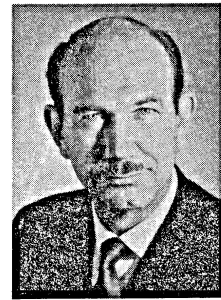


# ACTIVATING MANAGEMENT : A MANAGERIAL PHILOSOPHY OR A TECHNIQUE?

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## 1. GENERAL MANAGEMENT : AN OPERATIONAL DEFINITION

### (a) Introduction

In order to discuss the question of whether Activating Management is a managerial philosophy or a management technique, it is necessary, in the first place, to identify the focus of Activating Management within the framework of the function of General Management, and then, secondly, to arrive at an operational definition of the function of General Management, as developed by the faculty members of the School of Business Leadership. Finally, this will lead us, via a consideration of certain basic phenomena, to a working definition of Activating Management. It is, of course, impossible in an article of this kind to deal at length with all the phenomena involved. The objective is rather to present a tentative conceptualisation on a somewhat high level of generality.

With this purpose in mind we take as our point of departure the dual nature of the problems confronting management of complex organisations. The dual nature of the problem of management lies in our conception of complex organisations as goal-directed and goal-oriented, but open systems, hence indeterminate and faced with uncertainty, on the one hand, and, on the other, subject to criteria of rationality and hence needing determinateness and certainty. Indeterminateness, change and uncertainty arise out of the technologies used by complex organisations, the environment in which organisations exist, and human behaviour in and around organisations.

As pointed out, the primary characteristic of organisations is that they are goal-oriented. This criterion has implications for both the external relations and the internal structure of the organisation when it is conceived as an open system.

A system consists of a complex of elements or components which, directly or indirectly, are joined together in a causal network in such a manner that each component is related to at least a number of others in a more or less stable manner over a particular period of time. The components of the type of system which we have in mind may be relatively simple or could be highly complex and variable; they may further differ from each other in respect of only one or two characteristics or they may assume many different qualities. The particular, more or less stable mutual relations which occur at a particular time between components, form the unique structure or the whole of the system at that time, with a certain degree of continuity as well as a boundary. In addition, there is continually some or other process occurring within the system, including an exchange with its environment across the boundaries of the system. The boundaries between such an open system with a highly plastic structure and its environment is, however, an arbitrary matter.

When we examine the hierarchical structure of organisations in more detail, we wish to suggest here that organisations display certain sub-systems which are relatively inert to influence by their environment and others which are again open to such influences. Moreover, such phenomena are not distributed at random throughout complex organisations, but they tend to center on definite levels of the organisation.

All complex organisations exhibit three distinct levels of responsibility and control — the technical, managerial and institutional levels. These levels correspond to the primarily economic, the social and the political aspects of the system respectively. In the next section the latter point will be pursued further.

### (b) The Technical — Economic Sub-system

Every formal organisation contains a sub-

organisation in which the technical function is performed by means of a long-linked technology. This low level sub-system approaches instrumental perfection, because often only a single product is produced or service rendered, repetitively and at a constant rate, by means of a single technology. This in turn allows the use of clear-cut criteria to guide the choice of machines, equipment, and expertise; to regulate the workflow and to select the operators. The repetitive nature of the production process brings experience which assists in the elimination of shortcomings in this sub-system as well as the technology, e.g. modification of machines and preventive maintenance. Repetitive work also enables time and motion studies, and through training and experience, energy losses and mistakes can be minimised.

The constant rate of production, once the necessary adjustments have been made, means that the inputs may be standardised to the point where each contributes its maximum capacity; no one needs to be utilised below its capacity; this is a pure economic system. As will be pointed out later, in terms of the inducement-contribution theory, the reasons for participation in the organisation by the participants on this low organisational level, are predominantly economic in nature. From the point of view of management the problem of inducement is primarily to motivate individual participants. The managerial objective is to keep the technical-economic sub-system as closed as possible and therefore relatively free from the constraining influence of variables in the environment and this sub-system can therefore attain a relatively high degree of rationality in its functioning. Unknown factors are minimised, and certainty is increased.

#### (c) The Socio-Political Sub-system

The Socio-Political System features of complex organisations become particularly evident on the second and third order organisation-levels, i.e. the managerial and institutional levels. The managerial level serves the technical-economic sub-system by (1) acting as intermediary between the technical-economic sub-system and those external systems using the products of the technical-economic sub-system, i.e. the consumer body, and (2) by obtaining the production factors from the

environment and supplying this to the technical-economic sub-system in order that the latter may execute its functions. The managerial level directs or controls the technical-economic sub-system by making decisions regarding the technical work to be done, the scope of production, employment, purchasing policy, etc. This control is, and rightly so, not of an unilateral nature.

Through the mediation and procurement function, the dimension of a mutual dependance with the environment of the organisation is extensively built in. In a relatively standardised manner, but far less so than in the case of the technical-economic sub-system, as determined by the available mediator technology, those that are mutually dependant on the organisation or prefer to be, are linked together.

Standardisation of this type of technology becomes possible over time and space as and when each segment of the organisation is geared to other segments. In this respect the bureaucratic techniques of categorisation and impersonalisation of the rules and regulations of the organisation are particularly useful.

From what has already been said, it becomes clear that environmental penetration on the managerial level is significantly strong, more so than on the technical-economic level. From the point of view of general management, the factor of uncertainty accordingly becomes larger and the degree of rationality decreases. The frequency of interactions and interpersonal relations between participants on this organisational level, mutually and across the boundaries of the organisation, are much higher than in the case of the technical-economic sub-system. The managerial sub-system, therefore, assumes the character of a social system with strong political overtones.

#### (d) The Political Sub-system

It is on the third level, the institutional, where environmental penetration and therefore also mutual dependance between the organisation and its environment, is of the highest degree. The broader social system, which is society in this case, gives sense and meaning to the organisation, i.e., the technical and managerial sub-systems together, and it legitimises the organisation, by means of which the realisation of the objectives of the organisation are made possible. The interchange



between the organisation and the institutional structure of society is the function of the institutional organisational level. (See Exhibit I).

From what has been said above, it immediately becomes clear that rationality is only possible on the technical-economic level. Managerial rationality, as a system of cause and effect relationships, leading to the desired results, i.e. the objective, is therefore an abstraction. Only when both the input and output problems, both of which are partly controlled by internal and external environmental elements and therefore entail a certain amount of uncertainty for the organisation, can be removed from the technical core of the organisation, can organisational rationality be increased.

#### (e) General Management defined

The dual nature of organisations, on the one hand as open systems and therefore indeterminate and confronted with uncertainty, while it is at the same time subject to criteria of rationality and therefore needs certainty, on the other hand, requires that the function of general management be defined in terms of three distinct functional elements, i.e., the constitutive element, the directive element and the activating element. These three elements of the function of general management represent only an analytical distinction and no separation between functions.

Constitutive management, defined operationally, involves all management activities related to planning of enterprises, including decisions; the establishment of the formal organisation according to a definite design and formal structure as determined by the technical core of the organisation; the evaluation of strategy and strategical and tactical planning, which includes the formulation of organisational objectives. All these elements are determined by the relationship between the organisation and its environment.

Directive management, also defined operationally, comprises:

- (1) planning and the establishment of short-term planning systems;
- (2) the establishment of control and control systems.

This can only be achieved after cognisance has been taken of

- (3) the decisions in the organisation relating to the various functions of the organisation and the organisational hierarchy via constitutive management; i.e., the hierarchy of strategical, managerial and operational decisions and the programmed-unprogrammed decision continuum. All this has to be considered before generalisations regarding planning and planning systems, control and control systems, can be made;
- (4) the collection of information for the support of the planning and control systems; and
- (5) the design and implementation of information systems, i.e., the field of cybernetics : feedback, conceptual models and the forward-feeding of such conceptual models.

This boils down to the fact that directive management is concerned with the management and control of short-term operational activities. Essentially, directive management has a planning and control horizon of one year at the most, implying a processual horizon of two years at the most. Constitutive management, on the other hand, has a planning and control horizon of much more than one year. Together, the directive and constitutive elements of the function of general management are mainly focussed on the formal aspects of the organisation conceived as an economic system.

Activating management, based on a multi-, interdisciplinary, behavioural science approach to organisations, is concerned with the organisational behaviour and "informal" organisational aspects internal to as well as external to the organisation, i.e., the complete range of day-to-day personal, interpersonal and organisational dynamics. Activating management is therefore concerned with all the human elements involved in both constitutive and directive management; it binds them together and as a result gives life to the organisation; it comprises all those elements superimposed as an overlay on and in mutual dependence with the formal structure. The activating managerial elements of the function of General Management are therefore abstractions of a different order. Thus, organisations are not only economic systems but also social systems which, as has been suggested above, are organised in modern times as a total

system in a single political collectivity in which a single, more or less integrated system of values has been institutionalised. Organisations are therefore also political systems. This latter point will be discussed further later in this paper.

## 2. THE DUALITY : ORGANISATIONAL RATIONALITY VERSUS UNCERTAINTY — AN OVERVIEW

One of the most important problems with which management of complex organisations is confronted today is the degree of certainty or predictability which can be attained regarding the actions of the social and political systems of organisations. The wide scope of literature on organisations is then also a by-product of the sustained search for higher efficiency and rationality in organisational behaviour.

Historically, the development of thought on higher efficiency and rationality can be divided into three main categories, each of which will now be examined briefly:

organisations conceived as economic systems;

the "human relations" approach to organisations;

the social system approach to organisations.

### (a) Organisations conceived as Economic Systems

The assumption that organisations can be described and defined in terms of a single, or simple set of objectives is implicitly built-in in the original definition of organisations as economic systems. In terms of such a definition, the business organisation strives for the maximum profit in the long run. This objective is of a deterministic nature and is based on rational information and decisions. Uncertainty is not considered as a significant factor.

The simplest model of a business organisation, based on the assumption of a single objective of profit maximisation, arises out of the classical economic theory. In terms of this theory the industrial unit consists essentially of three elements, i.e., purchasing, production and sales. Each of these departments exists under the leadership of an entrepreneur who provides each labour sphere with clear-cut decision rules to guide the actions of everybody concerned. The buyer sees that the production factors are available to such an extent that

for the last unit delivered, the value of the marginal product is paid for. The production manager minimises costs by gearing the production factors in such a way that the value of the marginal product for each production factor is equal. Sales are promoted only to such an extent that the marginal costs are equal to the marginal income.

To attain this objective of maximisation of profits over the long run, the economic system approach to organisations believes that the only decision to be made by the entrepreneur is which product he is going to supply. The other activities of the economic system are determined by the supply of production factors and the demand for the product. Decision making is therefore of little consequence because the firm was considered to be so small compared to its markets that it could exert no discretion.

From this economic model of the organisation the business economics approach was gradually developed in respect of the internal aspects such as costs, financing and organisation, and based on the assumption that complete control can be exerted over these internal aspects, but in respect to the markets, i.e., the environment, little could be done: the business organisation has to act rationally according to the prescribed and specified rules for decision making and it has to be aimed at maximisation of profits over the long run.

The rationalistic approach was also followed by other theorists who were concerned more immediately with the internal organisation itself. In contrast to the pure economic approach in which the environment of the organisation determined everything, the environment was, in turn, completely ignored by these theorists.

Max Weber, for example, developed a comprehensive rationalistic theory of bureaucracy which was almost exclusively concerned with the specification of codes of conduct for the members of the organisation and the development of procedures by means of which a given objective should be attained. Efficiency was the criterion and it was maximised by defining the organisational offices in terms of jurisdiction and a place in the hierarchy, the appointment of experts in these offices, the formulation of rules for certain categories of activities and categorisation of clients and

cases. The expert official is motivated to proper action by the provision of salaries and career promotion.

Decision-making and the exercise of discretion are not considered of importance in this system of logic, because it is assumed that uncertainty does not exist for this kind of system.

In spite of his closed system of logic, Weber grant recognition to various ways in which the empirical reality could penetrate the closed system of logic. He justified this logic, however, by formulating his "pure type" bureaucracy.

In the same rationalistic manner did Frederick Taylor's "Scientific Management" model attempt to outline techniques for the control and measurement of the performances of individual participants of the organisation. Taylor's work may likewise be labelled as rationalistic in the sense that the purpose of the organisation is determined. Economic efficiency still remains the ultimate criterion and it is maximised by means of planning procedures according to a technical logic, the establishment of standards and the exercise of control in order to ensure conformity with standards and thereby with the technical logic. Conceptually the organisation is regarded as a closed system by assuming that the organisational objective is known, tasks are repetitive, the output of the production process is marketed in some manner and production factors of uniformed quality are readily available.

Organisational control is the focal objective and a closed system of logic is therefore utilised with the organisation being considered as conceptually closed in order to conform to such a type of logic.

In this way uncertainty is excluded and thereby system determinateness is achieved. In the rational model of organisation each component is functional because it is assumed that each supplies a positive or even an optimum contribution to the overall result; all resources are appropriate resources and their allocation takes place according to a master plan; all actions are appropriate actions and the results are predictable.

It is therefore not by chance that such a large volume of literature on organisations centers around concepts such as planning and control. It is, however, also not by chance

that these approaches have been rejected as one-sided, because of the theoretical confusion and contradictions of the closed system approach.

**(b) The Organisation considered as a Social System; the irrationality of human behaviour in and around organisations**

If we, instead of the closed system of logic, start out from the assumption that organisational behaviour is conditioned by both human personality and environmental factors, that cognitive and perceptual aspects must be accounted for, as well as the views and knowledge of individual participants of the system, that the objectives of the organisation are often of a complex and pluralistic nature, in other words, that the system contains more variables than can be grasped at once, or that some of the variables are subject to pressures or influence that cannot be controlled or predicted, then a different form of logic is required. Such a logic should make provision for surprise and uncertainty elements of the system. That there are such elements are indeed clearly shown by psycho-analytic research, role and cognitive theories from psychology; social-system, symbolic interactionism, and role-theories from sociology; ideas concerning norms, sentiments, cohesion and interaction from anthropology; conflict theory, especially from sociology and the latest work done in political science; and decision-making processes and selection mechanisms from economics.

**(i) The "Human Relations" Approach to Organisations**

The development of thought, known today as the human relations approach, was distinguished by an endeavour to observe and comprehend human behaviour in organisations by means of research on motivation, sentiments, the small group and the social control by the small groups on its members in order to conform to group norms and values, conflict phenomena and co-operation between individuals and between groups in organisations, communications, the so-called informal organisation, status, striving for status, etc. These variables were not considered as random deviations or faults, but as patterned, adaptive reactions of people finding themselves in problem situations. The informal organisation

was indeed conceived as a spontaneous and functional development, even a necessity, in complex organisations, which enables the organisation as a whole to adapt to circumstances. In addition the organisation was considered as an entity existing in interaction with its environment and which is in no way autonomous; to the contrary, however good the planning of management, the results have unintended consequences and they are conditioned or are upset by social units, other complex organisations, on which the organisation is dependant. This uncertainty, however, has not been incorporated in the conceptualisation of the organisation.

#### (ii) The Social System Approach to Organisations

The term human relations gradually fell into disuse, because it was being related to a "keep the employee happy" attitude and the focus was really only on the economic system of the organisation. By this, much injustice was done to valuable research findings regarding motivation and the particular nature of organised labour. The tentative findings initially triggered the imagination of managers, but because of their over eagerness to find new ways of performing their managerial functions, they did not always attain the desired results.

Out of the numerous failures and relatively few successes of management systems based on the findings of the human relations approach, an important realisation developed, i.e. that an inductive research into the underlying meaning of human behaviour, is a pre-requisite. An inductive approach however, requires a methodology, some structure applicable to any type of organisational situation, but which is still so practical and tangible that it can be applied daily.

Such a methodology is provided by the central concept that human behaviour occurs in an organisation in a system of mutually dependent forces, each of which can be analysed and seen in its perspective with other forces.

Building on the findings of the human relations approach, the social systems approach is concerned with the organisation as a whole, a co-operative coalition, which may be organised in sub-coalitions. The co-operative coalition is only viable if it can provide sufficient satisfaction to its components and can ensure

that they provide a sustained contribution to the whole. The system in its fullest scope is the focus, including its objectives, as well as the parts of the system, their mutual dependancy and the processes which link the parts together, advance their mutual adaptation and contribute to purposeful activity — or interfere with it. It is assumed that the whole is determined by nature, but that it is the partial human conception of reality that causes surprise and uncertainty in the actions of the whole and this uncertainty has to be accepted as unavoidable.

The economic systems approach and the social systems approach contributed much towards handling uncertainty in the technical and managerial levels respectively. In order to handle uncertainty on the institutional level where it is of the highest order and so promote rationality in the lower organisation level, concepts such as power, the development of alternatives, discretion, etc., have to be made use of, i.e. an approach to organisation as social-political systems.

#### (c) Organisations conceived as Socio-Political Systems

The perspective on organisations formulated by theorists such as Herbert Simon, March and Cyert, differ consciously from the perspective as discussed above. This becomes clear when one notes the particular view of the human being that they entertain. In contrast to the "Scientific Management" approach which regards the human being as a passive instrument only reacting to external forces, the "human relations" and the social system approaches to organisations also made it possible to consider affective and social aspects. The human being, however, does not consist only of a heart and a hand. He also has a head, which means that he can make decisions as to how he wishes to play the game. The attitudes, values, and above all, the personal objectives which people bring to their organisations, the acquisition of power and the power relations between members of organisations are of prime importance. Furthermore, members of the organisation must also be induced to participate in the activities of the organisation because, amongst other things, there is an incomplete parallelism between the personal objectives of members and the

objectives of the organisation. The actual or potential conflict of objectives makes power phenomena, attitudes, morale, etc. of prime importance.

Therefore, instead of seeing the human being as recalcitrant, he is the decision maker and the problem solver in organisations. This conceptualisation is directly related to the social-psychological perspective on the internal and external environmental factors which influence the individual and his reactions to it, as a decision maker and problem solver.

By extending the idea of Herbert Simon's "Administrative Man" it is further established that the administrative man, in contrast to the homo-economicus of the classical economics, follows the first satisfactory path : he "satisfices" rather than maximises.

If man is then the decision maker and problem solver, then organisations are decision making and problem solving systems. The later works of Cyert and March are particularly concerned with the amount of rationality that can be generated by decision making systems. They conclude that organisations may have substantial elements of rationality in the sense that they possess ordered sets of preferences as well as procedures to point out available alternatives to the organisation. Organisations also have the ability to decide between alternatives in terms of these preferences. Rationality is, however, limited because there exist large numbers of such orders of preferences in the organisation, which contain potential conflicts of goals. The organisation, however, gives sequential attention to the different goals which enables a quasi-solution to the potential conflict of goals. Furthermore, there is no continuous weighing of means and ends, because the organisation only attempts to avoid uncertainty by subjecting its environment to control and prediction. In addition, the series of alternatives being considered are structured by the problems with which the organisation is currently concerned. Similar to administrative man, the organisation does NOT maximise and also does not consider all its problems or all the possible alternatives of action: its search for possible action is handicapped by its bounded rationality. The criterium of maximum efficiency of classical economics is therefore replaced by that of satisfactory achievement. Finally, certain actions are

avoided or accentuated depending on what was learnt by experience. Accordingly the organisation will use certain methods again, in future, which have been proved successful in the past without previously determining whether they are still applicable. Organisations, therefore, also have the ability to learn.

Against the background of these views of March, Simon and Cyert we further wish to give attention to only two aspects of organisations as social-political systems:

The management of interdependence and the problem of power formation within the organisation.

Discretionary power and the exercise of discretion.

#### (i) The Management of Interdependence and the Problem of Power Formation within the Organisation

The relationship between the organisation and its task environment is essentially one of exchange in terms of exchange agreements, for example, with the organisation's consumer body. We prefer in this connection the concept of **task environment** to the residual concept **environment**: task environment refers to those parts of the total environment which are "relevant or potentially relevant for goal formation and goal achievement". The exchange agreements imply that consensus already exists between the organisation and its task environment elements as to what is the organisation's domain in the external environment. The domain of the organisation identifies the points where the organisation depends on input from the environment but the task environment of the organisation and its domain are not necessarily identical. The University of South Africa is a good example: its task environment is of national scope, while its domain is international, because of the very nature of its technology and structure.

The task environments of organisations are of a pluralistic nature and in their own right have both an internal and an external reference. This means that an organisation has an exchange relationship with not only one, but several elements, of its task environment, each of which in its own right is involved in a network of interdependency, and each as its own domain and task environment. As such, the elements of the task environment of an



organisation offer additional opportunities, but also place definite constraints on the activities of the organisation. Because both aspects interfere with the attainment of rationality, the goal orientation of the organisation demands that the latter manage its dependence on its task environment.

**(ii) The Phenomena of Power and Inter-dependency**

Emerson points out that dependence can be seen as the obverse of power. An organisation, therefore, has power, relative to an element of its task environment, to the extent that the organisation has the capacity to satisfy needs of that element and to the extent that the organisation monopolises that capacity.

Proceeding from this power concept, we can also state that an organisation may be relatively powerful in relation to those who supply its inputs and relatively powerless in relation to those who receive its output, or vice versa. Or an organisation may be relatively powerful in relation to both input and output sectors, a situation which may generate countervailing power.

As complex systems organisations become dependent when they determine their domains. Organisations, however, negotiate with other organisations which in their turn are similarly subject to constraints in their domains. In order to manage this interdependence, organisations employ co-operative strategies. They avoid the uncertainty inherent in a continuous anticipation of the actions of their task environments by developing alternatives, and if this is not successful, a negotiated environment is created.

To ensure the continuous co-operation of some or other element and thereby to gain power relative to that element, organisations are able to reduce the uncertainty which that element poses for the organisation in question. In this manner task environmental elements become involved with the organisational system.

In co-operative strategies, the acquisition of power depends on the mutual exchange of obligations with one another. This means that uncertainty is reduced for both parties. A co-operative strategy is therefore a double-edged sword and the management of interdependence puts organisations in a dilemma.

To solve the dilemma organisations create negotiated environments by.

- (i) engaging in contracts;
- (ii) by means of co-optation; and
- (iii) by coalition formation.

Contracting includes all agreements in terms of which mutual exchange of contributions could take place in the future.

Co-optation is the process according to which new elements are incorporated in the leadership or policy-forming structure of the co-opting organisation, as a measure to avert a threat to stability. Co-optation increases the certainty that co-opted task environmental elements will continue to lend their support in the future as well.

Coalition formation refers to a combination or joint venture with another organisation or organisations in the environment. Coalition not only provides a basis for exchange but also requires a commitment to future joint decision making. It is therefore a more constraining form of co-operation than co-optation.

The above ideas on the negotiated environment of an organisation may now be summarised as follows:

The domain claimed by an organisation and recognised as such by its environment, determines the points at which the organisation is dependent on its environment. In order to achieve a significant measure of control, the organisation should be able to manage this dependency. For this reason organisations strive to reduce the power of the task environmental elements by having alternatives available and to achieve a measure of interdependence. Depending on the nature of interdependence, organisations then make use of either contracts, co-optation or coalition formation.

We wish to advance these ideas further, specifically with reference to the human element as the provider of labour, knowledge and skills and it is therefore a relevant or potentially relevant element in goal-formulation and goal-achievement, and an element in the task environment of the organisation and therefore negotiable.

The negotiations between the individual and the organisation culminates in an inducement-contribution contract, and involves important aspects such as alternatives, the relative power

positions of the parties and the exercise of discretion.

### (iii) The Inducement-Contribution Contract

In spite of individual differences with respect to temperament, personality, aptitude, domestic circumstances, economic needs, levels of aspiration, etc., there nevertheless exists a relative homogeneity amongst people who have been prepared for a definite career category and technology by means of the socialisation process. This relative homogeneity is manifested in the more or less common aspirations, standards and values attained by individuals. This enables the individual and the organisation to meet each other in the labour market in terms of an inducement-contribution contract.

The inducement-contribution theory maintains that the individual's decision to participate in an organisation and the organisation's decision to engage him in the system, are based on a negotiated contract.

This contract prescribes the behaviour of the individual within the organisational boundary. The contract, explicitly or by implication, also places limitations on the organisation; it can claim only a previously negotiated portion of the individual's total repertoire of possible contributions. Within the terms of the contract the organisation can, however, specify any one of a number of actions which allows the organisation a measure of discretion and permits him to prescribe appropriate actions and even to change the prescriptions from time to time, in order to cope with changes in the technology and task environment, thereby reducing uncertainty. It is, however, true that the contract not only places limitations on the individual and the organisations, but also offers opportunities to both parties to achieve their objectives. The individual is for example offered the facility to build a career and thereby extend his sphere of action in the organisation and to achieve his personal goals. The organisation is thereby given the opportunity to utilise such behaviour to further its own goals. All these aspects and many more are reflected in the mutual ongoing negotiations between the organisation and its individual participants.

### (iv) The Element of Power in the Inducement-Contribution Contract

The reciprocal negotiations between the individual and the organisation are qualified by the positions of power of the parties relative to each other. The ultimate form of this ratio of power is a bilateral monopoly.

The element of power is further qualified by the organisation level on which the negotiations takes place. On the technical or operational level there are few opportunities for people to extend their spheres of action and thereby achieve a stronger power position. On this level the organisation has more power relative to the individual employee and this imbalance is reflected in the collective nature of negotiations. Bargaining takes place between organisations and trade unions and not with individual employees and the nature of the negotiations is primarily qualified in terms of an economic system.

At the managerial and institutional levels of the organisation, the power constellation is however, of a totally different nature. As was pointed out above, it is at these levels that the organisation interrelates significantly across its boundaries with its environment, more so than on the technical level. Because members of the organisation on these levels, because of the very nature of their activities, have relationships with other people and other organisations external to their organisation, the opportunity exists to learn new skills, new knowledge, new information, new attitudes, etc., on the strength of which their spheres of action expand and they then qualify for new and better positions. By these means they become more visible, more in demand and their power positions relative to their own organisation are strengthened.

Individual members of an organisation who have the ability to negotiate a favourable environment for their organisation and thereby reduce the dependency of their organisation on its task environmental elements, strengthen their power positions thereby. By using his discretion, the individual is able to reduce the uncertainty for his organisation. To the degree in which he can obtain additional advantages for the organisation and these advantages are important to the organisation, to that degree the power position of the individual is strengthened, and this becomes

a significant element in the negotiation process between him and his organisation. Accordingly, those individuals in the organisations who settle large contracts in a dynamic task environment in favour of their organisations have considerable more power than those who only obtain routine stock from an organised, stable task environment.

It follows that the problem of activating management is to manage the power position of the individual relative to the organisation, in such a way that the individual does not achieve such a powerful position enabling him to make unheard of demands on the organisation which the latter can not comply with in the inducement-contribution negotiations. One way in which such a situation could be managed is to adapt the structure of the organisation in such a manner that the exercise of discretion by the individual is no longer necessary and by which the organisation is no longer dependent on the individual who negotiates beyond the boundaries of the organisation. The organisation may, for example, create differential units to negotiate with a homogeneous environment. Organisations also learn the extent of changes in the environment. This organisational learning enables organisations to lay down rules which make it unnecessary for the individual to exercise discretion in such situations. Of the individual it is then only expected to classify and categorise. Care must, however, be taken not to over-bureaucratise in order to avoid the inevitable dysfunctions of over-bureaucratisation.

The organisation can also strengthen its own power position relative to individual participants by increasing its own status and prestige. Organisations which have a good reputation generally do not find it difficult to attract the best talent available. Also, by the acquisition of a monopoly, as the ultimate form, it reduces the possibility that individuals may achieve their personal goals in another, similar organisation. In this way a stable management force is created.

#### (v) Discretionary Power and the Exercise of Discretion

From our discussion regarding the power phenomena in organisations it becomes clear that organisations sometimes have to rely on the discretionary ability of its individual members, particularly on the higher levels,

although it continually attempts to reduce this dependency.

Complex organisations usually experience little difficulty in getting individuals to fill positions in the organisation in which the exercise of discretion is necessary. Such highly discretionary positions give prestige and extraordinary remuneration to those occupying them.

We also suggested above that members of the organisation bring personal objectives to the organisation whether they be economical, political, social, etc., or even a combination of these. If it is now assumed that their aspiration towards achieving their objectives is the reason for their membership of the organisation, it means that members of the organisation will define the situation differently according to their preferences at that time. The discretionary strategy which they follow in order to safeguard their interests becomes of major significance. Such a conscious strategy explains for example the reason for the ritualistic following of rules of the organisation by the bureaucrat. Although Merton alleges that a special type of training results in a bureaucratic personality, we wish to suggest here, on reanalysing the source of ritualism, that the "slave of the letter", i.e. to conform strictly to the prescription of the rules, is a strategy used by the bureaucrat in order not to endanger his sphere of action by, for example, becoming too deeply involved in particular cases with which he is concerned, or exercise discretion which may lead him into trouble if his judgement proves to be wrong.

One can make the simple assumption that individuals only exercise discretion when they consider it to be to their advantage, otherwise they avoid situations requiring the use of discretion. This assumption focusses on the relationship between the negative and positive factors of the situation as observed by the individual. Accordingly there are various factors which inhibit people from exercising the necessary discretion. The degree of uncertainty and the inability of the individual to determine cause and effect; inappropriate organisational structures, for example in cases where the necessary structural adjustments have not yet been made in respect of a changing environment; the observed serious-

ness of possible results if discretion should actually be exercised; inappropriate procedures of merit ratings on the strength of which rewards or punishment are distributed, etc., are all factors causing uncertainty and are factors which force individuals rather to act strictly according to the rules, except in those cases where individuals have high tolerance for uncertainty, a strong need for power and prestige, a high level of aspiration and risk-taking propensity.

Thus, organisations encounter difficulties when individuals in high discretionary positions are reluctant to exercise discretion. On the other hand problems also arise when individuals in routinised positions where discretion is not required, actually do exercise discretion. In complex organisations, however, the problem goes much deeper as far as activating management is concerned. Problems concerning the exercise of discretion rather fall in the grey area between these two extremes, because it is difficult to determine whether the exercised discretionary choice is to the advantage of either the individual or the organisation, i.e., whether the choice depends on or extends the sphere of action of the individual and he therefore gives preference to it contrary to the interests of the organisation.

#### (vi) The Exercise of Discretion and Organisational Politics

The exercise of discretion by people in highly discretionary positions endangers or benefits the spheres of action of other individuals in adjoining positions. There is accordingly a special degree of interdependence between highly discretionary positions. It is in this constellation that organisational politics is played. The incumbents of positions generally have high aspiration levels and strive for advantageous spheres of action; they do not hesitate to exercise discretion and have already achieved a special degree of political skill.

The political processes in the organisation are generally manifested therein, that individuals in highly discretionary positions strive to maintain their power positions in such a way that it is at least equal to or preferably stronger than their dependence on others in the organisation. Should their power positions be less than that of their dependence, they

attempt to form coalitions with the essential elements in their task environment in order thereby to improve their power position in the organisation.

Coalition formation and coalition behaviour are of particular significance to activating management when one considers terms such as "the power behind the throne", "holy and unholy" alliances, "the shadow cabinet", etc. These are the dominant coalitions in organisations and are of particular significance in the formation of organisational objectives. Goal formation by means of negotiation processes between members of the dominant coalition is extensively treated by Cyert and March and are not further examined here. We must, however, point out that the problem of activating management lies therein that organisational objectives are the future domains of the organisation, as seen and meant by the various members of the dominant coalition. This contains the potential of goal conflict between members of the dominant coalition.

#### (vii) Coalition Management

It is an unchallenged fact that complex organisations should be managed by coalitions because of:

- (1) the complexity of the technology or technologies used by organisations which transcends the comprehension of individuals;
- (2) the inability of individuals to acquire all the necessary resources;
- (3) the variety of fronts with which the organisation is confronted, to all of which the individual cannot give his attention simultaneously.

Potential conflict between individual members of the dominant coalition is increased according to increased interdependence between its members to the degree that external forces demand that internal compromises be made concerning the sequential attention to goals, and the number of professions incorporated in the dominant coalition. This does not mean, however, that the coalition due to this conflict potential will not function.

Also, coalition management of organisations does not mean that in such a dominant coalition a central power symbol, a recognised leader is absent. Although the idea of an omnipresent individual in complex organisations is invalid, we know that a certain

individual in fact "casts the long shadow" in an organisation with a broad power base. This central power figure is the individual who can manage the coalition because he has a strong need to influence people, a high aspiration level and need for power, but above all, has empathy based on affectivity.

### 3. CONCLUSION

In terms of what has been said above, we now wish to define activating management as the process of analysis and diagnosis of organisations conceived as socio-political, open systems, in order to discover in the personal objectives and purposeful action of individual participants, in particular on the managerial and institutional levels of the organisation, not only problems but also opportunities, in terms of which decisions can be made and actions taken concerning human behaviour, within the constraints posed by the organisation's internal and external environment, for advancing and attaining the objectives of the organisation.

Furthermore, a conceptualisation of organisations as socio-political systems, integrates all the true elements of both the economic rationalism and the social system approach, with reference to the duality : rationality and uncertainty.

Such a conceptualisation, however, immediately raises two further questions. The first is the ethical aspect. There is only a thin boundary between activation and the illegitimate manipulation of human behaviour in organisations. This ethical aspect should be built-in in the conceptualisation of organisations as socio-political systems. The second aspect concerns the question : when should change not be prevented by negotiation? Continuously-changing problems on the role, normative pattern and value levels of organisations as well as that of society as a whole, require that organisations sometimes, and sometimes not, should develop change-absorbing institutions. These aspects should likewise be built-in in the conceptualisation of organisations as socio-political systems, with which we then move into the field of activation of innovation.

Conceivably, many activating management techniques already exist and many more can be developed, especially when the potency of the organisational structure and organisational

processes as sources of activation (or deactivation!) of human behaviour in organisations is acknowledged. However, a basic philosophy on the part of management concerning mankind and the world, and man's existence in that world, also the world of work organisations, is a primary prerequisite for success.

Man is, in the final analysis, not only a **role player**; he also **determines** his role due to concepts such as personal freedom, responsibility, power and power formation, his relationship with a Transcendental Being, etc. Man is therefore more than a mere product of his environment; organisation man is more than an extension of his organisational milieu. The image of the organisation man propagated here must also be aware of the spiritual dimension of the human being, in the absence of which man will be reduced and dehumanised to merely a machine and instrument in the exclusive service of management policy and practice. The manager of complex organisations must therefore, in addition to the empirical-technical, also have a theoretical-philosophical point of view founded on a Christian-sociological-anthropological approach to human behaviour in organisations.

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