

Self managing management of the self managing organization: an update

Merrelyn Emery

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In 1989 and 1990 Fred Emery wrote two papers titled respectively *The management of self-managing groups* and *Management by objectives*. They documented the learning about how to manage self management from his vast experience over decades. That period incorporated the experimental phase which finished in Norway with the declaration of the success of the Industrial Democracy Program (Emery & Thorsrud, 1976) and the early years of rapid learning about how to produce self management through Participative Design Workshops (PDWs), the method he designed for diffusion of the constructs of the design principles and their effects.

Both were at the time of writing important and timely reflections on the state of the art of democratizing organizations. Some whole organizations had been democratized but many had not, they were only partial. Fred's papers reflected this mix of experiences. So like most documents in this field, their half life was finite as knowledge in this field does not stand still.

We continue to learn more about the process of democratization and new horizons have opened up with the expansion of that knowledge. While the major contours of the process were well established and have not changed, we have for example long abandoned the ideas of experiments, of dealing with small sections or particular groups within organizations and of informal participative democratic arrangements. These were extremely useful while we were learning about the design principles and then the vehicle of the Participative Design Workshop (PDW) but it became evident that none of the options of partial democratization, experiments or pilots were stable nor sustainable.

Since then we have learnt how to create adaptable and, therefore, sustainable structures which benefit people and organizational performance alike. Today we deal with the:

- whole organization in its various environments to achieve active adaptation (Emery M, 1999) and hence sustainability
- to change the formal legal structure from bottom to top because the design principles don't mix (which is why the management of the self managing organization must itself be self managing)
- with all the implications of that for various processes within the organization such as goal setting and pay systems.

This shift in emphasis to the whole modern organization in environment has rendered some of Fred's earlier observations in need of an update and in this article we preserve those main contours and lessons that have survived the test of time while updating those that have fallen by the wayside.

We also distinguish between the process of introducing self management and its later routine operation. In the design phase, that is when the DP2 structure is being redesigned from its DP1 state, everyone in the organization still has the labels appropriate to a DP1 structure. When the design is complete and the organization has implemented it, the old

labels such as Management are inappropriate as everybody now self manages as a member of a self managing group in a self managing organization.

Finally, this paper does not stand on its own. It presumes extensive knowledge of the history of democratization and its theoretical base, as well as the PDW and the effects of changing the genotypical design principle. Many of the requisite papers will be found on this website (www.socialsciencethatactuallyworks.com). Others are referenced.

Recapping the design principles and self management

There are two only genotypical design principles:

- the first (DP1), called redundancy of parts yields a hierarchy of personal dominance where those above have the right and responsibility to tell those below what to do and how to do it, and
- the second (DP2), called redundancy of function yields a structure composed entirely of self managing groups, (Emery F, 1967; Emery & Emery, 1974).
- There is a third option which is the absence of a design principle, the absence of structural relations between individuals. It is known as laissez-faire and accurately reflects the modern saying ‘everybody does their own thing’. In its pure form, there is no management because there is nothing to manage. In its approximate form today where the DP1 controls have been loosened, confusion can reign (deGuerre & Emery M, 2008).

In structures based on DP1, responsibility for coordination and control is located at least one level above where the activity is being performed. In structures based on DP2, responsibility for coordination and control is located where the activity is being performed. In other words, the change in design principle entails a shift in the location of responsibility for coordination and control from ‘*above*’ to ‘*with*’. That shift acknowledges that all people are open purposeful systems (Ackoff & Emery, 1972), social creatures that want to learn, take responsibility for their own futures and cooperate with others to bring those futures into being.

By a ‘self managing organization’, therefore, we mean a whole organization in which responsibility for coordination and control is always located with the group of people performing a whole task regardless of the nature of that task or the level of the task in a hierarchy of functions (see below). That is, self management is the result of the second design principle operating as the legal principle throughout the organization.

The very notion of an organization as distinct from a collection of self managing groups (SMGs) implies that *there is management to be done*, of the whole, the organization, not just the parts, the groups, and their interrelations and interdependencies within their environments. However, there are *three major consequences for the previous ‘management’* of the shift of responsibility for coordination and control:

1 it “radically changes the content of the ‘management task’ and the *amount* of ‘managing’ that is required”

2 “the relations between a manager and an SMG cannot be properly described as being a superordinate-subordinate relation”, and

3 “the tasks of ‘management’ cannot be effectively conducted in superordinate-subordinate relations between managers” (Emery F, 1989, p156). The

implication of points 2 and 3 is that every person in a self managing organization is a peer, equal in status.

We discuss these points in more detail below but to conclude this introduction it is clear that by self management we specifically do *not* mean any of the so called ‘self managing teams’ that are merely sections of the bureaucratic or hierarchical structure with a name change from supervisor to trainer, leader or coach, ironically known as TLC (Emery M, 1992).

That approach goes by several names such as change management and all variations are the offspring of the Human Relations School of thought which track back to Elton Mayo and the Hawthorne experiments. They constitute a serious intellectual barrier to making progress with democratization as well as continuing to exacerbate national problems such as turnover and absenteeism (Emery M, 2010).

This continued attempt to pursue a cosmetic change of name rather than actually make the change which has been shown to produce positive outcomes is scientifically disreputable. It does not change the first design principle nor the negative dynamics and mental health problems that that principle produces (deGuerre et al, 2008). It is a con job.

Two stage model

Most democratization processes today employ what is known as the two stage model (Emery M, 1999), so called because it involves two quite separate and distinct processes to provide a complete and reliable path to active adaptation. Each of the stages produces sets of goals which are different in kind.

The *first stage* involves the organization in scanning the extended social field and/or task environments in which the organization is embedded. This first step should be a full scale Search Conference or a Unique Design based around environmental scanning. It may involve all employees in a cascading series of activities or at least its upper echelons to establish the set of strategic goals that will draw the organization towards active adaptation. Therefore, the first stage establishes an adaptive relationship between the system and the environment, identifying the system principle, by answering the question ‘what should we look like in year X?’

That answer consists of a set of strategic or corporate goals which through the process of action planning becomes a detailed set of measurable sub-goals nested in time which acts as a measure of progress across the planning horizon. We discuss this in more detail below.

The *second stage* consists of the Participative Design Workshops (PDWs) in which staff redesign their sections of the structure from one built on DP1 to one built on DP2 (Emery & Emery, 1974). This shifts responsibility for coordination and control from a level above where the activity is being performed to the people actually performing the whole activity, for example from the supervisor (S1) to the frontline workers functioning as a self managing group. This shift is repeated throughout the whole hierarchy. In other words, the group is now responsible for managing all the various parts of its activity and their interdependencies, its members and meeting its set of goals.

In the PDW staff learn about the design principles and their effects, the set of six psychological requirements for productive work which function as the intrinsic motivators, analyze the current structure using these criteria plus skills and knowledge held, redesign the

structure as above and then consider the practicalities that must be in place for the new design to work well in practice.

The first of those practicalities is the comprehensive set of measurable goals that controls the work of every group. That set of goals replaces the control that was previously exercised by S1. At every level of the hierarchy of functions that results from redesign across the whole organization (see below), every group at every level will have a set of goals pertaining directly to the work of the group.

This second stage establishes an adaptive relationship within the system itself by changing the design principle from DP1 to DP2, thereby establishing the conditions for purposeful behavior and the possible elicitation of ideals (Emery F, 1977). As it comes after the planning stage, the PDW answers the question ‘how do we organize ourselves to ensure we meet those goals?’

It is only after both relationships become adaptive as above that the organization can be considered to be in an active adaptive state with a high probability of a sustainable productive future. The critical point here is that adapting to change is a necessary but insufficient conceptualization and practice as change in the extended social field is constant and continues to be unpredictable. What is required is *changing to be adaptive*. To achieve this, the change of design principle becomes inescapable.

Hierarchy of functions

After a series of PDWs starting with the bottom few levels of existing hierarchy and finishing with the ‘management workshop’ in which the top levels integrate the previous designs and then redesign their structure to fit the remaining work, there will in most cases be a hierarchy of functions. The exceptions here will be very small organizations with only a few self managing groups.

Figure 1 shows a medium to large sized organization with three levels of functional hierarchy where each level has its own productive work to do. Productive work is activity which directly relates to and helps fulfil goals. Supervision is not productive work. These three levels are usually characterized as operations/ hands on, middle level planning and resourcing, and strategic.

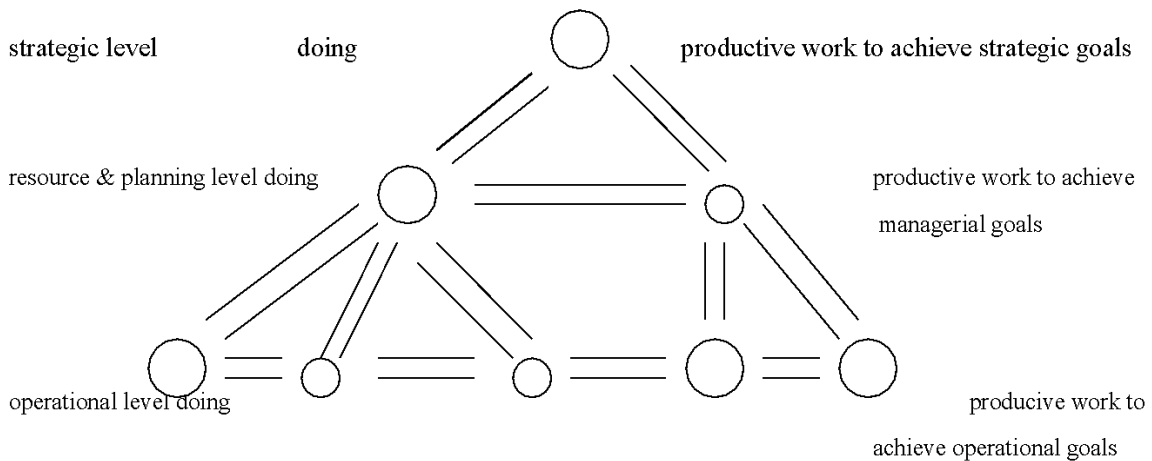


Figure 1. *Medium to Large organisation with non specialized people at strategic level*

The hierarchy of functions stands in direct contrast to the previous hierarchy of dominance. The double lines featured in this diagram are to emphasize that all relationships are those of peers, equals. Gone are the unequal status relations of dominance and subordination; gone is supervision as all staff at each functional level are engaged in productive work only. Rather than being supervised, i.e. managed from above, they manage themselves, i.e. they coordinate and control the work and the behavior of the people in the group so everyone has a management function. Management is no longer the province of specialized parts (people) called 'management'.

In a functional hierarchy change can be initiated at any point in the organization as staff notice a change in internal or external conditions and initiate proposals to remain active adaptive. Such changes are then negotiated through the organization as they affect the work of various groups.

For example, if a frontline, ops group, notices a consistent change in client behavior in regards to a particular aspect of a service, they will probably first discuss it with other ops groups to establish the validity of the change. Members of the groups will then discuss the implications with the relevant middle level group and together they may well involve the strategic level if it looks as if there has been a value shift in the extended social field and a change in policy is required.

Fred described the productive work of the strategic level, managing external relations as a 'boundary riding' task as this level rides the boundary between system and environment to achieve active adaptation as described below. This is accurate in that working towards adaptation contextualizes the work of the whole organization and requires regular monitoring. However, this level will also be receiving intelligence from other levels in the functional hierarchy. They will be engaged in a variety of work including the related follow up work of that contextualization and internal changes by devising or updating policies, setting the conditions for an effective organization to achieve the strategic goals. Significant internal change may also affect the strategic goals.

Fewer people will similarly be required at the strategic level as applies at the levels below, as the change is from redundancy of parts (more people than required to do the productive work at any point in time) to redundancy of function (more skills and knowledge than the person can use at any point in time). On top of this, many of the serious organizational problems created within DP1 structures that eventually find their way to the top of the dominant hierarchy will simply not arise. Incident or accidents and error rates in general fall dramatically (Emery M, 2008) when responsibility is transferred to the people doing the work so less time will be spent answering to regulators or the courts.

The work of the middle level also changes quite dramatically as the supervision and ‘fire fighting’ or ‘trouble shooting’ which previously consumed so much of the middle’s time has disappeared. Fred’s 1989 estimate was that about a third to a half of the previous number of management personnel were required in DP2 structures. However, in one USA organization where the top echelons had been allowed to inflate, there were 44 Managers in the DP1 design who walked into the Management Workshop and only a self managing group of 10 in the DP2 redesign that resulted from that workshop.

The work of the remaining middle managers becomes more mentally demanding as their time span increases with the extension of the time span of planning at the workplace. “With the introduction of group working the latter typically increases from a few hours to a weekly span. Operational plans have also to be more explicit and more detailed with respect to all of the parameters that effect group working e.g. supplies, maintenance, storage, feedback of results, staff levels. So long as middle management could work through experienced supervisors it was often enough to give the senior supervisor a general idea of targets and guidelines and let them get on with the job. This is far too sloppy when negotiating agreements to explicit and detailed plans is the major tool for relating group work to corporate goals” (Emery, 1989, p158).

Where middle managers share a common set of skills and have designed themselves into a SMG, each will also have to acquaint themselves with their broader set of responsibilities. At the same time, the productive work of the frontline group also becomes more complex and highly skilled as groups gradually absorb more functions and as above increase both their time and knowledge horizons.

In summary, the trend over time throughout the whole organization is to a significantly higher level of skill, knowledge, intellectual demand and personal expectations of more to follow. Gone are the days of the ‘donkey job’ as individuals are encouraged to rise to their highest possible level with an accompanying increased level of respect for whatever that level may be.

Goals within a hierarchy of function. “Objectives can be meaningfully formulated only at the level to which activities are co-ordinated and controlled” (Emery, 1990, p162) so in a DP2 structure, each level sets its own goals. These sets will be negotiated and agreed within the whole organization to ensure they collectively constitute a system but that process does not deny the inherent legitimacy of the knowledge of those who are actually doing the work.

Obviously with the different functional levels doing very different kinds of work, the goals of the three levels will be very different. Fred called them the “operational, managerial and corporate objectives” (1990, p165) or goals, but the specific names do not matter. What matters here is twofold:

- that the three sets of goals will constitute a close interlocking sustainable system, and

- that those who have the authority of competence at one level do not have any such authority at other levels (1990, p165). Those two points explain why all sets of goals result from negotiations between peers.

The first set are Fred's 'corporate objectives' which "reflect the multiple external relations that must be sustained if the corporate body is to survive, let alone grow" (Emery F, 1989, p156). Today they are more likely to be called 'strategic goals' as they result from an intensive search into the organization-environment relationships over extended timeframes. They emerge from that study as broad qualitative statements of a desirable and achievable organizational state at a definite point in the future. In other words, they are not at this stage a comprehensive set of measurable goals as is required for a controlling device.

To understand the importance of these goals and the way in which an organization uses them to capture and maintain its adaptation, we must return in more detail to the first stage of the two stage model. This discussion of the two stage model is basically a discussion of how the hierarchy of functions and the self managing organization is created.

The first stage: adaptation of system and environment

As its name implies, open systems theory (OST) takes the world to consist of systems with permeable boundaries, i.e. open to their environments (see Figure 2). Since the end of WWII we have been living in a global social environment or field characterized by *relevant uncertainty* (Emery & Trist, 1965, Emery F, 1977). This is because value systems became unstable (Emery F, 1978) meaning people are constantly changing their minds about what they value which affects their decision making, including decisions about products and services they will buy and how they will buy them.

The practical implication for organizations is that they can no longer do linear planning, that is assuming, or just dreaming up, an end point and concentrating on the means to get there. To stay viable in this unpredictable environment they must firstly, rigorously determine an adaptive end point and only then examine possible means to that end.

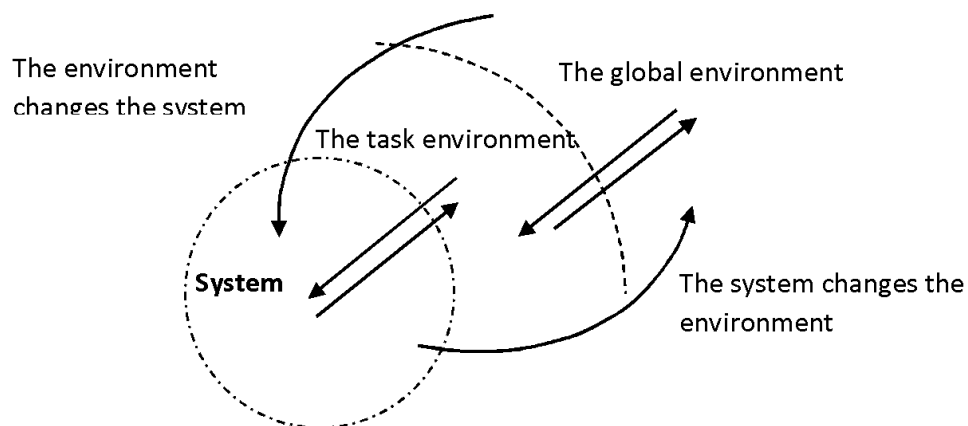


Figure 2. System in two levels of environment

Figure 2 shows an open system in two levels of environment, a global social environment and a more immediate one such as a national or industry environment. Systems and environments are mutually determining or coimplicative. In planning terms as is relevant to an organization undergoing democratization, we learn from the environment (it changes us), and we plan (to change it).

As above, to survive in a dynamic uncertain environment, an organization must establish an adaptive relation between itself and its environments. To achieve this, it must scan the global social environment and it is usually advantageous for it to also scan at least its most relevant task environment, usually an industry environment. The first part of this work is to collect data about changes in these environments. These data are then analyzed and sense made of them through the syntheses of Most Desirable and Most Probable Futures. This work constitutes the first phase of the Search Conference (SC) (Emery M, 1999).

Phase 2 of the SC similarly analyzes and resynthesizes historical and current organizational data and its future and Phase 3 integrates the results of phases 1 and 2 to determine the most adaptive relation of organization and environment. Expressed as the most desirable and achievable organization in year X, it takes the form of a set of strategic goals.

As at this stage these goals are only broad qualitative statements, they must now be carefully translated into the fully measurable form required to control the work of the strategic group, the top level of hierarchy of functions. Each goal must be considered separately as goals relating to the financial health of the organization may require totally different treatments and timelines than a goal relating to the mental health and morale of the workforce or a goal relating to the environmental responsibilities of the organization.

This is the work of action planning, detailed planning to bring the strategic goals into being by year X. A major element of the action planning for a specific strategic goal will be to decompose the whole task into a nested series of sub-goals that accumulate over time to achieve the strategic goal (Figure 3). So if the first stage of an action plan consists of planning some market research, the group must work out how long it will take to determine the parameters of the research including appropriate budgets, best type of research outfit to perform it by when. That first part of the plan and the date by which these tasks can be completed becomes the most immediate sub-goal in time to achieve. Next the group will consider in detail the work and time involved in diffusing the results of the research throughout the organization so that each level considers them in terms of their productive potential. The date a report of those considerations can be sent to the strategic level becomes the second sub-goal in time. Thus in the course of action planning each strategic goal is rigorously turned into a series of sub-goals over time that will not only guide the strategic group but also provide a hard data measure of progress.

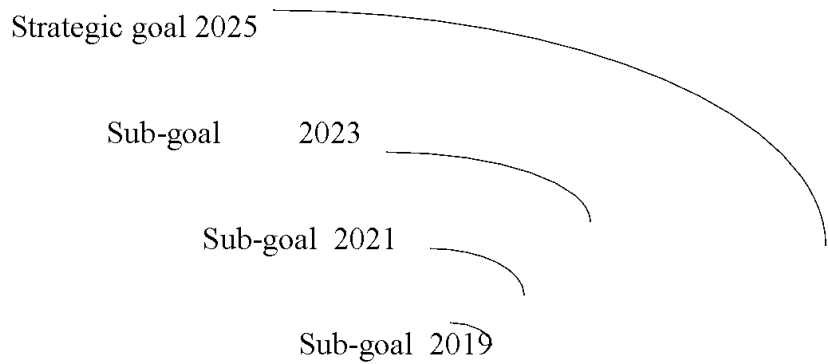


Figure 3. Series of sub-goals nested in time

This is not to say that any missed sub-goals constitute a failure in any sense as they function only as markers on a series of approximations to the goal. As the same time, the strategic group will also be involved in regular monitoring of the field as “monitoring the field and its changes is an essential part of the Strategy of the Indirect Approach and active adaptation itself” (Emery M, 1999, p205). An emergent change in the field may necessitate an adjustment to one or more strategic goals or the timing of sub-goals.

Recognizing this constantly adapting quality of progress through monitoring of both the field and the organization complicates the strategic management task but raises the probability of sustainability. Adjustments of dates or partial implementations does not detract from the nested series of sub-goals acting to control the work of the strategic group. They continue to function in exactly the same way as the comprehensive set of totally measurable goals acts to control the work of an operational group.

The second stage: designing an adaptive system

Operational level. The work of redesigning a structure starts at the bottom of the dominant hierarchy for the obvious reason that this is where the work that constitutes the purpose of the organization is done. Managers in DP1 structures can sometimes forget that the rest of the organization is basically a supportive superstructure which at its best also enhances and builds upon this work. From their explorations of the global social environment for example, the strategic level may decide to diversify to create new opportunities but they rarely abandon the original purpose of the organization. It is critical, therefore, that the structure is right for the people who work there and conditions for this work and those who perform it are of the highest quality possible.

The only way to ensure the structure is correct and the conditions are at least adequate is for the people who do the work to do the design – nobody else has anywhere near the detailed knowledge of the work, and what is required for it to be performed well, that the people doing it have. That is why at every level and in every area of the organization, the rule is that no design can be imposed. If there is any sniff of imposition, there will be no psychological ownership. And of course, if there is no psychological ownership, if they do not genuinely

carry responsibility for coordination and control, then it will show up in the quality of the results as intrinsic motivation will be low.

Once the staff in the bottom two or more levels of the existing hierarchy, in a section of the current DP1 structure has completed its redesign to a DP2 structure, they must then design in all the practicalities that must be in place to ensure the new design will work in practice. The first task is that of goal setting but before we detail that we must note that the components of the practicalities section, with the exception of task 5, showing how the design improves the scores on the 6 criteria, comprise a set. (Task 5 was introduced for those occasions when a PDW manager suspected that a disguised design was being presented. It is, therefore, an option rather than a requisite part).

As components of the necessary set,

- the goals are the controlling device that replaces the control of the supervisor,
- the training requirements ensure all work in the group is performed safely and competently without external intervention,
- the drafting of the career path replaces the career path built on moving up through a dominant hierarchy and
- the 'what else' or 'other' list ensures that all necessary conditions for group function are in place. The first and foremost item on the 'other' list is spelling out mechanisms for coordination which replace the coordination previously practiced by the supervisor. After these mechanisms are determined, the 'others' are usually items such as requirements for updated or new technology, changes to layout or shorter turnaround times for information retrieval or other services so the group has the best conditions within which to work to achieve their goals.

Because they form a set to ensure success on all major dimensions of group working, no one component can be left out and there is obviously no point in doing one without the others. Designing a set of goals without the context of a detailed design and all other components of the whole PD workshop is just a waste of time and money as without this context, it will be grossly inadequate.

It is not until the structure at the bottom is known that the *Management Workshop* can be held as the task of this management PDW is to complete the organizational design. It must come right at the very end because it is only then that the existing management knows what there is left for them to do and, therefore, 'manage', and therefore, how many of them are required to perform that 'management'. But of course in the new DP2 structure where everybody self manages, the redesigned 'management structure' consists of self managing groups doing their productive work at the strategic and/or middle levels.

Goal setting. Each self managing group must have a comprehensive set of measurable goals as the primary control mechanism.

Comprehensive means that the set covers the major dimensions of the work. A template was set out recently for the operational groups in a medium sized organization as follows:

1. Purpose – Client wellbeing
2. Purpose – Business / finance
3. Human / social – Staff desirable future or career path
4. Human / social – Staff wellbeing and safety

5. Quality – Service
6. Quality- Documentation
7. Environmental

Measurable means firstly that easily accessible meaningful data is available. For example, there is no point in a goal which states there will be a 20% reduction in a group's carbon footprint in the next twelve months when there are no figures and no way of knowing exactly what the current 'footprint' is. It does make sense however to set a goal which measures one of the group's most relevant environmental costs which may be electricity, water or paper.

Measurable secondly means measurable in every aspect so that the goal may function as a genuine marker of progress. There is no point in having a goal which specifies an increase in a type of revenue without specifying when that increase is to be expected. As the set of goals is the mechanism of control for the work of the group and its progress over time, it must be specific in every respect.

We agree with Fred's observation that "It is always inadequate to set only one objective. Any work or service system takes many inputs and transforms them into one or more outputs, creating waste in the process. No one figure, ratio or index is going to capture all manageable aspects of that transformation" (Emery, 1990, p163). It is also important to set more than production goals so that the diversity within the group is used to advantage and one skill set, (or quality, e.g. youth), is not valued above others.

We have learnt since then that in today's organizations where it would be inconceivable that all such matters as goals would not be written down, there is no need to restrict the number of goals for a group to a low number such as three. People are not relying on their memories as they were previously in many of the early smaller experiments where goals would be posted up on the wall of the canteen or office.

Today we are talking about goals being posted electronically in widely accessible repositories so that they can be viewed by different levels of the organization for various purposes of managing different areas of function, or to shed light on the possibility of new activities. There is definitely no need to "try to manage every theoretically relevant dimension of the process" but a set comparable to that of seven major dimensions listed above has been found to be perfectly workable.

Negotiating and agreeing on goals. The goals the group in the PDW decides for their work must be negotiated and agreed upon before they become the published set. Either during or immediately after the PDW, the goals are usually discussed with the next level of management as it exists at the time. In most cases, this function is performed by the ops manager or equivalents. These negotiations are to ensure that collectively all sets of goals are sufficiently productive and cumulatively contribute to the organization achieving its strategic goals.

Later as the groups and organization evolve, these goals will require adjustment. The relevant people to negotiate these changes with may be a middle level SMG and/or nearby related groups.

Today, this negotiation rarely if ever presents a problem. The conditions Fred was drawing his experiences from are just not present today. He provides two examples where middle management had to remind ops groups of the "Broader context within which their efforts will be judged" (Emery, 1989, p160). The first was safety: "in group working individuals are known to voluntarily take risks that they would not take if they were working on their own.

Whilst the work group may relax a bit and take things easy after achieving some immediate goal, the managers must be planning the resources and targets for the next stages” (as above).

This example makes it clear that Fred is referring to firstly, a situation where the goals set were production goals only, something we would simply not allow today. As we see from the list of parameters above, safety is paramount in any set of goals. Secondly, he was referencing a less than organization wide design as he is still referring to management. Today with wholistic DP2, we would refer to those people as a middle level or strategic group.

The second issue he raises is similarly basic: “If some individual seems to be exploiting the goodwill and tolerance of the group or, conversely, the group seems to be unfairly dealing with some individual, then the managers must find some way of reminding the group of their mutual dependency and the standards of conduct that that demands” (as above). Fred suggests that if managers do not get in and correct this failure, a group will withdraw its commitment to the pursuit of organizational goals and ignore opportunities for further improvement of performance. Again, his language tells us that the situation is a partial or experimental one, not one in which a DP2 structure has been designed in right across the organization to provide appreciations of the systemic nature of the mutual interdependencies.

Again today we do not have circumstances where one or two isolated groups are operating under experimental conditions. That cannot arise because:

- everything is planned and designed for DP2 at the organizational level from scratch (there is no experiment)
- everything to prevent this situation is built into the PDW and implementation, such as the comprehensive goals and the detailed mechanisms for coordination plus the pay system based on skills and knowledge held.

While these conditions do not apply, there may well be emergent changes in either a task or global environment that operations needs to be alerted to and this may result in a modification of a goal or an additional one. In this case, the relevant operator group sits down with some people from the relevant resource or strategic group to discuss the implications of the change and adjust the goal.

We have found it advantageous to set aside adequate time for the groups at different levels to talk face to face, not to rush it. This can also avoid possible confusion about the translation of different sets of goals up and down the functional hierarchy. For example, many managements have a strategic goal about morale or highly satisfied workforce which approximates to ‘a great place to work’. The ops levels as above can set goals about training for a career path based on pay for skills and/or excellent working conditions. In their eyes, these goals precisely reflect a great place to work but at first glimpse the connection may not be perceived. In other words, the goals at the different levels do not have to be the same or use the same words. They just have to express the same meaning and accumulate through the hierarchy of functions.

What we have found quite regularly when it comes to the original negotiation of goals between the ops level and immediate superiors in DP1, that is usually in the PDW, is that the managers dispute the operators’ expected increases in productivity and quality as too high. (This follows the normal pattern of people in DP1 structures routinely underestimating those below them).

This is where the managers would do well to heed Fred’s admonition that “it in no way follows that those capable of exercising the authority of competence at one level has any such

authority at other levels. The hierarchy of functions dictates complementarity but not subordination” (Emery F, 1990, p165). In other words, “the middle managers have to give credence to the greater knowledge that the work groups have of the ongoing work” (1989, p159) and give the frontline troops the benefit of the doubt. The most common consequence after these negotiations is that there need to be further negotiations as the goals are exceeded. The reason here that negotiations need to be continued is that exceeding goals may create problems such as finding additional markets, suitably located housing or require new recruiting strategies.

When the goals are negotiated and agreed they are then posted in some organization wide accessible place. Similarly, each group must at regular intervals post their current figures for each goal so that progress across the whole organization can be seen at a glance.

Again practice today differs from that of the olden days before DP2 was an organization wide matter. When DP2 occurred in only one part of an organization or had been introduced without the benefit of the full PDW, it was certainly a key responsibility of management to monitor the progress of the SMG(s) and work with them to fix problems.

Using the PDW with all its practicalities and a broad front introduction across the organization, the more recent experience has been that groups report immediately when something has gone wrong that they cannot fix, or they see they will not be meeting a goal. They do not wait for some other group to get around to monitoring their progress.

This is because every group has been brought into being as a fully cooperative entity where it is in the interests of every member of the group to do as well as possible (Emery & Emery, 1974). Every member wants to maximize positive emotions through a sense of purposefulness and achievement: they are much more interested in coming up with new ideas to enhance the product or service, increase their skills and knowledge, and hence their pay packets.

This means that both the middle and strategic levels must, therefore, be prepared for operators to come to them asking for specialized financial or technical data so they can solve a problem or explore an alternative practice; that is, must be prepared to share data or information they had previously considered their own. All existing managers in a DP1 structure need to be prepared for the fact that participative democratic organizations require open information systems. Communications must be honest and straight forward, avoiding the old ‘management-speak’, empty of real meaning and designed to pacify. DP2 and secret information do not mix.

Management level. Once all the PDWs and DP2 designs for the operational groups have been finalized, the management workshop can be held. It has two interrelated purposes, to integrate the designs from the operational series of PDWs and to complete the design for the whole organization by redesigning the structure of the upper levels of the functional hierarchy (Emery M, 1993). The participants are those who were above the line drawn for participation in the operations PDWs.

Depending on the size of the organization, there may be one or two levels of management regardless of degree of specialization, a strategic and/or middle level as shown in the functional hierarchy (Figure 1). If it is determined that the organization needs a strategic and middle level of management, the management PDW will determine exactly who is needed to do what where after substantial discussion of what and how much work remains after the operational redesigns.

All the components of the PDW for the operational level are included in the management workshop. The nature of the design will be dictated by the same dimension of specialization or not of skills and knowledge where specialization will require the splitting of coordination from control (Emery & Emery, 1974). Any mixture of DP2 options will work in practice.

If at the strategic level there is a degree of specialization that demands the group coordination only option, it is usual for the people previously known as MD or CEO to assume the role of boundary rider, where the boundary is that between organization and environments, while the rest of the strategic level work collectively to manage the organization (Emery & Emery as above).

That does not mean the whole process of environmental scanning and adaptations is vested in that person as it still remains with the group. It means only that the major function of that person is to be actively cooperating with all the other organizations in the immediate ecosystem and broader fields, their external relations. The intelligence gained during these activities is fed back into the strategic level to help keep it at the forefront of change in the industry. Organizations influential in their respective industries will also use that intelligence to plan changes in the environment over the long term, to move the task environment or industry towards a more ideal state while simultaneously retaining their competitive advantage.

Goal setting. If there is only one, strategic, level of ‘management’, then all that needs to be done with goals is a return to the first stage, a quick scan of the relevant environments, e.g. ‘What has changed since the last time we looked?’ and ‘What are the implications?’ Adjustment of goals follows if required.

If there is also a middle management level, their process of goal setting will follow exactly the same lines as for the operational level. The comprehensive set of measurable goals will fit precisely the nature of the functions the group(s) perform. The strategic and middle levels can negotiate and agree goals and determine mechanisms for coordination between them before they leave.

Naturally all goals regardless of level within the functional hierarchy will be posted in the same place. The strategic and middle levels can be held accountable for setting appropriate goals and meeting them in the same way as frontline workers. In this way, the organization ensures that the sets of goals are interlocking to provide the stability required to maintain quality standards while improving performance. With mutual accountabilities between levels, it also provides the foundation for continued cooperation between levels towards creativity, innovation and sustainability (deGuerre et al, 2008).

Throughout the whole process of firstly designing and implementing a DP2 structure and then working within it, we see that the requisite change is not just another project after which everything settles down again into the same sort of rigid structure experienced with DP1. Changing the design principle is of a totally different order of change as firstly, it not only produces high levels of creativity and energy but secondly, these behaviours turbo charge processes built into DP2 function such as regular self monitoring of goals to guarantee innovation and adaptive change.

Conclusion

The experience since 1990 has been of building on all the learning accumulated through the early years of using PDWs to redesign existing organizations to DP2 structures. The

major learning has been that we must deal with organizations as whole entities in their environments using innovations in organizational design such as the two stage model. This experience has also seen a more coherent and disciplined application of both the principles of democratization such as no imposition and the PDW.

Probably because the method has been used more holistically, a lot of the problems experienced in the early days of trying to manage self managing groups have simply disappeared. The conditions that produced some of the aberrations that were exhibited in some early experiments do not exist today.

'Management by objectives' or goals is no longer a dream; it has become an essential component of self management at every level of the functional hierarchy, a reality that governs the behaviour of the organization as a system in its environments.

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