

Nanomanagement: Technology, Trust and the Death of Professions?

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Outline

- Previous research
- Principal Agent framework
- The puzzle of modern technology
- Influence of technology
 - Strategic
 - Tactical
 - Operational
- Way ahead

Principal-Agent Framework

- **Principal:** vested with authority, limited by time/attention/resources
- **Agent:** appointed/hired by the principal to act on his behalf
- **Assumption:** preferences and interests are not perfectly aligned

Principal-Agent problem

- **Information asymmetry:** agent develops informational advantage over principal. Because they implement, they know more and can shirk instead of work
- **The problem:** How can the principal ensure that the agents act in the principal's best interest (work) instead of their own (shirk)?

Controlling the agent

- ***ex ante* controls:** selection, screening, training, recruitment
- ***ex post* controls:** monitoring, reports, investigations (police patrols)
- **Transaction costs theory:** both *ex post* and *ex ante* controls come at cost. Want to control agent at least cost.



The puzzle

- Rapid fielding of monitoring technologies
- Decrease in *ex post* monitoring costs
- What happens when hierarchical, professional organizations adopt network technologies?

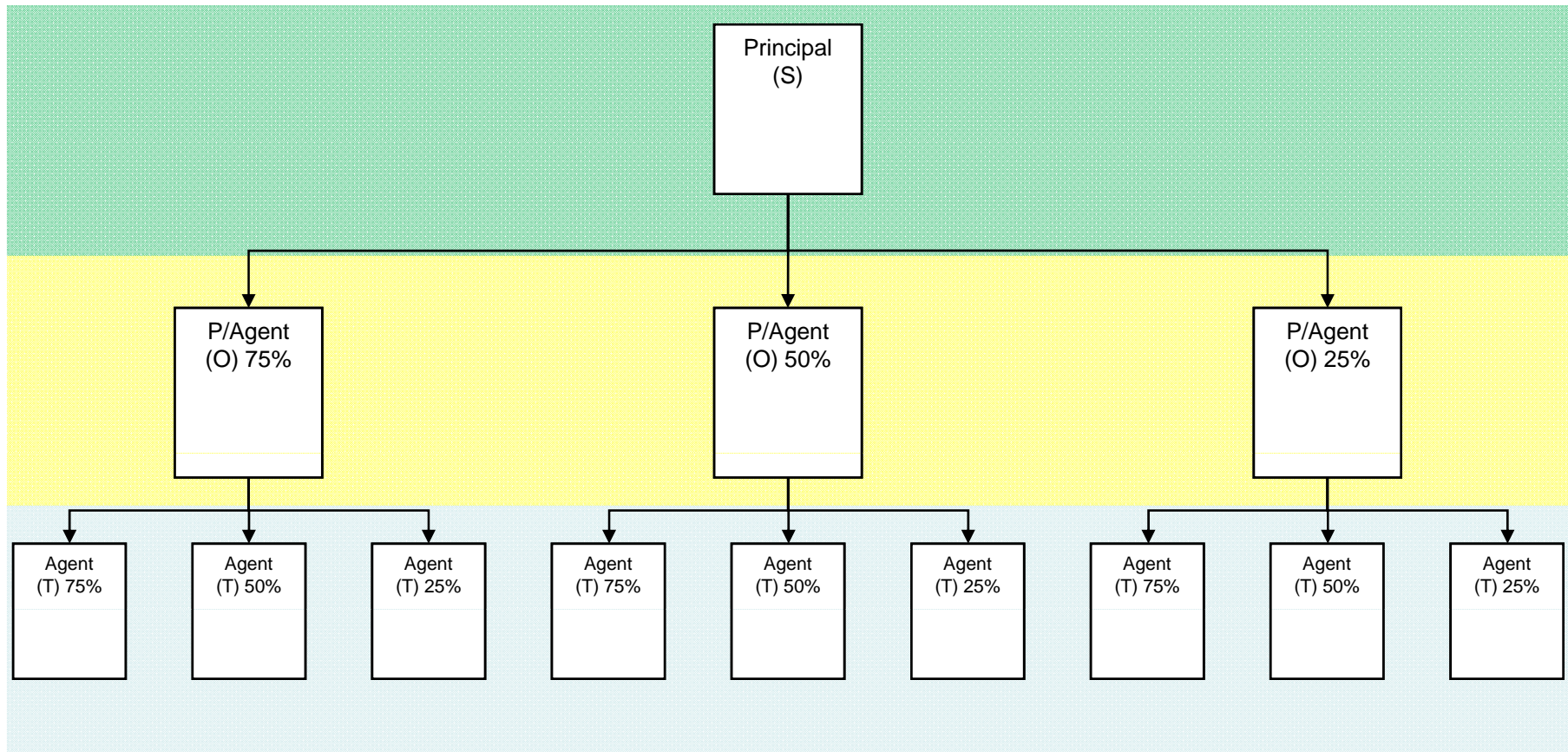
Why focusing on trust?

- Trust is cost effective (economics)
 - Where monitoring is costly, trust is costless
- Trust is variable (sociological)
 - based on uncertainty (of environment, agent and task) and monitoring resources
- Trust is cyclical (organizational)
 - Both outputs and outcomes inform the model and allow constant reassessment
- Trust is *sine qua non* of professions
 - Trust being the key distinction with bureaucracy
 - Traditionally dependent on *ex ante* controls

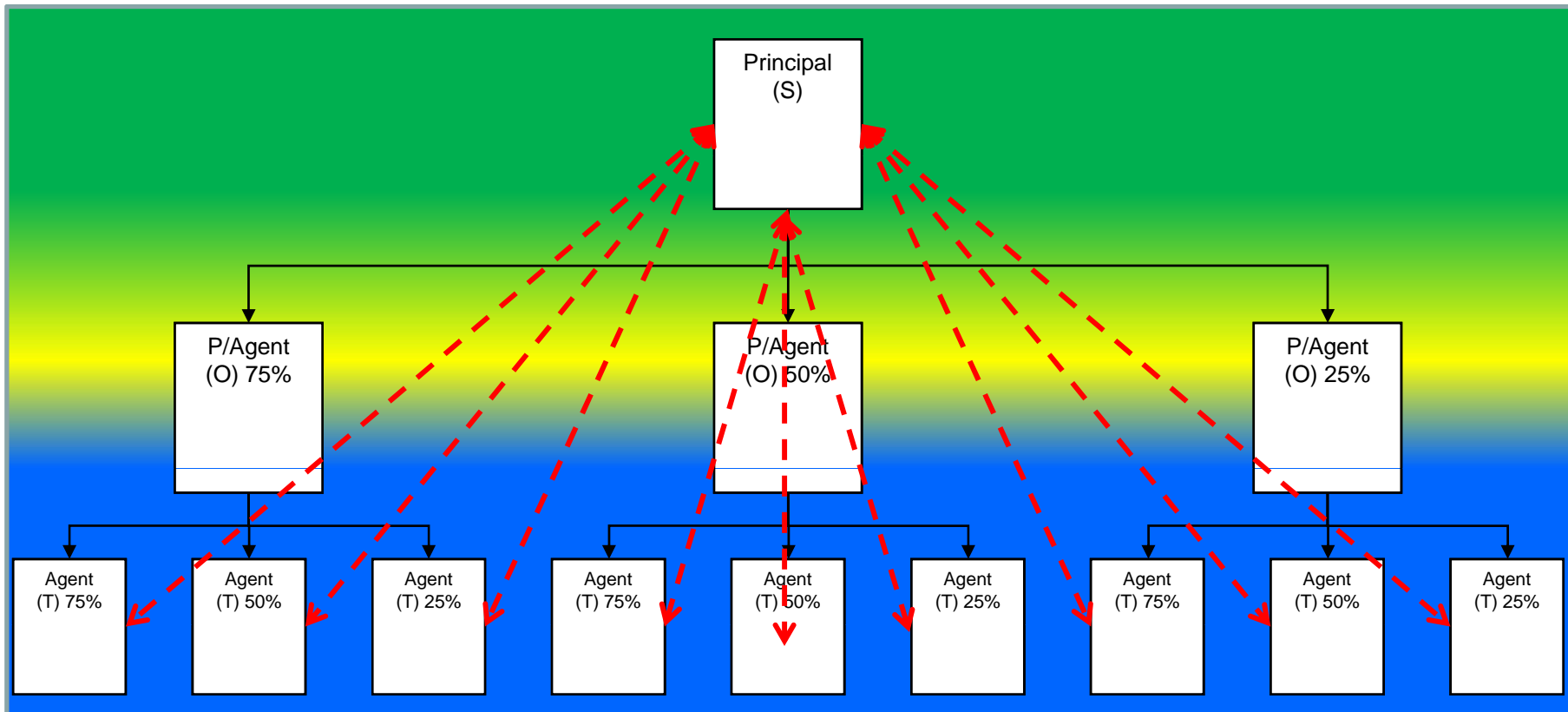
The research

- Integration of five disciplines
 - Economics (PA and transaction costs)
 - Psychology (attributes of trustworthiness)
 - Organizational (networks vs. hierarchies)
 - Sociology (culture and environment)
 - Professional literature

Classic Hierarchy



Technology and organizations

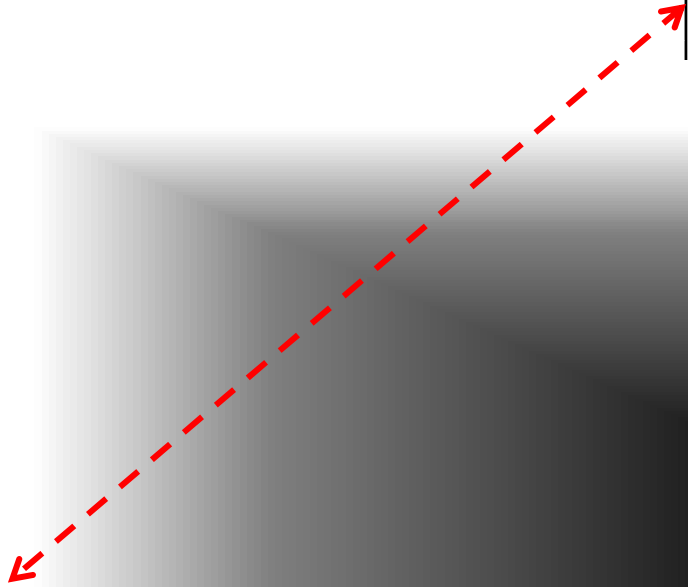


Technology and organizations

- **Strategic level**
 - Information overload
- **Operational level**
 - *Ex claudere* controls
- **Tactical level**
 - Emphasizing the quantitative over qualitative
 - Reduction of autonomy and candor
 - Reduction of risk taking/increased liability

Technology and understanding

Principal
(S)



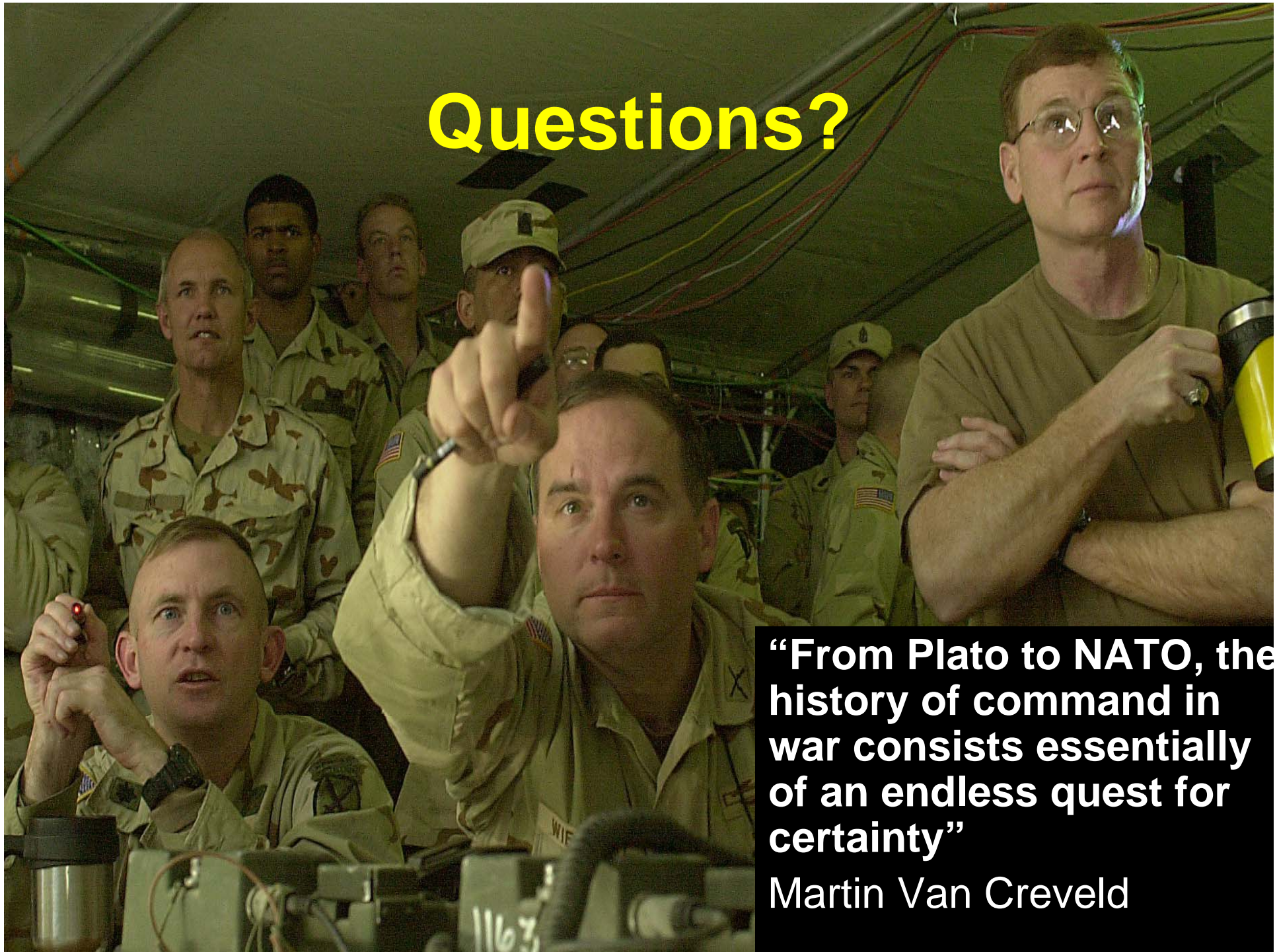
Why nanomanage?

- Organizational
 - Because they can: principal drift and return to pre-industrial?
- Psychological
 - Uncertainty of environment/actor/self
- Professional
 - Agents less trustworthy
- Cultural
 - Because they must: audit explosion/implosion
- Personal
 - Career focused on quantitative results

Nanomanagement

- Replacing the “fog of war” with the spotlight of oversight
- More information is now a choice
- Goldilocks of trust and accountability
- Future research: national comparison and the influence of culture

Questions?



“From Plato to NATO, the history of command in war consists essentially of an endless quest for certainty”

Martin Van Creveld