

Seventh Edition

Strategic Management and Organisational Dynamics

The challenge of complexity to
ways of thinking about organisations

Ralph D. Stacey
Chris Mowles

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Preface

The preface to the last edition of this book was written by Ralph two years after the recession took place, and he pointed to the credit crunch as an example of one of the central messages of this book – that there are severe limits for even the most senior and the most powerful players in organisations, or even in societies, to choose the future as they would like it to be. The financial recession was both unforeseen and unwanted. Since that time the financial sector has come under severe scrutiny as one scandal after another has been uncovered, and different banks have been variously accused of manipulating the inter-bank lending rate (LIBOR), misselling insurance policies to their customers, turning a blind eye to the laundering of money by criminal gangs, and setting up offshore banking facilities to allow very wealthy people to avoid paying tax. From these scandals we might infer that not only are senior executives unable to predict the future, they are also unaware of what is going on day to day in the institutions for which they are responsible. And to a degree, how could they be, both because they are often responsible for huge institutions, and also because from an orthodox understanding of leadership and management, the abstract and ‘big picture’ view of the organisation is the most important.

The public backlash against the banks, a substantial number of which are at least partly publicly owned in the UK, has led senior executives to declare ‘culture change’ programmes. In many ways this demonstrates exactly the same kind of thinking as before where the abstract and the whole are privileged, and it is assumed that senior executives can now put right what their predecessors were not aware of in the first place. What culture change programmes amount to is that senior executives choose a handful of highly idealised values or virtues, and then train all their staff in the kinds of behaviour that they think will fulfil them. This is accompanied by an apparatus for monitoring and evaluation to see that everyone is conforming, at least as far as is detectable. A similar phenomenon is unfolding in the public sector in the UK, particularly in the NHS after a series of scandals where hospitals seemed to be hitting their targets, and yet missing the point. The current coalition government has now changed the law to punish NHS employees for failing to be ‘transparent’ about lapses in care. This has led to each hospital in the UK developing weighty policy documents, developing training programmes for staff to instruct them on the values they should have, and then designing monitoring and evaluation schemes to police the changes. If nothing else, the culture change programmes in banks and the public sector have generated an enormous amount of paperwork, a heavy apparatus of scrutiny and control and a good degree of anxiety and fear of blame amongst staff and managers.

Of course, managers in the financial and public sectors should be doing something to ensure that standards are high, but exactly what they spend their time doing, and how much of it is directed at paying attention to what is going on around them is something we call into question in this book. To what extent is the huge expansion of procedures helpful to what they are trying to achieve? Is a nurse more or less likely to be caring because she is frightened of being prosecuted?

This is a textbook of *ways of thinking* about organisations and their management, particularly strategic management. It calls into question what leaders and managers spend their time doing, often following the prescriptions to be found in what we term the ‘dominant discourse’ on management. We claim in this book that the orthodox discourse takes for granted the assumption that change to the ‘whole’ organisation is possible, in the way we have highlighted in the paragraphs above on culture change. These prescriptions trade mostly in abstractions and perpetuate the idea that senior executives can control at a distance, increasingly, it seems, in highly authoritarian ways. As an alternative, this textbook questions some of these taken-for-granted assumptions as a prompt to think differently about what we are doing when we try to co-operate with others to get things done. The intention is not to offer new prescriptions for managing but to provoke deeper insight into the traditions of Western thought which are reflected in dominant ways of understanding leadership and management. What view of human psychology is implicit in prescribing measures that managers should take to select the direction of an organisation’s movement into the future? In a world in which the dominant prescriptions for strategic management are quite clearly not delivering what they are supposed to, we believe it is far more useful to reflect on how we are thinking, so that we may understand more about what we are doing rather than simply continuing to mindlessly apply the conventional wisdom.

This book, then, seeks to challenge thinking rather than simply to describe the current state of thinking about strategy and organisational dynamics. The challenge to current ways of thinking is presented in the contrasts that this book draws between systemic and responsive processes ways of thinking about strategy and organisational dynamics. While the systemic perspective is concerned with improvement and movement to a future destination, responsive process thinking is concerned with complex responsive processes of human-relating in which strategies emerge in the living present. From this perspective, strategy is defined as the emergence of organisational and individual identities, so that the concern is with how organisations come to be what they are and how those identities will continue to evolve. From a responsive processes perspective, the questions of performance and improvement have to do with participation in processes of communicative interaction, power relating and the creation of knowledge and meaning. The challenge to ways of thinking presented in this book also comes in the form of insights from the complexity sciences. The book will explore the differences for organisational thinking between a way of interpreting these insights in systemic terms and a way of interpreting them in responsive process terms. The purpose of this book is to assist people to make sense of their own experience of life in organisations, to explore their own thinking, because how they think powerfully affects what they pay attention to, and so what they do. If we never challenge dominant modes of thinking, we end up trapped in modes of acting that may no longer be serving us all that well. We accept that it may well be that readers turning to this book in the expectation of finding prescriptions for management will be disappointed.

This central emphasis on ways of thinking has consequences for how this book is structured and presented. The book questions the assumptions of the accepted discipline of strategic management and does so by drawing on a variety of different disciplines in social science, including sociology, psychology and philosophy. The assumption is that the complexity of what staff in organisations are doing together requires a variety of resources to understand it, and that subtly shaped case studies which demonstrate particularly effective ways of managing may be of limited value. Those examples which we do bring into the book are taken from our own experience of teaching or consultancy, or have struck us as pertinent to the broader themes we set out: that there are general similarities in human experience, but that it never repeats itself exactly the same. The invitation to the reader, then, is to enquire into their own experience of leading and managing and to seek the similarities and differences that we hope to provoke in writing this book.

The general structure of this seventh edition is the same as the sixth and we have attempted to update our references, find new examples and bring in more recent traditions of management scholarship which have become prominent since the last edition. There has also been an attempt to locate the discourse on leadership and management within broader political and economic changes during the last 30 years or so. Part 1 deals with the dominant discourse on strategic management as in the sixth edition, and updates the chapter which attempts to review where the dominant discourse has got to and what evidence there is for its prescriptions. Part 1 concludes with new material on process and practice schools which share in common some of the critiques that a responsive process perspective also has on the dominant discourse. The final chapter of Part 1 is thus a recognition that the dominant discourse is being challenged in a number of ways which this book seeks to continue. Part 2 is once again concerned with the complexity sciences and how writers on organisations use them. We have incorporated some more recent work on organisational complexity but reach the same conclusion: namely, that most of these writers simply re-present the dominant discourse. Part 3 continues to review the theory of complex responsive processes as a way of thinking about strategising. The further reading at the end of the chapters refers to work that could have been used as reflective narratives, but as with the last edition, we have not included the reflective narratives found in the fifth edition.

This edition is a collaboration between Ralph and Chris which has served as a further induction for the latter in the breadth and depth of complex responsive processes of relating. The core of the book remains Ralph's work, which is an elaboration over 20 years of his long and fruitful discussions with colleagues, in particular Doug Griffin and Patricia Shaw. Chris hopes to have added some insights, to have clarified in places and to have brought in other examples as a way of expanding and updating the ideas. Users of previous editions have made helpful comments and we are grateful to our colleagues and other participants in the MA/Doctor of Management programme on organisational change at the University of Hertfordshire for the contribution they continue to make to how we find ourselves thinking.

Ralph Stacey
Chris Mowles
University of Hertfordshire
March 2015

Chapter 1

Strategic management in perspective

A step in the professionalisation of management

This chapter invites you to draw on your own experience to reflect on and consider the implications of:

- The history of the concepts and practices of strategic management.
- The relatively recent concern with strategic management which arose only some three decades ago.
- The enormous emphasis that managers place on tools and techniques and their insistent demand they be provided by academics and consultants.
- The role that business schools and consultants have played in the development of notions of strategic management.
- The persistence of a particular way of understanding strategic management despite the absence of evidence that strategy makes any difference.

This chapter is important because it presents the overall attitude taken towards the discipline of strategic management in this book. It explains why the book does not set out to provide prescriptions for strategic management. Instead it explains that this is a textbook of ways of thinking about strategic management, where the prescription is to take a reflective, reflexive approach. The injunction is that managers should think about what they are doing and why they are doing it as an antidote to mindlessly repeating outmoded theories.

1.1 Introduction

Over many years we have received many comments from readers of the first six editions of *Strategic Management and Organisational Dynamics*, and from managers whenever we present the ideas in seminars or work with them, which have given

us some sense of what many expect to find in a textbook on strategic management. There seems to be a general expectation of a summary of the received body of accepted knowledge on strategic management which is already understood as that kind of management that is concerned with the ‘big picture’ over the ‘long term’ for the ‘whole organisation’. Most seem to distinguish strategic management from other management activities which are concerned with the ‘day-to-day’, ‘short term’, ‘tactical’ conduct of specific organisational ‘functions’ and activities. What people usually mean when they talk about the long-term, big picture for a whole organisation is a clear view of the purpose of that organisation and the direction in which ‘it’ is intended to ‘move’, ‘going forward into the future’, so that its ‘resources’, ‘capabilities’ and ‘competences’ are ‘optimally’ ‘aligned’ to the sources of competitive advantage in its environment as ‘the way’ to achieve ‘successful’ performance. These activities of strategic management are normally taken to be the primary function of an organisation’s ‘leader’, supported by his or her ‘top leadership team’ and it is widely thought that strategic purpose, direction and alignment should be expressed by the leader in an inspiring, easily understood statement of ‘vision and mission’. When those lower down in an organisational hierarchy experience confusion and uncertainty they frequently blame this on a failure of leadership, a lack of strategic direction on the part of the top management team, or at the very least a failure of communication down the hierarchy. What readers expect from a textbook on strategic management, therefore, is a set of ‘tools and techniques’ which can be ‘applied’ to an organisation to yield strategic ‘successes’ and avoid failures of leadership and communication. These tools and techniques should be backed by ‘evidence’ and illustrated by ‘case studies’ of major organisations which have achieved success through applying them – only then can they be accepted as persuasive.

If, however, instead of simply representing the predominantly accepted tools and techniques of strategic management, a textbook critiques or dismisses them, then there is a powerful expectation on the part of many readers that a useful textbook will propose new tools and techniques to replace them in the belief that, if managers do not have tools and techniques, they will simply have to muddle through in ways that are completely unacceptable in a modern world. The expectation is that a useful textbook will focus on what decision makers ‘should’ be doing to make decisions in certain kinds of problem situations in order to ‘improve’ their organisation’s performance. Readers want to know what action they should take in order to successfully achieve the objectives they have selected or which have been set for them. They are looking for how to ‘design’ the management ‘systems’ which will deliver a more or less self-regulating form of ‘control’. In short, as in other management development activities, readers of a textbook are looking for easily understandable ‘takeaways’ and ‘deliverables’.

We have a strong sense, then, of a powerful, coherent set of expectations on the part of many readers, expectations which are co-created with publishers of management books and business schools, completely taken for granted as obvious common sense, concerning what they expect from a textbook on strategic management. In the previous paragraphs we have placed in inverted commas those notions that most people talking about strategic management simply take for granted as if their meanings were all perfectly obvious, needing little further explanation. However, we find it difficult to see the use of trying to present new prescriptions without exploring just what we mean when we make such taken-for-granted assumptions. Furthermore,

we find it difficult to match the continuing demand for simple tools with the major economic and political events of the past few years. It is hard to understand how anyone who has paid any attention to the continuing financial crises since 2008 can continue to believe that there is a clear, reliable body of knowledge on strategic management containing prescriptive tools and techniques for its successful application. Surely the great majority of major international banks and other commercial organisations have not been successfully conducting strategic management over the past few years. If there really was such a body of knowledge, then top executives in major corporations should have known how to practise strategic management to achieve success for each of their organisations. Since the collapse of many financial organisations means that they clearly did not succeed, either there is no reliable body of strategic management knowledge or most leaders and top management teams must have been guilty of criminal neglect because they obviously did not use the prescriptions over the past few years in a way that produces success. Furthermore, we must surely question why massive investments by governments in Western Europe and North America in public-sector services, now governed on the basis of private-sector management tools and techniques, have yielded such disappointing improvements, if indeed they have yielded any significant improvement at all. If tools and techniques for successful strategic management were actually available, governments must have been incredibly ignorant in not applying them so as to produce more acceptable levels of improvement.

It does not seem very rational to us to simply gloss over the major problematic events of the past few years and continue to take it for granted that there is a reputable body of knowledge on strategic management which provides prescriptive tools and techniques that do lead to success. The disquiet with received management wisdom in the light of recent history is compounded when we realise that, despite the claims that there is a science of organisation and management, there is no body of scientifically respectable evidence that the approaches, tools and techniques put forward in most textbooks do actually produce success (*see* Chapter 8). As soon as one accepts that the events of the past few years and the lack of scientific evidence cast doubt on the received wisdom on strategic management, the door opens to realising that ‘change’ and ‘innovation’ which most of us regard as positive, such as the development of the Internet and the many uses to which it is being put, also cannot be explained by the taken-for-granted view of strategic management, because most of these ‘creative’ ‘innovations’ seem to have emerged without any global strategic intention or any organisation-wide learning process.

In view of such global experience and the lack of evidence, this book sets out quite explicitly and quite intentionally to contest the expectations which many readers bring to it. Starting with the first edition of this book, published in 1993, Ralph began questioning and countering the set of expectations we have described above for reasons similar to those presented above, but still there are those who criticise the book because it does not produce the expected tools and techniques. So, we feel the need to state very clearly right at the beginning that this is not a textbook which simply summarises an accepted body of knowledge on strategic management but, instead, seeks to critique it; it is not a book which simply sets out alternative schools of strategic management for readers to choose between, but rather seeks to identify the taken-for-granted assumptions underlying each school; and it is certainly not a book which provides or supports tools and techniques for successful

strategic management, but instead invites reflection on what the insistence on tools and techniques is all about. This is, therefore, *a textbook of the ways of thinking* that underlie the summaries of strategic management, the alternative schools of strategic management and the tools and techniques of strategic management. Our primary concern is not simply with what strategic management is according to different schools and perspectives or with what they prescribe for success, but, much more important, it is with how we are thinking when we subscribe to particular definitions, schools and perspectives and accept particular tools and techniques. The key interest in this book is the taken-for-granted assumptions we make when we suggest a particular view on strategic management or recommend particular tools and techniques. The concern is not with the supposed tools and techniques of strategic management but with how we are thinking when we suggest such tools and techniques. Indeed, the concern is with what kinds of taken-for-granted assumptions we are making when we think that management in any form is about tools and techniques at all.

In *thinking about how we are thinking about strategic management*, we inevitably find ourselves asking how we have come to think in the particular ways we have. In other words, the reflexive attitude underlying this textbook is essentially concerned with the history of thought. When did we start to think about strategy as the direction an organisation moves in? When and in what circumstances did we start to think of strategy as a key function of leadership having to do with visions? When and why did we develop the modern fixation on management tools and techniques? What this textbook does, then, is to review and summarise the *body of knowledge on ways of thinking about strategic management* and how this body of knowledge has evolved.

But why should we bother with the ways we have come to think? What is the benefit for busy executives whose primary concern is action? For us, the needs and the benefits are obvious and clear. Without reflecting on how and why we are thinking in the way we currently do, we find ourselves mindlessly trapped in repeating the same ineffective actions. Already, after the collapse and rescue of financial institutions in the 2007 to 2009 period, we see investment banks and management consultancies once more beginning to fuel waves of mergers and acquisitions as well as continuing to be rewarded with huge bonuses for employing the ‘talent’ for taking the kinds of risks which produced the collapse of the past few years. In the past three decades there have been major ‘reforms’ of public-sector organisations in Western Europe which have involved introducing the ubiquitous tools and techniques deployed in the private sector, along with a commitment to introducing market mechanisms. Despite widespread acceptance that the results of these reforms are at the very best mixed, there is little evidence of a major re-think in modes of public-sector governance. It is in order to escape being trapped in mindless repetitive action that this textbook focuses on the underdeveloped concern with thinking about organisations and their management.

For us, nothing could be more practical than a concern with how we are thinking and we can think of little more important for organisational improvement than having leaders and managers who can and do actually reflect upon what they are doing and why they are doing it. Our argument is that if they adopt such a reflective, reflexive stance they will find themselves doing things differently in ways that neither they nor we can know in advance. If this book does finally point to a ‘tool or technique’

it is to the most powerful ‘tool or technique’ available to managers, indeed to any human being, and that is the self-conscious capacity to take a reflective, reflexive attitude towards what they are doing. In other words, the most powerful ‘tool’ any of us has is our ability to think about how we are thinking – if only we would use it more and not obscure it with a ready reliance on fashionable tools and techniques which often claim to be scientific even though there is no supporting evidence.

The other half of the main title of this book, *Organisational Dynamics*, signals our claim that an inquiry into thinking about strategic management needs to be placed in the context of what people in organisations *actually do*, rather than with the main pre-occupation of the strategic management literature which is with what managers are *supposed to do* but mostly do not seem to be actually doing. The term ‘group dynamics’ refers to the nature of interactions between people in a group and to the patterns of stability and change these interactions produce over time in the behaviour of people in a group. Organisational dynamics has a meaning close to this – it refers to the nature of interactions between people in an organisation and to the stable and changing patterns of behaviour these interactions produce over time, some aspects of which might be referred to as ‘strategic’. In other words, the title of this book signals that it is concerned with *ways of thinking about* strategic management located in the context of thinking more widely about *what people actually think, feel and do in organisations*. And what we think, feel and do is always reflective of the communities we live in and their historically evolved ways of doing and thinking. Notions of strategic management are not simply there – they have emerged in a social history. So consider first what the origins of notions of strategic management are and then how we might characterise rather different ways of thinking about such notions.

1.2 The origins of modern concepts of strategic management: the new role of leader

The origin of the English word *strategy* lies in the fourteenth-century importation of the French word *stratégie*, derived from the Greek words *strategia* meaning ‘office or command of a general’, *strategos* meaning ‘general’, and *stratus* plus *agein* where the former means ‘multitude, army, expedition’ and the latter means ‘to lead’. Strategy, therefore, originally denoted the art of a general and, indeed, writers on modern strategic management sometimes refer to its origins in the *Art of War* by the Chinese general Sun Tzu, written some 2,500 years ago, and in *On War* by the Prussian general and military historian von Clausewitz, written nearly 200 years ago. The claim is that the concept of strategy, understood to be a plan of action for deploying troops devised prior to battle, as opposed to *tactics* which refer to the actual manoeuvres on the battlefield, was borrowed from the military and adapted to business where strategy was understood as the bridge between policy or high-level goals and tactics or concrete actions. This location of the origins of strategy in a military setting fits well with the rather romantic view of leader as hero which has developed over the past few decades in the ‘dominant discourse’ on organisations and their management, where by dominant discourse we mean ‘the accepted way that management gets talked about’. However, the origins of strategy might

not be so romantic. At least in the Byzantine Empire, which existed for more than 1,000 years, the *strategos*, or general, had other important functions to do with governing the area under his control, particularly those of ensuring the conduct of the population census and the listing of wealth to provide the information essential for collecting taxes. In other words, the *strategos* was very much concerned with civil governance and policy. The word *policy* also entered the English language from the French word *policie* meaning 'civil administration', which in turn originated in the Greek *polis* meaning 'city state' and *politeia* meaning 'state administration'. From the fifteenth century onwards, 'policy' meant 'a way of management', or a 'plan of action', combining high-level goals, acceptable procedures and courses of action, all meant to guide future decisions. It is more realistic to regard notions of strategy in modern organisations as expressions of more mundane, evolving modes of civil administration than of swashbuckling military deployments. The next question, then, is just when notions of business policy and strategy became evident in the discourse about the management of modern organisations, particularly business firms.

During the nineteenth century joint stock/limited liability corporations developed as legal forms, which made it much easier to raise finance for commercial ventures. Instead of having partners fully liable for all the losses an enterprise incurred, a joint stock company/limited liability corporation could raise finance from shareholders whose potential loss was limited to what they paid for their shares. This development meant that the owners (shareholders) of organisations and those who ran them (managers) became separate groups of people, in fact, different classes. As agents of the owners, managers were often criticised by shareholders when financial returns were below expectations, and when they tried to increase returns they were increasingly cast as villains by workers during frequent periods of industrial unrest. Khurana (2007) has carefully documented how this situation led to a quite intentional search in the USA for an identity on the part of the new managerial class, an identity which was to be secured by establishing a professional status linked to the prestigious disciplines of the natural sciences. Management was to be presented as a science, and a science of organisation was to be developed. Professions such as medicine and engineering were characterised by institutions which defined membership, established codes of ethics, encouraged research and professional development and often published professional journals. Professionals were educated at research-based universities. As part of the professionalisation of management, therefore, the first business school was set up at Wharton University in the USA in 1881 and this was followed by the founding of increasing numbers of university-based business schools in the ensuing decades. At much the same time, the need to hold managers legally accountable to shareholders resulted in legislation on public reporting of corporate activities and further legislation seeking to regulate the growth and financing of limited liability companies. These requirements for increasingly onerous reporting procedures created the need for financial and other surveys of companies, so creating a market for accounting/auditing firms, for engineering consultants and eventually management consultants. In addition to business schools, therefore, other aspects of the professionalisation of management were displayed in the development of professional membership institutions, professional educational organisations, and professional accounting, auditing and consulting bodies.

So, by the early years of the twentieth century, a managerial class, or in more modern terms a managerial community of practice (Wenger, 1998), had developed,

particularly in the USA, which encompassed not simply hierarchies of managers running corporations but also management consultants and other advisers, as well as those concerned with the development of organisations and their managers, such as business school academics, wealthy capitalist philanthropists and government policy advisers.

Any community of practice engages in joint activities which develop a collective identity and they accomplish these identity-forming activities in ongoing conversation in which they negotiate what they are doing and how they are making sense of what they are doing with each other and with members of the wider society of which they are part. It is in conversation that members of a community become who they are. The form of such conversation is thus of central importance because, in establishing what it is acceptable for people to talk about in a community, and how it is acceptable to talk, the conversational form, or discourse, establishes people's relative power positions and therefore who they are and what they do together. Every such community of practice is characterised by a dominant discourse: the most acceptable way to converse, which reflects power positions supported by ideologies. The dominant management discourse is reflected in how managers usually talk together about the nature of their managerial activity. It is also reflected in the kind of organisational research that attracts funding from research bodies, the kind of papers that prestigious research journals will publish, and the kind of courses taught at business schools, in the textbooks they use and in organisational training and development activities. However, evolving communities of practice are usually not simply monolithic power structures (as in fascism) with rigid ideologies brooking no dissension (as in cults). Most communities of practice are also characterised by some resistance to, or criticism of, the dominant discourse. A community of practice can change in the tension between the dominant discourse and the critique of it. Understanding a community of practice, therefore, requires understanding its forms of dominant discourse and the kind of dissension this gives rise to, the key debates characterising its conversation and how conflict generated by such debate is handled. The operation of the professional bodies of the management community described above provides an essential source of information on how the dominant discourse on organisations and their management has evolved. The most vocal of these professional bodies have probably been the business schools and management consultancies. The changes in business school curricula for educating managers and the changing composition of management consultancy work, therefore, provide an illuminating insight into the evolution of the dominant management discourse over the twentieth century.

By the 1920s business schools in the USA had developed three fairly distinct models of the curriculum for educating managers. First, some business schools delivered curricula devoted to training managers for jobs in specific industries – say, operations managers in steel manufacturing. Second, other business schools focused on business functions, providing courses in accounting, finance, business correspondence and sometimes history and some social sciences. Third, and this was particularly evident in the small group of elite business schools such as Wharton and Harvard, there was a focus on a science of administration for general managers, covering scientific management as in Taylorism, accounting, economics of the political, historical, institutional kind rather than the neo-classical analysis found in economics faculties, and training in the exercise of judgement rather than of routine procedures. In this third development there was an emphasis on the social purpose of business activity and on

the presentation of managers as professionals whose purpose was the stewardship of society's resources. Such an identity as professional stewards of society's resources was a powerful counter to the accusations of workers that managers were their enemies and also a useful power shift in relation to shareholders. A list of courses in business school curricula of all types shows that over the 1920s and 1930s there were very few courses in business policy and none in strategy, strategic management, corporate planning or even planning: economics was far less important than the social sciences and there was a strong interest in ethics (Khurana, 2007). Then, if we look at the kind of work that accounting and consulting firms were doing, we find that it was primarily to do with legal reporting requirements and the information required for this, studies of reporting structures and forms of organisation and engineering and financial assessments for specific, large investment projects. So, any notion of strategic management in organisations as we now understand it is a post-Second World War phenomenon, certainly not one stretching back to ancient Chinese, or even more recent Prussian, generals.

The Second World War was to have a major impact on the identity of managers – the management of organisations became a key aspect of winning a war that depended as much on the ability to organise the manufacture and transport of supplies as on the ability to direct military confrontations. During the war, therefore, governments found it necessary to take seriously the techniques of management and administration, and in the USA the government turned to the business schools to address the difficulties of administering a war economy, including the tasks of collecting statistics and other information and developing techniques for co-ordinated decision making across many different organisations. This led to the development of techniques such as linear programming and systems analysis, which led later to computer simulations, network analysis, queuing theory and cost-accounting systems. There was progress in statistics and statistical sampling, as well as in survey methods and focus groups, under the pressures of assuring the quality of armaments. Engineers developed the theory of systems to provide forms of self-regulating control. A new and more rational conception of the managerial role using the modern techniques therefore developed during the war.

After the war, the managers who had acquired this kind of analytical expertise for the war effort were available in their thousands to work on social and economic reconstruction in business corporations and consulting firms, such as McKinsey, where they applied the new techniques to organisational problems. Management thus focused much more narrowly than before the war on the scientific manager who used models and analytical techniques and designed and manipulated systems. Management was equated with setting objectives, designing systems for meeting them, planning, forecasting and controlling. Managers were described as 'systems designers', 'information processors' and 'programmers' regulating the interface of the organisation and its environment in accordance with cybernetic systems theory. The rapid growth in corporate size and the rise of the conglomerate were characterised by a multiplicity of managers removed from the grass roots of the organisation's activities and who felt the need for models, maps and techniques that would enable them to exert control from a distance. This need for techniques of modelling, mapping and measuring to enable the taking of a generalised macro view from a distance in order to apply some degree of control had already been faced over a century before by tax collectors and other administrators of the business of the modern state.