

Organisational Structure and Elliot Jaques' Stratified Systems Theory

Research Report

presented to the

Graduate School of Business Leadership

University of South Africa

In partial fulfilment of the

requirements for the

MASTERS DEGREE IN BUSINESS LEADERSHIP,

UNIVERSITY OF SOUTH AFRICA

by

SCHALK W. GROBLER

3397-508-6

ABSTRACT

Organisational design needs to be in line with capabilities of the individual-in-role.

The structure of an organization directly impacts the overall effectiveness and ultimately the success of such an organization and the number of layers required in any given hierarchy is a product of the organization's mission (Jaques, 1989).

Stratified Systems Theory (Jaques, 1989) defines work in seven strata based on a basis of decision-making complexity. The research presented here identifies a specific organisation's current level of work based on complexity and the time-span of decision-making.

Research was done in one specific geographical region of a company operating in the Supply Chain and Logistics industry in South Africa. Qualitative data collection was done by means of interviews with a defined sample group that provided an adequate cross-section of the main functions of the business, however, the sampling technique used may not provide results representative of the entire population.

The Brunel Institute for Organisation and Social Studies' (BIOSS) Matrix of Working Relationships was used as main basis for reporting results.

The research indicates that the organisation is presently, according to Jaques Stratified Systems Theory (Jaques, 1989), operating at one level below their intended level that will allow them to effectively meet their long-term strategic objectives.

The report identifies shortcomings in terms of the current capabilities of the individual-in-role and the actual work requirements, setting a foundation for further analysis of individual capabilities for effective organisational design.

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to:

- My supervisor, Professor Lize Booyesen for her guidance, input and contributions to this report;
- Safcor Panalpina for the sponsorship of my MBL;
- The interviewees who granted me their time and contributions which provided invaluable input into my report;
- My spouse for her support, assistance and encouragement throughout the programme.

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
ABSTRACT	i
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ANNEXURES	x
CHAPTER 1: PROBLEM STATEMENT	
1.1 Introduction	1
1.2 Research Objectives and Importance of the Problem	4
1.3 Limitations of the Study	6
1.4 Outline of the Research Report	7
1.5 Overview of Chapters	8
1.6 Chapter Summary	9
CHAPTER 2: ORGANISATION STRUCTURE AND MANAGERIAL LEADERSHIP EFFECTIVENESS	
2.1 Leadership, Cognitive Complexity and Decision-Making	10
2.1.1 Leadership Theory	10

<u>DESCRIPTION</u>	<u>PAGE</u>
2.1.2 Cognitive Complexity and Decision-Making	12
2.2 Organisation Structure and Jaques' Organisational Strata	16
2.2.1 Organisational Structure	16
2.2.2 Jaques' Organisational Strata	19
2.3 Complexity of Managerial Decision-Making and Information Processing at Different Hierarchical Levels	25
2.3.1 Complexity of Managerial Decision-Making	25
2.3.2 Cognitive Ability of Leadership and Decision-Making	29
2.3.3 Organisational Decision-Making and Levels of Work	31
2.4 Chapter Summary	39

CHAPTER 3: RESEARCH METHODOLOGY AND RESEARCH DESIGN

3.1 Introduction	41
3.2 Study Method	42
3.2.1 Data Gathering Technique	47
3.2.1.1 Phase 1: Sensitisation and Clarification	49
3.2.1.2 Phase 2: Themes of Work Audit	50
3.2.1.3 Phase 3: Structural Effectiveness Evaluation	52
3.2.2 Advantages of Using Interviews	53
3.2.3 The Interview Schedule	54
3.2.4 Design of the Interview Guideline	55
3.2.5 Objectives of the Interview Process/ Workshop	55

<u>DESCRIPTION</u>	<u>PAGE</u>
3.3 Research Proposition	56
3.3.1 Research Proposition 1	57
3.3.2 Research Proposition 2	57
3.3.3 Research Proposition 3	57
3.4 Description	58
3.5 Data Collection	63
3.5.1 Protocol for Interviews	63
3.6 Secondary Data	64
3.7 Chapter Summary	64
CHAPTER 4: RESEARCH RESULTS	
4.1 Introduction	66
4.2 Appropriate Organisational Architecture	66
4.2.1 Matrix of Working Relationships-Based Mandate Interview	66
4.3 Overall Company Level	69
4.4 Chapter Summary	75
CHAPTER 5: DISCUSSION, CONCLUSION AND RECOMMENDATIONS	
5.1 Discussion	77
5.1.1 The Matrix of Working Relationships	78
5.1.2 The Levels-Of-Work Audit	79
5.1.3 Unit of Analysis and Post Profiles	79

<u>DESCRIPTION</u>	<u>PAGE</u>
5.2 Conclusions	81
5.3 Recommendations	83
5.3.1 Clear Policies and Procedures	83
5.3.2 Clearly Distinguished Hierarchical Levels	84
5.3.3 Develop Strategic Thinking Ability and Skills	84
5.3.4 Specialist Career Path	85
5.3.5 Organisational Culture	86
5.3.6 Research Propositions	86
5.3.7 Conclusion	88
REFERENCES	90

LIST OF TABLES

	Page
Table 2.1 Time-spans and Desired Organisational Layers	23
Table 3.1 Research Sample	45
Table 4.1 Interview Results	71

LIST OF FIGURES

	Page
Figure 2.1 Global Model of Information Processing	27
Figure 2.2 Matrix of Working Relationships	33
Figure 3.1 Safcor Panalpina National Organisation Structure	43
Figure 3.2 Safcor Panalpina Regional Organisation Structure	44
Figure 3.3 Data Gathering Process	49
Figure 3.4 Themes of Work Audit	51
Figure 3.5 Safcor Panalpina Grading Levels	59
Figure 3.6 Levels of Work	61
Figure 3.7 Organisational Mapping	62
Figure 4.1 Current Reality	70
Figure 4.2 Future/ Desired State	74

LIST OF ANNEXURES

Annexure A Interview Guideline: The Essence of the Themes of Work

CHAPTER 1

PROBLEM STATEMENT

1.1 INTRODUCTION

Managers in organisations are required to grow and acquire new skills as businesses evolve, change and operate within its often turbulent environment. Their ability to change and assimilate new skills and knowledge may be based on their potential capabilities and cognitive ability, as described by Elliot Jaques' Stratified Systems Theory (1989).

Jaques proposes that work is structured in levels of increasing complexity in the organisation (Stamp, 1998). Jaques identified seven levels of work, each of the levels adding value to the organisation in a unique way (Jaques, 1970, 1996). One premise of these levels is that the complexity of the work increases as one progresses up the hierarchy. Levels increase in complexity and therefore pose new conceptual challenges for decision-making (Stamp, 1998). Higher levels in the organisation therefore require greater cognitive skills than at the lower levels (Jaques & Cason, 1994; Stamp & Retief, 1996).

Cognitive skills include analytical ability, logical thinking, concept formation, inductive and deductive reasoning and there is strong evidence that

conceptual ability is related to managerial effectiveness, more specifically at the higher-level managerial positions (Bass, 1990).

At different levels in the organisation, tasks vary due to their complexity and become more unstructured and complex at the higher levels in the organisation. "Cognitive complexity", as one type of conceptual skill, includes the ability to use environmental indicators to make distinctions, classify things, identify complex relationships and develop creative solutions to problems (Yukl, 2002).

A major responsibility of higher-level managers is the coordination of different, often specialized parts of the organisation. It is important to understand the different parts of the organisation and how the organisation is divided into different parts and how they relate to and affect each other.

Cognitive complexity, as managerial competency, relates to the cognitive power, or the innate mental ability to organize information. A manager with high cognitive complexity would easier develop a better mental model of the organisation and identify the critical factors and their relationships within the organisation and the environment it operates in.

According to Jaques and Clement (2002), charismatic leadership is not the key to business success, but focus rather on the individual-in-role and the process of maturation via a person's unfolding grasp of cognitive complexity.

The appointment of managers with the necessary cognitive capabilities at the different levels within the organisation may therefore directly impact the overall effectiveness of the organisation as a whole.

Evaluating cognitive complexity of tasks at different levels, as well as considering the cognitive ability of the individual in the role to map the organisation may ensure that the organisation is more effective in achieving its strategic objectives.

The Brunel Institute for Organisation and Social Studies (BIOSS) has developed the Matrix of Working Relationships model, alternatively colloquially referred to as Levels of Work, founded on Jaques Stratified Systems theory (Jaques, 1989). Based on research that started in the mid-1940s, the Matrix of Working Relationships provides a generic framework for organisational diagnostics and the management of interventions, enabling organisations to position or restructure themselves for sustained competitiveness (BIOSS SA, 2005).

The Matrix of Working Relationships describes a model of organisational decision-making within which a hierarchy of different themes or levels of decision-making complexity are to be found. These levels each have unique themes and different time horizons of decision-making. The themes therefore describe the distinctive competence and contribution of each level in the organisation, and thus its unique value add.

1.2 RESEARCH OBJECTIVES AND IMPORTANCE OF THE PROBLEM

Often managers in organisations are appointed and/ or promoted to positions where they may not possess the necessary competencies, including cognitive ability, to carry the level of task complexity of their specific managerial role. People may be put in managerial positions due to their technical knowledge and ability, and may be in a category of task and/ or cognitive complexity where they are less effective in managerial work and cannot make the shift from a focus on technical problems to a more strategic perspective (McCall and Lombardo, 1983).

For a manager to effectively exercise leadership and add value to subordinates, that manager must be engaged in tasks of cognitive complexity, which is higher and has a longer time-span of control than that of immediate subordinates. The structure of an organization directly impacts the

overall effectiveness and ultimately the success of such an organization and the number of layers required in any given hierarchy is a product of the organization's mission (Jaques, 1989).

The purpose of the study was to examine the validity of Jaques and Clements' theory (2002), which purports to assist in the process of structuring an organization through determining the appropriate depth of hierarchy (number of strata) as well as determining the appropriate level of decision-making and person that fits that role.

The study investigated the complexity of positions within an organisation in the supply chain and logistics industry. A cross-section of key operational positions was used to get an idea of the overall complexity level of the organisation, as described by Jaques (1991).

Jaques' Stratified Systems Theory (1989) defines work in seven different organisational strata, mainly on the basis of decision-making complexity. The study investigated the applicability of Jaques' theory by mapping the organisation's current levels and orders of complexity to Jaques' seven organisational strata.

The study further investigated the time-span of control and decision-making of managers within the different hierarchical levels of the organisational, in an effort to:

- Provide clearer definitions of work at each managerial level;
- Identify ineffective functioning due to missing levels or overlaps in levels;
- Differentiate work at different levels in terms of complexity, also in areas such as leadership.

The study provides important insight into effective organisational design (task execution, supervision, management and executive level) based on internationally tested, validated and researched concepts and will provide the organisation sampled with important information on its current organisational design, the effectiveness thereof and considerations in terms of organisational structure aligned to strategy, also for the future.

1.3 LIMITATIONS OF THE STUDY

The study was limited to a cross section of operational managers and executives within a specific company in a specific industry within South Africa, and because the sampling technique was purposeful and likely to be

exhaustive, results therefore may indicate congruence to Jaques' theory and is likely to provide a rich understanding of the case, but would not necessarily be typical of managerial leadership in the broader South African context nor be generalised to other organisations or environments.

Interviewing, although semi-structured to ensure some form of consistency, was used for primary data collection and preparation. It is acknowledged that interviewing, as a qualitative method of research by its nature is subjective. The researcher's gender, culture, experience, profession and organisational function also may bias the results.

Interviews will assist in understanding the issue better, but will not allow making probability statements (e.g. quantitative statements about results) (Cooper and Schindler, 2000).

1.4 OUTLINE OF THE RESEARCH REPORT

The results of the study are descriptive in nature, with the appropriate use of tables and figures where applicable, and contain:

- The outcomes of the Levels of Work Audit conducted by BIOSS SA;
- The "current picture" - a view of the current organisational level;

- The “future or desired picture” – a view or description of the desired level of the organisation that may enable it to increase structural efficiency;
- A discussion, conclusion and recommendations of ways in which the organisation may increase structural efficiency and strategic alignment.

1.5 OVERVIEW OF CHAPTERS

Chapter Two covers a literature review, starting with theories on cognitive complexity and decision-making, organisation structure and Jaques’ organisational strata, followed by the complexity of managerial decision-making at different hierarchical levels. Organisational structure and leadership theory are discussed and the complexity that managerial leaders must deal with is elaborated on.

Chapter Three describes the research proposition, the research design and method of study used to collect primary data.

In Chapter Four the research results are presented and in Chapter Five conclusions are drawn and recommendations made based on the findings of the research.

1.6 CHAPTER SUMMARY

Chapter One consisted of an introduction including the research objectives and importance of the problem, a summary of the limitations of the study and an outline of the research report.

The following Chapter consists of a literature review and elaborates in detail on organisational structure and managerial leadership effectiveness.

CHAPTER 2

ORGANISATION STRUCTURE AND MANAGERIAL LEADERSHIP EFFECTIVENESS

2.1 LEADERSHIP, COGNITIVE COMPLEXITY AND DECISION-MAKING

2.1.1 Leadership Theory

Jaques and Clement (2002) have identified certain requisite qualities of managerial leaders, particular to role and circumstance, and are in essence disputing so-called “generalized” leadership attributes, such as courage, charisma and persistence. According to Jaques and Clement, managerial leaders need to have:

- the necessary level of cognitive ability to carry out their specific tasks effectively;
- a strong value sense for their particular managerial work;
- the appropriate skills, knowledge and experience;
- sound knowledge of people and the leadership of other;
- no *abnormal* emotional or temperamental characteristics that may disrupt their ability to work within a team.

The majority of leadership theories from Anglo-American origin are behaviourally-focussed to define what constitutes a great leader. According to the behaviouralist theories, characteristics of the leader include traits, motives, skills and experience, behaviour, integrity, ethics and influence tactics.

Behavioural theories examine how managers spend their time and the typical pattern of tasks, activities and responsibilities or looks at what constitutes effective leader behaviour (Gardner & Laskun, 1996).

A major drawback in the research of leadership behaviour is the identification and classification of behaviour categories that are relevant and meaningful for all leaders. As a consequence, a vast variety of behaviour concepts pertaining to managers and leaders have developed that makes it difficult to compare and conclusively integrate results of what constitutes effective leadership behaviour (Fleishman, 1962).

A further classification of leadership theory emphasises the variables focused on the characteristics of the followers. It was mainly the Japanese's focus on the effectiveness of the group rather than the individual attributes, for example confidence and optimism, skills and experience, attribution about the leader, trust in the leader, satisfaction with the leader and followers' task commitment and effort (Yukl, 2002).

Leadership theory has assumed that a leader has power over others, specifically institutionalised power or authority (Schneider, 2002).

Jaques (2002) concentrates on the “individual-in-role”, the person’s process of maturation and the understanding of cognitive complexity in managerial leadership in an attempt to describe effective leadership. Context and the characteristics of the situation are important, including task structure and complexity.

To achieve hierarchical effectiveness, it is important that the level of work matches the current capabilities of the person in the role. When an employee experiences that the content of the job matches what he/she feels capable of doing, they may thrive and make more effective decisions and sound judgements (Stamp, 1990).

2.1.2 Cognitive Complexity and Decision-Making

Cognitive ability as managerial characteristic stem from the managerial sense-making process, which is critical to an understanding of strategic choice and change (Pettigrew, 1986).

The importance of cognitive ability becomes increasingly significant in that managers exercise substantial discretion in decision-making (Schwenk, 1988).

Cognitive complexity can be defined as the degree to which an individual can differentiate and integrate information (Schroeder, Driver & Streufert, 1967). A person with higher cognitive complexity is more comfortable with ambiguity (Harvey, Hunt & Schroeder, 1961) and tends to seek and process higher amounts of information. An individual with higher cognitive ability is able to more effectively integrate acquired information in the decision-making process (Schwenk, 1986).

Higher cognitive complexity may lead to an increased ability to re-conceptualise problems and a person may be better at planning and strategic thinking (Streufert & Swazey, 1986). One can therefore expect managers with higher cognitive complexity to use more information and operate with less rigid mental models, allowing them to adapt more easily and think strategically.

Payne and Beatty found a definitive link between cognitive complexity and innovativeness (Payne & Beatty, 1982). Some evidence also exists that suggests a direct link between cognitive complexity and performance (Bartunek & Louis, 1988).

Cognitive complexity has been recognised as having a significant impact on managerial decision-making and action (Janis, 1972).

Individuals with low cognitive complexity perceive and evaluate their environment more simplistically (black and white perception) and have few, but fairly rigid rules of integration (Larson & Rowland, 2001). Further these individuals may not be able to see how many diverse elements fit together to produce a meaningful whole. Strategic planning requires considerable ability of people at the higher levels to analyse events, anticipate changes and recognize potential difficulties or opportunities. Managers with weak conceptual abilities therefore may be unable to analyse and describe complex and dynamic processes and event flows and may be ineffective in a demanding position, typical of the current business arena (Yukl, 2002).

Individuals with high cognitive complexity, however, perceive more differences in their environment and are in a better position to assimilate and deal with contradictions (Larson & Rowland, 2001).

Effective managers should have adequate “external perspective” to help them make complex, unstructured decisions, develop creative processes to meet business demands and craft strategies to ensure business success (Katz and Kahn, 1978). Successful decisions in a fairly uncertain

environment depend on extensive prior knowledge of the organisation, its products and services, as well as the environment it operates in.

Work of greater complexity typically has a higher degree of uncertainty, lower divisibility of tasks, is more abstract and less repetitive (Kivimaki, et al, 1997). Jaques' Stratified Systems Theory considers the complexity of the work at a specific level that the organisation demands from the individual that occupies the position.

Leadership exists of changing environmental conditions that effect the organisation and the incompleteness of organisational design (Katz & Kahn, 1996).

Leaders need to initiate structure by creating and defining roles to facilitate goal attainment and will continue to exhibit consideration for others by developing relationships (Fleishman & Peters, 1962). The specific behaviours, however, have adjusted in terms of the requisite organisation.

Organisations are typically arranged in a structure of hierarchy in an attempt to define different levels of authority. Decision-making and complexity should increase commensurate with hierarchical level. Jaques (1991) attempted to structure organisations along seven strata, which is described in the following section.

2.2 ORGANISATION STRUCTURE AND JAQUES' ORGANISATIONAL 'STRATA'

2.2.1 Organisational Structure

Hierarchy is a phenomenon often central to the complexity of the natural world: all biological organisms are made up of systems which themselves comprise many subsystems. Hierarchies provide clear markers that let us know how far and fast we are climbing the ladder of success. Hierarchies often offer report cards in the form of performance appraisals, salary increases, promotions, bonuses and stock options and therefore may give identity.

Hierarchies add structure and regularity to organisations and define duties and responsibilities. Contemporary organisations *are* hierarchical and even the most modern organisations must inevitably exercise some degree of authority from time to time. Hierarchical authoritarianism for example is demonstrated in corporate communication. Multilevel hierarchies in organisations remain one of the best available mechanisms for doing complex work and it is unrealistic to expect this to disappear in the foreseeable future (Leavitt, 2003).

Organisations are observed to exist with various structures and are designed as hierarchies, with each level reporting to the next higher level. Two main organisational groupings are divisional and functional. In a divisional hierarchy similar activities are grouped together into a division (e.g. a product, set of products or customer).

Organisation design is a deliberately planned process that simultaneously reconfigures the key elements of an organisation's work processes, structure, people and culture. A successful design must satisfy the, often incongruent, requirements of the work processes, human systems and the business environment.

In a functional hierarchy similar functions are organised into departments (e.g. manufacturing, finance, sales, engineering, etc.).

A matrix structure is a combination of divisional and functional structures. In a matrix structure, dual levels of reporting are possible. The role also may become more complex and unvaried and therefore may require higher levels of competence and ability.

The problem of organisation design often lies in allocating appropriately skilled managers/ employees at each level, commensurate with the level of work and the current capability of the person in the role.

In organisational context, managers often can be grouped according to the level of difficulty of the problems they can solve – more difficult problems occur less frequently than less difficult ones and this results in a pyramidal hierarchy with more workers at lower levels and fewer at higher levels (Garicano, 2000).

The hierarchical layering stems from the manager/ subordinate role relationship and leads to the most important question of organisational design, namely how many layers should any company have. The answer to this may lie in the number of layers that will provide for effective managerial leadership relationships between managers and their subordinates.

The practical requirements of organisational structure are linked to the absolute requirements of the category of capability that is needed in a manager to successfully exercise managerial leadership. There often is disjunction between how many organisational layers there ought to be and the number in existence on the organisation chart (according to Jaques there are nearly always many more). Having more layers than necessary often is one of the main sources of bureaucratic practices, managerial ineffectiveness and mediocrity (Jaques, 1991).

Organisations are experiencing a rapid rate of environmental change due to forces such as globalisation, technological advances and the movement

toward market based systems and an organisation's survival often depends on its ability to adapt to environmental changes. One of the manifestations of organisational change is the movement from bureaucracy towards a more flexible form, which must meet the challenges of changing demands (Schneider, 2002).

Managerial leaders must cope, in today's turbulent environment of complexity and uncertainty, with a great deal of ambiguity and should adopt strategies to simplify complex situations (Roberto, 2002).

2.2.2 Jaques' Organisational Strata

The central proposition of Jaques' requisite condition for managerial leadership is that layering must be such as to 'encompass successive categories of task complexity and of cognitive complexity within each stratum of organisation' (Jaques, 1991). According to Jaques' proposition, it should therefore be possible to even structure the very largest of organisations with a maximum of seven layers (strata).

Jaques attempted to evolve hierarchical bureaucracy into 'requisite organisation'. According to Jaques a 'requisite' organisation starts with its mission from which flows its value and culture. He maintains that every organisation must embrace a number of core values, which are fundamental

for the development of effective working relationships within the organisation. As a minimum he suggests that the organisational philosophy should place strong emphasis on:

- mutual trust, confidentiality and reliability,
- fairness and justice where recognition is related to personal effectiveness,
- recognition of the value of the individual,
- openness, with freedom from fear and central decree.

The corporate organisational structure, systems and principles must be consistent with the organisational values (Jaques, 1991).

There is, Jaques argues, an optimum pattern of organisational layering, i.e. there is one organisational layer where information planning and control subsystems bring the structure to life. Layering makes it possible to provide an organisational structure in which each stratum contains roles within the same category of task complexity.

Jaques states that the highest level of task complexity in each role will therefore need to be within reach of the cognitive ability of the individual who is assigned the work. The level of work within each role in the organisation can, according to Jaques, be measured by its so-called time-span of

discretion. The longer the time-span of a role, therefore, the greater its felt level, scope or responsibility.

It seems that Jaques' Stratified Systems theory has not necessarily led away from organisational hierarchies, but rather attempts to make organisations more responsive to human and social needs (Jaques, 1989).

Different layers in an organisation enable it to have a structure in which each level contains roles and responsibilities with similar task complexities.

Subordinates need to be less closely supervised and their work less often reviewed when they have higher levels of competence. It therefore becomes feasible to widen spans of control and reduce levels of management as the competence of subordinates rises (Child, 1984).

The level of work in a stratum, according to Jaques is the "target completion time of the longest task, project or program assigned to that role" (Jaques, 1996). At the lower levels task execution is limited to short-term, i.e. an hour or a day, however, at the higher levels, tasks extend much further into the future e.g. 5 years and more.

Years of experimentation and fieldwork by Jaques revealed that people in organisations sampled were to a very large degree unanimous on the time

cut-off points of each stratum, namely three months for stratum 1, one year for stratum 2, two years for stratum 3, five years for stratum 4, ten years for stratum 5, twenty years for stratum 6 and 50 years and more for stratum 7 (Jaques, 1996). Each organizational layer therefore is linked to a specific time-horizon, this becoming longer towards the higher levels.

The levels are differentiated by clearly defined work-themes, discretionary capabilities and varying time-spans for review. The level of work therefore can be measured according to the individual's time-span of discretion, i.e. the time horizon measured in months or years. The longer this period, the greater is the "strata's" felt level, scope and responsibility, and therefore may require a higher level of cognitive ability (Jaques & Clement, 2002). The highest level of task complexity therefore needs to be in reach of the cognitive capacity of the person fulfilling that role.

In terms of applying Jacques' structure to organisational design, the optimum number of hierarchical layers an organisation should have, would be determined by the time-span of the highest level of authority's time-span role (e.g. the CEO). If, for instance, the CEO's role is a seven-year time span (in terms of strategy formulation, planning and decision impact), the organisation should have a maximum of five layers only, from the lowest to highest level, including the CEO, as depicted by Table 2.1 below (Jaques, Bygrave & Lee, 2001).

Table 2.1: Time-spans and desired organisational layers

Stratum	Time-span	Level	Convenient planning time-horizon
VII	20 years	CEO (Large corporate)	25 years
VI	10 years	Managing Director	12 years
V	5 years	Director	7 years
IV	2 years	Departmental Manager	3 years
III	1 year	Unit Manager	1 year
II	3 months	Section Manager/Supervisor	Quarterly
I	1 day	Clerical/ Operator	Assigned tasks

Adapted from Jacques, Bygrave & Lee, 2001

In terms of time-span, Jaques has distinguished between very concrete levels of cognitive ability to the very abstract where a person has the capability of seeing several different possibilities and consequences and relating one possible outcome to the others – his research therefore shows a strong correlation between cognitive ability and time-span.

Jaques argues that when organisations' hierarchies correspond to his identified strata, and when people have a clear picture of what is expected of them, companies can achieve "requisite organisation", allowing people to reach their full potential. The aim therefore is not to do away with or undermine hierarchies, but to rather make them work more effectively (Ross, 1992).

Individuals with higher levels of cognitive abilities both process more information about complex situations and make decisions of higher quality than those with lesser cognitive ability (Lundberg & Richards, 1972).

According to Jaques, organisational leadership accountabilities vary by strata or level and each strata being in a nested relationship with all lower strata. The output of effective organisational leadership, therefore, is the establishment of a valued and valuable organisational context within which people can work together effectively towards achieving the overall vision and strategy set (Jaques, 1991).

Cognitive complexity, as one type of conceptual skill, includes the ability to use environmental indicators to make distinctions, classify things, identify complex relationships and develop creative solutions to problems (Yukl, 2002), and is explained in more detail in the following section.

2.3 COMPLEXITY OF MANAGERIAL DECISION-MAKING AND INFORMATION PROCESSING AT DIFFERENT HIERARCHICAL LEVELS

2.3.1 Complexity of Managerial Decision-Making

“Complexity is a function of the number of variables operating in a situation, the ambiguity of these variables, the rate at which they are changing, and the extent to which they are interwoven so that they can be unravelled in order to be seen.” (Jaques & Clement, 2002: 22).

According to Jaques, the real scale of organisation has therefore to do with the requisite capacity to handle complexity. If one increases the number of subordinates of the manager, one inevitably increases the complexity of that manager’s role. “But if one goes on increasing the numbers, there comes a point where any further increase not only raises the level of diversity but also raises the managerial role by one whole category of task complexity” (Jaques, 1991: xvii).

It therefore becomes evident that for every shift upwards in the stratum of task complexity, an upward shift in cognitive complexity is required of the requisite managerial leader.

According to Liang (2004), the universe is coded with information and essentially are systems embedded with varying forms of structure. Information is the capacity to organize and structure and organized systems contain information. Embedded information however by itself may not be very meaningful – it has to be decoded with respect to a certain environmental context. The complexity of managerial decisions is exasperated by the availability of information and intelligence.

In the rapidly changing business environment, the organisation's sole activity is selling the knowledge and know-how of their employees as opposed to the manufacturing of products or provision of services. This new breed of business requires a change in mindset and further reinforces the significance of organizing around intelligence.

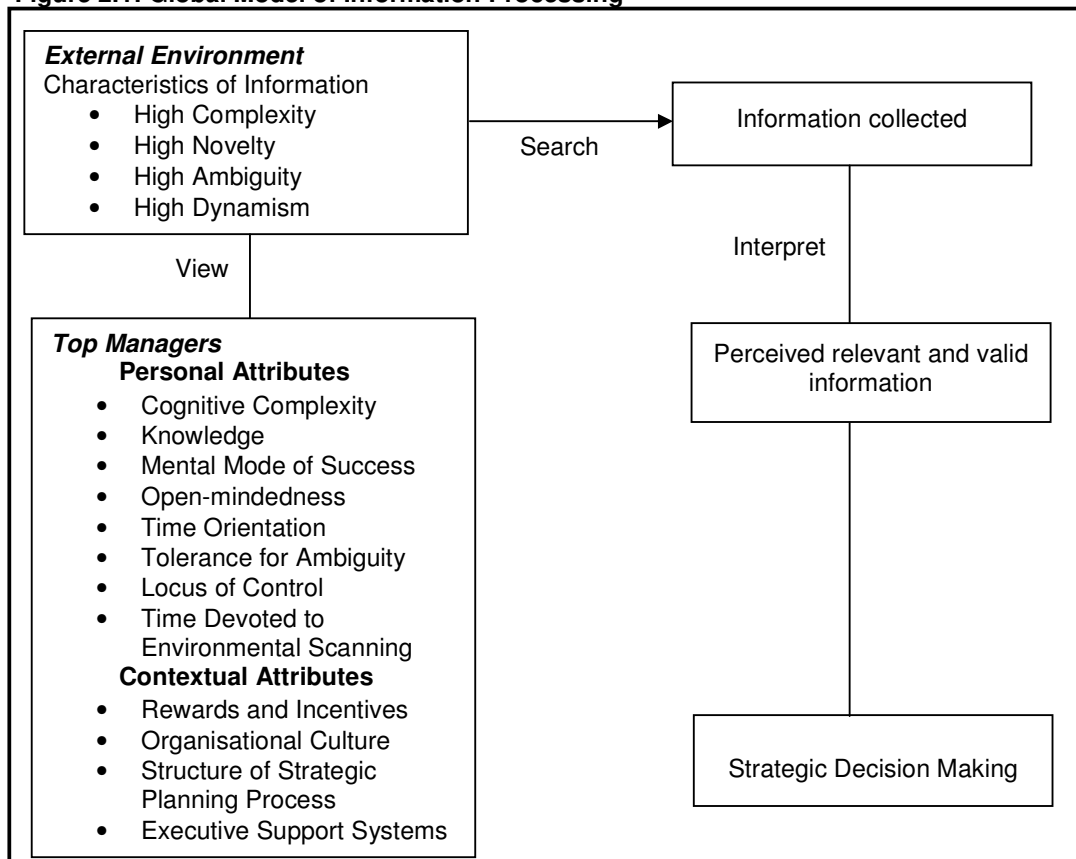
Intelligence enables learning to materialize and knowledge structure to be erected at different levels. Without intelligence, thinking and learning cannot take place and there is no adaptation or evolution (Liang, 2004). The cognitive ability of managers at the higher level therefore becomes increasingly important from a strategic perspective in terms of their ability to de-code and process information in a complex environment.

As depicted in Figure 2.1 below, complicated, dynamic and ambiguous information need to be processed and assimilated by executives in an often

turbulent environment. Aguilar (1967) as well as Hambrick and Mason (1984) described information processing of managers in three steps:

- (1) “Viewing”: this refers to managers’ exposure to the external environment (competitive, economic, technological, etc.);
- (2) “Search”: this involves the collection of information (familiar or novel, structured or unstructured);
- (3) “Interpretation”: analysing information gathered and determining whether it is relevant and valid.

Figure 2.1: Global Model of Information Processing



Source: Hambrick & Mason (1984)

Individuals with lower cognitive ability therefore would not be able to effectively deal with a wide variety of and ambiguous information, as suggested by Dollinger (1984). According to a study conducted by Armernic and Beechy (1984), accounting students with a high level of cognitive complexity performed better on unstructured case studies. Based on their research, it may be logical to expect cognitively complex managers to process complicated and ambiguous information better.

Whilst cognitive complexity focuses on the structure of cognition, knowledge deals with the content of cognition. Structure, in this instance, refers to the way that thinking is organised, while content refers to what information is available (Anshoff and McDonnell, 1990).

The minimum of what needs to be done to cope with the complexity of tasks within a specific stratum can exist in four types of task complexity:

- Direct action and immediate situational response (it is possible to deal with problems as they are encountered);
- Diagnostic Accumulation (problems need to be anticipated by accumulating and sorting important information and putting it together to anticipate and overcome it);

- Alternative Serial Plans (Alternative possible methods need to be devised and evaluated, and one alternative is chosen to carry out tasks, with scope for amendment/ deviation should difficulties be encountered);
- Mutually Interactive Programs (the task requires that multiple, interactive projects need to be undertaken and adjusted interdependently with regard to resource and timing requirements as to keep each project on target).

Business leaders must cope with a fairly large deal of ambiguity when dealing with uncertainties about customer preferences, growth, technology, the economy, etc, and adapt certain strategies in dealing with decision-making. This may include reasoning by analogy, imitation, rules of thumb, reformulation, deference to experts, rigorous debate and experimentation (Roberto, 2002). What is evident of these strategies is that all require a certain level of thinking ability to decide which method to employ and how to apply it to a situation to effectively make decisions.

2.3.2 Cognitive Ability of Leadership and Decision-Making

The underlying assumption with most leadership theories (Yukl, 2002), specifically behavioural theories, is that there is one best style of leadership

across all situations. Jaques' theory (1989), as well as common sense, may suggest otherwise.

There could be instances or situations where a more task-orientated approach may yield certain results, and situations where a more caring, personal style will achieve the same results, therefore, much of today's leadership research focuses on the "contextual" factors that influence the effectiveness of different leadership styles (Fiedler, 1967).

Effectiveness of managerial leaders often involves the ability to "read" situations and people well: circumstances and people can differ widely from one situation to another, and the ability to identify and distinguish these and adapt accordingly can lead to handling every situation or event more effectively.

Fiedler (1967) accentuated the ability of a leader to control and influence people. His views remind managers to look beyond themselves for ways to influence people and the tasks they perform, and this requires a higher level of cognitive ability as such changes can occur over a longer period as a result of the expanded role that modern organisations expect of their managerial leaders (Atchison & French, 1967).

At every stratum or layer within the organisational structure, an upward shift in the cognitive ability of each managerial leader is required due to the higher level of complexity of tasks, and according to Jaques & Clement (2002), it is the potential of managers, as reflected in cognitive complexity, which holds the key to managerial capability and effectiveness.

Jacques' Stratified Systems Theory, which hinges strongly on cognitive complexity and ability, forms the basis of the Brunel Institute for Organisation and Social Studies (BIOSS) Matrix of Working Relationships Model.

2.3.3 Organisational Decision-Making and Levels of Work

This Matrix of Working Relationships Model follows an understanding that work is not stratified and an acknowledgement that work is rarely neat and definable. BIOSS refers to the Matrix of Working Relationships, alternatively colloquially referred to as Levels of Work, as researched and designed by Professor Gillian Stamp, Director of BIOSS.

Based on research that started in the mid-1940s, the Matrix of Working Relationships provides a generic framework for organisational diagnostics and the management of interventions, enabling organisations to position or restructure themselves for sustained competitiveness (BIOSS SA, 2005).

The Matrix of Working Relationships is theory based, and because of its generic value, assists in the diagnosis and understanding of the organisation or position from an objective perspective. The differentiation and integration of the various organisational functions, systems and processes and how these relate to actual decision-making therefore can be reviewed.

The Matrix of Working Relationships describes a model of organisational decision-making within which a hierarchy of different themes or levels of decision-making complexity are to be found. These levels each have unique themes and different time horizons of decision-making. The themes therefore describe the distinctive competence and contribution of each level in the organisation, and thus its unique value add.

The Matrix of Working Relationships identifies what work is essential for each unfolding level. The significance of these distinct levels is that they form a framework for the effectively functioning organisation by segregating higher complexity work from lower complexity, which is the way nature handles complexity in living things – in people, animals, plants, systems – to bring order out of chaos (Liang, 2004).

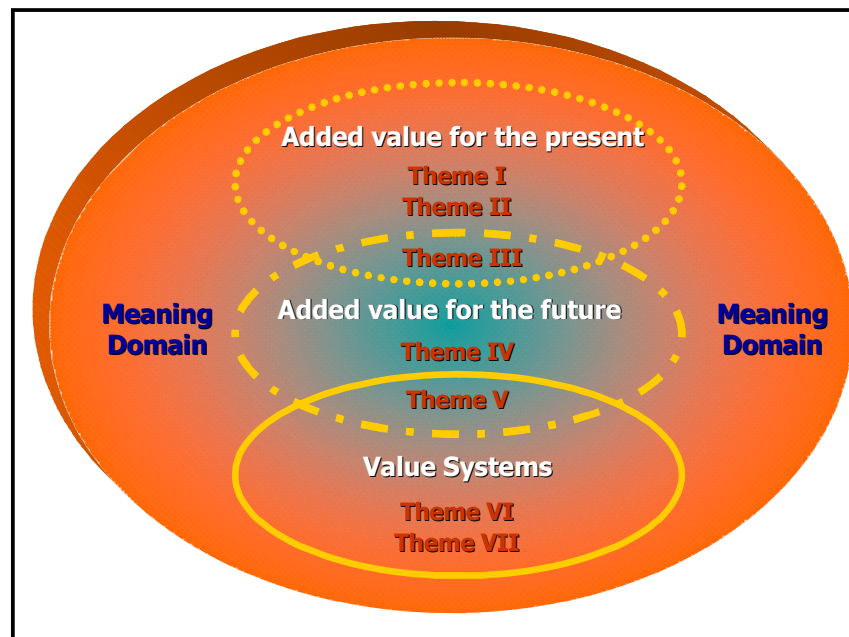
Within each level there are certain elements and dimensions of work that are key to that specific level and should any of these not be included within a specific role, process or system, it will result in vulnerabilities in the

organisation. Thus, if a work theme is missing, the present and future well-being of the organisation is likely to be seriously affected.

The Matrix of Working Relationships model identifies seven themes of work, differentiated on the basis of complexity and time-span of decision-making, as described by Jaques' Stratified Systems Theory (1989).

The Matrix of Working Relationships framework with its 4 domains and 7 themes of work is presented diagrammatically in Figure 2.2 below:

Figure 2.2: Matrix of Working Relationships (Bioss, 2005)



Source: Bioss (2005)

From Figure 2.2 above, it is evident that **THEMES I TO III** form what is termed the **Operational Matrix**, and has to do with the operational functioning of any business. Focussed on adding value for the present, the respective themes of work – **Quality** at I, **Service** at II and **Practice** at III – all take place in a **time horizon of less than two years** (Jaques' Strata I – III).

Level I focuses on the theme of Quality. The foundation of quality lies here in the confluence of individual initiative, shared purpose, viability and reputation. Typical roles on this level would include first line workers responsible for operating tasks; this level includes work that is often described as "semi-skilled", e.g. mailing assistants, data input clerks, catering assistants to, at the top of the level, skilled artisans.

Level II focuses on the theme of **Service** and is threefold: to people working at first level in framing and supporting their work; to customers/clients/situations in sensitive response to their needs; to the company as a whole in being an example of purposes and ethos. Typical roles on this level would include first line managers or supervisors, first level technical or professional specialists e.g. engineers and team leaders.

Level III: Practice is about making the most of all the resources of a mini-organisation - budget, people, plant and equipment, culture, technologies,

reputation. Responsibilities on this level would include imagining all possible practices and systems that might be used and select those that are within budget and appropriate for local conditions; take advice from functional staff regarding the best practice in their field - IT, personnel, design for example - and decide what is possible within budget; be aware of and responsive to local conditions; provide framework for some projects which will not be complete and ready for evaluation for a year with the team. Typical roles on this level would include the first level where managers manage managers, e.g. Chief Accountant, Personnel Manager (Stamp, 1993).

THEME IV – with its theme of **Strategic Development** – and **THEME V** – **Strategic Intent** – make up the **Organisational Matrix** and have to do with the setting out of the strategic intent of organisations and the development of this intent into practical operational objectives. Here, the **time horizon is up to ten years** (Jaques' Strata IV and V).

Level IV: Strategic development: underpin the future of the organisation by achieving overall strategic intent in the designated sector of the market-place in light of competition and changing social and business environment. On this level one would agree and set goals for operating units; supply and co-ordinate resources for established practices and systems; design and develop new systems, practices and relationships e.g. with suppliers, customers needed to meet changes; integrate new and current systems;

terminate practices, systems, units that can no longer realise strategic intent; provide framework for projects with maximum two year time horizon. One would however, not be responsible for making decisions about the reallocation of resources to provide services/ products, working relationships outside defined market sector, but encouraged to offer input regarding the positioning of the enterprise as a whole.

Resources on this level would include both the most concrete objects such as buildings, and the most intangible, such as loyalty and goodwill, both what is most convertible, money, and what is least convertible, the environment; as far as is possible, all aspects of all activities need to be converted into financial terms; taking detailed account of what might be done as well as what is actually being done.

Detailed budgets are a primary tool; manage unexpected variations over a year, costing and monitoring for realistic planning and implementation regarding terminating some services/ operations and developing new ones; support level III managers with policies, priorities, cost control.

Typical roles in Level IV would include General Managers, Senior Project Managers, Researchers or Analysts.

Level V: Strategic intent is about ensuring financial and social direction and the viability of the enterprise; asking “Where is this business going?” and/ or “Why are we in it at all?”

Responsibilities would include representing the organisation in the external socio-economic context - to shareholders either through the Board or Corporate Executive, to other stakeholders [customers, suppliers, communities]; representing the organisation to itself through exemplifying ‘mission’ and sustaining working climate; setting the overall direction of business targets and objectives; value current technologies and seek new ones; relate divisions and functions of level IV; provide a framework for some projects that may not be complete and ready for evaluation for up to five years - e.g. investment in new plant, or pipelines.

In this role, the manager is not responsible for the future of the Group, the viability and coherence of the corporate portfolio, acquisitions, divestments and joint ventures. But, as members of a corporate or management executive, often expected to carry that higher-level responsibility until level VI emerges as clearly defined level of work adding distinctive value.

Typical roles would include Managing Directors and Chief Executive Officers (Stamp, 1993).

THEMES VI AND VII form the **Strategic Matrix** and have to do with the sustained viability of organisations for future generations in a time frame that may exceed 25 years. The themes of work for these levels are **Corporate Citizenship** and **Corporate Prescience** respectively (Jaques Strata VI and VII).

The current positioning of the organization will dominate its strategic planning and thus its competitive edge. For example, enterprises in the Service Delivery Domain (Levels I – III) are mostly internally focussed and work well in rapidly developing new industries or mature industries with mature technologies, provided there are no competitors who can outmanoeuvre them from higher levels of organisational complexity. Companies in this domain of work focus on the use of internal resources, but with an eye on the immediate external periphery. Innovative practice may be found in this domain.

Level VI: Corporate Citizenship is about building a strong local, national, regional and world-wide presence within and beyond the country of origin through sensitivity and responsiveness to cultural differences.

Responsibilities are to set Group policy; allocate corporate staff to existing business units; judge priorities for corporate investment and divestment; acquire existing businesses on the market; represent the company in the

multi-national arena; provide frameworks for some projects that cannot be properly evaluated for up to ten years. e.g. buy 'options' for the development of future business units through research and development aimed at creating new technologies.

Typical roles on this Level, although titles may vary between American and British companies, include "Executive Vice President" in America, Management Executive in Britain and probably Chairman/ Chief Executive Officer in South Africa.

2.4 CHAPTER SUMMARY

Chapter Two provided insight into some theories around leadership and effective organisational structures, and how the two impact one another.

Cognitive complexity as managerial characteristic was defined and its relevance to organisation structure described, culminating in Jaques' proposed optimal organisational hierarchical layering. The Brunel Institute of Organisational and Social Studies' (BIOSS) Matrix of Working Relationships model, derived from Jaques' Stratified Systems Theory and that forms the basis of the research report, was described in detail.

The following chapter will investigate the applicability of Jaques' theory in an organisation operating in the Supply Chain and Logistics industry in South Africa. The research proposition, research methodology and research design are described in detail in Chapter 3.

CHAPTER 3

RESEARCH METHODOLOGY AND RESEARCH DESIGN

3.1 INTRODUCTION

The study aims to look at the value and applicability of Jaques' Stratified Systems Theory (Jaques, 1989) in analysing the hierarchy of a specific organization. It is hence proposed that Stratified Systems Theory (Jaques, 1989) can be usefully applied to investigate an organization's structure as a method of identifying inappropriately designed hierarchies.

This chapter describes the methodology that was used in the research to establish the applicability of Jaques' theory in the organisation under review. The research methodology was descriptive as opposed to causal and further was qualitative, i.e. the essential character or nature of the phenomenon was sought with the emphasis on "what" rather than "how much". Also, being exploratory research it attempted to expand the understanding of the dilemma.

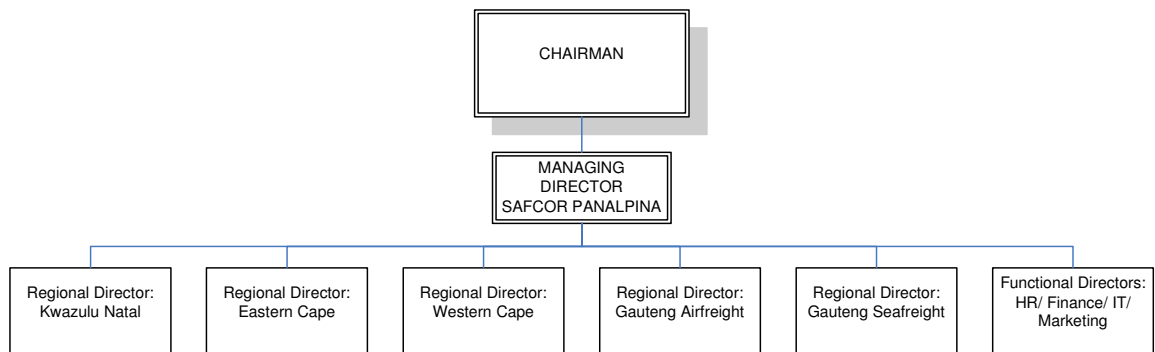
3.2 STUDY METHOD

The research was done in an organisation in the Supply Chain and Logistics industry in South Africa.

Safcor Panalpina, the company in which the research was done, is devoted to global Supply Chain and Logistics services. Current services include supply chain management and consultancy, establishing and providing integrated systems, freight forwarding and clearing, customs consulting and logistics and warehousing services for consignments of any size by sea, land or air to and from any where in the world.

This South African owned and controlled supply chain and logistics company is a subsidiary of the listed Bidvest Group of companies, with Safcor Panalpina's turnover exceeding R 10 billion annually, placing it amongst the top three companies in the industry. The company has a network of offices in all major geographical areas within South Africa employing approximately 1 100 employees. The company structure indicating geographical spread is depicted in Figure 3.1 below.

Figure 3.1: Safcor Panalpina National Organisation Structure



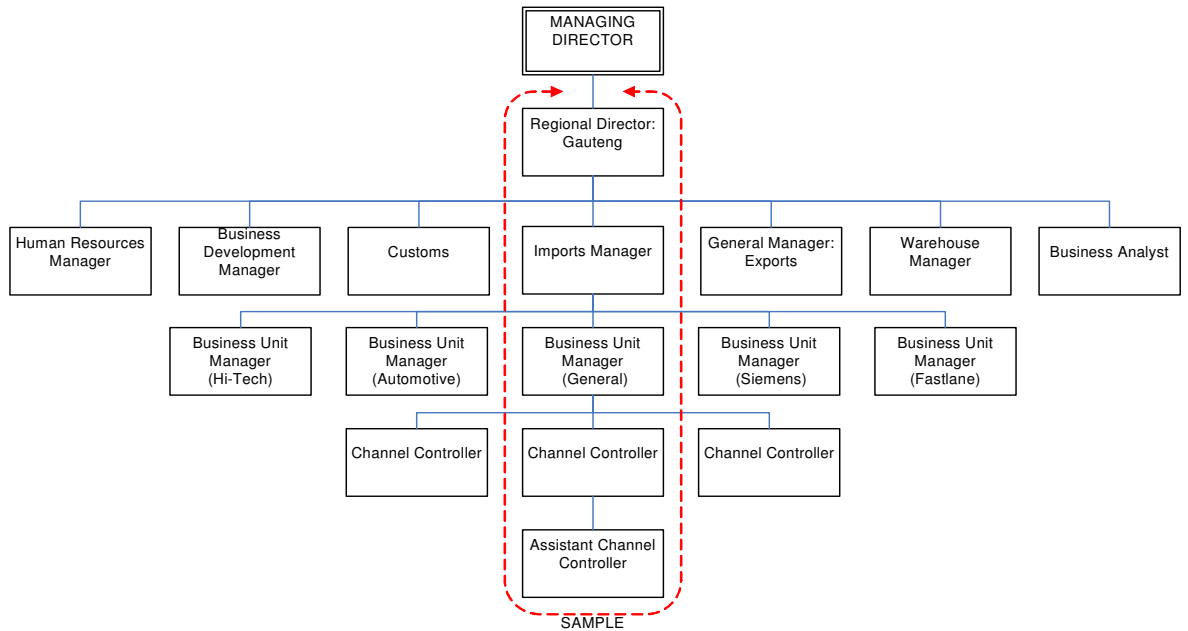
Over recent years, the company has undergone a period of cultural change to develop a more participative and progressive culture, and strategies and plans are being implemented to position the organisation for new future growth opportunities.

The main objective of this research was to start identifying and analysing the company's present level of complexity as described by Jaques (1989). A cross section of one of the major operations of the business was used for the analysis.

The Gauteng Operations contribute approximately 50% of total revenue and it was decided to focus predominantly on this geographical area to gauge current levels of work, however, other functional officials have been included in the study to increase validity and possibly broaden the application thereof.

The Gauteng Operations Regional Organisational Structure is depicted in Figure 3.2 below:

Figure 3.2: Safcor Panalpina Regional Organisation Structure



The Matrix of Work Audit was used to measure the complexity of the work. The audit aims to establish where the work is located according to the different levels of complexity as described by Jaques (1989, 1991).

Interviews, taken from a longitudinal cross section of the Gauteng Operations as indicated in Figure 3.2 above, of approximate duration of 4 hours, were held with incumbents of the following positions as indicated in Table 3.1 below:

Table 3.1: Research Sample

POSITION/ JOB TITLE	PATERSON GRADE
Managing Director	F
Director, Gauteng Airfreight	F
Director, Gauteng Ocean Freight	F
Human Resources Director	F
General Manager, Ocean Freight	E
Imports Manager, Airfreight	D+
Human Resources Manager	D+
Customs Manager, Gauteng	D+
Business Unit Manager	D-

Each job was analysed according to the complexity of the job content – this means that numerous jobs could be found at the same level according to the complexity of the job. Jobs were evaluated according to:

- Key responsibilities and performance areas that are key and core to the position; this included task complexity, role complexity and leadership complexity;
- Internal collaboration with colleagues and/ or seniors;
- Discretionary space, relating to discretion of decision-making and the time-span of decisions.

A highly trained BLOSS practitioner led the interviews, with the researcher present during all interviews. Extensive notes were taken during interviews. Upon conclusion of all the interviews, a workshop session was held between the BLOSS (SA) facilitator and the researcher to analyse findings and draw final conclusions in terms of the sample organisation's overall current level of operation and the future or desired level of operation, based on Jaques' levels of work.

The sample provided an adequate cross-section of the main managerial functions that form the core to the business, but because of the chosen sampling technique, the sample results may not be representative of the entire population of individuals in the organisation or the industry. Consequently, one will not be able to generalise the finding to a population (Bailey, 1987; Lind, Mason & Marchal, 2000). However, as this study constitutes an exploratory study, it may allow further in-depth studies where random samples are selected.

The sample design used in this study includes a combination of convenience quota sampling as well as purposive sampling. The first allows the researcher to select the sample subjectively based on the requirements of the problem statement and the convenience of access, in this case geographical location. The specific people interviewed were further based on

the judgement of the researcher and therefore the sample was purposive in nature (Lind, Mason & Marchal, 2000).

The study used qualitative research methodology, which involves nonnumeric data. Leedy & Omrod (2001) describe qualitative data collection as being dependent on the personal involvement, i.e. interviews, observations, etc. of the researcher: "Rather than sample a large number of people with the intent of making generalisations, qualitative researchers tend to select a few participants who can best shed light on the phenomenon under investigation" (Leedy & Omrod, 2001: 102). A list of experts was compiled based on the researcher's exposure to the organisation and people selected.

3.2.1 Data Gathering Technique

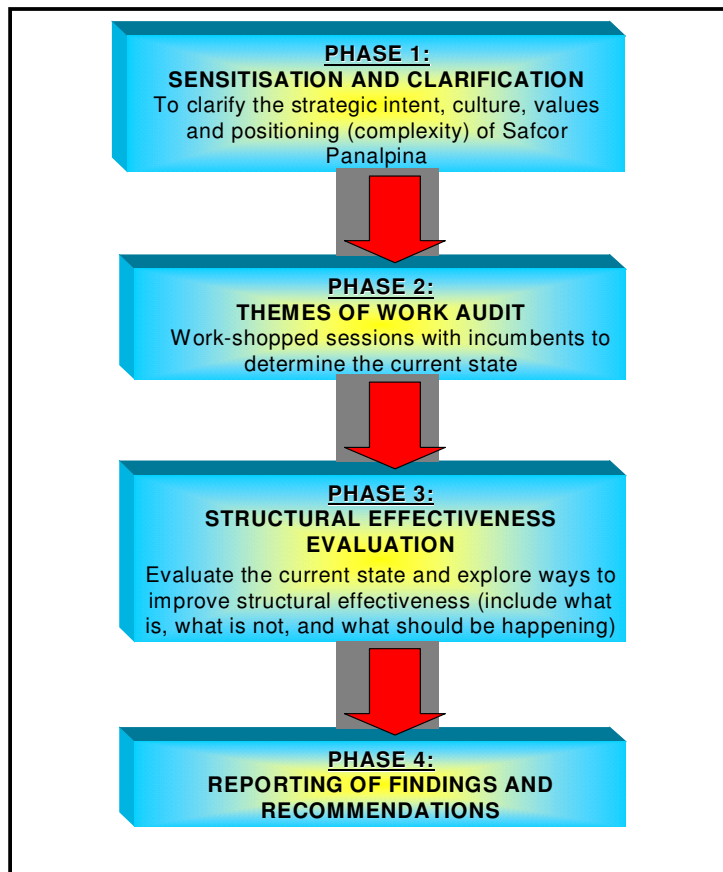
Primary research was done by using the Matrix of Working Relationships, conducted and administered by BIOSS Southern Africa (BIOSS SA). BIOSS International, the holding company, is based in the UK with established operations in Australia, Brazil, Europe, South Africa and Zimbabwe, with an operation about to commence in the USA as well as a franchise agreement in India.

According to the Matrix of Working Relationships, the current positioning of the organization will dominate its strategic planning and thus its competitive edge. For example, enterprises in the Service Delivery Domain (Levels I – III) are mostly internally focussed and work well in rapidly developing new industries or mature industries with mature technologies, provided there are no competitors who can outmanoeuvre them from higher levels of organisational complexity. Companies in this domain of work focus on the use of internal resources, but with an eye on the immediate external periphery. Innovative practice may be found in this domain.

To analyse the current overall level of complexity of the organisation, in-depth interviews were held with a total of 9 company directors and senior management who possess in-depth knowledge of the organisation.

The process followed to gather data entailed the following phases as detailed in Figure 3.3 below:

Figure 3.3: Data Gathering Process



Source: BLOSS (2005)

3.2.1.1 Phase 1 – Sensitisation and Clarification

To commence the process, a session was scheduled with the sample group to be interviewed (ref figure 3.2) by BLOSS SA to:

- Clarify the strategic intent of Safcor Panalpina;
- Determine the Safcor Panalpina culture and values;

- Identify the positioning of Safcor Panalpina (complexity of the organisation) using the Matrix of Working Relationships.

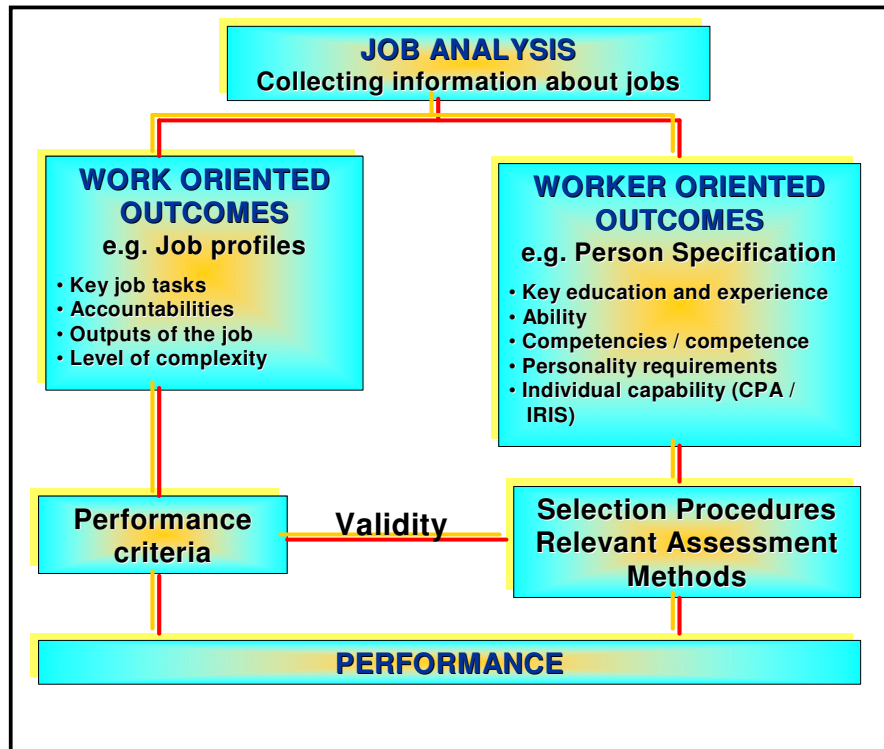
The information gathered during the Themes of Work Audit was used to determine whether or not each position was aligned to, and contributed towards, the strategic intent of the company and would guide the entire process.

3.2.1.2 Phase 2 – Themes of Work Audit

Job analysis is the process that forms the basis of the Themes of Work Audit and it was through the Themes of Work Audit that information about positions in the company was gathered. As represented diagrammatically in Figure 3.4 below, the Themes of Work Audit lead to the identification of:

- Work-related outcomes (i.e. a job profile that highlighted the key job tasks, accountabilities, and outputs, and work complexity based on the Matrix of Working Relationships)
- Worker-related outcomes (i.e. the person specifications linked to the position which include key education and experience, ability, competencies/ competence, personality requirements, individual capability).

Figure 3.4: Themes of Work Audit



Source: BLOSS (2005)

These outputs were then used to identify structural efficiencies/ inefficiencies in the company's current hierarchical structure and identify potential areas for possible realignment.

The Themes of Work Audit revealed the complexity of each position.

The Themes of Work Audit took the form of work-shopped sessions with the incumbents of selected jobs where structured questions were asked.

BIOSS SA, along with the researcher, conducted in-depth sessions per job/ job cluster with the selected incumbents to identify the complexity of the jobs based on the Matrix of Working Relationships Framework to establish both the current level of the organisation and the desired state it wished to be in to enable it to effectively meet its strategic objectives.

3.2.1.3 Phase 3: Structural Effectiveness Evaluation

During this phase, information obtained during the Themes of Work Audit was assessed in terms of:

- Alignment of jobs to the overall strategic intent of the company
- Core and discretionary space
- Missing/ incomplete work themes
- Crowded reporting levels
- Work themes that are under-represented
- Duplication/ overlapping of jobs
- Recommendations to bring the work system “into flow”

Interviews were used to gain a deep understanding of the constructs of what constitute complexity and time-span of decision-making.

Benny & Hughes' (1956:219) view is that there are two properties that characterise most interviews, which give this technique its uniqueness: "these are conventions of equality and comparability".

Further, according to Benny & Hughes (1956), both parties at the interview are equals, at least for the purposes and duration of the interview. Whatever actual inequalities of status, intelligence, expertness or physique exist between the parties; they do not play a role during the interview process. With regards to comparability, the typical interview has no meaning until the information communicated is compared against other interviews and common themes are identified as was done in Phase 3 of the process.

3.2.2 Advantages of Using Interviews

There are a number of reasons why the interview technique was chosen over other research methods. Some of the reasons are:

- In the case of the interview, the researcher can observe as well as ask questions. Verbal language is accompanied with non-verbal cues such as gestures, tone of voice and facial expressions, which are laden with meaning. Therefore, when dealing with a topic such as this one where people can express their personal views and opinions, "information

can be checked for its validity on the basis of non-verbal cues by the respondent” (Black & Champion, 1976: 371).

- In an interview situation the researcher can probe to obtain a clearer answer in the event of an inappropriate or vague answer. Further, the interviewer can clarify or further explain questions if the respondent misunderstands a question or gives an indication that they do not understand, thereby obtaining relevant responses. This is not possible when using a questionnaire because of the contact situation (Bailey, 1987).
- Black & Champion (1976: 359) highlights another valuable purpose of the interview to provide insights into unexplored dimensions of the topic by stating “literature does not always produce the fresh illuminating attack that a problem requires”. Therefore, talking to respondents and gaining insight into their thoughts from inquiries into their feelings, attitudes and beliefs, provide a more meaningful and informative account of the subject under analysis.

3.2.3 The Interview Schedule

The type of interview used in this study was in form of a semi-structured, in-depth interview. Questions were asked based on the literature review and the

Matrix of Working Relationships, which is discussed in detail later on. The methodology was selected primarily out of a need to gather detailed information from a specific sample of respondents having experience in the organisation under review.

3.2.4 Design of the Interview Guideline

The main purpose of the interview guideline was to assist during the interviews and to elicit relevant information about complexity and time-span of decision-making in the organisation under review. The guideline was designed around the definitions of the different levels of work, described as “The Essence of the Themes of Work” by Gillian Stamp, appended as Annexure A.

The interview period was defined as four hours and as interviews were done fairly open-ended, the interviewer had the liberty of probing to elicit more detailed responses from the respondents when required.

3.2.5 Objectives of the Interview Process/ Workshop

The purpose of the study was to determine the validity of Jaques and Clement’s theory with regards the structuring of an organisation, through

determining the appropriate depth of hierarchy as well as determining the appropriate level of decision-making at the different hierarchical levels.

The objectives of the interview/ workshop process were to:

- Clarify the strategic intent of the organisation;
- Determine whether the culture of the organisation may impact effective organisation;
- Identify the positioning of the organisation using the Matrix of Working Relationships and Themes of Work Audit;
- Assess the alignment of jobs to the overall strategic intent of the company;
- Identify missing/ incomplete work themes, value-adding components, crowded reporting levels, work themes that are under-represented and duplication/ overlapping of jobs;
- Gain a deep understanding of the constructs that constitute complexity and time-span of decision-making.

3.3 RESEARCH PROPOSITION

By applying Jaques' Stratified Systems Theory (1989), the study aimed to look at the value and applicability of the theory in analysing the hierarchy of a specific organization in the Supply Chain and Logistics industry. It is hence

proposed that Jaques' Stratified Systems Theory (1989) can be usefully applied to investigate an organization's structure as a method of identifying inappropriately designed hierarchies.

3.3.1 Research Proposition 1

Being exploratory research, it is proposed that the current levels of organisation may not provide the optimal hierarchical structure for the organisation to effectively execute the company's strategy.

3.3.2 Research Proposition 2

It is proposed that the cognitive complexity and time-span of decision-making of management may not correlate with the current hierarchical levels, which may explain operational and/or potential structural inefficiencies within the organisation.

3.3.3 Research Proposition 3

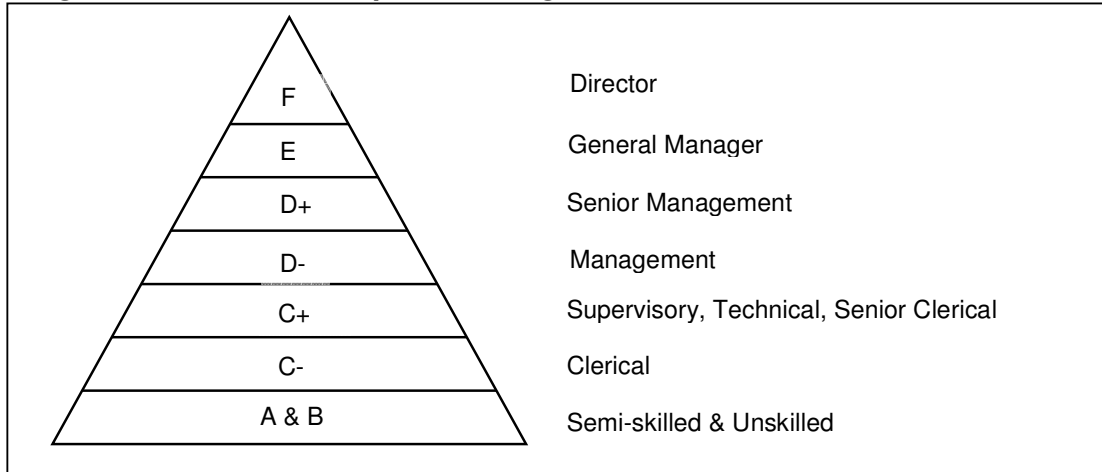
Further it is proposed that there may not be sufficient differences between current hierarchical levels that distinguish work in terms of the complexity and time-span of discretion.

3.4 DESCRIPTION

An investigation into the current structure, level, content and complexity of operational positions can assist in:

- Determining whether the company is suitably positioned strategically (structurally) to enable it to function optimally and competitively both now and in the future.
- Evaluating structural effectiveness. Amongst other things, the Themes of Work Audit effectively identifies overlaps between jobs as well as missing or compressed themes of work.
- Highlighting inefficiencies in the organisational design by identifying levels of work being done as well as those required for the organisation to function optimally within its context.

Current hierarchical levels in Safcor Panalpina are structured according to the Paterson Grading system and can graphically be depicted in Figure 3.5 below as follows:

Figure 3.5: Safcor Panalpina Grading Levels

It is proposed that, *should* Safcor Panalpina be operating, for example, as a level V company, according to Jaques Stratified Systems Theory, that there may be misalignment within the current structure.

The complexity of work at the highest level (Paterson Grade F) may well relate to stratum V in Jaques' model, however, it is proposed that a gap may exist between the complexity of work at managerial level and the reality of the current structure. Management at the Paterson Grade E, Upper D and Lower D levels may not be operating at level III, IV and possibly V as envisaged by Jaques' model.

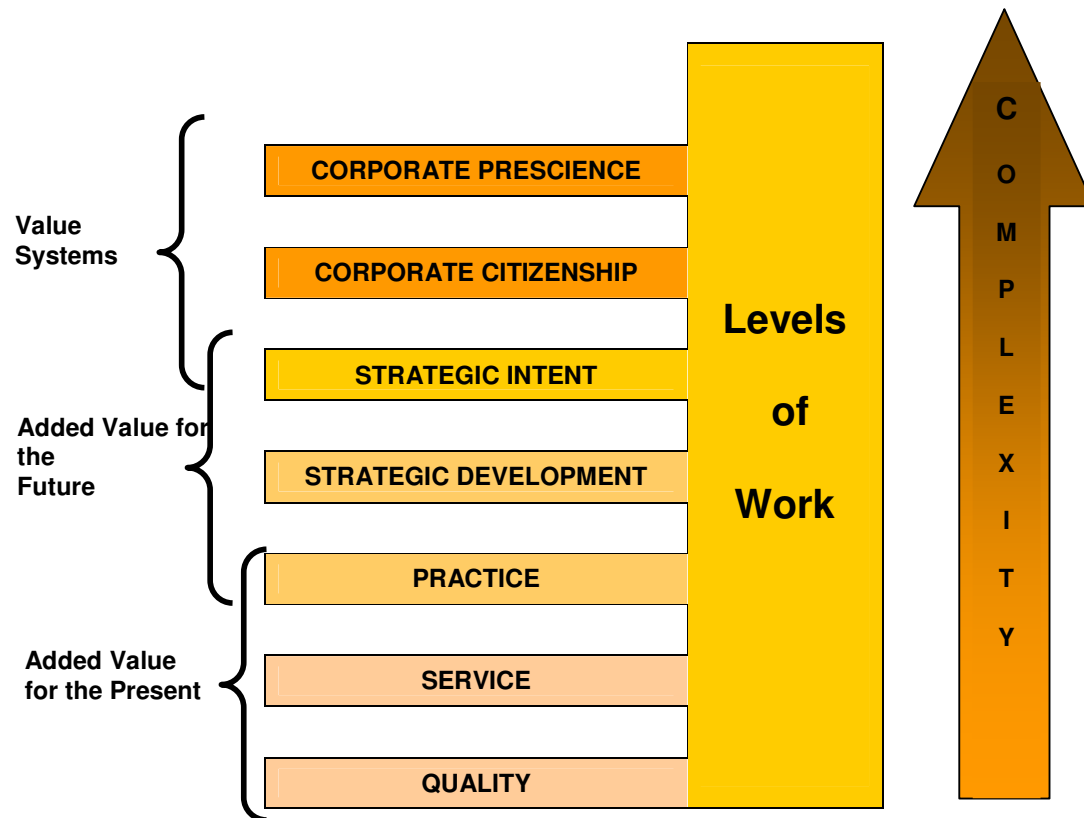
It is further proposed that there is not a significantly material gap in Safcor Panalpina's current hierarchical levels to clearly distinguish between hierarchical levels i.e. the job content and complexity of a manager at

Paterson Grade Lower D may not significantly differ from someone at Paterson Grade Upper D level. Also the gap between director level (Paterson Grade F) and the next level of management (Paterson Grade E/ Upper D) may be too distant in terms of both scope and complexity.

By analysing an organisation's current level of work, i.e. at which strata the organisation finds itself at, deductions can be made with regards to its current level of organisational design and the effectiveness thereof. The Matrix of Working Relationships therefore should be the starting point for further analysis to determine individual-in-role fit.

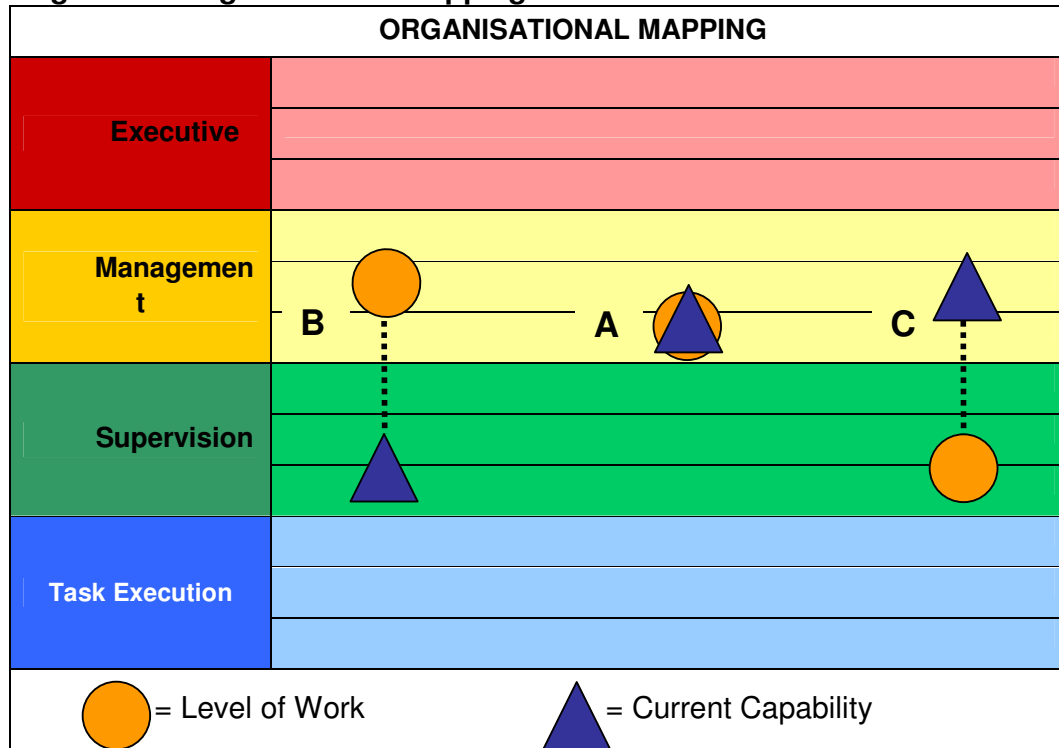
The BIOS Matrix of Working Relationships, based on Jaques' Stratified Systems Theory defines work in seven strata on the basis of decision-making complexity. The seven levels are distinguished by clearly defined work themes, discretionary capabilities and varying time-spans of control. Each level adds pertinent value, ensuring that the organisation has a balanced and integrated focus on strategic goals as depicted in Figure 3.6 below.

Figure 3.6: Levels of Work



Source: BLOSS (2005)

The Matrix of Working Relationships provides an indication of whether current capability matches the role. When the challenge of work in terms of complexity matches the individual's capability as in "A" in Figure 3.7 below, there is a sense of engagement, well-being and confidence. An individual in this situation will feel competent, be effective in making sound decisions and judgements and strengthen the organisation in the realisation of its purpose.

Figure 3.7: Organisational Mapping

Adapted from: BLOSS SA (2005)

When the level of work (what there is to do) is higher than what the individual feels capable of doing, the individual-in-role may feel stretched and incapable of doing the work as depicted as “B” in Figure 3.7 above. The person will find it difficult to choose between alternatives and make sound judgements and may focus on tasks that are familiar and comfortable, neglecting those required by the job.

In terms of organisational design, when the current level of work fails to challenge the individual’s capability there will be a situation of underutilisation. In such a situation, as in “C” in Figure 3.7 above, a person

may feel underutilised, frustrated and bored. Enthusiasm may dwindle and tasks are increasingly perceived as less meaningful.

3.5 DATA COLLECTION

The sample of prospective interviewees was contacted via telephone. During the initial communication, the purpose of the study and a brief overview of the research methodology were discussed. If the person was willing to participate in the study an appointment was arranged to conduct the interview. All members of the sample were offered a summary of the research findings as an incentive to participate in the study.

3.5.1 Protocol for interviews

- The respondents were advised that the researcher was undertaking a study with regard Jaques' Stratified Systems Theory and its application in the organisation.
- The respondents were advised to present their own personal views on issues, as opposed to presenting the views of the organisation.
- Extensive notes were made during and after the interview to record in as much detail as possible, the most significant points raised during the interviews/ workshop.

3.6 SECONDARY DATA

Company information such as organisational structures, current managerial layering and existing job profiles, where these exist, have been used. In determining the complexity and time-span of discretion, cognisance was given to the organisation's vision, mission and goals as contained in the balanced scorecard and the business unit/ department's goals/ targets. Individual goals and targets have also been probed in terms of complexity and time-span.

3.7 CHAPTER SUMMARY

Chapter Three described the research propositions and looked at the value and practical applicability of Jaques' Stratified Systems Theory in Safcor Panalpina, a company operating in the Supply Chain and Logistics industry in South Africa.

Three propositions were described as basis for the research, namely that the current levels of organisation may not provide the optimal hierarchical structure for the organisation to effectively execute the company's strategy, the cognitive complexity and time-span of decision making of management may not correlate with the current hierarchical levels and that there may not

be sufficient differences between current hierarchical levels that distinguish work in terms of the complexity and time-span of discretion.

Chapter Three described the study method and data-gathering technique used to collect primary data. The research population and sampling design were described, as well the actual data-collection process and protocol.

The results of the research are discussed in the following chapter.

CHAPTER 4

RESEARCH RESULTS

4.1 INTRODUCTION

In this chapter a summary of the results obtained from the structured interviews and Themes of Work Audit are presented.

4.2 APPROPRIATE ORGANISATIONAL ARCHITECTURE

In determining the appropriate organisational architecture, a key consideration is the positioning of the total organisation itself. In other words, how much complexity does the organisation need to cope with? This will indicate the most complex theme of work required and provide an indication at which level, according to Jaques' theory, the organisation is positioned at.

4.2.1 Matrix of Working Relationships-Based Mandate Review

The use of 'mandate' in this report refers to the actual work duties that the different organisational functions need to carry out as a result of the interaction between what is formally expected and the interface with the environment, as well as with local conditions. Formally expected in this sense

would refer to general business related systems and aspects, amongst others such as strategic and operational planning, job descriptions, performance management, and guidance by discipline heads from head office.

Thus the term also includes the often unspoken aspects that have to be inferred or deciphered from the context and daily events. The mandate would refer to a broader expectation than what the organisation may consciously have espoused.

A Matrix of Working Relationship-Based Mandate Review was done to ensure that the work activities carried out at operational level (i.e. Safcor Panalpina's Paterson grades A to D / E), are in fact aligned with what could theoretically be expected from a Matrix of Working Relationship perspective. Individual responsibilities and work content tend to change over time, and sometimes rapidly, but the context is likely to remain relatively stable in comparison. The context also confirms the purpose of the organisation, or indicates the overall reason why organisations exist, or should continue to exist.

Such purpose and overall reasons need to be clarified, interpreted, changed, and adapted when required, but most importantly, accomplished by management. For ease of reference, this process is indicated as being the

'mandate'. A mandate needs to be continuously checked and refreshed against the context. Where this does not happen the organisation runs the risk of becoming irrelevant and ultimately obsolete.

Review of the organisational mandate in conjunction with the Matrix of Working Relationship enables us to understand the most complex decision-making required in an organisation. The most complex decision-making can be expressed as a work theme for comparing the fit of the organisation with its environment. This is due to the incremental nature of the interaction of the work themes, which would presuppose that a less complex theme should not contain complexity that would exceed that of its more complex, or containing, theme.

This also creates a pragmatic and theoretical 'benchmark' for understanding the responsibilities of the total organisation, and is done by cascading the present dimensions or functions from the most complex theme to the other themes.

In this way a discipline-based understanding is prevented that would otherwise occur if an analysis is conducted by building up from the less complex aspects. Although a discipline-based approach may be required in some instances, it is normally not best suited for a high degree of interaction with the environment.

In short, the question revolves around whether the different departments/ functions in the organisation are focused on what it should be doing, given the intent of the greater organisation and the environment it operates in?

By stating the conclusions of the perceived mandate, the researcher was able to transcend the language and customs in use by the organisation, in order to present a fresh perspective and to focus on the actual work that needs to take place. The mandate then becomes the starting point for the establishment of an interpretation framework that combines the findings on the context (inclusive of the business drivers), the work required, the individuals' capability, as well as the match between capability and work.

Through this process the relevancy and importance of information can be filtered to minimise the accumulation of correct, but irrelevant, facts, figures, perceptions and individual needs and interests.

4.3 OVERALL COMPANY LEVEL

By applying Jaques' theory, and in terms of the Themes of Work Audit conducted, the current levels at Safcor Panalpina can graphically be depicted as follows in Figure 4.1:

Safcor Panalpina) fall within each category or theme as described by the Themes of Work document.

The results from the interviews are depicted in Table 4.1 below. The alphabetic numbers in the table refer to Paterson grades presently applied in Safcor Panalpina, as described in Figure 3.5 on p.58 of this report:

Table 4.1: Interview Results

	Level I	Level II	Level III	Level IV	Level V	Level VI	Level VII
Interviewee 1	A, B, C-, C+	D-, D+	D+, E, F	F	-	-	-
Interviewee 2	A, B, C-, C+, D-	D+	E	F	-	-	-
Interviewee 3	A, B, C-, C+, D-	D-, D+	E, F	F	-	-	-
Interviewee 4	A, B, C-, C+	D-, D+	D+, E	F	-	-	-
Interviewee 5	A, B, C, D-	D+, E	F	-	-	-	-
Interviewee 6	A, B, C-, C+	D-, D+	E	F	-	-	-
Interviewee 7	A, B, C-, C+	D-, D+, E	F	F	-	-	-
Interviewee 8	A, B, C-, C+, D-	D-, D+	D+, E	F	-	-	-
Interviewee 9	A, B, C-, C+	C+, D-, D+	D+, E	F	-	-	-

*Where grades appear in more than one Level, the interviewee was of the opinion that grades sometimes were split over levels, i.e. some individuals at, for example Grade F, may operate at one level whilst others may operate at a level higher/ lower.

This implies that present work themes are mainly centred around operational domains (Jaques' levels 1 – 3), with only the Executive Committee focussing on the “Future Value Add” domain (Level 4), where business modelling and strategic development takes place. It could therefore be deducted that the company presently operates at Level 4, according to Jaques' model (Jaques, 1989).

From the research it seems that the nature of work at Safcor Panalpina mainly tends to be predictive, similar and concrete with low levels of uncertainty. Most interviewees tended to put a percentage figure to this and this centred around “80%”, i.e. they believe that 80% of work done fall into this category and therefore into Level 1, although there may be variances of low, medium and high within Level 1.

It was found that first line management predominantly operates in the “Service” theme, i.e. Level 2, where capability lies in accumulating information and bringing specific expertise to bear either at the request of people working at Level 1 in support of their activities, or at the request of the head of section when a situation calls for detailed knowledge and experience (i.e. similar constructs, but differentiated in terms of variables and therefore of higher complexity). At this level, policies and rules are put in place to ensure that “Quality” (Level 1) occurs. In the current structure, some supervisors

(Paterson grade C+) and most middle managers (Paterson grade D-) fall within this theme.

At Level 3 the objective is to maintain practices and systems for providing services within costs parameters. Decisions are made to ensure maximum efficiency in practice and the main theme is on “connecting”, i.e. scanning a series or sequence of activities to search for the ideas, trends or principles that create a coherent flow of events or influences into the future. From the research it was found that most Senior Managers (Paterson grade D+) and General Managers (Paterson grade E) seem to fall within this theme.

At Level 4, the emphasis is on creating strategic value-add for the future. It was established that at present, only a very small node within Safcor Panalpina fall within this category, possibly only the members of the Executive Committee and the Chairman.

In terms of Safcor Panalpina’s desired or future state, the results from the interviews and the Themes of Work Audit identify the predominant themes as depicted in Figure 4.2 below:

V	CEO/ Executive Chairperson
IV	Regional Directors Functional Directors
III	Senior Managers
II	Junior Managers Supervisors
I	Supervisors Operators

Figure 4.2: Future/ Desired State

At level 5, strategic intent is focussed on the external environment to weave a future for the organisation.

From the research, interviewees felt that Safcor Panalpina should position itself more towards a Level 5 company to enable it to effectively address increased future demands from the environment it operates in.

The future of the organisation is underpinned by the achievement of overall strategic intent and the time-frame for plans would need to be in excess of 5 years to ensure continued success.

A number of key strategic focus areas in Safcor Panalpina's current business landscape also forces a much longer-term view from upper management, for example its intent to move from mainly Forwarding and Clearing services to more holistic and integrated Supply Chain Management services, including Systems Integration, Logistics- and Financial services.

Level 6, where the theme is Corporate Citizenship, and Level 7, Corporate Prescience, is mainly absent in Safcor Panalpina at present, due the organisation operating mainly as one, multi-branch entity mainly in one industry in a single country, and it therefore does not get involved in global manoeuvring, necessary at this level, that may significantly increase complexity.

4.4 CHAPTER SUMMARY

Chapter Four presented the results of the research, and it was found that present work themes are mainly centred around operational domains (Jaques' Levels 1 – 3), with only the Executive Committee focussing on the "Future Value Add" domain (Level 4).

In terms of Safcor Panalpina's desired or future state, the results from the interviews and the Themes of Work Audit identify that the organisation should rather be operating at Level 5, one level higher than its current state.

The results of the research have certain implications for the organisation under review, and certain conclusions can be drawn from the research, which are discussed in the next chapter. The significance of the research for the company is elaborated on in Chapter 5 and specific recommendations proposed in terms of both the company's current and future organisational structure.

CHAPTER 5

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 DISCUSSION

Traditionally organisational design has been embedded mostly in existing approaches and a discipline or function based understanding of organisational functioning. This has been problematic for understanding the actual work that is taking place at a given time.

In order to overcome the traditional bias and its inherent limitations, two essential requirements would be:

- A comprehensive model for the understanding of generic organisational dynamics and functioning. This model should provide diagnostic and explanatory dimensions irrespective of the industry, national cultures or the environment itself.

- A pragmatic and cost effective way of gathering, analysing and interpreting the relevant information.

The model selected for understanding of the organisation, its structuring and the BLOSS methodology will be described briefly.

5.1.1 The Matrix of Working Relationships

As stated, organisational design requires a generic model for organisational understanding. The Matrix of Work was selected and used as a general framework for the interpretation of the information gathered during the interviews. The information presented in this document is based on the interpretation of BLOSS's Matrix of Working Relationships (MWR) theory.

The Matrix of Working Relationships is theory based, and because of its generic value, assists in the diagnosis and understanding of the organisation or position from an objective perspective. The differentiation and integration of the various organisational functions, systems and processes in the organisation and how these relate to actual decision-making can therefore be reviewed.

The Matrix of Working Relationships describes a model of organisational decision-making within which a hierarchy of different themes or levels of decision-making complexity are to be found. These levels each have unique themes and different time horizons of decision-making. The themes therefore

describe the distinctive competence and contribution of each level in the organisation.

If a work theme is missing, the present and future well-being of the organisation may be affected to varying degrees.

5.1.2 The Levels-of-Work Audit

The Levels-of-Work Audit conducted considers the actual themes of work in place, their integrity and interplay, as well as possible dysfunction within and between the themes.

The Levels-of-Work Audit process consisted of different phases, commencing with the collection and analysis of data. The analysed data is filtered through the Matrix of Working Relationships and interpreted. The interpretation or findings form the basis for the recommendations.

5.1.3 Unit of Analysis and Post Profiles

A key element of the Levels-of-Work Audit is the Post Profile. The Post Profile is a standard format to describe and understand the work taking place by the unit of analysis. The unit of analysis is normally a 'job' (or post; i.e. position). The unit could also be a 'team', a process or a job that does not

currently exist. The full format is used to collect the data on the position, but not necessarily all the dimensions for analysis / interpretation are used.

Sample interviews are normally conducted to understand the unit of analysis. Depending on the purpose of the exercise undertaken, the sample can be enlarged to increase the accuracy and representativeness of the sample. Generally speaking, relatively small samples are sufficient if the appropriate interviewees are selected.

The BIOSS Levels-of-Work Audit is not concerned with providing detailed task listings of jobs, but focuses instead on the job related decision-making; i.e. ascertaining the theme of the work taking place. When analysing an individual job, it may ignore the specific tasks or detail of the 'job' in order to understand the dynamic pattern of value adding of that job to the organisation.

Information is amalgamated from a variety of sources in order to present an interpretation of what a specific position truly entails, and therefore the understanding of the work complexities of a specific position may differ from the incumbent's job description / responsibilities listing.

5.2 CONCLUSIONS

The research reported here has elaborated Elliot Jaques' model of effective organisational structuring by demonstrating its value to create mutual understanding of all jobs within an organisation. The theory sets up clearly differentiated levels of authority and accountability and allows for the objective comparison of jobs. Jaques' Stratified Systems Theory supports the fact that most organisations have natural hierarchies and provides a conceptual framework for organizing, and ultimately structuring organisations.

Jaques theory is different from traditional management theories which focus on teams, employee participation and different management styles – which in Jaques' opinion may undermine leadership effectiveness and may adversely affect productivity and efficiency – and rather focus on getting people to understand what is expected of them in an organisation and its ultimate aims of productivity, competitiveness, efficient span of control and the size of the job.

Jaques' theory provides a useful framework to assess appropriate use of an organisation's human resources. Because each level of work is more complex than the one below it and presents a new conceptual requirement for the decision-maker, it is possible to ascertain whether individuals are

being optimally utilised or perhaps are under-utilised or over-promoted, both states having the ability to adversely affect optimal performance.

Traditionally, upper managers in organisations have relied mostly on, firstly, financial information and secondly, the organisational chart of reporting relationships, to plan and organise for future development. The problem with this approach is that it is mainly static and describes the past. Jaques' Stratified Systems Theory provides a better source of information to assist upper management to view the "bigger picture".

From the research, it was established that Jaques' theory (Jaques, 1989) can prove to be a useful instrument to investigate current organisational structure in terms of longer-term strategic intent.

By applying Jaques theory, the organisation under review could formulate a clearer picture of its current broader organisation structure, and also allowed upper management to critically evaluate and compare the present structure against future strategic demands.

The research allowed Safcor Panalpina to see that it currently operates at Level IV, according to Stratified Systems theory (Jaques, 1989), however, this may not be sufficient for the company to effectively meet its strategic objectives in the longer term, and it therefore needs to position itself at a

higher level (level V). From the research, it also is evident that the company would need to focus on the correct alignment of all levels to clarify boundaries and make it more responsive to both operational and strategic demands.

These conclusions appear to have important implications for business policy, now and in the future.

5.3 RECOMMENDATIONS

5.3.1 Clear Policies and Procedures

Because the majority of jobs in the organisation studied reside mainly in the first level, focusing on the execution of similar, predictive and concrete tasks with little uncertainty, it would be imperative that sound policies and procedures to deal with tasks are designed, implemented and followed by employees at this level to as large extent possible. Quality, the focus at this level, can only fully occur if people are tasked appropriately and have the necessary skills, knowledge and guidelines to be trusted to act appropriately.

Following on the above, the design of jobs at the lower levels play an important role in clarifying roles and expectations and an attempt should always be made by higher levels to ensure clarity and consistency.

5.3.2 Clearly Distinguished Hierarchical Levels

From the research, it seems that there may not necessarily be truly unique value at every level, i.e. sufficiently different themes that clearly distinguish one level from another. Levels may therefore be too compressed and may allow the opportunity of de-layering the organisation. Correct alignment of all levels therefore is necessary to clarify boundaries and make the company more responsive to both operational and strategic demands.

5.3.3 Develop Strategic Thinking Ability and Skills

For the organisation studied to become more strategically focussed, it would need to develop strategic thinking ability and skills at the higher levels and should move managers from Level 1 and 2 work to higher level work with a longer time-span of discretion. Upper management may also want to keep the future/ desired structure in mind in terms of recruitment and succession planning, especially at the higher levels.

Assigning managerial accountability in terms of different time-spans of discretion requires a rather large paradigm shift in management thinking and organisation design. The work required at different levels carries a property of time and not the individual, and complexity grows as the time-span extends. If upper management sees Safcor Panalpina extending to a higher

level, they would need to aggressively start developing Level 4, the “connecting/ linking” ability of management at this level. However, when managers move from operational practice to strategic development, they need to be made aware of the different complexities that Level 4 entails and the inherent tensions of balancing continuity and change. Developing this level can have an impact on facilitating change, something the company has been grappling with over the last few years, and could encourage broader thinking, i.e. think of the business as a whole and less as separate silo’s.

This may pose a significant challenge, as it signals a shift away from operational concerns (maintaining the status quo) to developing new means to meet new ends.

5.3.4 Specialist Career Path

From the research it was established that there might be certain managers in the current structure that may have been promoted to positions based on their technical abilities and skills, and, again with the increase in focus on strategy and the “bigger picture”, may not possess the requisite skills to effectively operate at this level any longer. It is recommended that a “specialist” career path be investigated to cater for such individuals, as technical skills are still a distinguishing advantage, but then removed from the longer-term themes.

5.3.5 Organisational Culture

The culture of the organisation needs to be supportive and would require change to support an even higher level of empowerment of staff at the lower levels and to increase decentralized decision-making. Moving away from the day-to-day operational issues, managers and senior managers can dedicate more time on planning, managing, continuous improvement and strategic matters with a longer time-window, as they are supposed to do.

5.3.6 Research Propositions

As stated under Research Proposition 1 in Chapter 3, it was proposed that the current levels of organisation may not provide the optimal hierarchical structure for the organisation to effectively execute the company's strategy. The research proved that this was indeed the case and that, for the organisation to become more strategically focussed, it would need to develop skills at the higher levels, specifically at Level 4, and develop managers to higher level work with a longer time-span of discretion.

Research Proposition 2 proposed that the cognitive complexity and time-span of decision-making of management may not correlate with the current hierarchical levels, which may explain operational and/or potential structural inefficiencies within the organisation. It was established that a longer time-

span of discretion is indeed required for the company to successfully develop and execute its future strategy. The cognitive complexity of the individual-in-role was not measured as part of this study, and therefore inference could not be made in terms of individual fit in terms of the current hierarchy, however, this may be something Safcor Panalpina may want to consider to align its organisational structure more scientifically in terms of the Matrix of Working Relationship Model. The Career Path Appreciation tool, developed by Bioss, would be the ideal instrument to gather such information.

In terms of the third Research Proposition, it was proposed that there may not be sufficient differences between current hierarchical levels that distinguish work in terms of the complexity and time-span of discretion. This is found to be true to an extent, as it was deduced that there may not necessarily be truly unique value at each level in the organisation, i.e. sufficiently different themes that clearly distinguish one level from another. Levels may therefore be too compressed and may allow the opportunity of de-layering the organisation, alternatively, job design should be clarified and structured as such that it does provide for objectively significant differences between current hierarchical levels.

5.3.7 Conclusion

Stratified Systems Theory (Jaques, 1989) proves to be a helpful tool for management to assess an organisation's current capabilities in terms of organisational structure.

Stratified Systems theory (Jaques, 1989, 1990) and the importance of cognitive ability however provide only one lens through which company management can view and investigate organisational structure.

To derive the full benefit of Jaques' Stratified Systems theory (Jaques, 1989), however, the measurement of individual cognitive ability, matched against the requirements of the job, becomes vital. This can become a highly time-consuming and expensive exercise for any organisation, also in light of other psychometric instruments of high validity and reliability that have been developed over time that measures similar constructs (e.g. the APIL instrument for the measurement of cognitive ability). These are often more widely available and therefore easier to apply (provided that it is done by a registered psychometrist), and is not limited in application due to a limited number of specialists (qualified BLOSS practitioners, needed to apply, for example, the CPA to measure cognitive ability). This also may have a significant cost-implication for organisations.

Still, the alignment of cognitive ability and the requirements and complexity demands of the job can indeed lead to proper structure and alignment, increased job satisfaction and more efficient attainment of strategic objectives - an important enabler of differentiation in the highly competitive market environment.

REFERENCES

Aguilar FJ. 1967. *Scanning the Business Environment*. New York: Macmillan.

Anshoff HI & McDonnell EJ. 1990. *Implanting Strategic Management*. 2nd edition. Englewood Cliffs, NJ: Prentice-Hall.

Armernic JH & Beechy TH. 1984. Accounting students' performance and cognitive complexity: some empirical evidence. *The Accounting Review*. LIX, April: 300-313.

Ashton L. 2005: Managing Director, BLOSS Southern Africa. Personal Interview. 25 May 2005. Bedfordview, Johannesburg.

Atchison TJ & French W. 1967. *Pay Systems for Scientists and Engineers*. Industrial Relations, Berkeley, CA. 7(1), 44-56.

Bailey KR. 1987: *Methods of social research*, 3rd edition. New York: The Free Press.

Bailey RW. 1982. *Human Performance Engineering: A guide for Systems Designers*. Englewood Cliffs, NJ: Prentice-Hall.

Bartunek JM & Louis MR. 1988: *The design of work environments to stretch managers' capacities for complex thinking*. Human Resource Planning, 11: 13 –22.

Bass BM. 1990. *Bass and Stogdill's Handbook of Leadership*. New York: Free Press.

Benny M & Hughes EC. 1956: *Of sociology and the interview*, in *Sociological Research Methods – An Introduction*, edited by M Bulmer, 2nd edition. Houndmills: MacMillan Education Ltd: 215 –224.

BIOSS. 2005: *From potential to performance*. <http://www.bioss.com>. [Accessed on 2005/05/27].

Black JA & Champion DJ. 1976: *Methods and Issues in Social Research*. New York: John Wiley and Sons.

Child J. 1984. *Organisation: A guide to problems and practice*, 2nd edition. New York: Harper & Row.

Cooper DR & Schindler PS. 2000: *Business research methods*, 8th edition. New York: McGraw-Hill.

Dollinger MJ. 1984: Environmental boundary spanning and information processing effects on organisational performance. *Academy of Management Journal*, 27(2): 351-368.

Fiedler F. 1967: *A theory of leadership effectiveness*. New York: McGraw-Hill.

Fleishman HA & Peters DR. 1962: Interpersonal values, leadership attitudes and managerial 'success'. *Personnel Psychology*, 15: 127-143.

Gardner H & Laskun E. 1996: *Leading minds: an anatomy of leadership*, 2nd edition. New York: Basic Books.

Garicano L. 2000: Hierarchies and the organisation of knowledge in production. *Political Economist*, 108: 874-904.

Goodman PS. 1967: An Empirical Examination of Elliott Jaques' Concept of Time-Span, *Human Relations*, May 1967: 155-170.

Hambrick DC & Mason PA. 1984. Upper echelons: The Organization as a reflection of its Top Managers. *Academy of Management Review*. 9: 193-206.

Harvey OJ, Hunt DE & Schroeder, HM. 1961: *Conceptual systems and personality organisation*. New York: Wiley.

Janis IL. 1972: *Victims of groupthink*. Boston: Houghton-Mifflin.

Jaques E. 1964: *Time-span handbook*. Arlington, VA: Cason Hall.

Jaques E. 1970. *Work, Creativity and Social Justice*. London: Heinemann Educational.

Jaques E. 1989. *Requisite Organization*. Virginia: Cason-Hall.

Jaques E. 1996. *Requisite organisation*. Gloucester, MA: Cason Hall.

Jaques E, Bygrave C & Lee N. 2001: Aligning multiple time-horizons and multiple functions in strategic planning and budgeting. *The International Journal of Organisational Analysis*, 9(3): 257-271.

Jaques E & Cason K. 1994. *Human Capability: A Study of Individual Potential and its application*. Virginia: Cason-Hall.

Jaques E & Clement SD. 1991. *Executive Leadership*. Virginia: Cason-Hall.

Jaques E & Clement SD. 2002: *Executive leadership: a practical guide to managing complexity*, 8th edition. Oxford: Blackwell Publishers.

Katz D & Kahn RL. 1966. *The social psychology of organizations*. New York: John Wiley.

Katz D & Kahn RL. 1978: *The social psychology of organisations*, 2nd edition. New York: John Wiley.

Kivimaki M, Kuk G, Elovaninio M, Thomson L, Kalliomaki-Levanto T & Heikkila A. 1997. The Team Climate Inventory (TCI) – four or five factors? Testing the structure of the TCI sample of low and high complexity jobs. *Journal of Industrial and Organizational Psychology*. 70 (4), 375-390.

Larson LL & Rowland KM. 2001: Leadership style and cognitive complexity. *Academy of Management Journal*, 17(1): 37-45.

Leavitt HJ. 2003: Why Hierarchies Thrive. *Harvard Business Review*, EBSCO Publishing.

Leedy PD & Ormond JE. 2001: *Practical research: planning and design*, 7th edition. Upper Saddle River: Merrill Prentice Hall.

Liang TY. 2004: Intelligence strategy: the evolutionary and co-evolutionary dynamics of intelligent human organizations and their interacting agents. *Human Systems Management*, 23: 137-149.

Lind DA, Mason RD & Marchal WG. 2000: *Basic statistics for business and economics*, 3rd edition. United States of America: McGraw-Hill.

Lundberg O & Richards MD. 1972: A Relationship between cognitive style and complex decision-making: Implications for Business Policy. *Academy of Management Proceedings*: 95

McCall M & Lombardo M. 1983. What makes a Top Executive? *Psychology Today*. 17(2), 26-31.

McGill AR, Johnson MD & Buntel KA. 1993: Cognitive complexity and conformity – the effects on performance in a turbulent environment. *Academy of Management Proceedings*: 379-382.

Milkovich GT & Campbell K. 1967: "A Study of Jaques' Norms of Equitable Payment". *Industrial Relations*, May 1969: 269-279.

Payne JW & Beatty M. 1982: Innovativeness and Cognitive Complexity. *Psychological Reports*, 51: 85-86.

Pettigrew AM. 1986: *Some limits of executive power in creating strategic change*. San Francisco: Jossey-Bass.

Quinn J & Gary L. 1998: Organizing around intellect. *Harvard Management Update*, 51(3): 1-4.

Ritz G. 2000: *Spheres of Complexity* [online]. New York: Learning Organization. Available from: www.learning-org.com/00.08/0081.html [Accessed 17 August 2004].

Roberto MA. 2002: Making difficult decisions in turbulent times. *Ivey Business Journal*, 66(3): 14.

Ross A. 1992: The long view of leadership. *Canadian Business*, 65(5): 46.

Rost JC. 1993: *Leadership for the 21st Century*. Westport, CA: Praeger.

Schneider M. 2002: A Stakeholder Model of Organisational Leadership. *Organisation Science*, 13(2): 209-220.

Schroeder HM, Driver MJ & Streufert S. 1967: *Human information processing*. New York: Holt Rinehart & Winston.

Schwenk CR. 1988: The cognitive perspective on strategic decision-making.

Journal of Management Studies, 25: 41-55.

Stamp G. 1993. *The Essence of Levels of Work*. Uxbridge, Middlesex: Bioss.

Stamp G. 1998: Longitudinal research into methods of assessing managerial potential, *Technical Report 819*, Alexandria, VA: US Army Research Institute for the Behavioural and Social Sciences.

Stamp G & Retief A. 1996. *Towards a culture free identification of Leadership Potential*. Johannesburg: Knowledge Resources.

Streufert S & Swazey RW. 1986: *Complexity, managers and organisations*.

New York Academic Press.

Yukl G. 2002: *Leadership in organizations*, 5th edition. New Jersey: Prentice-

Hall Inc.



THE ESSENCE OF LEVELS
OF WORK
By Gilliam Stamp

BIOSS Southern



Africa

© BIOS – Not to be reproduced or quoted without permission

BIOSS International Southern Africa (Pty) Ltd trading as *bioss southern africa*
Postnet Suite 146, Private Bag X782, Bedfordview, 2008
e-mail: info@bioss.com
www.bioss.com

The Essence of Levels of Work

Contents

	<i>Page</i>
Quality: Level I	
The Work	1
Collaborating	1
Summary	2
Service: Level II	
The Work	3
Making Provision	4
Collaborating	5
Summary	5
Good Practice: Level III	
The Work	7
Making Provision	8
Collaborating	9
Summary	10
Strategic Development: Level IV	
The Work	11
Making Provision	12
Collaborating	14
Summary	16
Strategic Intent: Level V	
The Work	17
Making Provision	19
Collaborating	20
Summary	21
Corporate Citizenship: Level VI	
The Work	22
Making Provision	23
Collaborating	24
Summary	24

Quality: Level I

1. The Work

The **theme** is **quality**.

The **objective** is to make or do something where the output is concrete and can be completely specified beforehand. The *thing* can be a physical object, a physical arrangement of data, of objects or of a room. This work is the foundation of quality because, if it is not done in such a way that it adds value, the viability of the organisation is at risk.

The primary link with the **outside world** is through touch-and-feel awareness of subtle variations in that which is being worked with/on, leading to sensitive skilled interactions with things, customers and other staff.

The primary **responsibility** is to manage the self and use expertise in practical judgement in such a way that resources of time, skills, equipment and materials are employed to optimum effect, neither wasted nor misused.

The intrinsic **vulnerabilities** are:

- the fact that there is no need to put into words the nature of the judgements being made
- the mistaken assumption (of others) that there is no need to communicate purpose to people working at level I because their work does not call for the exercise of judgement
- the failure to appreciate how practical judgements contribute to quality.

The **creativity** lies in touch-and-feel watchfulness for subtle variations in what is being worked on, for example:

- the moment a process operator calls for support because there appears to be something not quite right in the flow of the process
- a decision about the pace and sequence of inputting data to a computer
- the exact pressure to be exerted with a power operated shovel
- the care of a hospital porter not to knock a stretcher against the wall
- the final gesture of a chambermaid smoothing a tiny crease in a bed.

2. Collaborating

People working at level I contribute to the whole by:

- being the seedbed for quality
- co-operating with co-workers with sensitivity to pressures on them; sharing help, expertise and ideas and where competition is called for, competing amicably
- co-operating with first-line managers by:

-
- * relating to their **tasking**
 - working within guidance, standards and limits on quantity and quality
 - agreeing and sticking to completion times for tasks
 - * **trusting** managers while using their own judgement to exercise practical touch-and-feel watchfulness over tasks, skills and effort
 - * contributing to **tending** by:
 - making suggestions about improvements in the use of individual and physical resources, ways of working, maintaining a constructive working atmosphere
 - being open to listening and talking, suggesting and advising.

Level I: Summary

Theme: Quality: foundation of quality lies here in the confluence of individual initiative, shared purpose, viability and reputation.

Work: make or do something where the output can be completely specified beforehand - "Sell this customer this product", "Do the annual maintenance for this machine according to the manual but use your discretion about what else might need to be done up to a cost of". This level can be an important interface with customers in their own homes, offices and in retail outlets.

Capability: *touch-and-feel* judgement - practical watchfulness in direct response to immediate tasks;

using previously learned methods for overcoming obstacles, if these are not effective, stopping, reporting back and seeking guidance in order to proceed.

Although there is an element of repeatability, each part of the task requires judgement and it could be three months before the outcome of some of those judgements can be properly evaluated through comments from internal and external customers.

Responsibilities: manage the self and use expertise in practical judgement in such a way that resources of time, skills, equipment and materials are employed to optimum effect, neither wasted nor misused.

Not responsible for making any significant judgements about what output to aim for or under what circumstances to aim for it, but encouraged to offer input.

Review: self-performance and cooperativeness.

Link with outside world: through touch-and-feel awareness of subtle variations in the thing or the person being worked on/with leading to sensitive skilled interactions with objects, customers and other staff.

Typical roles: first line workers responsible for operating tasks; this level includes work that is often described as "semi-skilled" as e.g. mailing assistants data input, clerks, catering assistants to, at the top of the level, skilled artisans.

Service: Level II

1. The Work

The **theme** of the work is **service**.

The **objective** is to respond to the requirements of particular situations, cases or people in such a way that both the presenting and the underlying complexities are served. The service is:

- to people working at Level I in framing and supporting their work, making their tacit knowledge explicit and ensuring safe working conditions
- to customers/clients. situations in sensitive assessment of and response to their needs
- to the organisation as a whole in exemplifying its purposes and ethos.

The first-line manager or supervisor through his or her overview of all the activities of a section of work which could be free-standing, but, in a large organisation, will be within a department.

The first level technical or professional specialist through bringing specific expertise to bear either at the request of people working at level I in support of their activities, or at the request of the head of section when a situation calls for detailed knowledge and experience.

The primary link with the **outside world** is through the discovery and understanding of the changing needs of customers, teams and situations, and the flexible delivery of customised services and products for individuals.

The primary **responsibilities** are to:

- assign/reassign work
- comprehend each particular situation or operating problem by exploration, imagination and appraisal, and resolve it
- interpret policy, i.e. explain why work is to be done in a particular way
- explain. demonstrate how a particular task is to be done and, if necessary, coach whilst it is being done.

The **resources** to be managed are:

- the person's own time and skills and allocated facilities
- the most effective use of the time of assistants - an important factor in cost control
- a stock of material to care for and make cost conscious choices amongst available materials and equipment
- a responsibility to sanction immediate expenditure or activities leading to expenditure.

The **performance measures** are:

- physical outputs/inputs
- customer satisfaction

The intrinsic **vulnerabilities** are:

- the balance of attention between the draw of each particular situation/case and the overall purpose of the organisation - if the person in role is even marginally overstretched, there is a serious risk that the level of work will be split into a focus into one or the other and this may not be recognised for six to nine months

-
- the balance between being a part of the working team and apart from it; a tendency to direct energy either to signalling or blurring differences between own role and that of staff
 - the expectation that the person is able to explain the purpose of the organisation which may have been poorly or ambiguously communicated
 - the balance between a proper pride in responding to particular situations and preoccupation with it
 - the profound difficulty in *always* treating people and things as things.

The **creativity** lies in sensitive response to particular situations, for example:

- the care in listening for the unspoken as well as the spoken needs of a client
- patience and understanding in diagnosing a medical problem
- tailoring a technical training course to the needs of a young person of limited education
- shaping a fresh approach to the credit analysis of a particular situation by taking account of previously unconsidered factors
- acting as an example of the integrity of the organisation when balancing cost, pace and safety; and
- in gathering staff around the aims of the organisation.

2. Making Provision

Managers and specialist staff must also make provision for people working at level I to make their distinctive contribution through:

- **tasking** - ensuring added value by making expectations, limits and accountabilities clear to immediate reports:
 - * giving guidance, instruction and standards of performance clearly and efficiently
 - * agreeing completion times for tasks: some may not be completed for up to three months; for others, consistent feedback about quality control and customer satisfaction may not be available for two or three months
- **trusting** - ensuring effective decision-making at level I by trusting immediate reports to use their own judgement in practical touch-and-feel watchfulness over the tasks for which they are responsible, and in deploying their skills and effort
- **tending** - making sure that each part is an instance of the whole: the continuous mindfulness that keeps an eye on everything and everyone to guide in the right direction:
 - * conveying an understanding and a sense of value for the quality of the work done at level I and its relevance to the purposes of organisation - this is essential to provide people at level I with a rationale for their work
 - * giving immediate reports the space to do their work to the best of their ability, whilst ensuring that adjustments can be made for changes, problems, obstacles
 - * putting the tacit knowledge and experience of operators' touch-and-feel judgement and immediate, practical experience into techniques from which others can learn

-
- * ensuring that people are neither over nor under stretched by the complexities of their work - indications of the first would be continuous but not wilful mistakes; of the second, regular suggestions or attempts to taken an overview of the way work is organised and/or is progressing [often accompanied by irritability and alienation].

Tasking < > Trusting ensures that people working at the first level have a framework within which they are trusted to use their initiative and **judgement** to produce the product/service through their own skills and effort. In short, they feel they have a whole job for which they are accountable.

Tasking < > Tending ensures **review** - keeping in touch with the progress of the work, adjusting for unforeseen events, changes or problems against an agreed framework felt to be fair; in particular, reviewing the use of individual and physical resources, for example, the regular replacement of tools when a task has been completed.

Tasking < > Trusting ensures **coherence** so that people working at level I feel a sense of purpose in their work, that they are valued for their distinctive contribution, and an integral part of the organisation.

3. Collaborating

Managers and technical and professional staff contributes to the whole by:

- being open to discussion about resource constraints on the ways in which particular situations can be dealt with, and providing views about how priorities could be set
- supporting departmental managers in their work of sustaining the lived culture of the mini-organisation - "the way we do things around here" - and ensuring that their section lives the cultures in all that is done
- making sure that their section does not become a sect.

Level II: Summary

Theme: Service: threefold: to people working at first level in framing and supporting their work; to customers/clients/situations in sensitive response to their needs; to the company as a whole in being an example of purposes and ethos.

Work: respond to the requirements of particular situations, cases or people in such a way that both the presenting and the underlying complexities are dealt with and the normal flow of work is restored; realise some projects - e.g. training - that may take up to a year to complete.

Capability: *accumulating* information to build a picture in the mind's eye - taking a step-by-step approach to reveal underlying complexities of each situation as a distinct event - explore, anticipate potential obstacles, imagine outcomes of possible responses.

Responsibilities: assign/reassign work; interpret policy, i.e. explain why work is to be done in a particular way; explain/demonstrate how a particular task is to be done and, if necessary, coach whilst it is being done; provide framework for some projects that may take up to three months to complete and evaluate.

Not responsible for making any decisions about how future possible situations are to be dealt with, but encouraged to offer input. Whilst the responsibility at the first level is to work with the task as presented, the responsibility here is to go behind the presenting situation.

Resources: person's own time and skills and allocated facilities; most effective use of the time of assistants - an important factor in cost control; a stock of material to care for and make cost conscious choices amongst available materials and equipment; sanction immediate expenditure or activities leading to expenditure.

Review: progress of work, adjusting for unforeseen events; use of individual and physical resources.

Links with outside world: through discovery and understanding of changing needs of customers, teams and situations, and flexible delivery of customised services and products for individuals.

Performance measures: physical outputs/inputs; customer satisfaction.

Typical roles: first line manager or supervisor, first level technical or professional specialist e.g. engineers, team leaders.

Good Practice: Level III

1. The Work

The **theme** is **practice**.

The **objective** is to maintain practices and systems for providing services and making products such that costs are contained, the overall purpose of the organisation is realised and reputation is enhanced.

A manager will achieve this by making the most of all the interconnected aspects of a mini-organisation.

The contribution of functional and support staff is focused on fine-tuning a set of systems - information technology or remuneration, for example; a set of practices - technological, personnel, for example; or supporting the links between the mini-organisation and the community in which it is set.

The primary link with the **outside world** is through understanding the needs of a local community - a district for example - its composition, changing trends, patterns of usage of services/products etc. And in providing incremental improvement in the systematic delivery of services/products for that community [optimising quality/cost/volume pay-off].

The primary **responsibilities** are to:

- imagine all the possible practices and systems that might be used - substantial functional contributions necessary - ["brainstorming"]
- select those that are within budget and appropriate for local conditions
- take advice from functional staff re best practice in their field - IT, personnel, design for example - and decide on what is possible within budget
- set goals with the team and make the most of the people, the finances and the technologies in order to realise those goals - functions support in their areas of expertise and, if part of management team, across disciplines
- be aware of and responsive to local conditions.

The **resources** to be managed include a set of people, equipment and premises; the manager must:

- control budgets that relate directly to the flow of work he or she must handle, but, only in exceptional circumstances, vire between budgets
- deal with fluctuations in workload and staff availability
- introduce new methods, train staff and control costs of extra staff time.

The efficiency of the organisation depends on how effectively and economically concrete resources are deployed at this level. While people at higher levels can set a framework for the use of existing resources, they cannot make those decisions that produce maximum efficiency in practice.

The **performance measures** are:

- controllable unit costs
- physical output/input trends
- customer trends

The intrinsic **vulnerabilities** are:

- the balance of attention between costs of internal operations and opportunities/threats of local conditions and circumstances - if the person in role is even marginally overstretched, there is a serious risk that the level of work will be split into a focus on one or the other and this may not be recognised for a year or more
- the balance in quality programmes between technical system considerations like statistical process control, and sustaining individual and team commitment
- the balance in imagining all the possible practices and systems - too much 'brainstorming' or too little, too many 'away days', or non at all
- the balance between new technologies and social cohesion especially when managing continuous change
- awareness and sensitivity to local conditions
- the balance between pride in the established systems and practices and clinging to them
- the balance between being sensitive to technical or professional evaluations of the needs of particular cases/situations and resource implications for the unit as a whole.

The **creativities** lie in:

- creating an operating unit that is also an operating unity by building and sustaining teams
- situating this part of the organisation in the local community and standing for the organisation as a whole
- refining professional practices and ensuring that all systems and practices are the best currently available.

2. Making Provision

Managers and specialist staff must also make provision for people working at levels I and II to make their distinctive contribution through:

- **tasking** - ensuring added value by make expectations, limits and accountabilities clear to immediate reports:
 - * providing guidance, instructions, standards and objectives on quantity, quality and cost
 - * agreeing completion times for programmes; some may not be completed for up to a year; for others, feedback from internal or external customers may not give a coherent message for nine months to a year

-
- **trusting** - ensuring effective decision-making by trusting immediate reports at level II to use their own judgement in accumulating data, facts, consequences of situations that interrupt or accelerate the process, reflecting on what is occurring, diagnosing emerging problems and finding solutions to shortages, stoppages, surprises etc.
 - **tending** - making sure that each part is an instance of the whole; the continuous mindfulness that keeps an eye on everything - people, purposes, systems - to guide them in the right direction:
 - * entrusting reports at levels I and II with the purposes of the organisation
 - * giving immediate reports at level II the space to do the work to the best of their ability, whilst being 'on hand' to listen, coach, advise and assist when problems/obstacles cannot be overcome
 - * putting the tacit and sometimes intuitive knowledge and experience of effective ways of dealing with particular cases and situations into a systematic form so that they can benefit the unit as a whole
 - * ensuring that immediate reports are neither over nor under stretched by the complexities of their work - indications of the first would be a preoccupation with those tasks that can be completely specified beforehand; indications of the second would be regular suggestions about different ways the outcome could be achieved.

Tasking <> Trusting ensures that people at level II have a framework within which they are trusted to use their initiative and discretion in the most effective way by making decisions about how best situations/cases that have become problematic can be restored to the normal flow of work. Within this framework, people held accountable in a way that is clear and fair.

Tasking <> Tending ensures **review** - keeping in touch with the progress of the work in the light of an agreed framework felt to be fair; specifically, reviewing both level II sections and services in terms of cost - effectiveness *and* the outgoing quality of the service/product to make sure it fits the mission of the unit.

Tending <> Trusting ensures **coherence** of the whole operating unit which, if it is to be fully effective, will be an operating unity that conveys a consistent image to the outside world. This depends on:

- making sure there is an effective system of communication procedures that provides the supervisors or first line managers with enough information to allow them to relate each separate task or problem to the overall purpose of the unit
- creates an atmosphere for face-to-face listening and talking.

3. Collaborating

Managers and support staff contribute to the whole by:

- being open to discussion about and providing information and views on the state of established systems, how they are getting on in introducing new practices and methods and considering whether there are current ways of working or procedures that are no longer effective
- supporting senior manager in their task of putting the lived culture of the operating units into words that capture their spirit

-
- supporting senior managers and directors of functions in the management of change
 - making sure that their department or operating unit does not become inward looking and develop its own idiosyncratic interpretation of overall purpose.

Level III: Summary

Theme: Practice: making the most of all the resources of a mini-organisation - budget, people, plant and equipment, culture, technologies, reputation.

Work: construct, implement, fine-tune systems and practices to cope with both stability and change over the next eighteen months to two years.

Capability: *connecting* - scanning a series of sequence of activities to search for the ideas, trends, principles that create a coherent flow of events or influences into the future.

Responsibilities: with team, imagine all possible practices and systems that might be used and select those that are within budget and appropriate for local conditions; take advice from functional staff re best practice in their field - IT, personnel, design for example - and decide what is possible within budget; be aware of and responsive to local conditions; provide framework for some projects which will not be complete and ready for evaluation for a year.

Not responsible for making any decisions or committing any resources to meet as yet unmanifested needs for given services/products, but encouraged to offer input.

Resources: a set of people, equipment and premises; control budgets that relate directly to the flow of work, [vire between budgets only in exceptionable circumstances]; deal with fluctuations in workload and staff availability; introduce new methods, train staff and control costs of extra staff time. The efficiency of the whole organisation depends on how effectively and economically concrete resources are deployed at this level. While people at higher levels can set a framework for the use of existing resources, they cannot make those decisions that produce maximum efficiency in practice.

Review: cost-effectiveness and quality of service/product.

Links with outside world: through understanding needs of a local community - a district for example - its composition, changing trends, patterns of usage of services/products etc; providing incremental improvement in the systematic delivery of services/products for that community [optimising quality/cost/volume pay-off].

Performance measures: controllable unit costs; physical output/input trends; customer trends.

Typical roles: first level where managers manage manager's e.g. Chief Accountant, Personnel Manager.

Strategic Development: Level IV

1. The Work

The **theme** of the work is **strategic development**.

The **objective** is to underpin the future of the organisation by developing the enterprise through managing or supporting the interactions between:

- the strategic intent articulated at level V
- current products/services, systems and practices
- the innovations and changes needed to align them.

The essence of the work is to bring into being those products/services, outside relationships, structures and systems that are required for the organisation to continue to be viable and competitive in changing social and business environments.

A manager will do this by giving equal attention to coordinating given activities, introducing new approaches and supporting the human aspects of the management of change.

Staff or specialist work is focused on designing and developing new systems, services etc. in a particular function - engineering, finance for example, or re an aspect of the outside world - the market, the regulatory conditions in a nation for example; and advising the manager of their relevance to implementing corporate policy. For example, designing a purchasing policy of collaborating with suppliers in long-term relationships and the upgrading of their research and development.

The links with the **outside world** as through the understanding of market segments, industry competitors, suppliers, government regulation. These links make it possible to develop organisational capability and improve position to actual and potential competitors.

The primary **responsibilities** are to:

- agree and set goals for operating units
- supply and co-ordinate resources for the practices and systems that are already in place
- design and develop new systems and practices needed to meet changes in strategic intent
- integrate new and established systems
- terminate practices, systems, units that are no longer appropriate to the strategic intent.

The management of **resources** must take detailed account of what might be done as well as what is actually being done. Resources therefore include both the most concrete objects such as buildings - and the most intangible - such as loyalty and goodwill. They include both what is most convertible - money - and what is least convertible - the environment. For long-term viability and as far as is possible, all aspects of all activities need to be converted into financial terms.

Detailed budgets are a primary tool. Costing and monitoring are absolutely essential at this level where services/operations are being reduced and closed down and new ones developed. Without them, planning will become unrealistic, and implementation will get out of hand.

The amount of unexpected variations over a year must also be managed and this requires defined powers of virement between budgets. Level III managers who produce products or deliver services need to be supported by Level IV setting policies and priorities, and controlling costs tightly.

The **performance measures** are:

- controllable contribution
- market trends

The intrinsic **vulnerabilities** are:

- the relationship between the strategic intent and current practices, products, services; if the strategic intent is unclear and/or poorly communicated, coherent implementation is not possible
- the assumption that improvement or fine-tuning of current practices, products, systems and services constitutes the development required to position in the outside world
- the balance of attention between co-ordination of activities of Level III units and development - or, in other words, between continuity and change; if the person in role is even slightly overstretched, he or she will not be capable of sustaining this balance, and the outcome will be either overcrowding of level II managers, or neglect of them and lack of control over the economics of production or provision of service
- failure to take proper account of the human cost of change
- competitiveness between peers for scarce capital resources and attention from Level V.

The **creativities** lie in managing constancy and change and making original links between established pieces of knowledge [this applies particularly to functional and support staff]. For example:

- finding, introducing and sustaining a less costly means of production for a high energy product in anticipation of a sharp rise in energy costs
- designing financial products that go beyond the given array of options with short shelf lives to genuine innovations that can stand exposure to a fluctuating market in the longer term
- anticipating political and demographic changes that are likely to have substantial impact on staffing and recruitment, and preparing departments by introducing appropriate systems and nurturing changes in attitude and climate
- providing a strategic framework and direction for the tactics of individual and career development.

2. Making Provision

The interface between levels III and IV is notoriously difficult. One of the reasons is that the things that are 'lived' at level III - pride in work well done, sense of being a team, of 'being in the same boat' - can lose all their spark when they are put into words (or figures) at level IV. This, obviously,

works both ways: from III to IV they lose their spark; from IV to III ideas, messages can be heard as 'impersonal', 'concerned only with figures/the business/profit'.

Because making provision for the work of level III is primarily concerned with managing change, there is a very difficult balance between the impersonal needs for market positioning and the personal impact of change.

One of the prime responsibilities at level IV is continuously to review costs of operations in the light of competitors' cost structures, what the market will bear and overall return on assets. These are factors that point to the necessity for change if viability is to be maintained. This kind of review means that a financial figure has to be placed on as many aspects of as many activities as possible. The inevitable consequence of this is that the impact of level IV can be experienced as concerned only with cutting costs, reducing numbers of people, answering to shareholders; in short, as completely impersonal.

But, when it comes to the management of change, it is necessary to have a very personal impact on people's understanding, attitudes and behaviour. And there is a further issue in that the pain of change cannot be avoided; it is more immediately obvious when it involves making people redundant, but it is also essential and more often encountered when asking them to change the way they have been proud to do things.

Against this background review and coherence could be seen as antithetical and so there is a need for very careful attention to the relationships between tasking, trusting and tending:

- **tasking** - ensuring the added value of the work by conveying clear expectations, limits and accountabilities to immediate reports:
 - * providing guidance, standards and objectives for good practice
 - * agreeing completion times for projects: some may not be completed for up to two years - introducing a new management information system for example; for others, the significance of feedback from internal and external customers and the locality may not become clear for eighteen months to two years.
 - * co-ordinating the work of operating units over eighteen months to two years for completion of the longest projects
 - * ensuring systems and practices are:
 - aligned with overall objectives
 - cost-effective
 - best practice' from a technical/professional point of view i.e. continuously improved.
- **trusting** - ensuring effective decision-making at level III:
 - * encouraging immediate reports with expertise and knowledge areas of which the manager knows nothing to use their own judgement in selecting the right balance between separate strands to get the best effect, and in connecting trends, events, issues inside and outside their own unit in such a way that best practice is ensured.
- **tending** - ensuring integration, that each part is an instance of the whole; the continuous mindfulness about people, purposes, strategies, policies and guiding them in the right direction:
 - * entrusting them with the purposes of the organisation as they can be realised in their area

-
- * making sure that immediate reports are neither over nor 'underwhelmed' by the complexities of their work; - watching for a preoccupation with specific issues and resistance to seeing the significance of links as possible trends, in the case of the former; or an aspiration to deal with things in a more abstract way that could indicate the latter
 - * giving people at levels III, II and I time to make sense of changes in the ways they do their work and the implications for themselves as individuals
 - * giving people space to do their work to the best of their ability whilst ensuring that they are given the necessary training and development to cope with the technical implications of change.

Tasking <> Trusting ensures that managers and principal specialists at level III have a framework within which they are trusted to use their initiative and **judgement** in the most effective ways by making decisions about managing and supporting flows of work. The framework also provides 'felt-fair' background for accountability and review.

Tasking <> Tending ensures **review** which is conducted largely in financial terms in order to clarify the relationship between costs, quality and the changing market place. There is a need to review:

- economics of supply, distribution, display, provision of goods and services
- consistency of systems of, for example, distribution, supply, information technology across operating enterprises - to contain costs, ensure that systems are mutually compatible, that each department is sensitive to local conditions but is not 'reinventing the wheel'
- quality of service, products in relation to competitors and the market.

Tending <> Trusting ensures **coherence** a shared understanding of the purpose of the enterprise as a whole and of the rationale and need for the specific changes that are underway and likely to be introduced. The essence of coherence across the first four levels is to convey a culture of diversity and continuous change - some radical, some focussed on improvement. There are three elements of the work needed to sustain coherence:

- putting the lived culture of the operating enterprises into words that articulated but do not lose the spirit:
 - ensuring that all the systems for communication - formal and informal - are open and used
 - ensuring that all communication is conversation i.e. listening and talking
- handling the paradox of the personal and the impersonal by conveying - directly and through symbols - that the individual matters despite changes that threaten people
- communicating with immediate reports about the given, the new, the discontinued and the potential.

3. Collaborating

Contributing to the whole by making the most of colleagues [recalling that one of the vulnerabilities is competitiveness between peers for scarce resources and attention from the Chief Executive or Managing Director at level V]:

- developing flexible new practices that can be used across the organisation rather than in a single division or function
- applying innovations to improve the cost/benefit ration of current practices
- presenting the organisation to the outside world
- co-ordinating recommendations re capital appropriation for development projects.

Contributing to the whole through the relationship with level V:

- co-operating with the MD or CEO in making recommendations for capital appropriation for the development of operating units
- helping the MD to appreciate the excitement and frustration of being responsible for both change and 'business as usual'
- encouraging the MD to respect and protect quality as individual initiative and judgement at the same time as he or she measures quality as quantity in terms of profit
- encouraging awareness of working conditions and climate throughout the enterprise
- giving advice on the operating realities - time, cost, plant - of developments required by the strategic intent
- providing information about and alerting him or her to opportunities/threats re business advantage and reputation within particular sectors of the market.

Level IV: Summary

Theme: Strategic development: underpin future of organisation by achieving overall strategic intent in designated sector of market-place in light of competition and changing social business environment.

Work: manage relationship between what is currently being done and what is not in order to determine what needs to be changed - managing the connections between the market, the mission and the means.

Capability: modelling - using abstract ideas and concepts to construct and test completely new combinations and produce innovation.

Responsibilities: agree and set goals for operating units; supply and co-ordinate resources for established practices and systems; design and develop new systems, practices and relationships e.g. with suppliers, customers needed to meet changes; integrate new and current systems; terminate practices, systems units that can no longer realise strategic intent; provide framework for projects with maximum two year time horizon.

Not responsible for making decisions about reallocation of resources to provide services/products, working relationships outside defined market sector, but encouraged to offer input re positioning of enterprise as whole.

Resources: include both the most concrete objects such as buildings - and the most intangible - such as loyalty and goodwill, both what is most convertible - money - and what is least convertible - the environment; as far as is possible, all aspects of all activities need to be converted into financial terms; take detailed account of what might be done as well as what is actually being done.

Detailed budgets a primary tool; manage unexpected variations over year [defined powers of virement]; costing and monitoring for realistic planning and implementation re terminating some services/operations and developing new ones; support level III managers with policies, priorities, cost control.

Review: in financial terms re relationship costs, quality and changing market; economics of supply, distribution, provision of goods and services; consistency of systems across operating units, quality of service/products in relation to competitors and market.

Links with outside world: through understanding market segments, industry competitors, suppliers, in order to develop organisational capability and improve position in relation to actual and potential competitors.

Performance measures: controllable contribution; market trends.

Typical roles: General manager, senior project managers or researchers or analysts.

Strategic Intent: Level V

1. The Work

The theme is **strategic intent**.

Providing a view and statement of the long-term viability of the organisation in terms that are completely separate from its physical activities and fully connected with all aspects of its current and likely future socio-economic context.

The **objective** is to keep the enterprise itself in being by ensuring its viability as a long-term financial and social entity. There is an apparent paradox in that long-term viability can appear to rest on profit with the products and services not significant in themselves. But, in the final analysis, viability depends on the relationship between reputation, costs, productivity and quality. And quality rests in individual judgements made in the light of the strategic intent.

A managing director or chief executive will do this by:

- providing a view of the strategic intent as a financial entity - a business
- providing a view of the organisation as a social entity - making a clear statement of mission and exemplifying it
- providing a climate for some projects where the fruits will not be seen for up to ten years; for example, long-term alliances in particular sectors for mutual benefit
- guiding the strategic business unit through all aspects of its impact on the environment, and modifying it to take account of economic, political and social change
- being alert to early indications of new opportunities for business and 'presence'
- creating and sustaining the understanding that the only continuity is change
- harnessing individual and team knowledge, ideas, proposals and energies.

Staff or specialist work is focused on creating new knowledge that goes beyond any already defined field, is not expected to have immediate application, but is expected to add value within ten years. For example, in designing a product to replace CFCs ten years before the Montreal Protocol. Or, in the human resource function, contributing to the forecasting and analysis of the manageability of proposed projects.

The links with the **outside world** come through comprehending the social and economic environment [including 'green' issues] to evaluate impact on the business unit, its markets and its competitive position, develop and manage significant external relationships and 'make a statement' about the tangible finances and the intangible reputation of the enterprise.

The primary **responsibilities** are to:

- represent the organisation in the external socio-economic context; to shareholders through the Board, and to other stakeholders through appropriate channels
- act as the source of the strategic intent by setting overall direction of business targets and objectives

-
- act as the source of both current and new technologies by valuing the former and seeking new processes for the latter
 - be a symbol of partnerships with all stakeholders - customers, employees, suppliers, communities
 - consider possible new businesses and or sites
 - relate the work of the separate divisions and functions of level IV.

The management of **resources** at this level where profits and losses of the strategic business unit are consolidated includes:

- controlling
 - i) all capital and revenue expenditure,
 - ii) reserves, and
 - iii) limits to virement
- monitoring and safeguarding existing capital assets
- ensuring the development of a proper budgetary structure and financial regulations for the organisation as a whole
- measuring quality as quantity
- basing planning on aggregates of operating budgets with detailed costings left to Level IV
- making the most of the intangible and only appreciating assets - people - by touching them, figuratively and literally.

The **performance measures** are:

- return on resources
- market position

The prime IV **vulnerability** is the balance of the outward and inward perspectives:

- the common tendency to divide responsibility between a CEO and his or her deputy or a COO or,
- over time, between successive CEO's, i.e. one focused too much on the outside to the detriment of morale, followed by an inward focus that restores morale, but renders the organisation vulnerable to outside pressures re for example, takeover or external regulation.

Another vulnerability is being an example of the strategic intent:

- say one thing and be forced by circumstances to do another
- assume that the steps are straightforward from general statements like "being efficient and safe" to what people actually do.

A third vulnerability is the balance between being a symbol of the technologies and becoming involved in, or too distant from the detail.

A fourth is being overwhelmed by infinite and sometimes poorly filtered information from internal and external sources; these come largely in written form which may or may not suit the style of the MD or CEO.

The **creativities** lie in appreciating and acting on the essential interconnectedness of everything. For example:

- sustaining the external and internal well-being of the organisation in the face of continuous social, economic and technological changes
- conveying that one knows 'what's going on' when all the details cannot be known, and much is unknowable
- establishing completely new knowledge with little current, but considerable potential added value
- integrating the impossibility of knowing all the staff with the need of each one to be personally known; MDs and CEO's cannot interact personally with each and every employee, yet they must be able to imbue them with a willingness to bring their initiative to bear on their work and its context

2. Making Provision

- **tasking** - ensuring that the work of level IV adds value - defining what is expected, what resources can be used, when the task is to be completed, their accountabilities and agreeing this with immediate reports:
 - * giving a clear message about strategic intent so that heads of level IV divisions /functions can interpret it to their direct reports responsible for the actual means through which it is being and will be delivered
 - * conveying time-frames of three to five years for the completion of larger-scale projects, e.g. effective positioning and profitability in a new market sector; major change projects
 - * clarifying expectations about how both the technical and the social aspects of change will be managed.
- **trusting** - ensuring effective decision-making at level IV:
 - * trusting the judgement of immediate reports about the relevance and urgency of the issues they raise
 - * encouraging them to use their own judgement in particular in seeing where gaps lie - either internally in systems, practices, or externally in presence in a market sector - and using concepts to model alternative ways forward.
- **tending** - ensuring integration, that each part is an instance of the whole:
 - * entrusting immediate reports with the overall purposes of the organisation so that they can realise them in their own areas, interpret them for others and fulfil their primary responsibility of translating the strategic intent/the mission into the means
 - * giving space to heads of level IV divisions/functions to do their work

-
- * enfolding their theme of strategic development and expressing it in terms of profit, reputation and long-term viability
 - * updating them on the general state of the company, and seeking their advice about technical developments
 - * ensuring that, despite inevitable competition between them, they always see themselves as part of the whole.

Tasking <> Trusting ensures that managers and functional staff at level IV have a framework within which they are trusted to use their initiative and **judgement** in the most effective ways by making decisions about managing and supporting flows of work. The framework also provides a 'felt-fair' background for accountability and review.

It provides the framework and example that ensures robust decisions based on sound judgement throughout the strategic business unit.

Tasking <> Tending ensures **review** of overall viability:

- capital and revenue expenditure
- costs and integration of all systems - information, planning, budgeting, human resources
- coherence, relevance and realism of all change and development programmes
- the quality of services and products in the light of viability and profitability.

Tending <> Trusting ensures **coherence** - the mission of the enterprise as a whole which includes the culture of change and the lived cultures of the operating units. Coherence is also linked directly to reputation and this is assured by:

- acknowledging and valuing each specific situation or case as an instance of the whole
- being alert to working conditions and climate throughout the organisation
- having regular conversations - as well as formal meetings - with immediate reports.

3. Collaborating

Contributing to the strategic business unit as a whole and to the Management Executive:

- co-operating with general managers and head of functions by leaving behind the work that belongs to them and carrying forward their themes of quality, service, practice and development in strategic intent
- creating the atmosphere in which they and all those reporting directly to them can work to best effect
- managing changes in the environment in such a way that change in established systems and practices can be properly managed from level IV
- co-operating with colleagues by sharing strategic information and, for example, paving the way for another business unit to gain access to a nation or region.

The relationship between MDs and the Management Executive is a key determinant of Group effectiveness. It should be characterised by mutual trust and respect in collegiate working:

- distinguishing between times to position the strategic business unit for its benefit, and times to subordinate it to the good of the whole
- always being conscious of the relationship with the corporate parent in dealing with the external world; for example, ensuring that any external initiatives do not impact adversely on the corporate strategy of the parent or on one or more of its constituent business units
- conveying information and recommendations to the Management Executive and/or members of the Board in such a way that it supports them in their reflection and action for the sake of the whole.

Level V: Summary

Theme: Strategic intent: ensuring financial and social direction and viability of enterprise; asking "Where is this business going?", "Why are we in it at all?"

Work: make statement about enterprise as financial entity i.e. in terms completely separate from its operating activities; guide enterprise through all aspects of impact on economic, political, "green" and social environment for up to a decade; modify enterprise to take account of change; see early indications of new opportunities for business and 'presence' of Group; provide external/internal perspective over next seven to ten years.

Capability: weaving - drawing on a sense of the interconnectedness of apparently discreet issues and events to create links, potential links and multi-dimensional cross-linkages.

Responsibilities: represent organisation in the external socio-economic context - to shareholders either through the Board of Corporate Executive, to other stakeholders [customers, suppliers, communities]; represent the organisation to itself through exemplifying 'mission' and sustaining working climate; set overall direction of business targets and objectives; value current technologies and seek new ones; relate divisions and functions of level IV; provide a framework for some projects that may not be complete and ready for evaluation for up to five years - e.g. investment in new plant, or pipelines.

In this role, not responsible for future of Group, viability and coherence of corporate portfolio, acquisitions, divestments and joint ventures. But, as members of a corporate or management executive, often expected to carry that higher level responsibility until level VI emerges as clearly defined level of work adding distinctive value.

Resources: consolidate profits and losses of strategic enterprise; control capital and revenue expenditure, reserves, and limits to virement; monitor and safeguard existing capital assets; ensure development of budgetary structure and financial regulations; base planning on aggregates of operating budgets; measure quality as quantity.

Review: capital and revenue expenditure; costs and integration of all systems; coherence and relevance of change programmes; quality of services/products and profitability.

Links with outside world: through comprehending social and economic environment [including 'green' issues] to evaluate impact on the business unit, its markets and its competitive position, develop and manage significant external relationships and 'make a statement' about the tangible finances and the intangible reputation of the enterprise.

Performance measures: return on resources [capital, human, technological]; market position.

Typical roles: Managing Directors, Chief Executive Officers.

Corporate Citizenship: Level VI

1. The Work

The **theme** is **corporate citizenship**: building strong local, national, regional and world-wide presence within and beyond country of origin through sensitivity and responsiveness to cultural differences.

The **objective**: to comprehend the diverse impacts of economic, social, political, technological and religious contexts to protect strategic business units and alert them to possibilities of evolution over next fifteen years. In the narrowest definition, this can be seen in purely financial terms as enhancing the value of corporate assets.

In short or even medium-term this can be achieved without regard for the relationship between the local and the global - in asset stripping for example. But, in the long-term, the theme and objective can only be realised by blending host culture and institution values and technologies.

Whilst much of the work can have a short-term impact on the viability and vulnerability of the strategic units, it may be as long as fifteen to twenty years before some of the decisions can be fully evaluated or even understood. These are the decisions concerned with positioning the organisation in such a way that it can continue to operate in the social, economic, environmental and political conditions fifteen or more years ahead.

A CEO at this level will achieve this objective by:

- allocating resources and assessing their utilisation
- ensuring that experience and information about business relationships in other cultures and the subtle skills required are shared
- demonstrating in word and deed how the sum may be greater than the parts
- 'holding the faith' for everyone else
- providing a clear picture of corporate culture and an overall understanding of the extended contexts of the company

A staff or specialist person would provide support by:

- scanning and monitoring the world-wide environment [specific i.e. directly relevant to the businesses; general i.e. demographics, developments in biotechnology].
- developing company wide systems for implementing corporate principles and policies
- creating new knowledge/technologies with no immediately envisaged application.

Links with the **outside world**: through comprehension and active management of turbulence of environment - i.e. socio-cultural, political, economic, technological, religious, 'green' contexts - to create clear vision of enterprise within which portfolio of businesses is sustained and developed; the implicit international growth means that a central task will be to develop new businesses and embed them in their host cultures.

Responsibilities: set Group policy; allocate corporate staff to existing business units; judge priorities for corporate investment and divestment; acquire existing businesses on the market; represent the company in the multi-national arena; shape the environment to the advantage of the

strategic business units - for example, by seeking changes in Government policies, in the outlook of financial institutions, the priorities of research institutions; provide frameworks for some projects that cannot be properly evaluated for up to ten years e.g. buy 'options' for the development of future business units through research and development aimed at creating new technologies.

Resources: overseeing profit and loss in a number of strategic business units and assessing their overall value as reflected in corporate balance sheet; assess needs of each strategic business unit for increase or decrease in investment in light of the future of Group.

Performance measures: value of strategic enterprises; options created.

The **vulnerabilities:** the balance between looking outwards to current and emergent world-wide trends and inward to specific national environments of particular businesses; the 'presence' of the company in the world-wide scene; the translation of the 'vision' into the 'missions' of the strategic business units.

The primary **creativity** is for the CEO and Management Executive to work as a true 'collegiums' - a group of equally empowered members; others are: long term strategies for clusters of strategic business units.

2. Making Provision

For most organisations - the exceptions being those few that have been truly global - the connections between levels VI and V have been between a Board and the CEO. The responsibility of Board members was to represent the shareholders and to monitor the financial, social and business contexts. As leader of the strategic business unit, the CEO was responsible for making provision for immediate reports at level IV, and for the unit as a whole. Board members had no such responsibility.

In the face of the current volatile economic, social and political circumstances throughout the world, work that had been the province of a Board, now has to be done by the CEO working closely with the most senior executives of the organisation- usually as members of a Group Executive. The CEO - with their support - now has the responsibility not only for realising the objectives of the level of work - management, but also for making provision for his or her immediate reports at level V, and for the company as a whole - leadership. And this requires an entirely new pattern of connections between levels VI and V one set of connections to make provision for immediate reports so that they can manage and lead effectively, another to lead the strategic business units as elements of the whole.

tasking - ensuring that the work of level V adds value - becomes consultation about the reality of actual and potential responses to opportunities/threats of social, economic, political, religious changes; negotiating and agreeing clear boundaries between individual roles as heads of strategic business units and the roles of the same people as members of the Management Executive; negotiating and agreeing timeframes for very long-term projects that may not bear fruit for seven to ten years.

Trusting - ensuring effective decision-making at level 5: trusting the judgement of MDs about their priorities; encouraging them to build on their sense of the interconnectedness of apparently discrete issues and events to create links, potential links and multi-dimensional cross-linkages within their own units, between their units and the company as a whole, between their units and the outside world.

Tending - ensuring integration, that each part is an instance of the whole: entrusting immediate reports at level V with the overall direction and corporate philosophy so that they can translate them into appropriate policies for their units; giving space to them and helping them to be clear about the boundaries between their roles as MDs and as members of the Management Executive;

The Essence of Levels of Work © Gillian Stamp, June 1993

ensuring that they are neither over nor 'underwhelmed' by the demands of their roles; evaluating the experiences of the strategic business units to glean feedback about emergent changes in corporate culture so that the whole remains dynamic and there is no sense that the culture has been 'handed down from on high'.

Tasking <> Trusting ensures that people at level V have a framework within which they are trusted to use their initiative and judgement. The framework also provides a 'felt-fair' background for accountability and review.

Tasking <> Tending ensures review of: business streams in light of interests of all stakeholders; market sector, overall development and Group policy; contribution of all current services/products; policy on risk-taking; quality and portfolio.

Tending <> Trusting ensures coherence: market sentiment; consistency in diverse settings; each customer/client contact and perception; working conditions, costs, political, economic regimes; mutual learning from diverse experiences; 'distinctive competence' of each strategic unit.

3. Collaborating

The most important aspect is working together as colleagues equally committed to the good of the institution as a whole. This means giving up all attempts to "protect a patch" and subordinating commitment to a single strategic unit to the direction of the whole. This is especially difficult if the level VI work is being done by people who also have individual responsibility for a strategic business unit. It requires discipline in creating agendas for meetings and personal discipline in staying with the agenda in practice and attitude.

It is worth bearing in mind that - at all levels - one aspect of collaborating is "leaving behind" the work of the previous level. If someone is doing one level of work as an MD, and another as member of the Management Executive, it might be worth having some shared symbolism that can signal to himself and others which role he is fulfilling in a given meeting.

Level VI: Summary

Theme: Corporate Citizenship: build strong local, national, regional and world-wide presence within and beyond country of origin through sensitivity and responsiveness to cultural differences.

Work: comprehend the diverse impacts of economic, social, political, technological and religious contexts to protect strategic business units and alert them to possibilities of evolution over next fifteen years.

Capability: revealing - extending curiosity beyond acknowledged areas of actual or potential influence to probe for unexpected sources of interest, opportunity or instability.

Responsibilities: set Group policy; allocate corporate staff to existing business units; judge priorities for corporate investment and divestment; acquire existing businesses on the market; represent the company in the multi-national arena; provide frameworks for some projects that cannot be properly evaluated for up to ten years e.g. buy 'options' for the development of future business units through research and development aimed at creating new technologies.

Resources: overseeing profit and loss in a number of strategic business units and assessing their overall value as reflected in corporate balance sheet; assess needs of each strategic business unit for increase or decrease in investment in light of the future of Group.

Review: business streams in light of interests of all stakeholders; coherence of corporate portfolio - e.g. what businesses and where/ world-wide? Regional/ how organised and managed? joint ventures? Alliances?; how territories are divided; policy on risk-taking; consistency of change and development projects across strategic enterprises in light of Group policy; quality re image.

Links with outside world: through comprehension and active management of turbulence of environment - i.e. socio-cultural, political, economic, technological, religious, 'green' contexts - to create clear vision of enterprise within which portfolio of businesses is sustained and developed; the implicit international growth means that a central task will be to develop new businesses and embed them in their host cultures.

Performance measures: value of strategic enterprises; options created.

Typical roles: Titles vary, American companies tend to use "Executive Vice President", in Britain, and this is work of the Management Executive.