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Organizational Narcissism

Shoshana Zuboff

Social Psychology's Middle Kingdom

As a graduate student, the difficult conceptual territory that Herbert Kelman insisted on as the true precinct of social psychology fascinated me. "Our discipline was," he would reiterate at the inception of each seminar, "trained on the intersection of the individual and the larger institutional processes of the society." His approach struck me as classical and different from a good deal of the narrow quantitative work that seemed to be gaining a dominant position in the social psychology of the 1970s. Indeed, the very classicism of Herbert Kelman's vision made it hard to grasp. Where, after all, does one look to observe, and measure, the interaction of individuals and their institutions? This territory is an elusive "middle kingdom" that lies between the individual and the social world. Like the Hebrew God, this place was nameless and formless. Yet its presence seemed undeniable to this believer.

In time, I came to appreciate that the genius behind so many of Herbert Kelman's concepts—as well as those of many of the other classical social psychological thinkers of his generation—lay precisely in their ability to illuminate and chronicle this otherwise invisible territory. I am thinking specifically of Kelman's work on attitudes and modes of linkage to the social system (Kelman, 1961), and, later, his study of Lieutenant Calley and the massacre at My Lai (Kelman & Hamilton, 1989), and, still later, his brilliant work on conflict resolution (Kelman, 1997).

Herbert Kelman is part of a generation for which the relationship between the individual and society had become problematic in ways that had no precedent. As witnesses to the rise of a new mass order, they were shaped by war, by holocaust, and later by a new world of abundance, all of which owed allegiance to the same gods of science, technology, and bureaucracy. In this new order, one's destiny was no longer written in blood. It was no longer sufficient for one to simply be her mother's daughter or his father's son. Instead, all individual human beings had to find new ways to attach themselves to the group and claw their way toward some abiding sense of meaning and purpose. As the 20th century saw the rise of organizations and new mass forms of association, these dramas of connection, belonging, and self-definition came to define the very heart of existence. Before Herbert Kelman and his colleagues trained themselves on this still opaque terrain, there were few ways to comprehend these new human processes. Today, however, as a result of the light they shone, it is now possible to grasp the robustness and explanatory power of social psychology's middle kingdom. Their work reveals an extraordinary fabric so tightly woven that its warp and woof—equally composed of social structure and the predilections of the human heart—can barely be discerned.

This chapter is intended as one contribution to this middle kingdom. In it I explore the chronic distance between producers and consumers and suggest that this distance can be understood as a consequence of the social psychological regularities produced by the efficiency requirements of the organization under managerial capitalism. These reflect the historical conditions in which managerial capitalism was first invented (Kimberly, 1975; Stinchcombe, 1965). These factors reinforce one another to create a powerful centripetal action within organizations. This centripetal action produces an inward focus charged with exclusivity, a phenomenon I name *organizational narcissism*. Organizational narcissism helps to account for what appears to be nonrational, but pervasive, features of managerial behavior. Organizational narcissism is not an economic concept, but a social psychological one. It is intended to illuminate a range of managerial choices and activities that are framed as though they derive exclusively from pragmatic and economic considerations.

The Origins of Organizational Narcissism

It is impossible to imagine managerial capitalism without consumers. It was the new presence of people ready and willing to consume that called this new enterprise logic into existence and sustained it throughout the 20th century. By 1993, nearly two thirds of all jobs in the U.S. economy were directly or indirectly dependent on consumer expenditures, making consumers responsible for more than 79 million jobs that year, a number that is expected to increase to 92 million jobs by 2005 (Pfleeger, 1996). Since the early 1970s, people spent significantly more money on their health, their homes, their computers and other electronic gear, travel, and recreation. Consumer spending generates employment in all but 10 of the 195 industries tracked by the Bureau of Labor Statistics (the 10 are either government related or special industry categories designed for input–output accounting conventions; Pfleeger, 1996). Every one of the 278 occupations used in the bureau's industry-occupation matrix has become more dependent on consumer spending since the mid-20th century. The fastest growing industries have also been those with the highest dependency on consumer spending, such as health care (100%) and educational services (100%). Consumption-related employment growth in computer and data processing services increased by nearly 500% between 1977 and 1997. In management and public relations, that growth was about 250% (Pfleeger, 1996).

From its inception, management has acknowledged this allegiance to consumers. Henry Ford (1922) wrote that mass consumption was the necessary condition for mass production. Has there ever been a chief executive officer who did not repeat this acknowledgment? For decades, public relations, marketing, and advertising staffs have been employed to insist on the claim that the company is devoted to the service of its customers. If that is a universal truth, then so is this: Customers rarely feel well served. The late 20th century has been fertile ground for many forms of managerial innovation geared toward increasing the responsiveness of organizations—from "theory" to participative management, the matrix organization, the quality of work life, the quality movement, reengineering, organizational transformation, mass customization, one-to-one marketing, and, most recently, e-commerce. Each one has followed a familiar and predictable boom and bust cycle of popularity and disillusionment. That is because, I argue, each has sooner or later fallen victim to the centripetal forces of organizational narcissism and its uncanny ability to reproduce the status quo. Even throughout the last decade of the 20th century, after 50 years of business's dedication to management education, consumer ratings of industries declined annually (Fornell, Johnson, Anderson, Cha, & Bryant, 1996).

Structural factors are at work. From the beginning, management defined its project as distinct from its consumers and closed the door on the possibility of formal mechanisms for consumer participation in the production process (Marchand, 1998b, pp. 90–92). Yet even without structurally based power for consumers, there are obvious rational incentives for companies to put consumers first. Instead, the evidence shows that companies put managers first, and consumers are usually last in the parade of claims that shape managerial action. Why is this so?

Sources of Organizational Narcissism

A measure of the distance that separates the firm and its end consumers is the extent to which the modern corporation has developed the behavioral, attitudinal, and financial means to insulate itself from the daily experiences, however painful, and the daily judgments, however damning, of its own end consumers. These powers of self-insulation have their origins in the conditions of production and consumption characteristic of the newly forming mass markets and newly acquired skills of mass production that defined the business environment of the early 20th century. This self-insulating posture is best summarized as an "inward focus," a preoccupation with what is happening in "organization space." The historical factors that originally shaped organizational narcissism have by now produced an elaborate construction of habits, expectations, norms, attitudes, and values that have a life of their own. The inward focus is by now so deeply etched that it is perpetuated outside the awareness of the very people whom it engages. Adults enter these constructed situations and "learn the ropes," accepting them as givens, when in fact they have their origins in very specific historical inventions.

Products First

First and foremost was the preoccupation with the product and its production that characterized the growing complexity of mass-production operations. It was the rigorous attention to innovation in production that made possible the great breakthroughs in increased throughput and lowered unit costs that defined the mass-production marvel. Henry Ford (1922) described it as "modern methods applied in a big way" (p. 75). In fact, the Ford Motor Company was paradigmatic not only in pioneering these modern methods, but in articulating this exclusive focus on the product and translating that inward focus into a new enterprise logic that was widely emulated (Sabel & Zeitlin, 1977; Scranton, 1997). According to James Couzens (1921), one of Ford's early partners, before the era of mass production it was assumed that "selling started with the customer and worked back to the factory—that the factory existed to supply what the customer asked for" (p. 264). But this system frustrated Henry Ford. Satisfying the needs of individual customers made it impossible to achieve the scale and scope that mass production promised. In 1909, as Ford recounted it, his sales force was badgering him for a more diversified product line. "They listened to the 5 per cent," he complained, "the special customers who could say what they wanted, and forgot all about the 95 per cent who just bought without making any fuss" (Ford, 1922, p. 71).

In spite of the pressures to further diversify his range of models, Ford went ahead and announced that rather than increase the product range, he would reduce it, building only one model on only one chassis. The difference in these strategies pivoted on Ford's insight into the true immensity of the mass-market opportunity and what it would mean for production. He stated it clearly in his essay on mass production in the *Encyclopedia Britannica* in 1926: "The necessary, precedent condition of mass production is a capacity, latent or developed, of mass consumption, the ability to absorb large production. The two go together, and in the latter may be traced the reasons for the former" (Ford, 1926, p. 821). While the sales force at Ford Motor Company continued to regard the automobile as a high-priced luxury item whose design should cater to the desires of the wealthy, Ford (1922) anticipated the tidal wave of demand that only mass-produced products would be able to fulfill:

> The selling people could not of course see the advantages that a single model would bring about in production. More than that, they did not particularly care. They thought that our production was good enough as it was and there was a very decided opinion that lowering the sales price would hurt sales. . . . There was very little conception of the motor industry. (p. 72)

The truly profound innovation at the Ford Motor Company was not the moving assembly line, the minute division of labor, or any one of the many production breakthroughs for which his factories became world renown. Henry Ford's single-minded act of brilliance was to take a process that began with the customer and invert it. His unusually canny insight into the then changing structure of consumption, combined with his unique imperviousness to the opinions of others, led to this historic invention: a classic Copernican inversion of periphery and center that would form the template for modern industry in the 20th century. Years later, Couzens (1921) would be the one to state it most clearly: "What the Ford company really did . . . was to reverse the process. We worked out a car and at a price which would meet the largest average need. In effect, we standardized the customer" (p. 131).

Ford's truth would be held as self-evident for decades to come. It lodged in the assumptions and daily practices of managers the world over. It guided textbook writers and chief executives. In 1943 an influential management thinker, Lyndall Urwick, chided his readers:

> To allow the individual idiosyncrasies of a wide range of customers to drive administration away from the principles on which it can manufacture most economically is suicidal—the kind of good intention with which the road to hell or bankruptcy is proverbially paved. (p. 29)

The Politics of the Hierarchy

Ironically, it is that other paradigmatic 20th-century organization, General Motors, that best illustrates a second factor—the politics of the professional managerial hierarchy. Whereas Ford invented the enterprise logic that laid the basis for the new economies of scale and scope, he eschewed the kind of management infrastructure that would be necessary to coordinate and control complexity on this grand scale. As far as he was concerned, it was the product and its production that should command everyone's full attention, not organizational structure or career advancement. Ford (1922) complained, "To my mind there is no bent of mind more dangerous than that which is sometimes described as the 'genius for organization'" (p. 91). Also, "It is not necessary to have meetings to establish good feeling between individuals or departments. It is not necessary for people to love each other in order to work together" (p. 92).

Despite Ford's considerable insight into the new mass economy, he typified a 19th-century owner-manager in his approach to organization and management. He insisted on making the decisions that affected every aspect of the business from production planning to product design, marketing, and distribution. The last thing he wanted around him was a group of managers, because he was convinced that they would turn his business into a mere backdrop for their own career ambitions. Ford boasted of the lack of formal organization, managerial titles, and orderly career paths in his company. All that, he reckoned, was nothing more than a platform for individuals to compete over power and influence. He believed that such competitive career dynamics would shift everyone's attention from the real work at hand—production:

> This habit of making the work secondary and the recognition primary is unfair to the work. It makes recognition and credit the real job. . . . It produces the kind of man who imagines that by "standing in with the boss" he will get ahead. (Ford, 1922, p. 96)

Business historians have argued that this lack of attention to organization and management led to the disastrous results that Ford Motor experienced by 1927, when its market share collapsed to under 10% (Tedlow, 1990, p. 163). The company saturated its markets with one kind of car that sold at extremely low margins. Already in 1924, the profit per car had dropped to only two dollars;

most of the company's revenue derived instead from sales of parts and from other sources. Ford had lost sight of the growing complexities of consumer demand. This new environment was one that Ford had a major role in fashioning, but it now required more from a company than simply a product. Marketing, new product development, and more complex pricing, sales, and distribution strategies—in addition to the focus on products and their production—would be the new ingredients necessary to sustain a firm's growth and financial success. As historian Richard Tedlow (1990) explains it:

> The consumer had to be given a reason to purchase a new vehicle, and price could no longer be the sole appeal. . . . To meet the challenges of the "New Era," organization was essential. The company needed a structure that would act as an avenue toward rather than a barrier to the formulation and implementation of well-conceived strategy. And it needed to attract the best executive talent possible to make the organization work. (pp. 159–160)

The firm that made the greatest single contribution to developing and refining this new management organization was General Motors. As historian Alfred Chandler (1977) notes, "Because the executives at General Motors described their achievements in the new management journals, theirs became the standard model on which other enterprises later shaped their organization structures" (p. 459). In the early 1920s, General Motors, led by Pierre du Pont and later Alfred Sloan, created the *multidivisional structure:*

> In this type of structure, autonomous divisions continued to integrate production and distribution by coordinating flows from suppliers to consumers in different, clearly defined markets. The divisions, headed by middle managers, administered their functional activities through departments organized along the lines of those at General Electric and Du Pont. A general office of top managers, assisted by large financial and administrative staffs, supervised these multifunctional divisions. The general office monitored the divisions to be sure that their flows were tuned to fluctuations in demand and that they had comparable policies in personnel, research, purchasing, and other functional activities. The top managers also evaluated the financial and market performance of the divisions. Most important of all, they concentrated on planning and allocating resources. (Chandler, 1977, p. 457)

With the creation of these new structures, Chandler concludes, "the basic organizational structure and administrative procedures of the modern industrial enterprise were virtually completed" (p. 463).

During the first two decades of the 20th century, the combined pressures of mass production, vertical integration, and expanding markets blasted the owner-manager's role into a hundred fragments, each of which materialized in a new tier of management or a new set of specialized staff functions. These new structures gradually came to dominate the economic landscape, led by a still nascent but fast-growing cadre of professional managers whose authority derived from the property rights of the shareholders whose interests they represented. "A managerial hierarchy had to be created to supervise several operating units and to coordinate and monitor their activities" (Chandler, 1977, p. 486). During that 20-year period, the shift toward managerial capitalism was decisive, and by midcentury, professionally oriented, salaried career managers were the men who had taken charge of the large multiunit enterprises that dominated the American economy (Chandler, 1977).

The rapid growth of this new professional hierarchy has been one of the truly dramatic developments in the labor markets of the 20th century. In 1900, managers accounted for less than 1% of the labor force. By 1930, that figure had risen to 7.5%, 10.5% by 1970, and by 1990 it was approaching 14% (Osterman, 1996). This occupational growth needs to be understood in relation to other occupations. For example, between 1900 and 1940, the population of the United States increased by 73%, the labor force by 81%, the ranks of direct labor by 87%, and the numbers of administrative personnel in business enterprises—those engaged in managerial decision making, coordination, supervision, planning, record keeping, buying, and selling—by 244%! From 1897 to 1947, the ratio of administrative personnel to direct labor changed from 9.99% to 22.2% (Zuboff, 1996).

In a landmark study of this phenomenon published in 1951, Seymour Melman of Columbia University concluded that this trend in the growth of administrative overhead appeared to be consistent across businesses and industries. Moreover, it was not a function of size, mechanization, technical complexity, or of any one of a host of other variables that many had assumed were responsible. Instead, he hypothesized, it was due to the perpetual addition of new functions and activities, a process propelled by managers' attempts to control more of the factors that bore on the performance of the firm. This meant both more staff engaged in record keeping and data analysis and more executive management to address an increasing proliferation of activities related to marketing, strategic planning, finance, and the like. Others have noted that "a central aspect of managerial employment systems was the strong bias toward continually increasing managerial employment" (Osterman, 1996, p. 5). The United States leads the world in managerial intensity, with Canada, Britain, and Australia not far behind. Some scholars have argued that this pattern can be attributed to patterns of executive compensation that tend to link salary increases to increases in the size of the unit that a manager oversees (Milgrom & Roberts, 1992).

Melman's (1951) analysis has withstood the test of time. Between 1960 and 1980, the ratio of managers, including line and staff, to establishments increased by 280%, whereas the ratio of production employees decreased by about 50%. During the 15 years between 1975 and 1990, the numbers of managers in the manufacturing sector alone more than doubled, from approximately 1.2 to more than 2.5 million, in spite of well-publicized attempts to eliminate excessive layers of hierarchy in these industries (Attewell, 1992). In 2000, the absolute number of blue-collar workers was roughly the same as it was in 1972, whereas the number of managers and administrators had risen by about 41%.

In a review of several studies of managerial employment, economist Paul Osterman concluded in 1996 that, despite the recessions of the 1980s and early 1990s, managerial employment slightly increased during this period, and managers continued to experience healthy income growth. However, middle managers in the early years of their careers did become more vulnerable to displacement than in any other decade; they experienced more "churning" in their careers than had previously been associated with managerial work. He concluded that, despite some "fraying around the edges of the previously secure managerial world . . . the data do not suggest the kind of revolutionary change implied by most of the popular literature. Managerial employment has not fallen, indeed it has risen slightly" (Osterman, 1996, p. 11).

The Bureau of Labor Statistics, in its projections of occupational employment to the year 2006, predicts that:

> Professional specialty occupations; marketing and sales occupations; executive, administrative, and managerial occupations; and technicians and related support occupations are projected to increase their share of total employment over the 1996–2006 period, as they did between 1986 and 1996 . . . clerical; operators, fabricators, and laborers; precision production, craft, and repair occupations; and agriculture, forestry, fishing, and related occupations will continue their decline as a proportion of total employment. (U.S. Department of Labor, 1998, p. 58)

Specifically, between 1996 and 2006, the managerial group is expected to grow by some 17%, though that is slower than the 28% growth rate of the prior decade. However, the predictions of slower growth are based on the questionable assumption that "restructured" organizations will require fewer middle managers (U.S. Department of Labor, 1998, p. 59).

Anecdotal evidence has already surfaced that raises more doubts about the assumption of slower growth in the numbers of managers. The Association of Executive Search Consultants reported that between 1997 and 1998, searches for general managers below the division-head level increased by 58% (Lancaster, 1998). The *Wall Street Journal* reports:

> After years of downsizing and "delayering" the management hierarchy, [people] are hot again. Companies that once bragged about their reengineered work processes and new quality measurements now are extolling the importance of human beings . . . many companies are spotlighting managers in an effort to rebuild cultures disrupted by mergers and cost cutting. (Lancaster, 1998, p. 81)

In a 1998 *Fortune* magazine article, the president of a large executive search firm, Management Recruiters International, writes: "There is higher demand for middle managers today than I have seen in my 33 years in this business. There are more middle-management job openings than there are people to fill them—and this has never happened before" (Colvin, 1998, p. 223).

As the number of managers grew, so did their means of acquiring credentials and professional identity. Though their authority was founded on property rights, it was bolstered by their claims to unique expertise and specialist knowledge that enabled them to oversee the increasing complexities of the industrial enterprise. In 1900, there was barely a trace of professional management, whereas by 1920 there was what Chandler has called a "flourishing" presence of societies, journals, university training, and specialized consultants. In the emerging rationale for managerial authority, "college-bred men" and scientific experts would impose technical standards on production for the good of all (Haber, 1964). One well-known academic who wrote an influential 1920 business text argued that success in business depended on formal training and a scientific attitude (DeHaas, 1920). The entrepreneurial tradition was no longer a match for the challenges of business administration: "Every lack of knowledge means lessened efficiency, high cost, smaller profits, and possible failure" (DeHaas, 1920, p. 6).

In 1875, only about one third of the most prominent businessmen had any education beyond high school. By 1920, two thirds of all top managers had attended college (Bendix, 1974, pp. 230–231). In 1952, a study of 8,300 "big businessmen" showed that 76% had attended college, 57% had graduated, and 19% had advanced degrees (Warner & Abegglen, 1959, p. 105). Every sociological analysis since reveals the same pattern. Education allocates people to high-status jobs, particularly in management and the professions. Gradually, the MBA degree was used to further differentiate educated candidates and allocate them appropriately in the corporate hierarchy. In 1920, 100 of the then-new MBA degrees were granted; by 1950 that number had risen to 4,335; in 1970 it was 21,561; and by 1996 it was 93,982 (Hugstad, 1983; U.S. Department of Education, 1999). That's nearly a 1,000% increase in 76 years! In 1958, there were 120 graduate business programs in the United States, and now there are 750 (Hugstad, 1983; Miller, 1998).

The growth of the managerial hierarchy was motivated by the technical requirements of mass production and mass distribution, but it never was the realm of pure rationality on which its credentials rested. From the start, it was enmeshed in the intrigues of any social hierarchy, fully burdened with the thrills and terrors of the hunt. Managers developed a common outlook and code of conduct together with behavioral norms, language, values, and even collective standards of dress and personal grooming. In short, the growth and diffusion of the professional managerial hierarchy gave rise to managerial culture as well as to managerial capitalism. La Bruyere (1922), an observer of court society in 17th-century France, wrote:

> Life at court is a serious, melancholy game, which requires of us that we arrange our pieces and our batteries, have a plan, follow it, foil that of our adversary, sometimes take risks and play on impulse. . . . A man who knows the court is master of his gestures, of his eyes and his expression; he is deep, impenetrable. He dissimulates the bad turns he does, smiles at his enemies, suppresses his ill-temper, disguises his passions, disavows his heart, acts against his feelings. (pp. 101–102)

And like the nobles drawn to the court by the promise of titles and land, those drawn to the corporate hierarchy tend to have a natural ardor for the rewards of status, power, and wealth that it can bestow. The climb through the hierarchy, motivated by these incentives, is what came to be known as a *career,* and the most successful careers were those that carried men toward the top of the organizational pyramid. Career advancement, much as Ford had feared, became an intensely political game with rules that demanded exquisite levels of interpersonal skill; studious observation of behavioral subtleties, particularly among superiors; and unflinching attention to group norms, values, and standards of conduct. To play this game well requires relentless concentration on the unique political dynamics that unfold within organizational space; in other words, an intense inward focus.

These demands of personal politics were evident from the earliest days of professional management. In 1902, a "how-to" book written for young aspirants to business success warned "Be manly, and look it" (Fowler, 1902, pp. 101–102). The fact that there were few objective criteria for judging the future potential of managers contributed to the political charge of everyday behavior. When success was equated with the ownership of a large enterprise, many books outlined the qualities of character associated with that single-minded achievement. But as success came to be equated with status in the managerial elite, the criteria were no longer clear. The message began to shift from an earlier emphasis on character to a new concern with "personality." To get ahead one had to "get along with others, conquer self-created fear, and develop personal efficiency" (Weiss, 1981, p. 415). These themes were popularized by Dale Carnegie (1936): "We are evaluated and classified by four things: by what we do, by how we look, by what we say, and how we say it" (p. 4); and further legitimated by Chester Barnard (1938): "Learning the organizational ropes" was a matter of learning the "who's who, what's what, why's why, of its informal society. . . . The most important single contribution required of the executive . . . is loyalty, domination by the organization personality" (p. 121).

As professional managerial hierarchies grew in size and proliferated across industrial sectors and geographic boundaries, this new political universe developed a life all its own. Meetings, socializing, and paperwork dominated the lives of executives and managers. By the 1950s sociologists had turned their attention to unraveling the cultural mysteries of this new and powerful group. Books like C. Wright Mills's *White Collar* (1951), William H. Whyte's *The Organization Man* (1956), and Melville Dalton's *Men Who Manage* (1959) were classic studies of the executive manager at midcentury. An executive observed to Whyte (1956):

> You're always selling, everything I do is subject to review by all sorts of people, so I have to spend as much time getting allies as I do on the project. You have to keep pace with people on all levels. Sometimes I get worn to a frazzle over this. (p. 152)

Whyte concluded that this intense involvement with others according to a prescribed set of norms and values was at the heart of the manager's work—getting things done through other people. The further up the pyramid one climbed, the more demanding the role. Success put a premium on the theatrics of conformity, managing the impressions of subordinates, peers, and superiors at the expense of one's own tastes and opinions. Executives worked long hours and submerged themselves in the business of the corporation to the exclusion of family or leisure pursuits.

Today it is chic to say that the "organization man" is dead, but nothing could be further from the truth. Indeed, the facts suggest just the opposite. Organizational life has consumed most people. Physical labor has receded so far into the recesses of our economy and our culture that it is no longer the standard by which other, "newer" forms of work are judged. Most people take for granted that "work" is meetings, work is talk, work is interpersonal influence, communication, and implementing ideas through the efforts of other people (Zuboff, 1988). And though more people today may bridle at the conformity of organizational life, most of that rebellion is expressed through superficial adaptations such as casual dress or more flexible work hours. Every ethnography of corporate life, every book extolling the virtues of leadership, every "how-to" primer on change management written in the last quarter of the 20th century echoes the themes, not just of Whyte, Dalton, Barnard, and Carnegie, but of La Bruyere himself (e.g., Argyris, 1970; Kanter, 1977; Kotter, 1982; Mintzberg, 1973). The most recent literature on organizational change fails to offer a way out. Highly intelligent efforts such as Ghoshal, Bartlett, and Moran's "A Manifesto for Management" (1999) or David Nadler's *Champions of Change* (1998) repeat the inward focus.

A Legacy of Contempt

The inward focus on the product and its production, together with the growing size of industrial organizations and their swirling dramas of power and influence known as "career advancement," dramatically widened the distance between producers and consumers. But that distance was never merely neutral; it was never just a question of producers being simply too busy, too disciplined, and too efficient to look up from their demanding work and connect more directly with their end consumers. That distance was all too frequently charged with a contempt for end consumers (Marchand, 1985). Once the basic organizational structure and administrative procedures of the modern industrial enterprise were completed with the consolidation of the managerial hierarchy (Chandler, 1977, pp. 6–12), the new distance between producers and consumers presented itself, not as something to be overcome, but as something to be managed. The new discipline created for this project came to be called *marketing,* together with its subsidiary functions of advertising and public relations. Its principal responsibilities were persuasion and logistics. If persuasion worked, then the distance between producers and consumers, and especially the contempt that helped to maintain that distance, would be adequately camouflaged. If logistics worked, then consumers would be so awash in plentiful well-priced products that they would not be motivated to complain. Why combine to exert change on a system that produced a cornucopia of affordable goods such as the world had never seen?

During the first half of the 20th century, it was only the large corporations that even established marketing departments (Marchand, 1985). In those firms, marketing was relegated to specialists, while management maintained its inward focus on production. This was the one group whose formal responsibility was to look beyond the organization, toward end consumers. But their responsibility was not to bridge the distance or to invert the system. It was, rather, to both stimulate and manipulate consumer demand in the service of the firm's already established production strategy. They conducted market research and analysis, hired and managed relations with advertising firms, designed public communications, and led the way in forecasting and budgeting sales.

By the mid-1920s, some businesses had publicly begun to worry about overproduction. There was an increasing recognition that high-velocity consumption was critical to the well-being of their firms, and ad creators came to be seen as the experts at facilitating that process (Marchand, 1985). During the late 1920s, professional marketers began to delegate most of the responsibility for communicating with the public to these "ad men." Total advertising volume in the United States increased from $682 million in 1914, to nearly a billion and a half dollars in 1919, to $3 billion in 1929 (Marchand, 1985). The ratio of advertising to total distribution costs nearly doubled in the 10 years between 1919 and 1929, rising from 8% to 14% (Marchand, 1985). National magazine advertising increased 600% between 1916 and 1926 (Marchand, 1985). Business leaders, including the Secretary of Labor, claimed that advertising would bring an end to business downturns and prevent future depressions (Marchand, 1985). The ultimate evidence of advertising's new economic power came in 1927, when a surly and recalcitrant Henry Ford, who a year earlier had eliminated all advertising from his budget, announced a massive advertising campaign in support of the new Model A (Marchand, 1985).

In the 1920s, advertising shifted from the fact-based "factory viewpoint," with its emphasis on communicating product characteristics, to a more evocative psychological approach meant to stimulate a desire for consumption (Marchand, 1985). Yet for all of the success of this new profession, the "ad men" looked on their role with ambivalence. In social class, education, and values orientation, they identified with their clients and the "production ethic" of the business world. But they had been hired to do the "dirty work" that their clients wished to avoid. In their role it was necessary to pay attention to consumers, their psychology, and their habits. They were required to proselytize the very hedonism and impulse toward self-gratification they despised (Marchand, 1985).

Advertisers felt debased by having to communicate with an "irresponsible public" whose "tabloid minds" demanded a diet of frivolity and emotional appeals. The president of the American Association of Advertising Agencies wrote in 1927, "Average intelligence is surprisingly low. It is so much more effectively guided by its subconscious impulses and instincts than by its reason" (quoted in Marchand, 1985, p. 85). Throughout the trade literature of the period, in the articles that advertisers wrote for one another, they emphasized the average mental age of the consumer to be between 9 and 16 years old. Their colleagues in the popular press reinforced this image of an unintelligent public. *Time* magazine, in describing to a trade audience its own editorial approach, proclaimed its unwillingness to dilute its news content with a "multitude of features dedicated to 'Mr. and Mrs. Moron and the Little Morons'" (Marchand, 1985, p. 67). Closely related to the notion of limited intelligence was the assumption of public lethargy. One prolific advertising writer in his book about the profession noted that "man in the mass," except when caught up in emotion, "won't exert himself beyond the line of least resistance" (Marchand, 1985, p. 63).

The more despised its audience, the more the modern enterprise relied on advertisers' specialist skills to undertake the role of communicator and mediator. Advertisers were the ones expected to shout across the distance, even though they lived their own professional and private lives within a narrow circle, socially, intellectually, and culturally separate from the mass of consumers. In other words, advertisers suffered from the same inward focus that they were paid to compensate for, as the sermons within their own trade journals on the subject "Know Thy Audience" attest. Copy writers were constantly urged to go out and sell something, mingle, and "slum." But as Marchand (1985) observes, these rebukes tell us more about the agencies' anxieties than they do about their actual practices, much as today's managers are urged toward greater customer responsiveness.

The Sex of Contempt

The contempt that producers felt toward consumers generated much of the psychological energy that sustained the distance between production and consumption created by mass production and the politics of the new managerial hierarchy. It oriented managers toward their counterparts inside the organization. That was the group with whom they identified and from which they acquired their frames of reference. But producers' contempt also had a strong sexual charge. Some aspects of this story are well known to historians, but there has been relatively little recognition of the role this sexualized contempt played in defining and maintaining the distance between producers and consumers. Sexual acrimony infused the age-old mistrust between buyers and sellers and profoundly alienated producers from end consumers and their experiences. This story begins with some well-documented history on the "separate spheres" that men and women began to inhabit in the 19th and especially 20th centuries. Because there is so much excellent historical work on this subject, I highlight just a few of the most relevant themes.

The problem of sexual contempt between producers and consumers begins at home. In the 18th century, the home was the seat of power; it was the center of commercial and political life as well as the sphere of domestic life. "Command of the house signified command of all its power functions, and understandably men retained control of these places where significant business occurred" (Bushman, 1992, p. 424). During the 19th century, the role of the home changed as business moved out to newly constructed state capitols, factories, and offices. As men left home to go to work, they took power with them (Bushman, 1992). Urbanization, mass consumption, and the subsequent emergence of mass production in the early 20th century meant that the separation and gender identification of the spheres of home and work became all the more definitive (Baron, 1991; Gamber, 1998; Horowitz & Mohun, 1998; Kwolek-Folland, 1998; Peiss, 1998; Scott, 1998). Men were required to enter the world of production to provide for their families with wages and salaries, while women ran the household and managed most of the work associated with consumption (Leach, 1993). By the 1920s and 1930s, ample statistics showed that women did the bulk of the nation's retail buying. Women were referred to by the ad agencies as the "purchasing agents" for their families. Advertisers understood their task to be that of communicating to masses of women (Coontz, 1988; Frederick, 1929; Marchand, 1985). The salience of women's role in consumption spread across the lines of nation and class (Benson, 1996; Coffin, 1995; McKendrick, 1974; Scott & Tilly, 1987). Working-class women in the United States, the United Kingdom, France, and other industrializing countries were expected to be good household managers (Benson, 1996, p. 220; Scott & Tilly, 1987).

This sexual division of labor appears benign enough. Men produced to earn a livelihood for their families, and women invested those wages in consumption to meet their families' needs for sustenance, comfort, and improvement. In fact, this division was anything but benign. From the start, the tradition of contempt that charged producers' attitudes toward consumers had a fiercely misogynist bent. Men looked back with derision from the newly constructed world of production. Once they traded homes for offices and factories, they belittled the importance of what they left behind (Bushman, 1992). Consumption had become feminized and so it no longer merited the time or attention of the men who had set out to make a new world. Women were viewed as fickle and debased consumers who were naturally inferior and cursed with poor taste, lethargy, and ignorance (Marchand, 1985). George Gallup, as a young man employed by the Young and Rubicam agency, wrote that he could not account for the amazingly low level of taste displayed by the typical female newspaper reader and noted that his interviews found "stupid women" in city after city (Marchand, 1985, p. 70).

When Henry Ford capitulated to the need to style and market his automobiles, he complained sourly to the press that he was now in "the millinery business." Nearly 20 years later, Henry Dreyfuss, who designed appliances for General Electric, spoke to the Canadian Manufacturers Association at a meeting in Toronto in May 1952. He announced that it was a good thing industrial design had entered the home "through the back door" into the kitchen, where "wear and tear were faster" and the housewife, "a gadget-conscious mammal," could be persuaded to have her house brightened up with handsome machinery (Horowitz & Mohun, 1998, p. 17). Resentment of and resistance to the need to modify and style products to meet women's tastes and needs had endured. The pattern has been documented for products and services as diverse as electric ranges and telephone service (Fischer, 1992, pp. 234–236; Marchand, 1998a, p. 72; Parr, 1998, pp. 165–187).

More than any other commercial invention of the early 20th century, the department store was designed to cater to women. These stores were fabulous worlds unto themselves, offering a lavish and elegant atmosphere of light and color, fantasy, luxury, and abundance, where women could appear in public without embarrassment (Benson, 1986; Leach, 1993). The same managers who invented this sumptuous atmosphere deeply resented their own customers (Benson, 1986). Department store managers longed for male customers, even though it was well known that they bought less: "They found a male style of making a discrete purchase personally more appealing and less disruptive of store operations" (Benson, 1986, p. 99). Across the world, the same story could be told. According to a study of Australian sales literature between 1900 and 1930 (Reekie, 1991), a variety of profiles were constructed to describe their (mostly female) customers, and few of them were flattering—sanguine, nervous, phlegmatic, calmly indifferent, prejudiced, logical, emotional, overcareful, grumpy, overbearing, argumentative, frigid, procrastinating, vacillating, hesitating, quiet, quick tempered, doubting, the customer who cannot say yes, and the customer who is just having a look around. Psychologists and anthropologists were brought in to advise retailers. They emphasized women's primitive instincts; one classical scholar advised that women's predilection for hats and jewelry was evidence of their affinity with savages (Reekie, 1991, pp. 364, 370).

The evidence suggests that men not only left the world of consumption, but felt an urgent need to denigrate it, in large part because it was now identified as only and merely female. Their ambivalence toward the customers they were required to serve shaded into contempt, not only because of the typical suspicions that have always reigned in the marketplace, but because men felt acutely uncomfortable having to serve the very women they dominated on the streets and in their homes. For many men in new occupational roles such as "department store manager" or "insurance executive," their masculinity was threatened by the new more abstract and service-oriented nature of their work (Kwolek-Folland, 1998; Lubar, 1998; Marchand, 1998a). They were not producers, in any traditional sense. Worse still, they had to pander to a fickle public and "to adopt a dependent, almost servile attitude toward customers who were 'always right.' And those customers, more to the mass retailer's humiliation, were overwhelmingly women" (Marchand, 1998a, p. 14). The better known among them assiduously cultivated their reputations for seriousness and hard work. Rowland H. Macy "worked indefatigably" and was known as a "hard-bitten economizer." Marshall Field "maintained a penchant for austerity, a contempt for frivolity, and a 'steely cold' disdain for any decision not based on fundamental business principles" (Marchand, 1998a, p. 14). They also adopted a tactic well known to their counterparts in insurance—the people who worked at the "lowest" levels were also women. It was they who would be assigned the unpleasant tasks of encountering the feminine public.

This strategy of hiring women to mediate between producers and their (largely female) end consumers caught on in many businesses. Home economists were hired to oversee customer service training or advise on sales techniques. In many cases, they advised manufacturers on technical design, based on their knowledge of how women used specific products (Kwolek-Folland, 1998). In showrooms, in advertisements, and in power company offices, women instructed other women in the use of electric ranges, irons, lamps, and other "power tools" (Williams, 1998). Mass-consumer businesses hired women to represent them, even going so far as to have them impersonate the company owner, an industry expert, or even the role model for a brand name. In some cases, fictitious female identities were created to more effectively sell products into a female market (Peiss, 1998).

The story of sex segregation in the workplace is not new, nor is the fact that men and women were even more broadly segregated in the worlds that came to be known as production and consumption. As we have seen, some historians have already begun to explore the derisive attitudes of businessmen toward the women who consumed their goods and services (Baron, 1991; Benson, 1986; Fisher, 1992; Horowitz & Mohun, 1998). It was generally known that men retreated to their dens, that they retreated to their clubs, and now it is known that they also retreated to their workplaces, there to find themselves "at home" in a new way, in a new male culture. But here is what's new: In distancing themselves from women, they also distanced themselves from consumption. In deriding women, they turned their backs on the true nature of their markets. In this way, a once legitimate inward focus succumbed to the pathology of organizational narcissism.

Consequences of Organizational Narcissism

Organizational narcissism, then, arises from mass production and the necessities of managing it. It is not confined to manufacturing; the same managerial approaches long ago migrated to the service industries, bringing with them the same inward focus. The distance that arose between producers and end consumers was created on practical grounds, but has persisted for less savory and more intractable reasons. Contempt animated that distance. It was part of the age-old mistrust between sellers and buyers in every marketplace the world has known. But it was also a uniquely 20th-century expression of a newly problematic, anxious, and uncertain masculinity defining itself through opposition to what it most feared. That anxiety resulted not only in sexual domination within the organization, but also in the sexual dominion of producers over consumers. The consequences of this second form of domination for lost wealth and retarded economic growth are even more far reaching. This domination cemented the notion that the worlds of producers and consumers were not only separate but unequal. It created an opposition between organization space and consumption that eventually became reified. And by defining commercial activity as something that occurs in organization space, it cost the modern enterprise a foothold in the changing structure of consumption, allowing the organization to become formally indifferent to the human beings it means to serve (White, 1981).

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