

How to get promoted

Human factors in hierarchical organisations

How business evolves through random decisions

“Interesting... funny... true”

1. PRINCIPLES ALL SHOULD KNOW

- ▶ Before we set out on our own track, let us a recap some established principles of survival and promotion in organisations.
- ▶ **The Peter Principle (Laurence Peter)**
- ▶ **The Dilbert Principle (Scott Adams)**
- ▶ **The Iron Law of Oligarchy (Robert Michel)**
- ▶ **“Power tends to corrupt” (Lord Acton)**
- ▶ **The theory of evolution (Charles Darwin)**
- ▶ **Parkinson's Law (Cyril Northcote Parkinson)**



The Peter Principle (Laurence Peter)

- ▶ “Hierarchiology, although a relatively recent discipline, appears to have great applicability to the fields of public and private administration”
- ▶ Dr. Laurence J. Peter and Raymond Hull, *The Peter Principle: Why Things Always Go Wrong* (1968)



The Peter Principle

- ▶ "In a Hierarchy Every Employee Tends to Rise to His Level of Incompetence"
- ▶ Thus, employees are promoted to positions in which they are no longer competent, and there they remain.



Peter's Corollary states that:

- ▶ "in time, every post tends to be occupied by an employee who is incompetent to carry out his duties" [and so] "work is accomplished by those employees who have not yet reached their level of incompetence".



What does this say about top managers?

- ▶ The team must be a mix of super beings (still short of their level of incompetence), and more ordinary mortals who have somehow surpassed their level of competence.



- ▶ We will try to explain why, so often, the top level management team of a large organisation lacks the competencies needed to make the “best” decisions.

The Dilbert Principle (Scott Adams)

- ▶ “The most ineffective workers are systematically moved to where they can do the least damage: management.”



What does this say about top managers?

- ▶ How can people who are ineffectual at real work make progress up the management ladder?



- ▶ We are gradually uncovering the ways that people make decisions that lead to them being promoted to top-level roles in which they are able (contrary to the Dilbert Principle) to do real damage.

The iron law of oligarchy (Robert Michels)

- ▶ “Hierarchical organizations tend to become oligarchic in their decision making – meaning that power is concentrated in a few hands.”



“Power tends to corrupt” (Lord Acton)

- ▶ "I cannot accept your canon that we are to judge Pope and King unlike other men with a favourable presumption that they did no wrong. If there is any presumption, it is the other way, against the holders of power, increasing as the power increases. Historic responsibility has to make up for the want of legal responsibility.



- ▶ "Power tends to corrupt, and absolute power corrupts absolutely." Lord Acton, an English historian

What does this say about top managers?

- ▶ We will explain some of the ways that people obtain and hold on to power.
- ▶ These are the ways of the world.



The theory of evolution (Charles Darwin)

- ▶ You surely know that evolution works on the basis of random changes, some of which lead to an individual having an advantage over others.
- ▶ Darwin summarised his theory of evolution on page 5 of “On the Origin of Species”. (1859).

This summary can be paraphrased for business management

- ▶ *“Many more employees are employed in an organisation than can possibly be promoted to senior levels; and consequently, there is a never ending struggle for promotion.”*



- ▶ *Any employee whose decisions appear more profitable will have a better chance of being selected for promotion.*
- ▶ *And the promoted employees will tend to repeat the decision making processes that led to their promotion.”*

What does this say about top managers?

- ▶ We will explain how the inevitable randomness of many management decisions plays its part how people obtain and hold on to positions of power.



Parkinson's Law (Cyril Northcote Parkinson)



- ▶ “Work expands so as to fill the time available for its completion”
- ▶ Above, the famous first sentence of Parkinson’s essay published in The Economist in 1955.

However,

- ▶ Parkinson's law is different, it is a mathematical explanation of the rate at which bureaucracies expand over time by reference to two forces:
- ▶ "1. An official wants to multiply subordinates, not rivals"
- ▶ "2. Officials make work for each other."



What does this say about top managers?

- ▶ “An official wants to multiply subordinates, not rivals”
- ▶ This first force plays a part later.



- ▶ Now, let us set out our track.