TRENDS IN
MANAGEMENT
THINKING
1960-1970

Leading thinkers covered include

T Burns and GM Stalker/R Blau and WR Scott

A Etzioni/EJ Miller and AK Rice

PR Lawrence and JW Lorsch/JD Thompson

D Silverman/AK Rice/C Argyris/G Strauss

D Katz and RL Kahn/R Likert/F Herzberg

EH Schein/HA Simon/JG March and HA Simon

RR Blake and JS Mouton/AS Tannenbaum

RM Cyert and JG March/L Sayles

Harold R Pollard

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Foreword

Regrettably management and organization studies are not disciplines, at least not yet. As a result researchers and writers use a wide and often contradictory vocabulary and the work of one expert often relates to that of others, even in the same subject matter area, only obliquely. In other words it is not even easy to know who agrees or disagrees, what ideas are mutually consistent and which are contradictory.

Fortunately there is something of a solution to the problem faced by the outsider, be he (or she) a student or manager seeking to gain some understanding of these vital fields. A thoughtful and insightful Englishman, Harold Pollard, has taken it upon himself to read (and obviously reread) a number of works which help form the foundation for modern management thought. He then 'translates' these diverse works into good, straightforward English and provides an engaging running commentary in the tradition of a fine essayist.

But let me not be misunderstood, these are not vague ramblings but careful and extraordinarily clear condensations of what must, in some cases, be what the author wished he had said. Pollard knows these fields and is thus able to provide a quite accurate although simplified review. One good writer is so much easier to follow than a whole series of authors with separate backgrounds and styles. Pollard's book is a fine improvement on the more typical 'readings' that leave the reader with the need to jump from one style and framework to another without the aid of a carefully chosen, homogeneous style of exposition.

I hope this innovation continues. As one of the authors 'reprocessed' I can testify as to the accuracy and validity of the work.

Columbia University   L. SAYLES

Preface

"If it be true that 'good wine needs no bush'
'tis true that a good play needs no epilogue".

A Midsummer Night's Dream. Shakespeare.

Yet Shakespeare provided an epilogue. But to an author and, more particularly, to his potential readers a new book needs a 'prologue' or, to be more precise, a Preface. Why? One good reason is to state as clearly as possible the reason for the book's existence. Only if this is known will the would-be reader look further and the author justify his work.

The field of management as a subject to be studied has developed at an exponential rate over the past quarter of a century, especially in the United States. At the same time the number of books on it has increased to keep pace with the increase of knowledge. As so often happens the solution to one set of problems merely presents us with another. And it is this new problem which this book attempts in some way to answer.

Put briefly the problem is that there are now so many, many books on so many aspects of management that the student cannot begin to read even a reasonable cross-section; the professor providing a reading list knows before he starts that his list is either incomplete or impossible; and the practising manager wanting to find what might be relevant to his job does not know where to begin. That the problem exists there can be no doubt. How far this book meets the needs of this situation is for others to judge.

During the decade 1960–70 it seemed that significant advances were being made in managerial thinking in a number of different directions. Toward the end of the 70s these should, in so far as they have stood the test of time, have moved into the accepted world of the student, the teacher and the manager. But, to present all of the surviving ideas of the decade would have been an impossible and self-defeating task.

The solution adopted has been the concept of 'Satisficing' as put forward by March and Simon in Chapter 20 of this book. Given certain limitations on the size of the book I laid down the minimum criteria which it was hoped to meet. The first was three different approaches in which significant advances seemed to have been made and the second a cross-section of seven or eight books under each approach which seemed to give

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a reasonable picture. When the minimum criteria seemed to have been reached I stopped. It was as simple as that.

Obviously there are big dangers in this method. As only three approaches are used—Organization-Structure, Further Psycho-sociology and Decision and Control—other approaches are left out. Again under each approach a handful of authors leaves a multitude out. There can be no answer to the complaint that 'X' should have been included and 'Y' left out. Yet, hopefully, by presenting the essence of some twenty significant books within the covers of one book I may make the task of getting a general picture a more realistic one and also lead my readers back to the original sources when they would like more detail. This, then, is the reason for the book.

No book can be written without the help of many other people and to them I must express my thanks. In particular these go to Professor Leonard Sayles of Columbia University for providing the Foreword to the book and to Professor Chris Argyris of Harvard and Professor Herbert A. Simon of Carnegie-Mellon both of whom provided help and guidance for which I am extremely grateful. These three and many others of the authors about whom I have written have been good enough to read 'their' chapters before publication and to give their blessing.

Without the tolerance and service provided by the staff of the British Management Library, in particular Miss Dare, the task would have been impossible. My thanks are due to them. Mrs Beaumont and Mrs Winter, both of Denby Dale, showed great patience and skill in surmounting the difficulties inherent in converting a difficult manuscript into a presentable typescript. They deserve my sympathy and gratitude. To the unknown person who will, in due course, relieve me of the chore of providing an index to the book I here and now say thank you in advance. My wife, by her support, tolerance and practical help has gone far beyond what used to be known as 'wifely duty' and deserves far more than a passing mention.

Finally to the authors whose ideas and works form the core of this book and without whom it could never have been written I can only say 'Thank you all for making it possible.'

Denby Dale
Yorkshire
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Acknowledgments

Introduction

If there is one thing that is certain in a world that is changing as fast as ours in the last quarter of the twentieth century it is that 'certainty' is a relative term. What is today's mumbo jumbo was yesterday's fact. Today's fiction will be tomorrow's fact.

This is so trite and so obvious that it should not need saying. But is it so obvious? And if it were what consequences would it bring?

Nowhere today, and for the rest of this century at least, are these two questions more important than in the field of management. Is it obvious to all men and women holding managerial or supervisory jobs today that, in the lifetime of the managers at or near retiring age, the whole industrial and commercial world has changed more than in the lifetime of several generations of their forbears? Is it obvious that most of that change has taken place in the last twenty-five years? Is it obvious that, as one American general said, 'If it flies, it is obsolete'? Is it obvious that we are most of us so busy running to keep up with ourselves that we cannot see, let alone understand, what is happening around us?

It would be tedious and unnecessary to go on. But why bring these questions up at all? In the seventeenth century James Duport wrote in Latin that, 'Whom God would destroy He first sends mad'. Two questions hang over us today – 'Is the world rapidly going mad?' and 'Why, if every other civilization the world has ever known has collapsed and largely disappeared, why should not Western industrial civilization also be destroyed or destroy itself?' The pessimist would answer 'yes' to the first question and 'no reason at all' to the second. The optimist would hope that both questions can be proved wrong. But which, if either, is the realist? And what, in any case, has all this to do with the rest of this book?

At the risk again of seeming trite and obvious two facts should be clear beyond all possible doubt. The first is the universal existence and overwhelming power of 'the organization' in today's world, whether it be the small business, the multi-national corporation, the trade union, the university, the Civil Service, the Government of whatever colour. All are organizations, all impinge on the life of the individual at ever-increasing points. If organization collapses civilization as we know it goes with it.

The second fact is that the central core, the brain, the nervous system of organizations consists of its managers. Without them organizations cannot exist, without a better performance from them than we seem to

get today the whole structure will collapse like a house of cards. In 1942 James Burnham, in his book *The Managerial Revolution*, put forward the idea of a managerial elite who would carry the full burden of responsibility for society. Fantasy in 1942 – near-fact in 1976, but not obvious fact to all.

A tremendous amount of work on the meaning of management has been written since 1960, the approximate date when *Developments in Management Thought*, written by the present author, stopped. The next generation of managers must have at least the basic guidelines on what was written between 1960 and 1970. Because no one could possibly find the time or, perhaps, the inclination to read through it all, a few of these ideas have been brought within the covers of one book.

While the decade 1960–70, give or take a few years either way, produced such tremendous growth in research and writing on management it is equally true to say that much of this growth was into narrower and narrower special, sectionalized aspects. In this it was only following the pattern of every other aspect of human knowledge that had gone before it. There is nothing wrong in this, in fact it is all to the good. To draw a parallel, medical science has only progressed as rapidly as it has over the past century because some doctors have spent more and more time learning and discovering about particular 'bits' of the body or about particular diseases. But the general practitioner has to know enough about the broad sweep of medical science to recognize when he has a patient he can successfully treat himself and when the patient should be referred to a specialist and, equally important, to which specialist. It was, I believe, Chris Argyris who hinted in one of his books that management might develop the same way with 'general practitioner' managers backed up by teams of 'specialists' in particular fields.

It is with this idea of a general view in mind that this selection of unspecialized approaches is put forward. It is not and cannot be exhaustive. It is my hope that it may be helpful even if only by drawing attention to other work which could have been a better selection than mine.

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PART I

Organization and Structure

An Overview

In general terms it was fairly widely accepted before 1960 that organization was a neat, well-ordered subject arranged around Fayol's Scalar Chain and Heirarchy and Urwick's 'drawing office job'.[1] Its fundamental base was a logical division of the work to be done and the responsibilities to be carried between individuals as depicted by neat rectangles linked by straight lines on an organization chart.

But it was equally true that Lord Wilfred Brown[2] was about to publish some very revolutionary ideas based on his own personal experience and it was also true that for some time psycho-sociologists had been writing about the 'informal' organization opposed to, or at best, parallel to the 'formal' organization.

One of the major conflicts of the lecture theatre and the discussion group in the 1950s and 60s was the difference between 'organization' as expounded by the lecturer or discussion leader and the practising managers' overtly expressed or covertly held opinions that 'it ain't necessarily so', that his daily experience bore little relationship to the 'theory' of the academic.

Due to a number of causes the subject of organization and the structure of firms received a great deal of attention during this period. The glaring differences between theory and practice and the urgent need for a theory which did fit the facts were undoubtedly major causes. The post-war surge towards larger and larger firms encouraged consultancy, field research and much closer contact between academics and managers. New problems needed new solutions, 'dead' theories needed new approaches. New solutions and new approaches appeared in plenty in the 1960s or thereabouts.

Part I contains a selection, albeit brief, of these new approaches. To repeat the caution in the *Introduction* the selection is neither complete nor optimum. It is hoped, however, that it gives some reasonable cross-section of the lines of development.

The next seven chapters tell their own story but a few brief comments will set the stage.

Burns and Stalker (1961) emphasized the relation between different environmental conditions and different forms of organization and structure. They abolished once and for all the idea that there is one best form of organization, one best pattern of relationships within the firm. The 'best' is that which is best suited to the firm's particular environment. Relatively stable environments need 'mechanistic' organization, relatively dynamic, changing ones are best met with 'organic' structures. Burns and Stalker demonstrated the effects of political and status systems and of the conflict between professional expertise and general line management.

Blau and Scott (1962) were two amongst many who introduced into organization theory the concepts of social structure and social culture thereby abolishing the arid formality of organization as a purely impersonal thing. This led them to the concept of 'total' organization or the combination of the formal and informal aspects of organization into a single interacting whole instead of two aspects which could be studied in isolation.

Etzioni's approach (1963) was one of attempted reconciliation of outstanding conflicts which were only too real in practice and too much ignored in theory. One was the apparent conflict between the need for rationality in organization and the need for human satisfaction in the work situation. Another was the question of whether conflict itself between individuals and between groups in the organization was inimical to success. He gave a fresh look to the problems of power within the organization and of the side effects and hidden costs involved in organization itself.

In 1967 Miller and Rice brought together some of the generalizations based on empirical studies carried out under the aegis of the Tavistock Institute for Human Relations over more than a decade. Chiefly these centred on the relationships between the task needs, the social and psychological needs of workers and the effects of both on organization structure. From this they deduced the 'socio-technical system', an approach towards a complex 'systems' view of organization without getting lost in the labyrinth of a pure 'systems' approach.

By the mid-60s there were so many new approaches, so many new points of view that some drawing together, some reconciliation seemed to be needed. Lawrence and Lorsch (1967) attempted this mammoth task. Their review of different theories, including purely classical ones, places the different approaches into a continuum which matches different points with different circumstances. Overall this is developed into a Contingency Theory in which the form and structure of organization is contingent upon the environment in which it exists and, in particular, upon the degree of certainty or uncertainty in that environment. Central to this

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theory is the matching of the degrees of differentiation and integration in the organization to the needs of its environment.

Thompson (1967) was, at the same time, taking the question of organization further into 'systems' theory. He introduced concepts of closed and open systems as both appropriate to organization structure and dependent upon the degree of uncertainty. Open systems are necessary at the boundaries of the organization to absorb uncertainty in order that its central technological core can operate successfully as a closed system.

Towards the end of the decade there seemed to be signs that the approach which regarded organization as an analogy of a natural system might develop into a comprehensive, all-embracing theory of organization. In fact, it has not done so. Reflection has shown that the analogy is not close enough to hold absolutely. Similarities there are in plenty, but there are also too many differences.

Perhaps it is fitting, then, to end Part I with Silverman (1970), a British sociologist who rejects out of hand the 'systems' approach. It seems impossible to get away from the question of whether his book is an analysis of organization and structure rather than of sociology, or whether sociology itself is a study of human organization.

The core of his argument is that organization is the result, not of deliberate planning, but of the meanings which individuals and groups assign to the events and states of affairs around them. These ascribed meanings form the frame of reference on which action and, therefore, organization is based.

The neat certainties of Fayol's order and Urwick's drawing board have gone for ever, shattered into myriads of new facets. Each facet shows some reflection of reality, perhaps accurate, perhaps distorted. It is still too soon to tell when and where the true picture will emerge.

References

(1) Urwick, L. *The Elements of Administration* (London: Pitman, 1943).
(2) Brown, W. *Exploration in Management* (London: Heinemann, 1960).

T. Burns and G. M. Stalker
1961

In the last quarter of the twentieth century knowledge, above all, should be international. But differences of language, of social culture, of background, of history leave most of us with at least some vestiges of national pride and prejudice. In a British book, written by a British author there may be a little appropriateness in starting with the consideration of the work of two British researchers and authors.

The Management of Innovation may seem an odd title to start Part I of this book, with its heading 'Organization and Structure', but we are concerned with the contents and their significance rather than niceties of title. Burns and Stalker looked at and analysed real-life organizations to try to find out why, in practice, there should be such wide differences in the pattern, structure, and operation of firms. Their answers were and still are of great significance.

Throughout the book there is a constant interweaving of illustration, hypothesis and conclusion. For our purposes we shall be concerned mostly with conclusions with just enough illustration to make the mixture digestible.

The sociological viewpoint with which the work started was an attempt to study a firm as a 'community of people at work'.[1] The conclusion that a study of the firm should be embedded in a wider sociological study of the small town in which it was situated shows very clearly the main line of thought. Even as early as this, however, other organizational factors began to show, e.g. managerial practices and their results and, perhaps more importantly, the discovery of conflict between Research and Development managers and line managers. The latter is the hint about what is to come – a detailed study of the relationship between organization structure and the environment in which it works. Deliberately or because it was the way the research developed the sociological basis seems to retire to the background.

The second study of a firm showed an organization structure and management practices which ran counter to almost every preconceived notion from classical management theory. In spite of, or as Burns and

Stalker 'heretically' suggest perhaps because of, this state of affairs the firm was both technically and commercially successful. Could it be that carefully defined jobs, specified relationships, formal channels of communication and authority were not always the crucial factors in success? Could it possibly be that what really mattered was that the adaptation of the relationships between individuals to meet the technical and commercial requirements of the organization's environment was the really significant factor in success?

'Mechanistic' and 'Organic' organizations

To test out such a suggestion in practice needed a rather special combination of circumstances. Ideally it would be a group of similar firms, well established, with a reasonably stable pattern of successful organization, who through no fault of their own were pitchforked into an entirely new environment making different demands on them from the environment in which they had 'grown up'. A near perfect situation was immediately to hand for Burns and Stalker. A number of firms in the electronics industry moved on to their doorstep under a Government-sponsored scheme to attract new and developing technologically based industry to Scotland. The firms had grown up in the secure and reasonably stable atmosphere of Government war-time and post-war contracts where production was of prime importance. With the post-war run-down these contracts had stopped. The firms were in a new physical environment but, much more importantly, were also in a new technical environment where their own research into and development of new products was essential and a new marketing function to find new customers and translate their needs into the firms' languages was absolutely vital to success. Instead of production to Government specification the required pattern became marketing – development – production or research – marketing – development/adaptation – production. To complete the picture the rate of technological development in the industry as a whole was accelerating fast.

Burns and Stalker observed and analysed what was going on in the different firms. Their immediate conclusions were that none of the firms set up adequate marketing functions, that few managed to build up and incorporate proper research and development departments, that conflicts over power and status between 'new' and 'old' departments were widespread and that purely management problems were only too often converted into personality struggles between managers. In general the old order remained, the organization failed to adapt to the new environment and relative commercial failure was the result.

It could not all have been as negative as this because the only really valid conclusions possible would be that a successful form of organization

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