In this Issue

Louis's "Cultural perspectives"

After decades of experience with multinational corporations and organizations, american researchers are finally catching up with the reality and experience of american managers: they are starting to recognize the *cultural and culture-bearing phenomena* in human organizations! How could any inquiry into human organizations had been devoid of a cultural perspective is a puzzle which we leave to the reader to ponder upon. Professor Louis is apologetic and defensive enough about raising the issue of culture ... but it was Göring who said: "When I hear the word *culture*, I reach for a revolver." So, let us hope that other responses will be elicited from other men.

Human beings in organizations are neither boxes, nor components, nor passive automatons. They *are* active creators of social reality; they are *actors*. Some organizational 'researchers' still believe that groups, organizations, institutions, etc., actually exist 'out there', in reality. *Organizations as such do not act, only individual actors do*. Thus, organizations (or systems) do not exist in the sense of the systems approach; they exist only in the mind of the scientist. Organizations and groupings do not make decisions, do not plan, do not communicate — only individuals do so. Prof. Louis has gently attacked the positivism and reductionism in traditional organizational research.

Organizational sciences have little to say about informal organizations, spontaneous groupings, leadership, emotional structures, and goals and attitudes formation — that is, essentially, about what really matters in organizations.

A corollary to Louis's 'paradigm' is the notion of *behavior*. We even have something called 'behavioral sciences' and teach it to our students. Yet, if we were interested in human beings as human beings, i.e., in acting and creative individuals, instead of the things conditioned by external factors (systems components), we would naturally talk of acts and their interdependency instead of behavior. A limited is a

view of man who can only behave: a passive stimulus receiver and response giver. Human Systems Management (including business management) belongs to the Human Sciences, not to the Natural Sciences, not at all to physics.

High-technology and electronics companies of the late seventies are organized differently — they have not only different structure but, more importantly, distinctly different *culture*. Organizational rules of conduct are non-traditional, producing new structures, and being in turn shaped and further refined by these new structures. One does not come to study such *circular interdependency* through linear cause-effect, stimulus-response, or input-output approaches.

Louis, and even more Kenneth J. Benson whom she refers to, are on the verge of discovering social autopoiesis: dynamic, self-restoring production of structure through its underlying organization, as opposed to the traditional study of static structural skeletons (or snapshots) of essentially living 'bodies'.

Culture in organizations is important and powerful, it can be uplifting or self-destructive (see I.O.Y. Iaccoca's culture at Chrysler Corp.). It must be studied, it must be taken into account, it cannot be ignored. Human Systems Management editors are neither shy nor apologetic about studying culture — they welcome Prof. Louis's paper and consider it important.

In conclusion, Professor Louis reaffirms our conviction that what *really* matters in organizations is either overlooked or inappropriately studied in the traditional approach to organizational research. Cultural phenomena in organizations are prevalent and potent, often dominating. We need to clarify the characteristics of cultural phenomena and figure out the necessary methodological implications of our findings.

Kochen and Zeleny's "Medical self-care trends"

In the U.S.A. there is a 25 percent annual growth in the sale of blood-pressure measuring equipment, pregnancy tests, dental-care kits, and other products meant for home use. More and more Americans will

do their own doctoring at home, especially after those computer-based self-diagnosing software hits the market. Yet, a theory of self-service behavior in general, and that of health self-care in particular, is still missing and the phenomena are largely ignored by the economic profession. Kochen and Zeleny are attempting to formulate first few steps toward such theory. Their work is connected with the articles of Kochen, Badelt, Friedman and Kamenetzky, already published in HSM.

Medical technology is becoming a booming industry, especially its home-use products. Private hospital management companies are proliferating as Medicare and Social Security systems are crumbling down. Voluntarism, self-reliance, self-monitoring and self-care are gaining ground. Even babies are increasingly delivered at homes and in New York mothers are paid $100 if they leave hospital 24 hours after delivery (In USSR mothers stay up to two weeks and then at least one year at home, yet its infant mortality rate is three times as high as in the U.S.A.).

Obviously, medical care is one of the services which is least susceptible to self-service — it is not like fixing your car, cooking your food, or doing your own plumbing. Educational services would perhaps come close second — in most other areas self-service trends are already entrenched and highly visible. It is necessary to analyze the 'hard' service sectors if the generality and comprehensiveness of self-service trends is to be demonstrated.

Kochen and Zeleny do not advocate that people be abandoned and simply take care of themselves. They do not advocate anything; they only note certain facts and attempt their rational explanation and prognosis of their trends. They see current health systems as being overloaded with unnecessary and marginal tasks which can, technology and know-how permitting, be successfully delegated to homes. That would allow health service systems to concentrate effectively and efficiently on those tasks which require professional, centralized and in situ treatment.

Kochen and Zeleny mention, perhaps for the first time, malpractice insurance costs, rather than personnel and technology costs, as one of the emerging factors of high costs of health care. In this litigious society, the number of malpractice suits and their settlement amounts are skyrocketing. Only when doctors and hospitals will be able to sue their patients (and their lawyers) for unnecessary harassment and professional slander, shall we see the end of million-

dollar settlements for out-of-center belly-buttons. The factor of insurance, court settlements, and lawyers' fees is becoming dominant in a large number of services — when people sue each other indiscriminately, somebody has to pay for it.

Kochen and Zeleny are tackling a difficult and non-traditional field of great importance. We cannot simply ignore economic and social phenomena because they do not lend themselves to elegant mathematical models and linear econometric predictions. We cannot ignore underground economy, bartering, self-care, voluntarism, self-help, self-service, neighborism, and do-it-yourself activities simply because our economic theories do not provide any guidance and tools. We cannot let reality overtake our theories so completely and so fast.

Human choice and decision making is at the root of understanding economic behavior — these factors cannot be replaced by aggregate statistics of molecular behavior and mass phenomena. We can only discover that 'quarks', charmed and strange, are lurking behind the thermal agitation of human molecules.

Moravcsik's "Dependence"

Dr. Moravcsik's elegant essay on dependence of nations emphasizes the psychological-emotional aspects of such a state. Essentially, Moravcsik evokes the old wisdom that it is preferable, certainly in the long run, to teach people how to fish than to give them fish. The first action creates independence, the second action deepens dependence. One can choose between self-reliance, self-confidence and psychological calm, or dependence, self-hatred and emotional outbursts.

Most of modern world interaction is based on the dependence principle. Individuals are steered into almost unbearable dependency on their governments, poor nations on rich nations, all nations on supranational institutions. The World Bank is a prime example of dependency-generating strategy, as are some agencies of United Nations and other *supranationals*. Very little attention is being paid to indigenous technologies, local human needs and skills, and the importance of human dignity which can only come from hightened self-respect and self-reliance. Nobody is teaching them how to fish.

Moravcsik adds yet another important aspect to the writings of Friedman, Kochen and Zeleny, Badelt, and others in this journal. The loss of self-reliance

in modern society brings not only economical insta-
bility but also collective psychological frustration.
Dependent nations are suspicious, hateful, frustrated,
unpredictable and self-doubting. Ultimately they
become tired, exhausted, pessimistic, and 'dead'.
These feelings are not the result of exploitation by
others, but of dependency-creating giving by others.
Human factor has been forgotten, short-term expe-
diency substitutes for long-term education and deve-
lopment, giving replaces interaction and cooperation.

Just a few years back, Margaret Mead wanted to
solve world hunger by urging Americans to eat one
hamburger less daily and 'give' the saved resources.
Such naive, unscientific and entirely misplaced
thinking has dominated most of supranational
'efforts'. Moravcsik's writing reflects the change in
our understanding wrought in recent years. The time
of supranationals is over. These giants, World Brain,
World Bank, World Government, World and Interstel-
lar Regulatory Mission, all these usurptions of local
and community self-reliance and decision-making
power have obviously failed. The total dependence
they would ultimately create for most nations has
become unbearable even to think about.

Moravcsik insists that 'dependence', feeling of
being indebted, obligated and exploited, is almost
entirely 'in your head'. There are poor and fiercely
independent nations in this world, as there are rich
and totally dependent laggards. Money and riches
often do not relieve the feeling of dependence — only
self-reliance and partner-like cooperation do. The
recommendation that developing countries should
import their technological know-how becomes "com-
pletely absurd and unrealistic because it is oblivious
to the psychological factors that fuel countries to
have their own science and technology".

The reader should be aware that Moravcsik does
not question the need for special and short term
international assistance in the cases of emergencies,
crises and general aid. It is a different matter to make
such strategies part of an overall design for interac-
tion between the developed and developing coun-
tries. It is impossible to legislate away dependence.
Supranational declarations about "New Interana-
tional Order" of every imaginable type are ineffective
examples of social engineering on a world-wide basis.
Such declarations have nothing to do with the real
causes of dependence and very little to do with alle-
viating its symptoms. Moravcsik knows this.

One should help the others to help themselves —
as individuals, communities, and nations. Colonialism,

imperialism and domination are both real and ima-
gined, they are on our backs but also in our heads.
Moravcsik is saying, it seems, that if you stop feeling
and thinking as dependent, you will stop acting as
dependent, and ultimately you will stop being de-
pendent because of your newly perceived decisions
and actions.

**Herden and Lyles's "Problem conceptualization pro-
cess"**

It is well known that we see the world around us
not 'as is' but through the glasses of individually
evolved templates of seeing, i.e., through our world-
view or *Weltanschauung,* model, paradigm, a frame-
work of seeing. We interpret and order our experi-
ences according to *our* particular model of reality.

Professors Herden and Lyles did some experimen-
ting with the extent and scope of this worldview-
dependent interpretation of our surrounding reality.
They found that a relatively homogeneous group of
individuals showed drastically different problem-
formulation behavior, that is, individuals presented
with exactly the same problem situation arrived at
very different conceptualizations of it, in spite of
their very similar backgrounds. Also, individuals who
form narrow problem concenptualizations seek addi-
tional information which is consistent with that par-
ticular conceptualization. Further, individuals differ
in terms of impact which contradictory information
has on their problem conceptualizations. Finally,
individual's problem-conceptualization process is
influenced by internal factors such as personality
and attitudes.

Similar 'biases' have been discovered in human
judgment, information processing and decision
making: human evaluations and preferences are both
situation-dependent and person-dependent, they do
not exist *per se.* Objective, independent, 'scientific'
preferences are a cruel myth of contemporary utility
theory, usually shrouded in pseudoscientific garb.

As psychologists of the rationalistic school advo-
cate "debiasing" of human beings, that is, treating
any such dependencies as anomalies and aberra-
tions, Herden and Lyles seem to be recommending
similar course of action: " Either individuals need
to be trained to avoid worldview bias [sic] or
several individuals with differing worldviews need
to be utilized in conceptualizing important prob-
lems."

Such 'debiasing' efforts are unlikely to succeed (as they did not in judgmental psychology). A world-view-based problem formulation and conceptualization is not a fluke of human inadequacy but evolutionarily favored and historically confirmed way of human thinking and decision making. Such world-view dependency must be recognized, amplified and further nurtured, not avoided or removed. Problem conceptualization, problem solving, and solution implementation are all worldview-biased. The thing for a manager to do is to *choose a worldview*.

The same situation, individuals of the same expertise and background, yet for one the bottle is half empty while for the other it is half full. As there is no 'objective' or 'scientific' problem conceptualization and problem solution, the theories and methodologies pretending the existence of such state of the world cannot be labeled as objective or scientific. And there's the contribution of Herden and Lyles, a distillation of managerial wisdom into researcher's experimental design.

Both authors have their PH.D.'s from the University of Pittsburgh; Lyles even attended Carnegie–Mellon while in Pittsburgh. Also Herbert A. Simon and Ian I. Mitroff have done most of their research in the same intellectual area — yet these persons' *Welt-anschauung* is drastically different from that of their objective-science-minded fellow-academicians in the same area, at the same time. It all depends on what kind of 'glasses' you put on in order to see the world of the quarks, the genes, the utils, and of the 'problems'. We have to learn more about the process of acquiring particular worldview glasses (and the process of selecting the 'best' ones). It is not satisfactory to throw the glasses away: such self-inflicted blindness will leave us staggering in the dark.

Lusk's "Control systems analysis"

The issue of control systems is registering a revival thanks to Japanese successes with quality control systems based on Deming's statistical analysis. Deviations from standards or expectations are not only identified, but also searched out and their causes uncompromisingly removed from the underlying systems. Japanese managers have thus succeeded both to increase quality *and* to lower costs of their products. One would expect that western managers and management scientists would learn from Japanese success — especially since Deming, a hero in Japan, is an American.

Professor Lusk of the Wharton School provides a peek into 'american' way of thinking about control systems and their possible modifications. Several differences are immediately apparent: concern is not with production and productivity, but with large service systems (hospitals) and the fuzzy performance of their bureaucracies; human decision-making process (individual and collective) is not considered — ad hoc 'utility functions' are suggested instead; central management control, rather than decentralized decision making, is emphasized; and so on.

Lusk sees a control system as a complex of inter-related decision support systems. His analysis goes beyond the classical production concerns (quality control) and extends into decision-making performance of humans in addition to and beyond producing performance of machines. Lusk develops a formal model of control system-evaluation function interface, based on evaluation contract, institutional compensation, and cooperative and gaming performance strategies of individuals and groups.

Theoretically, Lusk relies on the utility theory approach to decision making. Assessment of von Neumann–Morgenstern utilities is of course contingent on probabilistic evaluation of gambles, so Lusk must introduce all kinds of probability estimates to be elicited from tired and disenchanted decision makers. Such estimates are of course full of errors, misjudgments, misinterpretations, and because of their aggregate nature, free of information. Lusk is aware of this and he comforts the reader by saying that, "pathological or ridiculous utility transformations are easily recognizable". How recognizable are those perfect-looking and well-behaving utility functions which are nevertheless wrong in describing decision maker's past and irrelevant in predicting his future? Such questions are being tackled by multiattribute utility theory, social judgment theory, and other theories dealing with utility or trade-off aggregate functions.

Decision support systems (including the control systems) are at the forefront of today's managerial operational concerns. Yet the theory, as was the case with management information systems (MIS), is still virtually non-existent. It is one of the stated principles of HSM to foster the development of original thought in decision support systems area. Let us hope that our humble beginnings are not indicative of things to come. Human-oriented personal and decision support systems, utilizing the power

and stimulation of computer microprocessors, should free people to think and do great things in production, decision making and consumption.

Andersen's "Special education programs"

Professor Andersen directs the Program in Planning and Policy Analysis at the Nelson A. Rockefeller College of Public Affairs and Policy. He draws reader's attention to an interesting relationship: choice of methodology, the way of analyzing a problem, determines problem definition and thus its ultimate solution. The classical sequence: problem identification and definition → choice of methodology → problem solution is often replaced by: choice of methodolgy → problem redefinition → problem solution. The implications are potentially significant.

Professor Andersen chooses the implementation of a special education reform in Massachusetts as an example. Taking a simple disciplinary view of the problem, program view or fiscal view, leads to unidimensional 'slicing' of reality and consequently a mental 'destruction' of the problem under observation. Even a multitude of such separate single views will not build up into a correct perception of the whole; multidisciplinarity of different views must be replaced by the transdisciplinarity of a system view. Anderson calls it "working with both eyes open".

Emergence of multiple competing perspectives of viewing the same problem, the multilectic view of Huff (*HSM* 2 (2) (1981) 83–94), is usually a positive phenomenon as the paradigms tend to reinforce each other and compensate for individual methodological weaknesses. It is when one and only one perspective is to be chosen, through advocacy, persuasion or negotiation, that a problem of an incomplete view arises in all its awsome vulgarity. Practical results are extremely sensitive to the prior point of view and the methodological preferences of an analyst or a problem solver. There is no 'objective' sience approach, not even in physics of biology, even less in analyzing special education programs in Massachusetts.

Andersen spent three years as analyst in the Division of Special Education in Massachusetts State Department of Education. He describes Chapter 766 (the act reforming the education of children with special needs in Massachusetts) and its implementation. This was a sensitive piece of law from the 'program viewpoint'. But fiscally? Local cities and towns were to be reimbursed by the state for the 'excess costs' incurred in educating children – after the fact! Thus, individual localities speedely proceeded to maximize their reimbursements under special education!

Obviously, the program objectives are in direct conflict with the fiscal objectives, and the methodology of multiobjective conflict resolution or multiple criteria decision making have been unheard of in Massachusetts. With the incentives as given, one can expect a build up of special education programs at the cost of dismantling some existing 'regular' programs (until everybody needs and gets *some* special education in Massachusetts), soaring costs, and increasing segregation of special-need children. None of these results were expected or intended by social engineers. Andersen analyzes all three natural outcomes of the faulty legislation in more detail.

The lesson is that no matter how nobly stated the goals of any program might be, they will remain on paper only as long as they are not in harmony with other (for example fiscal) aspects of the program. The 'cost of good intensions' are catching up with social engineering 'experts' (like Audette in Andersen's article) everywhere. Tinkering with human systems design, without first comprehending how human systems operate and why, is rapidly becoming a sin rather than a virtue. As Audette, a 'reformed' social bureaucrat, says: "... but we weren't even in the game before". People, human beings, are really having a primary and ultimate decision-making role.

Changing a viewpoint is never easy. Being fiscally responsible has been a dirty concept since the New Deal. Bureaucrats have always a conflict of interest: they are not interested in solving a social problems because, ultimately their jobs depend on the very existence of the problem.

Windsor and Tuggle's "Technical innovation"

The two Deans of the Jesse H. Jones Graduate School of Administration at Rice University have prepared a thoughtful study on technological innovation in the current U.S. business culture. The principle that technological innovation is 'good and desirable' has rarely been questioned and its strategic implications rarely studied. There has been, nevertheless, so little technological innovation in the U.S. industries in recent decades that Japan, West Germany and other countries are actually surpassing the U.S. in productivity, quality, long-term profits, and strategic com-

petency of their production. All of it due to high technology and a skillful management of high technology — while American R & D budgets are going down and down. Windsor and Tuggle argue that the issue of desirability of technological innovation is much more complex; that is, innovation is not necessarily good for you!

Windsor and Tuggle insist that some firms must innovate; *others need not do so at all.* Technological innovation can even be, under some circumstances, detrimental to business! Windsor and Tuggle spell out the circumstances and conditions.

First, they are saying that no two firms can be expected to develop the same strategies. Then they propose some eight hypotheses relating the conditions, characteristics, and the nature of a firm to the issues of targets and modes of R & D, innovation, and technology. The authors deal only with *sufficient* conditions and characteristics; they never claim that they are also necessary.

Because of the extremely loose basic theory, the conditions might lead to platitudinal 'hypotheses' such as, "A small, young firm has the potential to engage in product innovation". On the other hand, one might be interested in identifying the causes of low level of R & D and technological innovation in the U.S. Why is it that many firms avoid innovation, product improvement, and higher quality as competitive tactics, and concentrate most of their resources on advertising, persuasion and advocacy? Virtually all cigarette and beer manufacturers belong to this category of 'no-innovation industries'. Some of the later hypotheses of Windsor and Tuggle are providing first clues.

Some propositions are tautological. For example, "a firm which is the barometer firm . . . can permit the performance of basic research". Obviously, the firm is the barometer because it engages in R & D and technological innovation. But at this rudimentary level of development one probably cannot avoid them.

It is interesting that many large firms which are completely secure in their niche (Du Pont, General Electric, General Motors, etc.) engage so heavily in underwriting basic research. Why do they do it? And why other, similarly secure firms, especially public utilities, don't?

What is significant is the observation that ". . . successful management of technological innovation calls for different sets of managerial skills and behavior". One manages differently in a large, divisionalized

corporation, dynamic, high-technology firm, or multi-sectoral multiorganization. Yet the education and training of business managers and executives is largely virginal in terms of this particular knowledge. There is no one single theory of management as there can't be one single theory of the firm. Thus there can't be one single mode of business education.

Windsor and Tuggle are after a prescriptive problem how to increase a particular firm's propensity to innovate. They have taken the first step towards a theory of managerial assessment of technological innovation. Their case studies of four specific industries (home appliance, homebuilding, food distribution, and prescription drugs) are interesting and encouraging for their theory.

Brix's "Control, bureaucracy, and power"

It is quite natural that the concepts of cybernetics evoke mechanistic categories of *control, power, competition, regulation, information,* and so on. V.H. Brix is one of the very few remaining social cyberneticians who are still attempting to look at society from such engineering viewpoint. Does he succeed? Can old and tired disciplines of cybernetics and systems analysis, devoid of human decision making, judgment and deliberation, ignoring individual human beings, succeed in describing at least some aggregate phenomena? Brix seems to be quite optimistic and his paper certainly belongs to the better part of that [cybernetic] tradition.

People want to control other people, people desire power, people naturally gravitate towards forming bureaucracies — these seems to be obvious observations but it would be nice if Brix attempted to unravel *why* people do so. On the other hand, people do not want to be controlled by others, they strive for independence and self-sufficiency, they abhor bureaucracies. "What is to be done?", as Lenin often asked, which side is to be allowed to prevail?

Cybernetics, especially its social version, is today almost exclusively Soviet and East European science (although some developing countries, like India and at one point Chile, are also nurturing the field). This is not surprising in countries with gigantic hierarchies of power, all-embracing bureaucracies, and obvious propensities toward social manipulation, control, and design, i.e., social engineering. (This is all very ironic because in the early fifties cybernetics was labeled as bourgeois pseudoscience — as was econometrics — but

both are now official sciences of control, especially supported by military circles.)

Brix assumes that managers are so distressed that they would welcome *anything* with a promise of help, including cybernetics. Brix further declares that worker participation, decentralization, and other 'democratic' efforts are unsatisfactory contributions.

Cybernetics is one of the least progressive, most ossified, never changing 'sacred' paradigm. Brix senses that and calls for a radical change in perspective. His methodology is controversial: ". . . a simple model of the human being and his social systems emerges from the straightforward precepts of control theory." Should not a (social) control theory emerge from a simple model of the human being?

What are basic precepts of Brix's model? Human beings seek to control things and other creatures; they differ considerably in their capacity to do so; the best defense is a strong offense. All this is assumed to be 'built in' human behavior, presumably on a genetic basis. No need to explain why people behave that way. Brix insists that it is safe to ignore sociability and altruism in human beings. Those who are endowed with greater abilities to control and usurp power are going to be "quickly recognized in both human and animal societies" and climb to the tops of social hierarchies. Humans behave like deer stags, fighting it out according to inherited primeaval urge. Brix does not need concepts of purpose, choice, compromise, compassion, recognition, public service, leadership, sacrifice, altruism, voluntarism, self-reliance, independence, democracy, sense of being useful, group belonging, love, joy, satisfaction, achievement, multiple needs, wants and objectives (or goals), creativity, art and problem solving.

Brix says: "Those controlling the services most in demand will exercise most control." Controlling powers of Stalin, Hitler and Mussolini were certainly very high — was the demand for their 'services' comparatively large?

Brix concludes with a discussion of trade unions, consumerism and politics in general. Innate differences in abilities to control others reign supreme.