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Conventional Management Theory: An Inspired Alchemy or a Case for Rejuvenation?



Built on the premises of marginalism, methodological individualism and micro-rationality, the conventional or mainstream theory of management provides an analytical framework that fails to incorporate in a comprehensive manner any reference to social structures and relations, power and conflict. Mainstream analysis overlooks the fundamental social relations involved in any organisational arrangement. The totality of social relations is reduced to the level of contractual exchange relationships among individuals governed by the universal law of the cost benefit analysis. Thus, social relations are reduced to exchange relations which are in turn reduced to the same underlying principle governing the actions of individuals.

Consequently, within the conventional theory an individualistic notion of power flourishes describing situations involving interactions between two or more agents with conflicting goals and with the ability to influence each other. In such a context, power analysis is restricted exclusively to the level of the individual in a bargaining context (bargaining power), i.e. to the capacity of an agent to achieve his goals relative to somebody else. This notion is contained at the level of microtheory, where the notion of power concerns the economic agents' aspiration to maximise their individual utility function by subordinating other agents' behaviour and resources controlled by them.

However, even this form of power at the level of individual agents cannot be understood simply by considering their atomistic relations without reference to the wider social context in which they interact. The individualistic conception of power, whilst an important aspect for a theory of organisations, is nevertheless too restrictive, since it is the asymmetrical distribution of power at the social level that lies behind the relations of power at an interpersonal level.

Consequently, although an agent may have power (this form of power may imply direct physical power or greater income power or even power to influence an opinion) within an interaction situation or "game" (e.g. greater ability than others to select a preferred outcome or to realise his/her will over others within that social structural context), he or she may or may not have the power to alter the "type of game" the actors play, the rules and institutions and related conditions governing interactions or exchanges among the actors involved.

It therefore becomes apparent that one has to move beyond the "individualistic" conception of power to something more embracing. This calls for a systemic notion of power, referring to a socially structured capacity enabling actions by individuals, groups and classes by virtue of their location within the web of social relations. In this way, the analysis of power is not restricted exclusively to the level of the individual, but takes into account the way in which society is organised and expresses itself in relationships of domination and exploitation. Seen from this angle, the current social formation (i.e. capitalism) comprises a level of systemic power and forms a certain nexus of power relations between classes, groups and individuals. In this perspective, organisational relations embody power relations expressed as a structure of domination and subordination that is never static but always subject to contestation and struggle.

The inference from the aforementioned is that the analysis of organisation cannot be considered apart from the intrinsic power relations which are vested in society. Thus, in an alternative theoretical framework the issues of power and power relations must become *sine qua non* conditions for a comprehensive analysis of organisational arrangements.

Giorgios Meramveliotakis

Academic Manager, Quality—UoR