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PEREGOY, RICHARD PIERCE
SOME PROBABLE IDENTIFYING CHARACTERISTICS OF
MANAGERIAL OBSOLESCENCE.

PACE UNIVERSITY, D.P.S., 1978

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SOME PROBABLE IDENTIFYING CHARACTERISTICS
OF MANAGERIAL OBSOLESCENCE

A Dissertation
Presented to
The Faculty of the Graduate School
Pace University

In Partial Fulfillment
of the Requirements for the Degree
Doctor of Professional Studies in Management

by
Richard Pierce Peregoy

June 1978

ABSTRACT OF A D.P.S. DISSERTATION

RICHARD PIERCE PEREGOY

SOME PROBABLE IDENTIFYING CHARACTERISTICS OF MANAGERIAL OBSOLESCENCE

The problem of managerial obsolescence exhibited certain identifying characteristics, such as, job dissatisfaction, climate dissatisfaction, and up-to-datedness in managerial skills. These characteristics and their relationships were generated from a study of eighty-seven managers within the technical research and development area of a major international firm. A modified Porter and Lawler questionnaire was used to measure job dissatisfaction. A modified Litwin and Stringer questionnaire was used to measure climate dissatisfaction. And a structured interview based upon Drucker's skills of the manager was used to cite critical incidents of managerial up-to-datedness. All of the instruments were correlated with operational ratings of performance and potential and a composite operational rating of obsolescence. Finally the group was separated into two operational units. One group of 46 was operationally rated as effective managers and the second group of 41 was operationally rated as obsolescent managers. The Statistical package for the

Social Sciences (SPSS) was used for the statistical evaluations and a panel of qualified socio-psychological investigators participated in evaluating the interview protocols. In this research, the findings were:

1. The more dissatisfied the obsolescent manager was with leadership, the higher the manager was rated by superiors on both performance and potential. These ratings were among the obsolescent managers, not all managers.
2. The more dissatisfied the obsolescent manager was with developing good working relationships, the lower the manager was rated by superiors on potential.
3. The more dissatisfied the obsolescent manager was with the opportunity of developing friendships, the lower the manager was rated by superiors on potential.
4. The more dissatisfied the obsolescent manager was with the support received on the job, the lower the manager was rated by superiors on performance.
5. The more dissatisfied the obsolescent manager was with the authority in his position, the lower the manager was rated by superiors on performance.
6. The more dissatisfied the obsolescent manager was with self-fulfillment, the lower the manager was rated by superiors on performance.

ACKNOWLEDGMENTS

Appreciation was extended to the otherwise anonymous managers who made the study possible. Feedback of the results was provided with the researcher's thanks. Hopefully, the subject managers recognized obsolescence when it occurred and further recognized that they could do something about it.

So many others contributed ideas and were generous with their time. A few, again for reasons of anonymity, could not be mentioned. A simple thank you sufficed. Several, however, could be mentioned. The assistance of Roger Hawkins and Rick Lundquist, friends, mentors, and colleagues, was tremendously valuable. Earl Zack was especially helpful as leader, teacher, and friend. His counsel both in and out of class contributed positively. Also, to those whom one could not separate out of memory, but who formed the man's experiences, the researcher owed a debt of gratitude.

The researcher accepted whatever errors of omission or commission that appeared in the study. Hopefully, they were few. The benefits belonged to others.

Then, there was Joyce for everything.

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Chapter 1

THE PROBLEM

Statement of the Problem

The problem was to discover whether relationships existed within the characteristics of job dissatisfaction, climate dissatisfaction, and up-to-datedness in managers within the technical research and development area in a major international firm. These relationships identified obsolescence as an effective operational definition because it was the kind of data an organization would take action upon. Thereupon, a manager who was plateaued, in terms of ratings of potential by superiors was either an effective manager or an ineffective manager in terms of ratings of performance by superiors. It was the plateaued, ineffective manager who was operationally considered obsolescent.

Specific Problems

The first problem was to identify those managers who might possibly be considered obsolescent on the basis of the following: they were rated as plateaued by their immediate superior; they were no longer potentially promotable; and they were possibly suffering in performance.

The second problem was to identify the variables associated with obsolescence as they related to the manager

as an individual.

The third problem was to identify the variables associated with obsolescence as they related to the existing organization climate in the technical research and development area.

The fourth problem was to identify the factors associated with obsolescence as they related to the manager's up-to-datedness in knowledge and skills necessary for the maintenance of effective performance in his current work.

The sample used included some who were rated by their immediate superiors as not promotable and possibly suffering in performance and so defined as obsolescent and some who were not operationally defined as obsolescent. However, these were clearly defined groups by virtue of the existing performance and potential ratings used by their superiors.

Definition of Terms

The following definitions were used for the purpose of this study:

In this study obsolescence was defined as the probable identifying relationship in both the person and the organization climate whereby a manager in the technical research and development area lacked up-to-date managerial skills or knowledge necessary for the maintenance of effective work performance. These managers were

those who were plateaued, who were no longer potentially promotable, and who possibly might be unsatisfactory performers in their current positions.

Delimitations

The subjects of this research were working for a major corporation headquartered in the United States of America. Only the significant findings of the study were discussed statistically. This was a quasi-experimental, cross sectional research study conducted in late 1976. Most of the subjects had graduated from college and some had advanced degrees. No reliability and validity studies of the performance and potential ratings in use by the company were done because the data were taken at one most recent point in June. Interviews with the subjects about up-to-datedness were conducted at the express direction of the company. No statistically significant findings resulted from the interviews, but the protocols were useful in a humanistic consideration involving the confidentiality and anonymity of the data. In addition, complete information about demographic and technical variables such as age, education, relative position within the company, geographic location, and salary progression affected aspects of obsolescence, but data were not available to the researchers and thus their inputs were excluded from the study. No generalizable conclusions were drawn from the research. The significant findings related only to pooled data for eighty-seven technical managers at seven research and de-

velopment locations within one firm.

The climate instrument instructions called for answers relating to the organization climate within the company. Interview protocols suggested that company climate was reported. However, the instrument could be answered from a departmental climate point of view and thus introduced a note of bias into the data.

The Need for the Study

Research based comments by Shaeffer, Senior Research Associate of the Conference Board, suggested that:

There is considerable doubt that there is truly a manager for all seasons--or that there ever was one . . . obsolescence may occur and also . . . it is now being increasingly recognized as an issue.¹

Further, Ripston, Vice President of Ingersoll-Rand Company, stated:

The subject you have chosen for your doctoral dissertation, is very relevant to today's problems in business.²

And Enell, Vice President for Research at American Management Association, wrote:

There's still a great deal that's not understood about the causes of obsolescence, about the steps that could have been taken to avoid it, and about actions that can be taken to overcome it once it

¹Letter from Ms. Ruth Shaeffer, Senior Research Associate of the Conference Board, November 12, 1975.

²Letter from Mr. Robert Ripston, Vice President of Ingersoll-Rand Company, November 11, 1975.

The most common form of organizational problem resulting in managerial ineffectiveness is the 'square peg in the round hole' syndrome. This can result from personal inadequacy, but more frequently it is the result of the basic organizational structure.⁴

The weight of evidence and opinion clearly supported the need for an independent study to identify the probable identifying characteristics of managerial obsolescence and to serve as a first step in minimizing the dollar cost, the organizational cost, and the human cost of this problem.

A new question for management was raised by Leavitt.

For the first time in our history obsolescence seems to be an imminent problem for management because . . . the relative advantage of experience over knowledge seems to be rapidly decreasing.⁵

Obsolescence applied not only to the individual, but also to a group, or even a firm. Hawkins, Director of Personnel Development at Celanese, spoke about the "plateaued manager":

The normal expectation of a managerial career involves reasonably steady upward progression in the organization. The termination of upward movement is frequently seen as a sign of failure, yet, in reality virtually all managers reach career plateaus--points from which upward mobility is unlikely.

Plateaus are the natural consequence of the narrowing organization funnel. In most organizations there are simply more candidates for advancement than there are positions to be filled. For the individual manager, a plateau may occur when the organization decides that one

⁴Letter from Mr. Richard Priest, Senior Vice President of the New York Stock Exchange, November 11, 1975.

⁵Harold Leavitt, in Future Shock by Alvin Toffler (New York: Bantam Books, 1970), p. 113.

is not a likely candidate for higher level positions and responsibilities. Alternatively, the manager may independently reach the conclusion that one's chances of further advancement are slim, or that further advancement would be undesirable if offered.

Saying that a person has plateaued does not say anything about the quality of his performance. Some plateaued managers perform effectively for their organizations while others do not. An effective plateauee is a manager whose performance is considered by his superiors as satisfactory or better. An ineffective plateauee is a manager whose performance is considered by his superiors as unsatisfactory.

Your study is valuable when it identifies the factors both personally and organizationally present in ineffective managers.⁶

Summary

The problem was to discover whether relationships existed within the characteristics of job dissatisfaction, climate dissatisfaction and up-to-datedness in managers within the technical research and development area in a major international firm. These relationships identified obsolescence.

Shaeffer suggested that obsolescence was increasingly being recognized as an issue. Ripston wrote that the subject was very relevant to today's problems in business. Enell demonstrated an interest in the findings. Priest suggested that managerial ineffectiveness resulted from personal inadequacy and from the organizational structure.

⁶Statement by Roger Hawkins, Director of Personnel Development at Celanese, personal interview, New York, October 22, 1975.

Leavitt wrote that obsolescence was a problem for management coming with the decline in the relative advantage of experience over knowledge. Hawkins addressed the problem of the plateaued manager.

PREVIEW

Chapter 2

RELATED LITERATURE

Researchers were keenly interested in the question, "Why do managers get promoted?" Indeed, Schein conducted on-going research into the career paths of a group of Massachusetts Institute of Technology graduates to determine the success patterns of the class.⁷ He also developed a concept of "career anchors."⁸ These anchors, although necessarily subjective, reflected some interesting characteristics. They reflected an individual's values, attitudes, and motivations. This concept held that people with technical-functional competence leave a company rather than accept promotion out of their technical functional area. An added impact asserted itself upon company operations and individuals in the observation that the anchor of technical functional competence differed from the anchor of managerial competence as well as the other defined anchors of security, creativity and independence. Related to this subject, the cover story of the other defined anchors of security, creativity and independence.

⁷Edgar Schein, "How to Break in the College Graduate," Harvard Business Review, November, 1964, pp. 68-76.

⁸Edgar Schein, "How 'Career Anchors' Hold Executives to their Career Paths," Personnel, May-June, 1975, pp. 11-24.

Related to this subject, the cover story of the October 6, 1975, issue of Business Week reflected current interest in the process and the rewards for successful young managers.⁹ In recent years, there was an upsurge of researchers' interest in the plateaued employee. This led to the question, "Why did managers not get promoted?"

No dollar figures existed on the cost of obsolete executives, neither the personal cost to the executives nor the cost to their companies. Nor did dollar figures exist for the cost of training and development performed annually by in-house functions, on college campuses, and through home activity. Charles DeCarlo, President of Sarah Lawrence College, and one-time director of IBM Education, estimated that this one firm's expenditure for management education was eighty million dollars to ninety million dollars annually during the mid-1960's, and "... informed sources believe the figure now exceeds that."¹⁰

Companies confronting this problem of obsolete managers faced heavy costs.¹¹ Mistaken approaches to the problem of obsolescence based upon suppositions and proposed solutions led to lawsuits and significant court settlements such as the 1975 ruling under which Exxon

⁹Business Week, October 6, 1975, pp. 56 ff.

¹⁰Business Week, November 19, 1975, p. 112.

¹¹Samuel Connor and John Fielden, "Rx for Managerial 'Shelf Sitters,'" Harvard Business Review, November-December,

Research and Engineering was found guilty of age discrimination by forced retiring of a worker at age sixty. The court granted \$750,000 to his widow.

Levinson maintained that the business firm was an educational institution. In some firms limited upward mobility evolved from unrealistic academic requirements for positions and the failure of management development.¹² He charged the executive force with developing the capacity for management of those who reported to them instead of delegating this to the training or management development departments. In short, the manager became a teacher as well. The personnel department aided if it "provides the marketing research which will indicate the prime requirements of the corporate organization."¹³

Elaboration of this idea of plateaus was found in Jennings's The Mobile Manager.

The arrested mobility type is one who is identified as having reached his peak, and who will no longer be expected to pull heavier responsibilities.¹⁴

For Jennings this was the extreme and was quite different.

1973, pp. 113-120; see also Ellen Hughes, "Shelf-sitters Reexamined," Harvard Business Review, May-June, 1974, pp. 35 ff.

¹² Harry Levinson, The Exceptional Executive (New York: Mentor Books, 1968), p. 136.

¹³ Ibid., p. 265.

¹⁴ Eugene Jennings, The Mobile Manager (New York: McGraw-Hill, 1971), pp. 78 ff.