

Welfare Capitalism/Human Relations

1923 - 1955

- The resurgence of welfare capitalism after WW1 marked the rekindling of interest in normative control. Instead of the old themes of communalism and improved workingmen, the new rhetoric focused on **entitlements** and **improved working conditions**.
- The resurgence of welfare capitalism in the 1920s is best viewed as an attempt to modify and extend rationalism's promise to the realm of employment relations. The upshot was the birth of personnel administration (**Jacoby, 1985**).
- The two most influential variants of the new industrial and personnel psychology-testing and ergonomics- remained firmly grounded in a **Taylorism** ethos.
- The testing movement sought procedures for selecting and placing employees, an objective consistent with **Taylor's** notion of a "first class man" (**Taylor, 1903**).
- Ergonomists, who were heavily influenced by **Lilian Gilbreth's** work, attributed differences in performance to environmental and physiological factors, thereby sustaining scientific management's emphasis on individualism, rationalism and scientific intervention.
- Thus, although managerial discourse took a normative turn, it did so hesitantly, through a rhetoric crafted out of a modified Taylorism. Yet, by legitimating a concern with human factors in the workplace, it paved the way for the emergence of a new ideology of normative control: the group-oriented rhetoric of the human relations movement.

New surge of managerial theorizing

- First, even though computers were developed in the 1940s, it was not until the late 1950s that corporations bought them in appreciable numbers. The spread of the mainframe computer not only launched a new technical infrastructure, it popularised the language of cybernetics, which would provide a new lexicon for managerial discourse (**Beniger, 1986**)
- The launching of Sputnik in 1957 raised fears the the Soviets might best the USA in the technical competition that underwrote the Cold War. As a result, the federal govt intensified its space and weapons programs, which, in turn, subsidised the high-tech industries that were to become the growth sectors of the American economy over the next 20 years. Science and engineering once again became economically and culturally central.
- Finally, in 1959, the **Ford Foundation** and the **Carnegie Corporation** issued influential critical of business schools. Both reports argued that managerial education lacked a coherent core and that managerial training should be as rigorous as other professional training. Both recommended that the MBA degree be made a prerequisite for a managerial career.
- Together, these developments created a context hospitable to a wave of managerial theorising in a more rational key. The swell occurred simultaneously on three fronts: the rise of operations research and management science, the search for general managerial principles, and the birth of organisational theory.