ignorant intervention, but it still had a right to be satisfied. The corporate training manager therefore persuaded his training officers to address themselves seriously as a group to the question 'Against what criteria do we seek to justify our activities? And, against those criteria, how do we rate?'

That process proved a surprisingly educative one even for the training officers themselves. As they went through it they began to change the balance and extent of their activities and their subsequent report did indeed satisfy the board that it was getting value for money from its training activities.

The conclusion must be that, whereas it is appropriate for a manager to enquire what systems a subordinate individual or group has for monitoring and control, to satisfy himself that those systems are practical and effective and that his subordinates have the necessary skills to enable them to operate those systems effectively, it is not appropriate for a manager to seek personally to control details from which he is too remote to be able to evaluate properly.

Much of the intervention into the life of a work group from sources external to it is wasteful, and this particularly applies to the interventions which come from higher parts of the organisation. Many of them are unnecessary. The management of one major international airline, for instance, has been perfectly content to leave the decision about the design of its uniforms to its own employees – which seems entirely natural until one considers how much management time and energy would be wasted in most organisations in debating the issue.

More in the field of direct management it is worth noting that works councils in France have the right under French law to manage the canteens of the enterprise and some (in the Renault Company for example) actually do. Many more 'management' decisions can be delegated to the group, or shared with it, than is done now. There does not seem to be any real reason, for instance, why decisions about potential new recruits should not be made by the group as a whole (as in the experimental group in the laboratory described earlier) and the same is true of the system of punishment and reward – provided the implications are properly worked through.

This last, however, is an important proviso. The manager belongs to not one group, but two – the group that he manages and the management group which represents the needs of the enterprise as a whole – and he has got both groups to satisfy. Hence the importance of transmitting, as far as he can, the realities of the pressures which he perceives in the wider environment of which he is a part through to the group which he manages, because it is only in the light of those realities that the manager and his group can jointly define where the area of common purpose lies and where the areas of residual conflict remain. It is no use, for instance, the group agreeing a particular appointment among themselves if the manager believes that this appointment will make him unable to fulfill his obligations to the organisation. That reality must be clearly displayed to the group.

What is important, therefore, is for the manager to ensure that the realities which he perceives in the environment are effectively communicated to the group. It is then that the area of common purpose can be realistically defined and within that area of common purpose (but not, of course, outside it) it becomes possible for the manager to share the mutually agreed task with the members of the group that he manages. Immediately this can be done, the load on the manager is lightened.

It is probably true, too, that the 'management decisions' which are made in this way by the group as a whole rather than by an individual manager will be better decisions than if they had been made by the manager on his own, since no individual manager is necessarily more competent along the total range of the management task than the members of his group. There is some research data which illustrates this point:

Dr. R. M. Belbin, a Cambridge psychologist, has defined a wide range of rôles which are desirable in a successful management team. There needs ideally to be someone to fill the roles of the Ideas Man, the Monitor-Evaluator (whose analytical abilities enable him to assess accurately the feasibility of proposed lines of action), the Resource Investigator (with a facility for exploring resources outside the group), the Company Worker (with a capacity for converting decisions into practical lines of action), the Completor (who overcomes problems and difficulties by concerning himself with the things that have gone wrong or may go wrong) and the Team Worker (who offers support and help to individual members and so builds up the social character and effectiveness of the group).

Belbin has put his theories to the test in laboratory conditions at the Henley Administrative Staff College where he has constructed teams out of the students (themselves already highly successful middle managers) to undertake a simulation of an industrial management task in competition one with another (see Chambers 1973).

One team, chosen by the students themselves as a potentially winning combination, has contained all the apparently highest flyers in the class and has been nicknamed the 'Apollo Group' in consequence. Teams selected by Belbin from the less talented managers, but containing a judicious balance of skills, can normally be relied upon to achieve better results than the Apollo Group in terms of the objective which they had all been set.

Management, to paraphrase Clemenceau, is too important to be left solely to the managers.

Questions for the manager to put to the group he manages

In any working group therefore once a common frame of reference has been achieved, the manager should not fear to put the questions:

1. What is our task as a group?
2. How are we, together, going to accomplish this task?
3. What is the most effective allocation of sub-tasks within the group for this purpose?
4. What in particular is required of me, the manager, by the group to assist them in their work?

Precisely the same questions are appropriate and apply to the individual relationship between a manager and anyone who reports directly to him (a junior manager for instance) and a sharing approach of this sort forms a much better basis for vertical relations at work than the traditional model of performance appraisal and other such schemes in which the manager is excepted to act as an omniscient judge of his subordinate's activities.

The procedure involved in posing such questions to a working group, though perfectly natural and intelligible in many primitive societies, does present some problems in our more sophisticated Western societies where the acceptance of hierarchical systems has been a social and political norm for so many centuries (and of course even more so in a country like India, with its history of the caste system). Members of the group will initially have great difficulty in believing that the offer of problem sharing which is being made by the manager is genuine, and some of the older members of the group may never come to terms with this.

The amount of time and effort required to ensure that genuine mutual problem solving can take place between the manager and the group that he manages in any organisation should not be under estimated, nor should the extent of the change involved for the manager himself. If, in the world we live in today, the manager is going to secure for himself a proper 'arena of competence' – adequate space to enable him to deploy his energies and his techniques effectively – he is going to have to learn quite new skills.

Uwe Kitzinger, in his arresting inaugural address on his installation as Dean of the Business School at Fontainebleau in France in 1976, commented on what he saw as the traditional view of management as a 'science which:

- selects a minimum of pre-existing resources of various kinds
- then feeds them into a finite process, a sort of black box which has knobs on the outside, through which it is under rational managerial control
- in order to achieve a maximum output of a single, predetermined good – return on investment, or value added or whatever it may be' and went on to say:

'...for some time in the class room we do still abstract from reality and pretend that we can isolate inputs, black box, control buttons and success or failure. But in practice modern management is actually becoming far more political in essence. This is happening, first of all, even within organisations; secondly, of course, it's also happening in the relations between any organisation and its environment'.

Kitzinger's concept of the political dimensions of industrial management is not entirely new (cf. Selznick 1957) but it is a view which has got lost over the years as attention has been concentrated more on the technical and behavioural aspects of the management task and its restatement today is most welcome. Management is indeed and will continue to be a science and management skills over a wide range of subjects are likely to become ever more important, more technical and more difficult but, because of the shifts that have taken place in the distribution of power within industrial organisations, managers are no longer able to use these technical skills without the use of political skills as well. Some indeed of the managers who are technically most skilled in their craft have little or no effect on the organisations which employ them because, like Cassandra, their words are never heeded.

Managers must have space within which to operate or they can not effectively deploy their skills. They will get that space only by being granted it by the people with whom they interact within the organisation, both above and below and laterally too, and that grant is subject to a continuing tacit renegotiation – it can be withdrawn at any time. The skill to negotiate this freedom to act is indeed a political skill which differs from the technical skills which are traditionally those of the manager and is complementary to those skills; and it is the one thing which is common to all managerial jobs, however much they may be differentiated by technology, level within the hierarchy or organisational purpose. It is this skill which the manager has to learn to deploy if he is to be able to devote his energies to the four activities which are essential to the management task.

8. Who's on our side?

One of the most disturbing aspect of a manager's life today is the fact that nobody seems to love him. It is not just that he misses the warm feelings of esteem and regard which he feels in his due – though he does miss them, of course – but far more that he finds that an increasing amount of his energies are spent dealing with ignorant interventions into his working life by groups external to the enterprise, interventions which make no contribution whatsoever to his primary task and which harass him in his job in such a way that his arena of competence, the organisational space that he needs to enable him to deploy his skills effectively, is progressively reduced.

Foremost amongst these groups is the national legislature which, in almost every country of the Western world, is spawning more and more laws which affect the detail of managerial practice (factory managers in France may now be sent to prison for relatively minor non-observance of legislation) but there are also pressure groups concerned with the treatment of blacks in South Africa, or with equal opportunities for women or with other equally important issues and pressure groups from the local community too – all of whom are seeking, in one way or another, to tell the manager how he ought (and ought not) to behave. The manager has not, of course, sought this advice. On the whole, like any other individual doing a job, he believes that he knows what he is doing and wants to get on with it and constant questioning from outside sources tend to confuse him and make him falter, like the centipede in the old doggerel rhyme:

The Centipede was happy, quite,
Until the Ant in fun
Said 'Pray, which left foot and which right
Precedes each other one?'
Which drove the thing to such a pitch
She lay demented in a ditch
Debating how to run

There are many managers in industry today, who are indeed being asked by society which employs them to run ever faster and faster, and who are inclined to believe that they will indeed end up demented in a ditch with the Centipede if the questioning does not diminish.

So, strangely, the parties outside industry which are doing the questioning are open to precisely the same criticism from the society to which they belong as the industrial enterprises which they criticise. It is not that what they are doing is in any way fundamentally bad or misguided – obviously it is the reverse – but rather that the process does have some very adverse effects on the ability of the manager to perform effectively the task which society requires of him.

This high level of intrusion into the managerial task from outside the enterprise is a relatively new phenomenon and it is symptomatic of a society which has lost its sense of direction. It is likely therefore to continue to be with us until a clear sense of direction re-emerges for the Western world, and that re-emergence does not seem likely for the next few decades at least.

This means that, for as far ahead as we can see, the pressure on the manager from society outside the enterprise is going to continue, and is going to continue to be a drain on the precious and limited resource of management energy available for the creation of wealth for the community as a whole. That must be a disturbing thought, and not only to the managers themselves. It is not a conscious or planned choice on the part of society that managers' energies should be diverted in this way.

Looked at from the manager's point of view, the problem created by the pressures on him from sources of power outside the enterprise is very similar to that created by the pressures from within the enterprise – both distract his energies and constrict his arena of competence – and the solution which the manager must seek to adopt is similar in each case. As power slips from the manager's hands to others', whether those others are his employees or groups in the community external to the enterprise itself, the manager has a choice between three courses of action. Either he can throw in his hand, resign himself to anarchy and allow the enterprise to be buffeted aimlessly this way and that by the national or local political winds of the moment. Or he can summon up new energies within himself to fight and to control this new and growing power source which is threatening his ability to act. Or he can, at a considerably lesser expenditure of energy by himself, divert this new source of power into channels which will support his own efforts rather than thwart them.

Evading the pressures of society

Anarchy is what managers most fear and so on the whole their reaction to the invasion of their territory by external forces has been to take the second course and to summon new forces to repel the invaders. We appear to be entering a decade of frenetic, and almost certainly wasteful, activity in which public relations departments are being doubled in size, new jobs and whole new functions are being created to man the barricades between the enterprise and the community, the mass media are being more and more intensively used to create a favourable image for the enterprise within the community and, when new legislation is envisaged which may affect the working of managers in industry, a substantial proportion of board effort may be diverted for months and years on end to supervising the lobby which is created to defeat, or at least to modify, the proposed new law – and diverted away, therefore, from the primary task of wealth creation for society.

Some of the tactics which industry uses to try to protect itself in this situation would be material for high comedy, if the issue was not such a serious one. Consider, for instance, the comedy potential of two evasion techniques which, in one form or another, are in fairly common use today – 'Black Holes' and 'Cardboard Cutouts':

In astronomy, a 'black hole' is a star which has got itself into such a concentrated mass that its gravitational pull sucks into it any matter within its range and lets nothing escape, not even light.

Enterprises which find that there is a severe drain on their resources of management energy from external intervention – the endless enquiries and demands for debate and discussion by government departments, for example, or the requests for research facilities, or the demand to respond to questionnaires devised for wholly implausible purposes – have sometimes found it worth while to institute a 'Black Hole Department', into which all these potential consumers of management energy can be fed and disappear without a trace.

Such a department should clearly employ as few people as possible but they must include one or two really capable executives with high-sounding titles, or the ruse will be seen through. (The temporary loss to the enterprise of the energies of such people devoted to more constructive activities will pay handsome dividends, but they should not be allowed to stay there too long, or cynicism will set in). The general policy of a Black Hole Department should be to respond to every enquiry with great courtesy but with the maximum possible administrative delay. Requests for further information and clarification can usually win months, sometimes years, particularly from government departments who rarely know very clearly what they want or why.

Large American corporations are the most adept at the creation of Black Hole Departments, often under a senior executive given some title such as Vice President Public Affairs, although they tend to make the mistake of giving this portfolio to some thrusting young man who believes that his future advancement depends on his success in actually *involving* the rest of the enterprise in the initiatives which come his way. Whilst there may well be some argument in favour of this approach, it clearly negates the usefulness of his department as a black hole.

It is a basic rule of any Black Hole Department that nothing must ever emerge from it and that the enterprise will thus be protected from otherwise harmful initiatives from the environment.

The Carboard Cutout device is similar in its approach to the Black Hole Department but there are significant differences in its application. It is a way of dealing with the large number of committees of external bodies in which a senior executive is expected to sit nowadays. Some of these have a clearly defined purpose which is useful to the enterprise but many are at best marginal.

If, however, you are a senior executive of (say) a major toothbrush manufacturing company and you are asked to sit on the National Committee on Dental Hygiene in Developing Countries, what do you do? The committee will in all probability have interminable meetings with no useful output, so that your membership of the committee will be a net loss of management energy which might otherwise be made available for the productive purposes of the enterprise.

On the other hand, to refuse would be bad for public relations since the committee, although it may not value or even require your contribution to its deliberations, believes nevertheless that your company ought to be represented, and sending the office boy is clearly an unacceptable degree of discourtesy. Furthermore, there is always the possibility that the committee will come out with some proposal which is thoroughly inconvenient or impractical for your company and which you would therefore wish to pre-empt.

It would be nice if you could accept membership of the committee (which would enable you to keep an eye on its progress through minutes and attend a meeting in person if ever you thought it necessary) but send a life-sized cardboard cutout photograph of yourself to be placed on your seat at all committee meetings. This would for the most part satisfy the reality of the committee's requirements of you since they could say that you were represented, which is all that really matters.

Such a degree of acceptance of reality in the work of such a committee is, however, unattainable so the Cardboard Cutout device in its original form clearly will not work.

The next best thing is the appointment of one or more employees of the company to serve the same purpose as the Cardboard Cutout itself, and this is the solution that some companies in practice adopt. Ideally these should be senior executives who have some way to go before retirement age but who have run out of steam or are at cross purposes with their colleagues or who in some other way are no longer contributing usefully to the objectives of the enterprise. Preferably they should be men of weight and distinction (grey hair helps) and should be skilled in saying absolutely nothing – either by maintaining a scrupulous silence or, preferably, by making authoritative, long, and quite meaningless speeches. They should be given impressive titles and large expense accounts and sent off as Cardboard Cutouts to fill seats on every possible external committee.

Cardboard Cutouts can, of course, be located in Black Hole Departments and indeed often are but this may limit their flexibility in application, and it carries one real risk. Whereas Black Hole Departments should ensure that nothing whatsoever proceeds from them to the workings of the enterprise as a whole, a Cardboard Cutout must have enough wisdom and knowledge of the enterprise to be able to alert the senior executives of the enterprise if any developments of real significance occur in the committee on which he sits. He can then, if it is thought fit, retire gracefully from the committee because of pressure of work and allow one of the operational executives to take his place.

These two examples are not entirely frivolous. The questioning and dispassionate observer will not only find 'Black Hole Departments' and 'Cardboard Cutouts' existing in many reputable organisations but will also discover, once he has got his eye in, many other techniques and devices by which enterprises seek to evade or to nullify the invasion of their territories by external bodies; but the escalation in the scale of management energies diverted for these defensive purposes over the last twenty years has been gradual enough for the people involved hardly to notice the alarming level which it has now reached. Since this escalation is continuing it will be apparent that industry has embarked on a battle which, in the long run, it cannot win.

The present tactics are in any case palliatives, treating symptoms not causes. While the overall values of society are uncertain, society will continue to doubt and probe the motives and actions of managers in industry – a group which society sees as unreasonably powerful, irresponsible in the literal sense of that word (i.e. not responsible to anyone) and above all arcane, secretive and impossible to understand.

It is indeed true that managers control, without much let or hindrance in practical terms, institutions which are immensely powerful both technically, financially and socially. The sales of the largest corporations exceed the GNP of a country such as Holland, a not insignificant nation in the world. Surely this seems to imply that these corporations are at least as powerful as Holland in the world today? Why then should the boards of these corporations not be just as publicly accountable as is the Dutch Government?

A number of enterprises which have a particularly good record in the field of social affairs have recognised the validity of this argument to the extent of setting up social affairs departments and social affairs directorates with the aim of introducing a measure of public accountability for the enterprise in the social affairs field, thus drawing on themselves the wrath of Professor Milton Friedman:

> 'Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible. This is fundamentally a subversive doctrine' (Friedman 1962).

Sadly, there is a sense in which he is right. It is not the industrialist's rôle or responsibility to set social values. Nor is the creation of a social affairs department the answer if it is to become merely a 'Black Hole Department' – a sophisticated device for concealing the truth from the public – for what is being questioned today is the place of industry in society, and that questioning derives at least in part from the ignorance which exists within society of industry's purposes and practices.

In the past, people who work in industry have tended to prefer to work secretively – it has brought them some commercial advantage to do so, no doubt, and hence has become something of a habit – and have in this way concealed their activities first from their competitors and then from society as a whole. So the problem which faces us today, in which society appears to be dissipating the energies of managers from the task which society itself has set them, is a problem which we in industry have largely created for ourselves by this process of withdrawing our activities from the view of society of which we form a part.

The two different worlds of the manager

It is indeed an extraordinary phenomenon that all of us who work in industry appear to belong to *two quite different worlds* – the world of work and society at large. We do not see the one world as relating to the other – indeed we find often they are in conflict – and seek to prevent the life that we live at work from impacting on the life that we live at home, or vice versa.

It is difficult to know how this distinction ever arose in the first place. It is not present in primitive societies and is clearly both illogical and indefensible. The only justification for industry is that it forms an important part – the wealth producing part – of society and it is impossible to see how it can usefully or sensibly be regarded by anyone as separate from that society.

Yet separate it is and those who work in industry go each day to their work through a psychological barrier which is much more impervious than the factory fence which symbolically represents it. The result is that when, as now, industry comes under attack from various sections of the community the people who work in industry see that not as indicating problems to be shared with a community of which they are a part but as an unfair attack by an alien body which has to be outwitted, equally unfairly if need be.

It is of course instinctive for anybody who feels himself to be under attack to fight back, and that is what we do. The clearest example, perhaps, is that of pollution. The instinctive reaction of the management of any industrial enterprise accused of causing pollution is to deny the accusation outright and seek to make the accusers look silly – which, since it is the management of the enterprise which normally has access to most of the data, is not always too difficult.

But the fact is that each and every industrial enterprise causes pollution of one sort or another – and they are not alone in that. Even a lone camper lighting his fire to boil a kettle causes pollution by that simple and inoffensive act. The question is not whether an industrial enterprise causes pollution (because inevitably it does) but what levels of pollution are tolerable to the community and whether the community is prepared to pay the costs of reducing pollution to that level, whether directly through community-funded pollution control systems or indirectly through the acceptance of higher prices or lower wages – for pollution control, like everything else, has to be paid for. The community can indeed have a totally pollution free factory if it wishes; but such a factory would have to remain forever shrouded in a protective sheet producing nothing and would exist not as a machine for producing wealth for society but as an expensive monument to society's idealism.

Sometimes it has been possible to demonstrate in practice the cost/ benefit aspect of this debate. For instance:

A paint manufacturing company had two factories, separated from each other by 100 miles. Each employed about 1,000 people and each was located in a small town but, whereas one was in the centre of a residential district, the other was on the edge of the town surrounded by fields.

The manufacturing process occasionally caused smells which, though in no way noxious or even particularly unpleasant, were clearly factory smells rather than smells of the open air. This inevitably caused protests among the inhabitants of the houses nearby to that factory which was placed in the residential area and soon the local Town Council was putting pressure on the management, with threats of court action, to eliminate the smell.

The management did its best but the protests continued until eventually the management was compelled reluctantly to plan the gradual and total transfer of production to their other factory where, because there were no houses nearby, the problem did not arise.

The decision was communicated to the Town Council who responded with unwonted alacrity. No, it had not meant *that*, it said. It saw the company as a good employer which provided 1,000 jobs which the local community greatly needed, as well as a valuable financial contribution to the coffers of the town hall in the form of rates. If the manufacturing process involved the odd smell here and there – well, that was quite understandable and anyway the smells didn't hurt anyone. Please, please would they stay? Which they did!

Seen in this way the issue should not be one of attack and defence but of joint problem solving between industry and the community, parties to a common problem. If that is to be achieved, however, industry is going to have to be a lot more open to the community both in the sense of physical access and in the provision of information. The psychological barrier which separates industry from the community has got to come down.

Bringing the two worlds closer together

This in itself is a threat to management. Barriers are in general put up for protection and this particular barrier is no exception. Managers are going to have to face the fact that they are *not* protected from the community which they serve, just as they are going to have to accept that the power to manage vested in them by the owners or the shareholders is in itself inadequate protection against the power which is in the hands of the employees who work for them. Managers must therefore accept that the community is a source of real power which can thus either assist or thwart their plans. And, as the problems of relationships between the manager and the community in some way resemble those which concern the relationship between the manager and his employees, so too do the solutions. There has got to be a sharing of perceptions leading to a widening of the identified area of common purpose and so on to specific efforts in joint problem solving.

There are some immediate steps which can be taken. At corporate level, for instance:

One giant American company has set in hand comprehensive market research activities to diagnose each year areas of community concern which might have relevance to its activities. Once this has been done an equally comprehensive plan is made to ensure that company executives go out into the community and seize every opportunity through meetings, lectures and discussions to give the company's view of this problem, stimulate discussion and feed back the response to corporate headquarters so that further action can be taken, if necessary, to modify the company's policies and practices (cf. Wilson 1974).

A large employer, responsible for 20% of the work force in a large industrial conurbation, is seeking to make its own expertise available to the local community by providing training courses for unemployed young people, operational research effort to help with the town's traffic problems, consultancy teams to help with the reorganisation of the local schools, and so on.

Early in 1977 the executive group (not the staff advisers) of a large American based multinational invited members of the community to discuss the firm's business aims and philosophy. The executive group made three presentations – one on business policy, one on the environment and one on developing the organisation and its individuals. The visitors, who had initially been brought together within the context of a public administration course run by a major American academic institution, were key figures in the usual range of public services – education, police and so on.

The presentations were short but the ensuing discussions were animated and went deep, and the executives dealt with a host of confronting questions on issues such as profit, pollution and employment. At a minimum the exchange of views identified the key issues in the interface between the enterprise and its environment. These key issues were clearly spelt out to all concerned and an increased sense of mutual awareness was achieved.

Initiatives such as these at the corporate level help to lower the barrier which exists between industry and the community and this in itself will have some immediate and short term effects on the growing waste of management energies in the field of industry/community relationships. Not only will interventions based purely on ignorance decrease, but the chief executive's willingness and ability to deal firmly with such interventions will be greatly strengthened, because the risk of such a response being misinterpreted will be minimised.

As things stand, fear of public opinion leads most chief executives to find some way of responding positively to each and every request for interviews, from newspapers or from academics, to requests for money from charitable organisations and to suggestions by government ministers and civil servants that it might be useful if they met to discuss this and that. But they do not actually *have* to do so. Nor do they have to perform a conjuring trick which results in the request travelling down through the organisation from one level in the hierarchy to the next until it eventually arrives on the desk of someone who feels that he can't very well say 'no' if the chief executive hasn't.

All these activities absorb management energy and management energy is precious. In some cases – 10% perhaps, or maybe 20% – the requests are valuable and a response is therefore a good use of management energy. Mostly they are marginal, however, and some are quite worthless. It is not a good use of management energy to pursue marginal activities, as every chief executive knows, but if the basic relationships with the community are not right, that is what happens.

However, it is not the immediate action which results from encounters such as that described in the last instance quoted above which matters so much as the example which is set to other parties, both within the enterprise and within the surrounding community, to adopt a similar mutual approach and in particular the legitimacy it gives to subordinate managers to expend their energies profitably on the task of achieving a positive and constructive relationship with the community. It is often at these lower levels that action is most important, and where the difficulties of the manager are greatest. For instance:

The manager of a large chemical factory employing 2,500 people found himself under increasing attack from local residents, town councillors and the local press for the damage that the chemical process was alleged in various ways to be doing to the surrounding communities.

His own employees, who felt that their livelihood was in some way being threatened by these attacks and who were in any case aware of the problems caused by the process which they were operating, and of the immense trouble which was taken to prevent any ill effects in the community, were outraged by what they regarded as ignorant interventions into their lives and were dismayed by the works manager's apparent inability to protect them from these attacks.

The works manager thus found himself, instead of being a link between two energy sources, caught in a nutcracker between the two.[1] There was only one way forward, which he took. Working with his own employees he planned a series of Open Days in which local residents, town councillors and other officials were regularly invited in to the factory, briefed on the factory's processes and problems and encouraged to raise the issues which concerned them about the factory's operation so that informed discussion of these issues could take place. As mutual understanding grew, so the uninformed criticism was reduced and the energies of all parties could be diverted from squabbling with each other to working together to find mutual solutions to common problems.

In more general terms, managers will only be able to deploy the full range of their skills and energies in their tasks when they can be certain of a genuinely understanding and supportive attitude from the community which, ultimately, they serve; but their activities are currently too separated and remote from the community which surrounds them for this to happen, and an understanding gap has developed which will be difficult to bridge.

Legislation is a good example of this understanding gap at national level. Few of the members of the legislatures of the Western world have up-to-date industrial management experience. The United States is better off than most countries in this respect, but probably not more than a couple of dozen of the 635 members of the British House of Commons have earned their livings as practising managers in industry and for most of these their industrial experience is not recent.[2] A similar position exists in local government too. (Curiously enough, the place in which industrial management experience is well represented in the United Kingdom is the House of Lords, but that body no longer has much significance in legislative terms).

It is a measure of the remoteness of industry today from the community which it serves that this lack of industrial experience in the legislatures is not seen as important by the people who work in

1. See Chapter 5.

2. One survey in 1977 concluded that 15% of MPs had a 'detailed practical working knowledge' of industry but this figure is likely to have been made up mostly of trades unionists and was in any case described in the *Financial Times* (5 July 1977) as 'hopelessly optimistic'.

industry itself – or rather not important enough to do anything about it. It would be possible to encourage, or at least to enable, good managers to play an active part in politics and to stand for election to Parliament or to local government bodies but this tends not to be regarded as a good use of a manager's energies and those who do indulge in such activities usually lose out in the end. Some large German companies are now beginning to provide financial support for those of their employees who do venture into politics and succeed in gaining election to the West German federal parliament and some limited steps in this direction have been taken in the United Kingdom. It may be that the practice should become more widespread. If a better informed legislature will reduce the number of unhelpful interventions into industrial life then the encouragement of able managers to spend part of their careers in politics is not a loss but a net gain in terms of the resource of management energy.

Ultimately, however, legislation reflects the concerns of the community more than it reflects the experience of the legislators. As the size of the industrial sector of the employed population gets smaller, so first-hand and even second-hand industrial experience is ever more thinly spread throughout the population. In Communist China, where all able-bodied adults are in any case expected to do an annual stint either in a factory or on the land, factory experience is an accepted part of secondary education, whereas in the western world the whole educational system, from primary to tertiary, is in the hands of people who have little or no industrial experience and many of whom tend to create attitudes to industry's purpose and practice which are antipathetic rather than supportive.

This remoteness of industry in cultural terms from the rest of the community is not something which is likely to be changed overnight and, while it exists, management energies will continue to be sapped by unnecessary and ignorant interventions from a community which knows little of industry but is suspicious of its intentions and fearful of its power.

The expenditure of management energies in finding ways of bridging that gap by entering whole-heartedly into the affairs of the community – education, social affairs and government – and by openly inviting members of the community in to industry to see for themselves and to share the problems of industry openly with the managers who have ultimately to resolve them can only be a good long term investment. It will result in managers' energies being used less on dealing with irrelevant interventions than they are at the present time and more on sharing with the community a joint effort to arrive at constructive solutions to common problems.

9. Come back leadership, all is forgiven!

Industry today has to be managed by people whose hierarchical authority has diminished and who are obliged to work in the context of an unstable and turbulent society. It is the theme of this book that the manager, if he is to have space to operate effectively, must as never before be open and sensitive to the needs and demands of the groups of people who surround him in his work, both inside and outside the organisation. These groups represent sources of power which, if he cares, he can employ to help him in his task of generating wealth for the community. If he chooses to fight these power sources and impose his own will upon them, he will be using his energies wastefully and will achieve nothing.

There are dangers in such a diagnosis, however. It may persuade managers if it they can get their systems and their organisations right, then all will be well. Worse, it may persuade them that they should adopt a simplistic form of management by agreement, or consensus management – that nothing should ever happen until everyone concerned supports it.

For many harassed managers such a prospect can indeed from time to time even be quite attractive, but it can not be in the interest of the enterprise or of the people who work for it, or of the community as a whole. Anyone therefore who reads this book as a prescription for a management which is weak, vacillating or even negative is misinterpreting its purpose. Earlier chapters have already shown ways in which difficult decisions and, where necessary, clear rules and control will continue to be the responsibility of manager, but there is more to it than that.

The exercise of this responsibility by a manager is of little use if he can not gain acceptance of these critical functions from the people whom he manages. That is of particular importance because the developments which have been outlined in this book are likely to lead in the end to every working group within an organisation gradually taking over responsibility for a large part of its own activities This will secure a welcome release of additional energies for the task of the enterprise – provided that the manager can achieve recognition of and acceptance for his rôle. Otherwise the result will be anarchy, with every group pursuing its own ends in conflict one with another.

Those who are to be managers in this new situation must therefore develop a high degree of ability to listen and to respond to the needs of the people whom they manage; it is also important that they learn both to achieve an absolute clarity about what their own needs are and that they succeed in communicating this clarity about their needs to the working group.

Above all, however, the avoidance of industrial anarchy demands the creation of some cohesive framework of shared values and of purpose which will hold together the various groups which between them make up the whole enterprise.

The existence of this cohesive framework of values and of purpose is essential if the manager is to be able to function effectively within the enterprise and he has a critical rôle in its creation.

Political models for the creation of a cohesive framework of this sort exist but all are profoundly unattractive. It is achieved in Communist China for instance by a relentless propaganda (which starts literally at nursery school) it was achieved in Nazi Germany by brute force but in both of these examples it was (or is) achieved by *imposition* from some central point. Such central imposition is unacceptable to us because of the loss of individual liberty involved and the democracies of the west have, except at moments of crisis, found no viable alternative.

In the Western world it seems that we can at the present time regain our sense of common purpose on a national scale only through the immediate threat of war or of some other pressing disaster, and that is not a development to be hoped for. The problem which faces the nation faces organisations within the nation in a similar way. 'What are we here for?' was the question which George

Woodcock posed to the British Trades Union movement shortly after he had become General Secretary of the TUC in 1960 and that question has so far never been answered, to the demonstrable loss of British Trades Unionists and of the nation as a whole.

All industrial enterprises in the Western world, because they are part of the Western democratic system, share both the strengths and the weaknesses of the society of which they are a part. They tend therefore to lack the inevitable sense of common purpose which would be imposed upon them in a totalitarian state but they have instead a strength which enterprises in the totalitarian states have not – the ability genuinely to harness the creative energies of their employees, whether or not those energies are programmed along the lines that the State requires.

The manager as a leader

This harnessing of the creative energies of industry's employees is fundamental to the rôle of the manager and in this task he has one distinct advantage over his opposite numbers in the totalitarian states. The manager in an enterprise in the Western world is (relatively speaking) free to choose his own thoughts and his own way of behaving and he can, if he wishes, use that freedom to create the cohesiveness that the enterprise must have. He can, in fact, seek to become not only a manager but a leader.

For it is a fact that within the industrial enterprise the manager has certain leadership functions which are inescapable, no matter how you structure the organisation and no matter how 'participative' it is in its style. He has technical skills which, although they may be used to provide a service to the group managed, nevertheless provide an inevitable degree of technical leadership and he will continue to be the best judge of the environment which surrounds the group, because this is the nature of his task. There is no one else to whom the group can realistically look to relate its efforts to the forces in the environment which surround it.

From this vantage point he is well able to lead his group – whether it is a primary working group of ten people or a large and complex enterprise of 100,000 – to the definition and recognition of a framework of values and of purpose which is not imposed but *shared* by the vast majority of the people whom he manages. If *that* can be done, then the achievement of the area of common purpose which was described in an earlier model in this book becomes a practical rather than a theoretical possibility. But without the cohesive framework the area of common purpose will be minimal and will at best be grudgingly defined.

It is likely that it is the problem of arriving at a sense of shared values and common purpose that underlies much of the debate which has taken place, and continues to take place, about motivation and why people work. The ideas which were propounded by such thinkers as Abraham Maslow (1954) who suggested that human beings seek naturally to achieve 'self actualisation' – the full flowering of the qualities which exist within each and every person – and Douglas McGregor (1960) who argued that the average human being does not inherently dislike work, and that the expenditure of physical and mental effort in work is as natural as play or rest, are still challenged from time to time by those who cling to the old 'carrot and stick' theory of motivation – in spite of the fact that the ideas of Maslow and McGregor and their followers have always made good practical sense to any manager who has actually put them to the test.[1]

It is not surprising, perhaps. Indeed there are so many working groups in industry today which appear to be dedicating themselves to psychological and financial self-destruction through idleness and apathy, particularly in the United Kingdom, that one can understand the exasperation of the manager who exclaimed 'If McGregor says they really want to work, then why the hell don't they?'

Yet it was Douglas McGregor himself, visiting one large British company shortly before he died, who gave the managers of that company the confidence to break out of the strait jacket in which

1. A more cynical view has been taken by Michael Maccoby in his recent book (1976), but this is a work which sees the organisational context of a manager's work in a very different perspective from that which is presented in this book.

the attempt to motivate their work force by the old carrot and stick methods of financial incentive schemes had confined them (see Roeber 1975).

It is perhaps worth stressing, in fairness to the carrot and stick merchants, that no one has ever in the course of this debate suggested that financial rewards are immoral or even unimportant. Such a suggestion would be quite contrary to the practical experience of working managers and any theory which was based on it would not run.

Appropriate financial rewards are an essential foundation on which successful motivation of people in industry has to be built. That foundation having being properly laid, however, it is the satisfaction of contributing one's own skills and qualities to a common task which motivates a man (cf. Herzberg et al. 1959) and the reason why Douglas McGregor's message rang true to British managers in 1964 was not because of the evidence of the research data, but because it corresponded to their own experience. There must be very few managers who have not experienced the excitement of working as part of a team in this way, with people from the shop floor or in the laboratory, or with junior office staff. But it is not, one must admit, an everyday occurrence.

Creating a framework of shared values

The reason why it does not happen more often must surely be the lack of any sense of common purpose that permeates so much of industrial life. When the plant breaks down and an emergency arises the common purpose is clear and people respond to it. Every Monday morning, week in and week out, is a different matter. It is the manager, and the management team, who has the responsibility for creating that framework of shared values which will ensure that the sense of common purpose exists even on Monday mornings, and this is what leadership is about.

In industry, as in any other social situation, people both need and welcome the clear cohesive framework of values and of purpose which only leadership can provide and this is a fundamental requirement of management which tends unwisely to have been neglected in recent years in favour of the development of more technical skills. This is not a plea for the return of the charismatic leader of the jutting chin who knows where he wants to go and is prepared to lead everyone else there, no matter what it costs them. Those who work in industry will instinctively reject, as being contrary to the social values of this age, any control which is arbitrarily imposed and those managers will usually fail who believe that, because their skills and their breadth of vision enables them to provide a clear sense of direction for the enterprise, their only problem is the technical one of getting the group to accept the product of their undoubted wisdom.

In one sense, of course, they are right. Acceptance is indeed the key to effective management but, in effective management, the acceptance that the manager requires of his working group does not *follow* his decision making, it precedes it. The members of the working group must accept the manager, appreciate his skills and understand his problems and his purposes *before* they can accept him as a person with whom they will share responsibility for decision making, or whom they can trust to make decisions about their lives and to control what they do.

The manager must be accepted by his group, for his skills and as a man, before he can develop the sense of common purpose which he and the group jointly need.

Personal acceptance comes first, and it is something that has to be continuously renewed. The manager who seeks to do it the other way and gain acceptance for his own plans and purposes by imposing them on the group by recourse to power or to deception, without ensuring that he has won and retained the necessary basis of personal acceptance, will in the long run be using both his own energies and those of the group wastefully, since the acceptance that he gains for his plans and purposes will be a false acceptance without any commitment behind it. It is a surprisingly easy trap for managers to fall into:

A medium-sized company operated a group bonus scheme in which all its employees participated, bonus being allocated on the basis of a stated percentage (reviewed annually) of each employee's emoluments – so that lower-paid workers got less bonus than those on higher salaries. The management of the company had become complacent and out of touch over the years and had developed a greater interest in controlling its employees than in listening to them. It had, however, inherited some far-sighted and imaginative personnel policies including, in addition to the bonus scheme, a well-developed and established consultative system which enabled employees to discuss contentious items with the management and make proposals for change if they saw fit.

At one such meeting it became known that the employees were going to propose that the bonus system be changed so that all employees would receive the same sum, irrespective of salary. The argument was a not unreasonable one – that since differences in contribution were already recognised by differences in salary, the bonus should recognise the teamwork which went in to make the enterprise successful and should therefore be on an equal basis.

The arguments on the other side were equally strong but tended to rely heavily on the effects of individual taxation on the final bonus sum received. The management, wishing to outwit this proposal (since their own bonuses would, after all, have been adversely affected) prepared their counter-case with elaborate care. The chief accountant ransacked taxation literature for abstruse examples and manager after manager was briefed with instances designed to show how silly the proposal was.

No sooner, therefore, had the representative of the employees launched his proposal than it was attacked on all sides by members of the management team deploying their newly found knowledge. After an hour, the representative of the employees had been beaten into silence and the management team was well satisfied that it had won the day and gained acceptance of its views from the employees.

Nothing could have been further from the truth. The employees knew that they were beaten but had not changed their views and this event, small in itself but symptomatic of a greater disharmony, was one milestone down a road which led them eventually to demonstrate their rejection of the leadership of their management in a series of strikes for which there had been no precedent in the company's history.

In this company, the management skills were well-developed and well, if manipulatively, applied. What was lacking was an understanding of the nature of leadership and what it implies. The genuine commitment of employees to any particular course of action is something far different from the apparent acceptance which managers may sometimes succeed in engineering. By contrast, the leader who takes the time and trouble to ensure that his personal acceptance to the group is kept at a high level will find that decisions are easily reached and commitment to them is high.[2]

Clearly, however, the acceptance by the group of the manager – for his skills and as a man – is much more easily achieved by the manager of a small working group than by a senior manager responsible for a large number of people, or by a chief executive, and yet it is equally important for them. One of the most important reasons for having a developed system of formal joint consultation is to ensure that the representatives of the employees can have opportunities to test both the competence and the sincerity of their leaders. In the example above the management failed that test and deserved to do so, but the importance of ensuring that the opportunities exist remains.

Gaining acceptance, and putting that acceptance to use in the creation of a cohesive framework of values and of purpose, is particularly difficult for chief executives and for senior managers, but it is also particularly important, especially when problems arise. Problems can only really effectively be shared with employees face to face, so what is the chief executive to do? Newsletters and 'Urgent messages from the managing director' posted on the factory walls have little effect. Pieces of paper are useful vehicles for communicating information, but you can't share a problem with a piece of paper. For instance:

A company employing some 10,000 people was in severe financial difficulties resulting from low productivity amongst the employees combined with overcapacity in the industry generally. The only way out was through a reduction of the labour force to under 8,000 and the adoption of much more flexible working practices by those who remained. Unemployment was however high in the localities in which this company operated and the thoughts of the board in this direction met

2. Edgar Snow has given a fascinating insight into Mao Tse-Tung's approach to decision making 'Consult others first', 'don't gossip behind comrades' backs', 'exchange information' and 'don't call a meeting until preparations are completed', are among Mao's precepts of leadership. Years ago I was practically Mao's next-door neighbour for some weeks in Pao An. Preceding any important Politburo meeting I used to see members visit Mao's cave, one by one at first, then two or three together, for discussions which lasted several hours. When Mao called a meeting he knew how to present a synthesis to include different points of view. The full meeting usually took less time than meetings between individuals' (Snow 1970). This would have been in 1936, at the end of the Long March; but the lessons are still relevant.

with no positive response from the employees, including the middle and junior managers who would themselves have been faced with problems of redundancy if the proposed reduction in numbers was to take place.

The board of the company was determined, rather than forcing the issue with its employees, to share the problem with its employees and enable them to understand it. With the help of the accountants it prepared a full statement of the company's financial position and prospects and demonstrated cogently the implications of this position.

This statement was taken as a written brief which was used by managers throughout the company to explain to their employees the problem that the company faced and the board's view of its implications. This they did honourably and to the best of their ability, but unconvincingly. It was not, after all, the real problem for *them*. The real problem for them was what would happen to their own jobs if the implications of the board's statement came about. That for them created a pain barrier which they themselves were reluctant to cross and made them personally unconvinced by and uncommitted to the board's statement.

The people who owned the problem were the members of the board themselves, who could see the company going out of business if nothing were done, and in this situation only they could realistically share the problem with employees.

Accordingly, following the obvious failure of the first initiative by the board, the deputy chairman himself went round and over a period of a few weeks met the majority of the employees, face-to-face in small groups. He started each session (being an Australian and a forthright man) with the bald statement, 'We're in the poo', and developed his view of the current position in which the company found itself vividly from there on.

As a result the employees of the company began genuinely to share the board's problem. Indeed they were compelled to do so by being obliged to recognise that *not* sharing it would involve even more painful consequences (i.e. the total collapse of the company) than sharing it, so that the balance of pain had swung the other way.

From that moment it became possible to shed labour, and the required improvement in productivity began.

In any process of management such as this the leadership of the management team is of critical importance, and it carries with it one simple lesson:

The manager must in some way be visible to the people he seeks to manage.

You can not share problems with an individual whom you have no means of identifying and whom you may even cynically believe does not really exist, except as a bogey man for your immediate supervisor to frighten you with, and too many chief executives, and too many managers generally, are unknown to the people whom they seek achieved manage.

It is on this foundation of acceptance and visibility that the necessary framework of values and of purpose can be erected. In Chapter 7 an example was given of a company whose board developed with its employees an agreed statement of objectives. That in itself is a great step forward but is not enough. Shared values have got to be seen to operate in practice as well as being committed to paper and in the particular instance quoted an independent survey of the views of employees and of a representative sample of people in the surrounding community showed that not everyone was convinced that the board's adherence to its statement of objectives was wholly consistent and sincere.

Shared values and a sense of common purpose are essential if management energies are to be well used, but they are not achieved by a piece of paper. Managers have got to act them out in their daily lives, and be seen to do so, and the statement of objectives has got to become the constant touchstone of all actions throughout the organisation. Many of the more grandiose pronouncements of chief executives which are issued as statements of objectives are useless for this purpose. A statement of objectives will be recognised as embodying the shared values of the working groups of an organisation only when there is continuous and relentless reference back to it as the basis of each and every action throughout the organisation, and when both employees and interested members of the community are encouraged to test the validity of the actions and conduct of the organisation and of its managers against these objectives.

The fact of the matter is that people work in the end not for organisations – still less for pieces of paper – but for *people*. They want to know who their leaders are and what the values of those leaders are, and they want to have the opportunity of influencing those values. It is only under a leader who is prepared to show himself, to listen and to commit himself personally that any wider commitment to a shared framework of values and of purpose can be achieved, as the following example shows:

A large chemical company was structured organisationally by Divisions based on product. Each division of the company was itself a major industrial enterprise in its own right and as such the delegate board of the division had considerable autonomy in managing its own affairs.

The production of each division took place in factories which were scattered round the United Kingdom and the responsibility of each factory manager was to a director on the board of that particular division.

On one site, however, factories of five separate divisions were grouped together in a total unit employing some 15,000 people altogether. The organisational complexities of such an arrangement will be apparent and various devices were tried, all equally unsuccessful, to make the project work satisfactorily. The basic dilemma remained that each factory manager was lord of his own patch. He owed his allegiance to the board of his division and not to his peers on the site and that is the way he behaved.[3]

The dilemma was finally solved in two ways:

1. A co-ordinating committee was formed of the deputy chairmen of each division with a factory on the site. This committee was made responsible jointly for agreeing site policy and simultaneously committing the boards of the various divisions to that policy, so that conflicts of loyalty no longer arose.
2. More importantly, a senior executive of the company was given full time responsibility for the implementation of this policy on the site and was made chairman of the co-ordinating committee. The choice of this man was important. The individual concerned immediately moved his office to the central point of the site and established a personal presence there. He toured the site incessantly, had frequent formal meetings with the factory managers as a group and frequent informal meetings with random selections of the more junior management staff to find out what they were thinking and to share his problems with them. He also took any available opportunity to speak to the Press and to appear on the local television station.

The effect was instantaneous. The employees on the site, and the management in particular, now had a clear sense of direction and a manager who equally clearly and visibly embodied that sense of direction. Morale rose rapidly and this particular site soon became one of the best managed in the company.

3. They were no fools. To have accepted their site responsibilities would have placed them in nutcrackers in which their effectiveness would have been markedly impaired (see Chapter 5).

It is easy for us in industry to forget that good management is not, even in the highly sophisticated technological world in which we live today, just a question of making good decisions in complex situations. Good management is getting things done through people and those who are remembered in fields other than industry for having *achieved* things – men as diverse as Winston Churchill, Charles de Gaulle, Mao Tse-Tung and John F. Kennedy – were all leaders who made sure that the people whom they governed were aware of them as individuals, and as individuals who embodied in themselves a clear sense of values and of purpose for all to see.

The lesson is valid not only in the political field. When Selznick (1957) concluded, in a valuable and wide ranging study that '*where leadership is required . . . the problem is always to choose key values and to create a social structure that embodies them*' he was dealing with leadership in many different fields and certainly his conclusions are valid in industry. Hence:

The manager in industry must be prepared to display clearly to his employees what his own values are; to share those values with his employees in such a way as to demonstrate that he is prepared to modify them if he is convinced that they need to be modified; and above all to accept that his actions must be consistent with those values and to accept challenge from anyone who believes that they are not.

The manager who acts in this way acts not merely as a transmitter or a converter of energy but rather as the creator of the cohesive framework within which other sources of power can use their own natural energies properly and in a mutually consistent way. The creation of such a cohesive framework will not only hold the organisation together and enable it to be consistent in its efforts, but is also able to improve the relationship between the organisation and the community of which it is a part.

A committed and consistent organisation is easy for the community to understand. It is equally true that an organisation which is accustomed in its day to day working to openness and to joint problem solving of common problems is easy for the community to relate to. Healthy organisations can relate healthily to their environments, whereas unhealthy ones can not.

The employees of an organisation are in any case simultaneously citizens of the community and their own understanding of and commitment to the objectives of an enterprise will, through themselves and their families and their neighbours and their friends, help to create attitudes in the community which are supportive to the enterprise and not threatening.

Decisions of fact and decisions of stance

Finally, it is important to note that there is one aspect of management decision making which is far more related to this need of the organisation to have some cohesive framework within which to work than to the sort of specific decision making described in Chapter 6. The two sorts of decision are often confused. Consider, for instance, the following example:

A medium-sized manufacturing company had grown rapidly from small beginnings over the previous twenty years. The board of directors, most of whom had been with the company since the beginning, began to have the uneasy feeling that, since they were now controlling a far more substantial enterprise than that to which they had been accustomed, they should find ways on concentrating more on the long term strategy of the company and less on ad hoc decisions taken in reaction to pressures of the market place.

They had in any case recently appointed a new chairman who was to be non-executive and part-time but who brought with him considerable practical experience of the wider world of banking and of larger industrial enterprises whose activities were beginning to have a greater significance in the life of their own company

The members of the board therefore suggested to the new chairman that it might be helpful if a special meeting of the board were to be held every six months, separate from the normal meetings which were inevitably devoted to short term decision making, to decide on the company's long-term strategy.

The chairman readily agreed and, in order to ensure that the members of the board could get right away from the telephones and immediate pressures which dominated their lives, suggested that these meetings be held in the more relaxed atmosphere of his own home in the country where the members of the board assembled the night before and relaxed over dinner, preparatory to the meetings on long-term strategy the next day.

Some background paper was usually tabled for these meetings but it was considered, if at all, inadequately at the end of the meeting. In the event the chairman of the company came to each meeting with his head full of thoughts engendered by his other activities which he felt would have relevance for the conduct of the company's business and which he therefore felt it prudent to share with his colleagues before the main business of the day was tackled. They responded on each occasion with enthusiasm and worked hard on the issues raised but, as far as a long-term strategy was concerned, the meetings appeared totally unproductive and some of the directors were heard to leave the meetings muttering that 'they hoped that they would be able to get down to making some real decisions next time'.

In fact it is doubtful whether decisions about a long-term strategy would have been of any great value in the rapidly changing business environment in which this particular company found itself and certainly the directors of the company would not have known what to do with such a long-term strategy if they had had one. What these meetings did achieve was a continuous sharing of the tactical framework within which the company operated between the members of the board and in particular a constant renewal and strengthening of the sense of mutual understanding between the chairman and his colleagues. That would, however, have somehow seemed an inadequate reason for spending one day in six months 'away from work' (i.e. away from the desk and the telephone). As long as the meetings were supposed to be concerned with something which appeared to the directors to be respectable (and what could be more respectable than a long-term strategy?) the meetings could continue and were extremely valuable.

What is at issue here is the difference between what might be called 'technical' decisions (or decisions of fact) and 'political' decisions (or decisions of stance). Technical decisions are clear. If the question is, for instance, where a new factory should be sited, then a process of collection and analysis of data can lead to a once-for-all decision being made and then implemented.

Because most managers in industry are technically trained, we tend to treat all management decisions in this analyse/decide/implement fashion but in the unstable and turbulent world which surrounds us today this may not always be appropriate. In an ocean liner on a steady sea a decision to make a change of course may well be both carefully thought out and precise in its implementation; and you can be certain where you will get to as a result and when. In a small boat in a stormy sea a decision simply to stay hove-to a little bit longer gives considerably less assurance to the pedantic enquirer about where you will get to and when, but is nevertheless appropriate to those circumstances.

The environment which surrounds industry at the present time is far more like the stormy seas which surround the small boat than the placid waters which surround the ocean liner and it is no longer possible to predict with any degree of confidence the social, political or economic situation in which we shall find ourselves in ten or twenty years' time. And that is the time scale against which many of our actions today will bear fruit.

This is a situation in which the politician has learnt to live and in which he revels. It is one which is difficult for the technically trained mind to comprehend and which causes nightmares for the long range planner. As a result senior management will continue to be pressed by managers down the line to give precise and immediate answers to the major strategic questions which face the enterprise. Such pressures should be resisted, but not in any negative way, for something must be done by the manager to respond to the needs of the people he manages. The alternative is that:

The manager must share with the people he manages his view of the environment which surrounds the enterprise and from this shared view derive with them mutual understanding of the direction which the enterprise should take.

That mutual understanding will often, in today's circumstances, be of a purpose which is general in its aim and flexible in its execution – a 'timeless map' rather than precise marching orders. Indeed, the more unstable the environment, the more uncertain the future must be. In that situation the 'technical' decisions (or decisions of fact) have increasingly to be delayed, and 'political' decisions (or decisions of stance) become increasingly important to the health of the enterprise and to its ability to cope.

These, then, are some of the functions of leadership which the manager must achieve – personal acceptance, visibility, a willingness to display and share his own sense of values and an ability to convey a sense of broad direction to the enterprise. Only in this way is it possible to create the cohesive framework of shared values and of purpose on which the enterprise depends. Nothing else will serve. Tinkering with the organisation and with the *systems* of management is no substitute for leadership – it can only make the absence of leadership a little less damaging to the enterprise.

Within the cohesive framework thus created managers will be able safely to work for the release of the energy latent throughout the organisation and to ensure that it is devoted to a common objective, and that this is an objective which can be shared by the surrounding community in a way that is both understanding and supportive.

Managers will then have sufficient organisational space in which to deploy their technical skills and, released from the pursuit of wasteful and irrelevant activities, sufficient reserves of energy to be able to use that opportunity well. It is not an unattainable dream.

10. Management energy – a conservation plan

The preceding chapters have outlined a view of the problems which face managers in large industrial organisations and have pointed the way to some solutions. At the heart of the problem lies the place of industry in society. Industry exists to serve the needs of society and it is society which must in the end decide how it wants its industrial managers to spend their energies. Those energies can be used to create the material wealth that society needs and demands; at the moment they are being used by managers increasingly to try to ensure their own short-term survival in a situation of great turmoil and confusion.

At present the manager:
- feels threatened by the fact that his 'right to manage' has apparently disappeared and that he is under pressure within the enterprise from multiple sources of power, which are often at conflict one with another;
- is confused by the constant questioning of his legitimacy, and the legitimacy of the enterprise within which he himself works, by the society which both he and the enterprise are supposed to serve;
- is frightened by being expected to manage a stable enterprise within an increasingly unstable and unpredictable environment;

and in this situation his energies are being drained in the battle to ensure that he retains his 'arena of competence' – enough space within which to deploy his skills effectively to ensure that the enterprise can continue to fulfill its social purpose. It seems unlikely that this is what society wants and certainly it is not good either for the manager, who finds himself diminished by his inability properly to deploy his skills, or for those people who work within the enterprise and who depend on the manager for leadership.

Clearly we shall not be able to continue to have successful industrial enterprises if we continue to base our assumptions and our practices on the models of older, simpler power systems and on more stable social environments since these old power systems and social environments, though they did exist not so long ago, have now gone and in all probability gone for ever.

Any new plan which we wish to put into action must recognise these new realities. It must ensure that the drain on management energies is stopped and that managers can again have sufficient space in which to deploy their skills effectively. The outline of such a plan must by now be reasonably clear:

1. We must enable managers to recognise and to accept the fact that the social realities which surround them today are not those which the traditional wisdom has led them to expect.
2. We need to develop a new model for the managerial task, a 'political' model in which an ability to listen and to be sensitive to the needs of the environment both within the enterprise and outside it is of equally high importance as the acquisition of technical skills.
3. We must teach managers to develop tactical skills and place less reliance on long term plans passed down to them through the hierarchy.
4. Managers must be encouraged to educate the people who form their environment – their own employees and the people in the community which surrounds the enterprise – about the nature and the detail of the problems of management in industry today, and to be educated in return.
5. From this basic exchange, managers must seek to develop a shared perception of common problems between themselves and their employees on the one hand, and themselves and the community on the other, and thus identify and maintain the greatest possible area of common purpose.
6. Managers must then learn to find ways of *using* the energies which exist around them – in the employees whom they manage and in the community which surrounds them – in such a way that they can be applied jointly to the solution of the mutual problems which are defined within this area of common purpose.

It is this last point that holds the key. The management energy crisis has been caused because we have obliged managers to use their energies in fighting the power sources around them. It will be solved by enabling them to use those same sources, to the benefit both of the enterprise and of the community as a whole.

As often happens the plan is simple, even obvious, but implementing it is not as easy. The change must be led by the chief executives themselves. They are the people who have the least incentive to change (because all their investment is in the old order of things) but without their commitment little will happen. They must lead the enterprise into partnership with the community and with the employees of the enterprise, and they must legitimise the actions of their managers in following their lead. Fortunately, difficult though it is, this change is already beginning to happen, as some recent comments by the chairmen of two major international companies show:

'It is often the simple things that matter and the opening up of our industrial enterprises to the communities in which we are set (and to which, after all, we belong) is something to which I attach great importance. We have got everything to lose by operating always defensively behind closed doors and letting people believe the worst. We have much to gain by accepting that there are problems and enlisting public support for our efforts to solve them... Our employees also have a right to expect that we will as far as possible provide a working environment which is stimulating and rewarding'. (Sir Rowland Wright, Chairman of Imperial Chemical Industries Ltd., speech to the Industrial Society 18 February 1976).

'What is the purpose of business? Very few people today hold to the traditional view that the sole justification for business endeavour is to gain profits for the shareholders. Nor, at the other end of the scale, is there practical justification for the view that the real purpose of business is providing jobs, no matter what the circumstances. There are enough examples of enterprises artificially propped up for this reason, while their prices, costs, and markets go askew, to cast doubt on any such doctrinaire approach. Similarly, it would be hard to back the claim that a business existed simply for the benefit of its suppliers, its customers, its bankers, or the government to which it pays taxes.

'There is no single group to which business is uniquely accountable – it must be accountable to *all* of the abovementioned groups, and more. To help handle the conflicts among interest groups and give companies more flexibility to meet the future, I think we need a modern model for business and its stakeholders. This calls for a clear view of the different interests, and some way to think about them harmoniously.

'*I believe the purpose of private enterprise is to serve the public*. This single starting point makes it possible to look at the various elements of the public – the people and the groups of people – to whom business must answer. Inside a company the task of resolving the public's often conflicting demands is the responsibility of those we call 'managers'' (Gyllenhammar 1977).

Managers who work in enterprises under such leaders can have the confidence they need to begin to explore new rôles and new, more efficient ways of using their energies, but even so they will need help.

To begin with, they need to be able to develop the belief that they can indeed effect change. People who work constantly under very great critical pressure, as managers do, tend to suffer from a sense of lacking what Carl Rogers (1961) has called the 'unconditional positive regard' of the people with whom they interact.[1] Experiments in taking groups of managers off the job to a protected situation in a business school or conference centre simply to enable them with skilled help to take time to review their work and their relationships with their own working environments usually result in a renewal of confidence and a new and healthier view of the reality or otherwise of the constraints on them which they had previously perceived.[2]

At a relatively mundane level, it also seems likely that much of our existing training of managers, in business schools and elsewhere, is useless or at best marginally useful in the situation in which managers find themselves today (and will increasingly be finding themselves in the future) and much that is clearly going to be essential is barely being dealt with. We need to find ways of training managers much more effectively in interpersonal skills and in the skills of analysing and presenting complex problems in simple terms so that they can learn to work more effectively with the groups whose leadership is their responsibility and thus find effective ways of sharing the management task with them. We must also teach

1. Similarly, Chris Argyris talks in his book (1964) of the manager's need for what he calls 'confirmation'.

2. A particularly interesting series of such events is, at the time of writing, being run by the Oxford Centre for Management Studies.

them to acquire the listening skills which they will need – the ability to listen and be sensitive not only to their employees but also to the needs of the community of which they form a part.

Finally, just as there is a clear obligation on industry to open its doors more widely to the community and to those who represent it, so the leaders of the community, whether in the national legislature on in lesser groups which concern themselves with the problems created by the existence of industrial enterprises, have an obligation to find ways of understanding the nature of the managerial task and the problems which face a manager today. The educational problem which this implies, starting at the schools and universities but going right through into mature adult life, is a vast one but it has got to be tackled, for management energy is a precious resource not only for industrial enterprises, but also for the wider society which managers serve.

A society which ensures that managers are able to use their energies well will be rewarded by the creation and maintenance of industrial enterprises which are good for people to work in (because they are healthy and responsive social systems) and by the existence of an industrial arm which genuinely meets society's needs. It is only a greater mutual understanding, a sharing of aims and objectives and a determination to solve common problems jointly, both between the manager and his employees and between the manager and the community, which will enable management energy to be wisely used in the service of society to which we all belong.

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