

# **CORPORATE PLANNING**

*The Human Factor*

**D.E. HUSSEY & M.J. LANGHAM**

**Pergamon Press**

# CORPORATE PLANNING: THE HUMAN FACTOR

by

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# *Introduction*

Perhaps the seeds of this book began to germinate when we came together in 1974, one of us a practitioner of corporate planning and an established author on the subject, the other an applied behavioural scientist. Our task at that time was to introduce a workable approach to performance management into a large engineering company as an integral part of its planning process. Our joint work on this assignment seemed to stress a requirement to interrelate the planning process with the actual behaviour of managers in an organisation. There was then, as there is now, a need to find the “middle-ground” between the objective, logical, analytical approach to planning, born out of rational thinking, and the subjective, social, emotional behaviour of organisational members.

We are not the first to notice this need, and a brief — usually very brief — mention of it occurs in many of the numerous and valuable books on corporate planning. Similarly, the equally valuable body of literature on organisational behaviour rarely trespasses on planning territory. For some reason the two streams of thought had not been brought together in a book born of both experience and conceptual knowledge.

For the organisational development man, many of the planning books (though not all) will seem very analytical and far removed from his job as he sees it. Similarly, the planner who explores the behavioural literature will find something of an information overload in the volume and variety of published work on the human aspects of business. Little has been done to mine this lode of literature so that it enriches thought on the corporate planning process.

Research into organisational behaviour is not an end in itself. The knowledge gained should be used to improve organisations and business

operations. If, as Etzioni (1964)\* suggests, "most of us are born in organisations, educated by organisations, work for organisations and spend much of our leisure time paying, playing and praying in organisations", it would seem to make sense to relate what we know about organisational behaviour to the corporate planning process. Planning, after all, sets out to change or influence the present and future of organisations.

In practice the planner has to cope with problems of motivation, conflicts of management style, the reconciliation of widely differing individual aims, variations in the quality of managers, the difficulty of encouraging creativity and problems of internal power politics. In addition, increasing social change is affecting the business organisation, not only internally, but also in its relationships with the environment in the form of government and trade union intervention and in the call for greater participation in planning and decision making by those with an "investment" (whether of money, labour, or however defined) in the future of the business.

Thus in the early chapters of the book we look at people, management, and planning in terms of the individual and groups in the firm, creativity, motivation, organisation and management style, and organisational development from the particular viewpoint of planning, leading to a consideration of the role of the planner in change processes. Thus far the link is essentially between "people and planning" where we are considering what actually happens rather than perhaps what should happen in organisations. The role of the planner in change situations is seen as both proactive and reactive and provides the pivot for us to consider "planning through people" in later chapters. Thus from Chapter 9, Objectives, we are concerned with matching the requirements of the planning process in practice to the operation of the organisation using the lessons learned about human behaviour from earlier chapters.

In Chapters 15-18 we focus on significant developments affecting the planning process both within and external to the organisation and in considering The Multi-national Enterprise, Manpower Planning, Participation: The Social Need, and Corporate Planning and Union Involvement: The New Dimension, we seek to find pragmatic approaches which will allow the ideals of logic and theory to work successfully in practice in the human organisation.

\*A. Etzioni, *Modern Organisations*, Prentice-Hall, 1964.

We have drawn together the theory and concepts of planning with those of organisational behaviour and added to this our experience of relating the two areas in practice. In considering the extensive and valuable body of literature available we have attempted to select that which has proved valuable to us in practice and which has enabled us to find the "middle ground" referred to earlier. Above all we have sought to write a practical handbook, a volume which will be not only read in the conventional sense but referred to, thumbed through, and used as a practical management tool.

The aim of the book is to provide a text which, while drawing its basic strength from its practical bias and application for practising managers, including practitioners of planning and organisational development, will also have considerable relevance for academics and students.

This book is not solely the product of our unaided efforts. We owe a debt of gratitude to many colleagues and friends who have provided encouragement and constructive help during the writing. In particular Ben Bennett, Robin Evenden, and John Giles of the Roffey Park Management College have provided of intellectual stimulation and debate; John Murray of HAY-MSL has given professional support.

The environmental model in Chapter 1 owes much to ideas developed with Roger Smalley of Harbridge House: the strategic review concept was the brain-child of Basil Denning of Harbridge House, and has influenced our thinking beyond the few pages in which it is mentioned. Mary Dargue has found time and energy, in the middle of her own studies, to type some of the manuscripts. Thanks are also due to Mrs. Sheila Webb who typed the other half of the manuscript.

Many others knowingly and unknowingly have contributed to our thinking — to them all we offer our thanks.

*December 1977*

D. E. H.  
M. J. L.

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## CHAPTER 1

# *The Human Factor in Management*

Management is one of those strange activities which many people practise but which few can define. Ask any manager if he knows what management is and he will say that of course he knows as he does it every day. Press him hard and the chances are that his definition will be woefully inadequate and differ from that of his colleagues in many significant ways.

This is not really surprising, as management has many facets, and those who stand too close will not always see them all.

We shall return to the definition of management later in this chapter. Before doing this, we should like to use the diagram in Figure 1.1a to explore the complexities and interrelationships of the organisation and its environment in so far as these affect the objectives of the organisation and the means (strategy) chosen to achieve them. In other words we are examining some of the things that particularly affect the planning elements in the management role. What is especially important, and the theme of this book, is the implications of the human factor on all aspects of our model. Although our diagram looks complicated, it is perhaps needless for us to stress that it represents a gross oversimplification of the real world.

In Fig. 1.1a the environment in which the organisation operates — the external world of business — is represented by a hexagon. This shows a number of factors which influence the business under broad headings such as “economic” and “legal” and showing lines of force which connect each factor to each other. The full meaning of this part of the diagram, including ways in which the company can consider it in its corporate planning, is the subject matter of a later chapter. For our purpose now we wish to stress only the multi-dimensional, multi-facet, complex world in which



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every organisation operates. To see all this in our diagram requires some exercise of the imagination.

Within this integrated world, contributing to it, and drawing its opportunities and limitations from it, there is the organisation. For our example we have taken the business firm, but the concept applies to all human organisations. Most times, the impact of the world on the firm may seem greater than the impact of the firm on the world.

The firm exists because it has markets, and the markets themselves are also in a dynamic relationship with the environment. It is not hard to see how social trends, inflation, or the law can affect the size and structure of a market; nor how growth of a market such as motor-cars influences the environment itself. A market is a compound of buyers and sellers, which in turn is born out of the external environment and modified by the actions of the firm.

But the firm, although it cannot exist without a market, does not exist solely to serve that market. There are other groups of people who are concerned with the activities and aims of the company, and some of these are powerful enough to alter the way in which it responds to the market.

We have used the “stakeholder” concept to identify these groups and include those with a “stake” or interest in the company in one of the

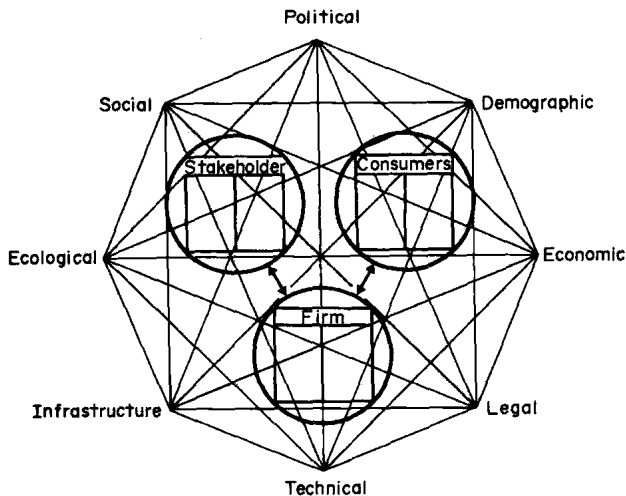


Fig. 1.1. The organisation and its environment.

(a) The full model.