

Critical Perspectives in Management - Assignment 1

Introduction

The management theory was introduced in the late 19th century during the Industrial Revolution. At the time, managers were interested in finding ways to improve productivity, lower cost, increase quality of their products, improve employee and manager relationships and increase efficiency at their factories. The essay will analyse two classical management theories developed by two American Engineers : Frederic Taylor and Henry Fordism. These two engineers help organisations to manage more effectively and increase efficiency and productivity with their theories such as “Taylorism” and “Fordism”. Besides understanding how “Taylorism” and “Fordism” changed industry and helped shape modern organisations, it will also be implemented into organisations such as Amazon and how successfully this organisation uses those two theories.

More than 100 years ago Frederic Taylor (1911) introduced the world to Scientific Management. Taylor’s scientific management changed industry and helped shape modern organisation. Taylor proved that management can be transformed into science and workers into cogs in an industrial machine. After he became promoted to chief engineer he started observation at men at work and led him to discover in modern language is known as “motivation” (savap.org.pk).

Taylor’s philosophy is “that the greatest permanent prosperity for the workman, coupled with the greatest prosperity for the employer, can be brought about only when the work of the establishment is done with the smallest combined expenditure of human effort” (Taylor, p.4). He argued that the best way to increase productivity is by adopting four basic principles of Scientific Management:

1. Develop the science of each element of man's work ;measure everything employees do. Developing new techniques makes the work simpler, easier and quicker.
2. Scientifically select and then train, teach, and develop the workman.
3. Provide detailed instruction and supervision of each worker in their given task to ensure that the job is being done in the best possible
4. Give the manager the responsibility to determine how the job should be done, while giving the worker the responsibility to do the job.

Many felt he dehumanized his workers and made them into robots (Bell & Martin, 2012). As stated by Bell & Martin, 2012; many of Taylor's principles are being used today in the workplace. Another important part of Scientific Management was paying workers. Taylor believed if the company made more money so should the workers. He also believed that the hardest working employees should be paid more (Bell & Martin, 2012).

Every employee should perform one job at a time, multi-tasking creates an environment where a clear focus is not available, and employees cannot have more than one person telling them what to do on a daily basis. Every worker should avoid multitasking, performing one job at the time creates better focus and also employees cannot have more than one person telling them what to do on a daily basis. When employees are forced to multi-task, they cannot not be efficient (jjibsnnet.com).

Taylor principles focused on motivation: hire the right person, compensation and focus on the task. He believed hiring the right person for position is important, for the reason that not every man has the same skills and some jobs require unique skills. Companies should take extra care to ensure they employ suitable people for specific positions. When the right person is hired then train and develop the workman. For example Taylor's first step was to find the right man for 'iron handling'. He watched seventy-five men and only picked four men who could physically pick 47 tones of iron instead of 12 tones. Finally he chose a one man out of four who had the most strongest and called him "Schmidt". He was timed and showed the best way or handling pig iron. Taylor motivated "Schmidt" to load 47 tones instead of 12 tones "pig iron" per day by offering him higher rate of pay. Employees want to receive fair compensation for the work performed (Locke, 1982). Taylor believed "Men will not do an extraordinary day's work for an ordinary day's pay" One man after another was picked and trained how to handle pig iron at a rate of 47 tons per day and offered higher rate pay (F. Fisher, 1994).

Taylor's fundamental principles were then modified by Henry Ford, the founder of Ford Motor Company. Fordism is used by traditional industrial sociology and describes the factory system of the "assembly line" introduced by Henry Ford at the auto manufacturing company in 1914. In the beginning, Ford built cars in the same way as everyone else - one at a time. Production levels were low and the price of the car was higher to cover the cost of mechanics. . Henry and his engineers invented machines for the production of large

quantities of parts needed for the vehicle and developed methods for assembling the parts as soon as they were produced (ford.co.uk). Henry Ford achieved his goal of mass production which was called "Fordism".

Fordism is described as an overall mode of mass production and intensification of productivity. Ford's approach was to understand a whole process of assembly line to be effective and develop the best efficiency (Wilson, 2013). Ford achieved in increasing the line's pace several times during the 1920s (Sward, 1948; Meyer, 1981; Wilson and McKinlay, 2010; Wilson, 2011) effectively reducing cycle times. Sward (1948) also notes that "Ford used unbalanced feeder lines as implicit motivators -- "upstream" activities were run faster to create pressure on "downstream" activities through work building up before them."

Henry Ford wanted his company to produce up to maximum "efficiency" and achieve maximum output. A division of tasks has allowed for greater specialisation and increased efficiency for Ford. Greater fragmentation of tasks also made it easier to balance the lines, since these smaller tasks could be more evenly distributed on assembly lines. Reducing the "lumpiness" of the assigned tasks has made the problem less difficult. Ford has benefited from increased efficiency due to faster and more regular, stable flow. Accordingly, Ford commissioned its previous production work using "agricultural machinery" which an employee directly from the farm could operate with minimal training and supervision (Biggs, 1984). The whole system has been designed with flexibility in mind, making mass production cheaper. It is about cutting unnecessary costs, but making the factory as efficient as possible.

When the tasks were very narrowly defined, the costs of training and other personnel assimilation costs were reduced to practically zero. Staff can be hired and dismissed if needed. In organizational terms, Ford could promote senior employees to supervisory positions when demand increased and more junior employees were needed; and then, when demand decreases again, their normal linear tasks can be restored (Wilson, 2013). Along with the increase in employee productivity, wages also increased to ensure increasing demand, matched to increasing supply.

Ford believed that a large number of unskilled workers were required to perform work due to their repetitive nature, but concerns that people have no incentive to stay and caused a 360% turnover in 1913. He believed that the only motivation for a workman is money,

therefore he doubled pay to \$5 a day (Arnesen, 2007). After the “five-dollar “ announcement Henry Ford officials established a staff of more than 100 investigators to examine Ford's workers' home conditions and habits to therefore assess if they were suitable for working for Ford (Arnesen, 2007).

Capitalism is described “economic system in which private actors own and control property in accord with their interests, and demand and supply freely set prices in markets in a way that can serve the best interests of society”. In a capitalist economy, capital assets such as: factories or mines can be privately owned and controlled, labor is purchased for money wages, capital gains accrue to private owners, and prices allocate capital and labor between competing uses (Supply and Demand, 2010 *F&D*). For instance, Taylorism and Fordism both added to the growth of capitalism during and post Industrial Revolution mainly by minimizing production costs, less skilled and cheaper labour and achieving maximizing output.

Amazon

Amazon is the global online seller of retail goods, electronic, books and more. With the corporate world, Amazon now ranks with Apple as among the United States. In the way Amazon operates, it implements Taylorism that has been found by Frediric Taylor in the 19th century (Head.S, 2013). Recent sources about Amazon suggests that Taylorism is still prospering. ‘The New York Times’ article claimed that Amazon uses Taylorist techniques to achieve efficiency: workers are constantly measured and those who fail to hit the numbers are ruthlessly fired (bbc.co.uk).

Amazon uses a point system to keep track on lateness, sickness and low targets. If an employee gets a certain number of points, they're out of a job. Points are also referred to as ‘warnings’ or ‘strikes’ by employees. That is how Amazon motivates their employees to work efficiently, not to get any point to risk losing their jobs. The way Taylor was motivating his workers was offering a 60% higher pay rate. In the years 1900-1914 the economy was stable and unemployment was quite low , so introducing a higher pay rate for working more productively was ideal motivation in the early 20th century (localhistories.org). However, in the 21st century fear of losing a job and not being able to pay bills is massive due to high unemployment and shortage of jobs in some areas, therefore Amazon knows how to motivate workers or maybe in other words fear them to become unemployed.

Another reason that Amazon uses Taylorism techniques is monitoring technologies that track efficiency, performance of employees and measure how fast they complete their tasks. All tasks performed by employees rely on time and motion which is measured in seconds. Studies found the fastest way to perform each task in Amazon, which is the 'one best way' process that all employees must follow. Taylor introduced a system using time and motion to determine the most efficient method of performing tasks. Managers were standing behind the workers and using a stopwatch to monitor their performance. In Amazon instead of managers using stopwatch, they provide timing machines and workers have only 20 seconds to pick up specific products, but these are hard to hit when you have a warehouse that is 800,000 square feet, the size of 11 football pitches (Cadwallard, 2013). One of the Amazon workers stated: "I was told to pack 120 single items an hour, or 85 multiple items. And I've since been told this will rise to 200 items" (mirror.co.uk, 2017). Managers can discipline If workers cannot hit their targets on time and after failing three times the workers can even lose their jobs (The Economist, 2015, p. 63).

There is a lot of similarity between Amazon and Taylorism that "digital Taylorism is just as unpopular as its stopwatch-based predecessor."

The assessment is based on the article by who reported that many workers at Amazon felt that they were treated quite harshly for example: a woman who had breast cancer was told that she was in danger of being fired since "difficulties in her private life had interfered with fulfilling her work goals." a woman who had breast cancer was told that she was in danger of being fired since "difficulties in her private life had interfered with fulfilling her work goals." (Kantor and Streitfeld, 2015). One former Amazon human resources director said: "some workers who suffered from cancer, miscarriages and other personal crises said they had been evaluated unfairly or edged out rather than given time to recover" (nytimes.com).

Amazon can implement some of the "Fordism" principles, for instance Amazon has a strict hiring process to make sure it only employs people that meet Amazon's performance standards. As part of their policy, Amazon invests time and money to run a drug test on every potential warehouse worker. It can be compared to how Henry Ford examines his workers' home conditions and habits to therefore assess if they were suitable for working for Ford (Arnesen, 2007).

In relation to Amazon, neither Taylorism nor Fordism has fully adopted paying workers more than minimum wage or provide any advanced training. The average turnover rate for

warehouse workers in counties with Amazon fulfillment centers was 100.9 percent in 2017, therefore more workers leave than total workers employed. Workers who can't keep up with extreme productivity goals are fired or encouraged to quit (nelp.org). Henry Ford believed that paying workers more will encourage them to stay and increase productivity, however Amazon rather replaced workers that cannot achieve high targets instead provide more training or higher wages. Within the high unemployment in the majority of the world , Amazon can replace any worker compared to "Fordism" times in the early twentieth century.

Conclusion

Taylor's and Ford's concept of management was developed over 100 years ago, however they are still relevant today. Taylor's and also Ford's principles and goals are simple, employees and management should work together to maximize production and profit. Taylorism and Fordism have both improved efficiency and productivity in many companies in the world making them very successful. Amazon applied some elements of Scientific Management in their organisation as stated in the essay, however it has a negative impact on Amazon employees due to lack of bonuses or rewards for achieving high efficiency targets. It uses a point system to keep track of lateness, sickness and low targets. If an employee gets a certain number of points, they're out of a job. Amazon employees fear losing their jobs due to non stop supervision, impossible to be sick, fear of having long hours of work without stopping, making it an unattractive place to work for many people. Workers who can't keep up with extreme productivity goals are fired or encouraged to quit. Although Amazon has so many negatives, the company does not think of changing their organisational culture any sooner even due to very high staff turnover: there are so many unskilled workers queuing for a job due to high unemployment in the twenty-first century. Organizations that decided to follow Fordism or Taylorim are likely to become unsustainable, as many global organisations aim is to create a happy environment for their employees, being able to innovate and receive many rewards.

References

- Bell, R., & Martin, J. (2012). The Relevance of Scientific Management and Equity Theory in Everyday Managerial Communication Situations. *Journal of Management Policy and Practice*, 13(3), p. 11.
- Blake, A., & Moseley, J. (2011). 'Frederick Winslow Taylor: One Hundred Years of Managerial Insight'. *International Journal of Management*, 28(2), p. 9.
- Blake, A. (2010). 'The Principles of Scientific Management'. Research Gate. Vol, 4. Issue, 49. p27-34. Online Available;
https://www.researchgate.net/publication/246915529_One_hundred_years_after_The_Principles_of_Scientific_Management_Frederick_Taylor's_life_and_impact_on_the_field_of_human_performance_technology. Last Accessed; 27.02.2020.
- Clarke, S. (2011). 'The Crisis of Fordism and the Crisis of Capitalism'. Department of Sociology, University of Warwick. Online Access;
<https://homepages.warwick.ac.uk/~syrbe/pubs/telos.pdf>. Last Accessed; 09.03.2020.
- Ferraro, S. (2016). 'Frederick Taylor's other Principles'. *International Journal of Business and Social Science*. Vol, 7. Issue, 16. Online access;
https://ijbssnet.com/journals/Vol_7_No_11_November_2016/3.pdf.
- Fischer, F. (1993). *Critical Studies in Organization and Bureaucracy*. p46-48.
- Fleming, P. (2015). 'Are Amazon's feedback tactics unusual?'. Cass Business School at City University London. Online Accessed; <https://www.bbc.co.uk/news/magazine-33988479>. Last Accessed; 13.02.2020.
- Head, S. (2014), Worse than wal-mart :amazon's sick brutality and secret history of ruthlessly intimidating workers. Online Access;
https://www.salon.com/2014/02/23/worse_than_wal_mart_amazons_sick_brutality_and_secret_history_of_ruthlessly_intimidating_workers/. Last Accessed; 14.02.2020.
- Huang, K-P. et al. (2013). 'A CASE STUDY ON THE MODEL OF STRATEGIC ENTREPRENEURSHIP'. *International Journal of Organizational Innovation*. Vol, 5. Issue, 4. Online Access;
<http://www.ijoi-online.org/attachments/article/34/FINAL%20ISSUE%20VOL%205%20NUM%204%20APRIL%202013.pdf#page=78>. Last Accessed; 26.02.2020.
- Kantor, J. (2015). 'Inside Amazon: Wrestling Big Ideas in a Bruising Workplace'. *The New York Times*. Online Access;

<https://www.nytimes.com/2015/08/16/technology/inside-amazon-wrestling-big-ideas-in-a-bruising-workplace.html>. Last Accessed; 28.02.2020

Koumparoulis, D. et al. (2012). 'The evolution of scientific management'. Academic Research International. Vol, 3. Issue, 2. Online access; [http://www.savap.org.pk/journals/ARInt./Vol.3\(2\)/2012\(3.2-55\).pdf](http://www.savap.org.pk/journals/ARInt./Vol.3(2)/2012(3.2-55).pdf). Last Accessed; 13.02.2020. Last Accessed; 12.03.2020.

Locke, E. A. (1982). 'The Ideas of Frederick W. Taylor: An Evaluation'. Academy of Management Review, 1(11), p. 11.

Markantonatou, M. (2007). 'The ideal-typical transition from Fordism to post-Fordism: A neopositivist problem setting'. European Research Studies. Vol, 10. Issue (1-2). Online Access; https://www.ersj.eu/repec/ers/papers/07_12_p6.pdf. Last Accessed; 05.03.2020.

Organise. (unknown). 'Amazon: What's it like where you work?'. Online Access; <https://static1.squarespace.com/static/5a3af3e22aeba594ad56d8cb/t/5ad098b3562fa7b8c90d5e1b/1523620020369/Amazon+Warehouse+Staff+Survey+Results.pdf>. Last Accessed 02.03.2020.

Pietrykowski, B. (1995), "Fordism at Ford: Spatial Decentralization and Labor Segmentation at the Ford Motor Company, 1920-1950", in Economic Geography, Vol. 71, No. 4, pp. 383-401.

Ryder, B. (2014). 'Digital Taylorism'. The Economist. Online Access; <https://www.economist.com/business/2015/09/10/digital-taylorism>. Last Accessed; 17.02.2020.

Taneja, S., Golden, M., & Toombs, L. (2011). 'Frederick W. Taylor's Scientific Management Principles: Relevance and Validity'. Journal of Applied Management and Entrepreneurship, 16(3), p. 18.

Vrontis, D. et al. (2017). 'Global and national business theories and practice: bridging the past with the future'. EuroMed Academy of Business. Online access; https://www.researchgate.net/profile/Philippos_Karipidis/publication/. Last Accessed; 12.03.2020.

Wilson, J.M. (2014) 'Henry Ford vs. assembly line balancing'. International Journal of Production Research. Issue, 52. Vol, (3). pp. 757-765. Online Access; <http://eprints.gla.ac.uk/84862/1/84862.pdf>. Last Accessed; 07.03.2020.

Zuffo, R. (2011). 'Taylor is Dead, hurray Taylor! The "Human Factor" in Scientific Management: Between Ethics, Scientific Psychology and common Sense', Journal of Business and Management, 17(1), p. 20.