In This Issue

Tricker's "Corporate Concept"

With the recent bankruptcy of *Drexel Burnham Lambert Inc.*, the crisis of the absentee stockholding and public ownership has entered its final stage: the shift of control and responsibility from shareholders and board directors to managers and employees. The customer is being reintegrated back into the enterprise: as its purpose, its major stakeholder and its driving force.

Professor Tricker of the University of Hong Kong now presents a thoughtful argument towards rethinking the basis of joint stock, limited liability company. Far from being an independent paradigm, this Western corporate concept is culturally derived, allowing the ownership of the means of production to pass into the hands of non-employees, money lenders and international bankers. It's outlook is bound to be short term, hired-labor oriented, anti-employee and anti-customer: the concept is therefore ineffective in the globally competitive era of knowledge reintegration, employee self-management and customer driven business ecosystems.

The *corporate boundary*, separating business from owners, while beneficial in the age of the division of labor and mass-produced specialization has become a hindrance to long-term profitability in the era of high technology and knowledge systems. In contrast to the apologetic half-way efforts of the Jensen-Meckling type, Tricker correctly and competently argues that the very notion of the joint stock, limited liability company is culturally derived and in need of adaptation to meet the circumstance of corporate power now exercised on a global scale.

High-tech business ecosystems are entering into the twenty-first century with the nineteenth century corporate structures, at least in the USA. Limited liability, absentee stockholding is not equipped to deal with the complexity, diversity and flexibility required of the world-class corporation. The alternative systems of corporate governance do exist, are successful and must be adapted.

The cultural aspect of human systems management has been largely overlooked in the literature, especially in the so-called organizational behavior in the West: the systems and its boundaries have been taken, unscientifically, as *given*. Yet, nothing is "given" in the era of knowledge reintegration, employee co-ownership and global competition. A simple ownership-based conception of power is now a hundred and fifty years old: frail and failing, ravaged by greed, speculation and the unreality of "wampum" concept of money.

The ultimate goal must be a governance system which provides every corporate entity, whatever the ownership pattern, whoever exercises influence over decisions, wherever the basis of power lies, with an appropriate governing body and suitable forms of regulation and responsibility, to balance the corporate need for freedom to perform with the societal need for corporate systems to conform.

Professor Bob Tricker has taken the first and courageous step which should be of interest not only in the U.S. but mainly in the countries of Central Europe who have an unparalleled opportunity to "do it right" the first time around.

Shenhar's "Open-Door Policies"

Very important component of modern *quality and integrated process management* is involving the employees in effective communication of their ideas, initiatives and actions with the traditionally poorly informed layers of management. So called "open-door" policies are certainly the first and the necessary step: professor Shenhar of Tel Aviv University has undertaken an important research topic.

Although improving the "upward" communication is important, the "downward" communica-

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tion is even more so. It is insufficient to "just open the door." So called "Management by wandering around (MBWA)" takes the management out of their offices, down to the employees, where they should be. Even more advanced are the "no-door" policies so successfully practiced by Bat'a-system of the 1920s and 1930s when Jan Bat'a (the heir of the legendary Tomáš Bat'a) actually place his office *in* the elevator so that he could be continually and immediately with his workers and they would not have to come to him, but simply "call him down" when needed. The "no-door" policies of management are today most widely practiced in Japan and they are also emerging in better corporations of Central Europe, where they actually originated.

Prof. Shenhar defines "open-door" policy as a set of procedures and policies which regulate when employees can call upon their superiors without difficulties and obstacles. Modern "no-door" policies *mandate* that superiors are responsible for being with their employees at all times and that no employee will ever have to interrupt his work and seek any "doors." This European–Japanese approach differs significantly and fundamentally from the U.S. hierarchical tradition of the mass production and mass consumption which is experiencing profound difficulties with the "opening of doors," as prof. Shenhar documents and demonstrates. Any "open-door" policies will remain ineffective in the 13–16 layers of General Motors-type of "management" by command, while they are implicit and natural (the issue doesn't have to be raised) in the 1–2 supervisory layers of Lincoln Electric-type of management by knowledge-teams.

Shenhar quotes many failures of "open-door" policies in traditional hierarchical management. In fact, introducing "open-door" in some of these "central command" corporations can be perceived by the employees as a rather arrogant provocation on the part of the supervisory. Employees will not (and should not) show up at the doors. Managers should not open their doors, but get out of their offices. This is a common sense conclusion which many common sense entrepreneurs–geniuses practiced in the past.

Shenhar concludes correctly that "open-door" policies are failing because they are perceived differently by managers and employees and thus fail to reach their goal. The reason for their dysfunctioning is that they are artificially imposed on a totally hostile environment of hierarchical command. The failures of Gorbachev's "perestroika" reflect the same problems on a larger scale. The issue is *human* trust. Without human trust, which only comes from *real* long-term employee ownership, participation, control and responsibility, mere "opening of door" at the top will not do. Nobody will come up.

So, managers, get down – and quickly, if there's still time.

Herrscher and Herrscher's "Hyperinflation in Argentina"

Hyperinflation, debt repayment defaults and unemployment are plaguing many Latin American countries, especially Argentina. Similar hyperinflationary plague is now entering Eastern Europe (Poland, Hungary, etc.) where they are being advised as a desirable "shock treatment" for failing economies.

The topic of the Herrschers from Argentina is therefore very appropriate for these times of hyperinflation in SBC ("Should Be Countries") countries, which theoretically should be, but are not, at least economically prosperous.

The key word is *system*. It is not sufficient to attend to one pat of the economy why leaving another important hindrance intact. Isolate parts could function to prevent development of the whole very effectively. It is also quite inappropriate to view hyperinflation (just because there is "too much money") as a problem of money and friedmanesque financial tinkering. The reason *why* there is too much money obviously cannot be that there is too much money.

Harmonious and equilibrated growth and coadjustment of *all* parts of the economic system is crucial: one cannot "shock" one part into free movement while keeping a tight lid on the other part and possibly ignoring all the rest. This simpleminded, *non-systems view of economics*, is an unfortunate heritage of two traditionally miseducated groups: economists ignorant of systems theories and analyses and systems theorists ignorant of socio-economic systems.

The authors take the case of Argentina and attempt to trace out the full complexity of its economic, cultural, social, political, geographic and historical loops and their interdependencies and self-amplifying interconnections. In a sense they trace out a *morphogenetic map of a country*.

What causes hyperinflation in the SBC countries is the sharp devaluation caused by the cyclical shortages in foreign reserves. Foreign-trade goods and the domestic goods are affected in a totally different way. Huge shifts of income occur between sectors, industry and agriculture, individuals and corporations, etc. Such ups and downs cause fierce struggle for income and the unwillingness to give up the "ups".

The issue is not therefore between "gradualism" and the "shock" or "big bang" approach, but between systems approach and partial non-systemic approach. Most importantly, one has to know what to do and why first, not how quickly to do *whatever*. Experimentation with human beings has now become rampant in the USSR and should not be allowed to spread.

Enrique and Roberto Herrscher have attempted to start building a morphogenetic map of Argentina. What to do with it and how to use it is not specifically discussed. Their major conclusion is that complex problems do not have simple solutions although they could have perhaps simple causes. The government alone, being simple, simple-minded and intricately complicated (not complex) cannot solve social problems anymore. A critical mass and Grand coalition of all social actors, under honest and coherent systems leadership may break the vicious circles plaguing feedback-oriented social systems.

Shenkar's "Managing in a Robotic Age"

To Tomas Bata, who introduced his first "electrical robots" in Moravia in the late 1920s, it was clear that robots do not belong to the labor age and are not labor-saving devices, but that they belong to a knowledge era and are brain-enhancing devices. He realized that to use robots properly, one has to redesign the management system: from mass to customized production, from labor-intensive to knowledge-intensive action, and from hierarchical command to intracompany "market" of exchanges of free agents: the Bata-System.

Yet, in the 1990s, Professor Shenkar has to bring to our attention a strange definition of robot which refers to it as "manipulator" and is totally devoid of any human analogy, brain function, information or knowledge. It is like buying an expensive and all powerful Macintosh and then using it as if it was Smith-Corona typewriter.

One could expect that a culture using such mechanistic definition of a robot would use it in order to minimize its efficiency.

To see robots as "competing" with human labor goes directly against the precepts of Tomas Bata, like "Labor to the machines, thinking to the people." Any society which, even temporarily, puts labor above thinking is bound to perish in the knowledge era.

Oded Shenkar also draws our attention to the necessary demise of so called "middle management" in the robotic age. Past management practices have little, if any, usefulness in the knowledge-intensive environment of the robots. Workers will have to take up all the added roles, functions and responsibilities surrendered by the middle managers. Workers will become managers, functioning in automated self-managing systems, and the very notion of "supervisor" is the thing of the past, even in the U.S. industry of today (see e.g., Lincoln Electric Co. in Cleveland).

The management of intellectual assets, i.e., the management of knowledge as coordination of action, becomes the primary task of management. Knowledge has become the primary and the most important form of capital in the new era. No hardware or software can ever compensate for the deficiencies in the "brainware" or in the support net of emerging high technologies. Not to see robots as high technology, i.e., something that changes radically and fundamentally the way we do things and the things we do, something that qualitatively changes the support net of technology, not to see that means that one has already lost in the competitive game.

Robots are coming faster than expected. They are not only coming faster, but they are restructuring the very business ecosystems of which they are part. Managing in the Robot Age will never be the same, as in the pre-knowledge, pre-information, pre-history of management.

Robots are not "manipulators", but processors of information, the enhancers of human knowledge.