Quinn Faerman Thompson McGrath Bright

Sixth Edition

BECOMING A MASTER MANAGER

A Competing Values Approach

WILEY

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PREFACE

INTRODUCTION TO THE SIXTH EDITION

With this sixth edition, nearly 35 years have passed since the competing values framework was first developed. *Becoming a Master Manager* was one of the first leadership development texts to emphasize, not only the importance of a conceptual understanding of managerial skills, but also the importance of the need to apply these skills through learning exercises. Over the intervening decades, much of leadership education has shifted decisively in the same direction, where the orientation is to learn by doing. The large number of skills-focused texts now attest to the value of our original approach.

Becoming a Master Manager is built on a solid conceptual foundation. The competing values framework is designed to help readers understand the complex and dynamic nature of the organizational world through and exploration of four meta-models. The **rational goal model** focuses on the need for productivity and profitability, summarized by the imperative to ***compete***. Its opposite is the **human relations model**, which focuses on cohesion and commitment and can be summarized by the imperative to ***collaborate***. The **internal process model** emphasizes the importance of establishing and maintaining stability and represents the imperative to ***control***. Its opposite is the **open systems model**, which stresses the importance of adaptability and innovation and represents the imperative to ***create***. Together, these four models provide a holistic perspective on what is required to manage an organization effectively.

Indeed, one of the signature characteristics of the competing values framework is its emphasis on embracing paradox. It first calls our attention to the fact that managers and leaders are constantly confronted with an array of choices that seem to require tradeoffs. Do we want higher quality OR lower costs? Better conditions for our employees OR faster response times for our customers? Take-charge leaders who have their own vision for the organization OR leaders who invite participation and value the ideas of others?

The framework next calls our attention to the fact that managers must integrate differences. It is difficult to be effective without integrating multiple concerns. A sustainable competitive advantage is really only possible when we find ways to transcend paradox. The most admired organizations now find ways to satisfy the demands of both stakeholders AND shareholders. They find ways to both improve quality AND lower costs, as well as to improve conditions for employees AND increase customer satisfaction; and their leaders are both visionary AND participative. An understanding of the competing values framework shifts our thinking to a both–and approach to management. As a result, it can help current and future managers develop their capacity to act quickly, confidently, imaginatively, and ethically when faced with the paradoxes that are ubiquitous in organizations around the world.

Our approach has grown throughout several years of research and instructional experimentation. In addition to the papers and books we have written, we have also worked with these materials in our university classrooms with undergraduate and graduate students, as well as in management and executive development programs. We have also helped major organizations in both the public and private sectors design large-scale programs to improve the competencies of professional managers. Hundreds of thousands of professional managers have completed programs that have used the competing values framework as an underlying foundation and integrating theme. The results have been gratifying and instructive—gratifying because both our students and we were transformed in the process. We hope that the use of this textbook will lead to similar outcomes for you.

CHANGES FROM THE FIFTH EDITION

One of the paradoxes we have had to manage is to balance the need for updating a text with the need for continuity. The fifth edition introduced a dramatic restructuring in the presentation of the competencies, and though our thinking continues to evolve, we have chosen to preserve those changes in the current edition. The changes in this edition are less substantial. Primarily, we have updated the presentation of theoretical ideas in light of emergent research findings. We present a summary of these changes in the introduction to the competencies that follow. We have also revised the exercises for assessment, analysis, practice, and application to be more user-friendly and to reflect current events.

In terms of what remains the same, we have continued to use four modules, rather than eight roles, to encompass the skills associated with leading and managing from the competing values perspective. In addition, each module begins by emphasizing organizational goals, paradoxes, and the five competencies that translate the values of the quadrant into practice.

Thus, the key focus of this edition continues to emphasize the fundamental paradoxes that make the practice of management so complex. Our approach in this edition continues to emphasize competencies in terms of underlying theoretical value intentions, rather than on specific managerial roles. This approach accounts for the fact that in practice, master managers must be able to seamlessly navigate between and apply competencies at the same time. In fact, we recognize that the 21 competencies included in this version of the model are all important and complementary in helping a manager achieve the imperatives of any of the four management models. Our placement of the competencies in quadrants is based on findings from empirical research, based on the dominant value orientation that underlies them. However, we would never suggest that a competency such as "communicating honestly and effectively" is important only for organizations whose goal is to build and sustain employee commitment. Indeed, the key point of the competing values framework is that ALL these competencies contribute to positive and sustainable organizations.

Finally, with this edition, we also welcome a new coauthor, David Bright, to the team. David has received several teaching awards and has been recognized as an innovative new educator by the Organizational Behavior Teaching Society. We are pleased to have his contribution and insight as we continue to work on the competing values framework in this edition and in the coming years.

INTRODUCTION: THE COMPETING VALUES APPROACH TO MANAGEMENT

The introduction explains the competing values framework and how it integrates four contrasting perspectives on organizational effectiveness by describing the evolution of management models. Together with references to the underlying models, we include the action imperative labels as used in previous editions of the text (Collaborate, Control, Compete, and Create) when referring to the quadrants of the framework. However, our presentation strives to emphasize that these terms are a shorthand convenience and thus oversimplify what managers need to do to be successful. We want to encourage readers to remember the criteria of effectiveness and means-ends theories associated with each quadrant of the model. Our hope is that this approach will help readers to appreciate the subtle nuances of the framework as they strive to master, balance, and blend competencies in each area.

As in the prior edition, we briefly explain how the competing values framework relates to organizational culture. This information may be particularly useful for students who are currently employed. Instructors may wish to have students complete an organizational culture assessment in Module 3, Competency 4 at the beginning of the course so that they think about how their skills fit with the culture of their current employer.

Next we explain the structured approach to learning used in the text. Each competency section follows the ALAPA approach to learning that has been used in all previous editions of the text. Competencies begin with a preliminary Assessment activity followed by the Learning material. Most competencies include separate exercises for Analysis, Practice, and Application, and conclude with a Reflection. To provide students with an example of the ALAPA approach, we conclude the Introduction with the Thinking Critically competency that was moved to the first chapter in the fourth edition.

MODULE 1—CREATING AND SUSTAINING COMMITMENT AND COHESION

As with previous editions, we begin with the human relations model and the Collaborate action imperative. This perspective focuses on creating and sustaining commitment, cohesion, and positive morale.

Paradoxes. From the perspective of the competing values framework, the main paradox of seeking commitment and cohesion is the need to allow for individuals to express their individuality, while needing some level of cohesion in order for the organization to move forward. Whether seeking commitment and cohesion in work organizations, clubs, or voluntary organizations, leaders face a number of paradoxes. Three that are discussed in this module include:

- Increasing our self-awareness and self-knowledge also increases our capacity to change, so in the process of learning who we are, we become someone new.
- Involving people in decision-making processes can increase the effectiveness of the decision, but decrease the efficiency of the process.
- Building an effective team may (temporarily) lead to reduced productivity or effectiveness as individuals are given the opportunity to develop new skills and abilities.

Competencies. The five competencies described in this module include *understanding self and others*, *communicating honestly and effectively*, *mentoring and developing others*, *managing groups and leading teams*, and *managing and encouraging constructive conflict*. These correspond to the roles of mentor and facilitator as described in previous editions.

Notable updates to these sections include the following:

- *Understanding self and others* includes a new assessment that focuses on positive habits, an updated description of the basic meaning of self-awareness as understood in the emotional intelligence literature, and a description of the difference between openness and defensiveness when exploring one's self. The practice for this section has been changed to better help students to develop and maintain openness.

- *Mentoring and developing others* includes stronger emphasis on the need for a collaborative, developmental perspective when exercising performance management. We have also clarified the steps required to effectively conduct a performance management review, and we emphasize the need for continual, ongoing feedback in the manager–employee relationship.

MODULE 2—ESTABLISHING AND MAINTAINING STABILITY AND CONTINUITY

Module 2 covers the internal process model and the Control action imperative. This perspective focuses on establishing and maintaining stability and continuity.

Paradoxes. From the perspective of the overarching competing values framework, the primary paradox of seeking stability and control is the need for adaptability and external support. Paradoxes that are especially salient in the internal process quadrant include:

- Getting the details right by measuring and monitoring performance and keeping an eye on the big picture without getting bogged down in too many rules and procedures.
- Working on cross-functional teams and special projects to help make improvements in organizational processes and still accomplishing day-to-day job objectives.
- Following corporate policies and procedures and reinventing policies and procedures to be more effective and efficient.

Competencies. Module 2 includes the competencies of *organizing information flows*, *working and managing across functions*, *planning coordinating projects*, *measuring and monitoring performance and quality*, and *encouraging and enabling compliance*. These correspond to the roles of monitor and coordinator as represented in previous editions. The section on organizing information flows has been updated to reflect some of the challenges associated with digital communication.

MODULE 3—IMPROVING PRODUCTIVITY AND INCREASING PROFITABILITY

Module 3 builds on the assumptions of the rational goal model and the Compete action imperative. It emphasizes the importance of vision, goal setting, and execution for competing effectively.

Paradoxes. As noted earlier, the main tension for the rational goal model occurs because of the apparent opposition between increasing productivity and profitability while creating and sustaining employee commitment. Other paradoxes that hard-driving managers face include:

- Expecting the leader to provide a clear vision for the organization while wanting the vision to be based on participative processes.
- Making decisions and moving ahead while taking enough time to ensure that all the relevant facts have been appropriately analyzed.
- Using performance measurement systems to align individual goals with organizational goals without spending too much time on setting goals and reviewing performance.

Competencies. The five competencies of this module include *developing and communicating a vision*, *setting goals and objectives*, *motivating self and others*, *designing and organizing*, and *promoting change and encouraging adaptability*. These correspond to the roles of director and producer as described in previous editions.

Notable updates to these sections include the following:

- The presentation about how to frame and define a vision has been completely revised to better represent contemporary perspectives.
- We now discuss more directly the connection between vision and strategy.
- The discussion about organizational structure has been updated to incorporate discussion of both emergent and top-down forms of organizing.
- The USPS practice has been updated to provide students with access to current information.

MODULE 4—PROMOTING CHANGE AND ENCOURAGING ADAPTABILITY

The final module covers the open systems model, which focuses on change, adaptability, and external support, consistent with the Create action imperative.

Paradoxes. Promoting change and encouraging adaptability seems to run directly counter to the focus on stability and control identified as so critical by the internal process model, but we also consider more subtle paradoxes in this module. For example:

- Expecting leaders to be powerful and at the same time being distrustful of powerful leaders.
- Using routines and habits to improve creativity and innovation.
- Increasing resistance to change by increasing pressures to change.

Competencies. This module includes the competencies of *using power and influence ethically and effectively*, *championing and selling new ideas*, *fueling and fostering innovation*, *negotiating agreement and commitment*, and *implementing and sustaining change*. These correspond to the roles of innovator and broker as represented in previous editions.

Notable updates to these sections include the following:

- The competency, *fueling and fostering innovation*, has been updated to provide more perspective on the conditions required to generate creative thinking.
- The discussion on implementing and sustaining change now includes a broader perspective on the forces for or against change.

CONCLUSION—INTEGRATION AND THE ROAD TO MASTERY

The conclusion returns to the overall competing values framework. We begin with a discussion of integration and behavioral complexity. We have included a discussion of "Negative Zones" to the text based on instructor feedback. The conclusion includes a discussion of the concept of "lift" as proposed by R. W. Quinn and R. E. Quinn (2009). Because the four psychological states that are required for "lift" to occur are consistent with the four quadrants of the competing values framework, this new model adds value without overwhelming students with a completely new approach at the end of the text. We conclude the text with a discussion of the steps in the developmental process, the importance of lifelong learning, and an agenda for self-improvement. Our goal is to remind readers that becoming a master manager is a process that will continue as long as they open themselves to new growth experiences.

HOW TO USE THIS BOOK AND ONLINE ANCILLARIES

This book may be used in several ways. It can be employed alone as the main text in a course that is specifically designed to develop competencies, or it can be used with a more traditional text to accomplish the same objective. It can accompany more traditional texts in either an organizational behavior or a management principles course. The text has been used in schools of business, as well as in departments and programs of public and nonprofit management. In addition to the material available in the textbook, there are additional supporting materials available online at (www.wiley.com/college/quinn):

- Competing Values Competency Questionnaire
- Test Bank
- Instructor's Manual and PowerPoint Slides

We encourage instructors and students to contact the authors with questions, comments, and suggestions about the text and ancillaries. The authors' point of contact is David Bright (brightds@gmail.com).

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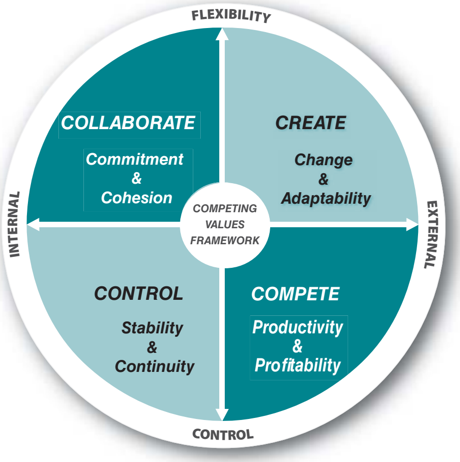

THE COMPETING VALUES APPROACH TO MANAGEMENT

FOUNDATIONS

Learning Objectives

- The Evolution of Management Models
- The Competing Values Framework
- Organizing the Learning Process—ALAPA
- Core Competency: Thinking Critically

This book is about how to develop the competencies of an effective manager and leader, what we refer to in this text as a *managerial leader*. Managerial leaders are critical to the success of an organization. They establish a climate for the relationships that exist between people, they make sure that the right tasks are identified and accomplished, and they guide the organization's efforts to adapt and change and grow.

Becoming a more effective manager and leader is a lifelong process of learning to transcend paradox. A paradox exists when two seemingly inconsistent or contradictory ideas are actually both true. For example, the claim that "to be a good leader, you must be a good follower" is paradoxical because leaders and followers are generally thought to be engaged in opposite types of behaviors.

The competing values approach to management outlined in this text is based on the idea that to be effective, managers must navigate a world filled with paradoxes. Managers are often called on to do things that at first glance appear to be mutually exclusive. For example, they must focus on the future at the same time that they pay attention to the present. Managers must meet the needs of their employees while pushing those same employees to do more with less to satisfy increasingly demanding customers ever more quickly. Managers must encourage innovation and risk taking while ensuring the stability and continuity of the organization. In short, managers must embrace a diverse set of values that often appear to be contradictory. The competing values approach to management looks for ways to transcend paradox and redefine what is possible.

For most people, transcending paradox requires some serious rethinking of existing beliefs. We all have beliefs, and we all make assumptions about the right way to do things. This is certainly true when it comes to managerial leadership. Although our beliefs and assumptions can make us effective, they can sometimes make us ineffective (House & Podsakoff, 1994). When they do make us ineffective, it often is hard to understand why—particularly when those beliefs seemed to work so well in the past.

For example, many new managers are promoted because they were highly successful as entry-level employees. Yet, they soon discover that the skill set they had mastered in their old position does not match what is required to be successful in their new position. In such moments, it is often difficult for people to understand why they are less effective. They will continue to struggle unless they learn how to step back and reflect on what is really happening, what the situation calls for, and how their assumptions and beliefs may be getting in the way of success.

Many people are not very experienced at examining their basic beliefs and assumptions. They have a hard time adopting new assumptions or learning skills and competencies that are associated with those new assumptions. Self-analysis is a skill that can be developed. Sometimes it takes a crisis to stimulate such change. Consider the following case.

I have always seen myself as a man who gets things done. After 17 years with a major pharmaceutical company, I was promoted to general manager in the international division. I was put in charge of all Southeast Asian operations. The unit seemed pretty sloppy to me. From the beginning I established myself as a tough, no-nonsense leader. If someone came in with a problem, he or she knew to have the facts straight or risk real trouble. After three months I began to feel like I was working myself to exhaustion, yet I could point to few real improvements. After six months or so, I felt very uneasy but was not sure why.

One night I went home and my wife greeted me. She said, "I want a divorce." I was shocked and caught off balance. To make a long story short, we ended up in counseling.

Our counselor taught me how to listen and practice empathy. The results were revolutionary. I learned that communication happens at many levels and that it's a two-way process. My marriage became richer than I had ever imagined possible.

I tried to apply what I was learning to what was going on at work. I began to realize that there was a lot going on that I didn't know about. People couldn't tell me the truth because I would chop their heads off. I told everyone to come to me with any problem so that we could solve it together. Naturally, no one believed me. But after a year of proving myself, I am now known as one of the most approachable people in the entire organization. The impact on my division's operation has been impressive.

The man in the preceding case had a problem of real significance. The lives of many people, including subordinates, superiors, customers, and even his family members, were being affected by his actions. He was less successful than he might have been because of his beliefs about what a leader is supposed to do. For him, good management meant tight, well-organized operations run by tough-minded, aggressive leaders. His model was not all wrong, but it was inadequate. It limited his awareness of important alternatives and, thus, kept him from performing as effectively as he might have. Fortunately, this man was able both to rethink his beliefs and to alter his behavior to reflect a more complex and effective approach to management.

THE EVOLUTION OF MANAGEMENT MODELS

It turns out that nearly everyone has beliefs or viewpoints about what a manager should do. In the study of management, these beliefs are sometimes referred to as **models**. There are many different kinds of models. Although some are formally written or otherwise explicit, others, like the assumptions of the general manager, are informal. Because models affect what happens in organizations, we need to consider them in some depth.

Models are representations of a more complex reality. A model airplane, for example, is a physical representation of a real airplane. Models help us represent, communicate ideas about, and better understand more complex phenomena in the real world.

A model that attempts to describe a social phenomenon represents a set of assumptions about what is happening and why. By giving us a general way of seeing and thinking about that phenomenon, the model provides us with a particular perspective about a more complex reality. Although models can help us see some aspects of a phenomenon, they can also blind us to other aspects. The general manager mentioned previously, for example, had such strongly held beliefs about order, authority, and direction that he was unable to see some important aspects of the reality that surrounded him.

Unfortunately, our models of management are often so tied to our identity and emotions that we find it very difficult to learn about and appreciate different models. Because of the complexity of life, however, we often need to call upon more than one model. When we can see and evaluate more alternatives, our degree of choice and our potential effectiveness can be increased (Senge, 1990).

The models held by individuals often reflect models held by society at large. During the twentieth century, a number of management models emerged. Understanding these models and their origins can give managers a broader understanding of behavior in organizations and a wider array of choices.

Our models and definitions of management keep evolving. As societal values change, existing viewpoints alter, and new models of management emerge (Fabian, 2000). These new models are not driven simply by the writings of academic or popular writers; or by managers who introduce an effective new practice; or by the technical, social, or political forces of the time. These models emerge from a complex interaction among all these factors. In this section, we will look at four major management models and how they evolved from the changing conditions of the twentieth century. Table I.1 at the end of this section provides a summary of all four models. The following discussion draws on the historical work of Mirvis (1985). The time periods represented in this section are inexact, though each model appears to have been prominent for the highlighted period of time. Moreover, keep in mind that although new models typically emerge in response to problems with earlier models, the emergence of each new model does not mean that old models were completely wrong and were forgotten. Rather, some aspects of earlier models are still very relevant. Just as important, many people continue to hold onto the beliefs and assumptions they developed using an earlier model, so their decisions continued to reflect the assumptions of that earlier model.

EARLY TWENTIETH CENTURY: THE EMERGENCE OF THE RATIONAL GOAL MODEL AND THE INTERNAL PROCESS MODEL

The first 25 years of the twentieth century were a time of exciting growth and progress that ended in the high prosperity of the Roaring Twenties. As the period began, the economy was characterized by rich resources, cheap labor, and laissez-faire policies. In 1901, oil was discovered in Beaumont, Texas. The age of coal became the age of oil and, soon after, the age of inexpensive energy. Technologically, it was a time of invention and innovation as tremendous advances occurred in both agriculture and industry. The workforce was heavily influenced by immigrants from all over the world and by people leaving the shrinking world of agriculture. The average level of education for these people was 8.2 years. Most were confronted by serious financial needs. There was little, at the outset of this period, in terms of unionism or government policy to protect workers from the demanding and primitive conditions they often faced in the factories.

One general orientation of the period was social Darwinism: the belief in "survival of the fittest." Given this orientation, it is not surprising that *Acres of Diamonds*, by Russell Conwell, was a very popular book of the time. The book's thesis was that it was every man's Christian duty to be rich. The author amassed a personal fortune from royalties and speaking fees.

These years saw the rise of the great individual industrial leaders. Henry Ford, for example, not only implemented his vision of inexpensive transportation for everyone by producing the Model T, but also applied the principles of Frederick Taylor to the production process. Taylor was the "father" of **scientific management** (see Theoretical Perspective I.1). He introduced a variety of techniques for "rationalizing" work and making it as efficient as possible. Using Taylor's ideas, in 1914 Henry Ford introduced the assembly line and reduced car assembly time from 728 hours to 93 minutes. In six years, Ford's market share went from just under 10 percent to just under 50 percent. The wealth generated by the inventions, production methods, and organizations themselves was an entirely new phenomenon.

Rational Goal Model. It was in this historical context that the first two models of management began to emerge. The first is the **rational goal model.** The symbol that best represents this model is the dollar sign, because the ultimate criteria of organization effectiveness are productivity and profit. The basic means-ends assumption in this approach is the belief that clear direction leads to productive outcomes. Hence, there is a continuing emphasis on processes such as goal clarification, rational analysis, and action taking. The organizational climate is rational economic, and all decisions are driven by considerations of "the bottom line." If an employee of 20 years is producing at only 80 percent efficiency, the appropriate decision is clear: Replace the employee with a person who will contribute at 100 percent efficiency. In the rational goal model, the ultimate value is achievement and profit maximization. To ensure that those goals are met, managers are expected to be decisive and task oriented.

Stories abound about the harsh treatment that supervisors and managers inflicted on employees during this time. In one manufacturing company, for example, a toilet was placed in the center of the shop floor and was surrounded by glass windows, so that the supervisor could see who was inside and how long the person stayed.

THEORETICAL PERSPECTIVE I.1

TAYLOR'S FOUR PRINCIPLES OF MANAGEMENT

1. Develop a science for every job, which replaces the old rule-of-thumb method.
2. Systematically select workers so that they fit the job, and train them effectively.
3. Offer incentives so that workers behave in accordance with the principles of the science that has been developed.
4. Support workers by carefully planning their work and smoothing the way as they do their jobs.

Source: Adapted from Frederick W. Taylor, *The Principles of Scientific Management* (New York: Harper and Brothers, 1911), 44.

Internal Process Model. The second model is called the **internal process model.** While its most basic hierarchical arrangements had been in use for centuries, during the first quarter of the twentieth century, it rapidly evolved into what would become known as the "professional bureaucracy." The basic notions of this model would not be fully codified, however, until the writings of Max Weber and Henri Fayol were translated in the middle of the next quarter century (see Theoretical Perspectives I.2 and I.3). This model is highly complementary

THEORETICAL PERSPECTIVE I.2

FAYOL'S GENERAL PRINCIPLES OF MANAGEMENT

1. *Division of work.* The object of division of work is to produce more and better work with the same effort. It is accomplished through reduction in the number of tasks to which attention and effort must be directed.
2. *Authority and responsibility.* Authority is the right to give orders, and responsibility is its essential counterpart. Whenever authority is exercised, responsibility arises.
3. *Discipline.* Discipline implies obedience and respect for the agreements between the firm and its employees. These agreements are arrived at by discussion between an owner or group of owners and worker's associations. The establishment of such agreements should remain one of the chief preoccupations of industrial heads. Discipline also involves sanctions judiciously applied.
4. *Unity of command.* An employee should receive orders from one superior only.
5. *Unity of direction.* Each group of activities having one objective should be unified by having one plan and one head.
6. *Subordination of individual interest to general interest.* The interest of one employee or group of employees should not prevail over that of the company or broader organization.
7. *Remuneration of personnel.* To maintain their loyalty and support, employees must receive a fair wage for services rendered.
8. *Centralization.* Like division of work, centralization belongs to the natural order of things. The appropriate degree of centralization, however, will vary with a particular concern, so it becomes a question of the proper proportion. It is a problem of finding the measure that will give the best overall yield.
9. *Scalar chain.* The scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. It is an error to depart needlessly from the line of authority, but it is an even greater one to adhere to it when detriment to the business could ensue.
10. *Order.* A place for everything, and everything in its place.
11. *Equity.* Equity is a combination of kindliness and justice.
12. *Stability of tenure of personnel.* High turnover increases inefficiency. A mediocre manager who stays is infinitely preferable to an outstanding manager who comes and goes.
13. *Initiative.* Initiative involves thinking out a plan and ensuring its success. This gives zeal and energy to an organization.
14. *Esprit de corps.* Union is strength, and it comes from the harmony of the personnel.

Source: Abridged from Henri Fayol, *General and Industrial Administration* (New York: Pitman, 1949), 20–41.

THEORETICAL PERSPECTIVE I.3

CHARACTERISTICS OF WEBERIAN BUREAUCRACY

Elements of Bureaucracy

1. There is a division of labor with responsibilities that are clearly defined.
2. Positions are organized in a hierarchy of authority.
3. All personnel are objectively selected and promoted based on technical abilities.
4. Administrative decisions are recorded in writing, and records are maintained over time.
5. There are career managers working for a salary.
6. There are standard rules and procedures that are uniformly applied to all.

Source: Adapted from Max Weber, *The Theory of Social and Economic Organizations,* ed. A. M. Henderson and Talcott Parsons (trans.) (New York: Free Press, 1947), 328–337.

to the rational goal model. Here the symbol is a pyramid, and the criteria of effectiveness are stability and continuity. The means-ends assumption is based on the belief that routinization leads to stability. The emphasis is on processes such as definition of responsibilities, measurement, documentation, and record keeping. The organizational climate is hierarchical, and all decisions are colored by the existing rules, structures, and traditions. If an employee's efficiency falls, control is increased through the application of various policies and procedures. In this model, managers are expected to be technically expert and highly dependable, focusing on coordinating and monitoring workflows for efficiency and effectiveness.

EARLY TO MID-TWENTIETH CENTURY: THE EMERGENCE OF THE HUMAN RELATIONS MODEL

The second quarter of the century brought events of enormous proportions. The stock market crash of 1929, the Great Depression, and World War II would affect the lives and outlook of generations to come. During this period, the economy would boom, crash, recover with the war, and then, once again, offer bright hopes. Technological advances would continue in all areas, but particularly in agriculture, transportation, and consumer goods. The rational goal model continued to flourish. With the writings of Henri Fayol, Max Weber, and others, the internal process model would be more clearly articulated. In fact, some of the greatest atrocities of this era have been attributed to an excessive dependence on the values of the rational goal model. For example, the Nazis' killing of the Jews and other minorities was justified as a rational extension of Darwinist logic that was carried out in a very systematic, orderly manner. It became clear that the rational goal and internal process models created significant problems if left unchecked by other values.

Soon, fundamental changes began to appear in the fabric of society during the second quarter of the century. Unions, now a significant force, adhered to an economic agenda that brought an ever-larger paycheck into the home of the American worker. Industry placed a heavy emphasis on the production of consumer goods. By the end of this period, new labor-saving machines were beginning to appear in homes. There was a sense of prosperity and a concern with recreation as well as survival. Factory workers were not as eager as their parents had been to accept the opportunity to work overtime. Neither were they as likely to give unquestioning obedience to authority. Hence, managers found that the rational goal and internal process models did not equip them to be as effective as they once were. They began to realize the need to pay attention, not only to efficiency and production, but also to the needs of the people who worked for them.

Not surprisingly, one of the most popular books written during this period was Dale Carnegie's *How to Win Friends and Influence People*. It provided much-desired advice on how to relate effectively to others. In the academic world, Chester Barnard pointed to the significance of the "informal" organization and the fact that informal relationships, if managed properly, could be powerful tools for the manager. Also during this period, Elton Mayo and Fritz Roethlisberger carried out their work in the famous Hawthorne studies. One well-known experiment carried out by these two researchers concerned levels of lighting. Each time they increased the levels of lighting, employee productivity went up. However, when they decreased the lighting, productivity also went up. They eventually concluded that what was really stimulating the workers was the attention being shown them by the researchers. The results of these studies were also interpreted as evidence of a need for an increased focus on the power of relationships and informal processes in the performance of human groups.

Human Relations Model. By the end of the second quarter of the century, the emerging orientation was the **human relations model**. In this model, the key emphasis is on commitment, cohesion, and morale. The means-ends assumption is that involvement results in commitment, and the key values are participation, conflict resolution, and consensus building. Because of an emphasis on equality and openness, the appropriate symbol for this model is a circle. The organization takes on a clan-like, team-oriented climate in which decision-making is characterized by deep involvement. Here, if an employee's efficiency declines, managers take a developmental perspective and look at a complex set of motivational factors. They may choose to alter the person's degree of participation or opt to examine a host of other social psychological variables. Managers are expected to be empathetic and open to employee opinions; key activities include mentoring individuals and facilitating group and team processes.

In 1949, this model was far from crystallized, and it ran counter to the assumptions in the rational goal and internal process models. Hence, it was difficult to understand and certainly difficult to practice. Attempts often resulted in a kind of authoritarian benevolence. It would take well into the next quarter century for research and popular writings to explore this orientation and for managerial experiments to result in meaningful outcomes in large organizations.

LATE TO MID-TWENTIETH CENTURY: THE EMERGENCE OF THE OPEN SYSTEMS MODEL

The 1950s began with the United States as the unquestioned leader of the capitalist world. By the 1970s, the leadership of the United States was in serious question. During this period, the economy experienced the shock of the oil embargo in 1973. Suddenly assumptions about cheap energy and all the life patterns upon which they were based were in danger. By the late 1970s, the economy was suffering under the weight of stagnation and huge government debt. At the beginning of this period, "made in Japan" meant cheap, low-quality goods of little significance to Americans. By the end, Japanese quality could not be matched, and Japan was making rapid inroads into sectors of the economy thought to be the sacred domain of American companies. Even such traditionally American manufacturing areas as automobile production were dramatically affected. There was also a marked shift from a clear product economy to the beginnings of a service economy.

Technological advances began to occur at an ever-increasing rate. At the outset of the third quarter of the century, the television was a strange device. By the end of this period, television was the primary source of information, and the computer was entering the life of every American. At the beginning of the 1960s, the National Aeronautics and Space Administration (NASA) worked to accomplish the impossible dream of putting a man on the moon, but then Americans became bored with the seemingly commonplace accomplishments of the space program.

Societal values also shifted dramatically. The 1950s were a time of conventional values. Driven by the Vietnam War, the late 1960s were a time of cynicism and upheaval. Authority and institutions were everywhere in question. By the 1970s, the difficulty of bringing about social change was fully understood. A more individualistic orientation began to take root.

In the workforce, average education jumped from the 8.2 years at the beginning of the century to 12.6 years. Spurred by considerable prosperity, workers in the United States were now concerned not only with money and recreation but also with self-fulfillment. Women began to move into professions that had been closed to them previously. The agenda of labor expanded to include social and political issues. Organizations became knowledge-intense, and it was no longer possible to expect the boss to know more than every person he or she supervised.

By now, the first two models were firmly in place, and management vocabulary was filled with rational management terms such as *management by objectives (MBO)* and *management information system (MIS).* The human relations model, however, was also now familiar. Many books about human relations became popular during this period, further sensitizing the world to the complexities of motivation and leadership. Experiments in group dynamics, organizational development, sociotechnical systems, and participative management flourished.

In the mid-1960s, spurred by the ever-increasing rate of change and the need to understand how to manage in a fast-changing, knowledge-intense world, a variety of academics began to write about still another model. People such as Katz and Kahn at the University of Michigan, Lawrence and Lorsch at Harvard, as well as a host of others began to develop the open systems model of organization. This model was more dynamic than others. The manager was no longer seen as a rational decision maker controlling a machinelike organization. The research of Mintzberg (1975), for example, showed that in contrast to the highly systematic pictures portrayed in the principles of administration (see Theoretical Perspective I.2), managers live in highly unpredictable environments and have little time to organize and plan. They are, instead, bombarded by constant stimuli and forced to make rapid decisions. Such observations were consistent with the movement to develop contingency theories (see Theoretical Perspective I.4). These theories recognized that the simplicity of earlier approaches went too far.

THEORETICAL PERSPECTIVE I.4

CONTINGENCY THEORY

Appropriateness of Managerial Actions Varies with Key Variables

1. *Size.* Problems of coordination increase as the size of the organization increases. Appropriate coordination procedures for a large organization will not be efficient in a small organization, and vice versa.
2. *Technology.* The technology used to produce outputs varies. It may be very routine or very customized. The appropriateness of organizational structures, leadership styles, and control systems will vary with the type of technology.
3. *Environment.* Organizations exist within larger environments. These may be uncertain and turbulent or predictable and unchanging. Organizational structures, leadership styles, and control systems will vary accordingly.
4. *Individuals.* People are not the same. They have very different needs. Managers must adjust their styles accordingly.

Open Systems Model. In the **open systems model**, the organization is faced with a need to compete in an ambiguous and competitive environment. The key criteria of organizational effectiveness are adaptability and external support. Because of the emphasis on organizational flexibility and responsiveness, the symbol here is the amoeba. The amoeba is a very responsive, fast-changing organism that is able to respond to its environment. The means-ends assumption is that continual adaptation and innovation lead to the acquisition and maintenance of external resources. Key processes are political adaptation, creative problem solving, innovation, and the management of change. The organization has an innovative climate and is more of an "adhocracy" than a bureaucracy. Risk is high, and decisions are made quickly. In this situation, common vision and shared values are very important. Here, if an employee's efficiency declines, it may be seen as a result of long periods of intense work, an overload of stress, and perhaps a case of burnout. In addition to being creative and innovative, the manager is expected to use power and influence to initiate and sustain change in the organization.

LATE TWENTIETH CENTURY: THE EMERGENCE OF COMPLEXITY AND INTEGRATIVE ASSUMPTIONS

In the 1980s, it became apparent that many American organizations were in deep trouble. Innovation, quality, and productivity all slumped badly. Japanese products made astounding advances as talk of U.S. trade deficits became commonplace. Reaganomics and conservative social and economic values fully replaced the visions of the Great Society. In the labor force, knowledge work became commonplace and physical labor rare. Labor unions experienced major setbacks as organizations struggled to downsize their staffs and increase quality at the same time. The issue of job security became increasingly prominent in labor negotiations. Organizations faced new issues, such as takeovers and downsizing. One middle manager struggled to do the job previously done by two or three. Burnout and stress became hot topics.