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ORGANIZATIONAL PATHOLOGY

Janko M. Cvijanović[1], Jelena Lazić[1]
[1]Economics Institute, Belgrade

Abstract: Organization of operational and other socio-technical, artificial systems (for the purpose of efficient and effective functioning thereof) is in conflict with natural growth of entropy or disorder in the system and its surroundings. Depending on the selected organizational form and model, this conflict results in the emergence of different organizational paradoxes and pathological conditions. Although often treated in organizational theory and practice casually, even humorously as non-essential system incidents, organizational paradoxes and pathologies deserve, in our opinion, serious attention in studying the occurrence and effects thereof, as well as efforts to eliminate their consequences. This enclosure is just a brief sketch of the basic manifestations of organizational pathology.

Key words: organization crises, organizational paradoxes, organizational pathology, globalization pathology .

1. INTRODUCTORY NOTES

Definition and understanding of the key words in this paper, paradox and pathology, require - given their number and variety, very careful approach, constraints and sophisticated interpretations of the causes of emergence thereof and of the most important consequences of their effects (see /2/). As anger and hatred are not a priori negative feelings in psychology, the pathology of some organizational solutions, within the organization, is not always inevitably and a priori bad for the company. This practically means that the term pathology, within the context of organizing, has to be understood as a deviation from the expected rather than as inevitably harmful phenomenon in organization of the company.

In natural sciences, allelopathy is known as favorable impact of weeds (in small doses, of course) on the quality of grains, vegetables, etc. Reading "gloomy" texts written by "depressing" philosophers has positive effects on some people and helps them out of depression. A bit more complex examples are isoquants (the-same-quantity lines) - IQ and isotimes (the-same-cost lines) - IT whose mutual correlation (IQ + IT) leads to the rule of a declining revenue growth. This is yet another confirmation that rectilinear rules do not exists in the natural, real systems; there are no straight lines but, in the long run, these are all curves, usually upward at the beginning, then flat and subsequently downward, or vice versa.

In any case, even though organizational pathology provokes negative attitude as first response, it deserves careful and impartial approach, hoping such approach will yield

benefit in trying to improve the effectiveness and efficiency of organizational systems. In the following part of this paper we shall briefly address the most famous organizational paradoxes and pathologies: the Iron Law of Oligarchy, Gresham's Law of Planning, Parkinson's Law, Peter Principle and globalization pathology.

2. EXAMPLES OF ORGANIZATIONAL PATHOLOGY

The Iron Law of Oligarchy was first developed (see /4/) by Robert Michels in 1925, in his paper "Zur Soziologie des Parteiwesens in der modernen Demokratie" based on the analysis of the structure of socialist parties (there were many at the time) in the period before the First World War: "Who says organization says oligarchy". Bureaucracy was born from the party organization, associated with the party leader, implying mutual interest (of both the apparatchik and the leader) in maintaining their own positions. The primary means of conquest and maintenance of power is the control of communication within the party. The young and

ambitious (free thinkers who swing the boat) are either co-opted into the party's apparatus (fewer of them) or expelled from the party by virtue of various machinations. Instead of fighting for real goals of broad masses, they impose on them (on people) the goals tailored to the needs of the party and the party's apparatus. Instead of implementing what the majority thinks, they impose their thinking on the majority. They suppress the initial goals, often the party's original militant goals, in favor of conservative goals because the parties practically lose their existence in war or, at least, significantly lose importance and influence. Organization (the party) is the mother of the power of those elected, over those who elected them. This process applies to all kinds of associations (regardless of their primary goals) and to companies in which the power is concentrated at the top, among the company's management, while the tendency of imposing conservative strategies strengthens.

Gresham's Law of Planning inherited some parts of the Iron Law of Oligarchy as it also shows tendency of an organization to be a vehicle for achieving own goals, but in a different way. It was first developed by (see /4/) March and Simon, as the Law of programmed activities, and later by Merton (using the analogy of the original Gresham's Law according to which bad money drives out good money). We experienced this during inflation in the 90's when the government, together with tycoons-to-be, "implemented" the original accumulation of capital in post-self-management Serbia.

A shortcoming of programmed activities rests with the fact that the organization, frantically sticking to the plan, becomes rigid and consciously disregards changes in the environment (such changes have to be mitigated by organizational changes). It is very difficult to stand up to programmed activities (see /6/) because they simplify communication, precisely define selection of information, stabilize the organization and reduce the need for coordination. Gresham's Law of Planning implies that programmed actions and plans become obstacles to significant changes, because one insists on the procedure (as long as the change does not make the actualities discredited or lost), even more through institutionalization of adopting and implementing innovation and through procedural problems of cooperation between the company's organizational units (including ministries) which are the drivers of certain stages in an innovative change.

Parkinson's Law has (see /7/) a psychological background and relies on two principles. First, every superior strives to have his underlings who are rivals between themselves, thus (which complies with the principle of hierarchy) he has at least two and, preferably, even more underlings. Second, each underling fills his working hours with "activities" and instantly comes to a point when he feels overburdened with work, thus setting the grounds for asking for assistant employees (again, at least two). His superiors support such demands as they enlarge the organizational unit they lead. This results in (see /1/) growing hierarchy (the number of levels) and in an increasing number of employees, independently of the actual need for jobs in favor of the company (institution, ministry, etc.), but for the purpose of meeting the two principles mentioned above.

Today, the topical debated in Serbia concerns the reduction of public spending and, within this framework, primarily the retrenchment of employees in state administration and public enterprises. The current situation is a complete carbon copy of the Parkinson's Law. No one addresses the issue of tasks that are really necessary (required) and that have to be done by the state administration and public enterprises. Certainly no one is talking about the maximum amount of costs that may be borne by the state, i.e. taxpayers, (expressed as a percentage of GDP) for the assigned tasks which have to be done for that amount of funds, whereby the number of employees and their salaries are not the issue of prime importance for the taxpayers. In this way, we are missing the essence but are discussing the salary grades, social maps and other details which end up in the traditional saying: "A storm in a teacup".

Peter Principle reads that in every hierarchy, every employee gets promoted to his/her level of incompetence: an excellent locksmith becomes a bad manager; a good economist becomes a bad CFO, etc. It is clear from the said that, after a while, most of the positions in every organization are occupied by those who are unfit for the posts. On the other hand, the tasks are carried out by those who have not yet reached their level of incompetence. Extending this principle to allround managers is justified by the standpoint that management in different companies and at different levels is actually the same. In that way, a good caterer can be a director of a large public transportation company. Disappointingly, this standpoint is actually correct, provided that such managers have reached the level of incompetence according to Parkinson, which most often really is the case. Such a manager may be equally unsuccessful at all levels and in all companies.

The four foregoing examples of pathology were defined after mass occurrence thereof. Globalization principle (primarily related to business, but also to other human activities) is (see /5/) a premeditated instrument or a method of an unlimited increase in profits. According to this principle, globalization means unlimited and free movement of financial capital worldwide, without verifying the origin, the quality (by abolishing the gold standard under the slogan that it is detrimental to the progress of business operations, unlimited opportunities for abuse have opened up), and other characteristics of money, as is normally required of goods (and, partly, of services as well).

Thus, under the same principle of globalization (see /3/), financial flows are unrestricted, commodity flows are under strict control, and labor flows are disabled because the difference in wages, trade-union rights and other rights "there" and "here" is enormous. At the turn of this century, it was evident that financial capital pushed industrial capital and human resources on the siding. Only few countries in Europe still care for the middle class as a "buffer" between the extremely rich and the poor. Forcibly disabled labor flows create enormous pressure in these regions. According to the latest estimates, over 175 million people worldwide currently migrate from "controlled zones" to rich countries. The same source (globalization pathology analysts) estimates that migrations will include about one billion inhabitants on Earth in the next twenty years.

3. CONCLUSION

Any opposition to disarray, i.e. to growth of entropy which implies any kind of organizing, causes problems and crises in the long run. Wherever a man stands up to the natural order of things by means of artificial systems, one can expect spontaneous (or other) actions of the natural state of things. We believe that organizational pathology is a consequence of the natural and legitimate response of the factors, inadequately understood and articulated in organizational terms within organized systems of all types and sizes. Mitigation or avoidance of the occurrence of pathological conditions is a major, yet unexplored problem. The prime focus of individual efforts is, correctly, on an attempt to understand the mechanism that generates pathological conditions. The search for solution to problems may be commenced only upon grasping the details of the emergence of pathological incidents.

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