

Designing Architecture for Management: Jeremy Bentham

Jeremy Bentham was a prominent English philosopher who founded a philosophical movement known as utilitarianism. Utilitarianism is a moral philosophy that says we should always act for the greatest good for the greatest number. Ideas that he initially developed for a model factory were picked up and adapted for use in the design of prisons, as a systematic architecture for management, which sought to make oversight more efficient.

Bentham planned to reform work by using what he called the panoptical principle: establishing the possibility of inclusive surveillance, or panopticism. According to Bentham, successful surveillance depended on architectural principles. Bentham designed something called a panopticon. Those under panopticism are aware that they may be being observed but are never sure whether they are actually being watched at that moment. The panopticon was a complex architectural design, consisting of a central observation tower where a supervisor could see into the various cells of the building. They were alone and never knew if they were being watched.

The Early Modern Foundations of Management

Early modern management was based on the efficient extraction of value from the labour that was employed. In the mid to late 1800's there weren't even that many people working at factories and there wasn't enough money to expand for most businesses, so they mostly resorted to borrowing. Enterprises were enabled to grow beyond the financial capacities of their owners by the development of limited liability legislation from the Limited Liability Act of 1855. This allowed investors to limit their risk to what they invested, a law that rapidly spread globally after its creation in the UK.

Establishing Management Mastery

One technique was based on the owners of previously independent business being re-employed as internal contractors to oversee the processes of labour in firms that were taken over by financiers. The system of internal contracting flourished from the late nineteenth through to the early twentieth century.

Engineering Design of Jobs: F.W. Taylor

Engineering had a natural affinity with work in a profit-based economy, because engineering's key concept was that of efficiency, defined as getting more output from less input. F.W Taylor (1967 [1911]) 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's four principles of management are as follows:

1. Developing a science of work: Done through observing and measuring norms of output, using stopwatch etc. Improvements could be made to the design of workstations and tools which could improve effectiveness.

2. Scientifically selecting and training the employee: He believed everyone had different aptitudes, and you needed to fit the worker to the job, and this was the task of management.

3. Combining the sciences of work and selecting and training of employees: The workers would easily perceive the good sense of systematic selection and Training, thought Taylor. They would benefit from higher wages. Resistance was more likely from the managers who had to learn new systems of work and give up privileges Taylor thought they had no right to.

4. Management and workers must specialise and collaborate closely: Conflict in the workplace between management and workers would be eliminated if management focused on mental labour, on setting up systems, designing them, and supervising them. Workers must concentrate on manual labour and leave the higher order mental labour to the managers.

Engineering Design of Authority: Henri Fayol

Henri Fayol, another engineer, is often regarded as the most significant European founder of modern management. 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. The training should focus on preparing management to plan, organise, command, coordinate, and control for optimal performance. The core of Fayol's training

program offered 14 principles to provide a manual for proper management, efficient organisations, and happy employees. E.g. authority, discipline and order.

Bureaucracy: Max Weber

Bureaucratic organisation, seen at the turn of the nineteenth century as the hallmark of modern organisation, depended above all else on the application of what Max Weber, a German scholar, termed 'rational' means for the achievement of specific ends. A bureaucracy is an organisational form consisting of a hierarchy of differentiated knowledge and expertise in which rules and disciplines are arranged not only hierarchically in regard to each other but also in parallel. A bureaucracy is a form of organisation design. An organisational design is the designed formal structure of the organisation as a system of roles, responsibilities, and decision-making. Action is supposed to be procedurally based on rules that are universal.

At the core of Weber's (1978) conception of organisation as bureaucracy was the notion that members of an organisation adhere to the rules of that organisation. He contrasted three types of authority, based upon the rule of charisma, the rule of tradition, and the rule of rational-legal precepts. These were three major bases of authority, thought Weber.

Rational Organisations

Weber identified authority based on rational-legal precepts as the heart of bureaucratic organisations.

Rational-legal precepts: People obey orders as rational-legal precepts because they believe that the person giving the order is acting in accordance with a code of legal rules and regulations. E.g. you may not agree with the police officer but you understand the law.

Weber's Three Types of Authority

Authority was crucial to Weber's account of modern bureaucratic organisations. According to Weber three main sources of authority could be identified in organisations.

1. Charismatic authority: means that deference and obedience will be given because of the extraordinary attractiveness of the power of the person. People follow them because of what they believe to be the special nature of their personalities and the success they have achieved. E.g. Nelson Mandela.

2. Traditional authority: occurs where deference and obedience are owed because of the bloodline, e.g. Prince Charles.

3. Rational-legal authority: Signifies that deference and obedience are owed not to the person or the title they hold but to the role they fill. What is important is not the officer, but the office they represent.

Bureaucracy is a rational machine that Weber defined as having 15 key definitions E.g. 1. Is "Power belongs to an office and is not a function of the office holder".

Bureaucracy as Myth

Parkinson believed that bureaucracies always grow because managers need to appear busy, and to appear apparently busy they increase bureaucracy. The Peter Principle, named after Lawrence Peter, states that employees in a bureaucracy are promoted to the level of their incompetence. Myths about bureaucracy are particularly attractive to market ideologists and economists. These are people who believe that markets are much better at organising human affairs than bureaucracies.

What's Good About Bureaucracy?

Bureaucracy is often criticised when we have to deal with the red tape in which we become wrapped up but there are sound arguments for bureaucracy.

-Bureaucratic organisations provide satisfaction for workers as they know what to do to get to where you want to be in the organisation.

-They are fairly predictable, and offer opportunities to specialise and develop skills in what they most enjoy.

-They limit arbitrary power and privilege, everyone must follow the rules.

- Customers are treated based on precedents, not just personal opinions of one officer.
- You have a right of appeal in a bureaucracy.
- No one is above the law and every office is accountable.

Bureaucracy, when rational, legal, and fair, is an efficient system for processing people.

What's Bad about Bureaucracy?

Bureaucratic authority is undemocratic and obedience to the rules and authority relations may enable ethically appalling behaviour to go unchecked, e.g. it can be argued bureaucratic rationality made the Holocaust possible.

Henry Ford and Fordism

In 1913, Henry Ford introduced the assembly line as a new way of producing automobiles, modelled on the Chicago slaughterhouses. Each job on the line had to be completed in an amount of time commensurate with this production rate. The system became known as Fordism. Fordism consisted not only of standardisation of production, the use of assembly lines and standardised machine tools, but also paid higher 'living' wages designed to allow employees to become effective consumers to the products they produced, paid only to those deemed fit to receive them, a 'five dollar a day', eight hour working day system.

Human Relations: Elton Mayo

Some theorists, such as the Australian Elton Mayo, saw engineering as part of the problem rather than the solution. Mayo developed what became known as the Human Relations School. The emphasis of this approach was on informal group relations, the importance of these for sustaining the formal system, and the necessity of the formal system meshing with the informal system. At Harvard, Mayo became associated with what are known as the Hawthorne studies. Mayo answered the question in terms of what became known as the Hawthorne Effect: When a group realises that it is valued and forms social

relations among its members, productivity rises as a result of its group formation.

Mayo had 8 principles of management e.g. 1. Is “work should be seen as a group rather than an individual activity”. Many of Mayo’s ideas addressed the failure of modern management to consider collaboration as integral to modern enterprise.

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

The Great Depression in the 1930’s led to questions about management. For Chester Barnard, the key issue was leadership. Barnard thought that those lucky enough still to have jobs should buckle down to the leadership of managers for it was only their good judgement that stood between them and the misery of unemployment.

Barnard had fine principles of management, for example:

1. Individual behaviour is always variable and can never be easily predicted.

He thought where individuals who worked with common values rather than common orders were more effective. He thought the role of the manager was to manage the values of the organisations, which should be set by the chief executive.

Management and Social Justice: Mary Parker Follett

She argued that organisations, much as communities, could be approached as local social systems involving networks of groups. She believed in full collaboration of employees and managers, and she sought their willingness to make these values compatible. She was concerned to demonetize power, distinguishing between power-with (coactive power) and power-over (coercive power). She argues it is the former that needs developing and the latter that needs diminishing.