From Management to Leadership

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INTRODUCTION

Organizational change – real or rhetorical, embraced or resisted – seems near-constant in working life. Themes of revolution and paradigm break are equally common in academic literature in the sociology of work and management and organization studies; they are even more prominent in business media and ‘management guru’ writings eager to claim the coming of a new order or to sell a new management ‘solution’. This chapter explores a particularly important ideological transition – the movement since around the late 1970s whereby ‘management’ and ‘managers’ have become to a large extent discredited and downplayed in favour of ‘leadership’ and ‘leaders’. It describes and explains this movement as concurrent with similar rhetorical transformations such as from ‘Fordism to post-Fordism’ (Amin 1994; Kumar 1995), from a second to a third ‘spirit of capitalism’ (Boltanski and Chiapello 2005), or from ‘organized’ to ‘disorganized capitalism’ (Lash and Urry 1987). Yet it also notes that the real-world effects of these ideological transitions on management and work are far from clear; work organizations have indeed been widely
restructured, but in complex ways that both confirm and reject various espoused notions of ‘best practice’ that are inscribed into these ideologies.

While the terminology of management and managers dominated ‘best practice’ for much of the twentieth century, today it is not uncommon to encounter work organizations in which nobody uses this language; where ‘management’ is criticised as bureaucratic, procedural, commonplace and unworthy of serious attention. ‘Leadership’ by comparison, refers to the more valued, more complex, more sought-after, and more prestigious work involved in running organizations (see Grey 2009: 125). An enormous literature suggests that ‘management’ is about administering and controlling organizations according to bureaucratic norms of structure, routine and well-established systems. ‘Leadership’ on the other hand, refers to more contemporary, less hands-on, approaches in which organizations are led by ‘visions and values’ rather than controlled by rules (Bennis 1994; Jackson and Parry 2011: 19; Zaleznik 2004 [1977]). Management is tactical whereas leadership is strategic. Management is mundane, procedural, static, structured and everyday, whereas leadership is heroic, charismatic, creative, chaotic and special. Leadership is often projected as something somehow ‘superior’ to management, not just in terms of its position of organizational seniority, but as a concept making claims to higher ideals than those of lowly ‘management’ (van Maurik 2001: 2).

To a large extent, therefore, ‘management’ as a form of work, as a profession, as a body of knowledge, and as a form of authority has been progressively stripped of value (Leavitt 2007: 259). From being a figure of authority, the manager – especially the middle manager – becomes a figure of weakness, even ridicule, such as the hapless manager-idiot David Brent in the early 2000s BBC TV comedy series The
Office (Jackson and Parry 2011: 4, 118). Power, prestige and authority are invested in the ‘sexier’ but more amorphous concept of the ‘leader’ and ‘leadership’. Authority is typically understood, asserted, justified and celebrated with references to these more ephemeral yet also simpler – perhaps primal – elements. One can imagine ‘leaders’ on a battlefield or sports field, but what team or fighting unit would want to follow a manager? One can imagine ‘natural leaders’ but ‘natural managers’?

While powerful and pervasive, the new discourse of leadership remains contested. It has never been clear that management can be so easily disentangled from leadership (Hendry 2013: 19–23; Jackson and Parry 2011: 19–21). Management has always involved leadership and leadership will always involve management. Are the differences between ‘administration’, ‘authority’, ‘governance’, ‘management’ and ‘leadership’ a matter of splitting hairs? Leadership has also started to proliferate sideways and downwards in organizations; the discourse may be over-reaching. As leadership becomes less exclusively the preserve of top executives, its claims to privileged or elite status are at risk of dilution. Leadership is constantly redefined by business gurus. New ‘-ships’ or ‘-isms’ continually emerge to contest leadership, to reform and update it, to try to replace it, or to ride alongside it. For all the leadership talk of ‘visions’, ‘values’, ‘transformation’ and ‘passion’, organizations continue to rely on traditional forms of control in terms of administration, paperwork, bureaucracy and performance targets. Leadership, therefore, is just one form of managerialism – ‘the generalized ideology of management’ (Parker 2002: 10) – here precisely defined by Thomas Klikauer:

Managerialism combines management knowledge and ideology to establish itself systematically in organisations and society while depriving owners,
employees … and civil society … of all decision-making powers. (Klikauer 2013: 2)

As such, whatever the flavour of the managerial technology espoused (management or leadership), both are forms of a managerialist ideology that remains dominant and increasingly pervasive across work organizations and everyday life (Grey 2009; Locke and Spender 2011; Parker 2002).

Managerialism and management ideology have grown and adapted continuously since the earliest days of industrialization, both reflecting and helping to shape organizational practice (Anthony 1977). It is common for business historians and social theorists to delineate these changes using the simplistic yet useful device of eras or epochs. The three eras typically identified are: the Gilded Age or ‘Robber-baron Phase of Capitalism’ (the mid-eighteenth century to the late 1920s) when management was in its infancy; the era of ‘Managerial Capitalism’ (the 1930s to the mid-1970s) in which managers and management became dominant forces; and the era of ‘Investor Capitalism’ (the mid-1970s to today) in which notions of ‘leadership’ partially replace those of ‘management’. Luc Boltanski and Eve Chiapello (2005) describe these historical shifts as the first, second and third ‘spirits of capitalism’. This chapter will follow a similar logic in arguing that the rhetorical shift from management to leadership is constructed out of broad cultural, political and technological themes that circulated in the two latter periods. In order to provide context for the discussion of this move from management to leadership, the chapter firstly describes the slow and contentious rise of ‘management’ itself.
A ‘SCIENCE’ RESISTED: THE GENESIS OF MANAGEMENT IN THE FIRST SPIRIT OF CAPITALISM

The ‘Robber-baron Phase’, ‘Gilded Age’, or first spirit of capitalism was ushered in by the First Industrial Revolution (McCraw 1997), a time associated with the rise of large industrial organizations and banks which were owned and run by the entrepreneurs who originally founded them. These super-rich individuals had close ties with political elites, aristocratic families and monarchies. Chernow (2010), in his magisterial study of JP Morgan, describes a ‘baronial age’ of capitalism between the years 1838 and 1913 (Chernow 2010: 1–162), an age of European imperial powers, with the USA as the rapidly rising new pretender. Financial and industrial elites of the age, such as Carnegie in the USA or the Rothschild banking dynasty across Europe, insinuated themselves into the highest levels of political authority, often using bribes and philanthropic donations to secure favours (McCann 2014: 46–7). Owner-managed firms (often described as ‘trusts’ in the US context) were able to act almost with impunity as regards competition, cartel-building, and labour and ecological standards. By whatever means, they played a vital role in transforming the most economically-advanced nations of Europe and the USA, building railways, canals, shipping, telecommunications, and prefiguring the development of the mass-production, factory system (Chandler 1990). This system emphasized speed of production, high efficiency, economies of scale, and standardization of products for mass markets (Guillen 1994; McCraw 1997).

The growth of modern, industrial economies was prefigured and accompanied by the development of modern state apparatuses. The prime example was the Prussian civil service, which was famously Max Weber’s object of study in exploring the
‘characteristics of bureaucracy’, comprising stable and highly codified systems of offices, careers and regulations (Beck 1992). The industrial age saw the rise of dominant professional and elite groups (such as doctors, accountants and lawyers), educated at universities, enjoying high degrees of autonomy and prestige, constructing high barriers to entry and developing their own standards of practice and self-regulation (see Freidson 2001).

Management did not enjoy such ‘professional’ status, and management ideology during this time was in its infancy. It had yet to ‘establish itself’ (Klikauer 2013: 2) and deprive others of decision-making powers. Management and administration were not widely taught in universities (Spender 2005). The economy was mostly made up of small and medium-sized firms which lacked the capacity or will for large-scale adoption of the rising ideas of ‘scientific management’. Owner-managers of large firms tended to pay scant attention to questions of administration and management and early giant firms had few staff who were explicitly administrators or managers (Chandler 1977). It was widely believed that organizations are best run by ‘practical men’ with no need for formal education in administration (Barnett 1987: 671), that management can’t be taught, and that good managers are ‘born, not made’ (Wilson 1995: 116–17).

Nevertheless, several foundational management writings emerged during the first ‘spirit’ of capitalism. The most famous in the Anglophone world is the work of Frederick Winslow Taylor (1856–1915), such as Shop Management (Taylor 1903) and Principles of Scientific Management (Taylor 1911). Taylor was appalled by the inefficient use of widespread ‘rule of thumb’ methods in industrial capitalism, which he believed only the disciplined application of scientific principles could eradicate.
The ‘management movement’, ‘rationalization movement’ or ‘efficiency movement’ was international in nature (Brech et al. 2010: 67–72). Other contemporaneous writers included the French organizational theorist Henri Fayol (1841–1925), who developed a strong interest in abstract principles of efficient administration, and the German industrialist, statesman and author Walter Rathenau (1867–1922), who was at the forefront of efforts to ‘rationalize’ the workings of shop-floor industry. The former British Army officer Lyndall Urwick was another prominent writer of the ‘classical’ school (Brech et al. 2010). While it is almost an article of faith for many that the University of Pennsylvania’s Wharton School is the world’s oldest business school, other forms of business and management education (in nineteenth-century Germany, in fourteenth-century England, in ancient Mesopotamia) long pre-date it (Spender 2005: 1283–4).

Several of the ‘classical’ pioneers of the ‘management movement’ were funded by philanthropic associations such as the Rockefeller Foundation, and the fledgling (and ill-fated) International Management Institute, an offshoot of the League of Nations (Brech et al. 2010). The early literature is dominated by references to systems, routines, principles, and military and machine metaphors; the early thinkers attempted to develop a ‘science’ of management, a universal and politically impartial set of principles, laws and routines that should be applied to all kinds of organization in all fields. They are early markers of the principles of managerialism; attempts to stake out the rational, efficient, professional, politically neutral, objective, progressive and essential credentials of managers and management ‘science’.

At the time these classical management theorists were writing, however, organizations were stubbornly refusing to adopt scientific management; managers
remained unconvinced of the need for change, and workers largely rejected the ‘neutral’ and ‘scientific’ claims of early management knowledge, regarding scientific management (often accurately) as simply a new way to wring more effort out of the workforce and take control away from the front line (Waring 1991). The management movement appeared to be fighting a losing battle in its efforts to systematize management knowledge into sets of widely-accepted practice in industry or administration, or into curricula for universities. Little were they to know that the ideas they were espousing were to take on much more dominant forms in the organizational age to come, as industrial societies grew and matured during the post-war growth phase of the 1950s to 1970s. This was the ‘second spirit of capitalism’ (Boltanski and Chiapello 2005), when large organizations became dominated by the structures, systems and routines of centralized and ‘rational’ management.

**ACCOUNTABLE, CENTRALIZED, PROFESSIONALIZED: MANAGEMENT AS SCIENTIFIC ADMINISTRATION IN THE SECOND SPIRIT OF CAPITALISM**

In the wake of the Wall Street Crash (1929), and the Great Depression of the 1930s, the advanced economies of the US, Europe and Japan introduced stronger forms of regulation and government intervention, curbing the risks and excesses of large firms and the financial markets. Mass production and economies of scale were widely adopted and the rise and application of operations research and systems analysis in the Second World War were broadly mirrored in giant post-war corporations (Waring 1991). Firms became too large and too complex to be handled by owner-managers alone. This process – the separation of ownership from control (see Chandler 1977) – began in the late nineteenth century but accelerated rapidly in the post-Depression and
then post-Second-World-War era. Growing ranks of salaried, generalist, college-educated managers increasingly wrested control of the organization from the former ‘hands-on’ owner-managers. Companies issued securities to finance their expansion, and ownership spread across many shareholders. The result was the new paradigm of the giant, multidivisional, publically listed firm (Chandler 1977; McCraw 1997). This was the age of managerial capitalism (Chandler 1990: 51–89), organized capitalism (Lash and Urry 1987), or the second spirit of capitalism (Boltanski and Chiapello 2005), in which large organizations were dominated by ranks of ‘professional’ general managers.

Managers developed increasingly prestigious forms of education and certification (such as MBAs) which established barriers to entry to the occupation, created new languages in which only they were expert (such as ‘operations research’ or ‘systems analysis’: see Chwastiak 2001), and defined codes of conduct and new systems of reporting and control, including statistical analysis, batteries of tests, and reams of paperwork (Byrne 1993; Waring 1991).

As large organizations continued to expand their activities and open new lines of business (especially with the boom in conglomerates in the 1960s) they added new departments and divisions, requiring devolved administration and stimulating demand for additional levels of line management and greater numbers of ‘professional’ managers trained in statistical control techniques. These developments generated considerable distance between top management and the line, and long chains of agreement were required for important decisions. Militaristic concepts such as ‘command and control’, and ‘Standard Operating Procedures’ (SOPs) came into widespread usage in public and commercial organizations. Management literature of
the time emphasized standards, systems and statistics. The new middle managers
often had limited or no experience of the realities of the products and services that
their organizations produced, but didn’t regard this as a weakness. Much like the
classicists in the prior era, they tended to view all organizations above a certain size as
essentially similar. The universalist, professional, expert, teachable and generalizable
vision of the classicists such as Taylor, Fayol and Urwick was finally being realized.
Management was becoming a profession.

In generating a historical narrative of these trends, it is easy to forget that there was
a huge range of approaches, and that not all management literature was Taylorian in
nature. Other trends include the Human Relations and contingency theory ‘schools’
that emphasized, respectively, management based on employee consent rather than
coercion, and the importance of the wider external environment (see, for example,
Lawrence and Lorsch 1986; Roethlisberger and Dickson 1939; for overviews see
Anthony 1977; Guillen 1994; Hassard 2012). Engineering-focused forms of statistics-
driven ‘quality improvement’ were also highly influential, such as the work of W.
Edwards Deming (1986). As management and administration become more
professionalized, these writings were increasingly taught at universities, and much of
the management literature became academic and esoteric; the language was often
technical, abstract and schematic. One interesting element to emerge from the
‘contingency’ tradition appears in Woodward (1965), whose research found that
among large firms there were actually few common features. For example, levels of
management ranged from two to 12, and spans of control could be anywhere between
10 and 90 for front-line supervisors. Classical management principles were still not
being consistently applied, even in successful firms (Cole 2004: 85).
Although unevenly applied, these new forms of thinking were built on and brought into practice in sophisticated ways during the managerial capitalism era. This was well demonstrated by the story of the so-called ‘Whiz Kids’ – professional administrators with gifted analytical minds and an obsessive focus on numerical details, who established strict control over numbers and systems in organizations such as Ford, Litton Industries and the US Army (Byrne 1993). By far the most famous of them was Robert S. McNamara, whose remarkable career took him from the Office of Statistical Control in the US Army Air Forces in the Second World War, through the management ranks of Ford Motor Company, to the White House as Defense Secretary under Presidents Kennedy and Johnson, then President of the World Bank. His approach leaned heavily on numbers-driven control systems, clearly influenced by wartime ‘operations research’ (Chwastiak 2001; Waring 1991), and in general terms was a version of Peter Drucker’s famous ‘Management by Objectives’, an archetypical concept of the managerial capitalism era (Drucker 1961). The focus was on long-range planning, robust systems, cost accounting and stability, arguably the very essence of ‘management’ as opposed to ‘leadership’ (Kotter 1988).

Critics argue that such strategic planning unnecessarily restricts organizations and people from thinking freely or changing course. Managing ‘by the numbers’ omitted concern for intangibles, especially ‘human factors’ that are clearly relevant in all manner of organizations. Systems thinking could create absurd situations where ‘objective’-hitting dominates management and worker behaviour to such an extent that the actual standards of product or services becomes a secondary concern (for contemporary examples see Bevan and Hood 2006; Ordonez et al. 2009). Nevertheless, numbers-based systems with their roots in 1960s administration, such as performance targets and star-ratings, have been endurably popular in organizations,
especially the ubiquitous ‘Key Performance Indicators’ associated with the ‘Balanced Score Card’ (Kaplan and Norton 1996).

Organizations in the ‘second spirit’ became tightly structured and rule-bound in ways that Taylor and Urwick had earlier prescribed. Organizations developed tall managerial hierarchies in which around eight to ten managerial levels existed between front-line supervisors and boards of directors. Spans of control at each managerial level were narrow at around five or six direct reports, in keeping with the viewpoints of classical writers such as V.A. Graicunas (Cole 2004: 202; Urwick 1974), who believed that the human mind could not realistically handle broader spans. White-collar workers enjoyed what were effectively ‘jobs for life’ with well-established benefits such as pensions and health insurance. Unions were widely recognized as legal units for blue-collar collective bargaining with senior management. Where not recognized, firms often developed paternalistic strategies at least in part as a way for senior managers and business owners to project a progressive vision of themselves as good employers to pre-empt worker organization drives (Jacoby 1997).

Broader organizational cultures reflected the strictness of managerial control. Loyalty was expected of organizational members, and ‘speaking out of turn’ was frowned upon (Jackall 1988). Studies during this era of what managers actually did with their time (Mintzberg 1973; Stewart 1994) suggest that managerial work was a demanding but relatively stable occupation. White-collar workers probably appreciated the stability that their posts provided, but there were always disadvantages and frustrations. The routines of managerial work in large corporations in this era could be stultifying. Middle managers often had to endure long waits for their promotion up the hierarchy, and they learnt to act with deference and even
obsequiousness towards superiors (Jackall 1988). Ostracism of ‘difficult characters’ was common (Whyte 1960), and sexism and ethnic discrimination were endemic (Kanter 1977). Critiques of these organizational cultures as deadening and de-personalizing were popular, such as Whyte’s *The Organization Man* or Mills’ *White Collar* (Whyte 1960; Mills 2002 [1951]). Such critiques were influenced to some extent by ‘counter culture’ or Frankfurt-School-style critiques of ‘alienation’ at work (Blauner 1964; Yuill 2011). It was not uncommon for both front-line workers (Chinoy 1992) and mid-level administrators and managers (Mills 2002 [1951]) to regard themselves as ‘just a number.’

Although always controversial, the micromanaging ‘second spirit of capitalism’ started to come under sustained attack from the 1980s onwards. Critics claimed that not only was the system stultifying but that it was also no longer providing the means for success in an increasingly competitive global marketplace. Management methods were widely seen to be causing more problems than they were designed to fix. Famously, the USA was ‘managing [its] way to industrial decline’ (Hayes and Abernathy 1980). The generalism and remoteness of systems analysis made it unpopular with government and public administration professionals (Hoos 1972). The Vietnam War was a disaster for the US, ‘managed’ by McNamara and his whiz kids who were swamped with dysfunctional metrics (Byrne 1993; Daddis 2012). Firms and public bureaucracies were regarded as over-managed. Highly-trained and well-paid managers with overly academic backgrounds had diverted the attention of corporations away from their ‘real business’ by binding them to restrictive systems and ‘bean counting’. Firms had been seduced by a ‘managerial mystique’ (Locke, 1996; Zaleznik 1989) of numbers, systems and impenetrable language that had led
large corporations and government agencies to ruin. By the 1980s the fashion was to ditch ‘management’ and get ‘back to leadership.’

**DELAYERING, OUTSOURCING, ‘VISIONING’: LEADERSHIP IN THE THIRD SPIRIT OF CAPITALISM**

The third spirit of capitalism (Boltanski and Chiapello 2005) or the era of investor capitalism (McCann 2014: 60–68; Useem 1996) is characterized by quite different forms of managerial ideology from the post-war model of ‘business administration’. Arguably fuelled by 1960s counter culture in the US and Western Europe – especially as a reaction to the atrocities of the Vietnam war – management literature started to espouse a release from standard operating procedures and command and control, and a rejection of ‘objective’ scientific/numeric management (Boltanski and Chiapello, 2005; Sennett 2007: 1–2; Styhre 2014: ix). Management literature of the 1980s increasingly emphasized ‘liberation’ from control and the effacement of ‘bureaucracy’ (Peters and Waterman 1982).

Management and managers were damned by their association with bureaucratic systems, and business ideology prescribed their replacement with leadership and leaders. Leadership was cast as a purer, more direct, more primal form of operating. This sense of slimming down and simplifying organizations connected with the desire of investors to strip out costs from the businesses they owned (Hassard et al. 2009). Business gurus such as Tom Peters aimed their barbs at old-style managers such as McNamara (Peters 2001: 83; see also Zaleznik 1989: 102–4), blaming them not only for America’s foreign policy disasters but also for allowing its corporations to fall behind those of new economic giants such as Germany and Japan that seemed to
operate perfectly well with fewer managers and better-trained front-line staff who understood the products that their corporations built.

This change in ideology both reflected and encouraged real-world changes in the nature of business and finance. Firms were experiencing new pressures in the form of increased international competition, and the rise of ‘shareholder value logic’ in which the demands of capital markets forced corporations to control costs and convince the investor community that they had become lean, slimmed down and focused (Lazonick and O’Sullivan 2000; Useem 1996). Organizational power shifted from internal managers (managerial capitalism) to outsiders (investor capitalism), as markets for corporate control became established and takeovers and leveraged buyouts reset the rules of the game. New leaders were installed in corporations after takeovers, often with ‘visions’ to make sweeping changes to ‘turnaround’ poor performers or ‘change the culture’ of moribund organizations (Khurana 2004). Old-style insider-dominated corporations were attacked by the investor community as sleepy and wasteful, artificially burdened by excessive ranks of over-protected and non-value-adding bureaucrats and middle managers. Public sector organizations also increasingly became subjected to radical reforms, including deregulation, outsourcing, privatization, and corporate style re-engineering as neoliberal politicians repeated a mantra of ‘value for money for tax-payers’, ‘flexibility’ and ‘increased accountability’ (Osborne and Gaebler 1992). Leadership rhetoric and managerialist discourse deeply infiltrated what used to be relatively stable, self-policing, bureaucracies, including government and the professions (Anthony 1977: 264).

Time horizons shrunk drastically across work organizations as globalization, shareholder value and demands for external accountability drove up competition and
the costs of failure. Organizations became unwilling and unable to offer long-term employment to their staff (Sennett 1998). Anything not ‘value-adding’ had to be removed urgently from corporations and public sector organizations in order to control costs. Traditionally well-paid and protected white-collar middle managers become obvious targets for layoffs (Hassard et al., 2009). The imperatives of shareholder value made it difficult for companies to plan for long-time horizons (Lazonick and O’Sullivan 2000). Top management fixated on quarterly returns and the performance of the share price over consecutive quarters became the main metric by which to evaluate top managers’ performance (Golding 2003; Khurana 2004).

Leadership, with its liberal use of ‘visions’ and ‘shared values’, became the order of the day. The new managerialist ideology was enthralled by speed, emphasizing the rapid launching of new ‘killer’ products and snap decision-making without having to consult armies of middle managers or sit through stultifying committees. Leadership is an action-oriented ideology – of business stripped back to its raw essence. With the demise of strategic planning and extended time horizons there seemed less demand for management (emphasizing continuity and control) and more demand for leadership (emphasizing vision and change: Kotter (198)). True leaders were ‘transformational’ rather than ‘transactional’ (Bass 1990).

Investor capitalism also changed the ways in which workers are employed and rewarded. The jobs for life, holiday pay and employee ‘entitlement’ traditions of managerial capitalism give way to short-term employment contracts and ‘portfolio careers’. Pensions shifted from defined benefit (DB) to much less generous defined contribution (DC) offerings (Monk 2009). Trade union membership nosedived and traditional forms of ‘Personnel Management’ were replaced by a ‘Human Resource

Rhetorically, at least, control is loosened, although the importance of cultural control and even ‘employee branding’ is increasingly emphasized by management (Brannan et al. 2011). ‘Living the brand’ needn’t be a chore for workers. The ‘leadership style’ of celebrity CEOs is supposedly about ‘coaching’ staff towards voluntarily embracing corporate cultures and ‘visions’ rather than setting out standard operating procedures and micromanaging performance against them. In keeping with long-term trends (see Anthony, 1977) the authority structure wants to be more than a numerical ‘system’ for ‘managing effectiveness’. It wants to cultivate a higher purpose for itself, to be something bigger – nobler – than business and profit-making, and readily transferrable into non-commercial pursuits. For example, ‘Our Mission’ at Harvard Medical School is to ‘create and nurture a diverse community of the best people committed to leadership in alleviating human suffering caused by disease’ (as quoted in Lessig 2011: 16). Leadership’s appeal or ‘justification’ (Boltanski and Chiapello 2005) is sophisticated, drawing not only on its own claims to higher efficiency than ‘management’ but on higher ideals, including appeals not only to liberation, change, passion, excellence and fun, but also to ethics and virtues. Leadership writers widely mobilize themes of heroism and selflessness, of leaders showing courage under fire, coping with extreme crises and contexts such as accidents, warfare and mountaineering (Useem 1999), leading not just from the front or back, but ‘from everywhere’ (Allen 2010). Some have even discussed a ‘spiritual leadership’ (Fernando et al. 2009). Poor old ‘management’ is left huffing and blowing behind, tied up in paperwork and stumbling through its flow charts.
And yet, remember it is *rhetoric and ideology* that we are discussing here (Anthony 1977). In the messiness of the real world, organizations, of course, continue to employ all kinds of systems and legacies derived from old-school bureaucratic managerial blueprints, and ‘spiritual leadership’ is often nowhere to be seen. Research in the sociology of work continues to point to strict usage of monitoring, calculation and control alongside the more contemporary and ‘on-message’ forms of visionary and cultural control. Although superficially updated and rebooted to match the ‘spirit’ of leaderism, employees at all levels are still measured by batteries of Key Performance Indicators and similar metrics which have their roots in the post-war ‘omniscient operating system’ of post-war numerical analysis (Starkey and McKinlay 1994: 980). The much-vaunted Toyota Production System or simply ‘lean’ – so strongly marketed by management gurus such as Womack et al. (2007 [1990]) – also relies heavily on standardization, routinization and work intensification. Many have suggested that it is simply a much more advanced form of Taylorism (Tamura 2006). Process improvement methodologies in wide usage such as Six Sigma (Hassard et al. 2009) are dominated by standards, numbers and protocols, with worker performance tightly measured against ‘benchmarks’. Miss your targets and you fail your appraisal, even when the numbers used to measure your performance are dubious and contested (McCann 2013). Organizations (especially in the public sector) are continually required to produce numbers that tell a story of ‘compliance’ with ‘quality assurance’ and various other forms of the ‘audit society’ (Power 1999). Amidst the rise of ‘leadership’, numbers, systems, control and ‘management’ remain essential elements of managerialist discourse and everyday organizational practice.

Moreover, just as HR departments buy into the leadership language of shared visions and a reduction of micro management, they also introduce highly inegalitarian
‘talent management’ programmes, sometimes modelled after the ‘forced ranking’ systems popularized by the arch celebrity CEO Jack Welch, among others. These include the infamous ‘20-70-10’ or ‘rank and yank’ policy where the 20 is the top 20 per cent of staff who form the ‘talent’ to be incentivized with bonuses, the 70 is the adequately performing staff with little or no bonus entitlement and thereby typically accounted for as a cost to be managed, and the 10 is the ‘watch list’ of poor-performing staff who will be ‘managed out’ by year’s end. Annual ‘Oscars-style’ awards ceremonies are increasingly popular elements of HR ‘best practice’, where staff receiving ‘Outstanding’ performance appraisals are nominated into categories such as ‘best team player’ and ‘best marketer’ (McCann 2013).

The investor capitalism era is associated with a huge proliferation of new managerial ideologies. Often described as ‘fads and fashions’ (Abrahamson 1991; Keiser 1997) new managerial ideas have become increasingly high-profile, with managers and ‘leaders’ directly drawing attention to how they themselves have utilized, developed and applied these management concepts, usually with great success (Furusten 1999). Celebrity CEOs and business gurus are lionized by the investor community and business media, and their memoirs sell in huge numbers. Welch’s memoir, *Jack – Straight from the Gut*, sold millions of copies, and former Ford and Chrysler executive Lee Iacocca was supposedly ‘mobbed’ by Japanese fans while visiting the Far East (Collins 2001: 29). A huge industry has sprung up for coaching, executive training and ‘how-to’ leadership manuals (Parker 2002). The managerial literature of the era is, therefore, far less ‘scientific’ in orientation than the older ideas, such as those of Urwick and Fayol, much less academic than the 1960s writings of Drucker or Lawrence and Lorsch, and more commercial, ‘sexed-up’, and easier to digest. Urwick and the older generation look dowdy and boring. The
literature is also more obviously developed for its own commercial ends – there is a veritable explosion of literature, consulting and training, much of it overlapping in content, with many of the guru authors having their own consulting firms and amassing considerable personal fortunes (Cullen 2009; Furusten 1999). Clearly there are *some* ideas of value in managerial ideology amid the cacophony of competing voices and prescriptions. But much of the ‘guru’ literature is effectively a form of ‘pop culture’ written to further the authors’ consulting interests, such as the infantile and widely spoofed *Who Moved My Cheese* (Johnson 1999).

The third spirit of capitalism mobilizes the idea that the age of bureaucracy, paternalism and extended time horizons is over, and that this change, rather than being frightening for employees and managers, should be personally liberating. Rather than being controlled by the strictness of organizational hierarchy and culture, employees are (supposedly) encouraged to question established practice and embrace change. This message has been strongly reflected in key managerialist texts since the early 1990s, such as Peters’ *Liberation Management* (1992), Kanter’s *When Giants Learn to Dance* (1989) or Jeffers’ *Feel the Fear and Do it Anyway* (1991). Not all of this literature is American; third spirit managerial ideology has been widely produced elsewhere, such as the massive-selling memoir of Jan Carlzon, former CEO of Scandinavian Airlines System (SAS Group). Published in 1985, the book’s Swedish title is *Riv Pyramiderna* which translates as *Tear the Pyramids Down*. (It was eventually translated into English with the somewhat evangelical title *Moments of Truth* (Carlzon 1987).) There is even some Japanese literature in this mould. One popular business text turns the ultra-strict Japanese version of the second-spirit ideology upside down. Referring to the Japanese saying ‘the nail that sticks up will be hampered down’ Terao’s text (which perhaps loses something in translation) is
entitled ‘The Nail that Doesn’t Stick up Might be Thrown Away’ (see Matanle 2004: 107). Employees are instructed to take responsibility for their own careers and ‘employability’, and to enjoy the freedom, creativity and spontaneity of organizational life freed from the rigid hierarchies of managerial capitalism.

The ‘third spirit’ reflects, therefore, a more flexible but also more ruthless form of organizing. A positive interpretation suggests that third spirit organizations are more open and transparent, with greater gender and ethnic diversity, as the insider-dominated and cliquish management associated with the second spirit of capitalism withers away. Managerial work under investor capitalism becomes more interesting and rewarding and less routine and rule-bound as authority is devolved downwards and spans of control broadened (Hassard et al. 2009). Careers become less of a straightjacket, and there is less of a stigma attached to staff deciding to seek pastures new. Under managerial capitalism, or the second spirit, company paternalism could be restrictive and overbearing.

All of these changes are constituent parts of a ‘new organizational ideology’ (Hassard et al. 2009: 13; McCann et al. 2004) that both reflects and prescribes moves beyond scientific management, rationalism, strategic planning and management by objectives, and portrays and prescribes flatter, less hierarchical organizations, with fewer rungs of middle management, shorter job tenures, and much wider and more demanding work roles for managers/leaders. Companies and public service bureaucrats cannot be dominated by self-serving and complacent insiders; work organizations have to orient themselves to the demands of customers, shareholders and end-users. Such ‘third spirit’ type literature is also highly critical of established professional privileges such as those of the civil service, physicians, or engineers.
According to critics like Peters, these entrenched hierarchical groups have always sought to serve their own ‘bureaucratic’ interests, rather than those of customers or shareholders. (For an interesting defence of bureaucracy, reclaiming its Weberian sense of fairness, stability and professionalism, see du Gay (2000).) Discarding entrenched practice is a key theme of the 1980s and 90s’ fashion for ‘business process re-engineering’ (Hammer and Champy 1993), ‘culture change’ programmes (Kanter 1989), and lean operations (Womack et al. 2007 [1990]), in which corporations have to radically change their organizational shape and the ways in which they confront market imperatives. To use the words of a senior leader at a US automotive company interviewed in Hassard et al.’s study of contemporary corporate restructuring, the challenge means ‘rolling the triangle’, a process that sounds easier said than done (Hassard et al. 2009: 99).

Yet amid the prescribed changes, dark clouds continue to hang over the downsized, re-engineered, and re-visioned organization of the leadership age. Flattening or ‘delayering’ a hierarchy and throwing the SOPs on the bonfire might appear as steps towards democratization and liberation for organizations and workers (Sennett 2007). But it also typically means downsizing the organization, removing managerial jobs and radically expanding middle managers’ spans of control. As the intermediate ranks are removed or merged, managers become responsible for ten, twenty, even fifty direct reports – a span of control far wider than the classicists would have thought humanly manageable. Field research on changes to managerial work almost universally suggests huge increases in workload for managers at all levels of the hierarchy (Hassard et al. 2009; McCann et al. 2008; Tengblad 2006). Organizational ‘silos’ are eliminated and managers are expected to work in ad hoc teams that operate across all lines of business. Work groups are put together and pulled apart with
dizzying rapidity. Once solid, stable, monolithic workplaces now totter on shifting sands. The ‘management speak’ of visions, world class, ‘good to great’ and leadership ‘empathy’ is often inauthentic, as top management sits in an ‘echo chamber’ of its own making, refusing to listen to employee concerns (McCann 2013; Parker 2014). ‘Leaders’, like so many ‘managers’ in earlier times, are in danger of becoming arrogant, remote and detached. Some leadership writers, such as Zaleznik (2004 [1977]: 77, 79), argue that leaders ‘react to mundane work as to an affliction’, and that leaders ‘may work in organizations, but they never belong to them’. Such an elitist orientation can mean that ‘leaders’ become indifferent, careless of detail and remote from reality; pretty much the same failures that old-line ‘management’ was so often accused of.

For example, the ‘Force Transformation’ policies of former US Defense Secretary Donald Rumsfeld were about redesigning the Pentagon away from doctrines of overwhelming force of numbers and making US armed forces ‘leaner and more lethal’ (Gordon and Trainor 2006: 3). This involved ‘doing more with less’ and outsourcing large areas of expertise to private contractors. War was downsized (Malkasian and Weston 2012). A ‘revolution in military affairs’ was promised (Godfrey et al. 2014), yet the results have been disastrous: counter-insurgency ‘quagmires’ in Iraq and Afghanistan, and brutal humanitarian scandals such as Abu Ghraib and Nisour Square. Just as McNamara in the 1960s was excoriated as a failed ‘manager’, Rumsfeld the archetypal ‘leader’ was similarly reviled in the 2000s. Both were ‘brilliant but fatally arrogant’ (Diamond 2007: xiii).

With the limitations of managerialism so obvious, there is a large literature that is deeply critical of its ‘fads and fashions’ (Abrahamson 1991; Keiser 1997), asking, for
example, ‘Has Tom Peters lost the plot?’ (Collins 2008). Cullen (2009) provides a highly critical dissection of Steven Covey’s *7 Habits of Highly Effective People* and Boje and Rhodes (2006) ironically suggest that Ronald McDonald is the perfect example of a ‘transformational leader’. Criticism is also levelled at the gurus from more conventional areas, such as two articles in the mainstream management journal *Academy of Management Perspectives* which demolish the shaky methodologies employed by Jim Collins (2001) in *Good to Great* (Neindorf and Beck 2008; Resnick and Smunt 2008). It is also important to bear in mind that there are many different strands of managerialist literature and that key authors regularly critique one other. Collins is a major leadership guru but is highly critical of celebrity CEOs, dislikes faddism and suggests that genuinely successful firms do not indulge in radical restructuring. In his view, long-term sustainable success comes from steadily doing things correctly and genuinely, and that top leaders should be quiet, self-effacing, disciplined characters – almost a traditional ‘second spirit’ strategy, not dissimilar from Japanese practice. One of the most powerful prescriptions made in Peters and Waterman’s *In Search of Excellence* (1982) was ‘stick to your knitting’, an idea that somewhat contradicts Peters’ later writings which emphasize nimbleness and radical change.

Contradiction, verbiage and hyperbole in leadership are overwhelming, encouraging some observers to pine for a return to managerial capitalism, or the second spirit (Sennett 2007). Even if it was boring, mundane and slow, at least it appeared to have Deming’s ‘constancy of purpose’. If the ‘management’ of the Drucker era was just ‘a mystique’ then so too is ‘leadership’ today. Both are forms of managerialism that require careful observation from a critical distance.
CONCLUSION

We have come full circle, returning to the issue of management and leadership as contested and uncertain concepts. For many critics, leadership is just a new word to describe management. Despite the ‘selling’ of managerialist ideologies as indispensable practical technologies, leadership ‘best practice’ is often difficult to find in the real world and is increasingly difficult to meaningfully adopt. Managerial ideology may be becoming increasingly ‘fictionalized’ (Gantman 2005) as it becomes ever more commercial and ubiquitous. Perhaps the superficiality and fiction of leadership is part of its attraction as a fad – prescribed notions of ‘authenticity’, ‘spirituality’, and ‘emotional intelligence’ are deliberately vague and slippery so as to allow easy and superficial ‘adoption’ (Benders and van Veen 2001).

As this chapter has tried to demonstrate, managerial ideology clearly reflects the ‘spirit’ of the various historical eras. Yet throughout the three periods sketched above certain core themes remain essentially the same. Establishing and maintaining control and influence over human behaviour in organizations can be profoundly difficult. What are the most appropriate and effective forms of control? How much of it should be used? Where, on whom, and at what times? How is ‘performance’ to be measured? Although the tone and feel changes with the times, there are some problems that seem irresolvable, and managerial ideology often cannot make convincing claims as to its practical usefulness (Furusten 1999: 43; Gantman 2005: 4; Grey 2009; Perrow 1986: 52). The models of the gurus are simplistic and attractive but basically unfit for purpose. Managerial ideas and concepts can be highly ambiguous in nature, despite managerialism’s claims to remove ambiguity and replace it with certainty, accountability, and quality ‘assurance’. Take, for example, Kaplan and Norton’s Balanced Scorecard (1996: 76). While this model is simple and easy on the eye, the
arrows, boxes and slogans are just as abstract and ambiguous as Urwick’s a generation earlier, raising questions about how far we’ve really come. While this chapter is built around a simplified chronological structure of ‘management to leadership’, it is important to note that leadership is not a radically new concept, with classic leadership works published from the middle of the twentieth century onward, such as Selznick (1957) and Burns (1978). Management fashions can be cyclical in nature. Inevitably, some are now writing of The End of Leadership (Kellerman 2012).

Many have, therefore, suggested that managerial ideology is not to be taken seriously at face value as a set of solutions or toolkits or as a science perfected over time (Grey 2009). Instead its purpose is legitimization, to offer justificatory rhetoric and to reinforce the prestigious position of managers and ‘leaders’ in society (Anthony 1977; Gantman 2005). There is little or no evidence to suggest that organizational problems have actually been increasingly resolved by the evolution of managerial thought, unlike, arguably, medicine (such as the near-eradication of polio in developed societies), or the discoveries of nuclear physics (Gantman 2005; Grey 2009: 134). While there may be some useful elements in the theories of, for example, lean and process improvement, these are often drowned out by the language games and rhetorical devices used in ‘selling’ management ideas, in the multi-billion-dollar industry it has become. We have moved from Shop Management (Taylor 1903) to The Practice of Management (Drucker 1961). Thriving on Chaos (Peters 1988), we’ve experienced Moments of Truth (Carlzon 1987) along the way. We’ve been leaned, re-engineered and culture changed. We’ve even learned the Leadership Secrets of Attila the Hun (Roberts 1989). But to what effect?
It appears that we’re still looking for an answer as to the difference between management and leadership. Such is the extent of the dethroning of ‘management’ that a manager can now be a sub-routine in an operating system or software package, such as Microsoft Windows’ ‘Local Session Manager’. Anyone, even anything, can be a manager – that’s easy. Being a leader appears to be considerably harder. But even this is unclear. In recent years, the language of the leader has also been cheapened and downgraded. One reads of a perceived need to build ‘middle leaders’ in organizations (Martin and Waring 2013) and develop ‘distributed leadership’ (Gronn 2002). It is not just organizations as wholes that need leaders; lower sections and other bits of organizations (such as middle ranks and temporary projects) now have ‘leads’. Public servants such as emergency responders or social workers enact ‘street-level leadership’ (Vinzant and Crothers 1998). Fast food chains hire ‘team leaders’ rather than supervisors.

Amid the boosterism around spiritual, creative, authentic, charismatic, distributed, transcendental, transformational, or extreme leadership – not to mention our indispensable ‘toolkits’ of emotional intelligence, leadership development and 360-degree feedback – we are also increasingly seeing attacks on the discourse of leadership and leaders. Although the mainstream leadership discourse has long praised leaders for their special abilities to work with empathy and to ‘excite people’ (Zaleznik 2004 [1977]: 77), recent scholarship has increasingly characterized these ‘special’ personality traits as pathologies rather than virtues. A large literature now discusses ‘toxic leadership’ (Reed 2004) corporate psychopaths (Boddy 2011; Byrne 1999) and narcissism (Stein 2003). Scandals, failure, hubris, authoritarianism, bullying and other forms of malpractice continue to haunt organizations (Lemmergaard and Muhr 2013; Locke and Spender 2011). Former Sunbeam CEO Al
Dunlap – nicknamed ‘Chainsaw’ – was especially notorious. In the words of a financial analyst interviewed in Byrne’s biography: ‘Al was like morphine … He was a drug. … Al didn’t just cut costs. He pulled out the fat and the muscle, the tissue, the plasma, the neurons, and even the skeletal structure out of organizations’ (as quoted in Byrne, 1999: 341). How’s that for ‘extreme’ leadership?

None of this critique, however, has dislodged the privileged position of management and leadership (Gantman 2005; Parker 2002). Managerialism is so ‘established’ in everyday life (Klikauer 2013: 2), it seems unlikely that either ‘management’ or ‘leadership’ are going to disappear or radically change. There will always be attempts to redefine and reboot the academic and popular business literature. Future research into the adaptation and evolution of managerialist ideas and language will likely have to grapple with the complex tasks involved with trying to understand both how managerialist ideology is developed, framed, adapted and promoted as discursive constructs, and also how these products (such as the various ‘leadership’ offerings described above) filter into organizations; how they are experienced, translated, adapted, questioned, and sometimes rejected, by managers, staff, and customers and service users. There is fertile ground for further sociological inquiry into the impact of these discourses at workplace level. For example, ambitious efforts are being made in certain circles to recast leadership as ‘a science’, often using psychological notions such as ‘emotional intelligence’ or even turning to neuroscience and genetics for answers to the age-old problem of whether leaders are born or made as they promote various configurations of ‘best practice’ leadership as solutions to workplace problems (see Jackson and Perry 2011: 140). However, recent and ongoing in-depth sociological and organizational research, including into so-called ‘world class’, or ‘best practice’ workplaces, continues to find incompetence, wastage, toxic
behaviours, heavy workloads, stressed employees, problematic metrics and target-chasing, and deep cynicism about the value of ‘management speak’ (see, for example, Hassard et al. 2009; Leavitt 2007). Is leadership discourse part of a solution to these problems or does it help create them? Interestingly, mainstream cultural discourse – novels, movies, news media – is often highly critical of managerialism (Parker 2002: 135). Widespread questioning and critique, however, does not seem to have slowed the progressive spread of managerialist ideology into ever-wider social, political, cultural and organizational fields. Quite why managerialism seems to retain such strong ideological power and longevity is also a timely question for further inquiry.

REFERENCES


