

IN PRAISE OF TOP-DOWN DECISION MAKING IN MANAGERIAL HIERARCHIES

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Many organization development consultants argue that decision making should be relatively “flat” or “non-hierarchical” rather than “top-down.” A Metasystematic stage 12 perspective argues otherwise. Under the right conditions, managers should unilaterally decide the tasks and resources to assign subordinates and the departmental strategy. For the best organizational decisions and the best employee working conditions, a manager needs to be one developmental level more capable than the subordinate and all employees need to be accountable for giving their manager their best advice. Limitations of those conditions and consequences of implementing and using top-down decision making are discussed.

KEYWORDS: Accountability, association, authority, complexity, Jaques, managerial accountability hierarchy, Model of Hierarchical Complexity, Requisite Organization, stratum, time span, trust.

For several decades, organization development consultants have argued that decision making in organizations should be “flat” rather than “hierarchical” or “top-down.” In this article, I apply alternative understandings that coordinate the concept of tasks at different orders of hierarchical complexity and the realities of managerial hierarchies in the workplace. I defend the position that under the right conditions, managers should unilaterally make such decisions as what tasks their subordinates will work on, what strategy the department will take to reach its goals, and what resources the subordinate will have. In this article, I correlate two models, Requisite Organization and Hierarchical Complexity, and build the case for their usefulness. In the process of doing so, I also: (1) give criteria for “good decisions;” (2) examine the conditions in which hierarchical decision making is optimal; (3) show how these conditions produce the best decision for the organization and the best working conditions for the employee; and (4) explore the limitations of those conditions and why they are not always developed.¹ Finally, I discuss implications for the future of managerial accountability hierarchies and their role in the 21st century, in relation to Requisite Organization principles and practices.

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WHAT IS A GOOD DECISION?

Assessment of decisions is generally driven by concern for the organization and by concern for individuals in the organization affected by the decision. This holds true for any type of organization. Concern for the organization leads to evaluation of how well decisions help the organization achieve its goals: for example, that an advertising campaign will really bring customers into the store; a production process or a chosen piece of equipment yields output at the desired quality at the lowest cost; a strategy for a business unit will bring the unit to the required profitability and place in the market. Concern for the organization focuses effort on efficient pursuit of strategic goals.

Concern for the individual affected usually relates to fairness, trust, and respect, mainly regarding whether the decision itself and process by which it was made are consistent with the agreement between the person and the organization. Is an employee who signed up to do marketing work being told to do sales work? Did some executive in the Parent Teachers Association make a decision that should, according to the bylaws, have come to a vote?

Preference and commitment are additional factors sometimes brought into discussion, for example, if a group of friends decides that the party should be held at Sandy's house and Sandy is not keen on hosting, how committed will Sandy be to the decision and in what shape will Sandy's house be at party time?

These examples were from organizations as loose as a group of friends and as tightly defined as a corporation. I will now briefly explore forms of organization and then draw out their implications for how good decisions are made.

FORMS OF ORGANIZATION

We form a number of types of organization differing from each other according to their purpose and to accountabilities and authorities of people in the organization. There are families, partnerships, universities (where tenure makes one a member of the faculty rather than an employee of the university), professional sports teams (where players have individual business contracts with the team), and so on. I shall focus on two kinds of organization: the association and the managerial accountability hierarchy.

- In associations, like a democratic state, a neighborhood association, or a club, decisions are made by vote or by people or groups of people elected to their positions. Members may be accountable to follow rules or pay dues or taxes but no one is accountable for their own effectiveness. No one is held to account by another member for not working well on projects or for not working with full commitment.
- A managerial accountability hierarchy is managed by one person who owns the organization or who is appointed by the owner(s) or by a group (a board of directors) elected by the owners (shareholders) to represent their interests. Employees are accountable for working with full commitment on tasks assigned by their manager and may be removed from their role if they do not work

effectively enough. They are also accountable for giving their manager their best advice and for following policy (including policies to maintain trust and respect within the organization). Managers are accountable for their subordinates' outputs, for continuous improvement of processes used by subordinates, for exercising leadership, and for developing a team of capable subordinates. A manager has the authority to remove from their role any subordinate who is not working as effectively as the role requires.

The managerial accountability hierarchy just described is a framework for an organization codified by Brown and Jaques and most recently referred to as Requisite Organization; "requisite" meaning "required by the nature of things." Requisite organization is the type of organization required by human nature and the nature of the organization's purpose. Few work organizations apply all of the templates of that framework, but many apply enough that the implications of the managerial accountability hierarchy framework on decision making are relevant to them. (At the end of the article, I explore how realistic the framework is.)

In associations, it makes sense that decisions about policy or about who will hold an office would be made by vote or by consensus. And it makes sense that projects in a neighbourhood association or club would be staffed by people who volunteer for them. The organization belongs to all and ownership has those privileges. Decisions may, perhaps, also be of higher quality, better for the association, if consensus is required. But managerial accountability hierarchies bring in additional factors.

DECISION MAKING IN THE MANAGERIAL ACCOUNTABILITY HIERARCHY

Two key factors in decision making in managerial accountability hierarchies—authority and accountability—derive directly from the definition of the form. If I own the company and you are the CEO (Chief Executive Officer), by agreeing to be my employee, you have given me authority to assign tasks to you and to hold you accountable for working on them with full commitment. And you have given me authority to remove you from your role if I believe you are not working at a level of effectiveness commensurate with the level of your role. As owner of the company, I will state what I want the organization to accomplish. You have not only the authority but also the accountability to give me whatever advice you might have on the wisdom or practicality of that vision, and I would be foolish not to consider your advice. But I have no accountability to accept your advice if I disagree with it. The company, after all, is mine.

As you set your strategy to reach this vision, you would be foolish not to solicit and consider the best advice of your subordinates regarding your strategy. In fact, I hold you accountable for making that kind of dialogue a practice in your decision making. But if every one of your vice presidents advises you to ground your strategy in product excellence while your judgment is that a service-centered strategy will be more effective, you will go with your own judgment. It is your

judgment, after all, that I am holding you accountable for. If you ground your strategy in product excellence to preserve consensus and two years from now it becomes clear that a service-centered approach would have been better and that you should have known that, I will praise your subordinates for giving you their best advice, misleading as it was, and I will hold you accountable—perhaps even fire you if you have been shown incapable for your role—for having made an ineffective strategic judgment.

This same dynamic appears between managers and their subordinates at every managerial level of the organization. You will assign tasks to your subordinates and then hold them accountable to exercise their best judgment to complete those tasks, and to solicit and consider—but not necessarily accept—their subordinates' best advice.

My experience is that employees do not need to agree with a manager's decision nor even to have had a vote on it to be committed to that decision. To varying extents, they understand that they get their pay in exchange for taking on work assigned to them by someone else. If the organization is well structured, staffed, and managed, an employee will understand that the decisions that their manager has to make have more complexity than the employee can handle. They are glad it is the boss's decision to make. But it is disrespectful to expect that a subordinate will have nothing to contribute to a decision affecting the entire department. Employees have different experiences and perspectives from their managers' experiences and perspectives, and their advice should be expected, solicited, respected and then judged by the manager who makes his or her own decision.

Let us be clear that this is hierarchical, top-down, unilateral decision making. It is the theory in use for many managers who do not espouse it as their own. I will frequently have the following sort of conversation with a manager about a particular decision:

HK: And who makes that decision?

Manager: We (manager and subordinate) make it together.

HK: And if the two of you disagree?

Manager: We talk about it.

HK: And if you can't come to agreement?

Manager: Well, then I make the decision.

HK: So you make the decision.

Manager: Well, I guess. In the end, I make it.

In fact, the manager does not make the decision *in the end*; the manager makes the decision. For all of the consultation and dialogue that properly happen, the decision is unilaterally the manager's. As your manager, I hold you accountable for the quality of your decision; I do not hold your subordinates accountable for the quality of their advice to you. If all ten of your subordinates vote to go right and you, after due consideration, believe that left is the best way, you are obliged to go left.

ESSENTIAL HIERARCHICAL CAPABILITY

The first two factors establishing the need for top-down decision making—accountability and authority—bring in a third element, capability. Nearly sixty years of research and experience have shown that a manager must be a notch more capable than their subordinate for the subordinate to (1) feel good about taking orders from the manager, (2) gain valuable context, clarity, and coaching from the manager, (3) be well employed by the manager, given the most appropriate tasks to do. Jaques continued to use the term “subordinate” as it is descriptive of someone who is of a lower rank in accountability, authority, and capability than their manager. More politically correct terms like “team member,” “direct report,” or “associate” do not fool employees who fully understand that the workplace is not democratic.

The nature of the notch has been clear since the early 1950s. Brown and Jaques found natural layers of work that had the same general level of complexity, called “strata.” Each stratum had work that was more challenging than the work in the stratum below. An individual working, say, at Stratum IV in sales would succeed in a Stratum IV finance role if they wanted to do that work and had the skills and knowledge required for it. Each stratum had work that seemed to be of a different quality from the work at the lower strata. The result was that an individual comfortable doing the work in one stratum preferred to be managed by an individual comfortable in the next higher stratum. Adult work starts at Stratum I. The very largest organizations today (e.g., GE, IBM, ExxonMobil) require a CEO working at Stratum VIII.

It became clear in the 1950s that the stratum of a role could be determined by interviewing the manager who oversees that role and determining the length of the longest task in the role. The longest task might be (a) a project, like a system to be installed in 18 months, (b) a rolling target, for example, “Always work to develop your team’s skills for what they will need to be in six months,” or (c) a monitored process such as, “Do your work as a teller throughout the day. I will monitor you closely enough that if you are working marginally below my standard—say, being just a little too friendly, thereby slowing the customer line, or being just a bit too cold, not friendly enough for the image we want in the community—I will know within two or three days at the most.”

If these are the longest tasks in each of those roles, we say that their time span is eighteen months or six months or three days. If I am working comfortably in a role whose longest task is no more than three months, I will want a manager whose longest task is between three and twelve months. The three-month time span is the cut-off point between Strata I and II. Table 1, in the first four columns, shows the time-span cut-off points between the various strata, gives examples of roles at each stratum, and shows a current hypothesis of how the strata relate to orders described in the Model of Hierarchical Complexity.

Table 1
Summary of Strata

Hierarchical Complexity ^a	Stratum	Sample Role	Span Range	Process	Order
—	VIII	Super Corporation (IBM, GE) CEO	50–100 years	Parallel	4th Order Abstract
—	VII	Large bank or multinational CEO	20–50 years	Serial	
12 Meta-systematic	VI	Large bank or multinational EVP (managing a portfolio of business units)	10–20 years	Cumulative	
	V	Business unit president	5–10 years	Declarative	
11 Systematic	IV	Factory manager, business unit VP, secondary school principal	2–5 years	Parallel	3rd Order Normal Adult
10 Formal	III	Line manager, senior engineer, elementary school principal	1–2 years	Serial	
9 Abstract	II	Front-line manager, engineer, teacher	3–12 months	Cumulative	
	I	Bank teller, machinist, sales clerk	Under 3 months	Declarative	

^aLining up Jaques' levels with the Model of Hierarchical Complexity comes from conversations with Sara Ross, Glenn Mehlretter, and Thomas Jordan and is still very much a work in process. Correlations of the higher strata with the Model are undetermined.

PROCESSES RELATED TO STRATA OF HIERARCHICAL COMPLEXITY

Time span and cut-off points now allow us to describe what a role must have for its incumbent to be the manager of someone in another role. But what exactly it was about one person that made them suitable to be the manager of another person was not clear to Jaques until the early 1990s when he and Cason saw that there are information processing tools required for work at each stratum. These processes were first identified in the way people formulate arguments to explain and defend their beliefs and decisions, for example, their position on legalization of recreational drugs. The four processes are introduced next, with examples from Strata I through IV.

- **Declarative** processing works with one variable at a time to solve a problem. "I'm against legalizing drugs because they make people sick." If that answer does not convince, they might say, "I'm against legalizing drugs because they take away people's motivation." Either of those factors, sickness or reduction of motivation, was intended to be sufficient as an answer. The answer is of the logical form A or B (or C or D, etc.).

- **Cumulative** processing uses two or more variables to solve a problem. “I’m against legalizing drugs because they make people sick and they are sinful and they reduce motivation.” It is all of those factors together that tips the balance against legalization. The answer is of the logical form A and B (and C, etc.).
- **Serial** processing uses a chain of two or more cause–effect sequences. “Legalizing drugs will lead to more use which will cause more sickness. That’s why I’m against legalization.” The answer is of the logical form $A \rightarrow B \rightarrow C$.
- **Parallel** processing coordinates two or more such chains. “Legalizing drugs will lead to more use which will cause more sickness which will raise my taxes. But not legalizing them keeps them illegal, which brings in gangs, which raises policing costs. So the health and crime issues balance out. We kept cigarettes legal, so we could tax them, which funded education, and that’s what we should do here.” The answer is of the logical form $A \rightarrow B \rightarrow C$ and $a \rightarrow b \rightarrow c$ and $\alpha \rightarrow \beta \rightarrow \gamma$ together lead to a conclusion.

It became clear that success at Stratum I requires ability to do declarative processing, Stratum II requires cumulative processing, and Strata III and IV require serial and parallel processing, respectively. In fact, a manager’s judgment of an employee’s level of capability correlates at .93 with the highest process used by the employee in an interview (Jaques and Cason, 1994, p. 59). Jaques and Cason found these same processes used earlier in development, first by infants relating to the preverbal world of tangible objects and then by children and adolescents using speech related to tangible objects.² These worlds contain entities at different “orders of complexity.” Infants work at the first order, children and adolescents at the second order, and adults at Strata I–IV at third order.

Above Stratum IV, people include fourth order considerations of a more abstract nature. The same four processes are used, but they are used to process information that itself has a more complex order, as follows:

- **Declarative** processing works with one abstract concept or model at a time. “I’m in favor of legalization because current laws, with harsh penalties for minor infractions, damage our national sense of justice.” “National sense of justice” is a more complex issue than individuals at Strata I–IV can meaningfully deal with. Note that someone who uses declarative processing with more abstract concepts still uses concepts like laws, penalties, and infractions and may use them with any of the four processes.
- **Cumulative** processing uses two or more abstract concepts or models to solve a problem, for example, a statement that the drug issue is best addressed through a combination of a harm-reduction approach to enforcement and treatment and a child-centric education system.
- **Serial** processing uses a chain of two or more cause–effect sequences at this more abstract level, for example, a statement that “We need to move from our current position of recreational drugs as threatening the core values of our culture to managing the threat to core values by making them controlled substances. After they have been controlled substances for a number of years,

we can move into a more libertarian approach, giving all citizens the right to use drugs as they wish as long as they put no one but themselves at risk.”

- **Parallel** processing coordinates two or more such chains.

To complete the picture, there seems to be at least one further order in which the geniuses live. I will not comment on the fifth or possibly sixth order, and I have not said much even about Stratum VIII, as we have few data about them. Jaques' rough estimate was that one adult in 10,000 is capable at Stratum VIII and three in a million would be capable above fourth order. Table 1 shows, in the last two columns, only the orders of information and information process for each stratum in the work world.

Finding the pattern of these four processes explained why employees want a manager one stratum more capable than themselves. My manager adds value to me and my work because of having an additional means of processing information. My manager can solve problems I cannot, and then delegates to me problems that are challenging to me but which I can solve. And if there is enough work left that is just too simple for me, I have a subordinate to delegate it to who will find that work engaging.

HIERARCHY IN DECISION MAKING

This element of different levels of capability is missing in the way associations and partnerships are designed. If I head up a committee in my neighborhood association or am leading a discussion in my partnership, I may or may not be brighter than others involved in the discussion. Nothing in the structure suggests or requires that I can think better about the problem at hand than can the others and that, therefore, my judgment is likely to be superior to others'. The structure is flat, an even playing field.

Now picture a manager at a given stratum, managing a team of subordinates and having to make a decision about work in their area:

- A Stratum II engineer is in charge of a step in a process. A Stratum I subordinate wants to add a chemical to whiten the output. The Stratum II engineer judges that under some conditions, the chemical would interact with another in the process step to make the output even darker.
- A Stratum III engineer is in charge of a process. A Stratum II subordinate wants to add a chemical that, in combination with others, would whiten the output of a step in the process. The Stratum III engineer judges that this combination of chemicals would, in too many cases, increase the viscosity of the output, which would cause problems two steps down in the process.
- A Stratum IV plant manager is in charge of multiple, interdependent lines. There are a number of Stratum III subordinates each of whom wants to make changes in their processes. But the manager judges that these changes would create bottlenecks. Some steps in different processes would occur simultaneously.

creating too much demand on scarce resources: power, repair technicians, testing facilities, and so on.

The plant manager at Stratum IV, using parallel processing, has a grasp of the whole system that the subordinates at Stratum III do not have. They, in turn, with their serial processing can envision and make judgments about a serial process that their subordinates at Stratum II cannot fully comprehend. And the Stratum II engineers' cumulative processing allows them to make better judgments through diagnosis than their Stratum I, declarative processing subordinates can.

Each manager may be able to persuade their subordinates, but to the extent that the outcome is unpredictable so that judgment is required, the manager and subordinate may have a difference of opinion. It makes sense for the manager's choice to prevail as the manager has a better grasp of the wider situation.

DO THESE CONDITIONS PREVAIL?

This article has argued that in a well structured, staffed, and managed managerial accountability hierarchy, top-down, hierarchical decision making is better for the organization and better for its people. You might agree with the argument but question how widely the premise holds true. How many well-structured, well-staffed, and well-managed managerial accountability hierarchies are there?

To be sure, few CEOs have consciously employed the templates of the framework described by Brown and Jaques. Almost all workplaces deviate from the model to some extent. 1) Incentive systems are put in place to encourage a certain behavior, for example, getting referrals from clients. These systems encourage insubordination by making one kind of output (referrals) more attractive than other tasks the manager may want the employee to do, tasks with no incentive attached. 2) Glenn Mehlretter and Michelle Carter (2003) found in a study of 980 employees in five companies that 35 percent of employees are misaligned with their role (cognitive capacity greater or less than required for the work in the role), 39 percent are misaligned with their manager (in the same stratum of capability or more than one stratum apart), and 17 percent are in roles misaligned with their manager's role (more or less than one stratum difference in complexity of work). (There is significant overlap among these groups, so the numbers should not be added.) 3) The value of executive bonuses is often tied to share price. This encourages action to drive share price in the near future rather than to meet their accountability to drive long-term value of the organization. 4) Managers are rarely trained in how to set context, assign tasks clearly, coach, and do all of this in dialogue, and it is rarer that they are held accountable for engaging in such work.

In North American culture, managers are often reluctant to hold subordinates to account or make unilateral decisions for fear of its being culturally unacceptable. Jerry Harvey (1999) believes that consultants and academics do not take Requisite Organization seriously because to do so would require them to give up the notions of incentives, inspiration, and consensus that they currently lean on to make sense of the world of work. To be fair, advocates of Requisite Organization can also be

faulted for not having adequately made the case that the approach solves problems that are not solved by other approaches.

Still, much of what Requisite Organization prescribes is currently in use in many workplaces, whether it comes directly or indirectly from Jaques's and Brown's work or simply from common sense. For examples of this, consider the following. Capable managers overcome incentive systems and hold the subordinate accountable for all of the non-incentive-rewarded work. The Mehltretr and Carter study implies significant amounts of appropriate alignments from the Requisite Organization standpoint: 65 percent of employees are aligned with their role, 61 percent are aligned with their manager, and 83 percent are in roles aligned with their manager's role. Some executives feel responsible to drive long-term value of the organization even if this requires sacrificing some current profit for more significant future profit and therefore reduces their bonuses. Managers often stumble through setting context, assigning tasks clearly, coaching, and doing all of this in dialogue. They may not do it elegantly, but it gets done.

Often enough, one person has unique accountability and authority for a task, that same person has a unique level of capability for the task and those who must implement the decision understand and accept that they are accountable for implementation even if they do not agree with the decision. In such cases, top-down decision making is better. But when accountability and authority are unclear or even in conflict and those working on the task are all of the same level of capability, then democratic or consensus processes may yield decisions better for the organization and better for the individuals.

IMPLICATIONS OF REQUISITE ORGANIZATION FOR THE FUTURE

I have been asked to comment in this article on the implications for our "World Futures" with supremely high challenges these days, if Requisite Organization (RO) is not implemented more widely. To begin with, I do not expect RO as a discipline to become as widely applied as such approaches as process reengineering or six sigma have. The RO model, with its inherent top-down decision making, is clearly applicable to most work places; it will serve anyone needing an organization to get work done for them. Most private- and public-sector work is done most effectively and efficiently through managerial accountability hierarchies. When structured, staffed, and managed properly, managerial accountability hierarchies provide environments that facilitate trust as well as high-quality, top-down decision making. But holding subordinates accountable presents a psycho-social challenge to most managers that they do not need to face in order to change processes. I expect that managers will continue to avoid top-down decision making—or at least avoid the appearance of it—for the sake of political correctness or the experience of participation and sense of commitment. In so doing, they will continue to make technically inferior decisions and to breed cynicism among employees who understand intuitively the limits of their accountability, authority, and capability. The higher up in the organization consensus is required, as those capable in roles at Strata IV, V, VI, and higher are expected to win approval from their subordinates,

the more the organization's future is imperilled along with the quality of short-term complex decisions. Good decisions, trust, and commitment in the managerial accountability hierarchy come not from consensus but from a clear, appropriate, and honored contract between the organization and the employee. Employees do not want or need a vote on a decision in a managerial accountability hierarchy. They want and are well served by being treated with respect and by alignment of accountability, authority, and capability. Jaques used to say that his understanding of the work world had given him great faith in humanity because he understood that almost everything we accomplish is done in the face of highly dysfunctional organizations. As we have stumbled through the past, I expect we will continue to stumble through our future.

NOTES

1. This article is largely grounded in Elliott Jaques' research, the organizational model developed by him and Sir Wilfred Brown (1960, 1962), and the consulting and management experience of hundreds of people who have employed his research in the workplace. Rather than give citations after each point, I shall explain where the references are in general. My statements about human capability come largely from Jaques and Cason (1994). Statements about the nature of organizations and work and people within them are from Jaques (1976, 1996). Case studies of application of his work can be found in Shepard, Gray, Hunt, and McArthur (2007). Finally, research is summarized in a 1,000-page bibliography (Craddock, 2007).
2. These were Piaget's main focus. Jaques relates Piaget's stages to his own schema of orders of information and processes in Jaques and Cason (1994, pp. 97–101).

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