

# The development of management thought

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In this [...] chapter, [...] the intention is to offer enough of a potted history to enable the reader to see how management thought has itself developed through several historical phases. [...] Those who wish for a fuller treatment of the history of management and administrative thought are advised to seek it through the more specialist references, particularly Child (1969), Dunsire (1973), Perrow (1979) and Thomas (1978).

Pushing simplification somewhere near to the point where its drawbacks begin to overtake its advantages, one may say that managerial thought grew up hastily in the final decades of the nineteenth century and has since moved through at least six broad phases. (Not too much should be made of these, since, in practice, they frequently ran side by side. The sequence here depicted is a logically neat summary of what was actually a fairly untidy process.)

In the first phase theorists struggled to come to terms with the process of industrialization, and the concomitant creation of large workforces concentrated at particular sites of production. How were these workforces to be selected, controlled, paid and prevented from endangering the increase in production and the accumulation of capital?

Factory work involves specialization, sub division and fragmentation. Decisions about the general rules and procedures and detailed work specifications are vested in experts, managers or machinery. The speed and quality of work cannot remain with the individual workers . . . . These features required a new 'rational' work ethic on the part of the hands. (Salaman, 1981, p. 33)

Explicit theorizing on these questions was perhaps most noticeable in the US, which industrialized later and even faster than Germany or the UK. In the US in the 1870s and 1880s doctrines of Social Darwinism were widely expounded. Ideas of competition and natural selection suggested that entrepreneurs and owners need have little regard for the active welfare of their workers. Nature's 'laws' would in any case ensure the survival of the fittest, and the sensible employer should therefore go with the grain of

From C. Pollitt, *Managerialism and the Public Services* (1990), Oxford: Blackwell.

this 'legislation' by retaining the healthiest, strongest workers and not paying too much attention to the rest (Perrow, 1979, pp. 60-1).

By the beginning of the twentieth century, however, fresh theories were beginning to suggest that far more initiative lay in the hands of the owners and managers themselves. In the US the New Thought Movement emphasized not biology but the power of positive thinking. It spawned advisory texts with what now sound preposterously exhortatory titles such as *Your Forces and How to Use Them* or *Pushing to the Front* (Perrow, 1979, pp. 61-2). The emphasis was on willpower and mental energy – if individuals applied themselves keenly enough then wealth and success lay within reach (one can detect echoes of this in many popular expressions of contemporary 'new right' political and economic thought, for example Michael Heseltine's *Where There's A Will* (1987), or the Conservative Party's 1987 slogan 'The resolute approach').

Hard on the heels of the New Thought Movement came the considerably more detailed and practical body of thought most commonly associated with the name of Frederick Winslow Taylor. His *Principles of Scientific Management* (1911) became enormously influential, and its basic approach remains with us to this day. Though countless social scientists have subsequently criticized or scorned Taylor's techniques:

A successful and durable business of management consulting and an endless series of successful books rest upon the basic principles of the classical management school. These principles have worked and are still working, for they addressed themselves to the very problems of management, problems more pressing than those advanced by social science. (Perrow, 1979, p. 59; see also Merkle, 1980)

Taylor's work was so seminal that it is worth quoting from it at some length:

This paper has been written:

FIRST. To point out through a series of simple illustrations, the great loss which the whole country is suffering through inefficiency in almost all of our daily acts.

SECOND. To try to convince the reader that the remedy for this inefficiency lies in systematic management, rather than in searching for some unusual or extraordinary man.

THIRD. To prove that the best management is a true science, resting upon clearly defined laws, rules and principles, as a foundation. And further to show that the fundamental principles of scientific management are applicable to all kinds of human activities, from our simplest individual acts to the work of our great corporations, which call for the most elaborate co-operation. (Taylor, 1911, pp. 5-7)

Taylor is perhaps best known as a pioneer of time and motion techniques, and for his studies of the detailed movements of workers dealing with particular, well-defined tasks. As the above manifesto clearly shows, however, his ambitions ran far beyond this [...]. Scientific management constituted: 'a clearly-marked complex that ties together patterns of technological innovation with techniques of organization and larger designs for social change, unifying its entire structure with an ideology of science as a form of puritanism' (Merkle, 1980, p. 11).

Two of his claims are of particular importance. First, there is the assertion that management can be a 'true science' (with all the connotations of discovering precise, impersonal laws). Second, a parallel claim is made for universality of application – *all*

human activities are subject to the laws thus discovered. Both these claims, but perhaps specially the second one, can still be heard today – anything can, and should, be managed.

Taylor's ideas had considerable influence on both sides of the Atlantic, and in both private and public sectors. The notion that management could be divided off as a separate and scientific field of study combined very neatly with what was by the 1920s popular view of public administration in the US. As long ago as 1887 Woodrow Wilson had written what later became an influential paper, 'The study of administration'. Here Wilson urged that 'administrative questions are not political questions' (Wilson, 1887). This had been widely interpreted as marking out a distinct sphere of 'administration' in which politics constituted an unwelcome and improper intrusion (Dunstre, 1973, pp. 87–94). Within this sphere, therefore, 'scientific' methods could be applied. Various attempts were made to do just this, especially among the 'progressive' reformers of municipal government (Schliesl, 1977, especially pp. 163–5).

In Britain the impact of Taylorism was less pervasive, but its spirit was nevertheless clearly present in some influential quarters. The Haldane Committee report on the machinery of government espoused the general idea of a set of functional principles by which the optimal pattern of government departments could be determined (Cd 9230, 918). In 1922 the first issue of *Public Administration*, journal of the newly founded Institute of Public Administration (now RIPA), carried an article entitled 'Public administration: a science', and editorialized in favour of this stance. Then, as now, it was supposed that, if only management and administration could be established as a scientific discipline, then public officials would be better protected against the irrationalities of 'political interference'. [...]

From Taylorism flowed many attempts to identify and enumerate the correct principles for the design of organizations. This extensive literature, much of it published during the 1920s and 1930s, has become known as 'classical management theory'. Among its exponents was Luther Gulick, best known for the list of chief executive functions (POSDCORB) [...]. However, scientific management was not without its critics. From the early 1930s a new perspective was developed, one which has been retrospectively dubbed the 'human relations school'. The key difference from Taylorism was the advancement of a considerably more sophisticated model of the individual worker. Whereas in early scientific management the worker was treated as an individual unit responding directly to some fairly simple incentives and punishments, the human relations school substituted a model of rather a complex being who responded to a much wider variety of environmental factors, including behavioural norms related and sustained by informal groups of fellow workers. Whilst Taylor had been aware of work group solidarity he seems to have seen it as an obstacle to be overcome rather than as a phenomenon which needed to be understood and turned to management advantage. For human relations theorists, however, what was required for a smoothly functioning organization was no less than a rational assessment of the whole person, set in a context of the social relations of the workplace (Perrow, 1979, p. 49). The human relations approach grew from roots in the work of industrial psychologists during the First World War, but the investigations which established it as

a major force in management were the 'Hawthorne Studies', carried out between 1926 and 1932. The classic text, *The Human Problems of an Industrial Civilization*, was published by the leading researcher, Elton Mayo, in 1933 (Mayo, 1933). The significance of this work for managerialist ideologies today is that it established the idea that *informal* relations within and without the organization are of considerable importance. It is not only the formal organization chart, distribution of functions and systems of work measurement which are important, but also the feelings, values, informal group norms and family and social backgrounds of workers which help determine organizational performance. 'Man is not merely – in fact is very seldom – motivated by factors pertaining strictly to facts or logic' (Roethlisberger and Dickson, 1969, pp. 54–5). Subsequently this general message has been developed in many and various detailed applications – modern techniques of job enrichment, participative management styles and 'self-actualisation' (Argyris, 1960) are part of the intellectual heritage of the human relations school.

It should be noticed, however, that the genuinely 'humanizing' tendencies of the human relations movement have their limits. Many critics of the approach: 'point to the excessive concern of the authors with consensus and co-operation ... Conflict is given little attention, such instances as are noted being attributed to worker irrationality' (Salaman, 1981, p. 149).

Furthermore:

whereas management [like a company] have a definite interest in recognizing more fully that production is social production – i.e. in recognizing that men are not simply commodities but thinking, social beings, with potentially valuable contributions to make, and with the potential to work together more productively – they also have an interest in limiting the development of these human potentials. And this is because, though it would suit workers to act as if there were really socialism inside work, managers themselves have to operate in a world in which market forces reign and impede the development of the very unstinted co-operation they wish to bring about. (Nichols, 1980, p. 298)

One might add that, in a contemporary public-sector context, one could substitute, without diminishing the accuracy of Nichols' generalization, the words 'cash limits, performance indicators and staffcuts' for 'market forces'.

The fifth main phase in the development of management thought is even harder to summarize than the first four. One problem here is that the sheer volume of material grew enormously during the three decades after 1945. This was in large part due to the rapid growth of management-related disciplines (social psychology, sociology, organization theory etc.) in universities and business schools. This growth was itself related to the emergence of new dominant organizational forms, especially the large multinational corporation in the private sector, and to the appearance in the UK of very large nationalized industries (mainly created by the 1945–51 Labour government) which greatly enlarged the public sector. In the face of this flood of ideas I have decided to term the period up to the mid 1970s the 'decisions and systems' phase. I do this because, alongside continuing work in the scientific management and human relations traditions, two major new foci emerged: first, a concern with the cognitive processes of

individual and group decision making in organizational contexts and, second, attempts to understand the macro-features of organizational performance by characterizing them as 'open, socio-technical systems' (Sayles, 1958).

The decision-making focus is most closely associated with the name of Herbert Simon, although it has now diversified into dozens of sub-approaches (Simon, 1947). The 'systems approach' enjoys many well-known advocates, but none quite so pre-eminent. Both perspectives share a concentration on goal-directed activity (Boun, 1974). They are centrally concerned with the processes of objective setting, the review of alternative courses of action, the weighing and selection of these alternatives, the implementation of choices once made and the feedback (or lack of it) the decision makers receive about the consequences of the strategies which have been implemented. The decision-making approach concentrates more on the detailed cognitive and emotional processes at the individual and small-group levels, whereas the systems approach typically operates at the level of the organization as a whole, its major inputs and outputs, and the nature of the wider environment in which it is set. Neither approach denies the importance of the formal structures and behavioural processes which interested the Taylorists, nor do they ignore the social processes which were highlighted by the human relations school. Rather they incorporate and modify these insights, claiming to provide a more dynamic (action-oriented) synthesis.

For our purposes the nature of these modifications is of particular significance. Instead of searching for a timeless 'one best way' of structuring any organization, the decisions and systems perspective attempts to relate structures to organizational objectives, to the nature of the organizational environment (stable, unstable, highly competitive, oligopolistic etc.) and to the particular productive technologies employed within the organization. Thus, instead of arriving at a set of fixed 'administrative models', as the classical school/Taylorists tended to do, decisions and systems writers are likely to adopt a much more relativistic stance. They say, in effect, 'If your objectives are so-and-so, and the environment you face is like this, and the technology in use is of type x, then you should design your organization as follows'. Because of this, one sub-school of the systems approach (which became particularly prominent in academic circles during the 1970s) is known as 'contingency theory', reflecting the idea that the optimal internal structure for an organization will be determined by the 'fitting' of key environmental contingencies (Clark, 1975; Pugh and Hickson, 1976). Nevertheless, some broad features of the classical school are still discernible. The decisions and systems paradigm is usually assumed to be universal in its applicability. Organizations are systems, with inputs, outputs etc. All set goals and then need to apply decision processes to serve those goals. Figure 1, or something similar, has appeared in dozens, probably hundreds of publications, some aimed at corporate executives, some at chemical plant managers, some at local government managers, some at hospital administrators and so on.

The second common feature with the classical school is a seeming distaste for any analysis of politics and power struggles. Systems and decisions can, it is usually assumed, be discussed in a detached, rational, scientific manner. Values, of course, feature their place, but they enter the analysis preformed, from 'outside'. Once there,

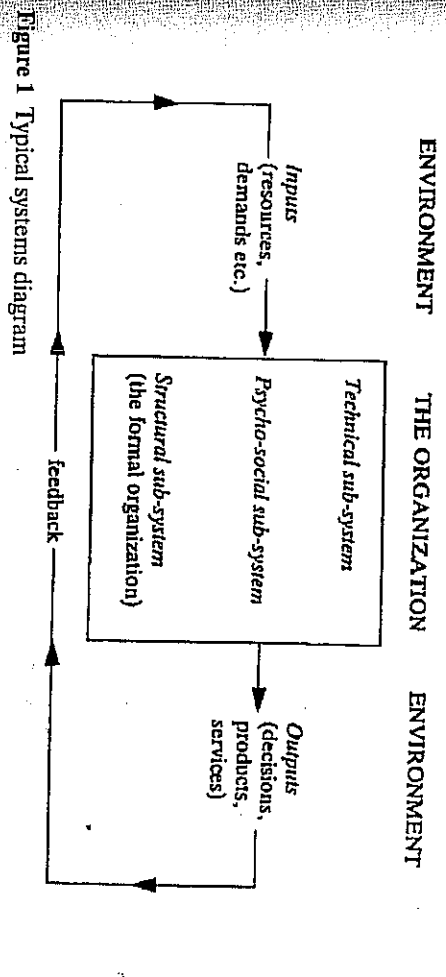


Figure 1 Typical systems diagram

they can be slotted into the decision calculus, but – with a few honourable exceptions, including Simon himself – most writers in this genre do not spend much time discussing the origins, formation or substance of the values which provide fuel for the whole decision process. Furthermore, 'systems theorists, whether functionalist or not, have failed to provide a theoretically satisfactory framework for the satisfactory analysis of power relations' (Martin, 1977, p. 19). Clearly, therefore, if one regards the institutions of the welfare state as being imbued with a distinctive set of social and political values, values which are crucial to their modes of operation, then the decisions and systems corpus may be limited in its explanatory and diagnostic strengths.

Decisions and systems ideas, like scientific management, extensively penetrated government and the public sector, as well as the world of business and commerce. Like Taylorism, however, they influenced some parts of the public sector more than others. Their presence was probably most noticeable in the training of general administrators, especially in central government/federal departments, and in the general administrative, planning and policy formulation units of state, local and city government. The language of systems – 'feedback', 'inputs', 'environment', 'interface' etc. – was widely learned and used, even where the impact of these concepts went little beyond rhetoric. In some areas, however, the influence of 'decisions and systems' went considerably further. [An important example was] the introduction of planning, programming and budgeting systems (PPBS) in the federal government (from the early 1960s) and, later and on a smaller scale, in Whitehall (for brief summaries, see Paten and Pollitt, 1980; and Wildavsky, 1979, pp. 32–4). When British central government was restructured by Edward Heath's incoming government in 1970 the white paper *The Reorganization of Central Government* was redolent of this brand of thought. Its first aim was:

To improve the quality of policy formulation and decision-taking in government by presenting ministers, collectively in cabinet and individually within their departments, with well-defined options, costed where possible, and relating the choice between options to the contribution they can make to meeting national needs. (Cmd 4506; for a detailed discussion see Pollitt, 1984, pp. 82–106)

[...] Elaborate planning systems and data requirements were installed at the top of government but they made little change to the operating agencies and, it soon appeared, were not necessarily regarded as terribly interesting even by the ministers in whose departments they had been installed. In local government, too, new management systems were more likely to be found in the departments of the new (post-1972) chief executives than in social services or education. [...] The limited penetration of the operating arms of the welfare state by decisions and systems ideas seems to have been connected to both limitations in the ideas themselves and resistance (actual or anticipated) from the professional service deliverers. Doctors, teachers and social workers had their own practices, and their own professional cultures. The prospect of 'outsiders' refining *their* goals, streamlining *their* professional decision procedures and inspecting *their* 'feedback' was not an overwhelmingly attractive one.

If, however, specific borrowings could be made from this body of thought, and those borrowings could be kept under the control of the profession concerned, then that would be a different matter. Thus decision theory techniques have begun to be employed to assist doctors with problems in medical diagnosis. In other professions, too, the spread of computer-based 'expert systems' is widely predicted (for a survey of the techniques and their implications, see Dowie and Elstein, 1988).

From the beginning of the 1970s the decisions and systems perspective came under heavy attack. Criticisms centred on 'the incapacity of the dominant systems paradigm to deal with the inherent complexity of social action and the intellectual paralysis which this had produced within the field' (Reed, 1988, p. 36). An alternative 'social action' perspective was advanced which espoused a voluntaristic epistemology, emphasized the importance and legitimacy of differing perceptions of organizational 'realities' and rested 'on a moral philosophy which asserts the primacy of individual ethical choice over the normative imperatives entailed in institutions' (Reed, 1988, p. 37; for an influential early example see Silverman, 1970). Subsequently a more overtly 'political' critique directly attacked these normative imperatives by attempting to show that, far from being 'necessary' or unavoidable, they constituted a central element in a process of systematic domination by particular social groups (Burrell and Morgan, 1979). These methodological and ideological criticisms effectively dethroned the systems and decisions perspective (at least within the academic world) but they largely failed to provide a coherent new orthodoxy. Since the mid 1970s the field of organizational studies has been particularly kaleidoscopic – and therefore extremely hard to characterize in a brief summary such as this. Reed describes the situation as one in which there was a 'melée of competing theoretical perspectives that jockeyed for intellectual "poll position"' (1988, p. 40).

There has, however, been one special recent trend which merits particular mention. This – my sixth and final key development in management thought – emerged during the 1970s, and became very fashionable in the 1980s. I am going to call it 'culture management' because it borrowed the concept of 'culture' from anthropology and sociology and attempted to make it central to the study of organizations. Just as the human relations school had reacted against the mechanistic model of the individual deployed by the Taylorists, so the culture management advocates believed that most

decision-theoretic and systems analyses neglected the importance of symbolism and ritual in organizational life (see, e.g., March and Olsen, 1984; Meyer and Rowan, 1977; Pettigrew, 1985; Westerlund and Sjöstrand, 1979). They aired this view in both academic journals such as *Dragon*, and in more popular formats such as *In Search of Excellence* (Peters and Waterman, 1982). A comprehensive and widely read text which integrated cultural aspects with other salient issues in management thought was Charles Handy's *Understanding Organizations* (1976).

There are almost as many alternative definitions of 'culture' as of 'ideology' (indeed the two concepts are often used in overlapping ways). One useful and influential one was that offered by Donald Schon, who said that culture was the theoretical dimension of an organization which met the need for the 'inhabitants' of the organization to gain 'a view of itself, its role within some large system, the nature of its environment, its own operation and the norms which govern its behaviour' (Schon, 1971). Handy, similarly, refers to 'sets of values and norms and beliefs', and points out that, far from there being 'one best culture', cultures may legitimately vary both between and within organizations (Handy, 1976, p. 176). Peters and Waterman tended to be more prescriptive. They argued that the successful companies they studied were 'value-driven' – that their staffs were motivated by carefully maintained cultures of excellence. The task of shaping the organizational culture was seen as one for senior management. 'Even management's job becomes more fun. Instead of brain games in the sterile ivory tower, it's shaping values and reinforcing through coaching and evangelism in the field – with the worker and in support of the cherished product' (Peters and Waterman, 1982, p. xxv).

Subsequently this cry was taken up in the public-sector context, and writers in the field of public management began to argue that one of the tasks of top public officials was to change the old culture of advice and regulation in favour of a much more responsive and proactive style. Thus Metcalfe and Richards claimed that: 'The values round which public management cultures should develop include learning, experimentation, adaptability and flexibility. The need for these values arises from the rate of change with which governments will have to cope in future' (Metcalfe and Richards, 1987, p. 85).

One problem with this approach is the generality of its key concepts. It is hard to derive very specific prescriptions for action from something as vague and elusive as 'culture'. Yet despite this vagueness the emphasis on culture also has its sinister side. For in crude or unscrupulous hands it is not hard to see how this line of thinking could be used to suppress dissent and harass staff who did not appear to have 'appropriate attitudes'. In the 'culture' movement one can see how Taylor's original attempt at direct, stick-and-carrot control of the workforce has long since given way to a much more subtle and indirect approach. Managers now work to create the right 'climate', to encourage identification with corporate goals, high motivation, internalization of 'constructive attitudes'. Those who can comply with these blandishments may be granted not simply higher pay but also discretion, status and other privileges (Salaman, 1981, pp. 172–4). Ultimately they may even cease to see contradictions or injustices within their employing organizations, to become what in political science terms might

be termed the willing victims of the 'third dimension' of managerial power (Lukes, 1974).

Subtle managerial manipulations of organizational cultures may thus become a focus for growing concern. As yet, however, it is not clear that management possesses either the kinds of reliable theories or the kinds of inducements that would allow them to remould a given culture 'to order'. [...] Such attempts as have been recently mounted in British and American public services have been either crude or contradictory or largely ineffective or some combination of all three. Part of the difficulty lies in the oft-made assumptions that management somehow 'owns' an organization's culture, and that the culture can be spread homogeneously throughout the various vertical and horizontal sub-divisions of the department or agency in question (Lynn Meek, 1988). Such assumptions are contradicted by much empirical work which, by contrast, reveals that large organizations are usually honeycombed with different and contrasting cultures, many of which are deeply embedded in the belief systems of the staff concerned and are unlikely to be substantially altered by short-term management campaigns to promote a new 'image'. In sum, the cultural perspective can be of considerable value as a complement to more instrumental, goal- or decision-oriented approaches. It reminds managers (and academics) of the general importance of the symbolic dimension of organizational life, but it may never be able to furnish a practical 'toolkit' for producing new, 'management-designed' cultures on demand. Even if it could, there would remain a whole set of further questions concerning the nature of the links between belief systems and actual behaviours. Many studies have shown that staff are often involved in actions which do not appear to 'fit' their ostensible values and preferences. The links between culture and action are not straightforward.

Finally, I want to draw attention to a recently emerging analysis which sets distinct limits to the practical usefulness which managers may hope to derive from *any* general theory of management. Whitley notes that 'the goal of an integrated, coherent and practical "science of managing" seems, if anything, further away than it did in the 1950s' (1988, p. 48). This apparent failure he attributes to the fact that: 'managerial skills differ considerably from other sorts of expertise in their limited standardization across industries; their susceptibility to change; their specificity to situations rather than problems and their diffuse, varied knowledge base' (Whitley, 1989a).

[...] To the extent that we find the same, generic model of management being applied across a variety of non-standardized situations and tasks within the public services it will be appropriate to enquire how 'appropriate' or 'realistic' this appears to be to the 'locals' who actually run these services. Note that Whitley is *not* taking the extreme position that there are no common factors; rather he is arguing that these are of limited provenance, and that effective management will require a lot of local and particular knowledge besides:

there are general and political skills which are common to all managerial jobs insofar as these involve working with people, and indeed are probably required for all those jobs where tasks are interdependent. However, where judgement and discretion are involved in complex tasks which are highly context-dependent, skills are much more specific to particular situations and

organizational fields. Here industry knowledge and personal networks are often crucial to effective management and skills are often not readily transferable. (Whitley, 1989b)

[...]

### Summary

Even in such a compressed history as this it is plain that management thought has bequeathed to the modern manager a rich and varied armoury of theories, concepts and techniques. Various tensions are visible – for example between the desire for a hard-edged 'science' and the fascination with evidence of idiosyncratic leadership, the strength of informal processes or the existence of exotic organizational symbolism. Yet behind all these variations lies the broader, unifying set of [...] assumptions concerning the growing social importance of management and the special roles and responsibilities of managers. There may also be corresponding assumptions, often hidden, to the effect that other forms of social co-ordination and integration, such as political activity, voluntary co-operation or friendship, are less efficient and probably of relatively diminishing social significance.

Though most of the major developments in management thought had their origins in the private sector (Taylorism, the Hawthorne experiments, PPBS, culture management), many of them also left their mark in the public sphere. Yet this was not a uniform influence. It was more noticeable in those parts of public sector organizations dominated by general administrative or clerical work, and in 'industrial' type areas such as nationalized industries or local authority direct labour forces. The specialist, professionalized welfare services were among the least affected. But from the mid 1970s, in both the US and the UK, this began to change. By the mid 1980s these same services were at the focus of a major movement for management change. The driving force behind this movement was a generic model of management, that is to say one which minimized the difference between private-sector business management and the running of public services. What is more [...] the particular species of genericism which was dominant tended to be of a neo-Taylorian character.

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