The Ideology of Excellence: Management and Neo-Conservatism

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The best-selling business book of all time is *In Search of Excellence* by Tom Peters and Bob Waterman. It is also the most popular book of any kind in Harper & Row's publishing history. Some five million copies had been sold by 1985, including fifteen translations. The Japanese edition sold three hundred-thousand copies in six weeks. It is reported that "many excited chief executive officers have ordered dozens of copies to be distributed to their managers", and that the authors have been "inundated with requests" for speeches and seminars. A three day seminar called "Towards Excellence" sells at $15,500 plus $105 per participant for materials.
In a 1985 sequel to the book, entitled *A Passion for Excellence*, Peters claims he has conducted about five hundred such seminars since 1982, attended by one hundred to two hundred-thousand people. He has also established five companies, linked through the Tom Peters Group, with total annual revenues, including royalties, of four to five million dollars. In short, Peters and Waterman—especially Peters—have grown rich, not just as authors but as entrepreneurs who aggressively market neither widgets nor mousetraps, but management "theories" designed ostensibly to remedy capitalism's ills.

Yet two years after the book's publication, *Business Week* provided empirical evidence that the "excellent" companies may not be so excellent. Management guru Peter Drucker dismissed *In Search of Excellence (ISOE)* as a "book for juveniles", a fad that would not last another year. The aim of this article is to analyze this book, and to demonstrate that its commercial success—despite its obvious flaws—is attributable in large part to the neo-conservative political ideology which it so obviously embodies. *ISOE* is Reaganism writ small. It is the glorification of entrepreneurialism and its ideological by-products, and as such, is completely in tune with the neo-conservative temper of the times. So too are its methodological and theoretical flaws.

ISOE is, in fact, merely the most recent in a long line of similarly flawed management techniques whose origins are in the Hawthorne experiments, and whose most important recent manifestation is Quality of Working Life (QWL). These management "theories", each inspired and promoted by social scientists, seek the managerial Holy Grail: a means of stimulating or energizing workers, "motivating" them to increased production without higher pay or improved conditions.

**In Search of Excellence** According to Peters and Waterman, "excellent companies are the way they are because they are organized to obtain extraordinary effort from ordinary human beings." Creating extraordinary effort is management's main job. "People in important management positions should not only be enthusiastic themselves, they should be selected for their ability to engender enthusiasm among their subordinates."
How can managers engender this enthusiasm and intensity of effort? The answer is rooted in the authors’ finding that people's greatest need is to find meaning in their lives. Thus the main managerial task is to create meaning: “the excellent companies seem to understand that every man seeks meaning”. This is done by using stories, slogans, symbols, rituals, legends and myths—the excellent companies are “rich tapestries of anecdote, myth and fairy tale”—which together, “convey the organization's shared values, or culture.” The authors find that, “so much of excellence has to do with people's being motivated by compelling, simple—even beautiful—values”; and that, “shared values in the excellent companies are clear...because the mythology is rich.”

How do managers create and convey this rich mythology? In large part through the “language of uplift and idealism,” directed to the creation of corporate “heroes” or “champions”. At Proctor and Gamble, the “entire socialization process” is aimed at making managers believe they are heroes; at Schlumberger, the process “involves socializing the managers to believe they are would-be champions”; the Hewlett-Packard way involves “filling its basic indoctrination book, The HP Way, with vignettes about those who started at the bottom and made it to the top”; while at 3M, “the company's leadership celebrates its heroes—past and present”, so that “the would-be champion gains encouragement from the panoply of heroes tales”. So intense and effective is 3M's celebration of heroes that “the brainwashed members of an extremist sect are no more conformist in their central beliefs.” The result: ordinary people exert extraordinary effort and are feted as corporate heroes, which then motivates them to even more extraordinary efforts.

The role of corporate heroes is elaborated by Terrence Deal and Allan Kennedy, who acknowledge Tom Peters as “the intellectual and spiritual godfather” of their book, Corporate Cultures. "The impact of a strong culture of productivity is amazing. In the extreme, we estimate that a company can gain as much as one or two hours of productive work per employee per day." The cultural values which can generate such speed-ups (they do not use this word) are created and transmitted “primarily by the company’s lead players—its heroes.” About heroes, the authors wax eloquent. “It is time that American industry recognized the potential of heroes. If companies
would treat people like heroes even for a short time, they might end up being heroes.” And heroes are desperately needed. For example, “Detroit is desperately in need of a visionary hero. . . to build a cheaper and better car”.

This is more than just a deus ex machina approach to capitalist salvation. It is a call for a return to individualism, laissez-faire, and the swashbuckling, Horatio Alger entrepreneur. Their ideas—and Peters’ and Waterman’s—“will turn us all into entrepreneurs. . . . The aim should be to give ordinary people more scope for becoming tycoons than they have had since the Industrial Revolution was young.”

For Peters and Waterman, language plays a second role—after “uplift and idealism” and corporate heroes—which is directed less at managers than at workers. “Most impressive of all the language characteristics in the excellent companies are the phrases that upgrade the status of the individual employee.” For example, “there is no such thing as a worker at Disney. The employees out front are ‘cast members’ and the personnel department is ‘casting’.” Blushing only slightly, the authors push on fearlessly in search of managerial truth: “we know it sounds corny, but words like Associate (Wal-Mart), Crew Member (McDonald’s), and Cast Member (Disney) describe the very special importance of individuals in the excellent companies.” As Rene McPherson, President of Stanford Business School, and one of the heroes of the book, said in reference to a Ford advertisement: “Damn it, they talk about ‘workers’. Why not ‘people’?” Indeed. And damn it, why just people? Why not family? “We found prevalent use of the specific terms ‘family’, ‘extended family’, or ‘family feeling’ at Wal-Mart, Tandem, Hewlett-Packard, Disney, Dana, Tupperware, McDonald’s, Delta, IBM, Texas Instruments, Levi Strauss, Blue Bell, Kodak and Proctor and Gamble”. In fact, at IBM and Texas Instruments—included among the “excellent” companies—“it is forbidden by directive to use the word “employee”.

An example: McDonald’s Deal and Kennedy call McDonald’s a model organization. Its corporate culture is “almost a mystique”; managers should look to it for inspiration in their search for managerial excellence. It has a “people-oriented” culture. Says a former colleague of Peters and Waterman: “one
of the things that strike me most about McDonald's is their people orientation. I never saw a client that seemed to care so much about its people.” McDonald's even has a “no-boss structure”. How does this no-boss company, this exemplar of managerial excellence, express its extraordinary concern for people?

McDonald’s managers are encouraged “to keep things lively”, and so they do. At one store, the manager “livens up the lunch-time rush hour” with a $5.00 bonus to the cashier with the highest sales, and awards a plaque “to the crew member of the month”. Employees breaking the hourly sales record get a $1.00 bonus; $300.00 in sales in an hour wins every employee $1.00; a record sales day wins everyone $2.00. As Ray Kroc, McDonald’s founder, put it: “When you are in this business you are in show business. ..Every day is a new show. It’s like a Broadway musical.” Or even like the Olympic Games. Crew members are encouraged to compete for a spot on McDonald’s “All-American Team”, and the “First National Hamburger Olympics” was held in Las Vegas in 1972. The purpose: to create a culture of extraordinary effort. The result: “the culture’s intensity is McDonald’s secret.”

But hoopla and razzle-dazzle is not the full story. The lively, “people-oriented” culture is but a complement to the speeded-up, Taylorized, assembly-line production of food. As Kroc put it: “A well-run restaurant...takes advantage of every split-second opportunity to speed up service.” And speeded up it is: “The pace is fantastic. It’s interesting to watch those kids do it. It’s unbelievable, they go so fast.”

Kroc was the Frederick Taylor of fast foods. His view was that “there is a science to making and serving a hamburger”, and once the “one best way” was devised—Kroc established a laboratory in 1961 for this purpose—all crew members need do is follow the formula. The formula is in “the book”, a “385 page operations manual, a Gideon of the Golden Arches crammed with details down to the minutiae of running the hamburger business.” “Cooks must turn, never flip, hamburgers one, never two at a time...cashiers must make eye contact with and smile at every customer”; the bag must be presented with the fold away from, never toward, the customer; and on and on. Working at the grill at McDonald’s is “like putting a nut on a car all day. You just stand over a hot grill cooking.
food, cooking food, cooking food. Same process all day. Sear, turn, lay, sear, turn lay." "Grease burns, irregular hours, autocratic bosses, sexual harassment and low wages all come with the quarter pounder."

Peters and Waterman are correct—the culture’s intensity is the secret. Behind the hoopla and razzle-dazzle of competitive games and prizes lies the dull monotony of speeded-up, de-skilled Taylorized work—at McFactory. And McFactory’s fuel is cheap labour—part-time, teenage, minimum wage, non-union workers.

Says Kroc: “The unions haven’t been able to touch us with a ten foot pole. . . . Hell, we got employees going to football games, basketball games, track events, hockey games. We have picnics for them. We have theatre parties. We have softball games and on and on.” When the Detroit Fastfood Worker’s Union tried to organize three McDonald’s outlets in 1980, McDonald’s brought in football hero, Earl Campbell, to sign autographs for “crew members”. Two days before the vote, workers played McBingo and watched themselves at work on video tape. As “We Are Family” played in the background, “Vote No” flashed across the screen. On election day, workers got two cheques. “One was a paycheque—minus $20; the other was a cheque for $20. Twenty dollars was what it would cost them to join the union, the workers were told. They were not told that the $20 would be dues for an entire year. Many thought they were getting a bonus.” The union lost. Such is the culture—the myths, symbols and rituals—of managerial excellence.

At McDonald’s, union-busting never stops, though its form may change. In the mid 1970s, in the face of labour restiveness and the threat of unionization, McDonald’s Hamburger University introduced a new course dealing with “the psychological methods of managing McDonald’s vast work force”. The course, “Personnel I”, emphasized “motivation” and “communication”, and aimed to promote a more “positive” attitude.

Transactional Analysis (T/A) became the rage, and “everybody, including the Dean, carried a paperback copy of Dr. Harris’s best selling I’m OK - You’re OK”. McDonald’s crews, mostly sixteen to eighteen year old first-time employees, have to be “McDonaldized”. “That consists of “taking kids off the street” and teaching not only the art [sic] of Egg McMuffins,
but also keeping a smiling, well-groomed appearance consistent with the corporate image. That's why courses such as “McPac”, McDonald's transactional analysis, are required." One T/A technique is called “stroking”: “giving signs of “recognition” and even “physical touch” in order to prompt other people's behaviour and make them act in desired ways.” After all, crew members are just adolescents, “and they're searching and they're looking, and one of the things they search for is their own identity.” Or, as Peters and Waterman would say, they are searching for “meaning”. Hamburger U. and its dedicated faculty try to sort out the problem of meaning in life, and to identify what their crew members need. “If that need is for recognition, then try to give that individual crewman recognition. A slap on the back, just saying hello is sometimes enough. “Who needs unions and decent wages? Myths, symbols, rituals, all in pursuit of extraordinary effort—that is what life, or at least managerial excellence, is about. That is what makes McDonald's the prime example of the “no-boss organizational style” that is “sweeping the country.”

**The Manager as Cheerleader**

As Peters and Waterman put it: “The systems in the excellent companies are not only designed to produce lots of winners; they are constructed to celebrate the winning once it occurs... They are full of hoopla.” In such excellent companies, “the management task becomes... leading the cheers”.16

Tupperware saleswomen attend a weekly “Rally” where “almost everyone... receives a pin or badge” and “Applause and hoopla surround the entire event”. At the annual “Jubilee”, three thousand saleswomen are feted with awards, prizes and ceremonies of all kinds.” A similar atmosphere prevails at Mary Kay's annual “Seminar”, described by Mary Kay herself as “a combination of the Academy Awards, the Miss America Pageant, and a Broadway opening. There are dazzling awards, competition, drama and entertainment.”

Nor is this managerial method confined to such sales companies. At Foxboro, the “gold banana” pin is the highest accolade for scientific achievement, an example of “intangible but ever-so-meaningful attention from top management.” Another company awards “Attaboy” plaques, and to someone who receives five “Attaboys”, a “Gotcha” plaque. The analysis: “Awards
such as “Attaboy” are serious because they are signs of belonging to the culture.” In fact, the “volume of contrived opportunities for showering pins, buttons, badges or medals on people is staggering at McDonald’s, Tupperware, IBM, or many of the other top performers.”

Belonging to the culture can also be achieved by company songs, such as those from the IBM Song Book—“We know you and we love you, and we know you have our welfare in your heart.” Or a manager could emulate Caterpillar, which stages an annual “machine day”—machines are dressed in costumes, given names, and engaged in contests. As one envious executive said: “The plant manager really enjoys whooping it up. The place became a smorgasbord of signs: “Beat Japan”, and the like. Why, they even enticed some Hell’s Angels types into singing “God Bless America”. At Wal-Mart, owner Sam Walton spends his time “leading local cheerleading squads at new store openings...and conducting soul-searching sessions with the employees.” The result: “Everyone at Wal-Mart feels like a winner.” And they show it. When “Mr. Sam” stands up at employees’ meetings and yells “Who’s number one?”, everyone yells back “Wal-Mart!” Peters’ and Waterman’s analysis: “So, it’s intense rah-rah, and, yes, it’s hokum, and—like so many other situations we see—it’s fun.”

They have fun at other excellent companies too. At IBM, one manager rented Meadowlands Stadium and had his salesmen run onto the field like football players. “As each emerged, the electronic scoreboard beamed his name to the assembled crowd. Executives from corporate headquarters, employees from the offices, and family and friends were present, cheering loudly.” The analysis: “IBM simultaneously reaffirmed its heroic dimension (satisfying the individual’s need to be part of something great) and its concern for individual self-expression.” They have fun at RMI too, where the company’s “remarkable success” is attributable “almost entirely to its adoption of an intensely people oriented productivity program.” RMI’s fun-filled, people-oriented productivity program was started when “Big Jim” Daniels, ex-captain of the Cleveland Browns, became Chief Executive. “Big Jim” has signs all around the plant saying fun things like “If you see a man without a smile, give him one of yours.” As reported in the Wall Street Journal, “The company’s logo is a smile-face, which is on the stationery,
on the front of the factory, on signs in the factory, and on the workers’ hardhats.” “Big Jim” has fun too, “riding around the factory in a golf cart, waving and joking with his workers”. Peters’ and Waterman’s analysis: “The theme of fun in business runs through a great deal of the excellent companies research.”

**In Search of Theory** What is to be concluded from such patent silliness? First, it is being taken seriously—and by managers—as evidenced by the sales figures of *ISOE* and its spin-offs. Second, Peters and Waterman take it seriously—as theory. They argue that the success of the excellent companies “reflects, sometimes without their knowing it, a sound theoretical basis.” Part of their project is to unearth that theory and make it explicit, and they warn readers in their preface that parts of the book, especially chapters three and four, “may be daunting, because they are devoted largely to theory.” Let us examine this theory, after a brief consideration of the methodological merits of *ISOE*.

First, the sample of “excellent companies” from which the authors derive their lessons is not clear. They started with seventy-five “highly regarded companies”, and in 1979–80 conducted interviews “in about half”. The other half were studied via a literature survey, followed by “intensive interviews with more than 20 of those companies.” Then thirteen companies were dropped because they were European, but did not “represent a fair cross-section of European companies.” We have no way of knowing whether the remaining sixty-two represent “a fair cross-section of American companies.” Two tests were then applied to these sixty-two companies. The first test was an examination of six long-term financial indicators—a company had to be in the top half of its industry in four of those six measures for the past twenty years to qualify for the sample. The second test was a survey of businessmen in the industry, asking them to rate the companies’ twenty year record of innovation. As a result of these tests, nineteen of the sixty-two companies were dropped, leaving forty-three. Of these forty-three, twenty-one were interviewed “in depth”, while twenty-two were given “less extensive interviews”. The authors then reveal that they conducted “extensive interviews” at twelve companies which did not meet the financial indicators test—i.e. twelve of the nineteen companies which were dropped
from the list of sixty-two were given "extensive interviews", while twenty-two of the companies that were not dropped got "less extensive interviews". So we are left with a list of sixty-two companies, which includes an apparently "operative" sample of forty-three, some of which were studied less extensively than were twelve of the nineteen that were dropped from the original sixty-two. Why this is so is not revealed. The authors then identify one more list, a group of fourteen "exemplars", which "without benefit of specific selection criteria, do seem to represent especially well" the characteristics of the excellent companies. Which of the lists of companies—the fourteen exemplars, the forty-three that passed the two tests, or the original sixty-two—comprise the sample of excellent companies from whence Peters and Waterman draw their lessons?

There is no way of telling. Nor can we tell why some were given "extensive" and some "less extensive" interviews. Nor is a control sample used. What is worse, the authors repeatedly use, as examples of their findings about managerial excellence, companies which are not part of the list of fourteen, or forty-three, or sixty-two, or seventy-five, but are drawn from elsewhere because they exemplified one or other of the attributes of excellence. This is the case, for example, with RMI, where "Big Jim" Daniels parleys smile-faces into corporate excellence. RMI is not on any of the original lists of excellent companies. Nor are Bell and Howell, Bloomingdale's, Ogilvy and Mather, and numerous others used as examples of corporate excellence. Nor are any banks. The authors state that, "although our experience with large financial institutions, and in particular banks, is extensive, they were thought to be too highly regulated and protected [then] to be of interest." And a Passion for Excellence refers to "banking, which was intentionally omitted from In Search of Excellence." Yet Chase Manhattan, Citibank and Bank of America are used as examples in ISOE when convenient.

Second, the authors made various empirical observations about managerial performance at companies deemed—apparently impressionistically—to be "excellent". They combined their observations into eight attributes of managerial excellence. They then sought theories—or parts of theories—which "fit" with various of their empirical observations. Upon finding such a "fit"—i.e., a "fit" between a part of one theory and one
attribute, and a part of another theory and another attribute—they claimed to have "buttressed" their empirical observations "with sound social and economic theory"; or even with "new theory", "leading edge theory."²⁰

Third, the authors have used very uncritically the theories and parts of theories which they found to "fit" their empirical observations. They draw upon industrial psychology, despite its repeated misuse.²¹ Only once do they refer to criticisms of a theorist whose findings they use. They admit that, "B.F. Skinner has a bad reputation in some circles", and then, on the grounds that "we tend to throw out some of Skinner's extremely powerful and practical findings",²² they proceed to extract from Skinner one element of his work—the use of positive, and more importantly, symbolic reinforcements—to "buttress" their empirical observations about "gold banana" pins and "Attaboy" awards.

Hawthorne and the Human Relations Movement Most of the theory used by Peters and Waterman to "buttress" their empirical observations is firmly rooted in the "human relations" tradition. Indeed, ±SOE is the latest in a long line of human relations-inspired managerial "solutions", whose origins lie in the Hawthorne experiments of the late 1920s to early 1930s. Peters and Waterman assert that management theory "is in refreshing disarray", but that there is "ferment" around one particular "stream of thoughts... The stream that today's researchers are tapping is an old one, started in the late 1930s [sic] by Elton Mayo and Chester Barnard. In various ways, both challenged ideas put forward by Max Weber... and Frederick Taylor." For Mayo, this came via the Hawthorne experiments, about which Peters and Waterman say: "For us the very important message of the research... and a theme we shall return to continually in the book, is that it is attention to employees, not work conditions per se, that has the dominant impact on productivity."²³ Workers' grievances are based not on reason, but on sentiments, and therefore the job of management is to "cultivate these sentiments, to attend to the social and emotional needs of workers", the result of which will be "increased output and harmonious relations."²⁴ The genealogy is clear. But is Peters' and Waterman's analysis of Hawthorne and its various managerial progeny accurate?
The experiments at the Hawthorne works in Chicago reputedly yielded revolutionary findings regarding motivation. Motivation is the underlying theme in the Hawthorne-inspired literature.

The classical theory of motivation, as in Taylorism, is based on financial incentives and tight, tough supervision. A worker's every movement is controlled; financial rewards follow increased output. Hawthorne stood this approach on its head: workers are motivated by humane supervision; financial incentives are much less important.

More important than money was better human relations, which would increase satisfaction, and thus output. This was “discovered” in the first Relay Assembly Test Room (RATR) experiment at Hawthorne, which yielded a 45% increase in output.

But Hawthorne has not stood up well to critical analysis. The classical motivators—money, and tight, tough supervision—are much more important than interpreters of Hawthorne have allowed, and their importance was evident in the experiments themselves.22 For example, when the Hawthorne data was subjected to a sophisticated statistical analysis, it was concluded that managerial discipline—specifically the removal of two of the original five operators in the RATR experiment because they were “uncooperative” and their production was dropping—plus the effects of the economic depression, accounted for most of the increased output.26

The importance of financial incentives was also confirmed by interviews with women who had been operators in the RATR experiment. “When we asked them what they liked about being in the Test Room, Theresa (Operator #3) immediately replied, ’We made more money in the Test Room.’” Figures quoted substantiate this claim. They made a lot more money in the Test Room. Theresa added: “Those days, I think that’s what made people good workers—they needed the money.”27 Similar feelings were expressed by the other RATR participants interviewed.

Yet the early Hawthorne chroniclers interpreted things differently. Theresa, then a teenager, was a principal wage-earner in a family of nine. She gave her cheque to her mother for the family, was not consulted about its use, and was given a small allowance. Whitehead, one of the original Hawthorne
Silver/Management and Neo-conservatism

chroniclers, concluded: “since operator 3 had no understanding or interest in its disposal her weekly cheque had no meaning to her.” Such questionable interpretations yielded the Hawthorne “finding” that money is a much less important motivator than classical management theory claimed.

The second major “finding” of the Hawthorne experiments—that improved “human relations” increases output—is similarly suspect. It is based on the belief that supervision in the RATR was more humane than was the norm at the time; that this led to the five operators being more satisfied and contented, and to their working more as a group and having a greater feeling of belongingness and participation in decision-making; and that these factors made them more willing to work hard. Yet two of the five “girls” in the RATR were removed from the experiment “because they persisted—to the point of alleged insubordination—in talking too much, and their output rates were dropping”. One of the two replacements “turned out to be the group’s quickest, most ambitious and most responsible member—in fact, its unofficial leader.”

Rather than lauding the motivational merits of human relations, the Hawthorne investigators might have been confirmed in the merits of a more traditional management technique: sack troublemakers; replace them with more ambitious and cooperative workers.

What accounts for such distortions? In part, it is the methodological weaknesses of Hawthorne. As Alex Carey concluded: “The limitations of the Hawthorne study clearly render them incapable of yielding serious support for any sort of generalization whatever”.

But the problem is deeper. Social scientists hire themselves out to management, and perform experiments in pursuit of techniques which are useful to management. The demands of managers who hire such people are inconsistent with the requirements of science. The result is the kind of pro-management, anti-labour bias for which the Hawthorne chroniclers have long been justifiably criticized.

Elton Mayo, Hawthorne’s most important interpreter and publicist, typified the problem. Chosen in 1926 to play a key role in the Rockefeller-financed Department of Industrial Research at Harvard’s Graduate School of Business Administration, his mission was to use social science to develop an enlightened management, able to meet workers’ social-emotional
needs, "thus ending various kinds of irrational hostility in the factory and the "need" for workers to unite in opposition to management" (i.e., via unionization). He saw "social conflict as the product of individual maladjustment", and attacked workers' class consciousness as a "psychopathological obsession." Subsequently, "Mayoism emerged rapidly as the 20th century's most seductive managerial ideology. What, after all, could be more appealing than to be told that one's subordinates are non-logical. . . that their demands for cash mask a need for your approval." A 1974 Hawthorne fifteenth anniversary symposium involving leaders of industrial behavioural science still supported Hawthorne. The first sentence of the first article in the collected papers of the symposium set the tone: "As practically everyone knows, the Hawthorne Studies were about the most important and influential pieces of scientific research ever done on the psychology of work." More recent criticisms of Hawthorne have produced outraged responses from supporters of the traditional interpretation.

Why would a debate about experiments conducted over fifty years ago be so heated? Because Hawthorne is the intellectual foundation of the entire body of management literature from human relations to QWL and ISOE. If Hawthorne is flawed, then these techniques are cast in doubt, and the behavioural scientists who derive income from the sale of Hawthorne-inspired managerial solutions stand to lose not just face, but money. There exists a vested financial interest in defending Hawthorne and all its progeny.

**Hawthorne-Inspired Management Theory** The managerial progeny of Hawthorne are characterized by the same methodological flaws and misinterpretations. The pattern is unchanging. A technique is introduced with great ballyhoo, pushed by consultants and other advocates whose intentions are to win the hearts and minds of workers in order to lure from them harder work without higher pay. Laudatory articles and books follow fast and furious, usually written by those who have introduced and financially benefitted from the technique. Then, on calmer reflection, the technique is revealed to be flawed—either it does not yield the productivity results claimed, or it does but for reasons other than those claimed, reasons having
to do with wage rises, staff cuts and/or tighter supervision. The technique's popularity then fades, only to be replaced by another new technique, which then goes through the same cycle. Job enlargement, job enrichment and Quality of Working Life—all Hawthorne-inspired—typify this phenomenon.

Job enlargement stemmed from post-war studies of assembly-line work, and was linked to Hawthorne through the belief that inadequate account was taken of workers' human needs. Thus workers were bored and dissatisfied, resulting in high absenteeism and turnover, as well as restricted output. It followed that there must be a "reservoir" of human potential, which could be "tapped" or "unleashed" by making jobs more "meaningful". Increased worker satisfaction would then translate into higher productivity, as purportedly had happened at Hawthorne. Job enlargement, though, went qualitatively beyond Hawthorne in changing the nature of the job via "horizontal loading"—adding more tasks of the same kind to a worker's job.

Though job enlargement enthusiasts claimed success, in 1968 a thorough review of the literature found that the classic studies provided little data and used inadequate experimental controls, and that their underlying assumptions "can be seriously questioned by numerous other studies." The review concluded:

The studies reviewed appear to be of two types. Those which have acceptable methodology...have generally not yielded evidence which could be considered as supporting the job enlargement thesis. Those studies which do appear to support such a thesis frequently contain a number of deviations from normally acceptable research practice.

Unfortunately, the former studies are in the minority and the latter studies have generated the greatest fervour and have been accepted as gospel by a large number of psychologists and human relations theorists.

The case for job enlargement has been drastically overstated and over generalized.66

Reflecting on the reasons for this, two scholars concluded in 1979 that many of the studies in question "read as if they were published to improve the public image of the firm at which the study was conducted. There is little incentive for a
firm to encourage the publication of a study which demonstrates the failure of a job enlargement intervention.\textsuperscript{37}

Nevertheless, job enlargement served as the bridge to job enrichment, in which jobs were “vertically loaded”—certain decision-making responsibilities were to be pushed down from supervisors to workers. Frederick Herzberg’s work formed the conceptual and theoretical foundation for this new technique.\textsuperscript{38}

Job enrichment was applied amid great publicity by Herzberg’s disciple Robert Ford—who also, typically, wrote up the results—at AT&T.\textsuperscript{39} By the early 1970s, it was the rage, popularized by books like David Jenkins’ \textit{Job Power},\textsuperscript{40} and \textit{Fortune} Associate Editor, Judson Gooding’s \textit{The Job Revolution}.\textsuperscript{41} Such titles convey the essence of the job enrichment claims. Jobs were to be revolutionized, which would then unleash the power to increase productivity.

Although “the management literature over the past 10 years has been overwhelmingly pro-Herzberg,”\textsuperscript{42} the whole project is suspect. One review of job enrichment studies found that almost every study showed severe methodological deficiencies.\textsuperscript{43} Another found that “job enrichment programs characteristically introduce a host of variables, thereby confounding analysis of the consequences of separate variables”.\textsuperscript{44} A third, comparing studies of various forms of motivation, found that “those involving job enrichment were the most consistently confounded with other variables.” This final review added, “It is striking that some of the best controlled studies of job enrichment obtained the poorest results.”\textsuperscript{45} Perhaps it is not surprising then, that Herzberg himself—the “father of job enrichment”—should have said in 1975 that “The inflated rhetoric and publicity that have accompanied the development of job enrichment are in sad contrast to the actual achievements.”\textsuperscript{46} Job enrichment’s status as social science is strikingly similar to Hawthorne and human relations, and for the same kinds of reasons—typically, Herzberg became an “entrepreneur”, “selling” job enrichment at seminars and speeches across North America.

Today’s hottest-selling management technique, besides \textit{ISOE}, is Quality of Working Life: in effect an amalgam of earlier Hawthorne-inspired techniques. Its popularity curve started upward in America in the mid 1970s, as job enrichment faded. QWL can take various forms, but usually it involves work
being done by groups who are given increased decision-making responsibility related to their immediate jobs; and also a redesign of jobs, at least insofar as they are rotated or enlarged or enriched. The theory is that workers will feel more satisfied with their enriched, more humane, more participatory work, so that productivity will rise and more cooperative relations with management will ensue.

But the empirical record of QWL does not bear this out. Much evidence suggests that QWL experiments do not result in higher output; or if they do, it is not due to improved worker satisfaction and motivation, but to financial incentives, the elimination of labour, and the intensification of the labour process. John Kelly's detailed study concludes that: "If we consider all 35 cases of flexible work groups with known productivity outcomes, in which information is also available on the provision of pay increases, it is found that in 29 (83%) cases employees received an increase in pay." Kelly concludes that, "the evidence on mechanisms of motivation and performance would seem, on balance, to be more consistent with the view that performance increases (measured in terms of productivity) arising from flexible work groups owe more to negotiated changes in wage payment levels (and in some cases, in payment systems) and manning levels than to improvements in 'intrinsic motivation' arising directly from redesigned jobs."

QWL results in reduced staffing levels because, in certain industries, flexible, multi-skilled, semi-autonomous work teams make it possible for labour to move where needed, when needed, necessitating fewer workers. Productivity thus rises, not because of increased satisfaction and/or intrinsic motivation, but because the creation of work teams "enables a more direct and accurate assignment of accountability for particular batches of work."

Thus with QWL, as with its Hawthorne-inspired predecessors, "changes in intrinsic motivation were seen to be of relatively little significance", and "Taylorist methods of performance improvement (financial incentives, work method improvement, labour elimination and increased control and accountability) were likely to provide the best explanation of productivity increases arising from job redesign." Behind the veneer of theory purporting to increase workers' satisfaction and motivation, looms the familiar figure of Frederick Taylor.
Yet Peters and Waterman have either ignored such criticisms of the Hawthorne-inspired tradition or are ignorant of them, since their book is devoid of a single reference to this now substantial literature. What is worse, Peters and Waterman assert that management theory “is in refreshing disarray”, and speak glowingly of the “ferment” around the old “stream of thoughts that today’s researchers are tapping”—the Hawthorne-inspired stream. And they add that, “Most of the theory has stood the scientific test of time and defied refutation”.48 Yet is clear that—despite the efforts of its propagandists to convince us otherwise—this stream of thought is severely flawed methodologically, and that an important part of its real function is to try to mask the continued, underlying reality of Taylorism, speed-ups, job loss and union-busting. The entire theoretical foundation upon which Peters and Waterman claim to have built their analysis of managerial excellence is as flawed as—albeit less silly than—their own work. Yet their own work has sold even better than its predecessors.

Why do such gimmicks continue to sell, despite the substantial evidence of their flaws? And why in particular has ISOE sold so well?

Conclusion Peters and Waterman caution against “the gimmicks trap”, adding: “The bones of these programs are scattered on America’s low productivity desert.” Yet they admit their approach is another gimmick. They argue, “there is no reason to expect any particular technique to have an effective life of more than a few years”, and thus the “pipeline must always be filled with the next score of candidate programs, most of which will turn out to be duds, just as do new-product ideas. If job-enrichment doesn’t work at the Milwaukee plant, try seven other programs that are working at the other plants”.49

Why does capital continue to buy these techniques? There are several possible reasons. They may serve a public relations function. This appears to have been the case at Volvo, where a predecessor of QWL contributed to Volvo’s image as “forward thinking” and a “good corporate citizen”, which fits with a marketing strategy based on the quality of Volvo’s products.50 Such techniques may serve to split the labour force, setting worker against worker, as disagreements and resentments arise over whether, and/or to what extent, to participate in such
schemes. This appears to have happened in the Canadian cases studied recently by Don Wells. They frequently are intended to serve a union-busting function. Peter Drucker has said: "Most of us in management...have instituted (human relations policies) as a means of bashing the union. That has been the main theme of these programmes. They are based on the belief that if you have good employee relations the union will wither on the vine."

For example, job enrichment enthusiast, Scott Myers, of Texas Instruments, author of a 1971 article entitled, "Overcoming Union Opposition to Job Enrichment", was said to operate "a nationally known consulting service that...sponsors conferences...aimed at audiences interested in, for example 'How to Avoid Unions'." Myers' approach is notable only for being more blatant than most.

Perhaps most importantly, capital needs increased productivity, especially given the intensification of international competition, and recognizes the unused potential for increased productivity in their labour force. Some companies are willing to invest the relatively modest amounts involved in the hitherto futile attempt to "tap the reservoir" of human potential, to carry on the search for increased effort without increased pay or improved conditions, in the hope of someday striking it rich. As P. Gyllenhammar, President of Volvo put it: "Unlocking worker potential has become as important as any display of brilliance in technical terms."

Management consultants—well aware of the consequent demand for their products—wrap each new technique in packaging slightly different from that of its predecessor, promoting it as "the solution" to productivity problems. They are the new sellers of snake-oil, with a constant market for their exotic but mislabelled elixirs. Human relations potions may serve some purposes for capital, but they do not do what their advocates claim they will do.

The real meaning of Peters' and Waterman's claim that management theory "is in refreshing disarray" is that management theory is always in disarray, because what it seeks—the key to "unlocking" the "reservoir" of human productive potential—cannot be found within capitalism's exploitive and thus conflictual relations of production. A constant supply of new
management techniques is thus a necessity. But why has this specific, flawed book, *ISOE*, found such favour?

*ISOE* is a managerial response to dramatic shifts in world capitalism and America's place therein, and to corresponding shifts in American political culture. America is in decline economically. Rates of productivity growth, for example, are very much lower than those of such competitors as Japan—thus the recent popularity of Japanese management and the methodologically simplistic, and erroneous, belief that there must be managerial secrets to be learned from "the magic of the turned-on work force in Japan". The Japanese "economic miracle" is taken as evidence that Japan must have discovered the managerial holy grail, the key to unlocking the latent reservoirs of workers' potential for higher productivity. This, of course, is the same simplistic thinking that led to the belief that the long post-war boom in America was evidence of the superiority of American management techniques—a view which has taken quite a battering since the early 1980s depression. Nevertheless, two recent and very popular books on Japanese management, *Theory Z* by William Ouchi, and *The Art of Japanese Management* by Richard Pascale and Anthony Athos, are respectively subtitled, *How American Business Can Meet the Japanese Challenge*, and *Applications for American Executives*. America, it is implied, has to learn from Japan.

*ISOE*, on the other hand, is subtitled, *Lessons From America's Best-Run Companies*. Peters and Waterman claim to have discovered that American managers need not look beyond their own borders to find managerial excellence, nor need they fall prey to the doubts that arose in the early 1980s. America is still "number one" after all. They issue an appeal to American managers to "stand tall" again, rather than feeling inferior to, and seeking advice from, their Asian competitors. Their appeal fell on the same receptive ground as Reagan's call to America to "stand tall" again, and, one might argue, the same receptive ground as such popular cultural phenomena as Rambo and Rocky, which are also celebrations of extraordinary effort from ordinary people.

Reaganism is an appeal to simple solutions rooted in a neoconservative revival of "faith" in traditional American values. Reagan believes America needs "a spiritual revival as it has never been needed before...a simple answer...to the trouble
we face.” Peters and Waterman agree. They condemn “paralysis through analysis”, and call for a return to heroes of entrepreneurialism with a “bias for action”. Reagan’s ideologues see the problem as “a persistent subversion of the psychological means of production—the morale and inspiration of economic man.” We need corporate heroes with good old-fashioned American values. Peters and Waterman’s ideas are consistent with this view. How else does one account for their claim that what Detroit needs to solve its productivity problems is a “visionary hero”?

Even the theme of a return to an earlier era, especially the simple truths of an earlier era, is common to both Reaganism and ISOE with its predecessors in the Hawthorne-inspired tradition—such as job enlargement, job enrichment and QWL. All these techniques entail, to a limited extent, concessions to labour: they involve job redesign; an attempt to alleviate boredom; and/or increased degrees of worker participation in job-specific decision-making. These concessions were limited, it is true, and contained a hidden face which was usually the real cause of any productivity gains. A full interpretation would have to capture the complex and contradictory nature of these techniques. But they can still be seen, at least partially, as gains won by workers out of the daily struggle at the point of production. Since the Second World War, capital has been willing to experiment with such concessions in the hope of increasing productivity and/or improving capital–labour relations. The attraction of such concessions is revealed in a letter from a worker, quoted by Wells:

Ever since I was fourteen years old, I have worked in a factory or shop in one business or another, except for a few years I served as a soldier in Canada’s armed services.

I have always done what I was told to do, even though I was most often a little resentful of being told. The last few years I have found that most supervisors now ask me to do something, and if I know how to do the job I am allowed to do as I see fit, as long as I do the job properly.

With Co-operative Decision Making I think that Canadian industry can use the brain power of all people involved. As employees of the company we will be able to input into most of the planning of what is to be done at our place of employment. We will not only do the job but we will know why we do the job, and just where we fit in the whole system.
That is why I participate.61

Wells hastens to add that not all workers at “Plant A” took so sanguine a view of this particular QWL experiment, but what is clear is that the seductive appeal of QWL is rooted in a real desire to overcome the authoritarian, Tayloristic nature of the workplace. Thus one way of reading the post-war versions of the Hawthorne-inspired tradition is to see in them a progression—however slow and minimal, and however more complex and contradictory they may be—toward increased worker participation in shop-floor decision-making.

But ISOE abandons the participatory elements of the post-war versions of the Hawthorne-inspired management techniques. It finds its “theoretical” inspiration in the origins, in Hawthorne. It makes no reference to the more participatory, post-war versions of the human relations movement. On the contrary, “For us the very important message of the research...and a theme we shall return to continually in the book, is that it is attention to employees, not work conditions per se [emphasis added] that has the dominant impact on productivity.”62 The intent is to change workers’ attitudes—and thus to “unleash the forces of entrepreneurialism”, the “psychological means of production”—without changing the nature of the job, without making tangible concessions to labour, and especially without increasing worker participation. The ideological thrust is a throwback to an earlier, much less sophisticated period prior to the time when management deemed it expedient to make tangible concessions to labour. In this, too, it is consistent with the aims of Reaganism which also seeks to roll back the post-war gains won by working people, and is a striking manifestation of the bankruptcy of American management thought.

Notes

5. Ibid.
8. "at least 14 of the 43 excellent companies highlighted by Peters and Waterman..." have "...suffered significant earnings declines that stem from serious business problems, management problems, or both". "Who's Excellent Now? Some of the Best-Sellers Picks Haven't Been Doing So Well Lately," *Business Week*, 15 November 1984.
9. Ibid., pp. 77, 88.
10. Peters and Waterman, *In Search of Excellence*, p. 81, and p. 285. (See n. 1, above.) Quotations in the next two paragraphs are from the same source, pp. 75, 37, 76, 213, 266 and 228. (Hereafter cited as P&W.)
11. Terrence E. Deal and Allan M. Kennedy, *Corporate Cultures: The Rites and Rituals of Corporate Life* (Reading, Mass., 1982), p. iii. Quotations in this and the next paragraph are from the same source, pp. 15, 36-37, 48, 177 and 185.
14. Quotations in this paragraph are from Deal and Kennedy, *Corporate Cultures*, p. 193 and p. 178, (see n. 11, above); and P&W, pp. xix-xx.
16. P&W, p. 149. All quotations in this section, "The Manager as Cheerleader", are from P&W, Peters and Austin, and Deal and Kennedy.
17. P&W, p. xv.

28. Quoted in Ibid., p. 220.


33. Ibid., p. 124.


Silver/Management and Neo-conservatism

56. P&W are aware of this literature. See P&W, pp. 33-38.
58. Ironically, P&W's prescription merely mimics Theory Z and The Art of Japanese Management. Ouchi and Pascale and Athos attribute the "magic of Japan's turned on work force" to Japanese managers' efforts to mold the workforce into a closely knit, dedicated unit, a "family", by the deliberate creation of corporate culture through the use of myth, symbols, ritual, and corporate legends. P&W advocate the use of corporate culture to create intensity of effort in precisely the same manner, while modifying the content of that culture to make it fit the current ideological temper of America by focusing on "champions" and "heroes", individualism and entrepreneurialism. P&W worked closely with Ouchi, and especially Pascale and Athos, prior to the publication of their books, and it was out of their collaborative research that the notion of the "excellent" company emerged. Said Pascale and Athos of P&W: "The collaboration between us has been long and fruitful", and "we want the reader to know that they are our colleagues in this enterprise." Pascale and Athos, pp. 9 and 13. Thus, ironically, ISOE has its origins not only in a flawed stream of American management thought, but also in a flawed interpretation of Japanese management.
61. Wells, Soft Sell, pp. 71-72. (See n. 51, above.)