



# Investigating the Optimum Manager-Subordinate Relationship in Global Managerial Systems: A Case Study and Report of Key Findings for Practical Use in Global IT Management & Organizations: A Trend for the Future

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## ABSTRACT

*This research investigates the effective manager-subordinate relationship theoretically, and empirically tests the theoretical propositions using a global case study, conducted in North America and Eastern Europe. The original research started as an exploration of the effective manager-subordinate relationship in the IT companies and departments in the United States, but grew and extended to Eastern Europe, and included a wide variety of organizations.*

## THEORETICAL BACKGROUND

The seminal foundation for this study is the Requisite Organization theory developed by Dr. Elliott Jaques. The in-depth discussion of the theory is beyond the scope of this paper, though the major points of the theory are as follows. According to the Requisite Organization theory, human capability is discontinuous. The human capability<sup>1</sup> concept is different from IQ or any other 'intelligence-measures' – at the present time it is possible to evaluate the level of a person's capability, but not measure it precisely. This concept of capability extends far beyond the human species and encompasses all living organisms, discussed in detail in the "Life and Behavior of Living Organisms: A General Theory" book by Jaques published in 2002.

The main idea is that all living organisms have evolved to deal with discontinuous orders of information complexity to organize and influence the world around them to achieve their goals (intentions). Intentionality is what Jaques calls the basis and the major foundation of life, having found support in writings of St. Augustine, and ancient Greece<sup>3</sup> and China, where the same concept of 'intentional' time has apparently flourished and influenced the organization of thought and societies (also Kurt Lewin's<sup>4</sup> ideas of dynamics in psychology are very close to Jaques').

According to Jaques, there are five discontinuous orders of information complexity, and each order consists of four discontinuous levels how the living organisms deal with information. The following chart depicts the orders of information complexity as they relate to humans (see figure 1).

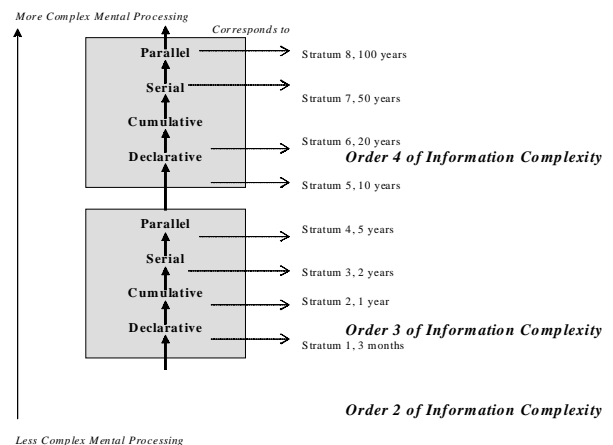
According to the theory, a person's capability grows over time depending on the speed of the development, and the current potential capability of an ordinary adult lies in one of the above strata. Having current potential capability in a certain stratum means that the person may at maximum work, plan and organize goals at the 'stratum's maximum time' into the future. For example, a person at stratum 1, at the present time may plan and execute goals under 3

months into the future, and will at a maximum present a declarative-style argument.

One of the major points of the Requisite Organization theory is that the discontinuous human capability gives rise to the layers of managerial hierarchy. Jaques writes, "The managerial hierarchy is the organizational expression of the hierarchical structure of human capability. The basic structure of managerial layers coincides with the layers of complexity of information processing."<sup>5</sup>

According to the theory, a manager should always work precisely one stratum above the subordinate, and the level of work of both, the manager and

Figure 1: Cognitive strata



(Mental processing develops from declarative, to cumulative, to serial, to parallel modes, though the description of mental development is beyond the scope of this paper – see the "Human Capability" book by Jaques and Cason for a complete description of the human development process)

subordinate, is measurable with the ratio-scale time-span of the role measurement instrument. Thus, the requisite relationship is defined when the manager's role is one stratum higher than the subordinate's role. Each stratum is defined in precise periods of time, starting with Stratum 1 (1 day to 3 months), Stratum 2 (3 months to 1 year), and so on. To determine which stratum a person works at is an objective ratio-scale measurement, derived by interviewing the person's manager (via the time-span of the role measurement instrument).

### EFFECTIVE AND NON-EFFECTIVE MANAGER-SUBORDINATE RELATIONSHIPS

The research question is whether there is a positive correlation between the Optimum Manager-Subordinate Relationship (OMSR) (this concept is defined in the next paragraph) and the requisite structuring of the managerial hierarchy (the manager's role is one stratum higher than the subordinate's). This phenomenon, in effect, constitutes the effective managerial relationship in the managerial hierarchy according to the Requisite Organization theory. Manager-Subordinate Relationship (MSR) describes how a subordinate, in a managerial hierarchy, feels towards the manager, and how the manager feels towards the subordinate – it is an empirical finding by Dr. Elliott Jaques of the criterion for effective management. OMSR is achieved when the subordinate feels 'just right' towards the manager – the subordinate is comfortable towards the manager's directions, communications, and overall feels that the relationship is as it should be. In OMSR, the manager also feels right towards the subordinate that the subordinate understands the manager's directives, and that the subordinate does not "pull the manager into the weeds."

In the non-Optimal Manager-Subordinate Relationship (non-OMSR) (non-effective management according to the theory), the subordinate reports either that the manager is 'too close', or 'too far'. When the subordinate feels that the manager is too close – the manager is breathing down the subordinate's neck. When the subordinate feels that the manager is too far, the subordinate feels that the manager is not providing the directions s/he should, and feels lost.

The manager, in non-OMSR, also reports either of the two conditions: that the subordinate is too close or too far. The manager feels too close when the subordinate does not listen nor need directions – the manager cannot set a context for the subordinate's work – the subordinate is ready to assume the manager's role. The manager feels too far, when the subordinate pulls the manager "down into the weeds" – the relationship feels uncomfortable because the subordinate's need for directions pulls the manager into the unnecessary levels of details to set the context for the subordinate's work – the manager feels that there should be another manager between him/her and the subordinate.

The study's hypothesis is that there is a positive relationship between the requisite working stratum of the manager and subordinate and the OMSR, and non-requisite structuring and the non-OMSR. Having collected data, determined the working stratum and the MSR, it is possible to draw a correlation between the requisite layering of manager and subordinate and the MSR. Finding/not finding the correlation would advance the Requisite Organization theory in its ability to predict (or not predict) the MSR in managerial hierarchies.

Additionally, the study has gone further and as an additional finding attempted to investigate the effects of the capability of manager and subordinate on the MSR as defined in the "Human Capability" book by Jaques and Cason. The investigative proposition is that OMSR will correlate strongly when not only the manager's role is one stratum higher than the subordinate's role, but also the manager's current potential capability corresponds with the manager's role's stratum, and the subordinate's current potential capability corresponds with the subordinate's role's stratum.

### GLOBAL IT MANAGEMENT

Global IT management (in managerial hierarchies) is no different from local or national IT management, when attempting to manage people (not servers, and/or other technology investments). According to the Requisite Organization theory, any managerial hierarchy functions precisely on the same fundamental principles not depending on the culture, country, climate or any other factor – fundamentally, the global IT-management hierarchy depends solely on the organization of people and their capabilities in a most effective or non-effective way.

The researcher started this study concentrating on local IT companies, but the theory allowed a wider generalize-ability to include all managerial hi-

erarchies, not depending on any other elusive factor, such as culture or industry – even classifying what constitutes an IT-job/management versus a non-IT sometimes is blurry and not evident. The only resolution to creating an effective team and/or organizations within a global IT industry remains using a good and tested scientific theory, one aspect of which this study has attempted to validate.

### CASE STUDY AND REPORT OF KEY FINDINGS

First preliminary analysis tests the strength of correlating the difference of strata (n) and Subordinate's MSR (S(MSR)). As an additional research question to this study, the researcher attempted to correlate the difference of strata (n) and S(MSR), where manager's current potential capability (M(p)), and subordinate's current potential capability (S(p)) corresponded to the level of work, or in other words, where  $M(p) = M(r)$  and  $S(p) = S(r)$ .

Spearman's rho (on a confidence level of 95%) determines the strength of the four correlations above. A weak correlation would indicate a possible deficiency in the theory, while a strong correlation would confirm a possible validity of the theory, and will advance it by indicating whether or not MSR is possibly dependent on the level of work in managerial hierarchies, which altogether would provide useful theoretical and applicable advances into building more effective hierarchical accountability organizations.

This study does not use the random sampling technique because any sample represents the population, which is achieved using a universal measuring instrument, time-span of the role. The fundamental essence of having a random sample is to ensure that threats of unrepresentative samples do not bias the study and its outcomes to generalize to a population. There is no need for the random sampling technique in this study as any sample represents the population of managerial systems precisely. According to the Requisite Organization theory, all managerial hierarchies can be evaluated similarly on precisely the same measurements – the level of work of their employees, thus, allowing comparing various organizations throughout the world and a variety of different industries. Measuring the level of work of employees is universal, thus, any sample based on the principles of the Requisite Organization theory represents the population of managerial hierarchies – thus, making the study generalize-able to the entire population, including information technology teams and organizations.

29 cases were analyzed through SPSS statistical package. The 29 raw data cases constituted valid cases evaluating the strength of subordinate's MSR related to the difference of working strata; the correlation is significant at 0.05 level, and the correlation coefficient is 0.387, which indicates a relationship, but not as strong as the researcher might have expected. Interpreting this result might mean that the correlation between the MSR (of subordinate) with the requisiteness of roles need to be tested further and re-evaluated in light of new scientific evidence.

The researcher performed an additional test, also correlating the subordinate's MSR with difference of working roles' strata of manager and subordinate, but where subordinate's current potential capability corresponded with the subordinate's role stratum, and the manager's current potential capability corresponded with his/her role stratum. In this case, the preliminary data shows the strength of the correlation to grow to 0.545, indicating that there may be a significant correlation between the difference of working roles' strata and MSR, considering people's current potential capabilities matching their employment roles.

### SUMMARY OF RESEARCH

This research studies the phenomenon of effective management as explained by the Requisite Organization theory, and tests it empirically. Preliminary data suggests that the phenomenon of better aligning the roles and people's capabilities makes a positive difference in effectiveness – when the manager is breathing down the subordinate's neck or when the manager feels "pulled down into the weeds" – are both cases hardly arguable that the team is effective. On the opposite, when the manager reports that s/he feels the subordinate is just right, and the subordinate reports that the manager is just the right distance from him/her – this is an important characteristic of effective management, which according to the Requisite Organization theory is related to the level of work of manager and subordinate, and, according to this study, additionally, people's capabilities' matching the working roles.

## GLOBAL IT MANAGEMENT & THE FUTURE

Jaques writes in his book "The Life and Behavior of Living Organisms: a General Theory" (see endnotes for references) that St. Augustine understood in 500 A.D. that the future does not happen or come toward us, rather the future is here with us today – the future is our present goals and intentions we strive to realize now. It is this paper's prediction that global IT management, in time, will accept the principles of the Requisite Organization theory (unless a better theory is developed or the Requisite Organization theory does not withstand empirical tests) to build the most effective and efficient managerial IT systems to deal most effectively with the problems rising on the horizon. Technology will come and go and change, but it is people who make a difference by acting on their goals and doing, thus, the most effective organization of people's talents is urgently needed to arrive at better and brighter solutions and the overall success of the global IT and other endeavors. The Requisite Organization theory may be the scientific answer to organize people according to their talents and capabilities in a most effective way, though the overall effort requires a further learning and investment by the industry and IT academia into the applicability, feasibility and testability of the Requisite Organization theoretical principles to deploy them worldwide in the "production" mode.

## ENDNOTES

- 1 Jaques, Elliot & Cason, Kathryn (1994). Human Capability. Rockville, MD: Cason Hall.
- 2 Jaques, Elliott (2002). The Life and Behavior of Living Organisms: a General Theory. Westport, CT: Praeger Publishers.
- 3 Jaques, Elliott (1982). The Form of Time. New York, New York: Crane, Russak & Company.
- 4 Lewin, Kurt (1935). A Dynamic Theory of Personality. New York, NY: McGraw-Hill.
- 5 Jaques, Elliott (2002). Social Power and the CEO: Leadership and Trust in a Sustainable Free Enterprise System. Westport, Connecticut: Quorum Books.

## REFERENCES

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