Short-termism, control, quick-fix and bottom line

Toward explaining the Western approach to management

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We are told by experts and futurists that the era of globalization and discontinuity has caught up with inefficient management practices and that management practices of the past will not *deliver the goods* in the present situation. As a result, many managers are now latching on to the latest ideas and concepts in working practices. However, the euphoric celebration of success stories of new ideas in management has already been cautioned. Wood *et al.* (1983) argue that those telling stories about the success of quality circles (QC) for example, are often either managers responsible for the programs or consultants who are selling them. And success may be due to factors that have nothing to do with the program (Wood *et al.*, 1983). Palmer and Saunders (1992) point to the need for careful investigation of the success stories regarding total quality management (TQM). According to them, TQM consultants make extravagant claims that have to be separated from the real outcomes attributable to the program. Similarly, some argue that researchers are reluctant to report unsuccessful experiments in new work design (Warr and Wall, 1975). Disagreement regarding the yardstick for measuring success of a program abounds (Pfeiffer and Jones, 1976; Schaffer and Thomson, 1992). Review of literature, especially those focusing on the limitations of Western style of management, suggests that the issue is probably more to do with the approach managers take to install and operate with new ideas than the limitations of the concepts themselves.

What is wrong with the current approach to management? Why don't novel working arrangements live up to their promise? As answer to these questions, most critics point to managers' obsession with *dollar value* of every effort or initiative (*bottom line*), control of the labour process, concentration on short-term goals (*short-termism*) and hasty adoption of novel ideas in management as the main limitations of the current approach to management. The main

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objective of this paper is to review some of the literature on the criticisms as highlighted above and to analyse the reasons *why* many managers choose to control the labour process and concentrate on bottom line and short-term goals for example. Most importantly perhaps the paper will discuss the practical and theoretical implications of the reasons why managers focus on control of labour process, short-termism and bottom line. The paper is divided into three parts. The first part reviews some literature on the criticisms of current approaches to management. The second part analyses the reasons why Western managers use the current approach. Part three discusses implications for theory and practice.

Before we present our discussion, it is perhaps important at this point to clarify what we mean by *Western managers* and *Western management*. The terms basically refer to managers and management style and approaches mainly in Western Europe and North America. It should be pointed out however, that due to national and cultural factors there are still variations in managerial behaviour across these countries. For example, managerial behaviour in Scandinavia varies from behaviour of managers in Latin Europe (Hickson and Pugh, 1995).

Part 1: Common criticisms of Western managers' approach to management

Obsession with money angle

To many critics, one of the main shortcomings of the current approach to management is the concentration on *bottom line* by many managers (Lumley, 1989; Voos, 1987). Anthony (1978) observed that the adoption of novel working arrangements such as participative management has been hindered by the perception that it will not contribute to profit maximization. It has been argued that the famous autonomous work groups of the past resulted in a significant curtailment of worker autonomy, much to the pursuit of economic considerations (Blunt and Jones, 1992). Emery and Thorsrud (1975) point out that autonomous work groups were considered as feasible by some organizations so long as they were able to enhance efficiency. And that in many cases, economic considerations were given the highest regard (Blunt and Jones, 1992). Similarly, experts argue that in many cases managers become preoccupied with weighing the cost of implementation of new ideas and their likely yield ignoring the possibility that the outcomes of some novel ideas cannot be easily measured (Curtain, 1992; Duncan, 1988; Kilmann, 1989; Wilkinson, 1988; Wilson, 1922). For example, in a study of workplace restructuring in Australia, Curtain (1992) reports that a company was put into considerable difficulty when attempting to establish "hard figures" emanating from workplace reform.

Emphasis on short-term goals

Closely related to *bottom line* is the issue of *short-termism*. This refers to the extent to which managers' decisions and actions are primarily concerned with short-term benefits as against long-term gains. Critics argue that some managers have a myopic view of business environment. For example, a study revealed that many managers do not think beyond 12 months (Hickson *et al.*, 1986, cited in Wilson, 1992). The corporate collapse of the 1980s has been traced to short-termism and greed of top management and entrepreneurs. Short-termism is also to be blamed for the development of *quick-fixes* in solving organizational problems (Lundberg, 1991).

Emphasis on control

Despite the growing adoption of "improved working practices", commentators (especially academics) criticize managers for exercising too much control over the process of managing their employees. Indeed, it has been argued that the major means by which managerial control is extended is through new working practices (Flanders, 1970; Rainbird, 1988) and that the adoption of new concepts in management is an attempt to control the labour process. For example, Wilson (1992) notes that decentralization, empowerment and team working can be seen as fads and fashion at best; at worst they are calculated attempts to wield and maintain managerial hegemony. Wilson echoed Barlow's (1989) view that many human resource management (HRM) strategies for change are little more than symbolic affairs in which the dominant power group tries to maintain the status quo. Sewell and Wilkinson (1992) also provide some evidence to support the argument that, despite the growing burgeoning of HRM approaches centering on trust and mutual dependency, such utterances are rhetoric rather than reality. The authors note:

> In our own research exploring the role played by information systems in supporting new manufacturing and management techniques like "just-in-time" and "total quality management" we have been struck by the intensive level of personal surveillance directed at individual members of the work-force which appears to accompany the necessary organizational changes needed to underpin such developments (p. 98).

Similarly, Sewell and Wilkinson (1992) observe that, despite the rhetoric of responsibility and common objectives, managers have been reluctant to rely on the goodwill of their workforce. Instead, they deem it necessary to develop a disciplinary method based on surveillance, which is used to distinguish both positive and negative deviations. On the management of labour under a just-in-time (JIT) regime, Delbridge and Turnbull (1992) reported that managers unnecessarily focus on compliance and blame, thus producing a despotic working environment. Delbridge and Turnbull write:

> Conformity with the goals of the organization takes precedence over any form of worker emancipation or industrial democracy (management through compliance). Apparently, high trust employment relations are contradicted by tight surveillance, strict discipline and quality control procedures which seeks to identify (and publicly humiliate) the "guilty" worker (management through blame) and the extreme standardization of jobs, with no individual variation, belies any notion of empowerment or multi-skilling as work is continually intensified (management by stress) (p. 57).

On TQM, Dawson and Palmer (1992, p. 17) observe that whilst TQM provides a certain degree of employee involvement, it is only limited to operational issues. Issues which are significantly commercial in nature. Most significantly perhaps:

> TQM allows participation through methods that do not provide for pluralist representation of competing interests. There is no system of group representation or election to represent different voices in the process. Instead, there is the assumption of an underlying common interest in the outcome. With this "unitary" as opposed to "pluralist" assumption in the participative process, there is no formal allocation of sanctions to back the participation of different groups.

A recent survey of Australian workforce attitudes indicates a positive change in attitudes (James, 1992). Despite these changes, however, there is no evidence that employees are more involved in decisions that affect them. James (1992, p. 68) makes the point that the average worker in the survey is traumatised and hence ready to change. In spite of that:

> It is not being converted into more people being involved or less people being managed autocratically. They have been flattening the structures and introducing initiatives for quality and discussion and communications. But is it giving people a real sense of devolved accountability and answerability? The evidence says not.

Similarly, despite the burgeoning of empowerment programs across the USA, a survey of 10,000 American workers revealed that the overwhelming majority desire to have more control and autonomy in their work in order to be productive, creative and innovative (Hall, 1994).

Obsession with adopting new ideas

Obsession with adopting new concepts in management as well as hasty abandonment of "half tried" ideas have been some of the major criticisms of modern managers. Huczynki (1993b) argues that, of the thousands of management ideas over the last century, only a handful have survived to secure a popular status. Critics also made the point that the rise and fall of new ideas is not necessarily a good thing given that many (if not most) of these novel ideas do not live up to their promise. Nohria and Berkley (1994, p. 129) noted:

> For some businesses, the ideas worked. They enabled companies to stem decline and challenge their foreign competitors. But in the majority of cases, research shows, the management fads of the last 15 years rarely produced the promised results.

In fact, it has been widely reported that novel ideas such as TQM and re-engineering have about 70 percent failure rate (Grint, 1994; Rothschild, 1992; Stanton *et al.*, 1993). To Wilson (1992), far from being a *leitmotiv* within a wider frame of reference, change has become, for some managers, the *opus* itself. It is perceived as the master key to success and competitive advantage. Wilson (1992, p. 5) argues that the current obsession with change seem to imply "one best way" to manage.

> All seem agreed on the one best way to organize. Yet how can we be so certain? The relative paucity of empirical evidence available to us (especially that which examines the in-depth

processes of strategic change) does not warrant such uniformity, nor the striking levels of normativism which has emerged over the last decade or so.

He further reminds us that:

> ...Taylorism was an equally potent management recipe, embraced by passionate devotees, but was ultimately to prove troublesome to organizations, which experience increasingly severe labour problems.

According to Pascale (1984, p. 64):

> No survey of American enterprise over the past two decades could fail to notice the succession of structural fads that have come and gone, each promoting itself as the optimum solution. There was functional organization, then decentralization of the fifties and sixties, followed by the matrixed format of the late sixties and seventies – organizational equivalents of a face-lift – and often just as cosmetic. These solutions almost always failed to live up to expectations. The boxes changed but most of everything else stayed the same.

It can be argued that this assertion, to a certain degree, is as valid today as when it was made. Pascale (1984, p. 64) further observed:

> Reorganization is like open heart surgery – sometimes it is necessary. But if a patient can contain a heart ailment through adequate rest, regular exercise, and by not smoking, it is preferable not to take the risks of the operating table. Organizations would do well to use other mechanisms to get their existing structure to work whenever possible – rather than resorting too quickly to a structural remedy.

Also, it has been argued that some managers actually do not wish to adopt the latest ideas but are rather "forced" to do so by senior managers or consultants who claim to have solutions to their problems (Bloomfield, 1995; Huczynski, 1993a,b; Watson, 1994). For example, Watson (1994, p. 894) quoted a conversation between two managers which indicates that they were "sick" and frustrated with management "gimmicks". In the words of one manager, "Do we have to have all these fancy guru ideas? Do we have to wrap up common sense with buzz-words. We keep launching these big cure-all efforts, and when they don't work we move onto another" (Watson, 1994, p. 894). Perhaps it is important to conclude this section by quoting Nohria and Berkley's advice to managers who may be thinking about introducing a novel management practice (1994, p. 129). The authors make the point:

> Instead of subscribing impulsively to fads, they must pick and choose carefully the managerial ideas that promise to be useful. And they must adapt those ideas rigorously to the context of their companies. Managers will often profit most by resisting new ideas entirely and making do with the materials at hand.

Part 2: Towards explaining managers' current approach

While the above criticisms can be considered as valid, up to a certain point, they can be considered also as half-truth given that the factors that influence managers to focus on short-termism, control and bottom line have not been adequately integrated into the criticisms, nor do the prescriptions offered by some experts sufficiently address the circumstances in which managers operate. In order to criticize managers objectively for their focus on bottom line, control and short-termism, it would seem appropriate to begin by asking questions such as:

- Why do some managers take the current approach?
- Would they have acted differently if the situation changed?
- What is the main motivation for adopting novel ideas in management?
- To what extent is the managers' current approach influenced by factors beyond their control?
- To what degree do *personal psychological needs*, such as the desire to dominate others, play a part in managers' approach to management?
- Is managers' approach primarily guided by a rational and professional attempt to get things done?

The following sections attempt to throw more light on these questions.

In defence of managerial control and short-termism

Organizational power and influence. As indicated in the previous sections, it appears fashionable to criticize Western managers' approach to management. Emphasis on control and short-term goals has attracted the attention of many critics. However, close scrutiny would suggest that managers, like their subordinates, are also controlled by the organization they serve. The notion of control is inherent to the nature of organizations because, as Thompson and McHugh (1990, p. 15) pointed out, despite *self-activity* of their members, organizations do have economic and political power over individuals that comprise them.

Therefore, if one agrees with the argument that organizations have political and economic power over their members (i.e. including managers), it would seem easier to accept the plausibility that managerial actions are significantly influenced by the organization as an employer. In other words, managers' actions are influenced by the power of the organization as opposed to the implied inherent desire to control the labour process or focus on short-term goals. How would managers act in the absence of organizational influence, one might ask? In the absence of organizational power and influence, managerial actions are likely to be influenced by their personal disposition which is more amenable to objective assessment and criticism than the influence of organization and market forces. In other words, it is much more difficult to criticize managers objectively when they are operating in circumstances beyond their control.

> *Proposition:* the degree of control and focus on short-term goals exercised by managers would be relative to organizational power and influence over them. Other things being equal, the more stringent the organizational control systems *vis-à-vis* managerial behaviour, the more control would be exercised over employees.

Environmental uncertainties and organizational objectives. Salaman (1981) describes organizations as structures of control. That is, it is necessary to have control over uncertainty and monitor objectives. The idea of control as a means of managing uncertainty and stability rather than control as an end in itself strikes accord with the argument that managers would apply control only if they are uncertain of their subordinates' ability to carry out the tasks assigned to them, or the consequences of mistakes will be too high for the organization and its members to bear. It is worth noting that the control managers may have over their subordinates may not be planned. For example, Fuller and Smith (1991) provide evidence on how customer feedback mechanisms inadvertently increased management control by providing new sources of centralised information on individual worker performance.

> *Proposition:* other things being equal, the more uncertain the business environment, the more control managers would exercise over employees.

Related to the idea of controlling uncertainties is the notion of goal achievement in organizational sense. We are told that organizations are made up of systems and structures to control members' behaviour in order to achieve specific goals otherwise members will pursue their own goals (Etzioni, 1961; Kerr, 1995). For example, organizational objective such as profit is largely achieved through division of labour and control systems (Thompson and McHugh, 1990). To achieve organizational objectives, rules, regulation, structures and norms/culture are instituted which remain resilient to any parallel structure (e.g quality circle) that might be installed in the future. Perhaps this partly explains the findings which suggest that despite novel management practices adopted by many organizations the issue of control and bottom line remain central to managing the labour force (Dawson and Palmer, 1992; Delbridge and Turnbull, 1992). Thus, managers' action will be influenced by the key objective of modern business i.e. efficiency. They operate within the structures and systems in order to achieve the goals they are hired to achieve. If they have the power and authority to install new structures or remove them, they have to do that within the context of achieving the central objectives. Indeed, certain categories of managers may not have the authority or power to alter organizational structure and systems at all.

> *Proposition:* organizational objectives will influence the degree of control exercised by managers. Other things being equal, the closer the objective is to organizational survival, the more control managers would like to exercise.

Competition. Evidence shows that competition and financial pressures have led managers in the direction of short-term reactive policies (Loveridge, 1982). The influence of market forces clearly demonstrates how managers are influenced by the nature of modern organizations as well as by its interaction with the environment. As will be demonstrated shortly, the focus on financial targets by many managers usually emanates from shareholder pressure. For instance, Whittington *et al.* (1994, p. 839) observe: “Senior managers did indeed find that survival in the marketplace was a ‘super motivator’, while financial decentralization translated market pressures down the organization. The increased productivity and standardization demanded by competitive markets threatened to deskill employees, while transforming them into the obedient executioners of the customer's will."

Proposition: the more fierce the competition, the more likely that managers would focus on short term financial and employees' performance.

Organizations as rational institutions. To understand why managers lay emphasis on bottom line it is also necessary to understand organizations as rational institutions (Fischer and Siriani, 1984). According to Thompson and McHugh (1990) the emphasis of mainstream perspective on the nature of organizations is on rationally designed structures and practices resting on processes of calculated planning which will maximise organizational effectiveness. As the authors rightly argued, this perspective inevitably focuses an organization on the notion of efficiency.

Critics have argued that scientific management has ushered in an ideological imperative for control in the form of separation of planning from the execution of work. This has brought about a mental revolution in all categories of employees (Thompson and McHugh, 1990) which persists despite multi-skilling, delayering and participative management. Indeed, in many (if not most) organizations today employees and managers are *programmed* by their job descriptions to think and behave in a particular way. Managers by definition and job description are expected to plan, control and co-ordinate, while workers by definition and job description are expected to do *what they are told*. It therefore follows that all categories of employees will find it difficult to resist this *programming of the mind*. In fact, it has been argued that some workers expect and desire to be controlled (Lawler, 1976). Consequently, managerial action may be a reaction to what they think their subordinates tolerate or expect. With empirical evidence to support their point, some writers (e.g. Buchanan, 1986; Harris, 1987) argue that workers basically accept managerial authority, give commitment and effort willingly, and have convergent interests with management, thus negating any preoccupation with control. In a recent study of market driven change in professional services, Whittington *et al*. (1994) found that market-driven change was achieved through negotiation and consensus rather than coercion as was found in other studies (e.g. Lucio and Weston, 1992; Price, 1988; Rainbird, 1988). In other words, some managers may be prepared to give autonomy to their subordinates if they feel their subordinates expect or demand to be "left alone" to get on with the job. Reporting a study of market driven change, Whittington *et al*. (1994, p. 840) write: "as an NRO engineer put it, 'nobody is putting blinkers on you. Provided you satisfy the client and do it within budget, you can do it your way'. Middle management especially would turn a blind eye to private interests which might keep staff motivated or which might possibly provide useful spin-offs long-term." It can be argued that, although the majority of employees might not be predisposed to accept control as a desirable thing, they can get used to it through their job description to the point they will become indifferent or sometimes desire it. The failure for some participative management programs to *deliver the goods* is partly because workers have got used to directive management.

Proposition: other things being equal, an organization's design and operation can condition its members to exercise or accept control.

Influence of shareholders, fund managers and stock market. To adequately explain managerial attitudes and behaviour in the West, one cannot ignore the role of shareholders, fund managers and the stock market. Given the nature of business organizations, managers are expected to develop a corporate mission that focuses on increasing shareholder wealth which necessarily leads to extreme focus on the bottom line. In fact, executive reward nowadays is closely tied to the bottom line. A study found that US managers place heavy emphasis on financial criteria while Korean managers focus more on current market position and capabilities (Chung and Lee, 1989). The main reason for this variation in focus between the two countries is that US firms are financed largely through the capital market, whereas Korean firms are often financed through government guided bank loans. Chung and Lee (1989) argue that US managers often feel pressured to meet stockholder demands for higher dividends hence the focus on financial criterion. Indeed, Hitt *et al.* (1995) found that long-term goals are the main criterion used by Korean managers when making strategic acquisition while US firms are more likely to use financial criteria such as return on investment (ROI) and cash flow.

Comparing Japanese and Western corporations, some observers noted that corporate goals of Japanese organizations are quite different from those in the West (Redding *et al.*, 1994). Sethi *et al.* (1984) made the point that in Western corporate culture, maximising the bottom line is seen as the superordinate goal. This contrasts with Japanese shareholder interest which is not focused on profit and dividends but market share. Abegglen and Stalk (1985) argue that because of Japanese tax laws, shareholders benefit more if their company grows than if it pays dividends. Haitani (1976) also made the point that the primary goal of Japanese corporate management is to maintain a high and rising volume of sales, increased market share, increased prosperity for employees and continued employment for workers. Hence, unlike their Western counterparts, Japanese managers are not closely controlled or significantly influenced by the owners of the business. This allows Japanese managers to take decisions based on long-term benefit, whereas control and significant influence of owners over managers in the West ensures obsession with short-termism, bottom line and control.

Commenting on managerial autonomy in Japanese companies, Chen (1995, p. 181) writes: "...One major advantage that Japanese executives have over their American counterparts in managing their companies lies in their relationship with shareholders. The Japanese corporate system is competitive because its managers can devote themselves to compete with other companies both home and abroad, without having to worry too much about satisfying the parasitic interests of shareholders." It is worth pointing out, however, that, even before the recent financial crisis in Japan, South Korea and other ASEAN countries, Japanese companies had began to focus more on profit margin rather than on market share alone. In fact, many Japanese companies are beginning to re-examine their life-time employment policy. While we are not making a case for *convergence* here, it seems to us that, given the current economic crisis in Asia, management practices in that region are set to change. Conversely, many American companies (e.g. Burger King, Pepsi-Cola) have long considered market share as one of their strategic objectives albeit not to the same degree as profitability. Indeed, American automobile companies have been fighting domestic battles with their Japanese counterparts in order to regain or maintain market share. Having said that, the focus on market share by Japanese and American firms is at variance especially when judged against their marketing and pricing strategies.

> *Proposition:* the form of ownership will influence the extent to which managers focus on control, short term goals and bottom line.

Time orientation and organizational time. The way managers perceive time coupled with organizational time is relevant to the issue of short-termism. In a recent publication, Thoms and Greenberger (1995) conceptualised four dimensions of time which they argue can affect leadership effectiveness. The dimensions are;

(1) timeline orientation;

(2) future time perspective;

(3) time span; and

(4) time conception.

In this paper we are only concerned with the first three dimensions. Timeline orientation is the tendency for people to visualize themselves either in the past, present or future. It can be argued that short-termism is caused by managers visualizing themselves in the present rather than in the future. In other words, we posit that managers who view themselves as living in the future are less likely to be victims of short-termism. More than three decades ago, Kluckhohn and Strodbeck (1961) provided evidence to suggest that people's temporal orientation tends to vary with their cultural background. Adler (1997) also argues that organizations with *present* time orientation tend to focus on bottom line and quarterly reports.

Future time perspective is "the extent to which the future drives current behaviour. The higher the future time-perspective, the farther into the future the individual is thinking, planning, and directing behavior" (Thoms and Greenberger, 1995, p. 278). Thus, short-termism may be caused by short *future time perspective*. In other words, it is the inability to have long future time perspective that can cause the tendency to focus almost exclusively on short-term goals. In a subsequent study following seminal research on cultural consequences of work related values, Hofstede and Bond (1988) found that the

Chinese are future oriented in their temporal frame of reference. This implies that they are likely to focus more on the future in their business activities. It should be pointed out, however, that long-term planning is not a salient feature of the Hong Kong business community unlike their counterparts in Singapore for example.

Time span is the amount or block of time a person is capable of conceptualizing (Thoms and Greenberger, 1995). The authors cited Jacques (1986) suggesting that some people are capable of cognitively dealing with time spans of only months and others can handle many years. It can be argued therefore, that short-termism can be influenced by the tendency to conceptualize time in large or small blocks of *future time*. For example, Jacques (1986) argues that senior managers who focus on the short term have the longest time span capacity.

Writing about the nature of time in organizational setting, Buttler (1995) distinguished *clock time* from *experienced time*. According to the author, experienced time is more relevant in explaining time in organizations that are not bureaucratic and/or influenced significantly by factors beyond the control of their managers. He used *strategic time* rather than *clock time* to describe the time controlling managers operating in a complex and dynamic environment. Thus, time is viewed as dependent upon the actions of other people whose views of possible futures are not congruent with managers' and who have the power to affect managers' futures (Buttler, 1995). Explaining the effect of strategic time Buttler (1995, p. 934) observed: "Because of the uncertain nature of the future in strategic time, memories and planning horizons tend to be short relative to those of clock time ... Because the future depends upon the moves made by others, detailed planning is pointless, but players may still think probabilistically."

Many writers appear to concur with Buttler's view. For example, Thompson and McHugh (1990) argue that the image of managers as rational thinkers is a myth. They further argue that: "management practices are said to be opportunistic, habitual, tactical, reactive, frantic, *ad hoc*, brief fragmented and concerned with fixing (p. 137)". This arises primarily because the manager has to adapt to contradictory pressures, not least of which are time and energy. As a result, routines are shaped by short-term spans.

> *Proposition:* other things being equal, managers' conception of time will influence the extent to which they focus on short-term or long-term goals. Similarly, the business environment would impact on their ability and willingness to focus on long term objectives.

Management fad and fashion

Rational and personal choice. Why do managers latch on to latest ideas on management? Rogers (1983) observed that the diffusion of new ideas in management is predominantly based on the notion of rational choice guided by efficiency objectives. For example, commentators have observed that the adoption of new ideas is an attempt by managers who are under immense pressure to show that they are responding to a fiercely competitive environment, economic recession and customer sophistication (Grayson and O'Dell, 1988; Kanter, 1985; Newstrom, 1985). The emergence of new managerial ideas is viewed as a signal for the rejuvenation of business. By installing new work systems such as TQM and self-managed teams, some managers think they are demonstrating decisive leadership (Nohria and Berkley, 1994). Contrary to this assumption, Nohria and Berkley (1994) argue that the adoption of management fads is tantamount to the abdication of responsibility to a burgeoning industry of management professionals. However, it should be pointed out that not all decisions are guided by organizational objectives. For example, adoption of new ideas is also viewed by managers as a career enhancer (Huczynski, 1993a, b; Thackray, 1986; Watson, 1994). As Huczynski (1993a, p. 451) pointed out "Any technique will be introduced into an organization by a 'champion' who promotes its adoption. The effect of this is that the visibility of the person doing the championing is increased within the company. Moreover, this demonstrates to others that this individual is both creative and actively seeking improvements."

Lack of adequate knowledge and know-how has been identified as a reason why managers are sometimes in a haste to embrace change (Heller, 1986). Nohria and Berkley (1994) are of the view that many managers latch on to the latest panaceas because they are mistrustful of their own judgement. Huczynski (1993a, p. 452) noted: "management from such technical specialties as engineering, law or finance, have little managerial know-how. Most don't have the time, interests or awareness needed to learn their new craft, but they are anxious to produce immediately. What they are looking for, although they may profess to know better, are quick-fix solutions to dynamic complex problems."

> *Proposition:* rational (e.g competitive pressure, lack of knowledge) and personal (e.g. career objectives) reasons would influence managers to latch on to new ideas in management. For example, the more fierce the competitive pressure, the more likely that managers will look for new ideas to beat the competition. Similarly, the stronger the desire to enhance their career, the more likely that managers will look for ideas to impress others who matter.

Influence of national culture. It is now widely recognized that culture plays a significant role in determining the process and outcome of human interaction. National culture can influence managers' willingness to adopt new ideas. One of the dimensions of culture as identified by Hofstede's (1991) seminal work which is likely to influence managers to embrace change is *uncertainty avoidance*. Uncertainty avoidance is "the extent to which members of a culture feel threatened by an uncertain or unknown situation" (Hofstede , 1991, p. 113). This dimension of culture can influence managers to view change (novel idea) either as virtuous or undesirable and threatening.

For example, uncertainty avoidance has been nominated as the reason why Japanese corporations spend extraordinary effort on marketing research and product quality (Chen, 1995; Jain and Tucker, 1995). In fact Jain and Tucker (1995) found that, because of uncertainty avoidance, Japanese firms expend more resources on product quality and market research during globalization than North American firms. Fear of uncertainty forces Japanese firms to explore all possible avenues for success and causes of failure. The consensual decision making/participative management can also be attributed to Japanese *uncertainty avoidance* as well as *collectivism*. Fear of uncertainty ensures that Japanese firms try to involve everybody in decision making. In other words, Western managers do not spend as much effort as their Japanese counterparts on marketing research and product quality, nor practice consensual decision making because they are, to a certain degree, prepared to take the risk of failure from their actions. They are willing to take the risk of ignoring potential ideas from their subordinates.

Proposition: managers from low uncertainty avoidance culture (e.g. USA) would be likely to adopt new ideas in management more frequently than managers from high uncertainty avoidance culture (e.g. Japan).

Part 3: Implications for theory and practice

As we have argued earlier, the paper accepts the possibility that these criticisms of managerial practices and approaches might not be entirely valid due to reasons identified in Part 2. In this section we attempt to ask questions that might guide future effort on how to address the constraints facing Western managers today.

Implications for critics:

- *How can we integrate the reasons why managers use a particular approach into our criticisms?* Although constructive criticisms have the potential to improve our understanding of management, criticisms made in isolation from the reasons why certain things happen may not be helpful. Indeed it can be harmful if it leads to the prescription of "quick-fix" solutions. The challenge therefore is to integrate into our criticisms the reality within which managers operate.
- *How can we allocate blame proportionately among managers, shareholder/fund managers and management gurus?* Arguably, the shortcomings of the current management practices can be attributed to our business schools, management *gurus*, consultants and managers themselves. It would seem necessary that we allocate blame proportionately when we make our criticisms. Otherwise, some people would have a false impression of their contribution to the field.
- *How can we use these constraints to improve on the current theory of modern business organizations?* Criticisms can be useful not only in improving the current practice, but also in developing a viable theory or framework that can help in enhancing our understanding of modern business organizations. Criticisms can be used to improve the current theory of how managers behave and how business organizations are run.
- *What are the alternatives to a current approach given the constraints on managers?* To be helpful, criticisms should provide theorists and practitioners with possible alternatives. For example, managers may wish to know how they can focus on the future without jeopardising the present.

Implications for managers:

- *Are managers aware of the criticisms often levelled against them?* It seems reasonable to argue that if managers are aware of what critics have to say about their approach to management they will do something about it. How they react would and should perhaps depend on the nature of the criticisms. Thus, constructive criticism coupled with viable solutions will be necessary if managers are to change their approach to management.
- *Do managers consciously appreciate the factors impinging on their actions?* It is probably important to know the factors impinging on their behaviour because it will enable them to attempt to manipulate such factors to their own advantage. Appreciation of these factors can also help them to appreciate others' criticisms.
- *Where decisions are influenced by personal psychological needs (e.g. desire to control others), do managers think that there are ways they can satisfy these "needs" without necessarily violating the principle of objectivity?* It would seem plausible that some managers can still achieve their personal goals by changing their approach. For example, managers can consider the possibility that, by delegating responsibility they can still get some satisfaction just as if they carry out the tasks themselves.
- *How can senior managers help their subordinates (middle managers) to change their approach by removing or reducing some of the constraints?* As discussed earlier, sometimes certain practices can be forced on managers by their superiors. When appropriate, perhaps senior managers should help junior managers to limit the negative influence of constraints on their behaviour.
- *Do managers believe they can and should find ways to convince shareholders and fund managers regarding the benefit of long-term goals?* Obviously, this is a difficult question to answer. However, where managers have the power to influence fund managers and shareholders, it would seem appropriate for them to do so.

Implications for management education:

- *Given the impediments that stand in their way, how should managers be trained?* Perhaps one of the advantages of identifying constraints faced by managers is that it can be used to develop a training program that enables them to handle these constraints appropriately. Here, the challenge is achieving a balance between teaching the reality and the ideal. In other words, how can we develop training programs that address both the reality and the ideal?
- *What needs to be emphasized in training – the criticisms or constraints or both?* Again, achieving a balance between criticisms and constraints is also important. It is easy to concentrate on what we believe are the

limitations of managers. Similarly, one can easily justify current shortcomings of managerial practices. However, it is necessary to achieve a balance between constraints and criticisms when training managers.

- *What skills would managers need to address the specific constraints discussed in the paper?* If one agrees that the constraints on managers identified in this paper are valid and significant, then it is necessary to identify essential skills that will enable managers to deal with the constraints. For example, how to change the time orientation of managers to focus not only on the present but far into the future will be a challenge some trainers may consider worth paying attention to.
- *How do we promote long-termism in managers* vis-à-vis *the stumbling blocks alluded to?* If perception of time is influenced by culture, it would seem changing managers to view time differently is almost an impossible task, or is it? Anyway, the task of training managers to develop cognitive skills to deal with time is not an easy one; nevertheless it is a task worth pursuing due to its potential benefits.

Implications for research

Empirical research is needed to investigate the issues highlighted in this paper. For example, we need to know the following:

- The extent to which personal preference influences managerial behaviour.
- How personal preference interacts with other variables such as organizational objectives and structure to influence managerial behaviour.
- How culture affects managers' preference for control, short-term goals, adoption of novel ideas and focus on bottom line.
- How managers can convince investors (shareholders/fund managers) regarding the benefits of long-term goals.
- The appropriate model of enterprise ownership that can be suitable for long-term goals and participative management.
- The essential skills that can help managers to address the constraints identified in the paper.
- How to link the benefits of change in management style with the objectives of satisfying shareholders.
- The theoretical underpinning for changing old habits.
- How to change the ingrained habits of managers.

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