

Management as a profession:

A grand societal challenge

The future of management as a profession is dependent on the rise of new forms of management, including both circularity and distributed leadership. This requires a transition away from the widespread belief that management is something done by a few individuals at the top of an organisation. As part of this transition, there is a need to shift attention from human agents towards management technologies. Professor Georges Romme, from the Eindhoven University of Technology, focuses his research on understanding how the quest for management as a science-based profession can be revitalised.

Early pioneers within the management discipline perceived management as a science-based professional activity, designed to serve the 'greater good.' More recently, however, management researchers have largely abandoned the quest for professionalism. This has been attributed to the 'intellectual stasis' of management scholarship, which is unable to inform management practice. This intellectual stasis is particularly concerning in light of the increased focus on the nature and level of professionalism since the beginning of the 21st century, which has arisen following several corporate failures. Analysis of such failures has demonstrated that these companies are poorly managed. Professor Georges Romme thus proposes that the quest for the professionalism of the management discipline can be renewed as a grand societal challenge.

CHALLENGING ASSUMPTIONS

Traditionally, it has been assumed that management is the responsibility of a few individuals at the top of an organisation. However, this assumption is largely unfounded. Romme proposes that within professional management, the evidence, tools and systems used are equally as important as the human agents within an organisation. Misconceptions about managing being carried out by a few individuals within an organisation represent a major barrier in professionalising the management discipline. This is because such a belief allows for opportunism and arbitrariness to become dominant within management practice.

In light of these issues, Romme argues that the future of the management discipline is dependent on the rise of new forms of management, which draw upon the principles of distributed leadership. These principles are what allow aviation technology to be highly reliable in contrast with other methods of transporting people and goods. Modern aircraft contains thousands of sensors and signalling systems, which allow the pilot to anticipate, analyse and solve problems in an automated way. However, the principles of distributed leadership are largely ignored by individuals managing other types of organisations, resulting in highly unprofessional management practices in these organisations.

MANAGEMENT AND AVIATION

Drawing upon the example of aviation allows for a novel way of approaching the management discipline, according to Romme. Management is often compared

with professions such as medicine and law, which were created and institutionalised in the 18th and 19th century. The analogy between management and aviation is thus more appropriate because both professions emerged and developed during the 20th century.

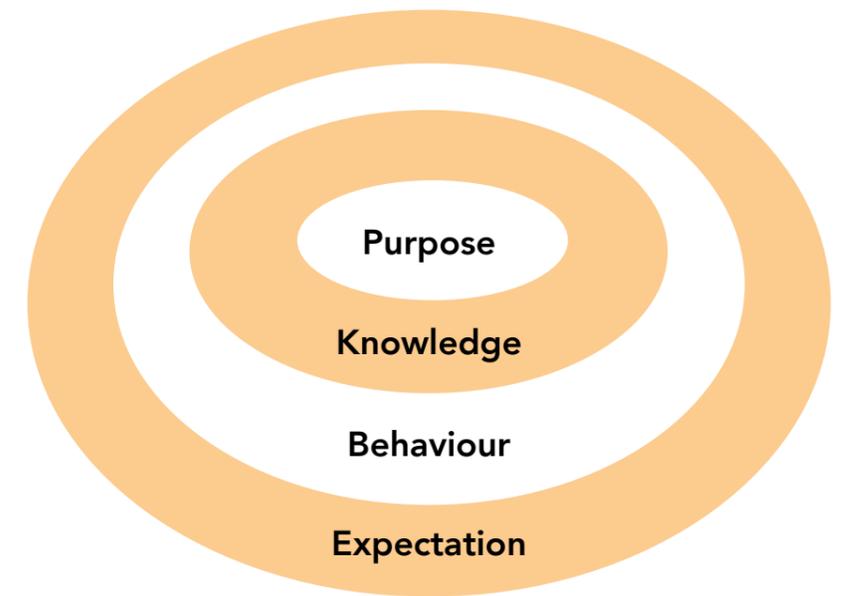
The analogy with aviation, as well as other 20th century professional disciplines, is also helpful because of the pragmatist understanding of the links between Aristotle's three concepts of knowledge. These concepts are 'episteme', 'techne' and 'phronesis', representing scientific, instrumental and reflective knowledge respectively. These 20th century disciplines thrive on the interaction between these three forms of knowledge.

In contrast to these ideas, management scholars have tended to form 'closed loops of scholarship', focusing upon rigour, relevance or reflection. Management scholars could learn the value of embracing a pragmatist, inclusive approach to effectively build a professional discipline from aviation. This would improve the ability of management scholars to guide and inform management practices. Management research as a driver of professionalisation can thus become a reality.

Despite the usefulness of the aviation and management comparison, Romme highlights the limitations of this analogy. These limitations arise because the current sophisticated management technology is more similar to the aircraft

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created and tested by the Wright brothers between 1903 and 1905, than modern Boeings or Airbuses. Furthermore, the wirings of aircraft are primarily intangible whereas those of management are predominantly human and social in nature. An automated pilot of an aircraft can easily monitor what is happening within the aircraft and its surroundings by using sensors and measuring devices. In a management context, however, each individual within the organisation



Source: Romme (2016).

can potentially act as a sensor or measuring device, which is inherently less predictable.

CIRCULATION AND MANAGEMENT

Circular management demonstrates the way in which principles of distributed leadership and circularity can be applied to management. Gerard Enderburg, a Dutch engineer and entrepreneur has pioneered a 'sociocratic' approach to circular management since the 1970s. More recently, this approach has been repackaged into 'holacracy' or 'holacratic circular management.' These approaches

can ease the burden of managers within an organisation, as well as driving organisational resilience and innovation.

Circular management proposes that power and leadership are distributed throughout an organisation, whilst simultaneously maintaining a clear hierarchy. This hierarchy is conceptualised as a sequence of abstraction, rather than as levels of authority. Circular management suggests that individuals

take on roles as needed, rather than individuals being permanently and exclusively placed in management or other positions within an organisation. Both sociocratic and holacratic approaches are based on these principles. However, within a sociocratic approach, all roles are defined and each individual is typically assigned to a single role. In the holacratic approach, individual workers can create new roles, with the opportunity for each individual to take on multiple roles.

Several hundred organisations are currently implementing circular management approaches, either in sociocratic or holacratic form. These tend to be small to medium-sized companies. Examples include the Dutch design agency Fabrique and the Brazilian agribusiness Terra Viva. Large, publicly owned companies have rarely applied circular management approaches. An exception is Zappos, a division of Amazon, in which the implementation of holacracy is an ongoing effort.

Unlike sociocracy, holacracy has only been developed recently and thus it is not yet possible to evaluate its long-term impact in organisations. Romme highlights that companies which have implemented a sociocratic approach are all leaders





in their respective fields. Furthermore, these organisations have successfully demonstrated how principles of circulatory power and authority enhance organisational resilience and performance as well as sustain empowerment at all levels of the organisational hierarchy.

Romme also outlines a number of misconceptions surrounding the implementation of circular management. Firstly, that implementing either sociocracy or holacracy means inevitably abandoning the corporate hierarchy. Secondly, that once the blueprint of sociocracy or holacracy has been adopted, any strategy to achieve this

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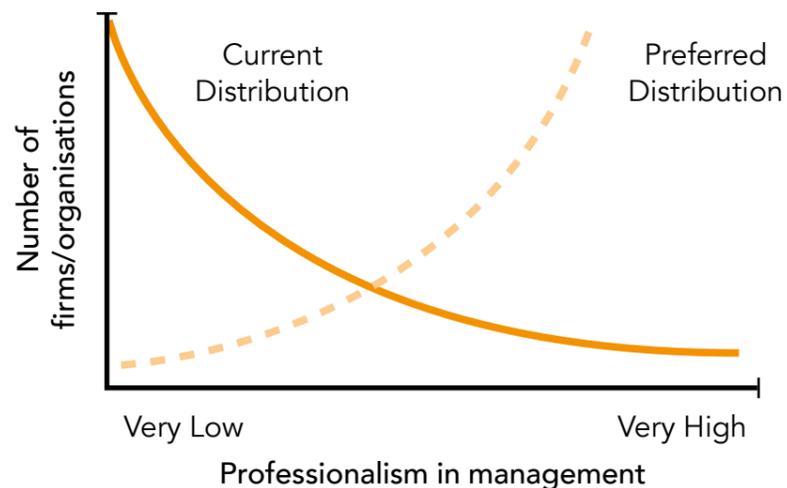
blueprint is acceptable. Thirdly, that these approaches towards management do not affect executive or supervisory boards. Romme asserts that these misconceptions can be addressed by redefining hierarchy as a sequence of abstraction, refining organisational ownership as organisations which 'own themselves', and adopting 'informed

consent' as the primary rule for making major (i.e. so-called policy) decisions.

MANAGEMENT PROFESSIONALISM AS A GRAND CHALLENGE

For Romme, the quest for management as a science-based profession represents a grand societal challenge. A grand societal challenge involves numerous interactions and nonlinear dynamics, highly uncertain parameters and consequences as well as multiple criteria to evaluate its effectiveness. Such challenges require collective responses, in which diverse individuals work together for an extended period of time. Any grand challenge has multiple solutions and thus there is a need for continuous experimentation. Circular management approaches can be conceptualised as an ongoing experiment in the quest for professionalism. Such approaches can be experimented with, along with other strategies in order to address this grand challenge.

Current versus Preferred Distribution of Professionalism (source: Romme, 2016).



Behind the Research

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Research Objectives

Professor Georges Romme focuses his research on understanding management as a technology and how the quest for management as a science-based profession can be revitalised.

Detail

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Bio

Georges Romme is a professor of Entrepreneurship & Innovation at Eindhoven University of Technology (TU/e). He obtained his undergraduate and graduate degrees in economics and business administration from Tilburg University and Maastricht University. From 2007 to 2014, professor Romme served as dean of Industrial Engineering & Innovation Sciences department at TU/e, and currently is a non-executive director of several companies and nonprofits.

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Personal Response

Why do you think large companies have not implemented circular management approaches?

/// The main reason why publicly traded corporations have not adopted circular management is the fact that the distribution of power is unclear in these corporations. The constitution of these corporations still implies that shareholders appoint directors and then hold them accountable via the general meeting of shareholders. However, many by-laws in the same constitution serve to severely restrict shareholders' authority, and instead empower directors (who appoint executives) to formally run the corporation. This separation of legal ownership and actual control of the corporation creates a highly complex distribution of power between shareholders, directors and executives: especially executives have a lot of discretion to pursue their own interests, whereas shareholders can only use their authority incidentally, for example, to replace directors when the company is underperforming. As a result, no one actually has the authority to decide on a transformation that will fundamentally change the position of shareholders, directors and executives. As such, a clear and unambiguous hierarchy is a key condition for making the transformation towards circular management. //