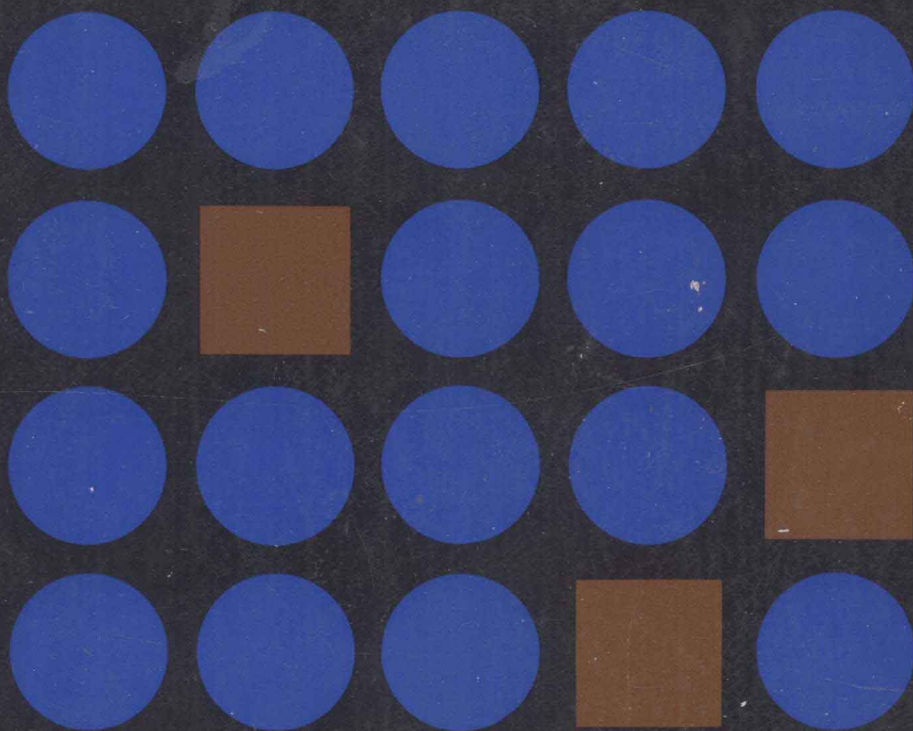


MANAGEMENT

Concepts and Controversies



EDITED BY
Joseph A. Litterer

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UNIVERSITY OF MASSACHUSETTS

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Dr. Litterer's work has as its focus, management practices and organizations. He is the author of a number of books including *The Analysis of Organizations*; *Organizations: Structure and Behavior*; *Organizations: Systems, Adaptation, and Growth*; *Managing for Organizational Effectiveness*; and *An Introduction to Management*. *Analysis of Organizations* received the Organization Development Council Medal for the best book in 1965.

Dr. Litterer has been President of the Academy of Management and Chairman of the College on Organizations of the Institute of Management Science.

Preface

Books of readings in management are usually intended to supplement available textbooks. So too with this set of readings (i.e., *An Introduction to Management* Litterer, Wiley/Hamilton, 1978). Books of readings in management are usually intended to supplement either by providing additional material for deeper exploration of topics or to permit coverage of topics not conveniently included in texts. Neither of these is true of this set of readings.

The intent of this anthology, quite simply, is to provoke, stimulate, and challenge. The ultimate objectives are not to frustrate or to be an academic gadfly, but rather to create interest and to keep the study of management in a healthy perspective. Any text, because of the need for coherency in writing and because of the fact that the contents are strained through one person's mind is bound to homogenize material and to blur issues. This may be necessary when first studying a topic to avoid confusion. Later, however, this needs to be altered to develop a more mature understanding of the subject. Our knowledge of management is not homogenous, the subject matter is not fully integrated. This is frustrating, but it is also a fact. Management is too complex and is growing and changing rapidly for a coherent subject matter to be possible.

This anthology deliberately focuses on those areas of management where issues are not clear but where answers to vital questions are vigorously sought. The objective is to help the reader become aware of the breadth of problems that faces management and that there are sound, thoughtful but nonetheless conflicting positions on many issues. There is no authority to turn to for an answer. Each person must make up his own mind.

What are the major concepts and controversies that should be included in an anthology such as this? There are many answers and, in fact, this editor has several sets of answers himself. There are so many matters to be dealt with there is no hope of being representative or complete. I do think all matters included here are important and that the articles are both solid in content and well written. They will, I believe, give the reader an appreciation of how challenging and vital the issues are that face practicing managers.

Papers included in this anthology are organized by concept and controversy (for example Part IV, People in Organizations includes an article on sex and race discrimination in business). Usually there is one article on each side of the argument, but occasionally we find a three-way discussion.

The anthology then, is an invitation to join a vital dialogue with some of the best thinkers in management, the social sciences, business and public affairs on some of the most pressing issues facing management and our society today.

December, 1977

Joseph A. Litterer

Introduction

One risks being a bore to observe that our world is becoming more complex. We have all thought or been told that too many times for this to be a fresh and exciting observation. What is exciting are the challenges and demands, the problems and the opportunities this increasingly complex world brings us.

With the possible exception of people in political office it is hard to think of any group of people who deal more directly and extensively with this increasing social complexity than managers. At one time, perhaps, a business could operate as a fairly self-contained entity producing its products and hopefully making a profit with few constraints but the availability of resources, the extent of the market and the native capabilities of the managers and/or owners. Commodore Vanderbilt is reputed to have said, "The public be damned." No longer. Firms today are required both by law and social pressure to be concerned with the effects of their actions on customers, employees, the environment, and even their competitors. Firms are being required to take actions to support overall goals and objectives of our society. They are increasingly being required to develop affirmative action plans to change the racial, sexual, and ethnic composition of their work force. They are urged and encouraged through tax and other incentives to build plants in urban areas, when they might otherwise have located them in more remote, rural areas.

But these matters, of direct impact on businesses, are but the tip of the iceberg when compared to the wide array of more subtle factors managers today must take into account. A short war between Israel and some of its Arab neighbors can upset the whole world's economic

and energy situation. Firms that operate overseas find they can be severely criticized in this country for following what are accepted as normal business practices in the host country. The list is endless.

To have any understanding of management today it is necessary to understand not only what management does and how it goes about its work, but also the complex problems and challenges it faces.

This book brings together some of the issues and conflicts that face management. These questions are complex. What is to be done is not at all clear. In fact, in many instances not even the nature of the problem is clear. The writers presented here offer diverse viewpoints on these complex problems. Serious thought has been given to them. We may not find agreed-upon solutions in their writings, but through their disagreement we can come to a better understanding of the issues involved.

Some of the writers in this book are addressing one side or another of a conflict. Others are addressing issues that need attention. All are concerned with matters of immediate or long run importance to managers. Together they give a picture of the diversity and complexity of issues confronting modern managers.

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I | MANAGEMENT—WHOM DOES IT SERVE?

Managers are seen quite differently in different parts of the world. In Japan they are seen as a highly respected professional group. In other places they are looked upon as rapacious pirates—to be tolerated, but of low social standing. In the United States, seen everywhere as the home of the modern manager, the stature of and respect for the manager has slipped considerably from its once high position. Today for many reasons many people feel that U.S. managers are indifferent to the needs of society as a whole, and that they serve only their own interests, or perhaps at best, those of the organizations that employ them.

In the first selection, David Lilienthal, one of the most successful managers of our times, talks about management leadership as a humanistic art. He is looking at the roles managers can play in the broad social issues of our times. As the original head of the TVA, Lilienthal guided its development into one of the most extensive and successful public service corporations of all time. He later directed private business organizations, and most recently has been applying his own managerial expertise and that of others to a host of complex social problems around the world. He speaks to us thoughtfully from a wealth of experience.

In the second selection, Hart and Scott look at managers both as the creators and operators of organizations, and thus both as their masters and their servants. From some basic observations, they carefully conclude the manager can have no other logical or legitimate role than to serve the needs of the organization. They would seem to argue that management is not a humanistic art but an organizational art.

What do you think?

DAVID E. LILIENTHAL

Management Leadership as a Humanist Art

The central motif of these three lectures is an effort to redefine the role and function of the modern manager. The manager's function, basically, is to get things done, to make things happen. But to make things happen by virtue of his special human qualities: his capacity to lead and inspire and move other men to act. In the opening lecture, I proposed such a redefinition, calling it the highest form of the managerial function and suggesting that that function be regarded as a humanist rather than merely a technical skill.

The highest and truest managerial function is leadership in the crisis areas of human life today, areas in which the decisive need is for those human qualities which managerial talent at its best exhibits: the capacity to get things done by an understanding of people and a capacity to persuade and to move them. In this lecture I pursue this theme further, and will also seek to apply this redefinition to some of the acute issues in our own country, such as water and air pollution, urban elephantiasis, and other pressing American issues.

The importance of the manager's function is not something new, not something arising out of the coming of modern industry and government. The nature of the function changes, sometimes radically, as the society of which it is a central fact changes. I suggest that it is worth our while to take a look at the history of the managerial

function, to give us a better perspective on the present and the future. So I shall divert your attention momentarily for a quick glance at that history.

I spoke of the necessity for perspective. But obtaining perspective is not an easy thing. I had a lesson in perspective from a little old lady in the mountains of western North Carolina, the wife of the keeper of a rather primitive ferry across a stream in that part of the country. A group of engineers and I from the TVA were on our way one evening to the site of a new dam; we knew that we had a stream to cross in that ferry. But we got to talking and didn't pay much attention, and the first thing we knew we'd driven our car right smack in the middle of this river; it took quite a while to get it pulled out. I was delegated to go up to the ferry keeper's house and tell him what we thought of him. So I knocked on the door and a sweet little old lady said, "What's the matter?" And I said, "What's the matter? We just drove into the river. You keep a ferry here. Why don't you put up a big sign, 'River Ahead,' so a fellow would know." And she said, "God a-mighty, mister, if you couldn't see the river, you couldn't see the sign."

Beginning about ten years ago the management company which I head has been deeply involved in a vast area of the Mesopotamian plains in Persia—or Iran, as it's often called—the eastern part of the Fertile Crescent of ancient days; the land that in the Old Testament is called Elam. There we have been responsible for devising a program for the restoration of a very large region, including responsibility for the design and erection of one of the world's highest dams, of irrigation canals, the working out of new land cropping patterns, the training of Persian farmers in agriculture and in health, to restore the land's productivity and the people's health; and also concerned with electric power in large quantities, so as to bring that region into the industrialized 20th Century. In this huge enterprise the modern manager's function is a central part of the task. But the point I wish to make now is that thousands of years ago, in this very area where civilization is said to have had its beginnings, it was managers who made that beginning of civilization a reality.

In a recent scholarly work, Professor McNeill of the University of Chicago refers to the very beginnings of organized agriculture and community life on this planet, which occurred, he and other scholars say, in Mesopotamia thousands of years ago. Then he has this to say about the role of the manager in that dawn of civilization (I am now quoting from Professor McNeill's book, *The Rise of the West*): "Irrigation was vital to early civilization because it put the production of a regular agricultural surplus easily within the reach of primitive farm-

ers." I think if Professor McNeill had been working with primitive farmers, as I have, he would have stricken the word "easily"; but it certainly put it within the reach of farmers. "Even more important," he goes on to say, "by requiring very massive coordination of social effort, irrigation facilitated the creation of a social engine for the concentration of surplus foods *in the hands of a managerial group*. And once the body of managers had established its right to collect a part of the farmers' surplus crops, growing numbers of men could be employed not only to dig canals, but also to elaborate the cult of the god, to undertake military enterprises, and to specialize as craftsmen, artists, or musicians: to create, in short, a civilization. . . . Without the necessity of organized large-scale collective effort on canals and dikes," Dr. McNeill continues, "a managerial group could not establish control over whatever surplus may have been available."* (My italics)

So I think it can be said that the managerial function has indeed remote historic antecedents. But in some parts of the world, that role is now outmoded. Only ten years ago, when our company first began work in Persia on the Mesopotamian plains of which Professor McNeill writes, the managerial group, the large landowners, were exercising essentially an autocratic managerial function and authority over the people on the land and the fruits of their labor. The peasants, many of them, were still using methods less productive than those in the days of Hammurabi, centuries and centuries ago. In the past ten years, the beginning of a new kind of managerial role has come to that ancient beginning point of civilization. A very different concept of the manager is emerging in Persia, taking the place of the landowner as manager.

In our own country, and within the memory of many of my generation, the manager's function was also essentially an autocratic one. That function in the early decades of this century in America was generally not leadership by persuasion or inspiration or participation, but by authority and by command. It is worthwhile to remind ourselves of this older concept of the manager's function to help give perspective to the new.

As a youth I lived for a time in Gary, Indiana, where only a few years before the United States Steel Corporation had established a great steel complex on the shores of Lake Michigan. A new city, Gary, was created essentially by the decision of one strong and very able man, Judge Elbert Gary. The hours of labor—seven days a week and twelve hours a day—the rate of pay and the conditions of living of the labor force were matters the manager's group decided. As I learned at first-hand two or three years later, as a cub reporter on a Gary newspaper,

*W.H. McNeill, *The Rise of the West*. Mentor edition (1965), pp. 80, 81.

the political life of Gary also was largely determined by the managerial group of U.S. Steel. There was no need to get the approval of anyone, whether the question was conditions of safety or health in the mills, or the educational system provided for the city of Gary—which incidentally was an unusually good one.

Gary and its new mills represented the usual pattern of the managerial role of those days. All over America, at that time, it was this power to decide, often benevolently, often ruthlessly, but always without having to consult its work force, or to heed public opinion, or seek to persuade or consult any public authority, that wrought a kind of physical miracle in our land: the creation of America's industrial sinews. And just as the managerial group of ancient Mesopotamia made possible the development of a higher standard of living, of cultivation of the arts, and the capacity to defend against enemies, so those early days in our own history have made possible the kind of developed and developing country we have become, and will increasingly become.

But times have changed since the early decades of this century, and with time the very nature of the managerial function has changed. Contrast Gary and the establishment of that steel mill more than 50 years ago with the decision of the Bethlehem Steel Co. to erect a steel complex at Burns Creek on Lake Michigan, not far from Gary. The function of the Bethlehem managers in the 1960's was not simply to decide, but to persuade, to lead and move the minds of many people, at every step, on almost every conceivable subject. For example, some people thought that the Bethlehem mills at Burns Harbour would destroy an important scenic and recreational resource, the sand dunes that in Judge Gary's day were considered by most people as simply wasteland, their use of no possible concern to anyone but U.S. Steel. The impairment of a scenic resource is wholly unrelated to the economics and the technical aspects of steel making. Yet it became a major public issue in recent years, widely debated in Congress and in the press, and before the Bethlehem mill could be built many people had to be persuaded on this issue.

Or take water and air pollution: When I was a young man in Gary the ovens and furnaces poured great wastes into the atmosphere. Lake Michigan's waters were used, in huge quantities, in steel making with scant thought by the managerial group of the effect on the purity of Lake Michigan for water supply and recreation. Judge Gary, I daresay, would have been aghast at the notion that health officials or the general public must be consulted about how that mill was run. Yet today Bethlehem (and U.S. Steel also, I'm sure) has invested large sums to minimize pollution of the air and water, and they are proud enough of their public outlook to advertise this fact widely. Keeping air and water