

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

Geoff A. Goldman, Hester Nienaber, and Marius Pretorius

ABSTRACT

From a critical perspective, a dialectical conversational approach is followed in this paper to revisit and challenge the ontological question of why a business exists in the first place, thus reopening the argument on the original purpose of the business organisation. After proposing our ontological stance, we investigate three factors that (in our understanding) constitute a distortion of this original ontological position concerning the reason for existence of business organisations, these being the Business School mentality, the pop-culture mechanism of management and our pre-occupation with quantification. This paper concludes that the original purpose of the business organisation has been distorted to suite the 20th century conception of American capitalism. In an era where exceeding pressure is being placed on business organisations to occupy the moral high-ground, a rethink of what a business organisation is fundamentally about might be necessary to meet the challenges posed by the demands of these diverse stakeholder groups.

Keywords: Critical management studies, essence of business, overquantification, pop-culture, purpose of business.

INTRODUCTION

In this paper, the authors propose that the fundamental purpose of business in society has been eroded, manipulated and re-interpreted to such an extent that the original intent has been lost. This reminds strongly of an event in “Animal Farm” (Orwell, 1945), where the original Seven Commandments composed by the pigs are altered by Squealer and in so doing, the original purpose of the Seven Commandments (to maintain order

***Geoff A. Goldman** is Associate Professor in the Department of Business Management at the University of Johannesburg, where he lectures Research Methodology and History and Philosophy of Management, and is coordinator of full research Master's and Doctoral programmes. He has authored in excess of 70 conference papers, journal articles and books, mainly in the area of Strategic Management and Critical Management Studies and is also editor of the management journal Acta Commercii.*

***Hester Nienaber** currently fulfils the role of Research Professor at the Department of Business Management at Unisa. Her research focus area is “shaping competitive advantage by developing human capital” (strategy implementation; talent management and engagement).*

***Marius Pretorius** is Professor of Strategy, Leadership and Business rescue in the Department of Business Management, University of Pretoria, South Africa. As a strategy consultant and facilitator, he focuses on distressed ventures in search of rescue and growth. Research interests from his publication record suggest turnaround modelling, leadership, business rescue practitioner competencies, and simulation as focus areas.*

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

on the farm by uniting animals against humans and preventing animals from following evil human habits) are lost forever. The revision of the commandments demonstrates how simple a political doctrine can be turned into malleable propaganda.

We suggest that in the sphere of management, much the same has happened. Over time, the original intention behind the early pioneers (and here we refer to both industrialists and scholars alike) has been manipulated. Things have been added that were not originally there, important bits have conveniently been 'left behind', and assumptions have been made that suited a particular situation at a particular point in time. All of this has led to a situation where it is highly questionable that our current conception of management theory is based on authoritative, first-hand accounts of empirical evidence that suits these 'new' theories.

This paper adopts a critical-dialectic approach to re-open the debate surrounding the basic ontological issue on the reason for existence of the business organisation. Central to this dialectic approach is engagement with different points of view in the form of a conversational debate to establish reality through reasoned argument (Corbett & Connors, 1999). Our argument is epistemologically framed within the Critical Management Studies (CMS) movement. The CMS movement adopts a persuasive discourse, challenging the underlying assumptions of capitalism (Sulkowski, 2013). These assumptions, in turn, aim to maintain the dominant capitalist status quo through domination and exploitation. CMS therefore confronts the 'objective' and 'natural' status of (*inter alia*) business organisations, institutional order and management power (Alvesson & Willmott, 1992). More specifically, this paper employs a critical-dialectical technique termed "denaturalisation" (Grey & Willmott, 2005). Denaturalisation refers to the existence of oppositional politics. As the existing order of things becomes taken for granted and legitimised as natural or necessary, the existence of any alternative is nullified and suppressed. CMS challenges these assertions by questioning their underlying ideology and context-dependence (Alvesson, Bridgman & Willmott, 2011).

These are ontological issues that we propose are at the very heart of our academic discipline. As management scholars we believe we have an obligation to be part of an emergent point of view that wishes to inculcate the Socratic notion of Radical Discourse into Business Management (and related areas) as a field of academic inquiry. Being three authors from different backgrounds, each with their own ontological positions, experiences and subject fields to contribute to the conversation, we are not claiming that our thoughts are novel ones. On the contrary, most of the ideas we put forward in this paper have existed for some time. Organisations are, from time-to-time questioned in the literature (Hiller, 2012; Hilliard, 2012). However, we do propose that looking at these issues from a critical perspective, causes one to think about these issues from a different point of view and in so doing leads to an alternative understanding of the basic ontological foundations of Business Management as an academic discipline. In so doing, we specifically focus on the organisation from a philosophy (knowledge) of management perspective.

In this paper, and drawing from diverse areas of enquiry, we will proceed with a conversational argument on the purpose of the business organisation. Thereafter, we shall elaborate on some factors that, in our experience, have contributed to the contemporary banal conceptualisation of the business organisation. In conclusion, we shall tentatively engage options concerning a more untainted future in our understanding of the purpose and function of the business organisation.

THE PURPOSE OF THE BUSINESS ORGANIZATION

It is well known that the business endeavour is as old as mankind itself. The ability to trade is a precursor to the accumulation of wealth and procurement of scarce resources. In essence, mankind's ability to trade is a direct response to the basic economic problem of how we provide for the material wellbeing of society. It is this problem that Heilbroner (1975) addresses:

“[it] mobilises society to organise systems that will ensure the production of enough goods and services for survival of society (the problem of production) and causes society to consider how the efforts of this production will be distributed (the problem of distribution).”

It is out of these basic problems that the business organisation was born. More specifically, the business organisation addresses the problem of production, as it is a societal system concerned with the production of goods and services for the survival – and advancement – of society. The problem of distribution is also addressed by the business organisation, as the business organisation apportions its production and thereby ensures the material replenishment of society.

We can therefore see that the business organisation is a societal construct which is aimed at serving and advancing society. Also, the outputs of said business organisations are distributed as the business organisations deem fit, obviously taking into account the forces of supply and demand. The return that the business organisation realises for its efforts in terms of production and distribution, is the profit that is realised at the end of the day. Ideally, these profits should be ploughed back into the business organisation to ensure longevity in terms of production and distribution. The view presented here as to the purpose of the business organisation leads one to reach the following conclusion: That the business organisation is a part of society and exists to serve and advance society.

The Industrial Revolution witnessed the advent of trade and business on an unprecedented level and scope. It is during this period that the precursor to today’s large corporation developed (Wren & Bedeian, 2009). It is also during this period that answers were sought as to how this new phenomenon – the business organisation – was to be administrated and controlled. The sudden growth experienced by industry made the organisation far too large to administer, especially when compared to a pre-Industrial Revolution family business. Company law became the foundation by which business organisations were controlled (Handy, 2002). Attracting capital in exchange for shares (which, according to company law, made shareholders the owners) elevated the business organisation to a mechanism of capitalism rather than a servant of society.

The notion that the business organisation is accountable, first and foremost, to the owners – or shareholders – of the business, is a notion that needs closer inspection. In fact, the idea that those who provide finance for a business (which are, per definition, financiers) are the rightful owners of the business, is an antiquated notion that originated in an era when the owner genuinely was the one that put up the finances (Handy, 2002; Platts, 1997). In the early days of industrialisation, the financier and the owner and the chief executive were the same person. However, legally speaking, the financiers are also the owners of the business. The mere scope, and associated complexity, of the modern business organisation necessitates a rethink of this notion. The chief executive of a business is not seen automatically as an owner (unless, of course, he or she owns shares in the company), but the law still views shareholders as owners (Handy, 2002).

Traditionally, and in the eyes of the law of course, a business organisation is a piece of property, subject to the laws of property and ownership (Handy, 2002). But, is it still meaningful to view the business in this light? In the aftermath of the Industrial Revolution, in an age when corporate law rose to prominence and a business consisted of a set of tangible assets, this notion rang true. However, value within the context of the modern business organisation resides in intellectual property such as expertise, skills, brands, and patents. It seems illogical that this intellectual property should be at the disposal of the financiers to dictate as they deem fit (Handy, 2002).

The above discussion on shareholders and ownership comprises merely two instances of many anomalies that can be encountered in the modern business organisation. It would seem as though business organisations, whilst acting within the parameters of what is legally prescribed, are seemingly exempt from the principles of justice and ethos. As the discussion shows, just because something is legal, it does not necessarily mean it is just or ethical (Handy, 2002). This seems to be a huge contradiction. If western countries are so obsessed with democracy, why is it that one of their social constructs – the capitalist-driven business organisation – is ‘ruled’ in accordance with principles encountered in a dictatorship?

Should one not, perhaps, revisit the very nature of the business organisation before we get lost in the debates around ownership, property and profits? According to the political philosopher Michael Oakeshott, one

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

needs to distinguish between two types of associations within society, these being civic association and enterprise association (Oakeshott, 1974). For Oakeshott, civic association implies the attainment of an ideal that is larger than any particular interest. Members of a civil association have no common goal; they are related in their recognition of an ideal that delimits the acceptable means they employ in pursuing their own, diverse ends (Franco, 2004). Enterprise association implies that individuals are related by their agreement to cooperate in pursuing some substantive end (Franco, 2004; Griseri, 2013). Within the confines of a western capitalist system, it would seem as though the modern business organisation is an enterprise association. The question now involuntarily arises: In the context of the business organisation, to what substantive end has the agreement been forged?

As academics in the field of management, we are well aware that the traditional view of the business organisation insists that the organisation exists for the primary purpose of realising a sustained long-term profit, thereby maximising return on investment for shareholders and investors (Ahmed & Machold, 2004). First-year textbooks typically resound with this sentiment (Nieman & Bennett, 2005; Smit & Cronje, 2004). This notion is drummed into first-year commerce students and remains a central tenet in business school graduates' conception of a business organisation. Thus, in terms of Oakeshott's notion of enterprise association, the substantive end that is being pursued is profit. American, and for that matter western, capitalism has also disseminated the notion, fuelled in part by Friedman (1970), that the business is responsible first and foremost to its shareholders, and hence that profit maximisation is the primary purpose of any business organisation. In our view, this is a short-sighted and utterly vulgar point of view. In our conception of the business organisation, a higher purpose exists, and profit maximisation is a means to an end, as opposed to an end in itself. This view is not uncommon in literature and is shared by authors such as Ali, Al-Aali and Al-Owaihian (2012), Drucker (1942; 1954), Ghoshal (2005), Gummeson (2007, 2008a; 2008b), Hiller (2012) and Hilliard (2012). Central to this view is that the purpose of the organisation is to serve society, while profit is a means to an end and not an end in itself. Drucker (1942; 1954) and Ghoshal (2005) point out that the business organisation exists to provide products and services needed, and is wanted by customers at a price they are willing to pay, provide employment and wealth creation (which is very different from profit maximisation), with added emphasis on maintaining equilibrium between serving society and generating profit.

In order to understand modern challenges in our conception of the business organisation, maybe we should revisit the origins of the large business organisation. Early industrialists such as Frank Wharton, Andrew Carnegie, Cornelius Vanderbilt, John Rockefeller and others gave away millions of dollars to fund universities, libraries, hospitals, uplift societies and establish foundations (Wren & Bedeian, 2009). This "Corporate Philanthropy" was born from a sense of duty to "give back" and improve the lives and circumstances of society as a whole. Granted, if they did not make the profit in the first place, they could not have embarked on this philanthropic endeavour. The early industrialists embarked upon their entrepreneurial endeavours to create a better and more efficient world (Wren & Bedeian, 2009). In other words, they were motivated by the pursuit of a dream. They realised that they could do this by generating profits from their business endeavours. Their endeavours were not embarked upon with the primary focus on making money, the primary focus was betterment. Money – in the form of profit – was a means to an end, not the end in itself.

Thus, for the pioneering industrialists of the 19th century and beginning of the 20th century, the business organisation served society; it helped create a better society for all. In the USA, apart from the normal aspects such as job creation, the railroad magnates linked the two coasts of the USA, making travel fast and economical, thus bettering society and making life easier for those who lived in this society (Platts, 1997; Wren & Bedeian, 2009). Carnegie transformed steel from an expensive material into a relatively inexpensive commodity. By so doing, steel had a wider range of applications, which, in turn, could benefit a wider segment of society (Wren & Bedeian, 2009).

If one subscribes to this point of view, then one views a business organisation as a servant of society. The purpose of the business organisation is thus to act in a fashion that constantly seeks to improve the quality of life for the individuals that constitute this society (Platts, 1997). Yet, in order to do so, the business needs to rely on the basic economic principle of cost minimisation and utility maximisation. The financial gains of the business are, by this thinking, a tool which serves to fulfil the primary purpose of serving society. This thinking

leaves little room for concepts such as shareholders' return on investment as the primary purpose of the business. The primary business decision is therefore not to maximise shareholder wealth, but instead to maximise societal benefit, as explained by Ghoshal (2005).

In the extreme, this point of view challenges Friedman's notion that the primary responsibility of the business is toward its shareholders. If the business organisation exists for the betterment of society and to aspire to a better life for the members of society, then the notion of shareholder interest being of primary importance, is null and void. The primary interest is now that of betterment of society and being in a position to give those in this society a better quality of life.

In terms of the problems of production and distribution, introduced in the beginning of this section, we see that the problem of production is addressed in its purest form using this pattern of thinking, namely, to produce goods and services society really needs and wants, not what society is lead to believe its wants and needs. Granted, wants imply non-essentials. The argument here is that society needs to decide for itself what it needs and wants, it does not need to be told what it should want and need – which is typical of our consumerist culture.

In terms of the problem of distribution, the material replenishment of society will become less inequitable, as organisational profits are utilised – first and foremost – for the development of the business (and thus creating greater capacity to address the problem of production), rather than for dividend payouts to shareholders. In this way, the interests of society take precedence over the interests of shareholders.

In terms of Oakeshott's associations within society, the picture is not so clear if one ascribes to this conception of the business organisation. If one agrees that the substantive end is not profit, then what does the substantive end become? One could assume that the substantive end is the betterment of society. But is the betterment of society a substantive end or an ideal? One can also question whether everyone in the business organisation really does cooperate toward a substantive end. Instead, individual employees in a contemporary business organisation setting could be seen as pursuing their own, diverse means in attainment of an ideal, on condition that everyone in the organisation understands the ideal. Thus, on the precondition that the Sengean notion of shared vision exists in the organisation (Senge, 1990), a business organisation could also be viewed as a civil association. However, irrespective of whether betterment of society is seen as a substantive end in an enterprise society or an ideal of a civil society, it fundamentally changes our conception of what a business organisation stands for.

The case of both Apple and Toyota are very relevant examples here. Steve Jobs and Steve Wozniak had an ideal. That ideal was centred on innovation, freedom and individuality (Manjoo, 2010). The Apple range of products embodied this dream. Instead of being confined to a particular system (in terms of ICTs), Apple allowed people to manipulate and design their own system. They created a system where ICTs adapted to what people wanted, instead of people adapting themselves to be able to integrate ICTs into their lives (Manjoo, 2010). Apple sold the ideal, but it was an ideal society could identify with and wanted. Similarly, Toyota is all about a long-term philosophy. At Toyota, the primary concern is to continue contributing. Contributing to the benefit of society, the community, and all partners associated with them (Liker & Meier, 2006).

Adopting the view that organisations fundamentally exist for the betterment of society and thus contribute to a better life for all also seems to make topical debates on Social Responsibility, Corporate Citizenship and Corporate Governance somewhat moot points. In fact, the CSR literature focuses mainly on the economic and environmental legs of sustainability, to the detriment of the social leg. If society is the focal

point of the business endeavour, being a corporate citizen and acting in the best interest of those affected by the footprint of the business, are implicit (Ahmed & Machold, 2004). This is a Platonic principle that addresses the roles, duties and responsibilities of the members of society. For Plato, in the Republic, the good life is attained when all role players understand their roles and responsibilities, when all classes work together and support each other for a common good.

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

Taking this idea through to the modern day (as Plato's idea of classes in society does not reflect the modern structure of society), individuals, governments and business organisations need to understand their roles and responsibilities in society in order for society to advance to a level where all can enjoy a good life. Just as individuals who wain their societal responsibilities stand to be persecuted by law, so too governments and government officials who neglect their duties stand to be voted out or impeached (at least, they do in theory...), so, too, with business organisations. Those who distort or neglect their obligation to society seem to not stand the test of time and eventually (sometimes quickly) fall by the wayside. Typical examples here would be Enron, WorldCom and the South African company, LeasureNet (Heath & Norman, 2004; Joosub, 2006; Unerman & O'Dwyer, 2004).

Business organisations exist as part of a society and in the interest of this society (Ahmed & Machold, 2004; Griseri, 2013; Platts, 1997). As such, socially responsible conduct is a duty the business organisation needs to be held accountable for (Veludo-de-Oliveira, 2006). If one's primary concern is that of trying to bring about an increased quality of life for members of the society you serve, one will not embark on endeavours that take advantage of and exploit the very members you are trying to better. This would be an irrational course of action. This train of thought embraces the corporate philanthropy of the pioneering industrialists. We are not suggesting that focussing on profitability is equal to exploitation. Instead, we suggest that chasing profit *at all cost* could lead to practices that are exploitative in nature.

At the end of the day, current management textbooks seem to present a skewed picture concerning the aim of the business organisation. Profit is not the primary concern; servitude to a better life for members of society is in our understanding, a better conception of the purpose of the business organisation as it relates to the fundamental view.

CURRENT CONCEPTIONS OF THE BUSINESS ORGANIZATION

The conception of the business organisation as presented is not, by any stretch of the imagination, a novel conception. Literature abounds with similar points of view (Ahmed & Machold, 2004; Ali et al. 2012; Griseri, 2013; Handy, 2002; Hiller, 2012; Hilliard, 2012; Liker & Meier, 2006; Platts, 1997). The question, thus, seems not to centre on what the fundamental purpose of a business organisation is, but rather why the conception of the organisation as acting for the betterment of society and the members of society, is not adhered to.

In this regard, we present three factors that have contributed to the current skewed conception (in our view) of the business organisation and its management view. We participated in a self-regulated focus group in deciding upon these factors. In deciding on these factors, consensus needed to be achieved on the importance of a potential factor in terms of skewing our understanding of the business organisation purpose before we included it as an area of discussion in this paper. These factors are pervasive in literature as evidenced in the citations in the different sections. These factors also transpired to have been a distortion for a long time, as observed by researchers like Lillian Gilbreth (Spiegel & Myers, 1953). Furthermore they are interrelated, while they are the most damaging to management thought and practice. The factors are the Business School mentality, the Pop Culture that pervades management as a discipline, and the Quantification Obsession. These shall now be viewed in turn.

The "Business School" Mentality

In our view, Management as an academic discipline suffers from a Business School Mentality, where emphasis is placed on equipping/coaching people with necessary skills for the world of work, rather than focussing on preparing well-rounded individuals for a career in management. This problem, in a management

context, is not a new one, and dates back to the 1950s, when two independent studies (Gordon & Howell, 1959; Pierson, 1959) independently reached the same conclusion, namely that business schools were fixated with vocationalism, at the cost of preparing broadly educated individuals for maximum future growth in a business career (Gordon & Howell, 1959; Pierson, 1959).

The focus of vocational training is on procedural knowledge and the application of skills. Thus, it is competency-based training focussing on skills development (Walker, 1997). In contrast, 'liberal' education focuses on the acquisition of declarative knowledge, that is, cognitive development and the development of critical thinking skills which enable scholars to solve problems (Mentz, Kotzé & Van der Merwe, 2008; Smith & Bush, 2006). The differences between vocational training and 'liberal' education stem from their diverse natures, which are anchored in different philosophies (Kliebard, 1995; Wirth, 1977). In turn, this manifests itself differently in term of practice, or the application, of knowledge acquired through education. Although efforts were made on systemic and individual level at addressing this issue in the 1960s, it would seem as though the issue is still greatly unresolved at present (Wren & Bedeian, 2009).

The pitfall of the Business School Mentality is that a fixation on vocationalism detracts from an epistemic foundation of management as a discipline. In a sense, the vocational fixation encountered in business schools is a direct result of the theory-practice gap that exists in management. In an effort to prepare people for a career, management educators tend to focus on experiences of successful business people over time, and underemphasise the theoretical (and, most importantly, epistemological) foundations of the discipline, thus leaving no scope for interrogating the *modus operandi* of the business practices that are deemed as successful. The net result is that aspects such as justice, fairness, ethics and epistemology tend to be virtually absent in the discourse of management. Relevant for management, the trap reminds of the statement by Margeret Meads that children should be taught how to think and not what to think.

Our understanding of the business organisation is a product of how we are schooled in Business Management as an academic discipline. Management scholars, as rule of thumb, would insist that the most recent literature sources are the best and most relevant sources to consult, as research is cumulative and collective. Some scholars would insist that any source older than five years is a dated source, while a large percentage of academics place the threshold at ten years. Whilst there is certainly merit in encouraging the use of more recent sources in research endeavours, it does start to warp certain beliefs central to the academic discipline of Business Management.

In this regard, Rousseau (2006) points out that it would seem that, in contemporary times, some managers – including those with Master of Business Administration (MBA) degrees – rely largely on personal experience, to the exclusion of more systematic knowledge, which conflicts with the notion of what constitutes knowledge that stands up to the test of scientific rigour (Parker & Ritson, 2005). Parker and Ritson (2005) continue by pointing out that Business Management, as an academic discipline, is highly susceptible to management fads. Furthermore, Business Management also exhibits a tendency to accept contradictions that other fields of inquiry and scientific disciplines would deem intolerable.

The current generation of students therefore read less of the actual writings of the early scholars and more of what is attributed to them by current texts (McMahon & Carr, 1999) – a situation aggravated by the technology explosion. This leads to the early, pioneering scholars and seminal scholars being misinterpreted (Lamond, 2005). Lamond (2005) further suggests that many of the more popular management authors' works are not necessarily subject to strict scientific rigour, thus making the scientific contribution of some of these works highly questionable. As such contemporary managers/leaders are alienated from the philosophy (knowledge) of management.

This causes Management as an academic discipline to suffer from severe myopia. It would be interesting to ascertain what percentage of Management scholars and practitioners have actually read the works of Taylor, Barnard, Owen, Fayol, Mayo or Weber? We venture to guess that the answer would be "surprisingly few". All of these works are "outdated"...or are they? Management textbooks would also assert that the task of management consists of four functions, namely planning, organising, leading and controlling. These functions can be traced back to Henri Fayols' 1916 work *Administration Industrielle et Générale*. However, in his work, Fayol (1916) actually identifies five functions of management: planning, organising, commanding,

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

coordinating activities and controlling performance. Over time, with different people's interpretation and the changing nature of the business organisation and the demands placed on it, the five original functions evolved into four.

It is important to understand this origin and evolution of the idea into its current form to be able to speculate as to what might happen in the future (Wren, Bedeian & Breeze, 2002). However, in Management the preoccupation with utilising the most current sources discourages us to explore the origins and the evolutionary path of concepts to their current form. In short, management scholars and practitioners alike do not have a full appreciation for the origins and evolution of the discipline. We rely on second-hand accounts of seminal works (McMahon & Carr, 1999) which, as Heidegger (1962) reminds us, have lost their original meaning, to a lesser or greater degree. Our academic myopia of insisting on the use of current sources to the exclusion of the seminal works and history of the discipline, has created the delusion that business organisations need to focus on profits in order to satisfy the needs of shareholders. We tend to ignore how Management as an academic discipline is related to other disciplines, such as Economics, Psychology, Sociology and Philosophy. For example, the problem of production touched upon in this paper is a basic economic principle which, in our view, is the point of departure for viewing the business organisation as a societal construct and member of society. Another case in point is Michel Foucault, French philosopher, whose writings have found appeal in the spheres of psychiatry and anthropology. However, Foucault's ideas – especially in terms of Panopticonism and its implications on governments and business – have application in the field of Management too (Foucault, 1995). Yet, the name Michel Foucault is virtually unknown amongst Management academics and practitioners.

The “Pop Culture” of Management

The discipline of management also seems to be subject to what we would like to term the “popular culture mechanism”, where managerial ideas and conceptions are popularised through means other than the transmission of knowledge based on application of scientifically correct principles. This is a far broader notion than a differentiation encountered in literature between “fads” and “fashions” in management thinking (Carson, Lanier, Carson & Guidry, 2000; Clark, 2004). A “fad” can be defined as a conception in the context of management which may or may not be potentially useful, has mass appeal and has been adopted by a frenzied few (Abrahamson, 1991; Bohl, Slocum, Luthans & Hodgetts, 1996; Donaldson & Hilmer, 1998; Kieser, 1997). A “fashion” is best described as a management intervention, subject to contagion, which is (or at least perceived to be) novel, progressive, innovative and functional, but which merely possesses transitional value due to lack of concrete evidence to legitimise the intervention (Abrahamson, 1991; Abrahamson & Fairchild, 1999; Tomei, 2000; Zeitz, Mittal & McAulay, 1999).

Our conception of the Pop Culture Mechanism, encompasses fads and fashions, but rather than differentiating between them, acknowledges the short-lived nature of both fads and fashions. Instead, the Pop Culture Mechanism refers to the effect these fads and fashions have on our outlook on management within the contemporary business organisation. It is interesting to note that Carson et al. (2000) conceive that both fads and fashions are of a short-lived nature and that both seem to fade away after a while, even though they might have developed a following during their tenure. The reason for this is that fads and fashions are soon shown up for not being grounded on irrefutable evidence (Abrahamson & Fairchild, 1999). Instead, they conform to the typical mass appeal associated with popular culture. They are packaged as having a simple message that can solve the problems of managers the world over (Clark, 2004). The “Business Books” sections of contemporary bookshops attest to this. Very few of the books available at these outlets are steeped in scientific rigour. Rather, they present personal views, opinion and experience (Clark & Greatbatch, 2004). One needs to keep in mind that popular culture is fuelled by providing the masses with something easy to cling to, something we can all understand (Clark & Greatbatch, 2004). In management, this is represented by the “quick fix”, the miracle cure that will solve all the problems present in the business organisation. However, solving organisational and management problems is rarely that simple, and solutions should be sought that are tried and tested, in a scientific sense. Furthermore, complexity, especially relating to people, should not be underestimated.

It is important to realise that these pop culture artefacts – the popular management books – are not altogether without proven grounding (Clark, 2004). The authors of these books are renowned management scholars and practitioners, such as Richard Branson and Tom Peters, with a proven track record of being either a management practitioner or management scholar (and sometimes, even both). However, when the Pop Culture Mechanism kicks in, the message is tailored to adopt a mass market appeal. Messages are “dumbed down”, oversimplified, adapted to suit the market, and poetic licence is used (Clark & Greatbatch, 2004). Thus, at the end of the day, the final product is not something that can necessarily stand up to the test of scientific rigour or application to alternative contexts. The potential danger, of course, is that the intended market – managers – become mesmerised by the allure of the “quick fix” presented by these works (Abrahamson, 1996). The call is therefore that these products of pop culture are treated with extreme caution and that adoption of interventions presented in these works be preceded by a critical inspection of more scientifically rigorous literature on the subject.

The Quantification Obsession

Hilty et al. (2006) interestingly observe that consultants have been successful at selling managerial methods and tools inspired more by Information Technology capabilities than the requirements of the organisation. This is due to the notion of “if we can’t observe it, we cannot manage it” (MacDonald, 2002). Observation has thus become central to the management decision, as observable variables can be measured and, subsequently managed. However, one should bear in mind that, generally, the observable may be indicators of the concept(s) that needs to be measured (Greene & Browne, 2008), and thus have the potential to distort decision-making and action if these are not linked back to the concept needing treatment. Out of necessity, and in an effort to enhance rationality of decisions, observation – and subsequent measurement of our observations – tends to be quantified (Mankelwicz & Kitahara, 2010). Thus the notion of “if we can’t observe it, we can’t manage it” changes somewhat to “if we cannot quantify it, we cannot manage it”. This seems to be in direct contrast to the widely quoted saying by Albert Einstein that: “everything that counts cannot be counted and everything that can be counted does not count” (Allen, 2008:148). It is understandable that rationality in decision-making will be sought in quantitative models, as this is an extension of trying to apply positivistic methods of enquiry to management. However, this has certain ramifications for the study of management.

In our experience, the obsession with wanting to quantify and measure everything in the discipline of management, often leads to a situation where the data is manipulated in a certain direction to make variables that are not readily measurable and quantifiable, seem to be that way. A prime example here is wanting to calculate the return on investment (ROI) in different areas of the organisation. In the area of Marketing, marketing practitioners seem to want to calculate the ROI of marketing expenditure, or calculate the effect advertising has on turnover. However, this implies reducing the organisation and its interaction with the market and macro-environmental variables to something very simplistic. Fact of the matter remains that there are simply too many variables at play that have an effect on ROI or turnover that to isolate the impact of one independent variable, is an almost impossible task.

But even if it were possible, the outcome of such an exercise is futile, as the whole notion of studying an organisation as a system requires one to take all factors into account. Isolating a single variable does not lead to naturalistic findings. However, this notion is something also associated with a positivistic outlook on the discipline of management.

The interpretive social science paradigm to the study of social phenomena sensitises one to consider adopting the stance that often, things just *are*, and the nature of reality is such that one has to accept the existence of a causal relationship without feeling the need to precisely analyse the effect of every single independent variable in this relationship. In a more practical vain, maybe one should just accept that there is a positive relationship between advertising and turnover and leave it at that. To search for the ‘holy grail’ in terms of an equation that tells one that turnover will increase by X if your advertising budget increases by Y, is simply not attainable; no matter how one looks at the issue.

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION: A CRITICAL REFLECTION

It can be speculated that the obsession with all things numerical in management is necessary as there is no other rational basis for justifiable decision-making. The object of our discussion is not to refute this, but to guard against a fixation in this regard, proposing that the dynamics of the contemporary business organisation have become so complex that often variables cannot be isolated and thus variables cannot be measured and quantified. Sometimes managers need to have the courage of their convictions to accept things for what they are.

The questions that arise at this junction are therefore: Why has the fundamental purpose of the business organisation seemingly faded into paltriness? Why is business generally not associated with the common good of society, but rather with a fixation on profit? Why are business organisations forced to consider the good of society by enforcing compliance through laws?

MANAGERIAL IMPLICATIONS

Profit maximisation should not be the ultimate goal of an ethically guided business, as it is inconsistent with the principle of serving society. Hence, in our view, the most pertinent implication for the study, and the practice of business ethics, centres on the inculcation of an ethical ‘moral fibre’ that should permeate throughout the business organisation. If one conceives the business as part of society, that it has an active role to play in shaping society, and that this role should be one of helping to uplift society, then the outlook towards ethical practice is a different one. Instead of viewing issues such as ethical business practice, corporate social responsibility, corporate governance and even sustainability as compliance issues, which are generally dealt with by checking the relevant tick box, these now become innate, and form the basis of business decisions, rather than considering these aspects after business decisions have been made.

The argument we promote in this paper is also a call for greater consideration in terms of the implications of our actions to be ethically accountable. This translates to various levels. Consultants and management ‘gurus’ act upon the needs of their customers and audiences. Very often, however, the advice and messages forthcoming are what customers and audiences *want* to hear (or what consultants believe their customers want to hear), rather than what they *should* here. Much of what the management ‘gurus’ give us are also oversimplified versions of a particular form of reality as it manifests itself in the business world. This ‘dumbing down’ is what drives the search for quick fixes and miracle recipes in the realm of business management, instead of applying/promoting critical thinking and problem-solving skills.

The point here is that such a one-sided approach skews the message in a particular direction (to promote a specific agenda) and potentially neglects the responsibility towards acting in the best interest of all stakeholders, to the detriment of the betterment of society. Thus, we challenge consultants and management ‘gurus’ to reflect on the consequences of the pragmatic methodologies and innovative thinking that they propose, and to point this out to their customers and audiences.

Furthermore, educators should assume a more prominent role in shaping the thinking of business leaders of the future. Instead of merely disseminating business management literature and theory to students, educators need to adopt the role of responsible educator, whereby they need to act as a gatekeeper and expose students to literature and theory that is *worthwhile*. To attain this, educators need to engage their subject matter with greater scepticism and should be able to discern between points of view that will create well rounded business leaders, and expose points of view that will arm future business leaders with a skewed, over simplified perception of the dynamics of management. Thus, we challenge business and management educators to critically engage their field of inquiry and to start challenging accepted convention, as what is perceived as the ‘normal order of things’, is not necessarily the ethically correct order of things.

The business organisation as a societal construct is aimed at serving and advancing society. This reverberates with both individualistic and collective cultures, as reflected in concepts and philosophies such as “servant leadership” (Greenleaf, 1998) and “ubuntu” (Mbigi, 2005). In both the focus is on going beyond self-

interest to arrive at the common good (Van Dierendonck, 2011; Mbigi, 2005). This is especially pertinent for the African context, which can further enlighten and guide the search for uniquely African management principles and values (Goldman, 2013).

CONCLUDING REMARKS: WHERE TO FROM HERE?

The resurrection of the original purpose of the business organisation is, in our minds, not an option anymore. It has now become an essential survival need as business organisations try to come to terms with the new demands placed upon them in the 21st century (as seen by the explosion in the related literature). The profit motive has been blamed for many effects including corruption, depletion of resources, societal degradation and an increase in poverty. In a desperate effort to take corrective action, business leaders try to conceal these effects under Band-Aids. In other words, business organisations tend to try to find short-term solutions to address these effects, instead of addressing the cause of these effects. We postulate the loss of the societal motive for business organisations as a fundamental contributor to these current effects. To alter our perception on the “original” purpose of the business organisation goes a long way in addressing the concerns we have raised in this paper.

Our aim with this paper has been to create awareness amongst practitioners, but especially amongst scholars, as to the existence of a new, emergent paradigm in the academic discipline of Business Management. For too long now have we accepted Business Management theory as gospel truth. By engaging in critical discourse, we are afforded the opportunity to conceptualise a different order of things as far as business organisations are concerned. However, we need to build critical mass to be able to influence opinion and thinking.

We, however, warn that while this paper describes the “what” as purpose of the business organisation, the “why” might even be more important. Addressing the why must challenge individual and social philosophy regarding greed and individualistic cultures – all very sensitive issues.

REFERENCES

- Abrahamson, E. (1991). Management fads and fashions: The diffusion and rejection of innovations. *Academy of Management Review*, 16(1): 586 – 612.
- Abrahamson, E. (1996). Management Fashion. *Academy of Management Review*, 21(1): 245 – 285.
- Abrahamson, E. & Fairchild, G. (1999). Management fashion: Lifecycles, triggers and collective learning process. *Administrative Science Quarterly*, 44(1): 708 – 740.
- Ahmed, P.K. & Machold, S. (2004). The quality and ethics connection: Toward virtuous organisations. *Journal of Total Quality Management*, 15(4): 527 – 545.
- Ali, A.J., Al-Aali, A. & Al-Owaihian, A. (2012). Islamic Perspectives on Profit Maximization. *Journal of Business Ethics*, 117(1): 467 – 475.
- Allen, M. (2008). *The neglect of contextual factors in studies of child sexual abuse: A commentary*. In: Smith, M.J. (editor): *Child sexual abuse: Issues and challenges*. New York: Nova Publishing.
- Alvesson, M.; Bridgman, T. & Willmott, H. (2011). *The Oxford handbook of Critical Management Studies*. Oxford: Oxford University Press.
- Alvesson, M. & Willmott, H. (1992). *Critical management studies*. London: Sage.
- Bohl, D.L., Slocum, J.W., Luthans, F. & Hodgetts, R.M. (1996). Ideas that will shape the future of management practice. *Organisational Dynamics*, 25(1): 6 – 13.
- Carson, P.B., Lanier, P.A., Carson, K.D. & Guidry, B. (2000). Clearing a path through the management fashion jungle: Some preliminary trailblazing. *Academy of Management Review*, 43(1): 1143 – 1158.
- Clark, T. (2004). The fashion of management fashion: A surge too far? *Organisation*, 11(2): 297 – 306.

THE ESSENCE OF THE CONTEMPORARY BUSINESS ORGANIZATION:
A CRITICAL REFLECTION

- Clark, T. & Greatbatch, D. (2004). Management fashion as image spectacle: The production of best-selling management books. *Management Communication Quarterly*, 17(3): 396 – 424.
- Corbett, E.P.J. & Connors, R.J. (1999). *Classical rhetoric for the modern student*. New York: Oxford University Press.
- Donaldson, L. & Hilmer, F.G. (1998). Management redeemed: The case against fads that harm management. *Organisational Dynamics*, 26(4): 6 – 20.
- Drucker, P. (1942). *The future of the industrial man*. London: Heinemann.
- Drucker, P. (1954). *The practice of management*. Oxford: Heinemann.
- Fayol, H. (1916). *General and industrial management*. Translated from French by Constance Storrs. London: Pitman.
- Foucault, M. (1995). *Discipline and Punishment*. New York: Vintage Books.
- Franco, P. (2004). *Michael Oakeshott: An Introduction*. New Haven: Yale University Press.
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *New York Times Magazine*. 122-126.
- Ghoshal, S. (2005). Bad management theories are destroying good management practices. *Academy of Management Learning and Education*, 4(1): 75–81.
- Goldman, G.A. (2013). On the development of uniquely African Management Theory. *Indilinga – African Journal of Indigenous Knowledge System*, 12(2):217 – 230.
- Gordon, R.A. & Howell, J.E. (1959). *Higher education for business*. Washington D.C.: University of Columbia Press.
- Greene, J. & Browne, J. (2008). *Principles of social research*. Berkshire: England.
- Greenleaf, R.K. (1998). *The power of servant Leadership*. San Francisco: Berrett-Koehler Publishers Inc.
- Grey, C. & Willmott, H. (2005). *Critical Management Studies: A Reader*. New York: Oxford University Press.
- Griseri, P. (2013). *An introduction to philosophy of management*. Thousand Oaks: Sage.
- Gummesson, E. (2007). Exit services marketing – enter service marketing. *Journal of Consumer Behaviour*, 6(1):113 – 141.
- Gummesson, E. (2008a). Extending the service-dominant logic: from customer centricity to balanced scorecard. *Journal of the Academy of Marketing Science*, 36(1):15 – 17.
- Gummesson, E. (2008b). Customer centricity: reality or a wild goose chase? *European Business Review*, 20(4):315 – 330.
- Handy, C. (2002). What's a business for. *Harvard Business Review*. December, 2002: 2 – 8.
- Heath, J. & Norman, W. (2004). Stakeholder theory, corporate governance and public management: What can the history of state-run enterprises teach us in the post-Enron era? *Journal of Business Ethics*, 53(1): 247 – 265.
- Heilbroner, R.L. (1975). *The making of economic society*. Englewood Cliffs: Prentice- Hall.
- Heidegger, M. (1962). Being and time. Translated from German by John Macquarrie and Edward Robinson. New York: Harper and Row.
- Hiller, J.S. (2012). The benefit corporation and corporate social responsibility. *Journal of Business Ethics*, 118(1):287 – 301.
- Hilliard, I. (2012). Responsible management, incentive systems and productivity. *Journal of Business Ethics*, 118(1):365 – 377.
- Hilty, L., Köhler, A., Von Scheele, F., Zah, R. & Ruddy, T. (2006). Rebound effects of progress in information technology. *Poiesis Prax*, 4(1): 19 – 38.
- Joosub, T.S. (2006). Risk management strategies to maintain corporate reputation. Unpublished Master's dissertation. Pretoria: University of Pretoria.
- Kieser, A. (1997). Rhetoric and myth in management fashion. *Organisation*, 4(1): 49 – 74.
- Kliebard, H. M. (1995). *The struggle for the American curriculum: 1839- 1958*. New York, Routledge.
- Lamond, D. (2005). On the value of management history: absorbing the past to understand the present and inform the future. *Management Decision*, 43(10): 1273 – 1281.
- Liker, J.K. & Meier, D. (2006). *The Toyota Way Fieldbook: A practical guide for implementing Toyota's 4Ps*. New York: McGraw-Hill.
- MacDonald, S. (2002). The IT productivity paradox revisited: Technological determinism masked as management method? *International Journal of Information Technology Management*, 1(1): 1 – 29.

- McMahon, D. & Carr, J.C. (1999). The contributions of Chester Barnard to Strategic Management Theory. *Journal of Management History*, 5(5): 228 – 240.
- Manjoo, F. (2010). Invincible Apple: 10 Lessons from the coolest company anywhere. *Fast Company.com* (Online magazine) Available at <http://www.fastcompany.com/magazine/147/Apple-National.html> [accessed 12 January, 2014].
- Mankelwicz, J. & Kitahara, R. (2010). Quantification, rationality and management decisions. *Journal of Business and Economic Research*, 8(5): 59 – 70.
- Mbigi, L. (2005). *The spirit of African leadership*. Johannesburg: Knowledge Resources.
- Mentz, J.C., Kotzé, P. & van der Merwe, A. (2008). Searching for the Technology in Universities of Technology. *South African Computing Journal*, 42(1): 29 – 37.
- Nieman, G. & Bennett, A. (2005). *Business Management: A Value Chain Approach*. Cape Town: Oxford University Press.
- Oakeshott, M. (1974). *On Human Conduct*. Oxford: Clarendon Press.
- Orwell, G. (1945). *Animal farm: A fairy story*. London: Secker and Warburg.
- Parker, L.D. & Ritson, P. (2005). Fads, stereotypes and management gurus: Fayol and Follett today. *Management Decision*, 43(10): 1335 – 1357.
- Pierson, F.C. (1959). *The education of American businessmen: a study of university-college programs in business administration*. New York: McGraw-Hill.
- Platts, M.J. (1997). *Greeds' OK, actually*. 2nd international symposium on Catholic Social Thought and Management Education. Antwerp, July 1997.
- Rousseau, D.M. (2006). Is there such a thing as evidence-based management? *Academy of Management Review*, 31(2): 256 – 269.
- Senge, P. (1990). *The Fifth Discipline. The art and practice of the learning organisation*. London: Random House.
- Smit, P.J. & Cronje, G.J. de J. (2004). *Management Principles: A Contemporary Edition for Africa*. Cape Town: Juta. Not in text.
- Smith, E. & Bush, T. (2006). The delicate dance: the assessment implications of awarding students vocational qualifications within university degrees. *Higher Education Research and Development*, 25(4): 387 – 402.
- Spiegel, W.R. & Myers, C.E. (1953). *The writings of the Gilbreths*. Homewood, IL: Irwin.
- Sulkowski, L. (2013). *Epistemology of Management*. Frankfurt am Main: Peter Lang GmbH.
- Tomei, P.A. (2000). *Management fads and organisational culture*. Unpublished manuscript. PUC-Rio. Administration and Management Institute. Rio de Janeiro.
- Unerman, J. & O'Dwyer, B. (2004). Enron, Worldcom, Andersen et al.: A challenge to modernity. *Critical Perspectives on Accounting*, 15(6): 971 – 993.
- Van Dierendonck, D. (2011). Servant leadership: A review and synthesis. *Journal of Management*, 37(1): 1228 – 1261.
- Veludo-de-Oliveira, T.M. (2006). Society versus Business Organisation: The strategic role of marketing. *Electronic Journal of Business Ethics and Organisation Studies*, 11(1): 26 – 29.
- Walker, L. (1997). Key skills and gradueness. *Higher Education for Capability*, available at <http://www.heacademy.ac.uk> [accessed 20 November, 2011].
- Wren, D.A. & Bedeian, A.G. (2009). *The Evolution of Management Thought*. Hoboken: Wiley.
- Wren, D.A., Bedeian, A.G. & Breeze, J.D. (2002). The foundations of Henri Fayol's administrative theory. *Management Decision*, 40(9): 906 – 918.
- Wirth, A.G. (1997). Issues affecting education and work in the eighties: Efficiency versus industrial democracy, A historical perspective. *Teachers and College Record*, 79 (1): 328 – 341.
- Zeitz, G., Mittal, V. & AcAulay, B. (1999). Distinguishing adoption and entrenchment of management practices: A framework for analysis. *Organisational Studies*, 20(1): 741 – 776.

Copyright of Journal of Global Business & Technology is the property of Journal of Global Business & Technology and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.