Reference: Hülsmann, M.; Berry, A.: Strategic Management Dilemmas: Its Necessity in a World of Diversity and Change. In: Lundin, R. et al. (eds.): Proceedings of the SAM/IFSAM VIIth World Congress on Management in a World of Diversity and Change. Göteborg, Sweden, 2004, CD-Rom, 18 pages

Strategic Management Dilemma:
Its Necessity in a World of Diversity and Change

Research paper to be considered under the academic stream “Strategic Management” submitted by:

Prof. Dr. Michael Hülsmann
University of Bremen
Department of Economic Science
Management of Sustainable System Development
Wilhelm-Herbst-Str. 12
D-28359 Bremen, Germany
Phone: +49-421-218-9773
Facsimile: +49-421-218-7422
e-mail: Michael.huelsmann@uni-bremen.de

Dipl.-Kffr. Adele Berry
University of Bremen
Department of Economic Science
Sustainable Process Management
Wilhelm-Herbst-Str. 12
D-28359 Bremen, Germany
Phone: +49-421-218-7387
Facsimile: +49-421-218-7422
e-mail: adele.berry@uni-bremen.de

Please send all messages to Prof. Hülsmann.

This research was supported by the German Research Foundation (DFG) as part of the Collaborative Research Centre 637 “Autonomous Cooperating Logistic Processes – A Paradigm Shift and its Limitations”

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Abstract

In a world of diversity and change management has to cope with challenges such as hyper-linking, hyper-competition, and hyper-turbulence. These lead to a higher level of complexity and dynamic management has to accomplish. Furthermore, conditions and aims of a specific social system are more and more contradictious. Modern social systems fulfil manifold incoherent functions for their stakeholders – and no longer only one particular purpose. In consequence management faces a dilemmatic situation. Rational decisions for a single strategic alternative cannot be logically substantiated. Therefore, the dominating paradigm "strategic fit" – which postulates consistency and strict goal-mean-hierarchies in order to minimise inefficiency and frictions – does not fulfil management's needs perfectly anymore. Management's success depends on its ability to achieve a system's functions and to secure a system's continued existence simultaneously. In order to accomplish the resulting dilemmas of rational choice and management's success a dilemma-management is needed in times of diversity and change.

Key-Words

Dilemma-Management – Rational Choice – Designing Strategies

1. CHALLENGES RESULTING FROM DIVERSITY AND CHANGE

Hyper-linking, Hyper-competition & Hyper-turbulence – Three typical phenomena of "real-time-economies" in a world of diversity and change (Tapscott, 1999; Siegele, 2002). These are developments which have gained more and more popularity in current publications for they indicate the escalating challenges of modern management (D'Aveni & Gunther, 1994; D'Aveni, 1998; Xiao Li & Chuang, 2001; Monge, 1995). Consequently, the demands on management are loaded with additional complexity and dynamic.

Companies no longer only have to concentrate on managing their original supply chains, but are also confronted with multiple demands articulated by world wide stake- and resource-holders (Müller-Christ & Hülsmann, 2003). These multiple and global demands result among others from the fact that companies have become inter- and multinational players, characterised by e.g. international manufacturing plants, purchasing and sales on global markets, multinational staffed executive boards, and multicultural personnel. Ultimately, the current economic systems are highly structured by hyper-linkings between all actors – person as well as institutions. This highly evolved interconnection is based amongst others on developments such as globalization, which is defined as a process of increasing international integration of economic activities (Pflüger, 2002). The impacts of globalization on the stress of competition can be shown by Porter's "Five Forces". He differs between new sellers, the power of customers as well as suppliers within negotiations, intensity of rivalry between competitors, and the threat of products, which can substitute existing goods and services (Porter, 1980). The globalization increases most of these forces of competition, because e.g. more products from former foreign markets can supplant home market goods; more sellers from abroad will enlarge the distribution in attractive global markets and will no longer only focus on their original local markets; customers can buy products from all over the world and can decide between more and more options of choice. Therefore, due to the increasing global – and not only local – interdependency of purchasing, producing, and sales, the rivalry of competitors will rise to hyper-competition. This development is accompanied by reduced transportation costs (Busse, 2001), increasingly intelligent computer systems, the accelerating internet, lower information costs (OECD, 2000), and so on. The ubiquitous accessibility and availability of information and services intensify the stress of competition.

Furthermore, modern management has to accomplish the effects of hyper-turbulence. In times of continuously changing value systems, and micro market segmentation identifying every individual preference and any demand, product life cycles are becoming shorter and shorter. In times of reforming public institutions and reducing legal regulations, companies are constantly confronted with new challenges. And, in times of variable identities and altering institutions the management has to adapt the profiles of company's performance and organization to erratic shifting stakes of its surrounding environment more quickly and permanently than ever before (Monge, 1995). Consequently, managing a social system today is described by discontinuities on both sides: in the environment and – as a necessary recursion to this phenomenon – in the system itself.

Therefore, management in a world of diversity and change has to accomplish the challenges of hyper-linking, hyper-competition, and hyper-turbulence resulting from diversity and change.

2. MANAGEMENT AS A PROCESS OF RATIONAL CHOICES

2.1. Definition and Tasks of Management

Despite the multitude of comprehensions concerning the term management this essay concentrates on its instrumental definition, which describes management as the conscious and goal-oriented structuring of a purposive social system dealing with complex and dynamic conditions (Remer, 2003). Therefore, in a general sense, management refers to the structuring, steering and developing of societal institutions (Ulrich, 1984). In an instrumental sense management comprises everything used within a social system, which allows the identification of goals, strategies and measures, structures and processes as well as resources (Ulrich & Fluri, 1995) – in other words all tools required for a goal-oriented structuring of a system despite complex and dynamic conditions.

This comprehension assigns management a superior function, a so-called intermediation function (Remer, 2003). After all, by structuring a system in a goal-oriented mode whilst taking into consideration the complex and dynamic constraints, management does nothing less than mediate between the demands towards the structuring of the system, relevant to a specific decision and its correspondent solution alternatives, and the limitations this structuring is confronted with. According to Remer (Remer, 2003) the demands towards the structuring of a system (Idea) describe the goals, which result from the systems purpose. The structuring limitations (Reality) on the other hand restrict the number of alternatives available when structuring the system. They result from the specific situation the system is in.

The contrast between Idea and Reality leads to management's main function: the intermediation between the goals and limitations (Kosiol, 1968) as well as between the purposes and measures or between the inputs and outputs of social systems (Luhmann, 1994). In the context of strategic management theory and praxis this intermediation function is hardly mentioned, instead the term 'strategic fit' is more popular. It is a more vivid expression which assigns management the task of establishing congruence between systems and their environment, within the management-systems as well as within the management-subsystems (Bea & Haas, 2001). Generally within management theory the four elements politics (defining corporate aims and goals), planning (determining corporate strategies and measures), organisation (designing corporate structures and processes), and potential (structuring corporate resources and means) are regarded as the subsystems of management systems ([Remer, 2001 #925]). The necessity of such a strategic fit is justified by (Hülsmann, 2004; Welge & Al-Laham, 1999):

- firstly, that the performance and organisation profile of any system must be consistent with its demand profile in order to attain its goals and to secure its existence
- secondly, the need to avoid frictions among the system's structures and processes for the resulting losses – either within a specific system or at its boundaries – ultimately leads to an inefficient allocation of the system's resources. A lack of strategic fit mostly fails to allow actions to be stringent, too.

Consequently, the intermediation function of management is vital to the respective system. By mediating between the demands towards the structuring of a system and the limitations restricting their fulfilment and achieving a strategic fit, it is possible

- to reduce economic risks,
- to develop future potential (of action),
- to reduce complexity (Luhmann, 1973; Kirsch, 1978; Ulrich, 1984),
- to identify and master environmental dynamics (Ulrich, 1984; Ackhoff, 1970; Ansoff, 1976),
- to stabilise behaviour as well as expectations and
- to integrate individual action into a system's action (Kreikebaum, 1993; Wild, 1975).

These effects are central preconditions to conserving a system permanently as well as to achieving its purposes (Hülsmann, 2003). Consequently, they also apply and are vital in times of hyper-linking, hyper-competition, and hyper-turbulence. More than ever management is responsible for mediating successfully between the goals and limitations of a system. As stated above the identification of appropriate strategies for achieving these effects belongs to management's tasks.

The term strategy initially appeared in business sciences in the game theoretical context (Burmann, 2002). It stood for a complete plan adjustable to any imaginable situation and capable of offering an appropriate solution (Welge & Al-Laham, 1999). This comprehension, though, is not applicable to business management. Investigations by scientists dedicated to the field of operations research came to the conclusion that a complete plan considering a firm's entire options of action is not possible or at least not feasible, due to the complexity and dynamics of its system and its surrounding systems (Burmann, 2002).

Chandler, Ansoff and Learned (Chandler, 1962; Chandler, 1976; Ansoff, 1965; Ansoff, 1979; Learned, 1965), on the contrary, advocate a comprehension of the term strategy which is especially related to its meaning in a military context. Strategy is defined as "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action, and the allocation of resources necessary for carrying out these goals" Chandler, 1962: 23). Strategy referred to as a goal-oriented, rationally planned bundle of measures (Marcharzina, 1995), is a widespread comprehension of strategy since the nineteen seventies. Likewise, strategic management is understood as the rational planning, formulation and implementation of strategies and was established as an independent field of research.

The majority of definitions and understandings of the term 'strategy' in managerial contexts have a rational approach to decision making processes in common. They are characterised not only by the necessity of mediating between the system's goals, appropriate measures and limitations, but also, and in particular, by sensible planning processes. Planning processes are only sensible when choices are made rationally.

Due to the fact, that both the understanding of strategy and the general understanding of management especially stress the aspects of rational choice, it seems necessary to define the term "rationality" and its functions for management.

2.2. Definitions of Rationalities

Generally, rationality is defined as an attribute which actors or societal institutions are determined by (Brentel, 1999). Actions are rational whenever they are based on a reasoning comprehensible to others apart from the decider and deduced logically (Möller, 1942). In other words the term rationality indicates the objective existence (in the real world) of reason or the subjective ability of persons (concerning their thinking and actions) to good sense . Consequently, the term rationality is linked to reasoning and reasonability by definition (Brentel, 1999; Hülsmann, 2003). "To do

something rationally is to do it for good and cogent reasons" (Rescher, 1988: 5). Due to the fact that the focus lies on the comprehensibility of the motivation underlying an action independent of the observer, rationality is able to make decisions objective (Habermas, 1981; Bäcker, 1996). "If something makes good rational sense, it must be possible in principle for anyone and everybody to see that this is so. This matter of good reasons is not something subjective or idiosyncratic; it is objective and lies in the public domain" (Rescher, 1988: 157). Besides this objective function rationality has a normative function, too, which lies in its ability to justify decisions ex-post. The "good reasons" and the logic of the decision process which led to a chosen alternative become apparent to others (Peters, 1991). Furthermore, it is only rationality which opens the door to self-reflective processes. It is an attribute which is asserted – providing the reasoning and reasonability of a decision has been scrutinised regarding its objectivity and logic (Luhmann, 1994; Habermas, 1981). It is self-initiated criticism as well as criticism articulated by third parties concerning the formal principle, the premises or logic of a rational decision, that allow the development of competencies (Popper, 1958). Self-reflection, which is nothing else but a rational approach to a subjects' actions, therefore makes people and systems more rational. Whenever rationality is mentioned in this context, it is restricted to bounded rationality. This is to acknowledge the fact that the concept of the homo oeconomicus, who has no information costs, can deduce any possible future conditions and react to developments infinitely quickly etc. and who is therefore capable of deciding completely rationally, is out of touch with reality (Kappler, 1993; Berry, 2002; Elster, 1992). No action can be ultimately rational (Nolte, 1999), which is reasoned as follows (Simon, 1955):

- Rationality requires complete knowledge and anticipation of the consequences of every single decision. In fact, though, knowledge is always fragmentary.
- Due to the fact that the consequences will only become apparent in the future, fantasy has to replace the lack of secure experiences and judge these consequences. But judgements are only made in advance with difficulties.
- Rationality requires a selection process which considers every possible behaviour pattern. The respective actor, though, only registers and considers very few alternatives.

Rationality, understood as a causal context comprehensible to anyone and everybody relates between

- the premises or limitations and
- the aims or functions

of designing a management system (Türk, 1995).

In other words, rationality is given on the level of management, whenever the respective instrumental alternatives seem appropriate for achieving the individual aims, which are motivated subjectively but still comprehensible to others (Reimann, 1995). The aims of management result either from the goals immanent to the system or from the system's urge to ensure its existence which is threatened by its environment. Corresponding to rationality on the level of management rationality on the level of a social system can be understood as the sum of all consequences resulting from social actions or social elements, which target the mentioned aims (Reimann, 1995). The decision process though must not only integrate the system's goals and existence in

the solution conception, but also reflect on the dynamic and complex conditions of its realization.

2.3. Limitations to rationality-led management

The depicted implications of rationality in managerial and system-oriented contexts give the impression that solutions to problems can be completely consistent: certain tools are required for solving certain problems efficiently. This idea correlates with the intention of a strategic fit, which, like mentioned above, is to find a compromise between the goals of a system and the demands articulated by its surrounding systems, too. Traditionally, strategic fits sought to find consistent strategies (Bea & Haas, 2001; Welge & Al-Laham, 1999), i.e. strategies which allowed attaining the system's goals and securing its existence simultaneously. But the global rising of diversity and change has also left its marks on these two aims. System's goals have become increasingly hyper-linked, hyper-competitive and hyper-turbulent. Most systems are dominated in a political sense and the individual stakeholders negotiate on the systems' aims. The number of stakeholders correlates with the extent to which systems are hyper-linked. On the one hand more and more societal groups feel penetrated by the actions of a ubiquitous system and on the other hand the specific system becomes dependent on a growing number of resource-holders due to, for example, multinational production sites. Simultaneously, management has to deal with essential resources becoming absolutely rare (Müller-Christ, 2001). These two developments are enforced by symptoms of hyper-turbulence: the stakeholders' interests, legal regulations, technology standards etc. are becoming less and less constant leaving management without reliable factors.

Consequently, the intermediation function has become even more challenging for management. It is no longer possible to establish strategies which are constant over time and adaptable to different situations (Renz, 1997). Based on this discovery business sciences, and the field of strategic management in particular, developed an opposing approach to the term of strategy. Minzberg, for example, identified a great discrepancy between strategies planned and realised and therefore came to the conclusion that strategic management is strongly linked to organisational learning (Burmann, 2002). "Defining strategy as intended and conceiving it as deliberate, as has traditionally been done, effectively preludes the notion of strategic learning" (Mintzberg & Waters, 1985: 258) Understanding strategic management in this procedural sense instead of in a normative sense, makes its task more abstract. Its responsibility lies in designing "patterns in streams of action" (Mintzberg & Waters, 1985: 257; Marcharzina, 1995) instead of finding appropriate instrumental alternatives for solving specific situations. However, this procedural approach to management is problematic as well for it no longer scrutinises areas of conflict management is confronted with on a concrete level, but only on an abstract level. In consequence, "much less progress has been made toward the development of theories of corporate and business strategy (…) One of the major reasons for this lack of progress has been the assumption that such strategies were situational, i.e., that they depended on so many factors unique to a given situation that no general propositions could be developed" (Hofer, 1990: 152).

By moving the comprehension of management to a more abstract level, business sciences recognised the lacking ability of the human being to make rational choices in dynamic and complex times, characterised by hyper-linking, hyper-competition and hyper-turbulence. And yet, by reducing strategic management to identifying, and

maybe formulating and planning patterns in streams of action, the approach remains the same. Regardless of the level of abstraction, management's objective still concentrates on selecting instrumental alternatives appropriate for achieving the set aims of a system.

The question therefore might be whether or not rationality-led strategies still are the appropriate in times of diversity and change. Aren't strategies immanently characterised by a dilemmatic conception which reflects the system's idea and reality?

3. DILEMMAS OF MODERN MANAGEMENT

3.1. Definitions of Dilemma

Only a few publications in the fields of strategic management delineate the phenomenon of management dilemma. Some, e.g. Neuberger, show the duality in leadership between incompatible goals on the side of management on the one hand and of the employees on the other hand. These imply areas of conflict polarised between task oriented and personnel oriented design of a social system (Neuberger, 1995). Others, like the analysis of Hampden-Turner, scrutinise the dilemma of successful management and describe the divergences of "inner-directed-motives" and "outer-directed-motives", which dominate the logic of composing the organizational structures, components, and performance of a specific system (Hampden-Turner, 1990). Additionally, Gebert / Boerner characterise the contradicting demands which originate from the simultaneous necessity of system's openness for absorbing complexity from the surrounding and system's closeness for the ability to cope with the complexity absorbed (Gebert & Boerner, 1995). Similarly, Gharajedaghi examines the antagonism between integration and differentiation of a social system (Gharajedaghi, 1982). Aram identifies conflicts in the relationship between the individual and its surrounding organization, which is a core dilemma of management (Aram, 1976). Remer, Fontin, Grimm, and Hülsmann outline dilemmas as a mayor and principle problem of management (Remer, 2003; Remer, 2001; Remer, 1997; Fontin, 1997; Grimm, 1999; Hülsmann, 2003; Hülsmann, 2004). According to Fontin dilemma is defined here as a specific form of a logical conclusion. Firstly, a constructive dilemma is a problem of decision making, that an aim can be achieved via two different ways, but there is no profound reason for selecting one specific of the two. Secondly, a destructive dilemma leads to the impossibility of a decision between two options. Each alternative is a rational choice. The existing management situation and its conditions, though, prevent their simultaneous realization. Therefore, a dilemma is a decision making situation, which is characterised by two reasonable options, for which equal, but contradictory substantiations can be found. A logical conclusion and rational choice of one of these alternatives are impossible (Fontin, 1997).

3.2. Types of Management-Dilemmas

The impossibility of a rational choice for designing a social system in times of diversity and change lead to two types of management dilemmas:

- dilemmas of decision and
- dilemmas of success.

The dilemmas of decision are based on the problem that a management has to meet the demands of its aims and its limitations simultaneously. Both, the system itself and the surrounding environments claim their specific stakes. The different groups of stakes may establish areas of conflicts, because only in an ideal situation idea and reality of management can match totally and directly. In realistic cases the stakes of the environment (e.g. of the customers) will differ from the stakes of the system it-

self (e.g. the shareholders). The opponents will usually ask for different decisions because of their contradictive interests. In order to achieve these interests they follow different rationalities. Idea and reality coercively demand a simultaneous recursion on their needs, even though they result in contradictory choices. Therefore, management always has to answer the question, whether to adapt the system to its environment or to enforce the system's ideas despite the prevailing limitations it is confronted with. And the answer sought by management cannot be deduced logically, because several possible alternatives either offer an equal solution potential constructive dilemma) or contradict each other in a detrimental sense (destructive dilemma) (Hülsmann, 2004).

The dilemmas of success are based on opposing rules for measuring the achievements, a management has gained. In modern management situations the borders between a system and its surrounding super-systems are vanishing. Consequently, management has to deal with the reintegration of the system and its environment. The borderlines therefore become more and more diaphanous. Modern social systems fulfil manifold functions for their stake- and resource-holders – and no longer only one particular purpose. The managerial orientation towards the system's goals is amended by an orientation towards the conservation of its material and immaterial resources. The double orientation should ensure the system's functionality and existence. In consequence, the performance of management is measured by a dualistic perception: Management's success depends on the extent to which it arrives at achieving system's functions and at securing system's continued existence. The ability of a system to solve problems concerning its own purposes as well as concerning those of its surrounding systems is a dilemmatic indicator for management's victory or failure. Due to this a main task of management contains the enlargement of problem-solving-ability. A simple example is the simultaneous necessity to integrate the system for establishing a system-wide identity and to differentiate it in sub-systems gaining capacities for accomplishing its challenges. In order to fulfil this task management has to decide, whether to either invest their rare resources into the integration or the differentiation of the system. Only if both tasks are perfectly performed a management is evaluated as successful. The dilemma lies in the definition of management's performance, especially as soon as one duty is accomplished more or in a better way than another. Depending on the point of view different evaluations can be equally and profoundly reasoned. A logical conclusion and a rational choice regarding the correct judgement are impossible, because there is no causally proven determination between the situational importance of a system's functionality on the one hand and its existence on the other hand (Hülsmann, 2004).

Therefore, several authors emphasise the need and importance of a dilemma-management – especially in times of hyper-linking, hyper-competition and hyper-turbulence, i.e. a world of diversity and change (e.g. Mintzberg, 1989; Grimm, 1999; Fontin, 1997, Müller-Stewens & Fontin, 1997, Gebert & Boerner, 1995, Weick, 1995, Hertog, Philips & Cobenhagen, 1996, Peters & Waterman, 1982, Quinn & Cameron, 1988, Bahrami, 1992, Remer, 2001, Hülsmann, 2003).

3.3. Options for Dealing with Management-Dilemmas

The question management theory is now confronted with is how systems must actually perform in order to cope with dilemmatic decisions. According to Müller-Stewens / Fontin the current preoccupation with dilemmas and contradictions actually mainly originates from studies concerned with Asian – in particular Japanese –

management approaches. In the early 1980s one found that management's ability to cope with contradictions was a key factor to the success of Japanese companies (Müller-Stewens & Fontin, 1997; Pascale & Athos, 1981). This ability is engrained in Asian society for its comprehension of harmony is based on the simultaneous consideration of a specific pole and its opposite. Though it is not a decomposition of the existing polarity which should be management's target, but an acceptance of the poles' co-existence and a conscious choice of one or the other (Müller-Stewens & Fontin, 1997).

As long as systems weren't confronted with opposing demands articulated by their stakeholders or, more generally, by their environment, management's intermediation function between Idea and Reality (see chapter 2, page 4) was lopsided. Systems were perceived as entities – companies or public authorities – which were able to arrange their environment. The entire system, including its four management subsystems politics, planning, organisation and potential – was focused on achieving the one specific purpose of the system. Within this so-called classical approach to management configuration the subsystem politics assumes the leading role whereas the subsystems planning, organisation and potential (personnel) are perceived as consecutive elements in an hierarchic order (Remer, 2001). In consequence, each subsystem is dependent on its superior in order to contribute to the purpose-orientation of the system. Remer specifies the 'Bureaucratic Organisation' (Weber 1921), the 'Mechanic System' (Burns/Stalker 1971) and the 'Machine Model' (Leibenstein 1960) as typical examples for this approach to management configuration, which reflects on a consistent concept of the system-environment-fit (Remer, 2001).

In a world characterised by increasing diversity and change management configurations with a conceptual design focused on logic consistency are faced with limits they can no longer overcome. Whenever complexity and dynamics are mentioned as characteristics of companies' environments, it usually is the relevance the means of a company have gained, which is being addressed. A management system can no longer afford to concentrate lopsidedly on its Idea, but must also regard its Reality. In other words, it must define its borders in order to constitute itself, to deal with its own complexity, but must open up to its environment in order to cooperate with its relevant environmental systems and to absorb complexity from its surroundings, normally depicted as stakeholders. Management theory must therefore now concentrate on configurating management systems capable of doing this, which ultimately implies dealing with the Idea and the Reality of a system simultaneously (Quinn & Cameron, 1988; Luhmann, 1984).

The majority of approaches to a dilemma management focus on attaining consistent management systems capable of achieving congruency with their environmental limitations. They question the possibility of adapting the subsystems politics, planning, organisation and potential to the dynamics and changes characterizing the world. Two main streams can be identified: the hybridisation of management system and the conditionalisation of a management system, also known as the situational approach to management (Staehle, 1999).

In analogy to biology the hybridisation of a management system implies the crossing of classic and modern elements with each other in order to produce a continuous moderate opening of a system. According to Remer every element is to attain a kind of average on a scale from completely open (reality orientation) to completely closed (idea orientation) (Remer, 2001). A typical example for such a conceptual design of a

management system is the adaptation of the marketing strategy to the markets' necessities and possibilities and its continuation in a market oriented, moderately decentralised or participative organisation as well as in personnel structures, which are branded by a tendency to more freedom and independence. Several studies have shown that this approach to dilemma management is sought after by management (Khandwalla, 1973; Daniels, Pitts & Tretter, 1984; Wiersema & Bantel, 1992; Youndt, Snell, Dean & Lepak, 1996).

Notwithstanding the fact that by hybridising management systems the existence of dilemmatic situations is at least being acknowledged it still implies the notion of a new ideal conceptual design which without variation can deal with any dilemmas resulting from the needed opening of the system, regardless of the relevant stakeholders or specific situation. In contrast, the core idea of the so-called situational approach to management is to keep management systems flexible, capable of adapting to varying situations (Fiedler, 1967; Lawrence & Lorsch, 1969).. According to its advocates contradicting demands articulated by customers, employees, investors etc. should be dealt with depending on the situational constraints such as acuteness, importance, influence etc. (Lawrence & Lorsch, 1969; Fiedler, 1967; Baird & Meshoulam, 1988; Miles & Snow, 1978). In consequence, recommendations concerning the conditionalisation of a system are deduced depending on the development stage of management (e.g. Baird & Meshoulam, 1988 ; Staehle, 1999), differences between industrial sectors and cultures and, in particular, the extent of complexity and dynamics on the side of a system's vital stakeholders (e.g. Bosetzky, 1970; Miles & Snow, 1978; Mintzberg, 1979, Miller & Friesen, 1984). In contrast to an hybridisation of management systems its conditionalisation provides several management configurations in order to cope with different and opposing demands towards a system, though both assume consistent management systems with the system's substance (organization and potential) dependent on the management's programme (politics and planning). Neither this consistency, though, nor identical management systems in a distinct situation can actually be found in reality. A notion which indicates that several management configurations must exist which prove to be functionally equivalent (Mintzberg, 1979; Miller & Friesen, 1984; Hall & Saias, 1980; Schreyögg, 1987, Snow & Hrebiniak, 1980; Staehle, 1999; Jennings & Seaman, 1994).

According to Gresov the current situation characterised by increasing diversity and change inevitably calls for management systems which are less consistent and can bear more tensions Gresov, 1989. Luhmann concludes that the systems' structures themselves must be problematic and loaded with tensions, for they cannot absorb the problematic environment otherwise and make it capable of dealing with dilemmatic situations (Luhmann, 1973). In order to modernise current approaches towards dilemma management Remer insists on shifting the traditional focus on the management subsystems to the relations between them. (Remer, 2002). Management theory concerned with configuration systems should therefore depart from the notion of consistent management theories which follow a strict hierarchy. The perception of four equally important subsystems within the management system seems more appropriate. Remer understands the relatively new management paradigms 'Resource-Based-View' (Grant, 1991, Wernerfelt, 1984) and 'Human-Resource-Approach' (Riedl, 1995) to be evidence for the necessity of a new conceptual design of management systems (Remer, 2001a; Remer, 2001b). Whereas traditionally it was up to the subsystem politics to open a system to its environment this opening can now be

introduced by either of the subsystems. Equalizing the subsystems is therefore a central condition in order to achieve additional capacities for coping with dilemmatic situations. This new approach to management systems and the relations between their subsystems is also referred to as a shift from consistent to compensational management configuration Remer, 2001).

The core idea of a compensational approach to management configuration is to allow two variables to deal with two contradictive demands. One variable might imply an opening of a system – for example in form of a relatively market-oriented and a partly decentralised organisation – whereas another variable is adjusted in terms of avoiding an unbalanced orientation of the specific system. Such a variable therefore has to secure a certain confinement of the system, for example by means of profit orientation, strict controls on employees and conventional personnel management. Compensation strategies though must not necessarily only involve the relations between the four elements of management systems (Remer, 2002). They may just as well be designed within an element of the management system of between different subsystems of a company. This allows a great variety of compensational designs like for example the combination of a customer-oriented marketing department with its specific management system and an investor-oriented finance department with another management system. Further compensation options could for example focus on a balance between strategic and operative levels of management, or even between different companies linked to each other by co-operation strategies or within network organisations, but will be neglected in the course of this paper.

Management, though, cannot exclusively be described in an instrumental sense. Ansoff for example stresses the responsibilities or tasks of management (Ansoff, 1965) where as Stoner / Feeman / Gilbert focus on management's processes Stoner, Freeman & Gilbert, 1995). Management in its complexity can only be grasped by integrating four perspectives on management: the instrumental (politics, planning, organisation, potential), the functional (tasks of management such as planning, organising and controlling), the processual (structuring decisions of management concerning the system design) and the institutional (the persons who manage) (Schulte-Zurhausen, 1999). These perspectives on management therefore offer an additional dimension for a compensational approach towards dilemma management. Compensation amongst management variables can be sought after within a single management perspective as well as between the perspectives on management (Hülsmann, 2003).

A compensational approach to dilemma management no longer assumes consistency within management in terms of a logical hierarchy of all management variables and a resulting strategic fit between systems and their environments. In contrast, it acknowledges the increasing diversity and change which are reflected in the multitude of dilemmatic situations many companies, in particular multinational ones, are confronted with. By regarding all management variables as equally important it abstains from postulating a specific point of balance within a system. Implementing compensational strategies still targets a balancing of the system, but one balanced structure which seems appropriate at one stage might prove inadequate at another point of time. The system might also only find a balanced point by compensating several opposing orientations, each having to be adjusted in a way that they balance the system in total. Ultimately, though, a system which does not manage to find an equilibrium threatens its existence due to a lack of congruence between itself and its environment.

A theory which focuses on the increasing interdependencies and accelerated change concerning events within companies and surrounding them is the so-called self-organising approach. It questions whether and to which extent subsystems require regulation from ‘outside’ and refers to the self-regulating abilities of systems (Macharzina, 2003). The current popularity of corporate culture and its categorization as a significant competence is a prominent example (Poech, 2003; Simon, 2001). The progress that lies within this theoretical approach to management is the idea that systems cannot only be regulated by an external force, but also from within a system. And consequently, if a system is allowed to develop on its own behalf, it will change over time, which ultimately implies varying its balance structure. This self-organising approach to organising a system therefore seems to be the ideal theoretical framework for analysing dilemmatic situations and the implementation of a dilemma management. Further research is required in respect thereof, dilemma management’s measurability and its operational potential.
The German Research Foundation (DFG) has recently launched the Collaborative Research Centre 637 “Autonomous Cooperating Logistic Processes – A Paradigm Shift and its Limitations” at the University of Bremen concerning this research field and its implications on logistics.

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