

# The Peter Principle: Is This Forty-Year-Old Universal Phenomenon in Decline or Growing?

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## ABSTRACT

*The Peter Principle—that individuals in an organization rise to their level of incompetence—represents potential problems for all employees. Wondering if the Peter Principle still applies, we revisited Dr. Laurence Peter's study of 1969, *The Peter Principle—Why Things Always Go Wrong*, which achieved best-seller status and soon became a part of the lexicon of the business world.*

*We studied, through face-to-face contact with various employees in eight organizations, whether the Peter Principle is still in effect. This paper shows that the Peter Principle, the phenomenon in which employees, around the world, are said to rise to their level of incompetence, is still prevalent today and that little regarding its use has changed since 1969. Seventy-three percent of the participants in our study said that they have seen a Peter Principle situation happen within the last five years, while some of the respondents did not agree that the Peter Principle even exists.*

*The behaviors embodied in the Peter Principle still have disrupting effects that occur only too frequently in organizations. As a result, the Peter Principle cannot be ignored. Its effects, however, can be remedied through extensive training of those who are promoted. We also conclude that occupational incompetence is always seen through the eyes of others.*

**Keywords:** *competence, incompetence, Peter Principle, promotion, universal phenomenon*

## BACKGROUND INFORMATION

Why is research still needed about the Peter Principle that was developed forty years ago? Peter (1969, p. 20) affirmed that: "Occupational incompetence is everywhere. Have you noticed it? Probably we all have noticed it." Over the years, a small number of researchers has been studying and publishing on the Peter Principle. Cummings (1971) wrote that the incompetencies that can be attributed to the Peter Principle are so many and varied that a second book would barely do justice to the original work. According to Floyd (1993), the Peter Principle is a potential problem for all employees, whether professionals or employees at lower levels. And research continues to show substantial evidence of this phenomenon that after workers are promoted some do worse than they did before their promotion (Fairburn & Malcolmson, 2000; Faria, 2000).

McCue (2008, p.1) summed up the situation this way: When workers perform well in a given position, they are eventually promoted to a higher one, with more responsibilities and challenges. If they perform well in that position, they proceed up the ladder to the next one. This process repeats over and over until people assume a position that they aren't so good at, and that's where they stay.

Based on previous, but limited, research of this widespread experience, we first decided to have informal discussions with and get off-the-record input about the Peter Principle from a handful of employees in the workforce. As a result of those casual conversations, we determined that we would proceed with a formal survey about this topic: The Peter Principle: Is this forty-year-old universal phenomenon in decline or growing?

Laurence J. Peter, Ed.D., after whom the principle is named, a sociologist, taught at the University of British Columbia before becoming a professor of education at the University of Southern California (Taylor, 1969). He was a specialist in the area of hierarchical incompetence and wrote nine books about this controversial topic. His first book, *The Peter Principle—Why Things Always Go Wrong*, introduced the Peter Principle to the world. He theorized that in a

hierarchy (i.e., any/every type of organization): “every employee tends to rise to his level of incompetence” (Peter, 1969, p. 26). Further, his view was that one will advance to one’s highest level of competence and consequently get promoted to a position where one will be inept. The book contains many real-world examples and thought-provoking explanations of human behavior, including: “Every organization contained a number of persons who could not do their jobs and that occupational incompetence is everywhere” (Peter, 1969, p. 20).

The Peter Principle, a clever forty-year-old idea, one that is deciphered in a multifactor framework, is based on a study in which data in the form of hundreds of case histories were collected through observing overt behavior and avoiding introspection or inferences. Peter (1969) concluded that an employee’s process of climbing up the hierarchical ladder in an organization can go on indefinitely until the employee reaches a position where he or she is no longer competent and is, therefore, regarded as incompetent.

The proficiency of an employee is determined not by outsiders but by his or her superior in the hierarchy. At that point, the upward process usually stops since the recognized rules of bureaucracies make it very difficult to demote someone, even if that person would fit in much better and would be much happier in a lower job. The net result is that most of the higher levels of a bureaucracy will be filled by inept people, managers, who got there because they were good at doing a task different than the new one they are expected to do.

Essentially, Peter said that as employees move upward through the pecking order and/or chain of command, they do worse, as managers, than they did before having been promoted. And this phenomenon is not limited in scope. “Sooner or later, this could happen to every employee in every hierarchy—business, industry, trade-unions, politics, government, armed forces, religion, and education” (Peter, 1969, p. 24). However, we feel that he possibly contradicts himself when he (1972, p. 35) stated that: When I first wrote about the Peter Principle, I assumed it applied to all or at least most professions, but I could not be certain. Although it was impossible for me to study every organization that existed in the world, the ones I investigated conformed to the Principle.

Later, Peter (1985, p. 28) wrote in *Why Things Go Wrong or the Peter Principle Revisited*, that: I named it The Peter Principle because it described a generalization or a tendency and not something inevitable. . . . The system encourages individuals to climb to their levels of incompetence. If you are able to do your job efficiently and with ease, you will be told your job lacks challenge and you should move up. The problem [however] is that when you find something you can’t do very well, that is where you stay, bungling the job, frustrating your co-workers, and eroding the effectiveness of the organization.

In reading Peter’s works, it is clear to us that the Peter Principle is not a law (e.g., directive, edict, or ruling) but just a generalized principle (e.g., attitude, belief, or opinion) based only on the researcher’s own studies. Further, it explains just a general trend or direction and is not a hard-and-fast rule. Also, the employee’s ineptitude is not necessarily exposed as a result of the higher-ranking management position being more difficult but rather—simply—that the job is different from the position in which the employee previously excelled and thus requires different work skills that the employee, now a manager, usually does not possess. In fact, Peter (1985, p. 64) mentions: “The statement that individuals tend to rise to their levels of incompetence does not absolutely require an explanation for individuals who prefer to stay at their levels of competence.” Because it is only a principle, a tenet, and not etched in stone, exceptions, at least according to Peter (1985), do not have to be identified or explained.

## **REVIEW OF THE LITERATURE**

The following review of the literature encompasses a series of scholarly works about the Peter Principle that are directly and tangentially related to this study. These works, definitely limited in nature, are presented chronologically to highlight development of the thinking of various writers about this contentious topic over the past forty years.

We specifically approached the literature review from a chronological slant even though it has time-line gaps. We chose this method rather than a content-oriented tactic so that the reader can clearly understand the thinking, even if it might appear to be disjointed and conflicting in nature, that was taking place by a few scholarly writers over the past forty years.

Where and by whom is the know-how of an employee determined? According to Peter (1969), employee competence is determined not by outsiders but by the employee's superior in the hierarchy. If the superior is still at a level of competence, that person may evaluate subordinates in terms of the performance of useful work—the evaluation of actual output. On the other hand, if the superior has reached a level of incompetence, that person will probably rate subordinates in terms of institutional values (i.e., the superior will see competence as the actions that support the rules, rituals, and forms of the status quo).

Peter (1969) concluded from his studies that what appear to be exceptions are not exceptions at all, because even though employees want to be productive the Peter Principle still applies to all employees in all hierarchies.

Minter (1972) maintained, as part of the "Peter Principle in Training," that individuals who have been in charge of planning and developing training programs have historically had little or no formal training to prepare them for such a position. Thus, they usually lack training in educational principles, psychology of learning, communication and instruction, and in methods of testing and evaluation. As a result, individuals who have to assume responsibility for planning and training often learn by trial-and-error at the expense of both the trainees and the organization.

The anonymous author of "CPAs Meet the Peter Principle" (1988) avowed and seemed to support Peter (1969) in that: Everything Dr. Peter predicted in *The Peter Principle* is coming home to roost in the field where stability is such a virtue that nobody ever thought it would happen. Lee says, employees who are continually promoted because the next slot is vacant, not necessarily because they are qualified, will eventually be promoted to their levels of incompetence.

Odiorne (1991) pointed out, even though not mentioning anything about the Peter Principle per se, that people have more talent and intelligence than we often assume. This researcher also said that employees should be taught the skills and tasks in order to be knowledgeable because ongoing training can prevent competence from eroding and becoming obsolete.

Gately (1996) found that employees can avoid the Peter Principle as long as employees are judged on technical merit and accomplishment, and that promotions go to the technically proficient and verbally expressive employees, while the less technically proficient and verbally expressive wait their turn.

Anderson, Dubinsky, and Mehta (1999) wrote that sales performance is determined by how well the sales manager can motivate, lead, and control sales-force operations. But whether viewed from the perspective of salespeople, customers, sales managers themselves, or top management, there is concern that sales organizations are not performing as desired. Their findings support the contention that sales managers may well be marketing's best example of the Peter Principle: They (too) have arrived at their level of organizational incompetence.

Faria (2000), in a working paper, mentioned concern about the role of promotions to manager and its impacts on the firm behavior, assuming an internal labor market structure. Faria further stated that a shortcoming of this process is that people can be placed in important jobs for which they are ill-qualified. That is, the Peter Principle can be an outcome of this process, where people are promoted out of jobs for which they are overqualified until they reach ones where the job demands are suited to maximum individual ability levels. Namely, they are on the edge of their competence, so they cannot achieve anything more than what they had already achieved. Fairburn and Malcolmson (2000) posited that if a firm provides incentives by promoting those who have performed well in a given job, it may simply transfer them to another job to which they are not well suited—that is a mild version of the Peter Principle.

Lazear (2004, p.159), in his theoretical model, which was a review of Peter's work, concluded the following from direct Peter Principle research: Workers who are promoted receive this treatment because they are observed to have exceeded some standard. Part of the observation is based on lasting ability, but part is based on transitory components that may reflect measurement difficulties, short-term luck, or skills that are job specific. As a result, there is regression to the mean, creating a "Peter Principle." Workers who are promoted do not appear to be as able as they were before the promotion.

Lazear (2004, p. 159) further deduced the following: Firms take this phenomenon into account in setting up their promotion rule. Under general conditions, when fewer than 50% of the workers are better suited to the high level job, the firm adjusts the promotions standard upward to compensate for the regression to the mean. The amount of the adjustment depends on the tightness of the error distribution. When the pre-promotion error has high dispersion, promotion standards are inflated by more than they are when the error dispersion is low.

And finally, Lazear (2004) deduced that all workers who remain at a given level will be incompetent in that they are neither as good as the average worker coming into the job nor are they as good as they were in their previous job relative to their comparison set. Lazear (2004, p. 148) also stated that: “The regression-to-the-mean phenomenon implies that movie sequels are lower quality than the original films on which they are based and that excellent restaurant meals are followed by ones that are closer to mediocre.”

King (2004), in the same year, speculated that persons in bureaucratic institutions are promoted until they reach the level of their incompetence and remain there until they quit, retire, or, rarely, are fired. Furthermore, King stated that this phenomenon does not occur only in governmental institutions. In many publicly held companies in corporate America, the exercise of less oversight than is exerted in governmental agencies lends itself to layers of bureaucracy and incompetence. To a lesser degree, small businesses are also plagued by this.

North (2004), who wrote to Peter in 1967, alluded that Peter’s phenomenon has a conceptual flaw: Apparently, your perspective is a basic part of the minds of the American ethos, however vague the conception is in the minds of the citizenry. They have sensed the truth of your hypothesis, and their basic agreement with you is expressed in that strange American phenomenon which I like to call *infracaninophilia: affection for the underdog*. Most Americans cheer for the underdog, knowing full well that the man on top is basically incompetent and inferior. “We’re number two,” a major car rental firm announces, thus demonstrating to the public that the opposition’s product is inferior. . . . However, your theory needs a certain modification. You are assuming for one thing, the impossibility of hierarchical regression. This is undoubtedly the case in today’s world—tenure being what it is in so many walks of life. However, an administrator invariably has the option of upgrading a particular incompetent within the hierarchy. This is especially true in the civil service jobs. In this case, the superior recommends the incompetent to a higher office within the system, but one which has little direct contact with the first. You shove the incompetents upstairs and out of your hair. Conversely, you fail to recommend the best men for promotion; this keeps them within your own branch of the bureaucracy. In other words, given the Peter hypothesis, the level of incompetence is in inverse proportion to the bureaucrat’s official record, plus or minus 3.7%. Thus, the worst possible men get to the top fastest.

Fetzer (2006) mentioned that as people climb up the organizational ladder, they reach a level within the organization in which they cannot perform competently, which leads to a dead-wood supervisor/manager/executive whose position and its duties are too much for this person to handle well.

In 2007, Chapman affirmed that: For every job in the world, there is someone who cannot do it. In Alberto Gonzales’s case, that job is Attorney General of the United States. You do not have to be a partisan Democrat to see he is over his head. And the real problem lies in a long-forgotten phenomenon known as the Peter Principle, which says: “In a hierarchy, every employee tends to rise to his level of incompetence.”

Newman (2008) cited an affable but invasive regional manager (i.e., M. Scott) as the type of person who rises just above his abilities and then plateaus at a level of incompetence. A. Donovan, professor of business ethics at Dartmouth’s Tuck Business School, posited that: “Ninety percent of the population deals with the M. Scott’s in their daily lives” (Newman, 2008, p. 6).

It appears, at least according to the literature review performed in this study that the Peter Principle is still thriving. It is evident that not much has truly changed in the many years since Dr. Peter’s study.

## **PURPOSE OF THE STUDY**

The purpose of this paper is twofold: 1) To situate the findings of this study in the existing but almost miniscule scholarly research stream and review the present state of knowledge from current articles that specialize in this kind of research, and 2) to find out if Peter’s visual occurrence of the Peter Principle, as deemed by others—based on the respondents’ own perceptions—is still an observable fact.

## **RESEARCH QUESTION**

Peter (1969, p. 27), declared that, based on his studies: “In time, every post tends to be occupied by an employee who is incompetent to carry out its duties.” Peter (1969, p. 36) further issued a clear-cut and stern warning: “Do not be

fooled by apparent exceptions.” Apparent exceptions essentially are the accumulation of deadwood at the executive level, consisting of percussive sublimates and potential candidates for percussive sublimation. Peter further posited that everyone, at some point, is incompetent – all employees in all hierarchies – and that there are not exceptions (Peter, 1969). Therefore, the rationale of this study was to understand if this widespread trend still holds true today—forty years after Peter performed his research. To complete this task, the following research question was used to help identify various human behavioral performance factors that still hold this observable fact true today: *Now that forty years have passed since Dr. Laurence Peter first published his book, is his universal phenomenon (i.e., where he states that work-related ineffectiveness is everywhere) in decline or is it growing?*

## RESEARCH HYPOTHESES

Based on the research question, we developed four hypotheses for investigation that are directly related to the initial measurement of the Peter Principle phenomenon by Peter himself.

Hypothesis 1: In organizations with “next-in-line” promotion practices (and policies), it is a common practice to promote a person even though this individual may not have all the skills required for success.

Hypothesis 2: It cannot be assumed that an employee promoted just one level up will be equally skillful at a new job that is broader in scope or requires a different skill set.

Hypothesis 3: Today’s managers do not fully support the idea Dr. Peter stated back in 1969 that: “In time, every post [i.e., position] tends to be occupied by an employee who is incompetent to carry out the duties.”

Hypothesis 4: Some employees are, according to Peter (1969), “kicked upstairs—promoted” to remove them from their current position for reasons other than performance, such as promoting a person to get that person out of the way of their current job, which the individual performs hopelessly incompetent.

## METHODS

### Sample

We developed our questionnaire in two stages. First, a pilot study was performed. In this case, a self-designed survey was given to eight people in one organization. Their comments were incorporated into the final instrument. We designed our own questionnaire, which was perception/observation-based, because we could not find, through the literature-review process, an intact feedback form that was developed by another researcher. The intention of this investigation was to determine if there were any ambiguous or irrelevant questions on our self-designed questionnaire as well as establish the face validity of this instrument. We did not find any questions in our pilot study that we considered vague or irrelevant.

Once the pilot study was completed and evaluated, potential participants in the study itself were asked a total of 13 perception/observation-based questions in a case-study approach that consisted of: (a) a combination of seven closed- and open-ended questions that dealt specifically with the Peter Principle and (b) six closed-end background information questions.

Employees of eight firms, all in northern Nevada, participated in our study. We made face-to-face contact with 130 prospective participants at their place of employment, for their convenience, and gave them each a questionnaire. In-person contact was made again to collect the finished instruments. Completed questionnaires were returned from 98 people, for an overall response rate of 75.4%; 32 individuals chose not to participate in the study.

Table 1 summarizes the complete demographic profile of the participants in detail. A brief overview shows that the respondents ranged in age from 21 to over 60, and 46.9% were in the age range of 51-60. A bachelor’s degree had been earned by 42.9% of the respondents, and another 20.4% held a master’s degree. Longevity on the job ranged from 0-4 years for 43% of the people studied. Males outnumbered females by a ratio of approximately 2 to 1, with 63.3% of the sample being males and 36.7% being females. And from a “title” standpoint, 18.4% of the respondents said they were “supervisors” while 44.9% checked the “other” option; in this category, “other” refers to titles that were not mentioned in that particular question.

**Table 1: Demographic Profile**

<b>Gender</b>	<b>Frequency</b>	<b>% of the Total</b>	<b>Male</b>	<b>Female</b>
Male	62	63.3		
Female	36	36.7		
<b>Age</b>				
21 – 30	6	6.1	6	0
31 – 40	12	12.2	6	6
41 – 50	28	28.6	16	12
51 – 60	46	46.9	30	16
61 or older	6	6.1	4	2
<b>Education</b>				
12 <sup>th</sup> Grade or Less	0	0.0	0	0
High School	10	10.2	4	6
Some College	14	14.3	6	8
Associate Degree	10	10.2	10	0
Bachelor Degree	42	42.9	28	14
Master Degree	20	20.4	12	8
Professional Degree	0	0.0	0	0
Doctoral Degree	2	2.0	2	0
Other	0	0.0	0	0
<b>Employed in Current Position</b>				
0 – 4 Years	42	42.9	28	14
5 – 9 Years	26	26.5	18	8
10 – 14 Years	12	12.2	8	4
15 – 19 Years	4	4.1	0	4
20 Years or More	14	14.3	8	6
<b>Current Title</b>				
Chief Executive Officer and/or President	2	2.0	2	0
General Manager or Assistant GM	4	4.1	2	2
Senior or Executive Vice President	0	0.0	0	0
Vice President	0	0.0	0	0
CFO, Controller, COO, CIO	0	0.0	0	0
Director	12	12.2	6	6
Senior-Level Manager	4	4.1	4	0
Middle-Level Manager	14	14.3	12	2
Supervisor	18	18.4	8	10
Other	44	44.9	28	16
<b>N = 98</b>				

Respondents were asked, via five open-ended questions, to identify from their point of view factors that possibly lead people as they are promoted to become incompetent. They were also asked, once again from their own subjective perspective, if they noticed that people were being “kicked upstairs—promoted or a pseudo-promotion, which deceives people outside the hierarchy,” a phenomenon that Peter (1969, p. 27) calls “percussive sublimation.”

**Statistical Analysis**

When analyzing correlation coefficients, which we studied closely in this paper, there are no hard-and-fast rules for saying that a certain *r* indicates a strong relationship or a particular *r* indicates a moderate or even a weak relationship. Still, we believe that *r* can provide a defensible measure of effect, and we used the following equivalents to assess correlation coefficients (Fox, 2003, p. 238):

	Negative Relationship				No Relationship			Positive Relationship		
<i>r</i> =	-1.00	-.80	-.60	-.40	-.20	.00	.20	.40 - .60	.80	1.00
	Perfect	Strong	Moderate	Weak	None	Weak	Moderate	Strong	Perfect	

## Results – Qualitative Analysis

Before reviewing the quantitative data, we wanted to determine, from a more qualitative standpoint, if there were some common themes that the participants shared with us in the open-ended queries. Table 2 shows that the respondents believe the Peter Principle phenomenon is still very much in existence.

**Table 2: Common Themes**

Open-Ended Questions	Common Theme
Q1. From your perspective, have you seen a competent employee(s)—someone who was good at the current job—rise through the promotion process to a level where this individual(s) became incompetent? N = 98.	All of the 64 out of the 98 participants who answered <i>yes</i> to this question stated that they have experienced the Peter Principle in action. (The other 34 participants answered <i>no</i> to this question.) Therefore, the theme here is, with 100% of the participants answering <i>yes</i> to the question, that all of the participants have seen the Peter Principle in action at least once.
Q4. If an individual is skillful at performing a particular job, can we assume, as that employee is promoted, that the same person will be equally as skillful at a new job that requires a different skill set? N = 98.	Only 4 out of the 12 participants who answered <i>yes</i> to this question stated that when people are elevated to a higher position, the quality of the job remains the same. (Thirty-two participants, however, answered <i>no</i> while another 22 answered <i>not sure</i> to this question.)  With only two similar responses by the participants, we believe there is not a clear-cut theme. But if there was a theme, we would state it is limited work experience.
Q5. If you know that an employee has been promoted, assuming that this person was capable at the previous job, have you noticed if this same person was incompetent at the promoted job? N = 94	Thirty-two of the 52 participants who answered <i>yes</i> to this question stated that they believe that most did not warrant a promotion. (The other 42 respondents answered <i>no</i> to this question.) Therefore, the theme here might be, with 61.5% of the participants answering <i>yes</i> to this question, for soiled reasons, but not because of merit (e.g., “they might be friends”).
Q6. Dr. Peter stated: In time, every post tends to be occupied by an employee who is incompetent to carry out its duties. Do you agree with this statement? N = 98	Six of the 36 participants who answered <i>yes</i> to this question stated that they believe that every position in time will be run by an incompetent. (The other 62 respondents answered <i>no</i> to this question.) The theme here, if there is any, may well be that of “sour grapes.”
Q7. Dr. Peter also mentioned the phenomenon of percussive sublimation (i.e., “being kicked upstairs). Have you experienced this phenomenon within your organization? N = 98	Thirty-two of the 38 participants who answered <i>yes</i> to this question believe that being elevated means being set up for failure. (The other 60 respondents answered <i>no</i> to this question.) The theme here might be, with 84.2% of the participants answering <i>yes</i> to this question, have seen this phenomenon implemented.

## Results—Descriptive Analyses

From a descriptive standpoint, where explanations were provided by the participants, questions 1, 5, 6, and 7 provided the most interesting numerical results (refer to Table 3). For example: In analyzing the statistical results of Question 1, 65.3% of the participants responded that they have seen a competent employee rise through the promotion process to a level where they perceived that individual had become incompetent. In Question 5, 55.3% of the participants responded to this inquiry that they felt the promoted person was incompetent at this new job. The data from Question 6 show that 63.3% of the respondents said they did *not* agree with Dr. Peter’s (1969) assertion that in time, every post tends to be occupied by an employee who is incompetent to carry out its duties. And lastly, in further breaking down the data from Question 7, we observed that 61.2% of the participants indicated that they have not experienced the phenomenon that Peter (1969) mentioned in his book—“percussive sublimation”—commonly referred to as “being kicked upstairs.”

**Table 3: Descriptive Analyses**

Questions	Results
Q1. From your perspective, have you seen a competent employee(s)—someone who was good at their current job—rise through the promotion process to a level where this individual(s) became incompetent? N = 98.	No = 34 (34.7%) Yes = 64 (65.3%)
Q5. If you know that an employee has been promoted, assuming that this person was capable at the previous job, have you noticed if this same person was incompetent at the promoted job? N = 98	No = 42 (44.7%) Yes = 54 (55.3%)
Q6. Dr. Peter stated: In time, every post tends to be occupied by an employee who is incompetent to carry out its duties. Do you agree with this statement? N = 98	No = 62 (63.3%) Yes = 36 (36.7%)
Q7. Dr. Peter also mentioned the phenomena of percussive sublimation. Have you experienced this phenomenon within your organization? N = 98	No = 60 (61.2%) Yes = 38 (38.8%)

**Results - Correlation Analyses**

By performing correlation analyses among the four closed-/open-ended questions presented in the survey, we found one interesting relationship among our four assumptions. Question 1 & Question 5, and *t* tests for the mean difference confirmed our results. In reviewing the correlation coefficient of these two queries, we found that there is a positive correlation at the 0.58 level and, according to Fox (2003), it is at the moderate level.

To carry this thinking forward, of the 17 participants who answered “no” in Question 1, 14 also answered “no” in Question 5. However, the participants who answered “yes” in Question 1 were more likely to change their mind or give an opposite response to Question 5. This is why the “no’s” correlate very well in these two questions (refer to Table 4).

**Table 4: Results of Hypotheses Testing**

Abbreviated Dependent Questions (D) & Independent Questions (I)	Correlation ( <i>r</i> ), Value ( <i>p</i> )
(D): (Q1) As people get promoted, they become incompetent.	
(I): (Q5) If the person that was promoted that same individual becomes incompetent in their new job.	<i>r</i> = 0.58 <i>p</i> = 0.01
(D): (Q4), they will be skillful at the new job.	
(I): (Q5) If the person that was promoted that same individual becomes incompetent in the promoted job.	<i>r</i> = 0.34 <i>p</i> = 0.02
(D): (Q8) Age	
(I): (Q1) As people get promoted, they become incompetent.	<i>r</i> = -0.25 <i>p</i> = 0.09

In looking at our data between Questions 4 and 5, we noticed there was a weaker relationship between these two queries. Still, in reviewing the correlation coefficient, there is a positive correlation at the 0.34 level, which, according to Fox (2003), is at the high weak/low moderate level.

Again, there is a relationship between these two questions. And of the 64 participants who answered “no” in Question 4, 42 answered “yes” in Question 5. Of the 34 participants who answered “yes” or “not sure” in Question 4, 20 answered “no” in Question 5. This is why there is a relationship, even though somewhat weak, between these two questions.

In assessing the data for possible gender bias—if, in fact, there is one—when comparing Question 8 to that of Question 1, there is a slight or weak negative correlation at the -0.25 level. Knowing this, there is a good chance that women perceive that both males and females who are promoted have a better chance of being competent than their male counterparts do.

In concluding our correlation analyses of the other closed-/open-ended queries, we can say the relationships between the other questions are inconclusive because their correlation values are quite weak—between 0.00 and 0.20. Of course, there are uncertainties with all correlations that are less than 1.00. In addition, their *p* values were rather low.

## DISCUSSION

In performing a thorough literature review in this all-important phenomenon, one that spanned forty years of publications, we found that prior research has devoted insignificant attention to studying the effects on people as they move up the organizational ladder. As such, we wanted to find out if the Peter Principle is still important today (i.e., possibly growing), and we found that it is for a variety of reasons. First, we believe Peter (1969) felt that employees at all levels wish to be productive and competent, even if they really are incompetent. Second, we feel that the employee's ineffectiveness is not automatically the reason for a higher-ranking position being more difficult than a lower-ranking job. It may be that the position is dissimilar from the position in which the employee formerly excelled and necessitates diverse skills that the employee may not now possess. Third, based on our own research, we acknowledge that there is something basically skewed in the promotion process—a person rising through the promotion process to a management level where this individual eventually becomes incompetent. To take this notion one step further, our investigation showed that the Peter Principle phenomenon is still prevalent today. In fact, 74% of the people who participated in our survey stated that they felt the situation was very common, moderately common, or somewhat common. On top of this, 73% of these same participants alluded to the fact that they have seen this situation happen within the last five years. On the other hand, 63% of the respondents answered Question 6 by saying that they do *not* agree with the Peter Principle. We found these data especially interesting and worthy of note—but possibly conflicting in nature because, while a high percent of the participants mentioned that they have seen this happen, a high percent of the respondents also stated that they did not agree with the Peter Principle. And fourth, as a subtle conclusion, Peter (1969), in his works, stated that he has never observed occupational incompetence as the result of promotion. If that is truly the case, we can only assume, based on the fact that our survey provided results strictly from a perceptual/observational as well as a generalization standpoint that occupational incompetence comes about through the eyes of others.

## CONCLUDING REMARKS

What are the implications of our findings, and can they be further situated in the literature review? First, we accept as true that the Peter Principle (1969) is still thriving—it is not in decline. It is flourishing at least in the general business/management world. Second, our research shows that 74% of the people believe that it is flourishing and 73% of these same participants alluded to the fact that they have seen this situation happen within the last five years. Knowing this, what should we do to overcome this significant human behavioral problem?

Gay, Salaman, and Rees (1996) cited the conclusion by Hill (1991, p. 398) that while contemporary discourses of organizational reform allocate a crucial role to managers, the analysis of the so-called “new managerial work” by social scientists in general and sociologists in particular has tended to be cursory and not illuminating. In large part, this neglect is an effect of the labor process framework within which discussions of flexibility and organizational restructuring have been conducted. Hill's (1991) primary concern with labor has meant that the nature of managerial organization has received little serious attention. As researchers, we note that the relevance of our study shows that organizations have not spent adequate time training their employees to make them more competent, especially as they move up the organizational ladder.

Winterton and Winterton (1997, p. S74) learned in their own case-study research study about “management development” (i.e., training managers to be more effective) that management development is more likely to improve performance when it is linked with organizational strategy. Once again, we believe this is, therefore, a training issue.

Lewis (1999, p. 13) suggested that: “Before you promote an employee to the next level, ask yourself these questions before making a decision. Is the employee:

- Performing present duties well enough to justify a promotion?
- Experienced and qualified to do at least part of the new job?
- Willing to hand over current responsibilities to a new person?
- Enthusiastic about taking on a new role?
- Familiar with the new position's responsibilities and priorities?

- Proficient in the interpersonal skills necessary to work with others in a new role?
- Adequately trained, or willing to be?
- Prepared to bow out gracefully if the promotion doesn't work out as planned?"

McKenna (2004) stated that managerial competencies and skills cannot be developed in seclusion from the context in which they will be applied and that the management skills developed, over time, are not necessarily the skills needed for managerial success. And we deem this is, once again, a lack of corporate training.

In revisiting the universal phenomenon of the Peter Principle and further reviewing the significance of our investigation, it is clear that not much has changed over the past forty years. The fact that co-workers observe deserving as well as undeserving people being elevated to positions of management and responsibility, and who so frequently become incompetent, begs a slew of questions: Why does this happen? Is it the selection process? How important is training—prior to and continuing after a promotion—as part of being elevated? One way to overcome the marvel of the Peter Principle, at least in part, is that organizations should refrain from promoting a worker until that person shows the necessary knowledge, skills, and abilities along with the appropriate work habits needed to succeed to the next higher job. According to Ulich (2007), the best talent comes down to three essential qualities: competence, commitment, and contribution; and organizations must strive to cultivate all of these elements in their employees. The importance of Peter's observations does not necessarily imply discovery, but rather a condition and a so-called emotional appeal that has existed since the beginning of society. We further believe that all organizations need people of quality and that without quality leadership, organizations rarely survive in any case. History is our teacher about what leadership means to the success or failure of any endeavor. If this is true, why is it so difficult to find people who continue to grow and do the "good" job throughout their long-term work life?

### **LIMITATIONS AND IMPLICATIONS**

This study's results must be interpreted with certain caveats in mind. First, survey data are prone to errors of leniency, acquiescence, and halo effects (Brownell, 1995). Biases related to such errors may be present in the data. Second, survey respondents were not randomly selected. They were selected strictly out of convenience. Still, to minimize these effects in this study, the questionnaires were returned directly, via face-to-face contact, to us. Third, and as already mentioned, even though some of the results are interesting, we only interviewed ninety-eight employees in eight organizations within the state of Nevada. Some of the results were shown in the form of percentages, but such breakdowns do not necessarily demonstrate a statistically valid or reliable result—they are just an indicator of what might be happening. Fourth, while seven of the eight organizations were for-profit companies, the eighth organization was an agency of the federal government; therefore, our outcome may not be generalizable to the greater employment population. Fifth, the population of 130 people with a total of 98 responses is rather small and could be perceived as severely limiting. Still, the response rate was quite high – 75.4%. And sixth, our study focused exclusively on performing one type of examination—only correlation coefficient analysis.

Even though much more work needs to be pursued in this trend, and we hope to pursue another more exhaustive Peter Principle study within all the branches of the United States Armed Forces, these caveats notwithstanding, the outcome of this report has both theoretical and practical implications. Further, in future studies of the Peter Principle, we feel it is worthwhile to use correlation, factor, or even regression analyses to determine differences or relationships between questions.

Finally, we believe that organizations reflect the attitudes, values, and behaviors of those that shape them (Rosener, 1990), especially as people are promoted within the organization. Further, an organizational culture that fosters the proper training, especially as employees are promoted, and supports the implementation of the differing leadership/management styles may benefit from synergistic effects.

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