MANAGEMENT AND LEADERSHIP

by

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Introduction

The management function in a human organization is supposed to serve three different kinds of purposes:

First: Making sure that some organizational task is adequately performed.

Second: Securing some degree of satisfaction of those individuals in the organization.

Third: Taking care of the survival of the organization in the long run.

I am going to attempt the development of a management theory which shows how those three aims of the management function relate with one another, the causes explaining those relationships, and their consequences from the point of view of management practice.

We must go through three different stages in order to accomplish that purpose:

Stage one: Description of the process followed by human organizations to achieve their objectives, bringing into the open the role played by human motivation into that process.

Stage two: Analysis of the dimensions of an organization and the way they are related in order to explain organizational survival.

Stage three: Analysis of the management function as that function which must secure organizational survival and growth. At that stage the relationships between management and leadership will appear.

I.- ORGANIZATION AND MOTIVATION

The function of non-formalized systems

In any human organization we may distinguish three different kinds of entities which constitute that complex reality that is an organization. Those entities are:

a) Interactions among individuals which are consciously coordinated in order to achieve some particular objectives.

b) Interactions among individuals which appear in a spontaneous, non-planned way.

c) The individuals themselves.

Briefly, we will name those different entities as: formal system, non-formalized or spontaneous system and individuals.

I would like to emphasize the relevance of those processes contained in what we have called the ~non-formalized system~ that is, the relevance of spontaneous behavior, of non-planned action, in an organization.

I know that we all are well aware of that fact from a practical point of view. For instance, we know very well that the spontaneous relations between a Production Manager and a Sales Manager have very much to do with an appropriate coordination of both important functions in almost every business firm. If both are, say, very good friends, chances are that many problems in the sales area will be solved through some extra-efforts in the production area, and vice-versa. That would mean that they would be very well coordinated. Most probably, coordination would become a very serious problem should the spontaneous relations between both managers be very unfriendly. Coordination is indeed a very abstract word. I would like you to visualize the kind of realities that I am talking about. I am speaking of those very simple human reactions that we may observe everywhere. The sales manager, for instance, approaches the production manager and says: "Look, I~ve got a difficult problem here. Maybe I was crazy last week when I promised to such and such that his order would be ready in a couple of weeks. Now the question is that I am going to get in real trouble if I do not ship the order by the end of this week".

It makes a lot of difference if the answer of the Production Manager is: "O.K. Jim. Do not worry so much. We~ll try to do it~ or, else: 'No Jim. It can~t be done. I'm sick and tired of vou ~ making promises like that at the cost of my department~. The latter kind of answers -even less strong in tone but with the same spirit- are bound to provoke retaliation moves and those people may end quarrelling almost about everything. That is what I call "bad coordination".

The world of spontaneous interactions within an organization is a world of very simple but very important realities. Every experienced manager knows that. It is a world where people appear as "cooperative" or ~non cooperative", ~friendly" or "unfriendly" and so forth. The world of formalized relations-the formal system-, the world of "planned cooperation", is a world where people appear as "bosses" or "subordinates", "employers" and "employees", 'line~' or "staff", "production manager" or "sales manager" and so on. Every experienced manager is also aware that some formal system -at least a minimum formal system specifying who gives instructions to whom- is necessary in any organization. The truth is, however, that we feel that no formal system can include all those aspects of human interactions which are the relevant ones in order to make sure that organizational objectives will be achieved.

We feel that some very important attributes of human actions -precisely those attributes that we tend to evaluate the most, because of their positive influence in securing good organizational conditions- have a strong resistance to formalization. Think, for instance, about those human attitudes causing what we call "cooperative behavior" or "friendly behavior" or "disposition to help other people", etc. How could those characteristics of human actions be translated into explicit norms, into specific rules of observable behavior? But it happens that these norms and rules are the building blocks of formal systems: These systems cannot go further. We know that it is not easy to design a set of rules oriented to make sure that the performance of a given department within a business concern is actually contributing towards some specific over-all goals. Granted the difficulty, the task of designing those rules appears as a feasible one, anyhow. However, that same task seems like a hopeless one when we think about the design of operational standards and norms to secure things such as friendly behavior, cooperative attitudes and the like.

There is much theoretical work -and some practical formulations too- that seem to be unaware of the great importance of that world of spontaneous interactions in order to explain organizational behavior. Those theories and formulations have what I would call a "mechanistic model" of organizations. That "model" or "image" of organizations is very frequently held but in an implicit way. It is behind expressions such as "you must motivate people in order to get things done". It is at the bottom of theories attempting to conceptualize control processes in a human organization by using as a model those same processes in a servo-mechanism, for instance~ In a "mechanistic model" of organizations, the world of spontaneous relations and interactions is either forgotten or contemplated only as a reality with some "residual value". A reality playing the role of the lubricant oils in a engine. A reality that may help in order to get smoother ways of operation and nothing else.

I have said before that, on the contrary, the level of non formalized interactions is the most important one to explain success and failure in organizations. The role of those interactions in organizational processes is somewhat similar to that of physiological phenomena in an alive organism, whereas interactions at the formalized level could be compared to those phenomena of mechanical nature in the said organisms.

It is true that it is very easy to recognize the relevance of spontaneous relations on the basis of experience. It is not so easy +.r~ crpr+.~in whv +.h~ P r~l~+.i~nc ~rP Cl~ imn-~r+.~n+..(-n It is by no means apparent the role that they play in the achievement of organizational objectives. In order to analyze that specific role -the function of spontaneous interactions in an organization- we must describe very carefully the process followed by any organization in order to achieve its objectives.

First, we have to clarify the meaning of objectives themselves. Because organizations do have some explicit objective -or defined objective- expressing the purpose of organizational action. The "explicit objective" is but a synthetical description of the task to be performed by the organization. It represents what could be called the state of the universe to be achieved through the actions coordinated by the organization. Of course, that final state may be more or less defined by the objective or objectives. In a business concern, objectives usually consist of specific products and services to be produced at specific places and times. The explicit objective is, first of all, objective, that is to say, it always me-Cns some material things and changes

in the state of material things that are to be obtained through organizational action. Objectives constitute structured definitions, external definitions, of subjective ends. They are the expression or description of those material things which have to be obtained in order to actually satisfying some subjective end, some needs of a person or persons.

I emphasize this point because subjective ends -human needs- must first be translated -structured- in terms of objectives (those things that would satisfy the needs) in order to orientate human actions. In order to operationalize the process to be followed to achieve satisfaction of subjective ends, these ends must first be translated into some objective or objectives.

Now we must go deeper into two important relations: One, the existing between the objectives of an organization and the subjectives ends -human needs- which those objectives are meant to satisfy. The other, the relation between the objectives and the formal system of the organization.

About the first relation, we have already seen that the objectives of an organization express those things which must be achieved in order to satisfy the human needs -subjective endswhich organizational action is supposed to serve. You may think of those objectives as products or services to satisfy the needs of some customers. You may also think of those objectives as consisting of some particular task to be performed by a department to satisfy the requirements from other departments within the same business firm. In any case, we should note that the translation of human needs into objectives is by no means an easy question. It is true that we know -provided some experience- about the particular objects which satisfy some particular needs. But it is also true that we do not have the perfect knowledge required in order to specify all those material conditions which are consistent with an adequate satisfaction of our needs. What I am trying to say is that man does not know what he really wants. What we call wisdom refers mainly to that quality of human knowledge which has to do with an adequate definition of objectives, and I emphasize the word "adequate". But wisdom is a very scarce commodity, indeed.

I could undertake at this point the development of some rigorous proof about the impossibility of a perfect definition of objectives. Better than doing that -it is rather boring- I will attempt to illustrate that fact by telling a story -a tale- which, I think, helps very much to understand *the nat~re of* t~e dif~ lty for a perfect definition of objectives. The tale is a chiller by

Edgar Allan Poe and it is called "The monkey's paw". It goes like this: A British explorer comes back to England with a gift -the paw of a monkey- that he has obtained from some Indian tribe. The gift apparently has a very valuable property, it has some magic powers and it can satisfy three different demands whatsoever for its owner. Naturally, the petitions must be expressed in terms of objectives, of material things. The amulet cannot grant direct satisfaction of subjective desires. It cannot be asked neither happiness nor any other internal satisfaction. If the owner decides that happiness for him consists in the possesion of, say, a million dollars, he may ask fro~_ the paw that million of dollars. Whether that gift should mean happiness or unhappiness for that person is a matter outside the powers of the monkey's paw. As a matter of fact, the explorer has not used the powers of the amulet because he is afraid of doing so. There is a legend about the monkey's paw asserting that its powers are evil ones. The explorer comments the whole affair with some old friends -a married couple in their sixties- back in England. Those friends argue for a long time with the explorer because the later~ one tells them that he has decided to destroy the amulet. Finally, the explorer changes his mind and gives the "monkey's paw" to his friends. A little later, and not without a last warning to them about the dangers of the amulet, he leaves the house of his friends.

The married couple, once the explorer has left, decide to make use of the monkeyts paw but to use it very carefully. So, the first thing that they decide to ask is a fairly small one. They have two more opportunities left, and both agree that it is worthwhile to spend at least the first opportunity "learning how the paw operates", just to make sure whether or not its properties mean some hidden danger.

So, they demand -from the monkey's paw- two thousand of pounds sterling. At that very moment, the bell of the house rings. They find an unknown gentleman -who asks to see themstanding at the door. This gentleman tells them that he has very bad news for them. He is the manager of the factory where the son of our couple is employed. It seems that a very unfortunate accident has happened there and the couple's son has been killed by a machine. Before leaving the house, the gentleman gives a check for two thousand pounds to them. It comes from the insurance company that covers accidents of the factory wGrkers.

And now beings the horror story, the chiller... The mother immediately demands from the monkey's paw that it should bring back her son to life again. And the paw grants the petition. The poor boy comes back to life, but with his body in the same condition that the machine had left it when the boy had been killed. He cannot even speak; everybody flees away from him because nobody is able to stand the vision of such live monstrocity. Finally, the mother, divided between love for his son and the horror at seeing what is left of him, grasps what he is attempting to communicate. And the third demand to the monkey's paw must be spent in order to satisfy what his son is asking from her: To be left in peace, sending him back to death.

I accept that the story may look a little on the side of over-emphasizing the point that I wanted to make. The truth is that many times we are giving orders to people which, if accomplished with the spirit of the ~Imonkey~s pawll~ would mean real trouble for us. How many times, for instance, have you said to a subordinate: I'O.K. Joe: I expect you to have this matter settled by tomorrow at any cost". Are we conscious in those cases of what we are saying? Do we realize the operational meaning of those words: "at any cost"? Surely not. Think of Joe at the following day, coming to us, with a nice smile and saying: "Everything is O.K. now. I have solved the problem. Sorry I had to kill a couple of fellowsbut, as long as you had said to me that ~at any cost~... and I can tell you that with those two people around the problem could not be solved in just one dayll.

Can you see what I mean by the impossibility of a perfect translation of subjective ends into objectives? The problem, I h~pe, is very apparent through those two rather dramatic examples. Any man knows "something" about those particular things that satisfy some particular wants of his. But that same man does never know everything he needs in order to satisfy all his wants. It is then fairly easy that a path followed to satisfy a particular need may provoke undesirable results from the point of view of remaining needs. But we only learn about those mistakes once they have been made. Sometimes that learning comes just a bit too late.

The capacity for translating subjective ends into objectives is equivalent to the capacity for avoiding those mistakes -mistakes due to incompleteness in the explicitation of objectives-. That capacity we call wisdom. What I am saying is that perfect wisdom -please, note the adjective perfect- is never achieved by any human being.

So, we must accept -such is a condition of life- that there is always room left for painful mistakes at the time of setting objectives. Nobody can take everything into consideration at the time of making explicit his objectives to urientate somebody elsets action. He could always be deceived by an ill-intentioned "paw of a monkey".

Having established this point about the relation between objective- and subjective ends we may now go into the second relation: the relation between objectives and formal systems. New problems are waiting for us there too.

We can contemplate the formal system ~f an organization as a composition of two different things: The oper~tional system and the system of incentives._

The operational system includes a specification of those duties, tasks, norms of action, etc. for each organizational member. The system of incentives specifies the rights, rewards, etc. to be obtained by organizational members due to their membership within the organization. In very brief and colloquial terms we may say that the formal system specifies both, what a person is expected to give to the organization -operational system- and what that same person is going to receive from the organization -incentives-.

The operational system of an organization is designed in order to coordinate those actions that are required to achieve organizational objectives. We all know that the task of designing good operational systems is a fairly difficult one. We also know that the difficulty increases in the measure that the objective is more comprehensive, more complete, more important. Remember my previous example about "good coordination" between a production manager and a sales manager. It is clear that -as I said beforeit is not possible to operationalize the achievement of things such as "friendly behavior" "cooperative attitude" and the like. It is impossible to design an operational system to make sure that those results will be achieved if some specific steps are taken. I would like to illustrate that impossibility with a couple of examples.

We are all well acquainted nowadays with one of the consequences of that limitation of operational systems. It is sometimes applied in the world of labor relations as a weapon of the workers. It is that kind of "strike" that is developed by strictly following the formal regulations established for particular jobs.

We know very well that that kind of weapon is a very dangerous one. That, in many cases, it constitutes the most certain way to defeat the very same purpose which the regulations were intended for. We are also aware that the tactics used by workers who want to cause real trouble for their boss many cases, very simple ones: following in the strictest possible way the boss' formal commands.

You may find a most dramatic example of the limitations of operational systems in some discourses of Krusohev about the state of Russian industry at the time of Stalin's death. It seems that for Russian managers the accomplishment of the production quotas established by the Central Planning Authority was a matter of great importance. I think that we can easily understand them. I am pretty sure that Stalin was not an easygoing master at the time of accepting explanations about failures. According to Kruschev~s reports, it seems that a whole set of tricks had been developed by those managers in order to achieve production standards "at any cost". He specifically mentiones some beautiful examples. One of them: Production quotas for the furniture industry were set in money (some specified amount of rubles). It happened that it was much easier to achieve the standard by the production of heavy furniture rather than by the production of simple chairs so... you can easily visualize what had happened: They had enourmous stocks of heavy furniture that nobody wanted to bu~while everybody was complaining about the scarcity of simple chairs in the market.

I am a little afraid that, if I have been successful in my attempt to show the difficulties related with the definition and operationalization of objectives, some of you may be thinking something like this: "O.K., it sounds fairly reasonable but, if that is the truth, I would think that the existence of just one organization in good working conditions would be a most unlikely event. However, it happens that we have plenty of them everywhere and a good number of them look like pretty good ones".

Well, that is the point I would like to get into at this time. Because that indicates that something is in the organizations which must explain their existence in spite of the limitations of their formal systems and the incompleteness of their explicit objectives. And that something is precisely the non-formalized system of interactions, the spontaneous actions taking place among those persons who belong in the organization. And, of course, that is so because organizations do not differ on that point from living organisms of any kind. If I had tried to describe the behavior of, say, a cat or a dog as if they were

machines, you would have got the impression that I would have been describing a most unnatural and impossible kind of artifact. And rightly so, because those animals are homeostatic systems whereas machines are stable systems. The mode of description of stable systems cannot include all the variables required in order to explain behaviors of homeostatic systems. I told you at the beginning that a human organization is, at least, comparable to a live organism. Mechanical descriptions -those equivalent to the description of the formalized level of an organization- can never explain the behavior and life of organisms. An organization is much more than its formalized aspects. An organization includes all those interactions and relations taking place among organizational members.

Of course, many -maybe most- relations in the nonformalized level are trivial or unimportant ones from the organizational point of view (John, the controller, has fallen in love with that girl of the sales department. Jim, the sales manager, is crazy about soccer, etc.). Anyhow, it is very difficult to know "a priori" whether or not any one of those apparently trivial relations is going to become a very important one in some particular circumstances (Who knows? Maybe Jim can get a very nice order from that particular customer just because both of them happen to be very fond of that soccer team). But, leaving aside those exceptional cases, we have to recognize that, at least, some spontaneous relations are very relevant ones from the point of view of organizational objectives. That means that organizational life would become impossible if the state of those relations should fall bellow some limits. Think, for instance, about relations of the type "cooperative attitudes" and the like. And I am not saying that a great deal of, say, spontaneous cooperation is a condition for organizational survival, I am saying that at least a minimum of spontaneous cooperation is a "must" , and without it no organization can survive. In other words: No organization would be possible if everybody had the spirit of the "monkey's paw" while doing their jobs. Of course, the greater the spontaneous cooperation, the better for the organization, but that is a different kind of question. I am not talking now about maxima, I am talking about minima. Maybe people are not good enough to sacrifice themselves spontaneously in order to achieve some worthwhile objectives. We will go later on into that problem. What I am trying to emphasize now is that they are not mean enough to behave like "monkey's paws".

So, some spontaneous relations are of decisive value from the organizational viewpoint. And we have seen that it is impossible to formalize them, that it is impossible to secure the desired state of those relations through specific commands or rules of the formal system. Being that the state of affairs, what can an organization do in order to improve its non-formalized system? Which are the variables that determine the state of those relations within that system?

We are going to deal first with the variables that explain phenomena at the non-formalized level of organizations. That constitutes our motivational theory of organizations. Later on, we will go into the theory of management that explains the influence of management processes in non-formalized systems.

Motivational theor~ of organizations

In order to find the variables that explain spontaneous relations and interactions among human beings we must bring our analysis into the field of internal processes of individuals themselves. We have to go into the Causes of individual actions, into those elements that explain individual decisions.

In a rough sense we could say that, what an individual does, depends on two different elements within the individual: his knowledge and his motivation. I include in knowledge what the individual is able to do. In motivation what the individual wants to achieve. Knowledge is very important because it sets the limits of individual actions. But knowledge, in itself, does not specify the action: it only represents the possible actions that an individual can perform. For an experienced manager it is of little difficulty to judge about what a particular subordinate can or cannot do. The problem usually lies in whether or not that partic ular person wants to do a particular thing among those that he is able to do. It also happens that knowledge is an ambivalent quality. I mean, a person endowed with an optimum degree of knowledge has the possibility of doing the most useful things for me, but he also has the possibility of doing the worst things for me. A very competent physician, for instance, may be your best help in order to keep your health in good conditions, if he wants to do so. He may be your worst enemy-should he want to kill you.

Due to those characteristics of knowledge, I am going to make abstraction of that individual quality in the development of our theory. That means that the theory conceptualizes the ~use of knowledge~l by individuals. The theory describes motivational processes and their consequences from an organizational point of view. Those consequences are related with what people

want to attain by the use of the capacities for action that they possess. The theory does not contemplate the consequences related with the existence of a greater or lesser amount of those capacities in the individuals.

So, we proceed further into the analysis of that element I called motivation. By motivation we understand that force or impulse that drives an individual to select a particular action among the ones that he can perform. Motivation is the response of an individual to the perceived value of an action. I emphasize the word perceived because motivation is the response to a value but only in the measure that this value is perceived by the individual. In other words, we understand by motivation actual motivation and not potential motivation lbein~ the latter the response which should be generated if the individual would perceive the actual value of the action).

In a human being we may distinguish three different sources of that driving force, three different sources of motivation towards any particular action. It so happens, because the value of an action depends on the results provoked by its performance. But an action always has three different sets of consequences. Those sets cannot be reduced to one another, they cannot be confused or mixed with one another (as it happens, for instance, with the three dimensions of bodies). The three sets of consequences may be called:

extrinsic results: They contain the response that is provoked in the environment by performing the action upon that en-~ironment. It is the reaction from the en~ironment due to the performance of the action.

intrinsic results: They contain all those changes taking place within the performer of an action due to the performance of the action. They are changes produced by the very fact of performing the action.

transcendent results: They refer to those changes within the environment due to the performance of the action.

So, we have three different "values" for any action. The perception of these values -each one of them is perceived through different processes- originates those three different sources of motivation. The three sources are like three different principles of motion pushing the individual to perform any particular action. I call them extrinsic motivation, intrinsic motivation and transcendent motivation.

By extrinsic motivation I mean that force which pushes the individual to perform an action due to the rewards attached by somebody else -the environmental response- to the performance of that action. That means that a person, insofar as he is moved by extrinsic motivation, what he is actually wanting is not the perform ance of the action -doing his job, for instance- but the "rewards" -salary, status, etc.- that he is expecting to obtain out of that performance.

By intrinsic motivation I understand that kind of force which attracts an individual to perform a particular task or action due to the satisfaction he derives from the very fact of being the performer. It is the natural consequence related to the fact of being the performer of that work what is actually wanted by the individual while he is moved by intrinsic motivation. Think, for instance, of a good artisan in his work, of a manager who really enjoys being a manager. Most probably, a great deal of motivation for doing what they do in their jobs belong into the intrinsic kind of motivation.

By transcendent motivation I mean that kind of force which makes people to act due to the usefulness of their actions for somebody else. The key element in transcendent motivation is that the needs that the action seeks to satisfy are those needs of a person who is not the performer of the action. You may call this motivation generosity, spirit of service to other people, goodness of heart, etc. It does not matter, because the fact is that a human being is not indifferent with regard to the needs, the satisfactions, etc. of other people. Among other things, our sentiments do translate, in some measure, to the needs of other people -the motivations of other persons- into personal motivations for satisfying those needs. I accept that the trouble is that sentiments by themselves do not suffice in most cases in order to secure an adequate level of transcendent motivation. Due to that fact a whole science -ethics- is needed in order to teach man how to develop his sentiments in order to make easier for himself to move above the minimum level of transcendent motivation in all his actions.

At this moment I would like to emphasize that the motivational fcrces I have just referred to are like three different principles of motion in any human being. All of them are influencing -in different measure depending on the motivational structure of the particular person- the decision process to choose almost any specific action. I would like to emphasize too that,

given the widely different qualities of motivational structures you would find in any individual different mixtures of those three forces, but the three of them would always be there. Even in the case of a very selfish person -that is, a person who apparently does not pay any attention to other people~s motivesyou would always find that principle of motion that we have called transcendent motivation. That is so because perfect selfishness -zero transcendent motivation- is as impossible to find in this world as perfect generosity -transcendent motivation- being in this case equal to one (which means that other people's motives have the same weight than the ones of the decision-maker in the decision maker's motivational structure).

I would lih
_   _ume at this point a couple of things
that constitute the key elements of the motivational theory that I have put forward:

One: There is a driving force -motivation- which impulses a human being to perform any particular action. That is~ so to say, the quantitative side of motivation. It can be measured and observed. But, there is also a qualitative side in motivation: that quantity of motivation is the aggregate of three different kinds of motives (extrinsic, intrinsic and transcendent). You cannot directly observe the quality of motivation -intentions of the performer of an actionbut only the quantity of motivation. It is very difficult, in the short-.un, to assess even our own intentions while we are performing a particular action. However, in the long run, the quality of the motives behind the actions of any person becomes more and more clear and evident. As a matter of fact, the judgments about the quality of the motives of the persons who interact with us constitute the main assumptions -implicit or explicit- at the time of establishing our own patterns for interacting with those persons. You know, for instance, that this particular person must be shouted at if you want him to do that particular job because -you feel pretty sure about it- that is the kind of fellow who can only be moved by rewards or punishments. In our jargon I would say that you have made up your mind -passed judgmentabout the quality of his motivational structure and you have decided that the main ingredient of that structure are motives of the extrinsic kind.

Given the characteristics of what I have called "quantity" and '~qualityl~ of motivation, you can easily conclude that an identical quantity of motivation may be supported by widely different qualities. For instance, three different persons doing the same job with the same interest for doing it may have very different dominant motives. One

of them may be mainly moved because he expects some reward. --Another because he likes very much doing that particular job. And the third one because somebody else is going to have troubles if the job is left undone. Observable consequences may be very similar in all cases: Performance of a particular job. But we very well know that there is a whole world of practical consequences depending upong the different kind of motives which cause the same performance. Think of three doctors of similar technical competence, all of them trying very hard to cure the patient but one with an eye in the money that he expects to get out of his success, the second one in how much he is going to learn if he succeeds and the third one in the well-being of the patient himself. Most probably we would dare to predict that things are going to run in different way -at least in the long run- for the patient. Of course, we do not need to assume that any one of the doctors is indifferent towards those motives other than the dominant one: I have already said that that would be almost impossible, it would mean -at least for the two first cases- to act like the "monkeyls hand" regarding to the patient. But, what is going to happen in the long run if the first doctor is a real maximizer of his dominant motive? (His problem: How to get the maximum amount of money out of his patient). And the second doctor, what if he really tries to maximize his learning out of the opportunity provided by his patient's disease? Can you visualize the process opened to human beings to become little by little a kind of "monkey's hand", at least in that most hideous aspect of the thing: its intentions? I hope that the example suffices to show what I call "the dangers of maximization". Because the motivational theory we are dealing with tries to make explicit that kind of danger. It includes the fact that human beings are motivated to act, that there is a mixture of motives, and those are natural phenomena. But it also explains how the mixture of motives is bound to change, depending on the decisions of a human being, and the consequences that those changes will have in future interactions. Its main achievement is the description of the process whereby the maximization of either extrinsic or intrinsic motives leads necessarily to the destruction of the transcendent motivation within the motivational structure of the decision-maker. We will see later on that the destruction, the disappearence, of transcendent motivation makes impossible the life of organizations.

And now the second key point of the theory. It has to do with the meaning of what we call transcendent motivation. I think that its existence as a principle of motion in a human being is out of question. It is the main difference

between human beings and animals. The point is beautifully showed by the story of Guillaume the pilot as it has been written by Saint-Exupery. It seems that Guillaume~s plane had to make an emergency landing when flying over the mountains in the Andes. Guillaume saved his life but he was lost in the mountains in winter time during five or six days. The natives were convinced that Guillaume was dead because nobody had been able to survive more than three days lost in those mountains in winter time. When they found Guillaume, he was alive but could not speak. Saint-Exupery tells us that his first words after recovering in the hospital were "I swear you to that what I have done is something that no beast on earth is able to do". Guillaume repeated that sentence a good number of times. Some days later he told the whole story. It seems that after three days of fighting against the cold, the snow, the ice,he kept walking but almost without any will left to continue the fight. At that moment he fell and it seemed impossible for him to get up. He had neither strengh nor room for hope, and the very effort of getting up again seemed meaningless to him. But, as in a flash of light, he realized that he had fallen in a place where his body would be lost and very difficult to find when the snow melted. He thought that, in that case, the insurance company would not pay his policy until some number of years afterwards, years which would mean a lot of economic problems for his young wife and child. So he decided to get up and look for a place to die where his body could be easily found and the fact of his death legally established. He got up and continued. He was found still alive and walking two days later.

We all know that those super-human -I would say superbiological- efforts are made by human beings, and they can only be attributed to transcendent motivation (they would be meaningless from an extrinsic and intri~sic point of view). The trouble is that, in some way, we tend to make a very unscientific dichotomy, as if transcendent motivation were the explanation of some rare, heroic, kinds of behavior and the rest of the time were inactive. The truth is just the opposite one. The force is always there, giving shape to all human decisions, being weighted against the other forces. A person with a motivational structure of the finest quality is always deciding on that basis, even in the most trivial decisions. The same thing happens with any motivational structure. Some particular events may show the heroic quality of a person, but the hero was there before the events had taken place. In any case, I would like you to remember that I am not developing the theory in order to explain unusual

modes of behavior. I am trying to emphasize that in some degree -maybe a very low one in some cases- transcendent motivation is a force within any human being. Without that force you could not explain the behavior of a mother who interrupts many times her sleep in order to take care of her little child (unless she were afraid of the punishment of his husband should she fail to do so -extrinsic motivationor she liked to jump out of bed many times a night as an exercise of gymnastics -intrinsic motivation-). Without that force you could not explain the behavior of that very selfish person who prefers to smash his Car a little bit rather than rolling over a little child who has unexpectedly jumped on the road. Without that force you cannot explain but the most unhuman -almost impossible to imagine- actions. I told you before that perfect selfishness is more difficult to find in this world than perfect generosity. But we are not concerned with those extreme cases, anyhow. We are concerned with that ingredient in human motivation that is the transcendent motivation and its impact upon everyday decisions -such as those which take place within organizations- because trascendent motivation is one of the forces which shapes the non-formalized level of interactions in an organization. It further happens that it is the only force which direct spontaneous activity towards the right objectives of the organization. We go now into the analysis of that fact, namely, the relations between the quality of motivations and the behavior of the non-formalized system in an organization.

Motivation~ quality and the non-formalized system

We observe that an organization has a power to shape the behavior of those persons who belong in the organization . That power is but the administration of what we have called "incentives". Organizations can attribute some particular amount of incentives to some particular tasks. That is to say: organizations can relate their operational systems with the system of distribution of incentives. So, depending on the amount of incentives, they can motivate more or less to the members of the organization in order to accept the rules of behavior expressed by the operational system. But we must be aware of two very simple facts:

1) That process can only generate extrinsic motivation in the organizational members.

2) The behavior controlled by the process is limited by the norms, rules or

standards formalized by the operational system.

You have heard, most probably, many times some managers complaining about their lack of power in order to control people in their organizations. I am sure that you have frequently felt that different managers in that situation were talking about very different things under the common complaint of lacking power.

It is only natural that this confusion should happen. Because the feeling of "lack of power" may be due to three different things:

1) The lack of incentives at their command.

2) The lack of norms, rules or standards specific enough so as to formalize them in the operational system and relate them to the incentives.

3) The existence of a hostile spontaneous system which strengh cannot be checked by the incentives.

Of course, the underlying phenomena are not independent of one another. But, think for instance about a political leader complaining about his lack of power and see how different is the source of his trouble depending on whether it is due to the fact that:

1) He lacks an organized force like the Gestapo or some similar political police, or

2) He is missing some particular legislation, or

3) He is trying to push people towards some objective they do not like at all.

Going back to our problem I only need for you to recall that, in any case, the limitations of formal systems cannot be solved by any amount of incentives: The greater the power -the incentives- the more similar the behavior that is generated to that of the "monkeyls paw".

But, what about the spontaneous system? How is it going to behave? In other words: How are the organizational members going to use the freedom allowed by the operational system? (I do not care whether it is permitted freedom or unwanted loopholes or lack of available standards or norms). In order to ascertain the kind of behavior that is going to take place in the spontaneous system we only need to realize that, at least, there are two motivational

dimensions of the individual that are <u>always</u> there: <u>intrinsic motivations</u> and <u>transcendent motivations</u>. Please,

observe that I am not saying that both kinds of motivation cannot be in the operational system too. I am not saying that the extrinsic motivation cannot be present in the spontaneous system either. What I am saying is that both intrinsic and transcendent motivation are always operating at the non-formalized level, at the level of spontaneous behavior. The denial of that statement is logically equivalent to the denial of the existence of the non-formalized system.

And now we have only to think about the purpose of free individual actions in order to close our analysis. If the individual only seeks to satisfy his intrinsic motivation -once he has secured the satisfaction of the extrinsic motivation by the achievement of the incentives- he will perform the action in the most convenient way for himself. No external motives are left to motivate a different kind of behavior. If that behavior is adapted in any measure to satisfy the needs of some other people, it can only happen because some internal motive interferes in the process of maximizing intrinsic motives. That internal motive is transcendent motivation. But we have seen that, behind the organizational objectives -and behind the operational system designed to achieve them-, we have human needs, subjective ends, and we know that the satisfaction of those needs is the very "raison de etre", the very purpose of the organization. We may now conclude that transcendent motivation is the only force within a human being that pushes him to act towards the real purposes of the organization.

Some coincidence between extrinsic motivation and the kind of behavior which is required by other people may and should exist (that is the task of the designer of formal systems, among other things).

Nature itself tends to secure some coincidences between those actions which motivate intrinsically to some people and the needs of some other people (maybe Beethoven enjoyed very much writing the ninth symphony and most probably he did not mean to write it for my enjoyment but I do enjoy listening to the symphony anyhow). We should not be neither optimistic nor pesimistitc about those coincid~nces as most of the sociologiststend to be. The only thing we need to realize is that the only human motives which necessarily drive the individuals to take care of the very purposes of organization are the motives behind what I have called transcendent motivation. Should that motivation fail in the individuals you would find the organization in real trouble. Chances are that the spontaneous system would become a real obstacle for the achievement of organizational purposes. As a matter of fact the process can be described at a theoretical level but I do not want to bore you with the description. Remember

only that a decreasing transcendent motivation means at the bottom increasing monkey's paw types of behavior.

And now we go into the problem of what a manager can do in order to improve the non-formalized system of his organization, while at the same time taking care of all the other things that he is supposed to do in his job. So we go into a theory of management.

Theory of management function

Introduction

We have seen that a manager is supposed to take care of the state of the non-formalized system in his organization. That, due to that fact, he must also deal with all the dimensions of human motivation. It is evident that he must be concerned with the formal system both to make sure that the operational system is an adequate one and the system of incentives is helping to motivate people in the right direction. Now we must integrate all those aspects of management in order to see how they constitute the natural dimensions of a single activity: that of management in human organizations.

The first idea which comes to our minds when we think about the manager~s job is that of a driver of a very complex kind of "artifact". We have seen so far the different entities which compose that "artifact" -human organizations- and the way they articulate among themselves, within the living process of an organization. Any manager must keep in mind all those "internal laws" of an organization, in the same way that the driver of a car must drive his vehicle keeping in mind the internal laws of the machine that he is driving. But an important difference appears immediately between both ~drivers~. And that difference is much deeper than the difference between the operations that have to be performed in each case in order to reach specific goals through the use of the respective "artifacts". The difference I refer to is due to the fact that the organization "learns", while the car does not learn. That means that, in a broad sense, if a driver of a car has given you an acceptable ride from here to, say, the airport, you may be well satisfied. You may maintain that he looks like a good driver. Except in a very unusual case , within the concept of an "acceptable ride", it is included the fact that the car has not suffered too much with that particular ride. But, in the case of a business manager, things are not so easy. The specific goals that he may have just achieved may look very brilliant ones. By "very brilliant" we usually mean that those goals do accomplish high level requirements in terms of output, costs, profits, sales, etc. When evaluating specific goals we have to rely in the most measurable aspects of actions. It is much more difficult to evaluate those other changes that may have taken place at deeper levels of the organization.

It is true that a person who is not able to reach acceptable specific goals for his organization is not a manager at all. But we should not be concerned with that particular possibility, because it represents no danger at all. Should that be the case it would be very easy to judge about the managerial capacities of that particular person. The danger lies in those cases where a person looks like a manager -he is able to achieve good organizational performance when measured in terms of specific goals- but he is not a manager -he achieves those results at the cost of destroying long-term capabilities of the organization-. Any management theory which devotes its efforts to teach people how to reach specific goals has, at least the potential danger of being a school for the training of persons who look like managers but are not managers. The theory we are going to develop attempts to be in the opposite side. It does not intend to describe the process for reaching specific goals. It tries to conceptualize those changes taking place within the organizations while specific goals are being reached. We will see that the theory presents a three-dimensional image of management based upon a three-dimensional image of organizations. Each one of those dimensions includes a whole array of qualities that managers must have, at least in a minimum degree. However, the important point here is that the three arrays are irreductible to one another; that they point towards different organizational levels; that no amount of excellence in any two of them could compensate the lack of an adequate, minimum level, in the remaining one. The theory is consistent with the fact that organizations-may be led throughout many different paths towards better ways of life; that managers may excell in many different ways. From that point of view, it has very little to say about optimization. It has almost no normative content, almost no advice to give for "maximizers". The theory, however, describes all those processes which have any influence upon those things that define the minimum conditions for organizational life. It analyzes those organizational properties on which depend the life or death of organizations.

So, let us go first into those dimensions of organizations, in order to go afterwards into the corresponding dimensions of management.

Dimensions of an or~anization (State variables of an or~anization)

Any organization in order to be able to operate, in order to be able to reach any specific goal at all, must satisfy some minimum level of motivation of people whose actions are required in order to attain the goal. But, of course, people may be motivated to act both internally and externally. I mean that the action may be performed due to the rewards or punishments (attached by the organization to that particular action) and because the person who performs the action spontaneously wants to act that way. As a matter of fact, both elements must be taken into consideration at the time of explaining why people do cooperate with organizations. In a decision, any person has at least two alternatives: doing or not doing some particulr action. The action that is demanded by an organization may have attached some incentives. These incentives are meant to satisfy ex~rinsic
-motivation for the performer of the action. Performing the action means satisfaction of that kind of motivation plus some other satisfaction depending on the internal motives of the performer (that is to say, intrinsic and transcendent motives). On the other hand ~ no performance" of the demanded action means the no achievement of the incentives (and, in consequence, no achievement of certain satisfaction at the extrinsic level). But nothing is opposed to the fact that the internal motives satisfied by "no performance" might be of greater value for the performer than the incentives which are lost. Do not forget that given the three dimensions of human motivation it is natural that increasing satisfaction within any one of those dimensions might mean "costs" -decreasing satisfaction- in some other dimension. The point is all too evident for me to insist upon it. But, let us try to bring that elementary observation into the realm of organizational properties. First, we find that we must distinguish at least two levels in organizational operations. I will call them Effectiveness and Attractiveness or Attractivity.

By Effectiveness of an organization we mean the capacity it has to operate through satisfaction of extrinsic motivation in its members. Any operation, any goal, is said to be ineffective if its achievement means an "input" of resources lesser than the "output" of re~ources given away to organizational members, in order to motivate them by extrinsic motivation. For a business firm the concept is specially easy to interpret . Think of a stream of products going out to the market. The reaction of the market comes into the business as a stream of income. In order to produce the goods and services, the business has to start with some elements -raw materials and the like- which also come from utside~. The "operation" of the firm transforms those flgivens'

into "products". So the 'loperation~ has an "effective~ value that equals to the received income less those "costs" paid for the elements coming from outside. You can immediately see that the "effective value" of the operation is what economists call "added value". But the concept of effectiveness includes a further step. It takes into consideration the fact that, in order to motivate people to perform that "organizational operation", some resources must be spent as "incentives" (call them salaries, dividends, etc. depending on who are the persons you consider to belong into the organization). The "operation" would be ineffective in the measure that its "effective value" is lesser than the resources that it requires to be spent as incentives. In our example that would mean that the business firm would be getting less money out of its activity than the money demanded from it by the "organizational members". How long could it operate under those conditions? The answer to that question would give to you the minimum of effectiveness required for the survival of the organization.

It is clear that effectiveness in an organization depends on two different things:

1) The quality of its operational goals. That quality is the basis of the "effective value" of its operations. In more simple terms: It determines how much it is ready to pay the environment for those products, services produced by the operation of the organization.

2) The incentives required in order to motivate people in the organization.

Let us go now into the second level of organizations. That level I called attractiveness or attractivitv.

By attractiveness of an organization we mean the degree of internal motivation of people in the organization in order to perform the actions required by organizational operations. As you can see, attractivity is the variable which, among other things, measures the "quality" of the spontaneous system of an organization. As a matter of fact attractivity is the measure of the congruence between what the organization requires from its members and what the organizational members would give to the organization through spontaneous behavior. In other words: it is the difference between what the individuals are doing due to the "incentives" and what they would be doing with no incentives whatsoever.

Attractivity expresses the measure people are internally motivated while doing what the organization demands from the~.

Of course, it would be very easy to maximize attractiveness in any organization. It would only require the elimination of the operational system. It would only require to say: "From now on, everybody in this organization may go about his business and may do whatever he wishes to do. Absolute freedom for everybody. No more rules neither regulations. You all are free to do everything". That sounds great, doesn~t it?. But,doing that: What would happen to the "effective value" of operations? And, without effective value of operations, what would happen to the incentives? Here you have the dilemma which is at the bottom of the dispute between the rightists and the leftists in social affaires. You can even have a glimpse to the reason why it is so comfortable to be in the left while being in the opposition and why the left becomes conservative at the time of managing the real thing. Because we have seen that i~ is very easy to maximize -just to give any step- in the direction of increasing attractiveness. What is not so easy is to make any progress in that direction while, at the same time, keeping effectiviness at any given level. But things are not so easy from the point of view of effectiveness. It is true that it is much easier to increase effectiveness without paying any attention to attractiveness than increasing effectiveness while trying at the same time to increase attractiveness. There lies the reason why effective managers tend to become impatient about the problems of adapting in some measure organizational operations to the wishes and likings of people. But, at least, we must recognize that, even a one-dimensional manager who only thinks in terms of improving effectiveness, has a fairly difficult problem to cope with. Because effectiveness is in itself difficult to maximize (depends on the quality of operational goals and the manager must 'Idiscover" such goals). That constitutes a great difference with what happens in the case of attractivity.

I think that we have established with some clarity the meaning of those organizational dimensions called effectiveness and attractiveness. Now we must note two things:

First: The greater the attractivity the lesser the incentives required to motivate people in the organization. That is so~ because those incentives are the ~force~ that compensates losses in internal motivation due to the distance between required behavior and spontaneous behavior. More easily: You do not need to motivate people rewarding them for doing something that they are already internally motivated to do. But this fact means that the greater the attractivity the easier to find effective operational goals. This happens because an effective operation must accomplish the condition of producing a value greater than the incentives required to motivate its performance and those incen-

tives depend on the attractivity. Do not forget, anyhow, that this statement refers only to one of the elements influencing effectiveness. The other one -the effective value of the operation- does not depend on the attractivity: it only depends on the value that is given to the operation by the environment that receives its effects.

Second: We have seen that there seems to be some opposition between effectiveness and attractiveness. Both look at organizational operations from different points of view. Effectiveness tends to be greater in the measure that the operation is better oriented to satisfy the needs of the environment. It looks to the actions from the point of view of the person or persons who receive their consequences. Attractiveness tends to be greater in the measure that the operation is performed in accordance with the wishes, likings, interests, etc. of the performers of actions. It looks to the operation from the point of view of the performers. Effectiveness depends on how well the doctor has cured the patient from the patientts viewpoint. Attractiveness

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depends on how much interested was the doctor in doing what he did in order t~ cure the patient.

The amazing thing is that all too frequently you may find sociological theories which, from their starting points, have taken a very definite stand about the relation between effectiveness and attractiveness. Of course, the hypothesis about that relation is never explicitly expressed. Because you can almost think everything about that relation but two very specific propositions: one, that the greater the effectiveness, the greater the attractiveness too (what everybody likes most to do is what anybody else needs most from him: A very nice world, indeed); the other the opposite one, namely, the greater the effectiveness the lesser the attractiveness (what everybody hates most to do is what anybody else needs most from him: Here you have hell). But it happens that one of those two propositions is at the bottom of quite a few theoretical elaborations in the sociological field.

The relation between effectiveness an-d attractiveness must be carefully analyzed because it is not a trivial one. We have already seen the simplest part of it, i.e., the influence of attractiveness in the incentives. The other element that determines effectiveness is the effective value of operations. What is the relation of this element with the attractiveness? Remember that in attractiveness we also have two elements: intrinsic motivation and transcendent motivation. Both of them motivate people internally. I accept that in some cases -I am neither optimist nor pesimist from a sociological point of viewintrinsic motivation means a real help in order to secure

performance of some actions which are highly appreciated by the persons who receive the product of the action. I mean that a person may perform actions because he enjoys doing it, and those actions be, at the same time, quite useful for some other persons. Remember my reference to Beethoven a while ago. Luckily, we have received some help from nature itself on that point. But, as I said before, the only motivation which secures internal motivation towards the effective value of actions, is transcendent motivation. Because the effective value of actions depends on the response of the person who benefits from the action. And that response depends on how well the action is adapted to his needs. Finally, we can see that the greater the adaptation of an action to the needs of persons, the greater the transcendent motivation towards that action.

So, we have to introduce a third dimension in organizations. I call that dimension "Unity". By unity I mean the measure people in an organization act due to transcendent motivation. Unity depends on the quality of organizational operations insofar as that quality truly represents the needs of other people. It also depends on the motivational qualities of the people in the organization, insofar as those qualities determine their capacity to be moved by transcendent motives. Unity includes all those elements we usually call identification, loyalty, etc. Unit~ in an organization measures the degree of sacrifices that those people in the organization are ready to accept freely in order to improve organizational performance. In very colloquial terms I would say that Uni~y measures how much the organization is loved by its members.

It expresses the "real value" of the organization itself for its members, a "value" that, in order to be kept, may demand sacrifices, subordination of onets own interests, etc. In the measure that a person is receptive to the impulses of transcendent motivation, he is bound to appreciate the organization in the very moment he perceives the usefulness of organizational operations for the other people. Unity measures that degree of appreciation. Of course, we may find in history many cases where people have sacrificed themselves, even to the point of losing their lives, for the good of some organizations (large organizations like the political order of a nation or small ones like a family and a lot of many others: universities, unions and business firms too).

But once again I must remind you that we are not concerned with those rather "extraordinary" cases.

We are concerned with all those series of little efforts that many persons are doing everyday out of loyalty towards organizations into which they work and live. That happens many

times -much more frequently than it may seem- in business firms. People do not like to talk about it (the ones who like the talking are frequently those who do not live that loyalty) but the uniting force is there. I remember a friend of mine, a good sales manager, telling me, half ashamedly, that he was thinking about leaving his job due to "sentimental reasons", as he said. Of course he was half ashamedly because sales managers are supposed to be "tough guys" and not too apt to be overcome by sentimental reasons. At least that was his opinion. I asked him about those reasons, and he told me that the new management of his company was emphasizing too much the profit side of business. "As a matter of fact -he said- I am getting more money than I used to get before, and the boss has promised me much more money. He is very happy with my work and things are going very well from the economic point of view. But -he added- the style of the company has changed. I am not proud any more of the kind of service we are giving to our customers. Maybe they do not notice the difference, but I cannot stand being with some of those customers, who are very good friends of mine after all those years of doing business, knowing what we are doing for them now. I almost avoid any kind of contact with them". You have there a pretty example about "selling" unity to increase effectiveness in the short run. What I am saying is that that kind of transaction takes place many times in a company and it is very bad business indeed. The trouble is that those decisions are frequently made without realizing their consequences at the level of unity. People in business do not like to talk about "costs" in terms of loyalty, love to the company and similar things. But a good manager, and rightly so, does not speak about them, simply acts about them. He is well aware that a most valuable asset of an organization is the organizational unity.

And now we can finally go into the dimensions of a manager. Because a manager has to maintain an adequate level of effectiveness attractiveness and unity in his organization. Sould he fail in setting operational goals with a minimum of effectiveness and attractivess he would not be a manager at all (the goals would not be achieved because people in the organization would not act towards those goals).

The danger, however, lies in that case where a manager is able to set operational goals which accomplish the minimum conditions regarding both effectiveness and attractiveness but ~nose goals provoke a process which tends to destroy unity (I call them inconsistent goals). That manager is directing the organization towards self-destruction. He represents that case where a person looks like a manager but he is not a manager.

He is like a car driver who seems to know how to drive -he may even look like a brilliant driver- but kills himself and the other people in the car due to his lack of prudence.

Let us try to make a synthesis of all those requirements that a real manager must accomplish. That constitutes our Theory of management.

<u>Theory</u> <u>of</u> <u>management</u> (dimensions of management)

         We have seen that organizations do have three different dimensions: Effectiveness, Attractiveness and Unity. Any manager must pay attention to those three dimensions that influence the organizational state.

We have seen that a minimum level of any one of them is a "must" if the organization is to survive. But, provided the minimum level is granted, as a particular manager may be able to improve organizational performance along any one of those dimensions while just maintaining the other two above minimum levels. So any good manager may be good in three different directions. It is very unusual for a person to excell at the same time in all dimensions.

Those dimensions are: the manager as a strategist, the manager as an administrator, the manager as a leader. Any good manager is a strategist, an administrator and a leader. It usually happens that what we call an excellent manager is excellent in one of those dimensions but, please, do not forget that no degree of excellence in one dimension can compensate deficiencies below the minimum in any one of the other two dimensions.

Those dimensions of management are related with the organizational dimensions in the following way:

strate~ical dimension: It represents the ability of a manager to improve <u>organizational</u> <u>effectiveness</u> by setting goals of great <u>effective</u> <u>value</u>.

<u>administrative</u> <u>dimension</u>: It represents the ability of a manager to improve <u>organizational</u> <u>attractiveness</u> by adapting operations to those tasks that people in the organization like to do because of their intrinsic motivations.

<u>leadership</u> <u>dimension</u>: It represents the ability of a manager to improve <u>organizational</u> <u>unity</u>, that is to say, the ability to generate transcendent motivation in the organizational members.

         I am going to attempt the description of those dimensions. In order to simplify the description I will talk about <u>the</u> strateEist. <u>the</u> <u>administrator</u> and <u>the</u> <u>leader</u> but ~ou should keep in mind that all three are dimensions of <u>the</u> <u>manager</u>. They are not "types" of managers.

We have seen that any real manager, although he may be excellent in one of

those dimensions, must also have, at least, some minimum capabilities in the other dimensions.

The <u>strategist</u> is the manager who has the ability of discovering goals with a high effective value. That means that he is a discoverer of opportunities in the organization's environment. I feel committed in some way to emphasize the importance of the strategical dimension in business management. I do not know, but I suspect that, due to the naivete of some economic theories, or may be due to some influence of collectivism in the mass media, the fact is that many people do not realize the creative forces which are at the root of many good businesses. Of course, we all realize now that the making of cars in order to satisfy some needs of human beings constitutes a very good basis for some businesses. Very few people realize that the first fellow who had the idea was risking almost his head while he tried to put it into practice (it was crazy: A very noisy toy, at the brink of being ousted from the cities because the horses were scared of it...). I like very much the qualities of works of art (incidentally, quite a few artists have achieved real wealth because of their expertise in writing, painting and so forth and so on). I am very happy persons like Velazquez or Beethoven have excited. But I am also very happy persons like Henry Ford I or any other discoverer of ways to satisfy human needs have also ;~eYcited. I have never given any thought to the question of whom are the ones I prefer because, luckily, all of them are there. But it would be stupid from my part to take for granted the benefits I have received from either of them. Discovering opportunities in the business environment is an art in the same way that discovering new ways for contemplating reality is also an art. Of course, there are bad strategists -no creative achievement of any worth- as there are bad artists but I would not dare to say without statistical data who are more useless and which of the two sets is the larger one.

So a business strategist is a person who sees and seizes the environmental opportunities for doing business. We usually call that person a good businessman. Any business manager must have that quality in some degree. It is the dominant one in those fellows who like to start business ventures but they do not like to see them becoming a large enterprise. (They usually sell the whole thing once it is started). They do not know how to expand it and they do not like the idea of making it grow. They lack -and they know it, may be unconsciously- administrative qualities for managing a large organization.

But you can also find that dimension -the strategical one- in any management process of any organization. And the characteristics are the same ones: Ability to grasp opportunities in the enrivonment. That enables him to set operational goals of high effective value.

In military organizations they are called "strategists" -think of Rommel, Guderian, Patton, I think they are good examples of excellence in that dimension-. (It does not mean that they were not very capable in the other dimensions too, of course).

In the academic world, if you contemplate a teacher as a manager of his students, the dimension we are talking about, could be called the professorial dimension. It has to do with the specialized knowledge that the teacher transmits to his students. I like using so widely different examples in order to show how in any human organization the three organizational dimensions appear and~ in consequence~ the three dimensions of management

The second archetype, the administrator, is the manager who has the ability to discover and use capacities for doing things in the persons that he is managing. He knows how to take advantage of the impulse of intrinsic motivations by designing tasks which appeal to that motivational level in individuals. I would say that he is a born psychologist. He is concerned with problems like decentralization vs centralization, the acceptance of commands from upper levels by the lower levels, communication processes and the like.

He looks like an expert practitioner of organizational sociology and psychology (although he may have never opened a simple book on the subject: he usually is too smart to waste his time doing that, and he knows from experience about human beings much more than what the books usually say). He tends to look the he organization as a live organism, whereas the strategist tends to see there a mechanism. He is less concerned with what the organization -or this person or group of persons within the organization- is doing than with what the organization is prepared to do. A person with great administrative capacity is bound to discover potential capacities for doing specific things in persons who themselves ignore that they have those capacities. Administrative talent at its highest points means an extraordinary ability for communicating very difficult things to large number of people. In order to avoid any possible mistake with the next dimension that we are going to describe -that of leadership- I am going to use rather dramatic examples of truly exceptional administrators. Hitler, for instance, Stalin were among the most exceptionally gifted persons that have ever existed when we only look to the administrative dimension of management. They were able to make attractive for a large number of persons some actions oriented towards very difficult goals. Whether the attractiveness is due to an appeal to the meanest aspects of a human being or to the noblest ones is not a matter of concern from a purely administrative point of view. What matters from this point of view is that the command be spontaneously accepted. It demands administrative

capacity to find the right traitor when treason is needed, in the same way that it demands administrative capacity to find an honest man when honesty is required. It is not an easy task to find the adequate person for a particular job with independence of the fact that the job itself be for good or evil. Administrative capacity includes a profound grasp of the strenghts and weaknesses of human nature.

The third archetype, the leader, is the manager who not only cares about getting some goals achieved. He is not only c ncerned with the intrinsic motives of people. He tries to secure performance by helping people to act due to transcendent motivation. He is concerned with problems like the development of the sense of responsibility, the meaning of duty, and similar ones in his people. He attempts to teach his men the value of their actions for other people. It is very easy to recognize a leader once he has passed away: Everybody misses him.

Sometimes it is not so easy to recognize the leadership dimensions while he is still managing the organization. Because a leader may be quite a tough manager. As a matter of fact, leaders have to be necessarily tough about some essential points. Those points always relate with the rights of somebody else, never with their own rights. We have millions of examples of leaders. Most parents are leaders of their family. Think of any good m~ther of a family: she is concerned with having ready the necessary means for satisfying the material needs of the family (her strategical dimension); she is also concerned with whether or not everybody is doing things that they enjoy doing (her administrative dimension); but above all she worries about her children being good men in the future, and to that end she dedicates all her efforts (her leadership dimension). I like very much this particular example of leadership, because it is well suited to remind us that the different dimensions of management represent different qualities and cannot be instituted for one another. No excellence in the leadership dimension of a mother of a family -most of them have that excellence- would qualify her as a good manager for any medium-size business. Most probably, she would be lacking the minimum strategic and administrative qualities required for that management job.

The leadership dimension includes the capacity of being perceptive about the needs of people. It evaluates action in terms of those needs. It is concerned with the real value of actions End not with the effective value of those actions.

At this point you may ask: and what a~out the possibilities of training people in order to develop those managerial dimensions in them? Well, the answer to that question may help to clarify the descriptions I have been attempting to do for each one of those dimensions. I believe that very little can be made in order to train any given person to become a good strategist. Strategical qualities depend very much on the natural capacities of the particular individual. Although some training may be given in order to further the development of those qualities, we can almost say that "strategists are born~not made". In the case of administrative qualities, I believe that there is more room for developmentthroughout educational processes. It is the leadership dimension the one that any human being can develop by himself, if he wants to. Leaders are not born, they become leaders throughout personal efforts.

I think that the latter point deserves some comments. So, I will leave aside the characteristics of training processes oriented to help the development of strategic and administrative capacities and I will proceed from now on to deal with the subject of leadership.

The first thing we must realize is that the leader is concerned with that level of reality -transcendent motivationthat is the realm of freedom. A leader, insofar as he is a leader, may fail to achieve the desired results in spite of being a "perfect leader". A manager, insofar he is a strategist and an administrator, never -cails, provided he is a "perfect" strategist and a "perfect" administratGr. But in the case of the leader, results have to be achieved due to transcendent motivation, that is to say, results have to be achieved through actions that the performers do because they want to perform them looking at their value for other people. It is true that, at least in some measure, the performance of actions may be enforced from outside the performer. But is is impossible to enforce the intentions of the performer by any outside power. And it is the intentions ~hat matters from the point of view of leadership. A leader is never satisfied, for instance, if a person obeys him out of fear or because that person expects some reward from the leader. Being that the nature of leadership, it is clear that even the perfect leader may fail to achieve some results. Those results depend on the intentions of other people, and those people are free to perform the same action but with different intentions.

It is by no means surprising that, being that the condition of leadership, the theoriticians of management have some resistance to deal with it. It seems that, from the practical point of view, good management is that quality that secures the achievement of any goal. On that basis, it is clear that leadership appears with an aura of imp~actical~ty which tends to reduce it to a subject more fitting into the field of poetry than into the field of management.

Anyhow, practical managers do not bother about those theoretical questions. But they do bother about the practical implications related to the possibility of failures when managing people. Practical managers know very well that they may fail to achieve some goals being, at the same time, very good managers. Good managers are well acquainted with the fact of sacrificing some apparently good business because they know that being effective is not everything that matters in their lives. But good managers do like to know very clearly the reasons which may justify to follow any given path to achieve some goals when that particular path has more risk and greater costs than the other alternatives that he may have. Why should he attempt the achievement of his goals according to the rules of leadership when it would be easier and safer to get them with a more direct approach? I think that we should devote some comments to that question. Of course, the answer is twofold,one refers to the manager himself and the other to his organization.

To the manager himself I would say: If you try very hard to manage people by being a leader, you will become a much better human being, and on that particular point you should not be afraid at all about failures: It depends only on you. That achievement does not depend on the way people may or may not respond to your leaders~ip.

Regarding that which may happen with the organization things look somewhat different. We have already seen that organizational unity constitutes the best asset of an organization, and that unity is what a successful leader may achieve. But that success depends not only on him. It also depends on the freedom of those who are managed and there lies the possibily Gf failure. I am not going to deny that possibility, but I would like to show that the opposite styles of management -no~ caring a bit about leadership- do also have possibilities to fail. The failures may happen a little later but they are far more dangerous.

There is an inescapable fact about a managerts job: A manager must deal with human motivations in the same way that a driver must deal with engines and an architect with stones. Failures to perceive the quality of those materials that he has to handle mean painful practical mistakes. Of course, human motivation is the most delicate material on earth. We have seen that a manager may do something in order to improve the quality of the material that he is handling -we will see later on how to do it- if he wants to dedicate his efforts towards that end. He may also decide not to do anything about it. What he cannot decide is the quality of the material he has at hand: that is a given. Now, you should not forget that the judgment about the motivational qualities of people is by no means an easy one. There is also a circumstance that aggravates the problem: Any person inferes about the motivation of the other persons thinking about his own motivations. Because motivations are not directly observable, we can only observe actions. As a corolary you may find that no person can easily rely on the quality of motives in other persons when that quality is greater than the one of his own motives. There is a story about a movie star visiting a hospital and seeing there a nun taking care of a patient with some pestilent wounds. The movie star said to the nun: I would not do what you are doing even for a million dollars. The nun replied: Me neither. I would not do it for any number of dollars.

So, a manager is bound to attribute to those people under his management the same kind of motives that he has or those of lesser quality. If he is mainly money oriented he will think that everybody there is either stupid or a money seeker. If he is moved by intrinsic motives he will think that some fellows really move because they like what they are doing and some other -the bad ones- are lazy, irresponsible and money-seekers.

I am dramatizing the description but I think that this will help to clarify the point. Keeping in mind the difficulty to judge about human motives, we must now go into the two limits of managerial action which are set by the quality of motivations of those who are managed.

First limit: If a manager tries to appeal to some high level motivational quality and that quality does not exist in the persons that he tries to move, the intended goal will not be achieved. That means that if you want the production manager to make some extra-effort in order to help the sales manager appealing to his loyalty towards a fellow who works with him and so forth and so on, and the production manager pays little attention to any motives other than the extrinsic ones, you should not expect much help co~Ling from that source. Better to make him understand very clearly that he is in for a raw deal if he fails to solve the problem.

Second limit: This limit refers to the opposite case: that one where the manager does not appeal to high quality motives and it happens that his subordinates do have high quality motivational structures. Being that the case, the "unused" force represented by transcendent motivation -the argument runs with little differences for intrinsic motivation- is bound to operate against the manager's goals. Think of a subordinate who has made some important thing out of affection or loyalty. Do you realize the frustration that may be provoked in that person if his real motives are not understood and the boss tries to pay for those sacrifices just by giving to him some money? This is the process that I am referring to -a process that generates frustration in the managed people- in the case contemplated by this second limit. To lead people with fine motivational structures is a quite demanding thing for a manager. It is by no means easy to play with delicate instruments. You can get wonderful sounds out of them, but any failure to play in the right way is bound to provoke more dissonances than in the case of playing with rough instruments.

You should not forget that the final consequences of those processes of frustration generated by an un-sensible manager may be quite dramatic ones. They do not stop at the individual level, just by making people a little less happy and nothing else. The final consequences of those processes fall into three different categories, all of them are quite important from an organizational point of view.

1) The individuals of high quality motivational structures may leave the organization.

2) The individuals may accept the rules of the game trying to adapt their motivational structures to those rules. That means that they accept deteriorating their motivational structures, sacrificing higher order motivations in order to better satisfy lower order ones. (Selfishness is the rule of the game in this company so I am going to play that way. I am sick and tired of trying to be a good fellow in this den of thieves. They are going to learn pretty soon that I am not a bad player at that game either. Have you never heard expressions like that?). With many fellowsgoing that way the organization is in for a spontaneous system with "monkey~s paw~l type of behavior in a very short time.

The individuals may strive for both things: keeping untouched the quality of their motivational structures and staying in the organization. In that case the manager is in for a real opposition with strong leadership going against his commands. The most powerful revolutions start that way.

So any manager whether he likes it or not has to adapt his behavior to actual motivations in his people -that is very easy to see-. But he has also to adapt his behavior to the kind of motivations that he would like his people to have in the future -this point is not so easy to grasp-. Should he fail to do so, should he fail to devote his efforts to be a leader, sooner or later he would be violating the second limit of management we have just referred to. A manager cannot play his role by being always on the safest side in order to avoid those mistakes enunciated by the first limit. His task includes the assumption of some risks at the motivational level of individuals, at least in order not to leave "unused'~ high quality motives wherever they exist. But it should be noted that in order to make sure that the second limit does not operate, the manager must have a real committment to be a leader, he must have a well defined attitude towards improving the motivational qualities of his people.

I would hope that the practical importance of the leadership dimension of a manager is now well established. We are not dealing with a dimension which could be easily left aside, as a kind of luxury that is nice to have but which is not of primary importance. So now, our next and last question must deal with how to be a leader, with what a leader is supposed to do.

As a matter of fact, and provided that no person can provoke transcendent motivation in another person, one may wonder what could be done in order to help people to develop that kind of motivation. There is a frequent misunderstanding about this subject due to the confusion of two statements. One of them is -and it is a true fact- that nobody can do everything that is needed in order to secure that another person moves himself due to transcendent motivation. The other statement -which is a false one- is ~hat given the fact that nobody can make sure the existen~ of that kind of motivation in another person, there is nothing to do in order to help its existence. It is clear that many things can be done in order to help people to improve their motivational structures. That does not oppose to the fact that they will not improve them if they do not want to.

The first thing that a manager can do along the leadership~--
dimension is very easy to formulate because it consists of a negative statement,
namely, <u>not</u> being <u>an</u> <u>obstacle</u> <u>to</u> <u>the</u> <u>use</u> <u>of</u>
transcendent motivation wherever it exists in his eo le. In other
$$P \quad P$$

words: <u>Let</u> <u>them</u> <u>move</u> <u>due</u> <u>to</u> <u>those</u> <u>motives</u> <u>if</u> <u>the~</u> <u>l~appen</u> <u>to</u> <u>have</u> <u>them.</u> Maybe
some of you are now thinking that this statement is but a platitude: Whoever in
his right senses is going to run against transcendent motivation in his
employees? What kind of a manager should he be for doing that? Let me tell you
that I honestly think that the world would be quite a different place should that
rule be followed everywhere. And I am not talking about those extreme cases or
antisocial organizations -think of a band of gangsters that is an organization too-
where people are rewarded -appealing to their extrinsic motives- for doing things
that directly destroy their transcendent motivation. I am talking about very usual
things in almost every organization. Do not forget that extrinsic, intrinsic and
transcendent motives are in con£lict within all of us. Do not forget either that a
manager through the use-of his power handles the extrinsic levels. So it is very
easy for him to aggravate that conflict by increasing the extrinsic motivation
towards actions of negative transcendent value. Of course, most probably, no
manager goes for that kind of game just for the sake of deteriorating motivational
structures. But it is so frequent that actions with a high degree of effectiveness
happen to have a low transcendent value, that the conflict is bound to occur
many times. Any manager too much oriented towards effectiveness and giving
little attention to the leadership dimension will provoke many situations where
his people will have real difficulties to follow their transcendent motivations.
Those situations may include from a whole system of incentives closely related to
individual tasks and with too much emphasis on the achievement of optimum
performance of formalized goals to punishments handled down in those cases
where people were attempting just to give a better service regarding the needs of
a particular customer.

Once, some time ago, I was lecturing about this subject to some
businessmen. One of them came to talk with me after the lecture was finished.
He told me: 'ILook, you have put into words something that is happening to me.
Those people at headquarters are pushing me to sell very fast some high quality
and very expensive ~apartments that we have recently built. I can swear to you
that it is very easy for me to do both, to convince a fellow who comes to buy an
apartment that what he is looking for is some luxury department that I have, and
to predict the time he is going to start hating my guts because he is going mad
looking for money to pay the installments of the appartment. I cannot sleep well
knowing the problems that some of those people are going to face. Of course, I

have a family and I cannot leave this job

overnight". He found a new job two or three months later. During that time he was keeping sales just at the necessary __ __ avoid any serious trouble and looking hard after the new job.

The second thing that a manager can do in order to foster unity in his organization is that of teaching people about the real value of their actions. The truth is that transcendent motivation is a fairly strong froce in human beings. I mean that, at least,as a potential force is there, and many times it is only waiting some little effort from knowledge in order to become an actual force. So the second possibility opened for leadership is that of acting upon the knowledge dimension of other people.

Observe that, in order to make "selfish" decisions, we all use the same technique. Our imagination anticipates the advantages we expect to get out of the decision while at the same time we carefully try to stop any thinking about the consequences of those decisions for other people. And here comes the leader. His efforts on this level are devoted to show to his people the consequences of their actions for other persons. I will always remember a lesson I received years ago from a friend of mine who at that time happened to be my boss. I delayed some decision about a small investment which apparently was of little importance. I had a lot of work and the thing required some extraeffort because of the procedures involved in the particular case. So a couple of weeks went by without me doing anything about it. I remember him coming to me with all the relevant information -quite a bit of documents- in order to show to me how the investment was meant to facilitate better working conditions for some group of men working in the field. When ~ realized the extraeffort and inconveniences that those people have had to undergone during those-two weeks of delay I felt ashamed. I realized afterwards that in order to teach me that lesson my boss had spent a lot of time finding all the relevant information. And he had much more work than I used to have at that time.

You can easily realize the great efforts that a manager must spend in order to teach people about the consequences of their actions for other persons. It will be immediately apparent for you that those efforts can only be made with very few people, that they assume a pretty close personal relationships -a very rich informal connections-. Most probably a good manager can train in this way -at least with some depth- only to those persons who are his immediate subordinates. But a great deal of that training should consist in teaching them precisely to do a similar thing with their subordinates too. But it is only natural that this should happen: It is the only way to spread a style of management.

And now we enter into the analysis of the third and last managerial action with regard to leadership. And it is not only an action but a real condition for applying the other two. At the same time in the most effective one. It consists in what we could call exemplarity from the part of the manager. Only a manager who is striving very hard in order to act on the basis of transcendent motives will have any chance to influence his people at this level of behavior. In the measure he moves due to transcendent motives he is doing as much as he can to convince the other persons to act by transcendent motivation too. In that same measure he is already behaving like a leader. Being that the dominant motives in his behavior he may even decide -I know of some cases- to quit being a manager, if due to his lack of strategic or administrative qualities he comes to realize that in spite of his intentions he is not able to run the organization, that he is not able to satisfy the minimum interests of his people at those other two levels: effectiveness and attractiveness.

The other way around: should the dominant motives of the manager not be in the transcendent level of motivation, it would be a most dangerous thing for him to do the appealing to transcendent motivation in his subordinates. His real motives would be discovered sooner or later (sooner than he could expect) and people usually react in a very violent way against anybody who had been playing with them at that profound level of motives.

Exemplarity through one~s own behavior is not only the most effective way to help others to act by transcendent motivation, it is in fact the only way. It constitutes the only way to achieve authoritv~ and authority is the only force of actual leadership. Because we have to distinguish between the power a person has in order to enforce his commands upon others and his authority. The distinction is a very old one and most probably it is the most useful one in order to understand management processes. It appears already in the Roman Law. The classical names for it are those of potestas (power) and auctoritas (authority). We sometimes use both terms as if they represented the same thing, and that confusion reveals our lack of understanding of the real processes of influence whereby a person follows the orders given by another person. Auctoritas and potestas represent opposite ways of influence in other people's behavior. Potestas represents the power, the capacity of a person to reward or punish some other persons (those under his potestas). It is the capacity to handle extrinsic motives of persons. Auctoritas is the capacity that a person has to appeal to internal motives of other persons. Auctoritas is based on the free acceptance from those who obey of the commands coming from the person who has the auctoritas. In true fact it is only auctoritas what makes people to obey commands. Because obeying means "wanting what another person wants

and because he wants it". It does not mean "doing what other person wants me to do because he has the power to enforce that command". Auctoritas is what people give to their leaders, it is a sign of recognition of the quality of a leader coming from those under him. Potestas is only based on the recognition of the fact that a particular person -that one having the potestas- has a power that may use to enforce his commands.

Any manager, in most cases, has some degree of both potestas (he can raise salaries or fire people) and auctoritas (people have some confidence that his commands are the adequate ones for the good of everybody, that in themselves they are wor--~h to be following).Of course the quality of a manager depends on the mixture of potestas and auctoritas that he must have in order to make his commands to be effective ones. If he has little auctoritas unless he would have great power -great potestas- nobody would care about his commands. Should he have great auctoritas he would not need to use his power in order to have his commands followed.

~xemplarity in a manager -I said before- constitutes the only way to achieve authority -auctoritas-. Because a person has authority upon another one if, and only if, the later~one trusts the first one. It is trust in the other person's intentions what gives him authority in front of me. It is because I feel sure about his intentions, about that which he is attempting to achieve is not only good for him but good for me too and, above all, it is because I know that what is good for me is not indiffer ent for him and it has a weight in his decisions that I trust on him and give authority to him over me. A manager looking to develop his dimension as a leader is a manager looking for authority. I hope that I have explained the process whereby authority is gained. I would like to finish with some words about how authority may be lost, because the process sheds a great deal of light about what a leader is expected to do.

A manager gains authority depending on how he uses his power. Auctoritas is achieved by the right use of potestas. We have seen something of that process. The opposite one may be enunciated: Auctoritas is lost by the wrong use of potestas. What do I mean by the "wrong use" of power? It may mean three different things, all of them representing different degrees of overlooking other peoplets motives (all of them mean different degrees of absence of transcendent motivation into the decisional processes of the manager).

First:-the cancer of authority-The use of power against justice. The abuse of power. Using one own~s power in order to take away from people something which belongs to them. It means a transcendent motivation going below the minimums required to secure organized life. It destroys authority almost overnight. Very difficult to repair once the process has begun.

Second: -infectious diseases of authority- Not using the power when it should be used. It is the duty of a manager to use the power he wields in order to secure that a minimum -and I emphasize minimum as opposed to maximum- effectiveness and attractiveness in organizational operations is achieved. Should he fail to do so, people would not trust on him because of his lack of professional competence. I have said before that confidence about the intentions of a manager is a necessary condition of authority but it is not a sufficient condition. It is also required technical competence in a person if he is to be trusted as a performer of a job. Failures in using the power in order to get the results which are needed by everybody in the organization reveals lack of professional competence in a manager. So, at this point you may easily realize that what opposes leadership is not the use of power in iitself. In fact, a leader must secure minimum results -accomplish survival conditions in the short run, conditions expressed by effectiveness and atractiveness minimum requirements- even by the use of coactive procedures -by sheer power- if no other way is opened to him. But, once the minima are secured, he should attempt to appeal to the motivations other than the extrinsic ones -and mainly the transcendent onesin order to improve those results above the minimum level. Should he do otherwise, people would question his intentions: Why should he emphasize so much effectiveness? If the answer is "because of his personal interests", he is bound to fall into the first kind of infirmities -the deathly ones- of authority. If the answer is "because he is wrong about the level of minimum effectiveness actually required and tries to ~ecure it at the cost of the other levels", he is bound to fall into the third way leading to the loss of authority.

Third: -the anemia of authority- This third possibily for losing authority
represents a slow way for losing it, little by little, almost without realizing
it until it is too late to reverse the trend. It consists in the <u>useless</u> -and I
emphasize the word <u>useless</u> as distinct from <u>unjust</u>- use of power. It
consists in a use of power which places useless restrictions on the freedom
of those being managed. It means an exceSSive sacrifice of attractiveness.

You all know very well that being a good manager is a very difficult
thing. I have tried to show why it is so difficult. I hope that, at least, I have also
had some success in showing that it is worth trying to be a very good one.