

TWO DIFFERENT WAYS OF DOING SOMETHING

By Ted Kolderie
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One of the unspoken but absolutely pervasive assumptions in the current debate is that if we have urgent problems (as we do) and if things are continually becoming more complex (as they are) then what we must need -- in the community and in the society -- is a strengthening, not a weakening, of the mechanisms of central control.

From this standpoint, of course, decentralization and competition are ideas to be resisted. A service area in which the operating units are not organized under some central direction is usually described as 'fragmented'; the assumption clearly being that they must then also be un-coordinated.

This assumption was challenged recently, in a talk by Charles Lindblom, a professor of political science formerly at the University of Minnesota, now at Yale University. He spoke May 13 in a colloquium series sponsored by the Humphrey Institute and the School of Management at the University here.

Essentially, the talk provided a theoretical framework for understanding many of the most perplexing issues moving in the debate in Minnesota now about the organization of the public sector. Does 'organization' always mean an organization? Does 'coordination' always involve a coordinator? If not, how does coordination occur? How can decisions be-made without a decision-maker?

It went about this way:

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In complex situations we can never have more than a partial understanding of all that is happening. We can never be more than partially right. And we can never be more than partially effective. It is a serious delusion to believe otherwise. The reality is that most decision-making and planning proceeds through what I have called "disjointed incrementalism".

Still, the human impulse is to try to take control of complex situations. And essentially there are two models, or approaches, through which people try to act.

One is coordination through centralized decision-making. Here information flows from the outlying parts of the organization into its center, and instructions flow back out.

The other model is coordination through mutual adjustment. In this model information flows between and among the independent entities. You must note that the latter is not 'decentralization', which still implies a center. In the process of coordination through mutual adjustment there is no center; no single organization.

Our traditional theory is that coordination necessarily "involves and requires a central mechanism. We all know real situations where coordination occurs without such a central mechanism. People walking rapidly toward each other on a busy sidewalk sort themselves out and pass without bodily injury, for example, without any central coordinator telling them what to do. Yet there remains a powerful bias in favor of the idea of central control.

Let's look at the sources of this bias.

1) Academics are trained to think centrally; that is, to get a synoptic picture of "the whole problem". The challenge for them is to get an intellectual understanding of a situation in its entirety. This basic predisposition renders most academic people incapable of an objective view in the debate between centralization and decentralization.

2) Consultants, when called in to advise on the solution of a problem, tend to take the same view.

3) It is intellectually possible to conceive a perfect centralized control (Q: especially with computer modeling?). It is not possible to develop a conception of a perfect system of automatic mutual adjustment: There is simply no such vision in our minds. So we slide from this difference to the assumption that the first is better than the second. Of course, it is not possible actually to create a perfect type of either.

Each approach has its own advantages and disadvantages.

Mutual adjustment works at short distances, or at very long distances. The relationship can be intended and attentive; or unintended and inattentive. It can operate with either a simultaneous or a sequential flow of information.

Clearly, the major expression of the system of mutual adjustment is in what we commonly call "the market". Its accomplishments in the efficient organization of effort far exceed anything ever accomplished through the mechanism of central coordination. This is the system in use at the world scale: the food system, the energy system, the materials-distribution system.

So at the macro scale there is a phenomenally strong case for the use of this mechanism: coordination through mutual adjustment.

You might think that if an approach works well for the largest and most complex situations people would also use it for the smaller and less complex situations. What we find, however is that at the micro level people are continually making great efforts to impose a system of centrality. It is at this micro level that most of the debate about centralization and decentralization is going on. Basically, the advocates of centralization concede the superiority of mutual adjustment at the macro scale.

Let's examine the arguments made for a system of centrality; "what I call the 'appealing hypotheses' that assert the superiority of central decision-making. In what follows I am not asserting the truth of the opposite: I am merely trying to question the common confidence in the wisdom of central control.

* Some argue a relationship with size. But as we've noted, the largest systems function without a central coordinator. And it appears that the smallest systems do, as well. An orchestra has a conductor, but a string quartet plays without one. So it is difficult to see that large size or small size, as such, necessarily dictates the answer.

* Some argue that central coordination is superior when we're dealing with a formal organization, rather than an amorphous social process (like people on a sidewalk}. But everything we know about organizations suggests that these always develop inside them an 'informal' structure that is essential to their success. And this is on the whole a mechanism of mutual adjustment.

* Others will assert that a situation ought to be handled centrally if it can be grasped as a whole, intellectually. Here we must deal with a political problem. Even assuming a central coordinator could understand the problem as a whole, would he really try to deal with it as a whole? There are many incentives not to do so: many reasons not to make every implication explicit and to take every secondary consequence into account.

Note that no such problem exists for the mechanism of mutual adjustment, where each actor is working for its own interests only; and where the overall task of coordination is also in the interest of each actor individually. There is not this same commonality of interest for the actors in a system of centrality: People may not want to be coordinated.

* At least, some will say, we should use central authority when action has to be taken quickly. No: This is not clear at all. If the fire alarm rang and we all had to leave this room in 30 seconds I very much doubt that we would use the time to elect a chairman and to establish procedures. I suspect we would all move, each to the nearest door, in a relatively orderly way, by ourselves.

* Perhaps, then, we should at least use centrality in situations where a mechanism of authority exists and action can be immediately commanded. The trouble here is that, as we know, authority does not simply 'exist'; it has to be recreated and reassembled from situation to situation, in an unending process of 'engineering consent'. So this argument is subject to the same objection as the one preceding.

* Surely, then, centrality is necessary where several elements have got to be fitted together in some definite pattern; as in the development of a new aircraft. Well, perhaps. Interestingly, though, some studies suggest that even in these situations that is not the way the action really occurs. What actually happens is that the people responsible for each of the elements end up working directly with each other, to put whole system together.

* It is also alleged that centrality is better wherever a situation is not stable, and where the people involved need to respond to change. No. All we know about organizational change tells us that it is unplanned and almost literally comes in an un-directed way. In truth, centralized systems develop a high degree of internal rigidity that makes them particularly unsuited for situations involving change.

The process of what I have called 'mutual adjustment' is messy and untidy; and therefore unappealing to many persons. As a consequence, the most logical and intelligent people tend to underrate its potential. This continues to be one of the major intellectual problems in the organization of human action.

(The meeting was then opened for discussion.)

Q: It would seem that the mechanism of mutual adjustment then implies and requires a highly developed system of information and information-exchange. Or, put the other way 'round, that an increasingly sophisticated system of information and communication implies and at least makes possible a shift from mechanisms of centrality to

mechanisms of mutual adjustment. Lindblom: Yes. And you have the additional factor that in a centralized structure it is in the interest of various people to distort the flow of information at different levels; whereas for people in a system of mutual adjustment good information is essential.

(In response to another question having to do with the failures of market arrangements): Notice how the very wording of your question associates coordination with centrality, and transforms mutual adjustment simply into 'accommodation'. We have got to see that there is coordination in the system of mutual adjustment as well as in the system of centrality.

Typically, when we see a failure in a system of mutual adjustment -- and failures, remember are present in any effort -- our response is to think that we must shift to a system of centrality, rather than fix what may be faulty in the mechanism of mutual adjustment.

Q: What happens to accountability if there is no mechanism of central control?
Lindblom: Is there really no accountability in market-type arrangements? And, how good is it really in centralized arrangements? There is a point here, which has to do with values. Centrality is often not very effective where a variety of different values all need to be protected at the same time. We should also ask whether we really want accountability about everything. I know we all assume it is a 'good'; but is it, really? Isn't it better in some cases to make an individual responsible, within a defined area of discretion, rather than to make him accountable for every action?

Q: In the real world don't most situations have elements of both centrality and mutual adjustment? Lindblom: Of course. I am abstracting from reality here, to sharpen our thinking about the decisions we have to make as we debate a change in the balance between the two.

Q: Still, there's a sense that mutual adjustment is without purpose: that it leaves no room for collective policy; no role for planning or for management. Or, for that matter, for the teaching of these subjects. Lindblom: Not at all. All kind of mutual-adjustment mechanisms need to be designed, and occasionally changed: the rules of a legislative body; the rules of behavior in a market. This involves policy about objectives, and planning, and certainly a concept of management of the system as a whole.