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Mary Parker Follett, managerial responsibility, and the future of capitalism

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ABSTRACT

In this paper we examine the work of Mary Parker Follett as it relates to current management practice. Specifically, we focus on her development of the concepts of integration and participation with respect to the employer–employee relationship in the context of the low-skill workforce. At their core, both of these concepts relate to the idea that management should attend to the concerns of workers. However, recent trends that have had the effect of reducing the attachment of workers to their organizations, particularly changes in the psychological employment contract and the use of contingent and temporary workforces, also reduce the likelihood of genuine integration and participation in organizations. We then connect these changes to the problem of income inequality and suggest that the same organizational practices that have reduced employee attachment may also lead many people to question the legitimacy of capitalism as an economic system through the absence of a societally shared prosperity. We suggest that by reconnecting to Follett's concepts of integration and participation in the employer–employee relationship, better results can be obtained for both organizations and workers, leading to restored faith in capitalism. We close with an agenda for future research based on the implications of Follett's work for present-day organizations and society.

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1. Introduction

Conditions in the workplace, enacted through the decisions of managers in the United States, have a direct bearing on how the future of capitalism plays out due to changes in public support for it as an economic system. We argue this is especially true for those at the lower end of the economic spectrum. Workers' evaluations of capitalism *as a system* are shaped by the decisions made by the managers of the organizations by which they are employed. We propose that the insights of Mary Parker Follett, an early organizational theorist, have a direct bearing on how the employer–employee relationship should be conceptualized generally. Her insights, we further propose, have even more salience when we consider the relationship between management and those workers with the least amount of power.

Beginning her writing career over century ago with the publication of *The Speaker of the House of Representatives* in 1896 (Follett, 1896), Mary Parker Follett developed insights into organizations and the role of managers that have

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relevance for the capitalism developed in the United States through the 21st century and beyond.² In recent years, there has been a recovery of her thinking about the nature of democracy and participation as applied to the organizational context (Bathurst & Monin, 2010; Damart, 2013; Mawer & Crotty, 2013; Mendenhall & Marsh, 2010; Schilling, 2000). Despite this, many managers—and management scholars—seem to have forgotten (or never learned) the lessons this management scholar was trying to teach. The consequences of the relative inattention to Follett's concern for the welfare and dignity of all workers has been enormous, with outcomes ranging from reduced worker attachment to their employers to rising income inequality—which, we argue, have implications for the health of capitalism and support for it as an economic system. When people believe that capitalism does not create shared prosperity, but rather a more stratified society without hope of upward mobility for themselves or their children, faith in capitalism and the institution of business declines (Kaplan & Rauh, 2013; Kristal, 2013; Nau, 2013; Piketty & Saez, 2003). In the wake of the financial crisis of 2007–2008 and the questions that it continues to raise about the capitalist system, we see this as an opportune time to reflect on Follett's philosophies regarding managerial responsibilities and assess whether or not managers are adequately fulfilling these responsibilities.

In particular, we argue that as managers have shown an increased desire for labor flexibility that has been enacted through various employment practices, managers and organizations have moved further away from Follett's call for increased integration and participation from all members of their organizations. As managers and organizations enact policies that have the effect of reducing workers' attachments to their organizations³ (Ruberly, Earnshaw, Marchington, Cooke, & Vincent, 2002) it becomes harder for managers to understand the concerns of workers and for organizations to build systems that respond to the needs of workers, a fact that is only made worse by the differences in incomes we see between those in the managerial class and those in the working class (Mishel, Bivens, Gould, & Shierholz, 2012). The risk to capitalism is that many people begin to see it as economic system that only helps those who are already well off while actually harming people at the bottom. This may prompt people to consider the usefulness of capitalism to their own and their children's lives, threatening its existence. It may also lead to calls for greater regulation of business, especially with regard to employment practices.

This desire for labor flexibility is also rooted in the idea that reducing labor costs plays a major role in increasing organizational financial performance. As organizations pursue ever-cheaper labor and pay for those at the top increases, we see a widening level of income inequality (Lin & Tomaskovic-Devey, 2013). This creates a central vulnerability for capitalism rooted in the historically high levels of income inequality present in the United States (Lindert & Williamson, 2012; Saez, 2012). This is a particular concern when compared to levels of inequality in other industrialized countries, as there is growing evidence that more equal societies are also healthier and happier societies (Wilkinson & Pickett, 2011). While this inequality is not solely a result of the collective decisions managers have made in organizations, managers' relationships to the workers under them and how these relationships are actualized is a major contributor to the problem of inequality. While there are other factors contributing to higher and socially concerning levels of income inequality (Lindert & Williamson, 2012), organizational practices, in particular, are enacted by managers in ways that increase or reduce economic inequality. The organizational practices we discuss below run counter to Follett's ideas related to caring for the development of individuals and their participation in the running of the organizations for which they work. These organizational practices have also played a major role in widening the divide between managers and workers, with potentially enormous consequences for capitalism's support by the vast majority of people who depend almost exclusively on wage income.

To understand how Follett's ideas relate to managerial issues seen in the workplace today and their implications for capitalism, we begin by elucidating Follett's ideas regarding integration and participation within organizations. In so doing we draw from the human resource management participation literature in an effort to show how themes from her work are both consonant with and extensions of it. We then show how managers' and organizations' desires for greater labor flexibility has created a divide between managers and workers, which makes the implementation of Follett's ideas on integration and participation nearly impossible in the vast majority of organizations, especially with regard to the most vulnerable workers. We then consider the implications of these trends for how capitalism exists and evolves in the United States. Finally, we close with a discussion of these ideas and an agenda for future research in this area, as well as some concluding remarks.

2. Mary Parker Follett on integration and participation

We now turn to a consideration of three areas of Mary Parker Follett's work that are particularly relevant to our analysis of managerial responsibilities. Primarily we focus on her development of the concepts of integration and participation as they pertain to organizations, but we also consider her views on employer responsibilities for the individual development of employees. Follett's views on the importance of integration and participation buttressed her general perspective on management and control. Long before work in the Human Relations school in the 1940s, 1950s, and 1960s (Koontz, 1961; Van Buren, 2008), she emphasized the importance of shared control and participation in management between managers

² Our primary focus is on managerial practices in U.S.-based organizations. Our analysis is salient to for-profit organizations in capitalist societies generally, although there are significant distinctions across different countries with regard to legislated protections for workers and cultural expectations about fair employee treatment.

³ By "workers" we refer to all non-supervisory employees.

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