

# CHAPTER 1

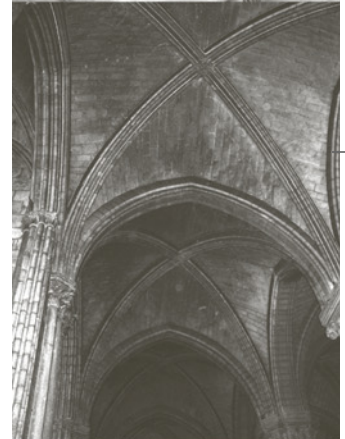
## MAKING SENSE OF MANAGEMENT

### History, Science, Perspectives

#### Objectives and learning outcomes

By the end of this chapter, you will be able to

- Appreciate the issues for which management ideas were developed as solutions.
- Understand the contributions of some foundational management thinkers.
- Explain key themes in thinking about organizations and management.
- Understand the historical development of management thinking.
- Discuss the differences and the continuities in early management thought.
- Distinguish between the ideas articulated by the key foundational thinkers and be able to engage with them critically.



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Outline of the Chapter

Setting the Scene

Central Approaches and Main Theories

Management and Scale: Legislation, Internal Contracts, and Bureaucracies

Management and Hands: The Importance of Being Confined in Space

Management and Surveillance: Jeremy Bentham's Design for the Panopticon

Management and Engineering: F. W. Taylor and Scientific Management

Management and Authority: Henri Fayol and Systematic Authority

Management and Counseling: Elton Mayo's Management of Collaboration

Management and Leadership: Chester Barnard and the Functions of the Executive

Critical Issues: Management and Social Justice—The Work of Mary Parker Follett

Social Responsibility and Democracy

The Fine Print: The Changing Theory and Practice of Management

Summary and Review

One More Time . . .

Additional Resources

### Before you get started . . .

Improvising on a statement by the English landscape painter John Constable:  
“Remember that management is a science of which organizations are but the experiments!”

## OUTLINE OF THE CHAPTER

Understanding management thinking is easier than many people might think, especially when a textbook is structured in such a way that it allows one to follow the progression of management thinking as a coherent story. That is the aim of this textbook. In this chapter, you will read about some of the early issues that had to be confronted and some of the solutions that thinkers contributed to management thinking. Their thought helped to design the underlying practices of management and organization, as well as frame thinking about them. In addition, you will also be able to reflect on the legacy of the work bequeathed by these foundational management thinkers to gain some more historical context on the question, What is the origin of modern management and organization thinking? The question is important since these early management thinkers set the scene for contemporary discussions. They designed the cornerstones of the map that we (still) use when we try to navigate through the world of management and organization theory. We will set the scene by turning the clock back to a time before modern management emerged, so you can grasp its singularity.

## SETTING THE SCENE

Traditionally, management and organization were a concern principally of rulers, such as princes, lords, and monarchs, as well as religious orders. For most ordinary people, just working to live and being able to buy and sell or otherwise acquire necessities in the market was the major focus of life. However, despite what many economists imagine, organizations did not just emerge as a secondary form that provided alternatives to market transactions when there were market failures (Williamson 1985).

The origins of modern organizations were not quite as mundane as the idea of there being a migration from markets to hierarchies might suggest. They had sacred and spiritual antecedents in the emphasis on rules that was characteristic of the medieval monastery, which became the template for later forms of bureaucratic organization (Keiser 2002; also see Eco 1994 for a literary example of similar points). If we want to find historical compass points for the emergence of modern organizations in Western Europe, we should look to the great religious institutions of its past. The rational qualities that could inspire

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**Image 1.1** *The market in everyday life: scenes from Taxco, Mexico*



**Image 1.2** *Inspirational spaces within which complex rules flourished*

**The earliest architects  
of modern business  
organizations needed little  
learning to run their affairs.**

architects to design great naves and spires and allow its administrators to write complex rules are a more useful point of reference than the uncertainties of actors in the markets. Markets played their role, but, as we shall see shortly, that role was quite specific and limited.

The earliest architects of modern business organizations needed little learning to run their affairs, at least until increasing scale complicated the picture. It was then that the model of bureaucracy, as rule by rules, was adopted, the idea that first emerged in the monasteries of Western Europe, among the few literates in medieval society. From there it went out and conquered the state, especially the administration of its civil and military affairs, and became, in the nineteenth century, the model for all areas of civil administration:

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infirmaries, asylums, schools, railways, colonial administration. Hardly any area escaped the reforming zeal of rationalizing bureaucracy.

Initially, there was no straight transfer of organization form from church to secular society. As feudal society gave way to industrial capitalism in Western Europe, new rulers emerged on the scene whose wealth was built on commerce and industry rather than the landed estates that had sustained both church and state. With new rulers emerged new issues. In the past, the central management issue for the state had been the occasional extraction of monies and taxes from a reluctant citizenry in order to support feudal wars and a noble lifestyle. With respect to the church, an alliance between religious conviction and supernatural fear could ensure revenues and estates for the church in the here and now as a comfort for their better endowed parishioners against the future uncertainties of heaven, hell, and purgatory. The state would occasionally loot, plunder, and tax but cared little for how what it took was produced. For the inmates of the monasteries, what was important was organizing the day so as to maximize time for prayer and devotion, so of all those who mattered on the medieval scene, it was the monks, or at least some among their orders, who had the best organization designs.

The new men of property steered by a different compass, one that did not immediately lead to rational organization designs. For them the central issue was the maximization of private profit. The way in which revenue was produced was their central concern because they had to be able to exercise regular and routine dominion and sway over the working lives of those who produced these revenues: those who labored on land and sea, in mines and factories. Two types of laborer were involved: freemen and slaves. Freemen were found in cities everywhere, whereas slaves were, by and large, confined to the economies of the New World, where significant profits were to be made from plantations.

On the plantations, the central issue was how to produce disciplined labor in the service of those who owned the land. The combination of black bodies, fertile fields, and cash crops proved lucrative indeed for the owners of these properties. The good management of their assets was a major concern. Just as no prudent investors would want to run down the value of their investments needlessly, so the slave owners did not want to exhaust the usefulness of their slaves through overwork. They would have to meet the costs of premature wasting of these human resources. In everyday practice, discipline was settled through the employment of tight surveillance, the use of exemplary harsh punishment to keep the mass in line, together with routine management enacted on these recalcitrant bodies owned as property (Cooke 2003).

Cooke suggests that the management of slaves in plantations anticipated many ideas later associated with F. W. Taylor (1911), whom we shall meet shortly. Others suggest that the main basis of Taylor's ideas came from the lessons learned in the assembly and disassembly of muskets in the military and the drilling of soldiers in the use of these and other weapons on the parade ground (Dandeker 1990). One suggestion is that, in fact, these methods were first applied to muskets by French gunsmiths, and brought from France to the

United States at the time of the American Revolution. French techniques, in turn, have been seen as being centuries later than the methods pioneered by the masters of the Venetian arsenal in warship building and crossbow manufacture. Other accounts suggest that the important thing to realize about Taylor was that he was an engineer; his ideas merely applied an engineering logic to the management and disposition of relations between men and machines (Miller and O'Leary 2002; Shenhav 1999). The balance of the history, whether it lies in dealing with slaves, muskets, or machines, remains contested. One fact is evident, however: In Britain, the first industrial society, slavery was not a legally available mode of production, having been outlawed by the British Parliament early in the development of modern industry, on March 25, 1807.

Industrial property owners preferred able and willing bodies in their service rather than slaves. The employers could not rely on feudal fealty or obligation to deliver these bodies to them, as did the lords of old; however, it was a matter of record that they often found religious observance, with its deference and piety, to be an invaluable asset (Thompson 1965). That authority, which could claim that it had God on its side, stood a better chance of success, as Weber (1947) realized when he noted that deeply held Protestant religious convictions produced not only industrious capitalists but also sober and disciplined workers (see also pp. \_\_\_\_). As Anthony (1977: 43) notes, the "engagement of God as the supreme supervisor was a most convenient device," one whose omnipotence more secular methods sought to emulate (see also pp. \_\_\_\_). If God alone could not be relied on to provide sober and industrious employees to bring order, enforce discipline, and construct authority, what could they turn to?

In the early days of industrialism, a combination of heavy doses of paternalism, rough discipline, and an "efficient" labor market (one that could send young children, as well as their fathers and mothers, out to labor, mine, and chimney-sweep) buttressed less secular sources of moral authority with sheer necessity. More traditional relations could often overlie the wage relations that mostly bound production. However, unlike feudal serfs, these men, women, and children who were employed in the new industries were "formally free"; they were not obliged to work where and when they did by virtue of being bound to a feudal estate but because of the sheer necessity of selling their labor in order to survive in a market economy.

In lieu of internalized religious ritual or deference to feudal hierarchy, management control seemed best assured through the routine disciplining of those employed. In small workshops, discipline was relatively easy to enact, especially where these workshops had a craft basis and were organized around mastery of a specific knowledge, such as how to make barrels, fabricate metal, or weave wool. In such a structure, the master was presumed to know the craft, which apprentices were presumed not to know and had every motive for learning, so that they too could become skilled workers. The master exercised power by getting the apprentice to do things the way that he favored. The basis of the master's authority was a possession of power unified with the knowledge

that they not only owned the workshop but also the knowledge of how to work in it. On this basis, they were easily able to enforce rules, to say when work was done correctly or incorrectly. The major mechanism for enforcing the rules was effective oversight by *direct control* of people in the workshop.

## CENTRAL APPROACHES AND MAIN THEORIES

### Management and scale: Legislation, internal contracts, and bureaucracies

The early days of modern management and organizations were bootstrapped. Primitive methods of surveillance and drill were adapted, and elements from preindustrial craft relations were incorporated. As one of the most significant economic historians of management suggested:

The pioneers of the industrial revolution were forced to lay the foundations of the practices of labour management themselves, involving a subject as complex, novel and full of pitfalls as the other applied sciences they had to master. . . . We can hazard a guess as to how many of the survivors were successful . . . largely because they mastered . . . the tasks of management, [but] we shall probably remain forever ignorant of the number of those who failed because they did not. (Pollard 1965: 160)

Pollard puts his finger on a pervasive problem with the bases of management knowledge: It is much more likely to be about the successes at any particular time than the failures—although, in many ways, knowing the reasons for failure may be more important than learning the lessons of success. And success is always temporal, anyway. Yesterday's success can easily become tomorrow's failure.

Bootstrapped solutions worked appropriately for as long as the scale of enterprise remained small. However, the issue of surveillance was about to be made a whole lot more complicated because of institutional innovations that led to an increase in scale. There was a synergy between simple control and small scale, for as long as organizations remained somewhat limited in size because of the financial means available, questions of managerial control could be resolved through simple and direct supervision. The numbers to be supervised were not great. As late as the early 1850s in the British cotton industry, a factory of 300 people could still be considered very large (Hobsbawm 1975: 21), and as late as 1871, the average British cotton factory employed only 180 people, whereas engineering works averaged only 85.

There were two distinct shortcomings associated with expanding the scale of these small-scale arrangements. The first was the supply of finance.

By and large the characteristic enterprise of the first half of the century had been financed privately—e.g., from family assets—and expanded by reinvesting profits, though this might well mean that, with most of capital tied up in this way, the firm





**Image 1.3** *A woolen textile mill, Holywell Green, West Yorkshire, U.K., circa 1965*

might rely a good deal on credit for its current operations. But the increasing size and cost of such undertakings as railways, metallurgical and other expensive activities requiring heavy initial outlays, made this more difficult, especially in countries newly entering upon industrialization and lacking large accumulations of private investment capital. (Hobsbawm 1975: 214)

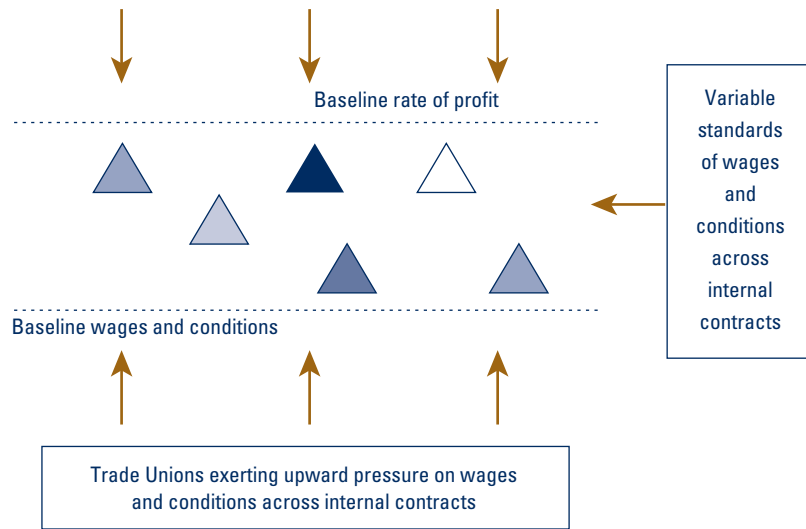
To grow large meant expending capital. Not that much was available. The capital in circulation in the early industrial economy was relatively small compared to that invested in more aristocratic ventures, such as real estate. Mostly it was raised through credit. Merchants combined credit with rented buildings and

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machinery, together with cheap sources of labor, important mechanisms in an age of unlimited liability for the debts of the enterprise, because if the enterprise were to fail, the liability and exposure of the emergent entrepreneurs would be limited (Tribe 1975). By keeping these commitments small, fortunes might be better insured.

It was a particular institutional innovation, pioneered first in Britain in 1856, but widely copied internationally almost immediately thereafter, that enabled enterprises to grow beyond the financial capacities of their owners. The legislation was known as limited liability legislation. The intention and consequence of this legislation was to separate the private fortunes of entrepreneurs from their investments in business, so that if the latter failed, the personal fortune was sequestered and the debtors' prison avoided (see Charles Dickens's [1982] novel, *Little Dorrit*). Before 1856, the situation was quite different. If the business failed, the owner's personal fortune could be seized against debtors. Not surprisingly, this limited the size of the enterprise, because a prudent investor would not want to be overexposed. As Marx (1959: 436) predicted, being able to risk the savings of investors freed up entrepreneurial energies and did much to prepare the ground for a widespread share-market in which individuals might invest their savings in productive enterprises. Contemporary observers anticipated that there would be an increasing concentration of capital (Marx 1959: 440), that is, the development of many fewer organizations employing a much greater numbers of workers. The scale effects were dramatic. The Krupp works at Essen in Germany had a mere 72 workers in 1848, but by 1873 they employed almost 12,000. Whole regions became dominated by huge commercial ventures.

If limited liability legislation solved the problem of how to raise capital and increase scale, it did not resolve the problem of how to manage the vastly expanded enterprise. It was the "master" rather than the impersonal authority of the "company" that held sway in "the enterprise, and even the company was identified with a man rather than a board of directors" (Hobsbawm 1975: 214). But how could a single master exercise mastery over so many? How was the master to achieve effective governance over a vastly increased sale of operations? Two resolutions of the puzzle of how to ensure mastery were proposed: One adopted a market solution, whereas the other copied what had already occurred in the large-scale public service of the day and threw in its lot with bureaucracy. The market solution was based on the owners of previously independent business being reemployed as internal contractors to oversee the processes of labor in firms that were taken over by financiers. These were individuals skilled more in the art of raising capital than executing the mundane command of work. One consequence of internal contracting—where the contractor used materials, plant, and equipment supplied by the owners but managed the labor contracted to deliver a certain quantity of product—was that quite different methods of internal control could flourish in different plants in the same industry. Standards were highly variable. Here a benign and benevolent despot might be master, there the master might be acting on behalf



**Figure 1.1** *Pressures tending to standardize internal contracts*

of a labor-managed cooperative, while in another plant the master might be a ruthless and vicious tyrant, exploiting family members or those too weak in the market to resist downward pressure on their wages.

Given that the internal contract was a fixed sum agreed between the internal contractor and the employers of capital, then the middleman, the internal contractor, stood to gain the most by paying the least for the quantity contracted, so there was plenty of opportunity for downward pressure to occur. Not surprisingly, this was a fact that the trade unionism of the day (the system of internal contracting flourished from the late nineteenth through to the early twentieth century, with variable lags in different countries, being developed earliest and superseded fastest in the United States) eagerly latched onto in efforts to improve the lot of their members by standardizing conditions and wages (Clawson 1980; Littler 1982). Unionism exercised an upward pressure standardizing the conditions of work, whereas, from the business owners and employers of finance, there was a downward pressure beginning to be exercised in the name of an efficient rate of return.

The downward pressure from finance and the upward pressure from the unions led, inexorably, to an increased standardization of workplace routines. It was not the market but the military model that provided the best template for this organization design. By the early twentieth century, the most perceptive observer, Max Weber (1976), noted that bureaucracy had become the fate of our times. It was a fate modeled unambiguously on the military. As the economic historian Hobsbawm (1975: 216) put it, "Paradoxically, private enterprise in its

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most unrestricted and anarchic period tended to fall back on the only available model of large-scale management, the military and bureaucratic,” noting the railway companies, with their “pyramid of uniformed and discipline workers, possessing job security, often promotion by security and even pensions,” as an extreme example. Weber (1948: 261) put it even more sharply: “No special proof is necessary to show that military discipline is the ideal model for modern capitalist factory.”

The result of processes working toward standardization was that the blueprint for designing modern organizations was increasingly inherited from the design of professional armies, shaped within a framework of military discipline, even while being applied to market-based enterprises. Being disciplined and being visible were the key themes. Order, discipline, and authority were to become the organizational watchwords of the new world under construction.

### **Management and hands: The importance of being confined in space**

The spatially enclosed world of the factory offered unique opportunities for management as well as being the place in which many of its standard terms were first stabilized in meaning. Long before there were formal theorists of management, managers managed. What they managed were “hands.”

Stewart, one of the authors of this book, grew up in a small town in the North of England, at a time when many people worked in one or other of the numerous textile mills built in the nineteenth century. Outside each mill, high on a sandstone wall, soot-darkened from the smoke that poured out from mill and domestic chimneys alike, were black painted signboards bearing the legend, “Following Hands Wanted,” usually in gold lettering. In the board, position descriptions could be slotted in, such as leading charge hand, or carding hand, using the term for an employee, a *hand*, that had been passed down in common usage from the old Anglo-Saxon English, derived from the Norse. Sometimes overseers or supervisors were advertised. That employees were known as hands was not only etymologically derived but also descriptively accurate, because they were employed largely for what they did with their hands—hands that were interchangeable, provided they had machine-minding skills and manual dexterity. Hands were overseen and supervised, literally. Hence, frontline managers were overseers or supervisors. The terms betray their origin; those in positions of authority were there because they exercised surveillance over others whose skilled hands were engaged in work—the one employed to exercise oversight, the other to use their hands.

Not all hands were subject to systematic surveillance, however. If we follow etymology west, to the frontier society of the United States in the nineteenth century, we see an interesting shift in the definition of a hand. As the cattle industry developed, those who worked in it became known as ranch hands. However,

the ranch hand, riding through the High Sierra or prairies, worked in a situation enviable to any factory worker—he was *out of sight*. The ranch hand could freely roam the range, whereas the factory hand was confined to a small space, both physically and in task terms. The freedom of a ranch hand on a horse roaming the prairies in search of steers that had cut loose from the herd could only be a dream to a factory hand under the watchful eye of a supervisor. The one was free to ride as the spirit took him; the other was always under a watchful eye.

Although the idea of being a hand (for instance, a hired hand) passed into common currency, the contexts in which the term was used differed widely. The designation of being a hand need not mean tight supervision and close control. What was crucial was the nature of the context in which work was done. Something about the factory lent itself to close supervision—and this something was its boundedness, its spatial concentration and encasing. Space could be used to become an adjunct to supervision and control. It also enabled lessons to be transmitted not only about the development of skills and aptitudes but about the authority of the master and the overseer, foreman, or supervisor. The mills contained small and relatively self-contained workshops, which the hiring boards described perfectly. Managing involved supervision, overseeing, surveillance, and superintendence, whereas working involved hands. Managing was premised on simple and direct supervision, on knowing what was going on through seeing and understanding the nature of the action performed by the hands being watched. It is a method of management that we still find today in many small-scale enterprises. The union of insight and oversight is, indeed, powerful.

In factory work, as Adam Smith (1961) extolled in *An Enquiry Into the Wealth of Nations*, the division of labor formally done by one person, when divided into many parts, each specialized in by different individuals, caused great increases in productivity. Consequently, mill hands tended to be specialized workers, whereas ranch hands were jacks-of-all-trades. The point is not just the shifting use of English; it is also that being treated as a hand was not in itself sufficient to ensure a loss of autonomy, diminished personal scope, and enhanced control. It was being confined and under surveillance that was important. Various methods of fusing discipline and surveillance were tried. The earliest of these relied on architecture before there was a general shift to engineering. Systematic architecture that concentrated surveillance and control was developed in the late eighteenth century by the famous eighteenth-century English philosopher Jeremy Bentham, when he sought to make oversight more efficient.

### **Management and surveillance: Jeremy Bentham's design for the Panopticon**

Bentham was a utilitarian philosopher. Utilitarianism elevated the principle of usefulness above all else. When Bentham began to think about how one might design a rational enterprise, one in which the utility of oversight could

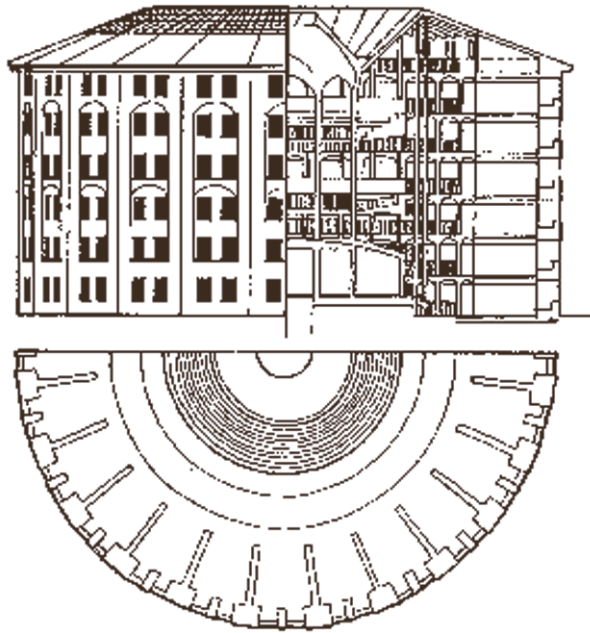
**PANOPTICON;**  
 OR  
 THE INSPECTION-HOUSE:  
 CONTAINING THE  
 IDEA OF A NEW PRINCIPLE OF CONSTRUCTION  
 APPLICABLE TO  
 ANY SORT OF ESTABLISHMENT, IN WHICH PERSONS OF  
 ANY DESCRIPTION ARE TO BE KEPT UNDER INSPECTION;  
 AND IN PARTICULAR TO  
 PENITENTIARY-HOUSES,  
 PRISONS, HOUSES OF INDUSTRY, WORK-HOUSES, POOR-HOUSES, LAZARETTOS,  
 MANUFACTORIES, HOSPITALS, MAD-HOUSES, AND SCHOOLS:  
 WITH  
**A PLAN OF MANAGEMENT**  
 ADAPTED TO THE PRINCIPLE:  
 IN A SERIES OF LETTERS,  
 WRITTEN IN THE YEAR 1787, FROM CRECHEFF IN WHITE  
 RUSSIA. TO A FRIEND IN ENGLAND  
 BY JEREMY BENTHAM, OF LINCOLN'S INN, ESQUIRE.

**Figure 1.2** *Bentham's cover from 1787, introducing his ideas for the design of the Panopticon*

be maximized, he came up with a design for something that he called a Panopticon. Its ingenuity resided in the economy of effort required to administer it, once it was designed and built. Figure 1.2 shows the text in his first proposal for the Panopticon.

The Panopticon, literally, is a means for making work as visible as it could be, by virtue of the supervisor (note the term: literally, it means the exercise of superordinate vision) seeing as much as possible. Notice that Bentham's concept could apply to almost every situation! It is the particular relation between the seer and the seen that is significant in the Panopticon. Those who are being seen are scrutinized in ways that do not enable them to see that they are under surveillance.

As you can see from Images 1.4 and 1.5, the Panopticon was a complex architectural design. It consisted of a central observation tower (which you can see clearly in the cutaway section) from which any supervisor, without being seen, could see the bodies arranged in the various cells of the building. In each cell, the occupants were backlit, isolated from one another by walls and subject to scrutiny by the observer in the tower. Control was to be maintained by the



**Image 1.4** *The Panopticon*

constant sense that unseen eyes might be watching those under surveillance. You had nowhere to hide, nowhere to be private, and no way of knowing if you were being watched at any particular time. The situation was structured such that obedience in and through productive activity seemed the worker's only rational option, not knowing whether or not they were being watched but obliged to assume that they were (see also pp. \_\_\_\_\_).

For Bentham, the Panopticon was designed as a progressive replacement for current penal methods. Moreover, as a pioneering "best practice," the Panopticon could equally be applied to schools, hospitals, and poorhouses, as well as factories (where Bentham got the idea in the first place—from his brother's Russian manufactory). It was a project to be applied to everything. It was not only panoptical but also had wide applications (explored in McKinlay and Starkey 1979).

The French historian of ideas, Michel Foucault (1979), is responsible for the modern interest in Bentham's Panopticon as a unique instrument of reform and governance. No prison was ever built exactly to the model—although many show its influence—but the principles embodied in the Panopticon had widespread influence. The key principle was *inspection* by an all-seeing but unseen being—rather like a secular version of God. And it did not matter if the inmates were actually being watched at any specific time—they would never know—but *they did know that they were always at risk of being watched*. The

principle of inspection or surveillance instilled itself in the moral conscience of those who were being overseen. The aim was to produce a self-disciplining subject. The asymmetrical nature of seeing but not being seen, of knowing you were possibly being watched but not when or if you were, was designed to produce employees predisposed to be socialized into submitting their will to the task at hand, under the threat of constant supervision.

The Panopticon was not just a system of surveillance but also a system of records and rules. The authorities would have a complete file on the behavior of each inmate. There would be rules governing timetables, the nature of work, and the authority to exercise surveillance. Again, the Panopticon is not just a mere historical curiosity. We all live in a surveillance culture now, with cameras watching us constantly at work, even if that's for "security" reasons. The Panopticon is no longer built of bricks and mortar but is recorded by video,

computer monitoring, audio recording—making us all accountable to controls we may only be dimly aware of (see also pp. \_\_\_\_\_).

If Bentham saw the origins of modern management residing in architecture, on the other side of the Atlantic, a little later in the nineteenth century, a much more economical, rational, and efficient design for managing was being produced. While buildings were expensive and inflexible once built, designing rules to govern work was relatively cheap and more flexible. New work designs and rules did not require a specific arrangement of bricks and mortar, only a certain engineering of the body and the relations between people and machines, based upon an empirical time-based assessment of the most efficient ways to achieve the maximum productivity.

## Management and engineering: F. W. Taylor and scientific management

Engineers had long been fascinated by work. The English engineer Charles Babbage made many contributions to early work study and, in fact, designed an early form of the computer as well as writing extensively *On the Economy of Machinery and Manufactures* (1971). Engineering had a natural affinity with work in a profit-based economy, because it was oriented to getting more output from less input as its definition of efficiency. Although early ideas of efficiency were important, it took an engineer to systematize these with the separate concern of surveillance and discipline. Armed with a checklist and a stopwatch, F. W. Taylor developed scientific management around a set of ideas for making people's work more visible. He observed and timed work, and then redesigned it, so that tasks could be done more efficiently. Taylor, an engineer, proposed that "scientific management" could design the best way of performing any set of tasks on the shop floor, based on detailed observation, selection, and training. Time was of the essence.

### The Panopticon is no longer built of bricks and mortar.





**Image 1.5** *Clocking in*

Taylor's system survives today in the way many semiskilled machine-tending tasks are designed in organizations. Elements of Taylorism survive as deeply vestigial organs within modern organizations, but it is not just history. Every time "lean production," "methodologies for total quality management," or "business process reengineering" are introduced into contemporary firms, then an element of Taylorism is being reproduced, because these approaches define the most efficient "one best way" to organize. As we shall see shortly, other important writers, such as the Frenchman Henri Fayol, also saw the potential to expand similar ideas to the whole organization—not just the shop floor.

Rationality, defined in engineering terms, became a new source of scientific legitimation for management. The science resided in knowledge of how to use



**Image 1.6** *F. W. Taylor, founder of scientific management*

specific means to achieve given ends. Management would be a new breed of practical scientists. Engineering was an innovating discipline with great authority. It was being constructed by popular engineering journals and magazines of the day as *the* locus of professional managerial expertise (Shenhav 1999). According to the new engineering approaches to management, corporations and organizations could be managed empirically, on the basis of facts and techniques, rather than experience, privilege, or an arbitrary position. Functions and responsibilities should be aligned in a scientifically proven manner by engineers trained in the management of things and the governance of people working with and on them.

### Engineering and opposing scientific management

Taylor articulated an essentially engineering view of the role of management in his book *Principles of Scientific Management*, first published in 1911. It was not very popular with many existing people who fulfilled management roles. Contesting Taylor were a number of forces. First were internal contractors—people who provided and supervised labor to work within factories owned by remote financiers, entrepreneurs, and industrialists—who stood to lose their livelihoods if scientific managers triumphed and replaced them with systematic

managers. Second were the owners of capital, particularly those with small workshops, who were already fearful of the risk of being swallowed up or driven out of business by big businessmen gobbling up small enterprises into new centers of financial control, the men who became known as the robber barons (such as Andrew Carnegie and Theodore Vanderbilt). Also, they were fearful of the dilution of the power of ownership. Third were the workers, increasingly organizing in unions, who railed against the loss of craft skills that the project of standardization and systematization of work entailed (Shenhav 1999). Standardization became a wedge that opened the door for a wider adoption of systematic scientific management through linking individual remuneration to individual effort in scientifically framed tasks. Much of the opposition to Taylor's ideas came to a head when the U.S. Congress, in 1912, held an inquiry into the use of his system of management, due to association of its adoption with strikes. For the workers, the fact that there were layoffs, due to available work being completed sooner, appeared particularly threatening to their jobs. Taylor's ideas had the advantage of being quite easy to grasp (see Wrege 1995; Taylor 1995) and so were as easily adopted as they were opposed. However, it is worth noting that employers tended to adopt his ideas piecemeal; they were keen on the efficiencies from the time measurement but not as keen on the rewards in the form of bonuses that Taylor proposed under his recommendations for the use of piece rates (Taylor 1895).

### Four principles of scientific management

Taylor proposed what he called “four great principles of management”:

1. *Developing a science of work.* This would be achieved by observing and measuring norms of output, using a stopwatch and detailed observation of human movements. On this basis, improvements could be made to the design of workstations and tools, which could improve effectiveness. Given improvements in effectiveness, pay would be improved.
2. *Scientifically selecting and training the employee.* Not just anybody could earn the higher rates of pay—they had to be people scientifically selected and trained. Taylor believed that everyone had different aptitudes—it was really a question of fitting the worker to the job, and this was the task of management. When management did this job properly, all human resources would be developed to their utmost potential.
3. *Combining the sciences of work and selecting and training of employees.* The workers would easily perceive the good sense of doing this, thought Taylor. They would benefit from higher wages. Resistance was more likely to come from managers—who also had to learn new systems of work and to give up privileges that they had, in Taylor's view, no right to.
4. *Management and workers must specialize and collaborate closely.* Management must focus on mental labor: on setting up systems, designing them,

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and supervising them. Workers must concentrate on manual labor and leave the higher-order mental labor to the managers. If everyone keeps to one's assigned tasks, roles, and methods, then conflict in the workplace between management and workers will be eliminated, he thought. That is because science will show the one best way of doing things.

Taylor had a very limited view of science. He regarded it as equivalent to making systematic measurement and observation, after which work would be redesigned on the basis of the data generated and inferences made about existing procedures and how they might be improved. A famous example, which is discussed critically by Braverman (1974), was the example of the Dutch worker Schmidt and the art of shoveling pig iron. Taylor established that even a rather dumb worker, with a carefully designed tool, could increase productivity significantly, as long as whatever scientific management said should be done was done.

Management could be designed as a series of functions. These could actually be scientifically disaggregated and redefined so that different functional specialists would do different aspects of the task. Taylor was the founding father of work-study—fitting the person to the job and work design—and the pioneer of productivity-related pay systems, though few managers were prepared to accept this element of his system (they preferred the efficiency outcomes without the costs of wages designed to achieve them). His views have been subject to severe criticism. For instance, Braverman (1974) provides a highly critical perspective on Taylor that has been very influential in terms of rethinking the effects of Taylorism as profoundly exploitative and alienating(see also pp. \_\_\_\_\_).

### **Taylorism after Taylor: Sedimenting scientific management deep into organizations**

Taylorism did not die with Taylor—it became sedimented deep inside organizations. His ideas became a part of the way that a great deal of routine process work was designed and measured in industry. Eventually, in such assembly plants, people would be replaced with robots, in which scientific management would find far better raw material—there were no sources of uncertainty in designing and calibrating pure machines rather than the person/machine interface. Of course, you don't have to go to a factory to find Taylorism. Check out the system for manufacturing fast food in any burger restaurant such as McDonald's (see also pp. \_\_\_\_\_).

### **Management and authority: Henri Fayol and systematic authority**

#### **Foundations of administrative science**

It was another engineer, Henri Fayol, who is often regarded as the most significant European founder of modern management, because he provided

a basis for systematic authority in the fledgling occupation. He published *Administration Industrielle et Generale* in 1916 (see Fayol 1949), in which he argued that better management is not merely concerned with improving output and disciplining subordinates but also must address the training of the people at the top.

Fayol was important for his stress on management training. Without training, it was too much to expect that either legitimacy or rationality would follow. The training should focus on training management to plan, organize, command, coordinate, and control for optimal performance. To outperform Taylor's idea of scientific management, presented in only four principles, the core of Fayol's training program offered fourteen principles to provide a manual for proper management, efficient organizations, and happy employees:

1. *Specialization of labor*: to encourage continuous improvement in skills and the development of improvements in methods
2. *Authority*: establishing the right to give orders and the power to exact obedience
3. *Discipline*: there was to be obedience
4. *Unity of command*: each employee was to have one and only one boss
5. *Unity of direction*: a single mind should generate a single plan
6. *Subordination of individual interests* to the interests of the organization
7. *Remuneration policy*: employees should receive fair payment for services
8. *Centralization*: consolidation of management functions so that decisions will be made from the top
9. *Scalar chain*: a clear line of authority and formal chain of command running from top to bottom of the organization, as in the military
10. *Order*: all materials and employees have a prescribed place, where they should be found
11. *Equity*: there should be a principle of fairness involved in the way that the organization treats employees
12. *Personnel tenure*: limited turnover of personnel was a good thing, and lifetime employment should be offered to good employees
13. *Initiative*: this requires designing a plan and doing what it takes to make it happen
14. *Esprit de corps*: there should be harmony and cohesion among organization members

Fayol was an especially important figure in the francophone world, as one might expect. In France his ideas received endorsement from leading industrialists and politicians of the time. Although Fayol developed his work about the same time as the era of scientific management, it is a different approach, one that focuses on positions rather than people. It is noteworthy that Fayol worked for a mining company with substantial interests in Decazeville, a French locale with strong traditions of labor dissent and proletarian solidarity.

The relation of these traditions to Fayol's ideas is not discussed in the literature. Fayol was not translated into English until the 1940s, so his impact on American management was delayed.

### **Management and counseling: Elton Mayo's management of collaboration**

Not all of the early management thinkers saw the solutions to problems of managing and organizing in terms of engineering. Rather, some theorists, such as Elton Mayo, saw engineering as a part of the problem rather than the solution. Following the rise (and fall) of his ideas helps us to understand some other foundations of management that are still at work today.

#### **Collaboration, not conflict**

Although the prosperous 1920s had seen modern corporate bureaucracies become legitimate, by the 1930s their legitimacy came into question as so many productive assets and people were rendered idle in the Depression era. How could organizations be efficient and legitimate, when they also caused so much unemployment and turmoil? Now the focus switched to a rationalization for management as an antidote for the presently troubled times. As Miller and O'Leary put it:

The depression had pressed the rationality of individuals beyond its limits. Traditional institutions had crumbled in the course of industrialization, and new institutions had not emerged to maintain their disciplinary effects. Driven by their emotions, individuals had a proclivity to engage in socially destructive acts. They became unfit for cooperation. The catastrophic proportions of the depression stood as a pressing exemplar of that unfitness. (Miller and O'Leary 2002)

In the middle of this Depression, the Australian-born Elton Mayo entered the stage of management and organization theory as one of the most influential of the interwar and postwar theorists. Mayo did not arrive in the United States until he was forty-two; not surprisingly, many of his views about organizations and management had already been formed by the experience that he had in Australia, which he left in 1922, never to return. In Brisbane, where he was the first professor of social philosophy at the University of Queensland, he had been exposed to the militant traditions of the Australian labor movement, traditions formed in the great shearing strikes of the 1890s, hardened in the battle against conscription in World War I, and exemplified for Mayo by the rail strikes of 1917. His fundamental model of society was one of social integration rather than the conflict that he encountered at Trades Hall in Brisbane and in some of his Workers Educational Association students,

especially those who were members of the International Workers of the World. Work for Mayo should not be the source of class conflict but the opposite:

It must be possible for the individual to feel, as he works, that his work is socially necessary; he must be able to see beyond his group to the society. Failure in this respect will make disintegration inevitable. Social unity must be conscious unity, known and recognised by every group and individual; the alternative is disruption. The occupational aspect of social activity is, therefore, fundamental. (Mayo 1919: 37, cited in Bourke 1982: 220)

Mayo discussed his ideas with British anthropologists, notably Bronislaw Malinowski, and later, in the United States, he was to add explicit social science references to his ideas. But there was another ingredient born out of his early Australian experience that was decisive for his later work in the United States: He had been a medical student. He used ideas from contemporary psychology and psychiatry in an informal collaboration with a Brisbane physician in the aftermath of the Great War to develop therapeutic treatments for patients with shell shock and other “nervous” conditions. From the treatment of maladjustment on the part of veterans, it was a small step to the treatment of industrial malaises: “Industrial unrest is not caused by mere dissatisfaction with wages and working conditions but by the fact that a conscious dissatisfaction serves to ‘light up’ as it were the hidden fires of mental uncontrol” (Mayo 1922: 64, cited in Bourke 1982: 226). Treating conflict at work meant treating industrial neuroses. Most people’s actions were driven by the unconscious, and this was as true of people at work as at war. Agitators and radicals were victims of neurotic fantasies that could be traced, invariably, to infantile history. If individuals could be guided by therapy in work, they would be healed of their agitational neuroses. When he arrived in the United States, he brought these ideas with him as a highly successful public speaker on the lecture circuit. He eventually found a congenial home at Harvard, where he was invited in 1926.

### Human relations, not mechanic determination

At Harvard, Mayo became associated with what are known as the Hawthorne Studies. These studies have become a classic of modern management and were named thus because they were carried out in the Hawthorne Plant of the Western Electric organization in the suburbs of Chicago between 1924 and 1927. After the data had been collected and the experiments ended, he joined the project in April 1928 (Henderson and Mayo 2002). In a range of experiments concerning the physical determinants of productivity, illumination and other physical variables were manipulated, with the surprising result that productivity kept rising even when unexpected—when the illumination was lowered rather than increased. Why was this so? Eventually, the question was answered by Mayo in terms of what became known as the Hawthorne Effect:

When a group realizes that it is valued and forms social relations among its members, productivity rises as a result of the group formation. It was this finding for which the study became famous. The Hawthorne Effect is what happens when informal organization formation occurs. In this instance, it was presumed that the effect was an unanticipated consequence of the experimental interest taken in workers. Such formation will often be an unanticipated consequence of academic interest in people in organizational settings: Research may have unanticipated effects. (His experiments have been widely criticized. See O'Connor 2002 and Carey 2002 for the criticisms.)

Among the major presuppositions that Mayo brought to interpretation of the Hawthorne data were the following:

- Work should be seen as a group rather than individual activity.
- Work is a central life interest for most people.
- With Follett he agreed that the lack of attention to human relationships was a major flaw in other management theories.
- In work people find a sense of belonging to a social group and seek a need for recognition, satisfaction of which is vital for their productivity.
- When workers complain, it may be a manifestation of some more fundamental and psychologically located issue.
- Informal social groups at work have a profound influence on the worker's disposition and well-being.
- Management can foster collaboration within informal groups to create greater cohesion and unity at work, with positive organizational benefits.
- The workplace should be viewed as a social system made up of interdependent parts.

Many of Mayo's ideas addressed the failure of modern management to seriously consider social relations, social order, and the collaboration that sustained them as integral to modern enterprise. They were also developed in the context of his membership of the Pareto Circle. This was a group of scholars dedicated to disseminating and exploring the ideas of the Italian political economist/scientist Vilfredo Pareto, who, among many other things, was the originator of the famous Pareto Curve in economics. The group met at Harvard University, from 1926 onward (see Heyl 2002), where Mayo worked closely with the influential biologist L. J. Henderson and developed further during his wartime studies of absenteeism and labor turnover in war-related industries, especially aircraft plants in Southern California. He came to the conclusion that the real problems encountered in work were the lack of "well-knit human groups." Too much attention was being paid to technical relations at work and not enough to social relations, especially those that enable people to get on well and cooperate with others. More training in social skills is required. Organizational authority depends on individual members having a cooperative attitude, together with the organization having an effective system of communications to foster social skills (see also pp. \_\_\_\_). Organizations should organize teams and use personnel interviews to aid members, as Mayo (1985) put



it, to get “rid of useless emotional complications,” “to associate more easily, more satisfactorily with other persons—fellow workers or supervisors—with whom he is in daily contact,” and to develop in the worker a “desire and capacity to work better with management.”

Mayo developed what became known as the Human Relations School. The emphasis of this approach was on informal work group relations, the importance of these for sustaining the formal system, and the necessity of the formal system meshing with the informal system. In the informal system special attention was to be paid to the satisfaction of individual human needs, focusing on what motivates different people, in order to try and maximize their motivation and satisfaction. Mayo thought the manager had to be a social clinician, fostering the social skills of those with whom she or he worked. Workers who argued with their managers and supervisors were expressing deep-seated neuroses lodged in their childhood history. Therapeutic interviews were recommended as a management tool to create better adjusted workers, and training in counseling and personnel interviews was touted as an essential management skill. The advice was simple: Pay full attention to the interviewee and make it clear that this is the case; listen carefully to what they have to say; do not interrupt; don’t contradict them; listen carefully for what is being said as well as any ellipses in terms of what is left unspoken; try and summarize carefully what has been said by the speaker as feedback for the interviewee; and treat what has been said in confidence (Trahair 2001).

Mayo emerged from his wartime studies strengthened in his belief in the importance of human relations theory. Together with other Harvard academics, he contributed to an emergent consensus around the centrality of notions of social order, conformism, and the necessity of building rational normative commitments. These became a key part of the Cold War consensus about the nature of American society. The central theme of his work was that the rushed implementation of new technologies gave rise to most of the problems experienced at work. These problems were seen as manifested psychologically. Hence, it was not surprising if these workers founded unions, went on strike, became irrational, and endangered the social order with demands not for reform but revolution (Trahair 2001; see also Trahair 1984 for much more on Mayo). It was an agreeable message for many managers.

What, after all, could be more appealing than to be told that subordinates are non-logical; that their uncooperativeness is a frustrated urge to collaborate; that their demands for cash mark a need for your approval [as a manager]; and that you have a historic destiny [as a manager] as a broker of social harmony? (Rose 1975: 124)

Mayo undoubtedly believed that the technical competencies of managers had to be buttressed by social competencies. People had to be shown how to collaborate in the new complex organizations, and management’s task, par excellence, was to aid this. Managers were to be the new conciliators and arbitrators of an accord with rational workers. While the workers would draw

## The managers would draw on the rationality of science.

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on local rationalities, variants of cultures of solidarity rooted in family, church, and community experience, the managers would draw on the rationality of science. In Mayo's view, it would be a one-sided contest where the reason of management should be self-evident. Later researchers, however, were to see the traditional resources that the Hawthorne workers could draw on as strong and sustaining, quite able to provide a basis for resistance to the rationalization of Mayo's rationality (Hogan 1978; Weiss 1981).

### Management and leadership: Chester Barnard and the functions of the executive

For Chester Barnard (1936), the key issue was leadership, of which he had considerable experience, having been the president of New Jersey Bell Telephone and the Rockefeller Foundation. Barnard communicated his ideas about leadership in a book that had a major impact, *The Functions of the Executive* (1936). In those situations where people do not have to obey but only choose to do so out of self-interest, then leadership is required, said Barnard, to ensure both managerial authority and employee obedience. He knew that people were frequently capable of being, from an executive's point of view, mistaken about what they took their interests to be. Leaders should make followers' self-interest apparent, and this interest should be service to authority. Leaders created moral codes for subordinates to live by; subordinates needed tutelage in strong moral values, which it was management's duty to provide.

Good management requires emotional work, and it is the task of the managerial elite to configure others as servants of responsible authority through guiding them, emotionally. That these managerial elites have achieved their position, and their organizations survived, is sufficient evidence of their fitness for leadership, maintained Barnard. His key principles, based on his own executive experience, were the following:

- Individual behavior was always variable and could never be easily predicted.
- All individuals will have a "zone of indifference" within which compliance with orders will be perceived in neutral terms without any questioning of authority. Managers should seek to extend the borders of this zone through material incentives but more especially through providing others with status, prestige, and personal power.
- Communications, especially in informal organization, are absolutely central to decision making. Everyone should know what the channels of communication are and should have access to formal channels of communications. Lines of communication should be as short and direct as possible.

- Management's responsibility is to harness informal groupings and get them working for the organization, not against it.
- Authority only exists insofar as the people are willing to accept it

Barnard was the first really significant modern executive to write on management and organization. In that sense he was the genesis of the “been there, done that, profited from the experience” type of text that executives are prone to write when they want to record how they did it “my way.” From the vantage point of his experience, he saw the managers' key task as ensuring that organizational systems motivated employees toward organization goals—because where individuals worked with common values rather than common orders, they would work much more effectively. The real role of the manager, he wrote, is to manage the values of the organization, which should be set by the chief executive (see also pp. \_\_\_\_\_).

Barnard proposed a moral role for management. He did so at a time when, in American society, its moral authority was not great. The Depression of the 1930s saw many millions of people unemployed, reduced to welfare and soup kitchens. If managers were such great leaders, how come they had got American firms into such a mess? Barnard's answer to this question was that those lucky enough to still have jobs should buckle down to the leadership of superior moral agents—their managers—for it was only the good judgment of these leaders that stood between them and the misery of unemployment.

## CRITICAL ISSUES: MANAGEMENT AND SOCIAL JUSTICE—THE WORK OF MARY PARKER FOLLETT

### Social responsibility and democracy

Taylor and Fayol were very much engineers, and the stamp of that discipline was evident in their thought. However, the management theory that began to develop during the 1920s saw management becoming professionalized as something separate from engineering. Optimism about management was widespread and captured in management texts, most notably by Mary Parker Follett (1918, 1924). Born into a wealthy and privileged Boston family, Follett was passionately committed to democratic ideals. After graduating from the Women's College at Harvard, she became involved in social work in a diverse Boston neighborhood. Follett never lost her commitment to democracy and local group organization, which she honed in her community work in Boston. What she learned in making community centers work for people lacking in the obvious resources of a wealthier society was that, with experience in “modes of living and acting which shall teach us how to grow the social consciousness” (Follett 1918: 363), many people were far more capable than they or others might have

imagined. Follett sought to establish conditions in which management and workers cooperated together to achieve not only productivity but also social justice. She suggested that Taylor's ideas were incomplete. In particular, they had not been thought through for their democratic potential; Taylor's lone individuals, in a massive functional structure, under strict control, did not accord with American ideas of democracy. Something had to change in management thinking if this were to be the case. Mary Parker Follett signaled the changes. Her work still continues to excite contemporary interest (Boje and Rosile 2001; Calás and Smircich 1996; Fox 1968; O'Connor 1999, 2002).

Mary Parker Follett was the first woman to have had a book on management published, called *Dynamic Administration* (1941), albeit after her death. In this book she argued that organizations, like communities, could be approached as local social systems involving networks of groups. Not for her the image of the all-knowing scientific engineer in control. Unlike scientific management, she believed in the full collaboration of employees and managers, and she sought their willingness to make these values compatible.

Central to Follett's worldview was the concept of power. Organizations organize power and they create power. She saw power as legitimate and inevitable. But because power is so central, it does not mean that it need be authoritarian. She was concerned to democratize power, distinguishing between power-over and power-with (or coactive power rather than coercive power). She argues that it is the former that needs developing and the latter that needs diminishing. Organizations must be developed democratically as places where people learn to be cooperative in power with others, especially managers and workers (see also pp. \_\_\_\_\_). In a democracy, Follett believed that people had to be able to exercise power themselves, at the grassroots level. Democratic diversity had great advantages, she said, over more authoritarian homogeneity. We should welcome difference because it feeds and enriches society, whereas differences that are ignored feed *on* society and eventually corrupt it (Follett 1918). Given democratic opportunities, she thought that people could make the most of their situation, even if they seemed relatively impoverished in their access to resources. Her view of democracy was that it should be participatory, because the experience of being participative was empowering and educative.

More modest than her male colleagues, she formulated her ideas in only three principles:

1. Functions are specific task areas within organizations, which should be allocated the appropriate degree of authority and responsibility necessary for task accomplishment.
2. Responsibility is expressed in terms of an empirical duty: People should manage their responsibility on the basis of evidence and should integrate this effectively with the functions of others.
3. Authority flows from an entitlement to exercise power, which is based upon legitimate authority.

Mary Parker Follett was a unique management academic. She saw that the central questions of organization revolved on questions of power, legitimacy, and authority in a way that few of her contemporaries did. She was also a woman, in a world of men, and a committed democrat in a world of macho managers. Notions of legitimate authority and civic responsibility were important to Follett's thinking. Thus, not surprisingly, when she turned her attention to organizations and management, she saw the concept of power as the essential basis for understanding business. She separated power from hierarchy, shunning the idea that some were born to rule and others to follow, which Taylor's ideas legitimated. She produced a rationale for authority distinct from Taylor's "scientific" approach. Management is a responsible discharge of necessary functions, not the privilege of elites, she maintained. Authority and responsibility derive from function, not privilege. Both politics and business require an understanding of how to produce collaborative action between different people integrated in a common enterprise rather than creating their mutually assured destruction through incivility and nondemocracy.

### Rationality and civility

It seemed to Follett that Taylor's system of scientific management might have achieved rationality within the firm, but it had also eroded the civility within which employees were once bound in the quintessential small-scale communities of American democracy. Mass production and large scale were made possible through efficiency in the division of labor, but this division had gone too far. It had removed the social bonds that constrained individuals and now pitted them ruthlessly and relentlessly against each other in a highly competitive individualism. What was required was a reinstatement of civility, society, and fellowship in and through work and its organization if the corrosive effects of competitive individualism on the moral character of the American employee were to be halted. People needed to think not just of themselves and the individual benefit to be gained through competition at work but how they fitted into an overall pattern of functions, responsibilities, and authoritative entitlements to command and to obey.

### The meaning of management?

Hard-fought and bitter battles were waged over the meaning of management as it first emerged. These were battles of the intellectual will, practical authority, and professional power. Despite Bentham's designs for architecture, bricks and mortar were never going to provide a flexible means of managing. Designing control into buildings is less economical than designing it around how people should do what they are asked to do. It was the emphasis on rules and appropriate ways of doing things that really offered hope for

efficiency—not the buildings that activities were housed in so much as the design of the activities themselves. As a root metaphor for management, architecture was to prove much less useful than engineering. The roots of modern management were fed from engineering as a profession.

Although in the nineteenth century organizations were largely entrepreneurially founded, to far greater extent in the United States than elsewhere, by the twentieth century this was no longer the case. Deferring to the moral authority of the successful entrepreneur was no longer a plausible basis for legitimacy, when the relation between success and entrepreneurship had been so thoroughly uncoupled in the new corporate empires. Such uncoupling raised highly contentious issues for a liberal democracy. How were relations inside these corporate empires not to be simply capricious domination by the new robber barons? How could robber barons not be the new Lords of the Corporate Manor, with wage-slaves rather than serfs at their beck and call? In a country as fiercely and proudly democratic as the United States professed to be, this was an uncomfortable question ill at ease with the rhetoric of political democracy. How could a moral ethos pervade the relations of command and control in large public and private sector bureaucracies? The notion of political democracy became the normal basis for citizenship in advanced societies in the twentieth century. Yet, at the same time that men and women were embracing political democracy and equal citizenship, they were being increasingly employed in large-scale organizations in which their basic civil rights as equals were routinely abrogated to claims of managerial prerogative and superior authority. Follett dedicated her work to attempting to resolve these issues.

## THE FINE PRINT: THE CHANGING THEORY AND PRACTICE OF MANAGEMENT

The Depression of the 1930s and the widespread unemployment that ensued tested notions of managerial responsibility as mass layoffs became the norm in much of U.S. industry. It was at this time that the work of authors such as Chester Barnard and Elton Mayo rose to prominence. The post-World War I years had seen the decline of many of the huge corporations that had dominated U.S. economic life, particularly as effective antitrust legislation took shape from 1932. A concern with the concentration of power and the dispersion of share ownership was to become allied with the view that there had been a “managerial revolution” in U.S. corporate life (Berle and Means 1932; Burnham 1942). Power had shifted to the stewards of capital—the managers—and the major concentrations of capital held by the dominant stockholders. But if there had been a managerial revolution, then where did that leave the many individuals who were not or never would be managers, those who toiled ceaselessly, at management’s command? Fortunate indeed, argued Mayo and

Barnard, because modern management was the authority best able to hold society together, even in the face of overall macroeconomic irrationality. Within the rational organization, employees were sheltered against adversity, could rely on each other, and above all, rely on their managers to manage them in their best interests. Their organization was a closed haven in an uncertain world and so, not surprisingly, was conceived in what would later be seen as closed system terms. In such a system, it was in the self-interest of individuals to submit to authority as part of an implicit contract. Assent was conditional upon management being efficient and delivering benefits to the individuals and, as Mayo was at pains to stress, the groups that inhabited this anthropological space. Of course, people frequently were deluded about their interests, said Mayo and Barnard. It was the task of effective managerial leadership to align individual values, sentiments, and emotions with the organization, through providing moral codes and leadership, and Mayo argued that the recognition and support of informal groups and organizations within the formal structure were effective ways of achieving this. For responsibilities to be discharged, sentiments had to be engaged; the rationality of functions alone could not be relied on. Authority, similarly, was insufficient in itself; it had to be buttressed by moral leadership that could produce cooperation and collaboration within organizations.

In the Depression-torn 1930s, the legitimating and authoritative sentiments expressed by writers such as Mayo and Barnard were largely produced for domestic consumption. They were not to achieve large-scale export success until after World War II. With the exception of Fayol, the influential debates came from the United States and were exported globally, with variable market penetration. In Britain, the titled and wealthy defined rationality largely in terms of aristocratic rather than managerial values. Engineers were regarded as lowly individuals with dirty hands, and were thus hardly in a position to carry a societal project. Indeed, British engineers have been remarkably unsuccessful in attaining occupational status and power. The term *engineer* is stretched to refer both to professional engineers with formal qualifications as well as to people who use tools to do manual labor. In France or Germany, such a stretch would be unimaginable. Despite the early impact of approaches to industrial management (Littler 1982), managerialism was slow to become really established. (In fact, Prime Minister Thatcher was still railing against the complacent inefficiency of British management in the 1980s when she was promoting “efficiency in government,” much as had Prime Minister Wilson in the 1960s when he was spreading the “white heat of the technological revolution.”)

Elsewhere, in France, the interwar state, under Clemenceau, introduced some elements of technocratic rationalization from above, befitting both the elite status of engineering and Fayol’s eminence in its application to management. In Germany, although America became increasingly an inspiration for engineers from the early years of the century, it was not until the rise of the national Socialist state that a management project premised on efficiency

was widely adopted and diffused. In Italy, scientific management ideas were sponsored by notable industrialists, such as Gino Olivetti, in a counterargument to ideas emergent from the workers' movement (Clegg and Dunkerley 1980: 110–111), and also became espoused by Mussolini's Fascist state—whose achievements, for many, were summed up in the idea that it “got the trains running on time.”

In the aftermath of World War II, with the end of Fascism among the combatant countries and the bankruptcy of most of Europe, the overwhelming superiority of U.S. know-how and management were all too clear. The impact of U.S. institutions on postwar Europe through the Marshall Plan, and in Japan under postwar occupation, ensured a process of widespread dissemination of U.S. management and organization theory. In Europe business schools were created on explicitly American lines. Curricula were developed, and *Writers on Organizations* (Pugh, Hickson, and Hinings 1971) studied, most of whom were American, although a few who were not, such as the French Fayol or British Urwick, were admitted to the pantheon. Even in relatively underindustrialized countries, such as Australia, a national school of management was established in the late 1970s. American management had, by and large, become institutionalized as *the* template for modern management (see Locke 1984).

It is not a static model of American management that has been exported but one subject to dynamic change, with some suggestion that it has been subject to long-wave cyclical changes. It was an economist named Kondratieff (1935) who pioneered the idea of long-wave cycles. Although originally imported into the discussion of management by Harvie Ramsay (1977), these ideas have recently been taken up by U.S. theorists of management, such as Barley and Kunda (1992) and DeGreene (1988). The most recent and empirically sophisticated proponent of these is Eric Abrahamson (1997), who has coupled an account of long waves with an explanation as to why management theories and practices change.

Long-wave theory proposes that the world economy displays a rhythmical pattern, as rapid expansion and stagnation alternate with a periodicity of about fifty years. A single long wave is estimated to have about a fifty-year cycle through initial growth to decline. The causes of the seismic changes that long waves represent are seen as the result of massive investments in, and the subsequent depreciation of, major aspects of infrastructure such as canals, railways, and roads. Others follow Schumpeter (1934) and think that it is less the decline in infrastructure that is responsible and more the fact that clusters of innovation bunch together, creating new and discontinuous leading-edge sectors in the world economy, driving macroeconomic growth. Periodic “gales of creative destruction” wipe out preexisting innovations. Eventually, further innovation restarts the whole cycle around further discontinuous innovation bunches. Innovations precipitate system changes across firms, industries, and countries. New eras are ushered in by innovations like the steam engine, automobile, computer, and Internet.



Substantial economic restructuring and organizational redesign accompany each phase. The impact is variable across countries, industries, and organizations, and each of these adds their own level of indetermination to the picture, producing a highly contingent outcome. Each innovation-led system change, related to key factors, such as steel, oil, and electronics, crystallize new patterns of rational management in the upstream swing, according to Abrahamson (1997). The advent of mass production bureaucracy contingent upon the dawn of the automobile era would be one example. Today, the corollary would be the impact of the digital revolution that accompanied the growth and importance in computers and the emergence of new organizational forms (see also pp. \_\_\_\_\_). Thus, new rhetoric for management theory and practice emerges around the onset of each expansionary upswing of the long wave, a wave of economic activity that takes approximately twenty-five years to crest and twenty-five years to recede.

There are two types of management rhetoric that organize theory and practice, suggests Abrahamson (1997): rational and normative rhetoric. Rational rhetoric is associated with upswings and normative rhetoric with downswings. Rational rhetoric stresses technical aspects of work organization, whereas normative rhetoric stresses the orientations of the employees. Rational rhetoric stresses the formalization and rationalization of management and organizations, such as Taylor's (1911) scientific management. It uses engineering-type analogies and metaphors to make its rhetorical points, thinking of organizations as if they were machines. Although such thinking clearly characterized scientific management, it also marked the systems rationalism of the 1950s and 1960s, although now the mechanistic analogy was less with a machine and more with the organization as a type of cybernetic system. Normative rhetoric stresses that it is the orientation and attitude of employees that is most important. The stress is on the needs of the employees and their satisfaction in the firm, modeled as a community. Managers must meet employee needs (human relations) and simultaneously unleash their creative energies (corporate culture). While the rational rhetoric is stronger in the upswing and the normative rhetoric is stronger in the downswing, neither is ever wholly dominant. They coexist with greater or lesser emphasis.

The writers we have dealt with in this chapter span a fifty-year long wave, from the early century when Taylor's ideas first gained currency. It was a rational innovation, the continuous production line, coupled with systematic scientific management, placing workers under the discipline of Fordism, which permitted successive gains in productivity. Economies of scale under mass production allowed the mental and physical injuries of work to be compensated for by the pleasures of consumption. It is easy to see that the upswing could be said to have ended with the Wall Street crash of 1929 and that the theory developed subsequent to this would be classified as being in the downstream and, according to the hypothesis, normative theory. Mayo clearly fits into this category. Thus, by the early 1940s, the paradigm of human relations had increasingly overlain scientific management in the United States, especially during World

War II. The human relations paradigm represented a set of images and means to complete the Taylorist dream, proposing rhetoric for inventing a new identity at work, allowing management to try and produce satisfied workers. Though ameliorative in many circumstances, this did not in itself provide the competitive efficiency required, despite the evidence of the Hawthorne Effect.

Why is a new rhetoric of management theory and practice innovated? Performance gaps open up when the targets that managers wish to meet, and their performance in meeting them, do not coincide—when the targets are out of reach. Consequently, managers become interested in rhetoric that holds the promise that they can bridge the gap. Should management or environmental changes narrow these gaps, then interest will shift to other rhetoric that seems better able to address other gaps that have been ignored or have opened up more recently. Also, as rational innovations recede in importance, then the pendulum swings toward normative innovations in the rhetoric of management theory and practice because they seem capable of squeezing better performance out of the rational technologies in use. Again, this seems plausible as an account of the change from scientific management to human relations, and Abrahamson (1997) would argue that it accounts for subsequent shifts in emphasis as well.

## SUMMARY AND REVIEW

Persistent and central themes have organized this chapter. Bentham designed an early form of spatial control called the Panopticon, which became a model for asylums, prisons, and factories. Early management theorists were divided in their accounts of the nature of management rule and what it should be. Taylor, notably, was an authoritarian, and believed that management's right to rule could be established scientifically, whereas for Fayol it seemed indubitable that the more rational and enlightened should lead—and lead wisely with care. In management theory circles, the contributions of F. W. Taylor have been both overlauded as well as overdemonized (Braverman 1974), as David Stark (2002) argues. The Taylor system was simply one aspect of a widespread movement of systematization, articulated by engineers, that was afoot in late nineteenth- and early twentieth-century management, initially in the United States and then, in the post-World War I era, throughout Europe (Maier 1970), Japan (Littler 1982), and China (Morgan 2003), as well as elsewhere (Dunford 1988). Owners, managers, and employees alike frequently resisted, and it was by no means a smooth path to a more rational future, as Taylor hoped. However, Taylor delivered the template for both a systematic practice of management based on universal principles and management science. Disguised, refined, and altered, his ideas are at work in many contemporary approaches.

Mayo's human relations school contributed significantly to the development of management and organization theory. It manifests itself today

in initiatives such as the “learning organization” (see also pp. \_\_\_\_\_), “empowerment”, and “emotional intelligence” (see also pp. \_\_\_\_\_). Although this type of theory focuses on the soft, human side of business, it is often seen as the oil that is necessary to run smoothly the machine that Taylor designed. Follett and Mayo disagreed markedly with Taylor. Follett was much more of a democrat than Mayo, however. Mayo drew on his early experiences in Australia of a radicalized labor movement to point to the necessity of social integration and collaboration to overcome what he saw as the irrationality, the hatreds and futility of class struggle. Follett’s experiences were more positive. She had seen at a community level what could be achieved by education, grassroots action, and social networks, and believed that these could deliver similar results in business. Until her revival with the publication of Graham’s (1995) edited volume *Mary Parker Follett—Prophet of Management: A Celebration of Writings from the 1920s*, she was largely ignored, although there are signs that her unique contribution and connection to current issues is being recognized (Boje and Rosile 2001). Mayo’s star faded similarly, although there was some critical interest in the 1970s and 1980s (Clegg 1979; Clegg and Dunkerley 1980), and a renewed appreciation of his importance for contemporary human resource management in the work of writers such as O’Connor (1999, 2002).

The account of the early years of U.S. management thought that has been sketched here owes a great deal to the work of Miller and O’Leary (2002) and Shenhav (1999), as well as Abrahamson (1997). It stresses the interconnection between the larger canvas of changing political concerns and economy with the innovations that were registered in management thinking. The relationship between management theories and the society that nourished them was open, such that, as the broader political culture changed, ideas about management changed in consequence. We doubt that the relations were quite as deterministic as Abrahamson portrays them, but there is no doubt they were linked. Often management ideas are presented in the literature as if they were something abstracted, similar to physics, something for which the social context in which they were developed is largely irrelevant, merely a context from which translation anywhere can flow effortlessly. It should be apparent that this is not the case. Ideas about social arrangements—and management and organizations are undoubtedly social arrangements—are always highly bounded by the contexts in which these ideas were developed.

## ONE MORE TIME . . .

### Getting the story straight

- What was Bentham’s unique contribution to management?
- What was innovative about Taylor’s scientific management?
- What did Fayol add to scientific management?

- According to Follett, what were the unanticipated consequences of highly rational (scientific) management practices?
- What aspects of management and organization did Mayo highlight?
- How did Barnard conceptualize leadership?

### Thinking outside the box

- How did its changing environment shape management thinking?
- To what extent is management mostly an American invention? If its knowledge is context-dependent, that is, it sprang from American soil, what is likely to happen when it is exported?

## ADDITIONAL RESOURCES

1. The classic crammer on *Writers on Organizations*, edited by Derek Pugh and David Hickson (1997, although it has been in print in various editions for over thirty years), should be a staple resource for all introductory students. It provides thumbnail sketches of the life, times, and ideas of many of the key thinkers of management and covers almost all of those addressed here, plus plenty who were not.
2. Although very detailed, the book by Yehouda Shenhav (1999), *Manufacturing Rationality: The Engineering Foundations of the Managerial Revolution*, is an excellent analysis of the engineering auspices of so many influential ideas and people in the early career of modern management.
3. As Boje and Rosile (2001) argue, Follett was the first advocate of situational models of leadership and cooperation—models that avoided general theories and approaches in favor of those that were contextually sensitive, that appreciated the detail of the situation that they were to be applied in. Other appreciations by distinguished management academics can be found in Mary Parker Follett, such as *Prophet of Management: A Celebration of Writings from the 1920s*, which Pauline Graham (1995) edited, including commentary by Peter Drucker, Rosabeth Moss Kanter, and Henry Mintzberg, amongst others.
4. In his book *Recreating Strategy*, Stephen Cummings (2002: 79–131) “deconstructs” management’s history, and it is well worth reading for those who want to gain some idea of how the modern idea of management was socially constructed.
5. An earlier account by one of the present authors was published as *Organization, Class and Control* (Clegg and Dunkerley 1980), and it contains detailed accounts of some other founding fathers of early management, of a more sociological bent, who have been omitted here.

6. We would recommend also the account by Peter Miller and Ted O’Leary (2002: 1989) of “Hierarchies and American Ideals, 1900–1940,” from which we have drawn to frame this chapter.
7. In films, there are plenty of examples of satire of various aspects of management, from Charles Chaplin’s 1936 *Modern Times*, with its critique of the moving production line and associated efficiencies, through the 1947 Fritz Lang film *The Big Clock*, which is savage in its depiction of how one man’s megalomania finds expression through a ruthless and amoral concern with efficiency centered on mastery of time.
8. In more contemporary films, science fiction classics such as 1982’s *Blade Runner* (there is a director’s cut from 1992 as well) and 1997’s *Gattaca*, provide a bleak view of a future where modern management has become institutionalized as wholly corporate and in control, able to fit the person to the job almost perfectly, such that life outside its requirements can only be nasty, bleak, and poor. Both movies show the dark side of meritocracy wed to bureaucracy and science.

