



Management in the Age of Prosperity, c. 1940–1990: Section Introduction

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Abstract

Welcome to this section of the handbook, which focuses on the history and development of management in an intellectual and practical sense between the 1940s and the 1980s. The introduction provides a brief overview of the themes of the period which the chapters in the section go on to explore in more detail.

Keywords

Planning · Managerialism · Keynesianism · Post-War World

Introduction

When Bradley Bowden, the overall editor of this handbook, approached me to edit this section, based on the management history of the 1940–1990 period, I jumped at the chance. Growing up in its aftermath, in the 1980s and 1990s, the contradictions and challenges the post-war period threw up for economies and societies around the world have long fascinated me. As a graduate student in the late 2000s as the global financial crisis of 2007–2008 played out, I had the opportunity to teach on a module focusing on Britain’s economic and business history from 1945 to 2000. The

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complexity even of this story was both intriguing and gripping, and the phenomena within it set the subtext of many expectations, whether economic, social, political, legal, technological, environmental, or cultural that continues to play out in the twenty-first century. To meet these many opportunities, challenges, and contrasts, the discipline and practice of management also came of age in some ways, defining itself, and arguably perhaps even reaching the apogee of its powers. This section of the volume attempts to give a flavor of some of these opportunities, challenges, and contrasts. To some extent, it is centered on the experience of Western economies, particularly the USA and UK, and I accept that this is an inherent weakness, but these economies were in some ways dominant of the global discourse in this period, both positively and negatively, particularly in terms of the practice and ideology of management and this in itself makes them worthy of our study. I hope that you enjoy the chapters of this section and find them useful in your own work.

Planning and Managerialism

The era opened with the cataclysm that was World War II, fought globally between 1939 and 1945. Two regional conflicts in Europe and on the Pacific Rim essentially combined through the overlapping involvement of the lingering European empires, particularly the British, French and Dutch, together with the emerging global powers of the Soviet Union and the United States. As well as representing a triumph against the fascism of the Axis powers, Germany, Italy, and Japan, the war represented something of a re-arrangement of international geopolitics. The remaining European empires were fatally weakened through a complex process involving both the re-assertion of the rights of aboriginal peoples around the world and the subversion of their metropolises to the wider needs of the Cold War which would emerge between the United States and the Soviet Union. A new system of international relations and economic governance was put in place through the foundation of the United Nations and following the 1944 Bretton Woods conference, which aimed to establish a stable gold-based system for world currency, together with the introduction of the Global Agreement for Tariffs and Trade. The war had brought with it its own challenges of mass organization, creating a need to assess the suitability of potential leaders and train them, and Alice White's ► [Chap. 38, "Organizational Psychology's Golden Age, 1940–1970"](#) looks at the rise of organizational psychology, which emerged from the military in allied countries to become a major tool for management selection and training.

This new global system encouraged the emergence of what Jones (2009, p. 144) has described as the third era of globalization, with an increasing emphasis on cross border trade in intermediate products and horizontal FDI with the expansion of multinational enterprises across borders, in the capitalist world at least. This impetus created new opportunities for managers and the overarching ideology of managerialism based around the planning and coordination of economic activity by dispassionate administrators, people who were ideally separated from the ownership of capital. This will be the starting point for Kevin D. Tennent's

► [Chap. 34, “The Age of Strategy: From Drucker and Design to Planning and Porter”](#) on the development of the strategic management discipline. It is worth noting at this point, however, that this mid-twentieth century phenomenon was an inheritance from an earlier era, the Second Industrial Revolution, characterized by the emergence of scientific management (Taylor 1911) together with M-form structures (1962, 1977), and was then amplified in importance by thinkers such as Adolf Berle in the search for solutions to the Great Depression of the early 1930s. Berle and Means (1932) championed the concept of managerialism as an opportunity to allow the dispassionate redistribution of corporate profits; this idea was, to some extent, accepted in the mainstream of American corporate thinking until the 1970s (Smith et al. 2018, 2019) and further advocated by thinkers such as Peter Drucker in his many works (e.g., 1946, 1955, 1967, 1974), a selected few of which are considered by Tennent in his chapter. This organizational turn, based upon large-scale hierarchy and administrative bureaucracy, was not just confined to the United States, and critical conservative authors such as Burnham (1942) noted its similarity to the systems of political and economic coordination used in totalitarian fascist and communist states, and thus identified it as a potential threat to western democracy (McLaren 2011; Mollan 2019). These organizations, identified as the “modern industrial enterprise” by Alfred D. Chandler (1962), were easily conflated with the broader growth of government intervention in capitalist economies since the 1930s and which picked up in speed in the 1940s and 1950s, largely allied with demand-side stimulus economics inspired by the ideas of John Maynard Keynes (1936). Chandler’s historical work, at first intended to “diagnose the present” more than the past, is the subject of ► [Chap. 35, “Chandler and the Visible Hand of Management”](#) by Kevin D. Tennent, while chapter “Keynesianism and its Social and Political Influence” will investigate the hegemony of Keynesian thinking in the period.

The immediate aftermath of World War II, through to the early 1970s, was marked by a period of recovery then an age of untrammelled prosperity previously unknown, yet a series of new challenges and contradictions emerged. The industries of the Second Industrial Revolution reached their apogee in America and Europe, fuelled by the Cold War, rising consumerism and motorization, further encouraging the rise of the service sector. Wages reached record levels and living conditions improved dramatically, together with an expectation of full employment, while unionization reached new heights. Jim Philips’ ► [Chap. 36, “Industrial Relations in the “Golden Age” in the UK and the USA, 1945–1980”](#) on industrial relations in the “golden age” investigates this phenomenon further. Medical breakthroughs such as antibiotics improved infant mortality dramatically, meaning that the post-war “baby boom” generation came to have a substantial economic, political, and cultural impact throughout their lives which is still playing out today, and which remains to be fully known as they enter old age. The economies of West Germany and Japan bounced back dramatically after the war, creating a sense of insecurity in English-speaking countries around the competitiveness of industry. Perhaps the impacts of these trends were most apparent in Britain, which saw continued economic growth and full employment based on service sector expansion in the London area at the same time as industrial decline in the North, Midlands, and Scotland, while seeing

the loss of sterling as an exchange currency. John Quail will concentrate on attempts to introduce new management ideas into British industry in his ► [Chap. 39, “British Management 1950–1980.”](#) Undoubtedly the age of high managerialism, coupled with large-scale political and economic planning, the 1950s and 1960s saw considerable prosperity and progress. Alongside the planning came consumerism and an increasing need to orient strategy toward the market, a phenomenon which Alex G. Gillett investigates in his ► [Chap. 37, “The Rise of Marketing.”](#)

Conversely as the 1960s wore on and turned to the 1970s, there was considerable evidence that managerialism and the related discipline of rationalized strategic planning seemed to be failing both society and the economy, and was having a destructive impact on relations between the west and the rest of the world. One of the most high profile failures of strategic planning was the American escalation of the Vietnam War, led by Defense Secretary Robert McNamara, hired from Ford by President Kennedy to apply data-driven techniques (McCann 2017, p. 495). As the war continued and the Vietcong successfully engaged the American forces using guerrilla tactics, McNamara got caught up in a deadly feedback loop of planning for larger and larger direct applications of air and land forces. Meanwhile, in the economic sphere, the failure of the Penn Central Railroad in 1970 was blamed upon bureaucratic managerialism (Daughen and Binzen 1971). In the UK, the 1964–1970 Wilson government assumed the problem was that British industry was falling behind those of America, West Germany, and Japan due to a lack of scale, pumped money into the modernization of industry built new plants in declining industries, and forced companies to merge together, but ultimately failed to arrest the relative decline of the country’s manufacturing sector (Owen 1999). Some of the trends investigated by Quail fall into this broader theme. This contrasted with the West German system of Ordoliberalism introduced after World War II in which the state had not interfered in the allocation of resources within industry, encouraging the relatively small firms of the *Mittelstand* to concentrate on consolidating technological advantage while introducing workplace co-determination in which workers were given seats on boards in 1952 (Bonefeld 2012; Kuntz 2018).

The Fall of Planning

The increasing confidence of postcolonial states who had acted to nationalize and expropriate western assets was to some extent exemplified by the 1973 oil crisis in which a group of Middle Eastern countries successfully exploited their position as oil exporters to send an inflationary shockwave through the western world. This unforeseen ripple destabilized economies though increasing inflation and unemployment such that Keynesianism was seen as unable to provide an effective response, and to a large extent hastened the turn away from planning that characterized the late 1970s and 1980s. Ironically, the crisis benefitted the Soviet Union, then expanding oil exploration, which was able to increase its lending to developing countries as the west was forced to retreat (Painter 2014). These shocks caused great impetus for change in management studies, with a Friedmanite (1962) view of the role of the

corporation taking over, and encouraging management theory to narrow also, not just dropping planning, but with a confinement of the role of management to the economic sphere. The dogma of competition inspired by supply-side neoclassical economics replaced Keynesianism by the mid-1980s. This trend was perhaps best symbolized by the role of the work of Michael Porter (1979, 1980, 1985, 1990) who characterized corporate strategy as being oriented to the suppression of mobility barriers, but also a reduction in the role of labor unions, particularly in English-speaking countries. Once the Berlin Wall fell in 1989 and the Cold War ended, competition-based capitalism was assumed to have triumphed, despite the relative resurgence of China following reforms in 1979.

By the end of the period considered by this volume, a new form of stability had emerged. World War II remained important in social consciousness, but the sense of economic communalism and grand-scale corporatist planning for a progressive future it had engendered had evaporated as the need to rebuild had disappeared. The oil shocks themselves had reduced the faith of business in planning, together with a concern that management's time and effort was becoming tied up in unproductive processes. The state too tried to turn away from large-scale bureaucracy to an extent turning to the "New Public Management" in an attempt to run its organizations more efficiently (McLaughlin et al. 2002), partly placing an emphasis on relational working, a theme which Gillett's chapter addresses. The discipline was refocused, shorn of its societal role, but yet in this form found new relevance with the entry of the business or management school to the traditional university around the world. Managerialism, though more often at the time known as "administration" had been all powerful in the 1950s and 1960s, but had ultimately not succeeded in creating the progressive, enlightened society that its adherents from Berle to Drucker and Andrews had hoped for. This credo would be overtaken by a financialized form of management in which resources were allocated to production only to satisfy the needs of shareholders for a return, in both manufacturing and the newly risen service (and professional services) industries. The state and the allied force of industry in the form of professional managers were therefore easily portrayed as having failed in the post-war decades, ironically encouraging the rise of a new form of management more narrowly concerned with economic outputs. This "neoliberal view" would turn out to be perhaps more hegemonic in the 40 years following 1980 than managerialism and Keynesianism had been between 1940 and 1980. This was a fascinating period of contradiction and change indeed, both in management and the contested spaces of its activity, and I hope that the collection of chapters we present here goes some way toward satisfying the need for an explanation of its evolution and development.

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