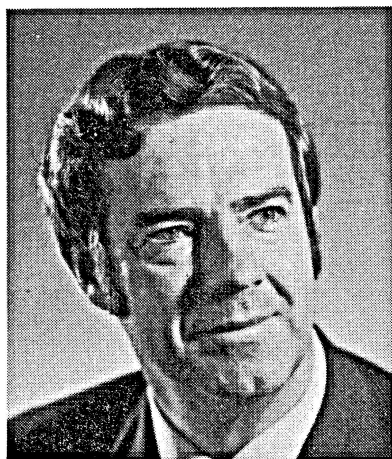


# A NEW APPROACH TO THE SUBJECT BUSINESS POLICY<sup>1</sup>



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## INTRODUCTION

Although the title of this article is "A New Approach to the Subject Business Policy", I would like to state in the beginning that this is a misnomer. Business policy is not a descriptive name and the contents of the subject have changed radically over the years. Business policy must be concerned with the top management, with leading the organisation to survival and growth. Top management is the highest level of management, the other being middle and lower management. Not many years ago the activities of top management were concentrated in one position occupied by one person. Owing to the rapid growth in size of organisations, these activities are now carried out by many positions and more than one person, although one person still has to make the final decision. Traditionally most business schools concentrated on training people for the lower and middle levels of the organisation because they had to train people for their first jobs. Hence top management received cursory attention. This explains why a degree in this field is known as a degree in 'business administration' and not in 'business leadership' — business leadership is related more to top management. However, some business schools which concentrated on the training of executives felt the very real need to train top management and it is in these schools that the major developments in the field of top management have taken place. In this article I shall try to explain how the School of Business Leadership (SBL) developed the courses in 'business policy' and structured its whole master's programme around the activities of top management.

## THE CONCEPT MANAGEMENT

The concept management is closely related to the

open-endedness of systems and the setting and attaining of organisational objectives.

Top management needs creativity, insight, the judgement to handle the uncertainty in the environment and leadership to set and attain organisational objectives. The SBL therefore approaches the subject of executive training by regarding the firm as an open system. I would like to quote James D. Thompson (1, p. 10) on the systems approach:—

"We will conceive of complex organisations as open systems, hence indeterminate and faced with uncertainty, but at the same time as subject to criteria of rationality and hence needing determinateness and certainty."

In leading any system, human beings have to make decisions to satisfy needs in the environment or the environment will not support the systems. To satisfy the needs of their environment, business leaders have to make economic and technical decisions on how to obtain and allocate human and other resources and decisions to direct the resource conversion process so as to optimise the attainment of objectives. This leadership therefore also requires the efficient implementation of these decisions. To make decisions and to ensure their implementation requires information. The gathering of information, decision-making and the implementation of decisions are done by people who not only provide labour, but to some extent impose personal objectives on the organisation. Society also imposes social objectives on the organisation. So the firm is not only an economic and technical system, but also a social system, and the economic and technical decisions must take place in a social context.

\* I wish to thank Proff. A. Morkel, G. Schutte, and I. Macmillan who respectively contributed to the sections on Constitutive Directive and Activating Management, and Prof. J.J. Venter with whom several of the concepts have been discussed over many years.

All decisions are related to the objectives of the organisation. In other words, objectives are the decisions on which all other decisions are based. The organisational objectives of growth and survival are the instruments for matching the organisation and its environment, and this process of matching requires strategic planning. The terminal objectives of any organisation in the private sector are economic and technical objectives taken in a social context. The process of striving for economic, technical and social objectives results in political action – the process of attaining your economic, technical and social objectives. This will be explained in more detail below.

In summary, any organisation is an open system with economic, technical, social and political objectives. It is exposed to an uncertain environment, but to be efficient (e.g. attaining economic and technical objectives) it tries to develop certainty and determinateness through strategic planning and an organisation structure that protects the organisation's "technical core" or production unit against uncertainty and undeterminateness.

From the above we can see management in the form of a matrix as developed in the syllabus for the Master's Degree in Business Leadership (Fig. 1). On the horizontal level we have the three concepts of top management namely constitutive, directive and activating management. Constitutive management is the element of management mainly concerned with creating and adapting the organisation to suit its environment; directive management is the element concerned with the implementation and control of the systems; and activating management has two subelements – one is the process of leading and motivating the people in the system to constitute and to direct and the other is to develop a political strategy for the firm. All the activities in directive and constitutive management are part of activating management process whereby the objectives of the organisation are attained. In the first two elements we have the characteristics of the economic and technological systems where course content tends to be normative and prescriptive. In activating management we have political and social systems and a more diagnostic approach in the content. On the vertical side of the matrix moving from an open to a closed system, we move from strategic planning (or the institutional level) to management planning and control (administrative level) and then on to the operating level which has two sections administrative and technical. Another way of seeing the vertical dimensions in Figure 1 is to move from top management down to middle management on to lower management, a movement from organisational or primary objectives – open systems objectives – to sectional targets. In strategic planning most of the constitutive management decisions are found and from these flow the economic and external political strategies of the firm. Here we have a strong emphasis on leadership. On the managerial level of planning and control we have large element of directive management as well as activating management, but a

small element of constitutive management. In constitutive management we have the interaction with the task environments determining the boundaries of the domain of the organisation. Directive management operates in this domain. Operating management is more related to directive management with an element of activating management. The element of activating management in operating management has more to do with personnel management and industrial relations whereas the section in middle management tends to concern with internal politics relating to the allocation of resources in particular. From the decision-making point of view, we could classify decisions vertically up from intra-decision-making (with decisions between or over the boundaries of departmental functions in one organisation.) The next level is intra-organisational-decision-making which relates to decisions for the organisation as a whole. The top management type of decision-making relates to the organisation and its environment – inter-organisational-decision-making. Management is an integrated system of activities and in teaching it, the whole matrix must be considered, but with emphasis on different parts depending on the characteristics of the student.

## HISTORICAL DEVELOPMENT OF MANAGEMENT AS THEORY

Management theory is closely related to the development of technology, scale and the availability of markets and resources. With an increase in size, management tasks become more differentiated horizontally and vertically. The increase in fixed investment, because of technological development, makes the uncertain future a problem. The great uncertainty involving the future stimulates managements of organisations to move to more homogeneous and stable task environments. This is done by buffering against fluctuations and by changing the domain, for example by diversification in products and markets and by backward and forward integration. The growth in size and investment makes the strategic decision a far more important type of management decision than it is in small size firms with small investment in fixed assets.

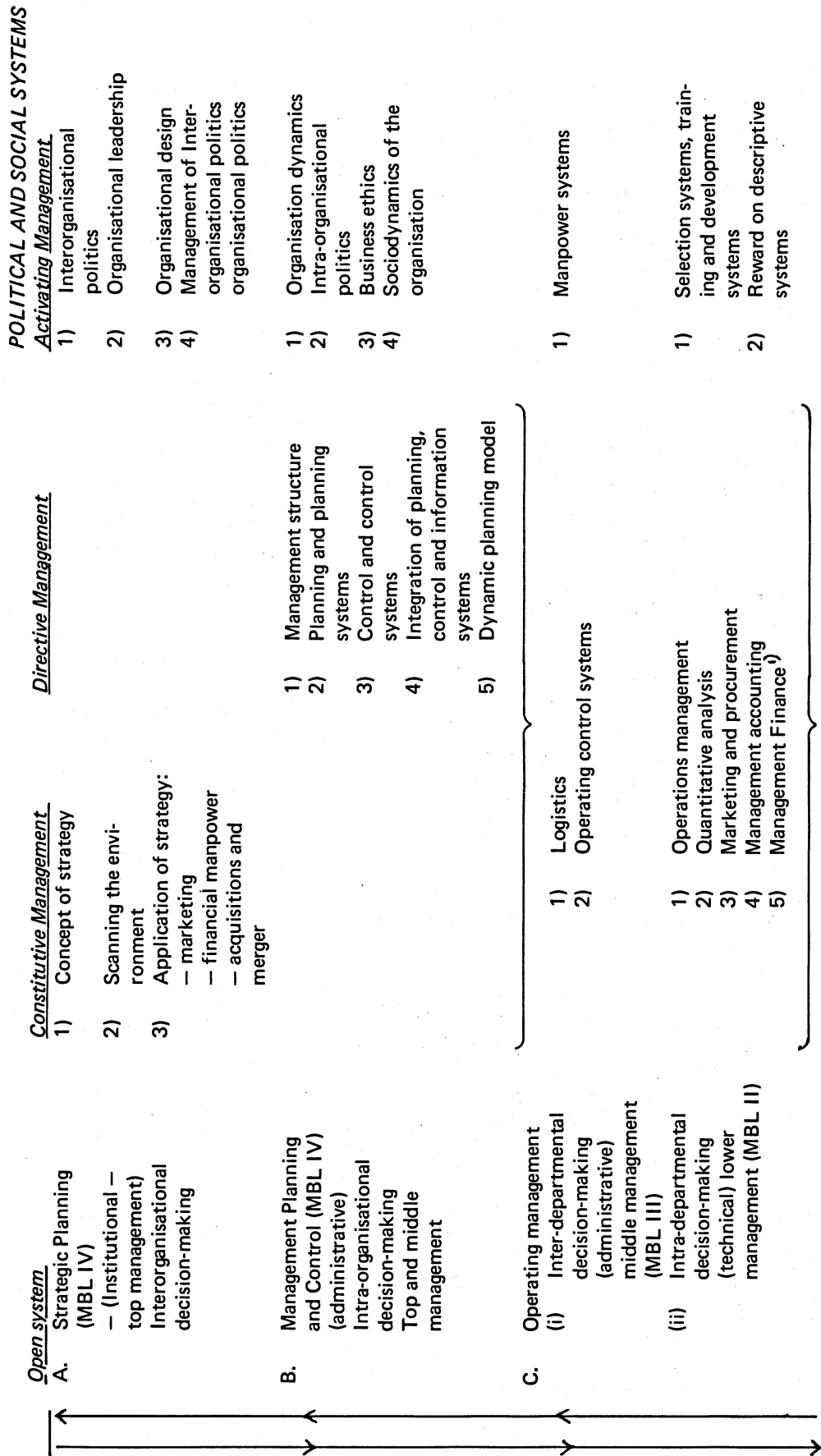
In the first stages of the development of management theory, we find more determinate economic and technical systems based on efficiency. The main type of decision here is the operating decision.

In the English-speaking world we find the development of the scientific management school (Taylor, 1911)<sup>2</sup>, administrative management (Gulick and Urwick, 1937)<sup>3</sup>, and bureaucracy (Weber, 1947)<sup>4</sup>. As Thompson<sup>1</sup> (p. 5) stated,

"Scientific management, focussed primarily on manufacturing or similar production activities, clearly employs economic efficiency as its ultimate criterion, and seeks to maximize efficiency by planning procedures according to a technical logic, setting standards and exercising controls to ensure conformity with standards and thereby with the technical logic."

FIG. 1

MASTERS DEGREE IN BUSINESS LEADERSHIP (BUSINESS POLICY) SYLLABUS  
ECONOMIC AND TECHNICAL SYSTEMS



<sup>1</sup> Management Finance is presented in Cycle II because of scheduling problems.

In the Dutch literature we also find an early approach with efficiency as the main principle based on cost accounting, finance and the formal organisation. All these approaches were normative and closed system approaches concentrating on middle and lower management in the section operating management (Fig. 1).

The first movement away from these normative and descriptive approaches concentrating on economic and technological closed systems was the introduction of the diagnostic approach recognising the importance of the informal organisation – this was the beginning of the social system approach. This was the first recognition that organisations work with human beings (Roethlisberger and Dicksen, 1939)<sup>5</sup>. We must remember that this was also seen from the cost or efficiency principle, considering the fact that changes in the informal organisation also influence profits.

With the introduction of the elements of top management, namely planning, organising, co-ordinating and control, we experience a movement from a closed system approach to an open-ended system approach. To a large extent this movement results from the discovery of the writings of the French author Fayol<sup>6</sup> who in 1916 divided top management into five elements: foresee, organising, order, co-ordinate and control. Urwick made an important contribution by introducing it to the English-speaking world. Other writers improved on this by integrating the informal organisation into this approach by adding the elements of staffing and communication.

The Dutch literature introduced two concepts that correspond to the five elements of Fayol, namely constitutive and directive management. These two concepts or tasks were defined as follows by H.J. van der Schroeff, (p. 123):–

“Under constitutive management is understood the estimation and preparation preceding implementation. This includes investigations and evaluations of opportunities in the future, the formulating of policies, the constitution of the organisation, the determining of the means of implementing the plan of action. Directive management covers the implementation according to the plan of action, including the use of the designed organisation and procedures. Directive management includes the setting of the tasks of functionaries responsible for implementation for the giving of instructions on how to execute orders, the giving of orders and controlling the implementation.”

Van der Schroeff paid very little attention to the human element in management. During the latter stage of the development of the traditional approach, Chester Barnard's writings<sup>8</sup> were published. He saw the organisation as a unit interacting with its environment. Simon<sup>9</sup> March/Cyert<sup>10</sup> elaborated on this approach and saw the organisation as a problem-facing and problem-solving phenomenon. The organisation is interacting with a changing environment –

not all alternatives to problems are known, nor are the consequences of alternatives known. For the first time we move on to an open-ended system operating in a complex and changing environment. Concepts such as the process of searching, learning and deciding, bounded rationality and satisficing were introduced to deal with this complexity.

Where most of the previous approaches were normative and prescriptive, we find that this behavioural theory of the firm is more diagnostic and combines economic analysis with social behaviour.

To this behavioural approach of Simon/March/Cyert, H. Igor Ansoff<sup>11</sup> added his concept of corporate strategy. In his research Chandler<sup>12</sup> drew attention to the relationship between corporate strategy and the structure of the organisation. Studying the open system approach of Simon/March/Cyert, Chandler and Ansoff, we find the beginning of the three-level approach to vertical decision-making, namely strategic, administrative and operating. It seems that these writers also utilised Parson's<sup>13</sup> levels of responsibility and control, namely technical, managerial and institutional. An improvement on Ansoff/Parson's three-level classification would appear to be the three-level classification of Anthony<sup>14</sup>, namely strategic, management planning and control, and operating decisions.

At the moment, however, we are already moving in the direction of modelling our course structure on a cybernetic model developed by Beer<sup>15</sup> where instead of including only three levels of management, a five-level system is used. One of the extra levels explains the use and position of corporate decision rooms and the other is a model of the integrating aspects of the various functions as found in operating control information systems and logistics (Fig. 1).

In this historical discussion we have explained the origin of most of the elements of our matrix. The only element of the matrix still to be explained is the development of the firm as a political system. The Machiavellian approach has been known to us for many years, but was never integrated into management theory. Also in sociology we had writings on the firm as a political system, particularly the writings of Parsons.<sup>13</sup> As early as 1936 Harold Lasswell<sup>16</sup> published his book *Politics – Who gets what, how*, in which he stated that in politics the unifying frame of reference “... is the rich and variable meaning of influence and influential, power and the powerful”. Miller and Form<sup>17</sup> stated that political processes run through the social structure of industry. This was followed by Mellville Dalton's<sup>18</sup> research study called *Men who manage* and done in an industrial firm with 8 000 employees. In 1969 as sociologist, James Thompson<sup>1</sup>, came forward with his book *Organisations in action* which formed an important basis for our approach to the firm as political system. The three concepts constitutive – directive and activating management will now be discussed in more detail.

## CONSTITUTIVE MANAGEMENT

In the initial stages of the development of con-

CONSTITUTIVE MANAGEMENT

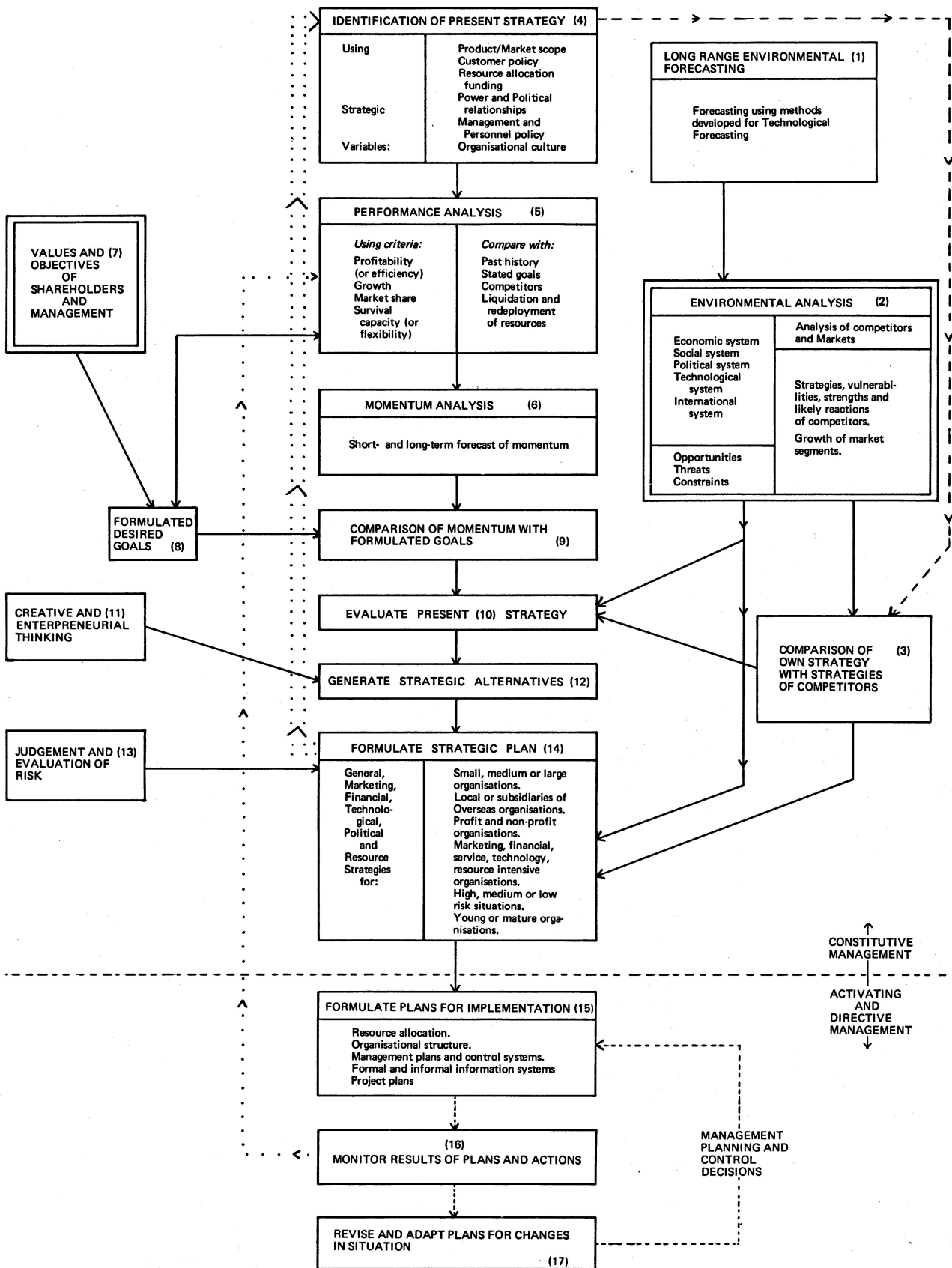


FIGURE 2

stitutive management, a descriptive discussion of the South African environment and the planning of strategy, objectives, project planning and administrative systems — based on the Dutch approach were the centre of attention. Over the years this central theme shifted to planning only, and then to interaction between firm and environment. Even in the early stages it was clear that handling strategic planning on the one side and planning administrative routine activities and structure on the other was no mean task. Strategic planning was expanded in constitutive management whereas the management planning and control aspects were moved to directive management where the planning of information control and administrative systems receive attention. Planning of structure was moved to activating management. As a result of this change constitutive management paid more and more attention to objectives, strategy, performance analysis, strategic planning, environmental forecasting and environmental analysis (see Fig. 2), which are the main instruments whereby an organisation adjusts to change e.g. new constraints, threats and opportunities in the environment. It became necessary to differentiate between political and economic strategy. Political strategies were later moved to activating management. As a result, the Ansoff-Katz<sup>22</sup> approach was expanded on the one hand to include analysis of the political, social technological and economic environment (not descriptive as in the beginning) with special emphasis on long-term forecasting (Fig. 2 (1,2)). On the other hand, the Ansoff-Katz approach extended from expansion and diversification to the planning of marketing, financial and manpower strategies (Fig. 2 (14)).

The strategy elements in the functional courses of the second module of the MBL have been moved to a module under constitutive management in the fourth cycle of the MBL programme. Optional mini courses are now built in to cover small businesses and multi-national enterprises, (Fig. 2 (14)). With the shift of emphasis to the interaction between firm and environment, it has become possible to include non-profit-making organisations. The course has now three modules:—

- (a) The first module in constitutive management covers the theory of constitutive management (Fig. 2 (4-14)) and case studies are used to give the student practice in solving complex business problems.
- (b) In the second module special attention is paid to environmental analysis and forecasting (Fig. 2 (1-3)).
- (c) In the third module the emphasis is on application and the student has to work on case studies and project studies with special reference to marketing, financial and manpower strategies (Fig. (14)).

This course with its three modules is closely integrated with the other courses in top management, for example the modules in directive management (Fig. 2 (15-17)). No internal appraisal of a company is possible without information systems. No strategy is

possible without information on the financial position of the company. In the case of activating management, close integration with the modules covering structure and political integration must be maintained.

## DIRECTIVE MANAGEMENT

Directive Management is derived from the directive function of management which assures that things within an organisation get done and that plans are implemented in such a manner that the objectives of the organisation are achieved. Because it deals with the implementation of plans the emphasis must also fall on control, and because control at the top management levels is, in fact, replanning Directive Management therefore also deals with the development of formal planning systems within an organisation.

Directive Management is therefore structured around the control function of management. It is developed with the knowledge that goal directed organisations require the discipline of formal structures and systems as well as the creative and innovative ability of managers to bring about change within those structures and systems.

Initially, the course was presented as a course in financial control and emphasised the techniques associated with financial control such as standard costing, absorption costing, management by exception, etc. In time the concept of a cost control system was expanded to that of an information system. This development gave recognition to the fact that, broadly speaking, a control system is a system that provides a decision-maker with the information needed to effectively perform his task.

In the evolution of the course the emphasis therefore moved from costing systems to information systems. Information systems, however, have two aspects, i.e. the technical aspect and the management aspect.

The technical aspect deals with the technical development of an information system and traditionally covers the definition of information requirements, the tracing of information requirements back to source documents, the development of flow charts that specify the system logic, the choice of hardware configurations the programming of the system, the testing of the system, the implementing of the system and finally, the need to continuously revise and renew the system. This approach emphasises the technical development aspects of information systems.

With the development of Directive Management we selected to emphasise the management aspects of information systems development. This required an investigation into the basic characteristics of what management required from an information system and it was concluded that what was really required was either a planning system or a control system or a combination of both. It was realised that an information system is not independent but supports manage-

ment in either its planning function or its control function or, if possible, in both functions. Directive Management in the first instance deals with the development of planning and control systems and so establishes the framework for decision-making within an organisation.

The course has six elements:—

- (a) The organisational structure is initially analysed in terms of the planning and control functions of management at the various hierarchical levels. This provides a frame of reference for the development of planning and control systems. In this respect Robert N. Anthony's<sup>14</sup> classification of planning and control systems that distinguishes between strategic planning, management planning and control and operational control is used. These processes are then related to the levels of management within an organisation and the result is termed the management structure. This represents a normative profile of the type of planning and control activity to be undertaken at each level of management. The management structure is the first element of Directive Management (Fig. 1).
- (b) As mentioned, the process of control at higher levels of management is, in fact, the process of continuous replanning in the light of changed situations. The second element of Directive Management deals with the development of planning systems. The emphasis is on the concept of estimated actuals. This concept stresses the need for continuous forecasting of final results in the light of current conditions, as at the end of a particular planning period. This philosophy is the result of the recognition that an organisation operates in a continuously changing environment and that management continuously has to forecast results in terms of these changes (Fig. 2 (1, 2, 3) and Fig. 3). If management is to continuously replan, it must be subjected to the discipline of continuously forecasting what results could be anticipated in a changing environment if no replanning were undertaken. This process constantly highlights the so-called planning gap which in turn motivates continuous replanning.
- (c) The third element of the course concerns the development of control systems and emphasises the need for identifying and analysing key result areas where exceptional performance is required, if the organisation is to achieve its objectives. The use of management by exception techniques in respect of these key performance areas, as an integral part of the control system, is also discussed in this section.
- (d) The fourth element of the course has to do with the distinction between data and information and the various sources of information.
- (e) In this part of the course the integration of planning and control systems into an information system is discussed. The involvement of managers at the various organisational levels in the various planning and control processes and the inter-relationships amongst them are also covered.

Finally, the various methods of identifying key areas within an organisation are discussed as well as the means of incorporating the information required to plan and control these key areas into an information system (Fig. 3).

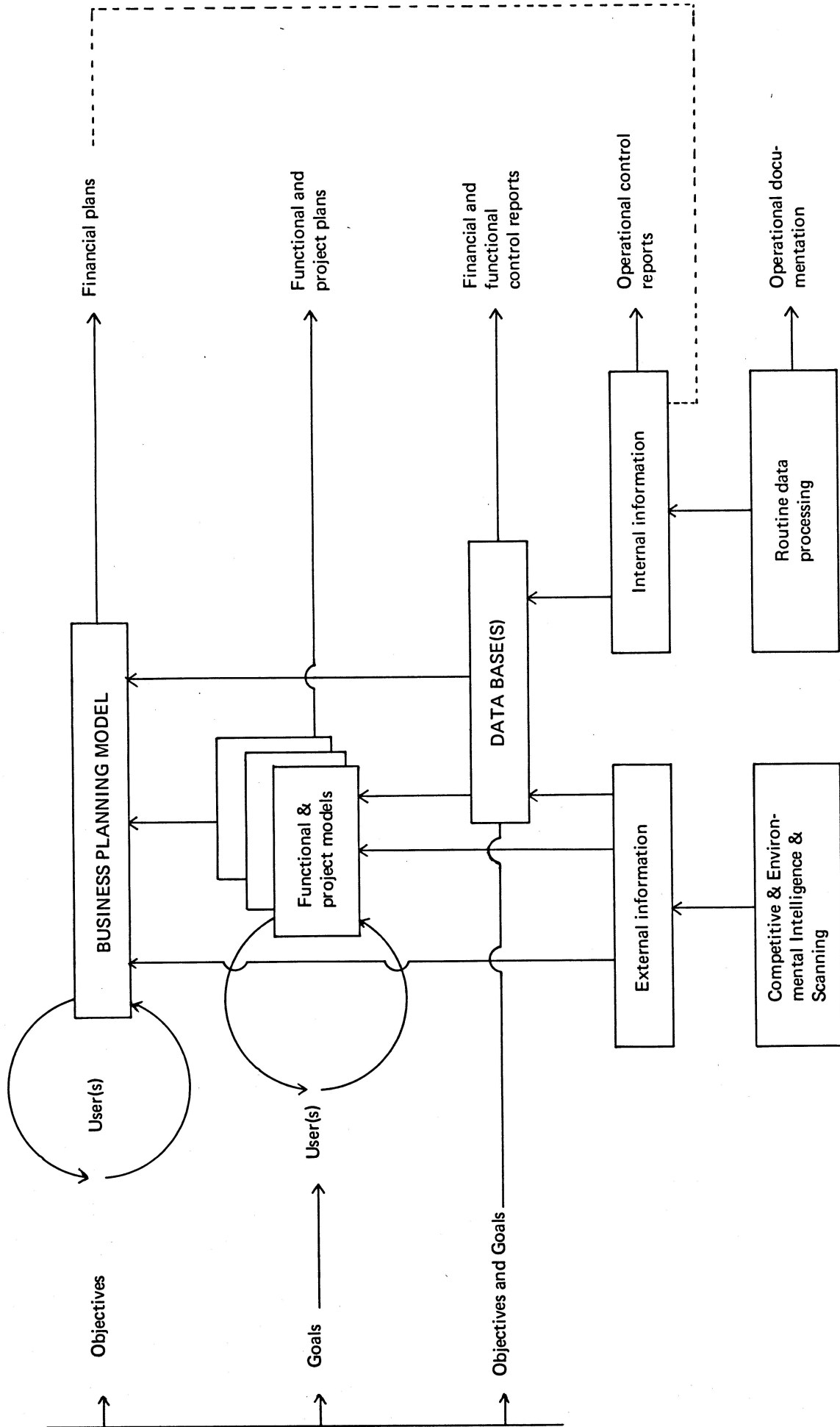
- (f) The basis for continuous planning is the continuous forecasting of the momentum of the organisation in view of internal and external change. These forecasts are based on assumptions in respect of the future political, economic and social factors on the one hand and management decisions in the light of these assumptions on the other. The process is therefore dependent on a model of a futuristic situation. This model can be either conceptual or concrete. Whereas all decision-makers base their decisions on at least conceptual models, the final element in Directive Management deals with the process of transforming conceptual decision-making models into concrete decision-making models that can be manipulated on a computer to evaluate alternative strategies in a decision situation. Although this final element of Directive Management is still in a phase of development and will not be presented before 1975, it is the logical development in the field of information technology as an aid to higher level decision-making. Here we link constitutive and directive management.

The manner in which these elements relate to one another and are interdependent is illustrated in the diagram in Figure 3. The diagram illustrates:

- (a) that planning and control is undertaken to achieve objectives (set through the strategic planning process) and result in plans
- (b) that these plans together with historical performance records serve as inputs to the internal information system the output of which is a range of operational control reports
- (c) that the internal information system together with certain key external information serve as input to a data base
- (d) that the data base together with a continuous stream of external information feed both the functional project system and the business planning system
- (e) that this control system is a replanning system based on a model of the particular decision situation and is used to evaluate alternative assumptions and decisions. Its output is new plans. Thus the cycle is dynamic and continuously repeated. This diagram illustrates the structure and systems covered in Directive Management and highlights the interdependence of planning, control and information systems.

Directive Management has therefore developed from traditional Financial Control and today concerns the development and implementation of planning, control and information systems within organisations. The emphasis is on the management aspects and, on completion of the course, the student should not only have mastered the theory relating to the

**FIGURE 3**  
**MIS – INTEGRATING PLANNING CONTROL AND INFORMATION SYSTEMS**





development of planning, control and information systems, but should also be able to play a leading role in the development of such systems within any organisation.

### ACTIVATING MANAGEMENT

The Activating Management component of the Business Policy course is largely concerned with leadership and the political activities of top management. It is one of the sections of Business Policy that has become increasingly important during the past ten years.

The current courses at the School of Business Leadership evolved through four fairly distinct phases, each phase reflecting the emphasis being placed on a specific facet of organisational experience at the point in time as well as the resources available.

When the MBL programme was first launched, the primary emphasis in the first year was on business sociology. In the second year the focus was on personnel management and public relations. Topics which received emphasis were motivation theory and group dynamics. In the third year the students moved on to the human behavioural component of *general* management activity, for example leadership and human factors in organising. Here it was attempted to take into account the behaviour of the organisation as a whole. Business Policy at this stage was one of four courses and the study of human behaviour, which was called Activating Management, constituted one third of the Business Policy course.

In 1972 Activating Management was introduced as a major final year course and was no longer merely one third of a course as in the previous year. The course consisted mainly of descriptive theory of the behaviour of the organisation as a social system – based largely on the work of the Simon/Cyert/March school of thought. In addition, some prescriptive theory regarding formal organisation structure was given. However, by this time the work of Thompson<sup>11</sup> was receiving attention and also being incorporated in course material. The more politically orientated theory of Thompson attracted the interest of members of staff.

In the third phase organisational politics received the major emphasis in the courses. The final year course comprised three major parts – descriptive theory of the organisation as a social system, descriptive theory of the organisation as a political system, and prescriptive theory concerning organisation structure.

The fourth phase started when a major policy decision was made to introduce modern teaching methods in the Business School. Course objectives were required and these objectives had to be *behavioural* objectives – emphasis also moved away from what the student had to understand to what the student had to *be able* to do.

In line with the other disciplines the structure of the programme was changed. Instead of three one year

courses, four cycles were introduced (excluding the year for the dissertation).

From Figure 4, it can be seen that in the first cycle the emphasis is on introducing the behavioural science subjects to the student through the course in Interpersonal Dynamics. The major emphasis in this course is on individual motivation and group dynamics.

The Interpersonal Dynamics course forms the basis for the second cycle in which manpower development systems are discussed. Motivational and group dynamics theory is applied to the design of manpower systems such as selection, training, remuneration and appraisal and disciplinary systems. In other words, the traditional personnel management functions are taught in a systems context.

In the third cycle, previous courses form a basis for developing three sub-courses:—

- (a) *Business Ethics* – which is designed to set ethical *constraints* on behaviour which will be tolerated as far as organisational politics is concerned;
- (b) *Socio-dynamics of the Organisation*—which identifies the *context* within which political activity takes place in the organisation;
- (c) *Intra-organisational Politics*—in which the political action in an organisation is analysed in detail. The organisational politics sub-course starts with the statement that individuals in the organisation will act in their own long-term interests. When they cannot achieve their aims as individuals they will seek others to support them, and thus coalitions of individuals will form in the organisation. Detailed consideration is given to how these coalitions form, how they develop power and influence in the organisation and how an entire political hierarchy evolves in the organisation. The processes of policy formulation, interpretation and execution are analysed in terms of this political model, and the structure of internal political relations between departments and between hierarchical levels is analysed. Bargaining theory is discussed and prescriptive guidelines regarding bargaining tactics, bargaining strategy and bargaining behaviour are given.

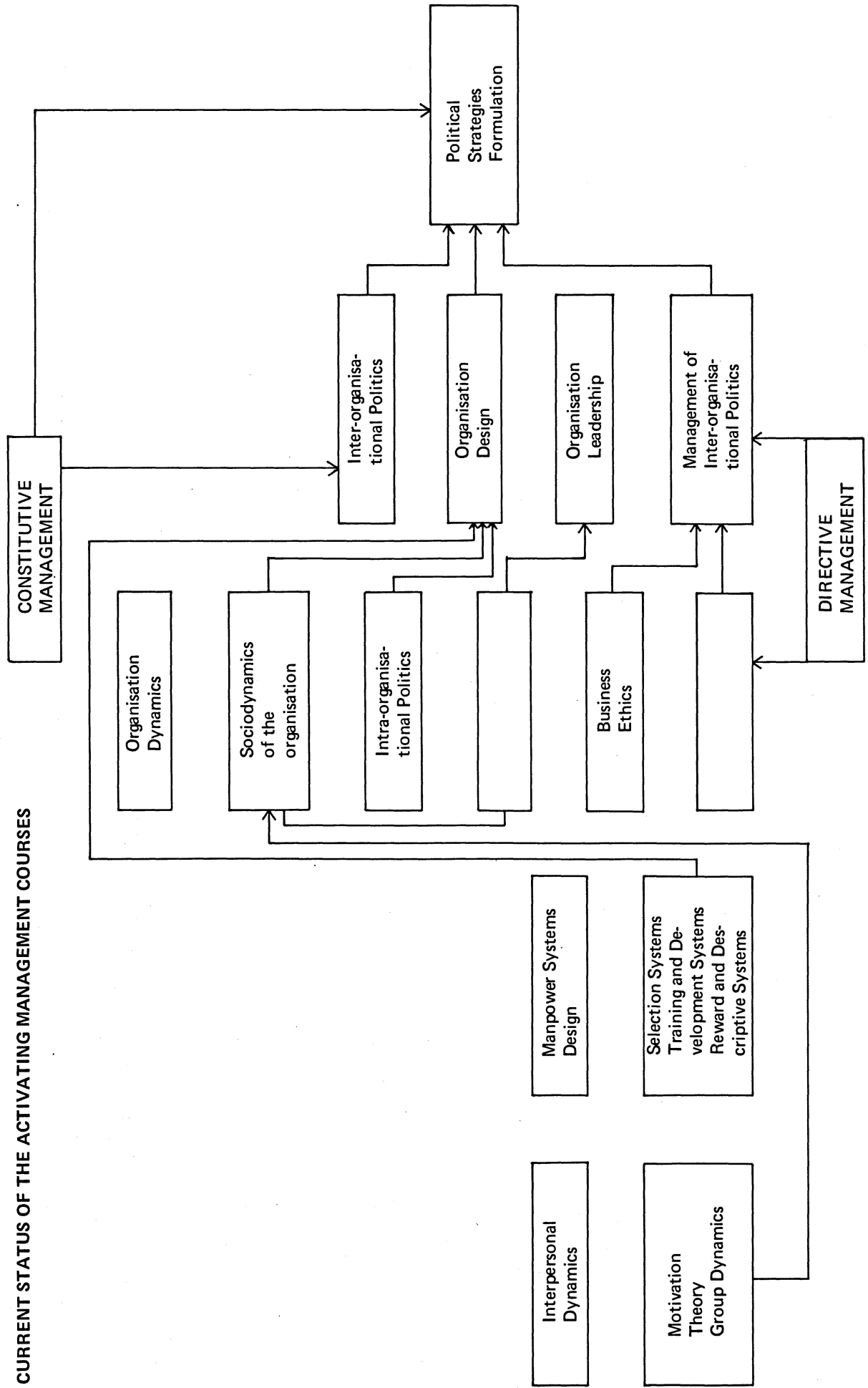
However, the political activity of the organisation is not confined to intra-organisational activity. The sub-course is concluded and taken up again in the fourth cycle.

In the fourth cycle the emphasis is increasingly prescriptive. From the previous cycles, the following general management functions are clearly identified:—

- (a) The function of managing the internal politics of the organisation via *organisational leadership*;
- (b) The function of managing *inter-organisational politics*;
- (c) The function of *designing an organisation structure* within which the socio-political activity must take place.

FIGURE 4

CURRENT STATUS OF THE ACTIVATING MANAGEMENT COURSES



These functions constitute the sub-courses of the fourth cycle. The course in *Organisational Leadership* focusses on providing prescriptive guidelines for the management of organisational politics. Attention is paid to the identification, analysis and prediction of the political effects of policy decisions, methods of control of manipulative activity, and interest group formation to ensure as far as possible that what political activity does take place is channelled in directions which are beneficial to the organisation as a whole.

The course in *Inter-organisational Politics* focusses on providing prescriptive guidelines for the handling of external political activity by other organisations. Attention is paid to the analysis of the external political situation and the necessary development of power and influence basis, the forming of alliances and formulation of political objectives and bargaining strategies to achieve these alliances.

The course in *Organisational Design* focusses on the design of an organisation structure to meet the economic, social and political demands being placed on the organisation by both internal elements and elements of the organisation's environment.

The entire set of courses then culminates in the formulation of a political strategy of the organisation, aimed at integrating the economic strategy devised in the Constitutive Management courses with the behavioural influence introduced by the fact that the organisation is made up of human beings.

Where the courses have not yet been sufficiently well developed to achieve a behavioural skill objective, the student must be able to demonstrate an understanding of the course *in the context of his work situation*. Assignments in these subjects are therefore orientated *towards applying the theory in the work situation* via field studies rather than towards being able to reiterate the theory in the course material.

## THE TEACHING OF MANAGEMENT

Most of the business schools concentrate on the teaching of the functions of a firm, including the general or top management as the fifth function. In the United States this integrating top management course is called business policy. The Gordon and Howell<sup>19</sup> (p. 269) report states that the object of such a course would be:—

".... to integrate the student's work in various special areas so as to show the ramifying implications of most business decisions, to give students practice in identifying problems by confronting them with complex business situations, to develop further their problem-solving skill in approximations to real life situations and through oral and written reports to improve their communication skills". The report proceeds to say that this type of course must be the cap-stone of the core curriculum, and that the way to attain the above objectives is by means of case studies and not so much by studying management theory — skill not knowledge.

The report found that very few of the business schools, other than exclusively graduate schools, teach business policy. The reasons given for this position are that some faculties are biased against the use of cases, there is a lack of staff to teach it and the objectives to be attained by business policy can be attained equally well through other courses in the curriculum.

Although business policy is now included as a course in most curricula of American business schools, insufficient attention is paid to developing a balanced course in this field. Most of the arguments mentioned by the Gordon and Howell report are still valid. American business schools had very little success in drawing staff from the business world and business policy sections are being linked with the functional fields to an even greater extent. Recognising the fact that one cannot teach business policy in one three-credit course, one finds an unorganised fragmentation or break-up of the old business policy course.

Some writers extracted the environment and developed courses in political, economic and social environments. Others turned to the activating part and expanded that in a series of courses on human behaviour.

The important fact that American business schools work with students without business experience will prevent the development of structured courses in top management. They have to prepare their students for their first jobs in operating management. Very few students will start on the middle management level and it will be due more to accident or inheritance if any young graduate starts as top manager. The schools have to train students for their first jobs and to achieve some depth they allow them to specialise in operating fields such as marketing in which they can take a first job.

Another aspect is the fear lecturers at the American business schools have of doing research in business policy on account of its open-endedness. Because of the tenure system of promotion, young lecturers with no business experience prefer to do research in fields that are more academically orientated and more closely controlled — closed systems.

## THE NEED FOR STRUCTURED PROGRAMMES IN TOP MANAGEMENT

Andrews<sup>20</sup> (p. 105) investigated the effectiveness of university management development programmes. He asked graduates from executive programmes to rate the importance of the subjects or courses studied in executive programmes according to the importance they attached to them. Business policy ranked as number one. This was followed by courses in human relations, social, economic and political responsibility, with marketing ranking at the bottom. A report<sup>21</sup> based on research done in the United Kingdom and involving senior executives ranked interpersonal relations first and business policy second. In a survey done by the School of Business Leadership asking alumni and their immediate

superiors to rank 22 courses according to their importance, we obtained the following interesting results (145 graduates and 17 superiors returned their questionnaires). The alumni ranked short and medium-planning as the most important and budget control and negotiations among the first five. Their immediate superiors gave interpersonal relations, short and medium-term planning, verbal communication, project planning and long-term planning as the five most important courses. If the ranking is analysed according to the seniority (years after completion of studies) of the alumni, short and medium-term planning maintain the first position, but long-term planning and strategy move from eleventh to second position. Negotiations moved to second position for the highest income group as opposed to seventh position for the lowest income group. It is clear that as graduates move into senior positions, they feel an increasing need for training in a field of top management.

### CONCLUSION

It is important to emphasise that top management can be studied only in the context of an open-ended system. Top management has to do with the interaction between the firm and its environment as well as the study of the organisation's objectives and the attaining thereof. The past decade has seen a very interesting development in the businessman's environment. More and more constraints are being laid on his activities, for example wage and price control. It has become more and more difficult for the businessman to use economic strategies e.g. marketing, finance and manpower strategies. The increase in the size of organisations and the development of oligopolistic market structures have forced organisations to make greater use of the political strategies of manipulation and accommodation. This means more political activities and less economics.

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