

A Brief History of Western Management Thought¹

Command-and-control management was not invented in one moment of time, its development has been emergent. It is not so much a theory as a collection of ideas: ideas that solved problems at different points in time, ideas that have become norms.

Adam Smith (1723-1790) advocated the division of labour as the means to productivity. In his book, 'The Wealth of Nations' (1776), one of Smith's most famous examples was in relation to the manufacture of pins. One worker could make only twenty pins per day, but ten people dividing up the eighteen steps required to make a pin, enabled the production of 48,000 pins a day.

Alfred Chandler in his 1977 book 'The Visible Hand' describes a hierarchy of responsibility and control being introduced in response to a train crash in the United States in 1841. The idea was to prevent train crashes by controlling operations through the division of responsibilities and authority, with reporting and checks. The ideas were enshrined in an organisation chart. Today we think of hierarchical organisational charts describing responsibilities and controls as normal.

Frederick Winslow Taylor (1856-1915) developed 'scientific management' He brought the notion of method to management and this spawned 'organisation and methods' departments in every large organisation. This established 'method' as belonging in the province of supervision: we as managers decide the best way to do things and it is the workers' job to get on and do them.

Max Weber (1864-1920) developed the theory of bureaucracy. He described an ideal bureaucracy as containing six central elements:

1. Clearly defined division of labour and authority
2. Hierarchical structures of offices
3. Written guidelines prescribing performance criteria
4. Recruitment to offices based on specialization and expertise
5. Office holding as a career or vocation
6. Duties and authority attached to positions, not persons

Weber saw bureaucracy as the most purely rational and efficient form of organisation (Gerth and Mills, 1991). However, Weber was also pessimistic about the impact a bureaucracy would have on workers. He could see the dehumanizing effects of what has been characterized as his 'iron cage' of bureaucracy which 'succeeds in eliminating from official business love, hatred, and all purely personal, irrational and emotional elements which escape calculation.' He was right to be pessimistic; customers and workers are human.

Certainly one of the most profound events, whose impact was to confirm command-and-control thinking as good management, in today's parlance, 'best practice', was Henry Ford's mass production system. In the early part of the Twentieth Century his black model Ts flowed out of a factory that worked like a grand machine, men and materials in harmonious flow. His innovation led to halving the costs of production and doubling the worker's wages.

¹ Adapted from Seddon 2008 'Systems thinking in the Public Sector'

It caught the world's attention; the mass-production factory brings efficiency, efficiency means you can compete. Mass production became the norm.

While customers and shareholders of these mass production systems were happy, the workers were not. Despite higher wages, Ford's new system had an astronomical turnover of workers. In 1913, Ford had to hire 50,448 men during the course of the year in order to maintain the average labour force at 13,623, an astounding 370% turnover of workers. Newly hired workers stayed an average of only 3 months. Many walked off the job without any formal notification and were presumed to have quit after missing five days of work: the notion of the 'five day man' was born and accounted for 71 per cent of the workers leaving Ford (Raff and Summers 1987). Mass production systems were and are monotonous, demoralising places to work. Trade unions grew out of the twentieth century problems with mass production and many current management-union practices serve to maintain the dysfunctional relationship. The relationship won't change until the system – the way work is designed and managed – changes.

It was Alfred Sloan who coined the phrase 'management by the numbers' (Chandler 1977). For him it solved a problem – in the 1930s he could not tell which parts of the amorphous General Motors were making money. To find out, he introduced revenue and cost accounting to functions and sites. Sloan considered it unnecessary, even inappropriate, for senior managers to know much about the details of operations – how the work worked in operating divisions. If the numbers were bad, managers were replaced; if they were good, managers were promoted. Imagine the consequences (they are with us today): 'unlucky' managers out on the scrap heap; 'lucky' managers promoted to senior positions. Of course, it's not put like that. If managers are promoted it is because they did something right – they employed the 'right' or best methods. But what did they do? Method is not talked about much in organisations. Many organisational cultures do not tolerate questioning of the current methods and their implicit assumptions.

Management by the numbers facilitated the spread of the command-and-control, hierarchical philosophy; it formed the 'rule book' for the relationship between operating and senior managers. Managers of subsidiaries, divisions and functions are given prescriptions for reporting and action by staff in senior or head office functions, with little room for debate about whether these things help or hinder. For the 'junior' players in the relationship to voice such concerns may be a career-limiting move. Such prescriptions often go beyond the budget numbers; head office functions frequently demand a series of reports, 'scores' and standards to be implemented and reported. Should we assume they are helping the enterprise?

The ideas from which command-and-control thinking emerged have in common the notion that work organisations should be broken into functional parts giving people in those parts direction about what is to be done and how it is to be reported. It is to 'command' and 'control' operations. The measures in use are the measures of the operations, the costs of the many functional activities. The workers work in the functional roles as designed by management and behave according to the requirements of management. Command-and-control represents the division of labour between decision-making and doing the work.