

## German Organization and Leadership Theory - Stable Trends and Flexible Adaptation

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### Abstract:

*The production, diffusion and adoption of management theory comprise an active field of study today. Most studies, however, are based on American material since the Second World War. In this article German organization and leadership literature between the 1920s and the 1950s is compared to the equivalent American literature. The study shows that the long trends and the basic ideational content are similar in the two countries. Minor differences include a different balance between what this study calls the organic and the mechanistic paradigms and an authoritative and a speculative bent in the German material. The possible reasons for similarities and differences between the American and German material are discussed. The study of the German material also demonstrates great flexibility on the part of the researchers in adapting to changing political conditions with the help of reframing of arguments and editorial labeling. The study can serve to make us wonder how blind we may be to similar combinations of "stability" and "flexibility" in contemporary management theory.*

**Keywords:** Management theory, organization theory, leadership, history, management fashion, management discourse, management rhetoric, philosophy, ideology, Germany.

In recent years the production, diffusion and adoption of management theory in its more or less popular variants have come to represent an active field of study (Abrahamson, 1996; Abrahamson, 1997; Barley and Kunda, 1992; Abrahamson, 1991; Huczynski, 1993; Huczynski, 1992; Kieser, 1997; Røvik, 1998; Clark and Salanman, 1998). Several factors may be driving this interest: the manifest growth in the amount of management theory produced; the speed with which new concepts appear, become popular and disappear again; the surprising elements of fad, fashion and gurus in the diffusion of ideas; and perhaps also the growing acceptance in society and the academic world of management and management theory, and even the beliefs and hopes bound up with management and management theory.

One problem in exploring the development of management theory is that the empirical basis for studying the major trends is rather limited. The production of management theory in both its academic and less academic versions has only occurred to any serious extent during the 20th century. Moreover, by far the most productive country has been the US. Added to which, most studies focus on the period since the Second World War with its rapid expansion in the number of institutions, publications and concepts relating to this field.

To base theories about a field on a single case is unfortunate, as it is impossible to find out how far the theories developed are dependent on the cultural, political and institutional conditions of the case chosen.

Management theory has of course also been produced, and is still being produced in countries other than the US and during different periods. But if we restrict ourselves to places and periods where this theory has been institutionalized, i.e. consisting of more than the haphazard wisdom of leading businessmen, the possibilities are few. Japan could offer one, the European countries in the post-war years perhaps another. But these areas do not represent a development of their own. The US influence is already large.

That leaves only one other possible case, the one we will analyze here, namely Germany between around 1920 and the early 1950s. Before the Second World War Germany was leading the way in business economics and management research. In Europe the business school concept was first developed in Germany, where the first *Handels-hochschulen* were founded at the turn of the century (Leipzig in 1898, Köln in 1901). Harvard Business School was founded in 1908. Only Wharton is older, established in 1881. In the years between the two world wars all European countries used concepts and books from Germany rather than from England or the US. From 1933 when the Nazis took over and until the early 1950s when the influx of American ideas started, Germany was sealed off intellectually as regards this area. Even before 1933 the main body of the German ideas had developed independently, without much contact with the United States, the influence of Scientific Management in industry being an exception.

The aim of this article is to explore the extent of the similarities or differences between the German and the American organization and leadership literature and to try to explain possible differences. The article is based empirically on secondary studies of the development of American organization and leadership literature and on a primary study

of German published works in the same field, as produced by academic authors between approximately 1920 and the 1950s.<sup>1</sup>

## Mechanistic and organic - a basic framework

There is a surprisingly high level of agreement among many authors regarding the concepts used to describe major trends in organization and leadership theory. This consensus, expressed here in the terms “mechanistic” and “organic”, is described in Table 1. In the present article I use these concepts as a basic framework for ordering and comparing the American and German material.

(Insert table 1 around here, now at the end)

Abrahamson describes this dichotomy as follows: “The key assumption underlying rational rhetorics is that work processes can be formalized and rationalized to optimize productivity, as can the reward systems that guarantee recalcitrant employees’ adherence to these formal processes ... (employees are seen as) cogs in a machine... The management techniques championed by rational rhetorics are blueprints for formalizing and rationalizing employee management processes and rewards to maximize organizational goal attainment” (1991, p. 496). He describes the normative rhetorics by saying that the key assumption here is that “...employers can render employees more productive by shaping their thoughts and capitalizing on their emotions” (Abrahamson, 1991, p. 497). Naturally, there are differences in the way these authors use their concepts, but Abrahamson’s descriptions cover the main trend.

For some of the authors quoted in Table 1, the two paradigms can be used to account for *all* trends in American management theory. This seems to be largely the view of Barley & Kunda and Abrahamsson. Morgan represents the other pole as he offers eight “images of organization”, of which the two shown in the table are only the two first. But for all the authors, despite their differences, the two paradigms represent and describe two important historically and theoretically different understandings within the organization and leadership theory produced in the 20th century. Some of the authors see the two paradigms as very different. Barley & Kunda (1992), for instance, call them “cultural antinomies fundamental to all Western industrial societies” and “thematically contrasting sets” that cover the development of management theory since 1870. Others, such as Bendix (1956) and Waring (1991), see them as sharing important basic assumptions about hierarchy, the rights of managers, the given tasks, and a preference for harmony over conflict. But the two authors both acknowledge that within these basic assumptions the two paradigms nonetheless represent rather different ways of handling management.

## Why similar?

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<sup>1</sup> The Copenhagen Business School happens to have a large collection of this German literature in its library. In the case of the pre-war years this was because Germany was the “leading power” in business economics (*Betriebswirtschaftslehre*). As regards the period up to 1945, the Copenhagen Business School received as a gift a great deal of the literature that was seized from the Business Library of the German Embassy after the war.

In what ways should we expect the German development to be similar to the American? In this section I will try to summarize some theoretical arguments for the expectation that the German literature will be largely identical to the American. In the following section I will summarize the opposite argument.

### **Need-based: economic development as determinant**

One way of explaining the development and content of organization and leadership theories is to see them as need-based. In this perspective, theories of organization and leadership are regarded as tools for solving practical problems in organizations. When particular problems arise, the social tools necessary for their solution tend to be developed. Max Weber's theory of bureaucracy comes close to this view. Bureaucracy and ideas associated with bureaucratic organizing were developed at the point in history when states and, later, mass production and large markets "needed" large and efficient organizational structures. In a similar vein, Chandler (1977) demonstrates how the modern corporation with its professional hierarchy and multi-unit structure was developed in response to changing technologies and markets.

Essentially this implies that the development of organization and leadership theory is contingent upon economic development. A version of this principle has been used to explain the presence of the organic and the mechanistic paradigms in the American literature. Barley & Kunda (1992), for instance, argue that the occurrence of the organic and mechanistic paradigms is associated with 50-year economic cycles caused by technological innovation. In the period of expansion when a new technology is being implemented, the mechanistic paradigm dominates, perhaps to ensure the necessary organizational restructuring required by the new technology. Upon the downturn, the organic paradigm spreads, perhaps because there is now more need to get the most out of the human capital. Using bibliometric and economic data Abrahamsson (1997) confirms this theory, with the modification that the mechanistic paradigm seems to appear shortly *before* the upturn, and that perhaps it is not only caused by the upturn but is also one of its causes. Correspondingly, the organic paradigm seems to appear shortly before the downturn begins.

In their economic development and structure, Germany and the US have been surprisingly similar throughout the period studied.

Industrialization started at approximately the same time, in the second half of the 19th century. " ... Germany began to industrialize about half a century after Britain and perhaps two decades after France at roughly the same time as the United States." (Kocka, 1980, pp. 77-78). The industrial structure was identical. "Similarities between the development of the modern corporation in Germany and its evolution in the United States are striking ... the distribution of the largest manufacturing firms among industrial groups was similar in Germany in 1907 and the United States in 1909.... The similarities are even more marked when the two economies are contrasted with a third, that of Britain..." (Kocka, 1980, p. 99). And the economic cycles that are assumed to influence the organic-mechanistic pendulum are much the same: economic expansion up to around the First World War (1900-1913, US growth in output: 66%, German growth: 46%); a period of economic crisis/stagnation at its lowest in the US in 1933 (18% growth only from 1913) and in Germany in 1932 (when output had fallen by 10% compared to 1913), followed by growth in the second half of the 1930s. After a short post-war crisis,

that was deeper in Germany than in the US, economic expansion occurred in both countries - strongest in Germany due to the low of 1948 - until the oil crises of the 1970s (growth figures from Maddison (1964, pp. 201-202)). A final "economic event" was shared by the two countries, namely the Second World War and the accompanying need to use all material and human resources for war production.

If economic conditions determine organization and leadership theory development, we would expect the development in the two countries to run parallel.

### **Empirical research and practical testing reveal truth**

In spite of epistemological differences, a modern understanding of science implies some interplay between theory and data. Theories are supposed to be tested or corrected by empirical data. And organization and leadership theories are "tested" at the least by being put to use in companies.

Following Kuhn (1970) it can be argued that research will follow a certain paradigm for a time, and that "truth" will be hidden during that period. Even if research implies a collection and confrontation with data, this will normally be used to refine the existing paradigm. But by and by, anomalous data will be collected that cannot be explained within the existing paradigm. A "scientific revolution" will then take place. It is in this way that the Hawthorne experiments (Roethlisberger and Dickson, 1939) and the inability of researchers to explain what happened with the help of the established mechanistic paradigm are ordinarily said to have caused the "revolution" - or at least the shift from the mechanistic paradigm to the organic paradigm in the form of Human Relations. Similarly, it could be claimed that it was Taylor's practical industrial experience that led him to reject the soft welfare (organic) perspective that dominated before him and to formulate Scientific Management.

Empirical data had a somewhat weaker role in German organizational research than in its American counterparts at least in some traditions, but it was never ruled out. There were always intensive relations between industry and business as attested by the large number of practical cases and examples in books on organization (e.g. Hennig, 1934). There were also some very active journals such as the *Zeitschrift für Organisation*, in which practitioners and academic researchers both published their work.

It could be expected that this confrontation with data or practical experience would mean that the "truth comes out". Empirical or practice-based research should come to similar conclusions in different countries.

### **Diffusion ensures similarity**

The reason for closing the case in the 1950s is that from that time onwards American research came to dominate the German scene as well. But although Germany was isolated during the Nazi years 1933-1945, there were connections at other times. All Taylor's important works, for instance, were translated and published in Germany before the First World War. After the war authors such as Gantt, Gilbreth and several others in the Scientific Management tradition, were translated. From France, Fayol's main work (1916) appeared in German in 1929 at the same time as its first edition in English. Illustrative is also the extensive list of early Scientific Management literature in German

(Mantsuranis, 1939; Brady, 1933). German managers and engineers also visited the United States to study Scientific Management (Kocka, 1980, p. 97), and there was even some influence in the opposite direction. In many fields German research occupied a leading position worldwide before 1933. Some German scholars such as Hugo Münsterberg, a pupil of the psychologist Wilhelm Wundt, immigrated to the US before 1933. Münsterberg became professor of applied psychology at Harvard University (DeGeer, 1978, p. 87). After 1933 a new contingent of German refugees took up work at American universities. One of these was the psychologist Kurt Lewin, who became the father of research on democratic leadership and sensitivity training. But emigration does not seem to have taken place to any great extent with regard to researchers from business economics (*Betriebswirtschaftslehre*) in a narrower sense. Peter Drucker, whose background was Austrian, is a prominent exception. According to Waring (1991, p. 79) Drucker absorbed a good deal of the Viennese conservative and corporatist thinking that also inspired German organization and leadership theory. This may not be a case of direct influence but is something very close, namely a common background.

In sum, it is argued that Germany was not really isolated intellectually.

### **The reservoir of ideas and methods is limited**

The final argument supporting the likelihood of similarity builds further on the last one pointing out that the reservoir of ideas and methods is limited to what is generally available within a particular culture. In broad terms Germany and the US can both be said to belong to Western culture, which offers certain ideas in the form of concepts and basic perspectives such as the individual, the collective, free will etc. Despite their diverging views regarding the extent of the differences between the two paradigms, Barley & Kunda (1992) and Waring (1991) both claim that development in 20th century management theory has taken place within the common ground charted by the two paradigms in combination. They represent the theoretical building blocks that are culturally available for constructing organization theory. Very little development has occurred outside their common ground and shared assumptions. Many methods and tools in Western culture also seem to be of a generic type, such as planning, goal setting, hierarchy, and groups. New management theories are normally just a rearranging and re-labeling of such methods (Larsen, 2001).

The four arguments presented raise the expectation that there cannot be much that is new under the German sun.

## **Why different?**

### **Co-operative capitalism**

While the degree of economic development and the economic cycles thus invoke the idea of similarities between Germany and the US, other economic and structural factors point in the opposite direction. Until the 1950s Germany was never really a liberal country with a free press or with juridical and education systems, markets or political systems that were independent of the state. To a very great extent it has been an organized state and society. "Liberal democracy", writes the German sociologist Ralf Dahrendorf (1969, p. 424), "as an historical force presented itself to countries with a

different social structure as the political constitution of a non-totalitarian road to modernity. Germany missed this chance; there were never more than fragments of such liberalism in her political system and her social structure".

Relationships between the state and companies, and between companies, were tighter in Germany than in the US. "Big business in Germany had a much closer relationship to the policies of the state than was the case in Great Britain or the United States... At the same time, the freedom of firms to form cartels remained secure and uncontested", writes Keller (1980, p. 171) about Germany in the early 20th century. What was created was a sort of cooperative capitalism as opposed to the managerial capitalism of the US.

Other expressions of this situation are: the intensive cooperation between companies and academia, especially the business and technical schools; the state support for the rationalization movement in the form of a state-funded organization - the *Reichskuratorium für Wirtschaftlichkeit* (RKW) and the early establishment and influence of the German Standardizing organization (DIN). Such structures may seem natural today when states have "industrial policies" and invest in all kinds of infrastructure for industry, but in the early 20th century Germany was a leader when it came to running an economy as a whole.

One would expect these structural differences between the two countries and the associated differences in worldview as regards liberalism/cooperation to make an impact on organization and leadership theory.

### **The German way and the German revolution**

The worldviews described above are not only something that can be identified in retrospect. In the early 20th century most German intellectuals were convinced that there was a special German philosophy of society, and management scholars equally assumed a special German approach to management. These views were not only widespread among the political right wing; they also dominated the political center. They included a belief that the needs of the whole had priority over the needs of the individual, that the "nation" and "given tasks" existed above politics, and that politics was lowly squabbles (Laquer, 1974). Germany was regarded as embodying values more genuinely humanitarian than those prevailing in England and the US, which were seen as egoistic, overly liberalistic, shallow and commercial (Ringer, 1969). There was a feeling of moral superiority that is not dissimilar to what can be experienced in the Scandinavian countries today when looking at other European countries and the US.

In this German tradition words like "organic" (or *Organismus*), "culture" (*Kultur*), "alive", and "community" (*Gemeinschaft*) characterized the "German" side, while words like "mechanistic" (or *Mechanismus*), "civilization" (*Zivilisation*), "dead", and "society" (*Gesellschaft*) were used to describe the other, the "bad" side. This dichotomy affected not only popular understandings but also German social science whether of the right such as Werner Sombart (1934) and Othmar Spann (1925), of the middle such as Max Weber and Ferdinand Tönnies (1957), or of the left such as Marx and Lukacs (1955).

The First World War played a special part in this. The war was seen by many as a revolt by a "socialist" Germany against the liberalistic, individualistic, and capitalistic enemy (Neurohr, 1957, p. 121). In the 1920s and in the early 1930s several books glorified the

war experience. Life in the trenches, according to these authors, had revealed heroism, a warm and strong comradeship and the value of absolute discipline and submission to a common goal (Neurohr, 1957, pp. 76-77).

When Hitler assumed power in 1933, he and others defined his action as a "German revolution". "German" became an adjective with very positive connotations in management theory too. "National Socialism encompasses our whole life and creates all our forms and areas of life corresponding to our German nature (*Art*)", writes a professor of business economics (Thoms, 1938, p. 5).<sup>2</sup> Thoms continues to argue that the creation of a company community (*Betriebsgemeinschaft*) is central to the fight for the freedom of the German workers against the spirit of class-consciousness. "Here, in the companies, a quiet but stubborn fight is going on - the German revolution." (pp. 6-7).

Today it is accepted that there are national or regional traditions in management practice and writing. One prominent example is Japanese management. It is also often assumed that there is a special Scandinavian tradition and style in management. If ever there were such a thing as a national tradition in management, it would be in Germany in the first half of the 20th century. The values described above can be expected to have influenced organization and leadership theory in Germany in such a way as to distinguish it from what we see in the US.

### **Political control**

The two arguments above have concerned various pressures stemming from economic and social structures and dominant values in society. After 1933, however, researchers and teachers were also subject to very tight political and administrative control. Jewish teachers, and even teachers with Jewish wives, lost their jobs, while editors of journals such as *Zeitschrift für Organisation* and *Zeitschrift für Betriebswirtschaft* were dismissed. Other pressures arose from the presence of a pro-Nazi majority among the students and younger teachers in 1933 and succeeding years. New associations for Nazi university teachers were created and acquired considerable influence, and concomitantly many university teachers joined the Nazi party. These last included some well-known professors, such as Heinrich Nicklisch, the grand old man of organization theory, (Loitlsberger, Ohashi and Thöndl, 1996) and other business economists (ZfB/34, p. 158). Finally, new state structures were created to control and manage research (Larsen, 1982). The result of all these informal and formal mechanisms was that Germany became a "totalitarian state". And given these mechanisms it would have been surprising if the official ideology did not leave its mark on research during the period concerned.

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<sup>2</sup> All quotations from the German material have been translated by the present author.

## Isolation

Finally, as was noted in connection with the no-difference argument, diffusion may have played some part before 1933. After that date, however, Germany was practically speaking closed in on itself intellectually. A glance at the reference sections of published books confirms this: German literature now dominates totally. No new foreign books were translated. The Hawthorne experiments and the works of Kurt Lewin, for instance, were not known in Germany before the 1950s.

It would have been surprising, given this isolation, if German organization and leadership theory had developed in parallel with American theory - at least after 1933.

## The data

In Germany organization and leadership theory (*Organizationslehre*) is traditionally seen as a sub-discipline of the field of *Betriebswirtschaftlehre*. *Betriebswirtschaftlehre* was studied and taught primarily at the Business Schools (*Handelshochschulen*), but there were also chairs in the subject at many universities and Polytechnic High Schools (*Technischen Hochschulen*). The term *Betriebswirtschaft* corresponds roughly to "business economics" in the English-speaking world. "Microeconomics" is too narrow a translation, focusing too much on economics. In Europe as early as the 1930s, the field already included subjects unrelated to economic theories in a traditional sense. Among these were topics such as accounting, financing, banking, and the emerging subjects of marketing and organization and leadership theory (*Organizationslehre*). A *Handelshochschule* would normally have a chair in (general) business economics and one in each of the more specialized subjects mentioned. "Leadership" was not included in the official description of the organizational field in Germany. But organizational literature, like German culture as a whole, was intensely occupied with leadership ("leader" = *Führer*). For this reason I refer here to "organization and leadership theory" as equivalent to *Organizationslehre*.

I have chosen to study the field of organization and leadership theory for two reasons. First, it is necessary to concentrate on one part of the broad and heterogeneous field of *Betriebswirtschaft* in order to ensure some depth in the analysis. Second, it is in this part of the original field of business economics that we have seen the spectacular growth, the diversification and the rapid swings in fashion in the US that have provoked critical questions about the content and development of management theory and what determines these – the questions, in other words, that the present study seeks to answer.

The books and articles representing German organization and leadership theory have been selected by examining certain leading professional and scientific journals, above all the *Zeitschrift für Organisation* (henceforth ZfO), every issue of which has been read for the whole of our period. This journal is relevant on several counts. Until the 1950s it was the only specialized organization and leadership journal. It existed before 1933 (established 1927), and continued during the Nazi years and in the 1950s with approximately the same editorial profile. It is not a highbrow academic journal, but is rather like the Harvard Business Review with slightly shorter and - in the early years - more technical articles. Its authors included academics and practitioners (company engineers and organization experts). Academic authors who published repeatedly in the journal or

who are often mentioned - in the article references for example - constitute the main sample for this study. Books and articles on organization and leadership written by these authors in other more academic journals were also studied, and references given there were followed up. These other journals included *Die Betriebswirtschaft* (Bw), *Zeitschrift für Betriebswirtschaft* (ZfB), and *Zeitschrift für Handelswissenschaftliche Forschung* (ZfHF). A bibliography (*Betriebswirtschaftlicher Litteratur-Führer* 1936-39), three editions of the *Handwörterbuch der Betriebswirtschaft* (HWB 1926-28, 1938-39, and 1956-62), two descriptive works (Schönflug, 1933, covering the period up to 1933 ) (Gmähle, 1968, covering 1933-45) have also been useful. The translations have been made by the present author.<sup>3</sup>

### **Who is left out?**

Given my focus on the organization and leadership literature, those left out of *Betriebswirtschaft* include the academics who specialized on general business economics or on the other specialized subjects mentioned - accounting, finance, banking, and marketing. In the first group, the generalists, we find for instance a famous name such as Erich Gutenberg (born 1897), who tried to develop a general theory of the firm (Albach, 2000).

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<sup>3</sup> A simplified system of reference is used with the above-mentioned abbreviations followed by issue and year or year and page, e.g. ZfO 2/51 means *Zeitschrift für Organisation*, no. 2, 1951 and ZfB 33/259 means *Zeitschrift für Betriebswirtschaft*, 1933, p. 259.

The most important of the other specialized subjects in the German context was accounting, which occupied a central position at the German *Handelshochschulen*, and where Germany was the leading country in the first decades of the 20th century. Perhaps the most influential scholar was Eugen Schmalenbach (born 1873), who was a professor at the Cologne Business School (Forrester, 1977; Potthoff, 1998) and founder and first editor of ZfHF. He is known for several important contributions. Most famous perhaps is the "**dynamic accounting**" concept, which questioned the value of the "static" balance sheet in which assets are evaluated at historical costs, advocating instead an evaluation based on possible future earnings. The evaluation of assets was also central to his second contribution; which concerned accounting in periods of heavy inflation such as Germany experienced in the 1920s. Finally, he was known for a proposal for a chart of accounts (*Kontenrahmen*), which became the basis for the state-prescribed system after 1933. Schmalenbach, who had a Jewish wife, had to step down from his job in 1933 and remained in hiding during the war. One of his famous colleagues was Fritz Schmidt (professor at the University of Frankfurt, editor of ZfB) who coined the concept of "**organic accounting**" for a system in which assets are evaluated at replacement cost (Graves, 1992). Both authors distanced themselves from explicit Nazi ideas, but both were also sufficiently aware of their times to incorporate the words "dynamic" and "organic" in the names of their concepts. Their shared interest was to change the static and historical nature of accounting, transforming it into something approaching "managerial accounting" – a system that was developed in the English-speaking countries much later. The intensive contact between research and practice, the German preoccupation with management and leadership and the inflation experience that rendered obsolete any historical perspectives, all combined to provide a context in which this can easily be understood. Other well-known accounting (and to some extent banking) scholars included Schmalenbach's pupil Ernst Walb (born 1880) (see Albach, 1995) who – having a more positive attitude towards the Nazis (cf. ZfHF 36/399) – succeeded Schmalenbach both as professor in Cologne and as editor of ZfHF after 1933; Wilhelm Kalveram, (industrial accounting and banking who wrote *Organisches Bankwesen*, 1933), Erich Kosiol (born 1899) who published works on accounting and, from around 1960, also on organization (Schweitzer, 1999); and finally Konrad Mellerowicz.

The boundaries between the specialized areas within business economics were permeable then as they are today. Arguments could thus be made for the inclusion of authors in my organization and leadership sample, and for the exclusion of others. Some authors also wrote in different areas at different stages of their careers. But as the research question concerns similarities and differences between Germany and the US in a particular field of study, and not an evaluation of the contribution of individual scholars, the categorization of individual scholars does not seem to be of paramount importance. It is also important to emphasize that those included in the sample are not there by the decision of the present author, but because they referred to and quoted each others' literature. The now famous Schmalenbach and Schmidt were never quoted in this organization and leadership literature to the same extent as some other now barely remembered scholars with a background in accounting, like Walter Thoms.

In the following section I offer a general description of the content and development of German organization and leadership literature from around 1920 and up to the 1950s. In a subsequent section I relate this development to my arguments regarding similarities and differences presented above.

## German organization and leadership theory

### The mechanistic paradigm

In the late 1920s and early 1930s organization and leadership theory (*Organisationslehre*) established itself in German universities and *Hochschulen* as a relatively separate subject within *Betriebswirtschaft*. The emergence of the subject was signaled by the start of the journal *Zeitschrift für Organisation* in 1927, the publication of a major handbook of organization (le Coutre and Thoms, 1930), several textbooks attempting to present an overall view of the field of which the most important were Hennig (1934) and Nordsieck (1934), and the separate treatment of organizational questions in standard texts on business economics.

At that time the various texts reflected a fairly unified paradigm corresponding closely to what I termed above the “mechanistic paradigm”. We can describe this paradigm on a basis of the two widely read and acclaimed books by Hennig and Nordsieck just mentioned, namely *Einführung in die betriebswirtschaftliche Organisationslehre* and *Grundlagen der Organisationslehre* respectively. Both were written before January 1933, i.e. the year and month of the Nazi take-over, but were published in 1934. K. W. Hennig (born 1890) was an engineer by education and professor of *Betriebswirtschaft* at the Polytechnic High School in Hannover, while F. Nordsieck, who was an economist, does not seem to have held a permanent chair.

Both books are based on the idea that certain clearly formulated or **self-evident goals** (*Zwecke*) or **tasks** (*Aufgaben*) exist for every individual organization (*Betrieb*), and that these can be taken for granted. Hennig talks constantly about *the* goals, and Nordsieck defines an organization as a “task community” (*Aufgabengemeinschaft*). Nordsieck, who is most explicit on this point, considers such organizational tasks not as a result of certain particular decisions but as derivable from individual biological needs or - as he added after 1933 (ZfO 9/33) - from the needs of the total community.

Organization (*Organisation*) is now defined as the rules (*Regelungen*) whereby the goal or tasks are achieved. The purpose of the organizing activity and of organizational theory is envisaged as fulfilling the tasks as efficiently and harmoniously as possible.

Within this framework both books treat the question of how the main task is split into sub-tasks, i.e. the question of specialization. How these sub-tasks in turn are coordinated and planned, how people are assigned the different sub-tasks, and finally how these people are remunerated and controlled.

**Specialization** is implicitly assumed by both authors to be a good thing and their texts provide various principles that specialization can be based on.

As regards **co-ordination and planning** there is a strong emphasis on the importance of hierarchy in the organization, following the “military principle” whereby every individual has one and only one superior and there is only one person at the top (*Direktorale Leitung*). The idea of a group of leaders at the top (*Kollegiale Leitung*) is generally regarded as unsatisfactory. Both authors, but Nordsieck most explicitly, define management as a purely impartial and technical (*Sachlich*) function within the limits of the

"given" goals or tasks. Nordsieck comes to the conclusion that the leader should be appointed by an expert group (*Fachkollegium*).

Co-ordination and planning should be supported by normative, graphic and verbal descriptions (*Sollpläne*), i.e. by way of rules in the form of detailed workflow descriptions, job descriptions etc. The pages of ZfO are filled with methods for achieving this, and one of Nordsieck's much read and oft reprinted works is a book concerned with such techniques (1932).

Finally, when it comes to **remuneration**, time study and piece rate systems are recommended.

One of the reasons for the similarity between this literature and the American mechanistic tradition can be traced to the fact that, as we have seen, American Scientific Management authors were known to most of the German writers on organization. In the "Golden Years" of 1924 to 1929, between the First World War and the ensuing inflation at one end and the Great Depression at the other, there arose a veritable movement of **Scientific Management** (*Wissenschaftliche Betriebsführung*), or "rationalization movement" (*Rationalisierungsbewegung*) as it was later called. This "movement" developed within industry, where expansion and reorganization on a grand scale occurred. Standardization, specialization and changes in the direction of mass production went hand in hand with a wave of fusions and cartel formations, all serving to make big industry receptive to the ideas of Scientific Management (Brady, 1933). A very comprehensive handbook by the semi-official *Reichskuratorium für Wirtschaftlichkeit* (RKW) (Reuter, 1932) demonstrates the great number of activities and affiliations associated with this body. The engineers' organization, *Verein Deutscher Ingenieure*, strongly supported the movement (Mantsuranis, 1939 p. 31). A number of books were published, (some of them mentioned by Hennig and Nordsieck). The launching of the journal *Zeitschrift für Organisation* in 1927 can be seen as an offshoot of the "movement".

### **The organic paradigm**

The mechanistic paradigm was not alone on the stage, however. Ideas approaching what I have called the organic paradigm have played an important role in Germany all through the 20th century. In this tradition the word "organic" (*Organisch*) was used with explicitly positive connotations, while "mechanistic" (*Mekanistisch*) referred to the other tradition and had negative connotations.

The organic paradigm had its origins in the 19th century and is thus older than the mechanistic paradigm. After the Nazi take-over in 1933 it spread in the German academic world and weakened the foothold of the mechanistic paradigm. It was also developed more systematically, and it is therefore the thinking after 1933 that I will present first. My exposition is based mainly on the writings of the following: Heinrich Nicklisch (born 1876), professor of business economics at the *Wirtschafts-Hochschule* in Berlin, and one of the founding fathers of the paradigm; Karl Arnhold (born 1884), professor at the Polytechnic High School in Dresden, another founding father; Walter Thoms (born 1899), a relatively unknown young accounting researcher who wrote on organization and leadership after 1933 and became famous for it, later professor at the University of Heidelberg; Curt Sandig, associate professor at the business school in Leipzig before 1945; and finally a non-professor, Peter Schlenzka, editor of ZfO appointed as

part of the Nazi take-over in 1933, who wrote a large number of articles in the later 1930s from an aggressively Nazi position.

The basis of the organic paradigm is the idea that **people, human relations, social, psychological** and "spiritual" factors are all much **more important** to the understanding and manipulation of organizations than the "formal" factors of the mechanistic paradigm. Some quotations can illustrate this: Schlenzka, for instance, criticizes the organizational thinking of the "liberalistic-capitalistic" years (i.e. before 1933) as follows: "The company (*Betrieb*) was considered purely materialistically from the point of view of capital, buildings, machines, and appliances (*Einrichtungen*), and performance was often seen only as a consequence of the appliances.... No organizational forms of this materialistic time have thus recognized the spiritual factors or have consciously used them" (ZfO 2/38). Arnhold talks about "a psychological understanding of work (and) the primacy of man over the world of things"(ZfO 2/37. Our translation), and in a somewhat similar vein Sandig says of Nicklisch that he has tried to make "conscience rather than cost-calculations the basis, and a true community rather than a mechanically functioning organizational apparatus (*Betriebsapparat*) the goal of all activities in companies" (Bw 7/33).

The writings associated with this paradigm center round two main concepts "**the company community**" (*Betriebsgemeinschaft*) and "**the leadership principle**" (*Führerprinzip*).

### **The company community**

The **company community** refers to attitudes of solidarity, acceptance and commitment towards the company, of trust and goodwill. Sandig: "Company community is a standing together from internal necessity, not from external force; a standing together in the ideal, not in the material" (1937 p. 10). He further describes it as co-creating, co-feeling, co-thinking, co-willing and co-caring, and declares that a company community expresses itself in a "company pride", a "we-thinking and we-professing" (p.11).

The company community is compared to that of the family, to stress the need for loyalty and solidarity beyond the formal demands. In an article on "leader responsibility", Sandig compares a manager to the "head of the family": "The head of the family sees his relatives as members of a community. He does not view them primarily in terms of the law of domestic relations (*über das Familienrecht des Bürgerlichen Gesetzbuches*), because above all he bears the responsibility towards the community itself" (Bw 7/33). And in his 1937 book he uses the term "company family" (p. 11) to illustrate the community concept. Walter Thoms, in a book published in 1938, also makes this comparison: "...it is the fate of every human being to be tied to his family. He cannot leave this natural community. In the same way every working citizen is member of a company community"(p. 12). Thoms writes that this family-like community is still found in artisan shops and on farms, and Sandig sees the best basis for a strong company community in the small company, and when the employees live close to the company.

The organic paradigm is usually presented as a "philosophy", without practical underpinning. Sometimes, however, specific **welfare-measures and integrative techniques** are suggested. In an article on organization in HWB II Thoms mentions pension schemes, medical care and company sports. Sandig mentions parties and concerts

(1937, p. 17). There is also a concern about "**job satisfaction**" (*Freude an der Arbeit*). ZfO 3/34, for instance, is devoted to this theme: The role of the Nazi organization "Strength through Joy" (*Kraft durch Freude*) which arranged concerts, exhibitions, excursions, holidays, etc. is stressed. Besides these more general activities the organization had a department called "Beauty of Work" (*Schönheit der Arbeit*), the aim of which was to create better working conditions (factory halls, canteens, small parks). The head of this department, Hübbenet, said of the goal of these activities in an article in the same issue: "The proletarian and working animal today has become a collaborator and a full (*vollwertige*) member of the people's community (*Volksgemeinschaft*)" (ZfO 3/34). Other articles are concerned with the establishment of better working conditions such as ventilation, clean air, temperature, lighting, pauses, etc. and about leisure-time arrangements.

### The leadership principle

The second main idea in the organic paradigm is the **leadership principle** (*Führerprinzip*), which implies that one person and only one should make the decisions (the *Betriebsführer*). No majority decisions, no committees, no idle talk. In the company the owner should be *Führer*. But having one decision-maker does not mean that there should be no delegation of authority. On the contrary. A certain **delegation** and **responsibility** at the lower levels is advocated. The compliance with the line laid down by the *Betriebsführer* is not so much ensured by any external discipline or respect for expertise as in the mechanistic paradigm, but by an inner **motivation** on the part of the employees, a **trust** in the *Betriebsführer* and the company and a sense of **solidarity** with them.

One of the sources of this trust was thought to lie in the assumption, even the demand, that the leader **serves the interest of the whole**. Nicklisch, for instance, compares the business leader to the Emperor Frederick the Great and Hitler and says of Frederick that he was "the first servant of his state" (Bw 2/35). In two books (1938 and 1940) Thoms like many others takes the "social responsibility" concept to mean that the leadership of a company should not aim at maximizing profit. Rather, "(p)lanning and risk-taking must be directed by knowledge of the needs of the people (*die Not des Volkes*) and by limitless devotion to it .... The rules of management must spring from the spiritual center of folk life" (1938 p. 128).

Within the general leadership principle there is a preference **for personal leadership**. The modern joint-stock company with its many "anonymous" shareholders – what the French call the 'Société Anonyme' – was thought to lead to irresponsibility. Sandig, for instance, writes: "The leader must carry responsibility in his company.... The lack of feeling of responsibility [in joint stock companies] towards the employees, this lack of organic thinking, has led to the situation that the entrepreneur in the eyes of his fellow human beings has become a human type whose personal arbitrariness is limited only by civil law.... The picture drawn here becomes still harsher in the many cases where investors with limited liability and the managers of the company are different people. The driving force behind such managers is not a feeling of responsibility towards the company, towards a fate tied to the life of the company, and the fate of the people working in this company, but rather the wish - in itself understandable - to win the applause of the investors" (Bw 7/33).

In addition to a preference for personal leadership the organic literature is also interested in the manager's "**personality**" (as compared to the mechanistic paradigm's interest in his professional abilities). The novelty in management research today, says professor Theisinger, is that we recognize "the power of the personality" (ZfB 6/33). And professor Arnhold writes that "social or welfare measures can never supplant a vital and powerful personality" (1938, p. 79).

In the organic paradigm, unlike the mechanistic, there is no sign that the approach was inspired by foreign literature. There is practically never any reference to such literature at all. This was exclusively regarded as German tradition. But it was not a product of the Nazi period only.

### **Before 1933**

Two of the most active proponents of the organic paradigm after 1933, Karl Arnhold and Heinrich Nicklisch, had already formulated their views several years earlier. Since 1925 **Arnhold** had led an institute for "technical work-training" (*Deutsches Institut für Technische Arbeits-schulung* - DINTA), which after 1933 became part of DAF, the German Labor Front. He was early in applying a social-psychological rather than a technical perspective to industrial work problems, as it can be seen in the work he published from 1925, *Der Faktor Mensch in der Industrie* ("The Human Factor in Industry"). It was no opportunistic rewriting of the past when he later wrote: "Since 1920 DINTA has been fighting for a change of ideas in management, for a psychological understanding of work, for the primacy of man over the world of things (*Sachwelt*), and for an organic, that is to say a natural, arrangement (*Ordnung*) of the company" (ZfO 2/37).

**Nicklisch**, since 1921 professor in Berlin, played a leading part in organization theory both during the Weimar period and after 1933. He was editor of the large reference work *Handwörterbuch der Betriebswirtschaftslehre* (1st edition, 1926-28; 2nd edition, 1938-39), and of the journal *Die Betriebswirtschaft* (Loitlsberger et al. 1996). Between 1915 and 1920 Nicklisch wrote several articles on organization as well as a book published in 1920, *Der Weg aufwärts! Organisation* (The way forward! Organization). Here the idea of the company community is formulated in a more general way: The individual is by necessity part of, a member of, a community. It is the community that is "real" and not the individual, who should let his behavior be directed by his relationship with the community. The individual is nothing, the community everything. Individual freedom in a liberalistic sense equals egoism, whereas "real freedom" arises when the individual freely submits to the needs of the whole. And these ideas should also be behind the company community, Nicklisch argues.

More generally, the organic organization ideas were an expression of the **German tradition** described above, which cherished words like "organic", "culture", "alive" and "community", and despised "mechanistic", "civilization", "dead" and "society".

There is also an early **empirical work** in the organic tradition, which could have promoted and influenced the paradigm in the same way that the Hawthorne experiments did in the US. The work in question, Lang and Hellpach's investigation of group production, published in 1922, did not in fact gain much recognition. It reports and discusses some experiments in which the idea was to apply some of the methods of work-

ing used in small companies and in artisan shops to larger factories. All the work connected with certain products or product parts was performed by work-groups consisting of workers from different trades and with a number of different machines at their disposal. According to Lang and Hellpach the system had several advantages. These were partly of a technical and economic nature (e.g. better quality), partly because the system provided the possibility "of letting the factory worker escape from the human and technical automation of the work and linking him more firmly to its technical qualities and human values" (Lang, 1922).

The organic paradigm thus belonged to and harmonized well with important traditions. The mechanistic paradigm threatened these traditions, whereas the organic paradigm implied a return to them. The organic paradigm also fitted in better with the prevailing **managerial ideology**. Hartmann (1959) traces a tradition for the legitimation of the German owner-manager (the *Unternehmer*) based on claims of a certain expertise and problem-solving capacity ("functional authority", as he calls it), and another tradition based on what he calls certain "ultimate values". In his view this is the basic dichotomy in German management ideology. It is a close parallel to the dichotomy we find in organization theory between the mechanistic and the organic paradigms, which in turn is a parallel to the *Gesellschaft-Gemeinschaft* categories.

### **From 1933 to 1945**

Generally speaking organization and leadership theory continued under Nazism (as opposed to sociology, for example, which was almost wiped out). 1933 passed without much change, and only a few scholars in the discipline were forced to resign. Of the relevant journals, *ZfO* and *ZfHF* acquired new editors. What really happened in 1933 and the following years was not so much that new ideas appeared, but that some - albeit not all - writers were choosing to relate their writings more openly to Nazi ideas, either from personal conviction, for strategic reasons, or because they were forced to.

Nordsieck's book published in 1934 is an example of this change. It was written before 1933. In the text, and in the first of its two forewords, there is no mention at all of any "political" ideas. No word about Nazism, no words directly indicating what kind of society he prefers. But in the last foreword, added and dated 1934, we are told that the ideas in the book have reached "general acceptance" in "our native country", and that the idea of "struggles due to conflicts of interest have been forced to yield". He concludes his foreword with the words "There is thus nothing to add to this work". And his ideas about a "task community" being above petty politics can actually be seen as generally in accordance with Nazi ideas.

Herman Böhrs' writings provide a further example of such "political adjustments" of the mechanistic paradigm, now in direct connection with Scientific Management ideas. In a series of articles between 1935 and 1937 in *ZfO* Böhrs discusses wage systems and in particular piece rate systems (*Leistungslohn*). The conclusions are those put forward by Scientific Management, namely that remuneration closely linked to performance is beneficial. The arguments are rather different, however. We are told that the wage should be "just", but that "the feeling of justice (*das Gerechtigkeitsempfinden*) is related to blood and race" (*ZfO* 8/35). Equal wages are not just, because they do not correspond to "Nordic man". The "just wage" happens to be *Leistungslohn*, and here Böhrs refers to both the party and the *Führer*. The basis of the *Leistungslohn* should be the service of

the individual to the "peoples community", which according to the following articles is measured according to well-known Scientific Management techniques. What is new in all this is the reference to the party and its doctrines, and the claim that *Leistungslohn* corresponds to the ideas of the new era.

In many cases the mechanistic paradigm undergoes this "adjustment" to the new times, but several mechanistic works also appear without direct political signals, e.g. Schramm (1936), Riedel (1941), and Mechler (1940).

For the organic paradigm, and for most of the authors working within it, 1933 brought an open association with the dominant political ideas, that is to say with Nazism, in a way that was quite new. As late as 1932 even Nicklisch did not visibly adopt a clear position. The journal *Die Betriebswirtschaft*, of which he was editor, contains no explicit reference to politics that year. The 25th anniversary of the journal was celebrated in Bw 1/32, when Nicklisch wrote the leading article - a good occasion for sending value signals. But we only hear that it is a "serious time" with "difficulties", and that "tasks requiring special responsibility have been imposed" (again the idea of the tasks being given). But in 1933 a totally different line is struck. In Bw 7/33 Nicklisch wrote an article about "business economics in the National Socialist State", which contains a "call to business economists to put their forces at the service of the *Führer* of the new Germany". In Bw 12/33 he wrote an article referring to his 1920 book on organization and ended by saying that business economics had developed in the same direction as Nazism and could therefore "feel at home in the National Socialist State". In a book published the same year and advertized in ZfO 704/33, he hails "the movement" and the "successful *Führer*" and is himself hailed as one who has long regarded it as his "task to serve German socialism" (ZfO 11-12/33).

Generally speaking, after 1933 the organic paradigm is openly identified with Nazism. Nicklisch, Arnhold, Thoms and Schlenzka presented their ideas as part of official Nazi thinking. And Sandig, who is the most cautious, tells us that the company community principle is in line with the *Führer's* ideas and with the political developments since 1933. "The science (of management) marches in the same direction as politics today." (1937, p. 14).

### **After 1945**

And what happened after 1945? What changes occurred? A few actors change. Some die, Nicklisch in 1946. "Filled with the conviction that a better company constitution was in progress, he finally fell victim to this endeavor after 1945" (Seischab Bw 424/51). Walb committed suicide. Some professors such as Sandig fled before the Russians, and some were forced to leave their chairs (e.g. Thoms).

The scientific and semi-scientific journals, which had been discontinued in 1943-44 as a contribution to the "total war" effort, were restarted in 1949-51. The three economic journals, Bw, ZfHF and ZfB began under new editors, because the former editors had died.

ZfO started up again in 1951. The editorial group consisted of ten people, among them the former editor, Peter Schlenzka.

Most writers went on saying the same things after 1945 as they were saying before but now without any clear political signals or with new signals.

Hennig, still professor in Hannover and one of those who held a low political profile after 1933, published a second edition of his book in 1948. There were very few changes. Two chapters of the original book, devoted mainly to economic arguments were omitted - perhaps a sign of the growing independence of the discipline. And a few remarks here and there also disappeared, mainly those that indicated the moral and nationalistic perspective of the author in the original book: These included a reference to his "great experience" in the First World War in the foreword, a reference to "war science" as a discipline of importance to organizational theory (1934, p. 7), and a reference to the Polish corridor as an idiocy of world proportions (1934, p. 94) – all of them small signs of the mood of the times. But apart from this, the texts are almost identical. Hennig's book is often referred to. A new edition was published in 1957, and a fifth appeared in 1971.

Nordsieck published a new edition of his book in 1955 (and another in 1972). Here too the changes are few. The original forewords have been deleted. And there are a few more (fairly positive) references to Max Weber and one or two to Nicklisch. Nordsieck is also often mentioned in the organizational literature. In the third edition of HWB, which was published in 1960-62, Nordsieck wrote the article on "organization". (This had been written by Thoms in the second edition, while a relatively unknown author who referred exclusively to Nicklisch wrote it in the first.) Nordsieck's article sticks closely to the book he published in 1934.

Herman Böhrs, now professor at the Polytecnic High School in Hannover, also wrote in the HWB III, again about piece rate systems and payment according to output (*Leistungslohn*), which was still a good thing. But this time he refers neither to the *Führer* nor the party, but simply says that "Piece rate wages generally contribute to an increase in work productivity..." A retreat into pragmatism.

The mechanistic paradigm lived on well after the war. Just as it had survived Nazism, it did not seem to recede with time either. After some years it again dominated the pages of ZfO. Several authors active before 1945 now published again, in some cases with only superficial changes in wording and presentation. And it is easy to find works in the 1960s, which apart from the introduction of certain modern American techniques such as operations research, program budgeting, systems analysis, mathematical analysis etc., are not very different from Nordsieck's and Hennig's early writings, and which draw heavily on their predecessors. Examples include Hoffmann (1969), Wild (1966) and Arnhold (1967).

The organic paradigm also survived 1945, although some more extensive reconstruction was necessary. The paradigm could already be discerned in the first issue of ZfO (1/51). W. Lorch wrote the leading article. He was also one of the first organizational writers in 1933 to praise the "vast organizational achievement (of) Adolf Hitler", to assert that all powers of the people were now united behind the 'Führer' and generally to connect the organic paradigm with Nazism (Bw 12/33). Now, in 1951, he is one of the first to disconnect the paradigm from what he rather feebly calls "past experiences", and to connect it to the striving for "individual freedom". But aside from this superficial change in claimed value affinity, his reasoning is very similar in the two articles. About the future

line of the journal and the Society for Organization (*Gesellschaft für Organisation*) that publishes it, he writes (quoting professor Theisinger): "However there should not arise [in work to remedy the disorganization caused by the war] any life-damaging, mechanistic or formal forms of organization, but rather the whole (*Ganzheitliche*) man, the human being, and the sense of a "reasonable life and work, just as the reinforcing of natural, organic harmony should be at the center of all our efforts." This is the organic paradigm in its purest form. He says further that the prime task is to create a good psychological, physiological and social climate in companies.

In 1953 Curt Sandig was active again as professor at the *Wirtschaftshochschule* in Mannheim, and published a book on management dedicated to Nicklisch (Sandig, 1953). One reviewer says of this: "There may not be another work that so completely grasps and treats the efforts of the Western world to solve the social problems of companies" (Geck ZfHF 98/55). Now, at least according to the ZfHF reviewer, it is the saving of the Western world. In 1937 it was a question of realizing the Nazi 'Weltanschauung' (1937, pp. 7-8). In the new book, Sandig concentrates on the manager and the decisions he has to make. In his decisions he has a "responsibility" towards the family, the creditors, the "anonymous" capitalists, the employees, the customers and his own "conscience". A revised edition appears in 1966.

Another author from the past, Peter Schlenzka, rose to great prominence. Schröder (1933) calls him "one of the best known industrial consultants". In a book published in 1954 Schlenzka also turned to the subject of management, re-launching many ideas described earlier as conforming to the Nazi leadership principle. To Schlenzka management (*Führung*) is vitally important, differing from "administration" (*Leitung*), which is static and executive. Unfortunately "administration" dominates most companies, he says and adds using his old terminology that they are characterized by a "material-mechanistic way of thinking" (p. 29). Management is dynamic and future-oriented. It requires something more than specialized knowledge (the good bookkeeper is not necessarily a good *Führer*), it is a question of "statesmanship" (*Staatskunst*) and requires a "statesman" (*Staatsmann*). According to Schlenzka, the manager not only has to make a profit, but also has a responsibility for the "general standard of living and development of human society" (1954, p. 114). This is the social-responsibility element in the leadership principle, which we also saw in Sandig's book.

After the war, literature and ideas from the US were gradually introduced and integrated into the organic paradigm. "Due in part to the efforts of American authorities, business had just [around 1950] its first contacts with American ideas and techniques in Human Relations. The American High Commission in Germany sponsored a free periodical on this subject and promoted the exchange of American experts and German students in Human Relations. Authors like Elton Mayo and Peter Drucker appeared in German translations or were propagated by German authors" (Hartmann, 1959, p. 852). Organic ideas merged with American ideas – a development which was not surprising, considering the similarities between Human Relations and the organic paradigm. Sandig and Schlenzka did not follow the "main lines" of Human Relations, but concentrated instead on the management side of it, i.e. the leadership principle of the organic paradigm. Their post-war works can perhaps best be seen as German equivalents of the writings of Peter Drucker. Schöer (1960) expresses such a view with regard to Schlenzka.

In the early 1950s Human Relations was something of a catchword. Many observers, W. Lorch among them, agree that it was the legitimate heir to the organic paradigm. As early as the second issue of ZfO (2/51) Lorch mentions Human Relations, and there is an article on the subject by an American professor, recruited from the Office of Labor Affairs in Frankfurt. Later that year Lorch introduced the work of Mayo and Roethlisberger in ZfO 11/52. He also referred to such early "organic" contributions as "Group-production" by Lang and Hellpach (1922) and "The Human Factor in Industry" (Arnhold, 1925), commenting, "(b)oth books received all too little recognition, and nobody realized that things were touched upon in them, that - presumably quite independently - were discovered a decade later in the US, and then aroused a new wave of development". Sandig wrote in the "company community" article in HWB III (column 786-790): "Since the war the idea of the company community has appeared again, partly under another name. The cultivation of interpersonal relations has been promoted under the slogan Human Relations, which originated in the US."

After the merging of the organic paradigm with Human Relations and American management theory, German management and organizational theory developed, broadly speaking in parallel with developments in the US and other western countries. It became increasingly difficult to distinguish anything specifically German.

## Discussion

We will now sum up the similarities and differences between the German and American developments.

### What is similar?

The material clearly shows that the **same two basic paradigms** existed in Germany and in the US. They existed in the sense that the concepts "mechanistic" and "organic" were used, especially by the scholars of the organic paradigm and in the sense that the two concepts describe fairly well a basic dichotomy of management thought in both countries.

The **content** of the two paradigms in Germany is very **similar** to that in their American counterparts. The mechanistic paradigm focuses like Scientific Management and Classical Organization theory on the work being done, on how it is specialized and coordinated, and on how the workers are selected, trained, paid and controlled. The solutions proposed by the mechanistic paradigm center round specialization, discipline, hierarchy, rules and a system of payment geared to individual performance. The organic paradigm, like Human Relations, focuses on social and psychological factors and assigns central importance to the existence of trusting social relations, to confidence in the company and its leader, and that the leader should be strong but "responsible" and more like a father than an administrator. The similarities between the paradigms are also shared: acceptance of the "given tasks", of hierarchy and of harmony characterizes both paradigms in both countries (Waring, 1991).

Table 2 reveals a further similarity between developments in American and German management theory, namely regarding **the temporal distribution of the popularity** of the two paradigms.

(Insert table 2 here, now at the end of the text)

It is easy to identify temporal similarities in developments in the US and Germany. Barley & Kunda (1992), Abrahamsson (1997) and Bendix (1956) have all noted an interest in the organic and Human Relations rhetorics in the US before the emergence and popularity of Scientific Management, although they locate the peak at different times. This corresponds to the period of the traditional hegemony of the organic paradigm in Germany. The mechanistic paradigm in the form of Scientific Management enjoyed its first popularity in both countries at the same time, in the first decades of the 20th century. A rise in the organic paradigm then occurred in both the US and Germany from around 1930. Renewed interest in the mechanistic paradigm could be seen in both countries after the Second World War.

## What is different?

But although the same paradigms were present with the same general content, and although they were popular at the same time, some subtle differences did exist.

The **balance** between the two paradigms was different. The organic paradigm was perhaps more genuinely "German". It had roots going back to the second half of the 19th century when modern urban life forms presented a contrast with the traditional rural ways. In Germany, that "belated nation" (Plessner, 1959), sympathy nearly always lay with the old. Few favored the modern side (Marx, Weber and Tönnies being the best known exceptions). The organic paradigm grew out of the *Gemeinschaft-Gesellschaft* dichotomy and the classical preference for the *Gemeinschaft* side. The mechanistic paradigm in Germany in the 1920s and 1930s was like a guest from abroad, which gained a foothold, first of all in industry and gradually in the academic world closest to industry. The organic paradigm with its European, corporatist and right-wing background was the cozy, homegrown view. In the US the organic paradigm could to a certain degree be said to be the visitor, although here too it conformed to notions of the cozy small-town world of yesterday.

The German paradigms both also had a more obvious **authoritarian flavor** than their American counterparts. The mechanistic paradigm was intensely - from a Freudian perspective we might even say suspiciously - preoccupied with unity of command, the given tasks, the nonpolitical nature of organizations, the need to avoid conflict and ambiguity - that were all described and emphasized to an extent that seem unnecessary from a cultural distance. And the organic paradigm similarly attached great importance to and invested much energy in the manager, the leader, the *Führer* and "his" unlimited authority and role as the ultimate arbiter of the common good. Here the American literature generally adapts a more pragmatic tone.

The organic paradigm in Germany also had a more **speculative streak** than the American Human Relations literature. Systematic empirical studies in the style of the Hawthorne experiments did not play an important part. The organic paradigm was a "phi-

losophy”, a “moral” way of looking at organizations and society, a description of a proper way of life. It was less a question of pragmatic advice on how to run organizations. Even so, similar orientations are not totally absent from the American case. Mayo’s own books, for instance, followed this line (Mayo, 1933; Mayo, 1945), and much popular management literature of the 1930s - and today - possess traits that evoke the idea of sermons and speculative philosophy rather than of scientific research reports.

The most important differences concern the way the political changes of 1933 and 1945 in Germany were handled. The conclusion is that this did not much affect the basic content of organization and leadership theories. Authors went on doing more or less the same thing, publishing the same views and even the same books in new versions and editions with very few substantial changes to the basic paradigms. Considering the political control exercised from above (the régime) and below (e.g. the students), this is a surprising result.

But what *did* happen I propose to call **(re)framing**. By this I mean that authors (re)launch their views and argue that these views should be seen in certain or different societal and political perspectives and that they are serving certain or different values. Framing does not touch the essential features of the theories but concerns itself with their *claimed* value affinities and implications. After 1933 writers of both the organic and mechanistic paradigms used framing. Some claimed, for instance, that their (old) ideas were “really” an expression of Nazism, that “*Leistungslohn*” for example corresponded to “Nordic man”, and that the “company community” was an expression of the Nazi societal ideas. After 1945 it appeared to be equally easy to reframe the mechanistic paradigm as something apolitical, something factual and objective that should not be associated with the Nazi regime or any other political system, something that could even provide a shield against the low politics that had once again corrupted the world. The organic paradigm in its turn was reframed by most authors in 1933 as an expression of core Nazi ideas. After 1945 it was reframed as a kind of humanistic and social-responsibility approach to management not dissimilar to Christian thinking, or as an abstract analytical perspective focusing on the implicit trust that is necessary in social relations (Loitlsberger et al., 1996, is an example of a such a reframing of Nicklisch). Later, inspired by American traditions, the organic paradigm was reframed as mainly consisting of pragmatic psychological advice on the workings of leadership, small groups, human motivation etc.

Another noticeable and concomitant change is what I propose to call **editorial labeling**. By this I mean an author's conscious editing of his or her own texts - regarding language, words, examples, introductions and references - in order to achieve (re)framing. Editorial labeling can be seen most clearly by comparing book editions published before 1945 and again in new editions after 1945. The editorial changes are often subtle: new introductions, a shift in references that involves omitting all references to Nazi literature and more space given to those before 1933; examples changed or edited, for instance deletion of First World War examples; changes in individual words, such as the removal of Nazi-infected terms. Some examples of such word changes in books published pre- and post-1945 are shown in Table 3.

(Insert table 3 around here, now at the end of the text)

One conclusion that can be drawn about the coming and passing of Nazism is that organization and leadership theory showed great flexibility. Scientists and scholars in general quickly attuned themselves to the new orientations. The Nazi historian Walter Frank has commented on this general tendency among scientists (Poliakow and Wulf, 1956, p. 52). His derogatory term for scientists is *Griechlein*. Before 1933 the Nazi movement, according to Frank, was met by unlimited contempt from the *Griechlein*. This may be exaggerated but at least in organization and leadership theory they did not get a single word of support in scholarly writing before 1933. But, says Frank, all this changed after 1933: "From everywhere came these *Griechlein*, wise and cultured and spineless, naively raising a hand in the "German salute" and offering "spiritual" support for the national socialist victory". The about-face after 1945 has also been commented on. Hanns Linhardt, himself a professor of business economic, says of his colleagues: "Many keen authors from the pre-1945 days maintained their eagerness to publish with surprising and oft employed flexibility in the political switch-over" (Linhardt, 1963, p. 19).

## Similarity and difference in organizational and leadership theory

We have reached three main conclusions. **First**, that the basic content of the ideas in question and their development over time are similar in the two countries. **Second**, that there are nonetheless some minor differences, including a different balance between the two paradigms and an authoritative flavor and a speculative bent in the German material. **Third**, that organization and leadership theory in Germany has shown great flexibility in adapting - on the surface - to changing political conditions through reframing and editorial labeling.

What can account for the **similarities**? I have indicated four possible factors above: parallel economic development, empirical and practical testing, diffusion and the limited reservoir of ideas.

The data regarding the parallel economic development in the two countries and the summary given in Table 2 supports the theories referred to above, whereby the technologically determined economic cycles are said to be connected with the swings of the pendulum between the organic and mechanistic paradigms. See e.g. Barley & Kunda, 1992 and Abrahamsson 1997: Abrahamsson has tested the theory on American data, and his material confirms it. The German material reported here lends further credence to these theories.

Empirical testing and practice can only partly explain the parallel development. Classical empirical research did not play any part, especially in the organic paradigm in Germany. But practice may perhaps have done. "Practice" refers to the day-to-day problems that companies face, and there is a link to the previous explanation here, since such problems must be expected to be different at the various stages of the economic cycle. In the 1930s, after the crushing of the trade unions and the build-up after the great economic crisis with the re-arming of the country and the war, practice can be said to have "needed" a Human Relations type of management. Further, during the war years we further see an intensified interest in both countries in very "modern" ideas of personnel management and job satisfaction. This was explained, particularly in Germany, in ideological terms as an expression of Nazi ideals and organic values, but the parallel devel-

opment in the two countries suggests that this is only one of several possible interpretations.

Today much of the development of management theory can be explained by the diffusion of ideas from the US combined with translation and editing within the receiving cultures (Røvik, 1998). But in this German case, diffusion can only explain part of the overall development, namely with respect to the early mechanistic paradigm and developments since the 1950s. Nor is there any sign of international cooperation, in the form of co-authored books, for instance, in the whole period studied. The proposition regarding the limited reservoir of ideas is difficult to test in a rigorous way, given the present material. But it is a not wholly unattractive interpretation, considering the high degree of stability and re-use of basic understandings - either collectively, in Germany as a whole for example, or over the lifetime of individual scholars who seem to go on publishing the same book or idea again and again with different packaging.

The explanations for similarities in the theory developments in the two countries can be subsumed under a fairly simple need-based or materialistic interpretation: management ideas are basically identical across national and cultural barriers and across political systems of a kind that we tend – or want – to see as fundamentally different. Theory development responds to basic economic and practical needs.

What, then, can account for the **differences**? Earlier, I have suggested four possible factors: cooperative capitalism in Germany, "the German way and the German revolution", political control and isolation.

The special cooperative situation in Germany and the Germanic values and claims to values together provide a framework for understanding the stronger position of the organic paradigm, the authoritative streak and the speculative bent in Germany.

The changes in the political systems in 1933 and 1945, including the "German revolution", certainly made an impact - not on all scholars, though, which is remarkable in itself and reflects the limited efficiency of political control, but on some of them. There were some who lost their jobs, some who were removed or silenced. There were others who went on publishing what they and most of their contemporaries regarded as nonpolitical or purely technical writings. And finally there were those who by way of reframing and editorial labeling actually embraced the new times, something that was enabled by the relative isolation between 1933 and 1945.

The present study suffers from a number of limitations that suggest some questions for further research to tackle. The study focuses on a single area in business economics, i.e. organization and leadership theory. How similar or dissimilar was the German from the American experience in other areas? I have also focused on a fairly limited time span, namely 1920 to the 1950s. Many of the trends described could and should be traced further back. It may also be a little premature to conclude today that the German development blended with the American after the 1950s. Among German business economists the idea still seems to exist, rightly or wrongly, that there is a German tradition in management. If this is so, what does it consist of, how is it possible, and how can it be explained given the global diffusion of American management ideas? Finally, the present study does not try to trace the next step in the journey of these ideas, i.e. from the books and journals and into practice in German companies. Was any of it ever applied in prac-

tical work? Above all the gap between the lofty ideals of the organic paradigm and the harsh realities of factory life under the Nazis cries out for analysis. How was the gap managed?

The present analysis raises doubt about the validity and relevance of traditional studies of management fashions. We have found that articles and books in organization and leadership theory consist of at least two elements: the **intellectual core** and the **presentation level**. The intellectual core could be further subdivided, perhaps into a methodological part (e.g. goal-setting, measurement, remuneration) and a theoretical part that identifies the central variables and the connections between them in organizations (e.g. "loyal attitudes" create "economic results", according to the organic paradigm). The presentation level refers to the story that the author is telling about the core elements. This story consists of large elements like **frames** (values, affinities, purposes) and smaller elements like those that are included in the concept of **editorial labeling** (words, illustrative examples, references).

The two main elements - the intellectual core and the presentation level - are perhaps not as tightly knitted together as it is assumed in the fashion literature (which again corresponds to the way it is usually presented by the authors). Perhaps a "management theory" should be seen rather as a kind of garbage can into which an author or group of authors has thrown a few methods, some theory, various goals and perspectives, for which the intellectual core is claimed to be relevant, and finally some attractive words, names and examples (Larsen, 2001). These elements may perhaps be rather loosely linked, but can be coupled together in the author's story provided it is a good one. The various elements may vary or change following different rules or at a different rate. The intellectual core may be fairly stable, particularly within the production of a single author, whereas the presentation element can change rapidly. This makes for problems when we try with the help of content analysis, for instance, to describe change over time. If we count words and labels and other presentation elements, we might find a high level of change and cycles of around 7-10 years (see Abrahamsson, 1999, where a cycle this length for the concept of quality circles is observed). If we read and try to code the underlying theory, we might observe stability or very slow change (see Abrahamson, 1997, which refers to 50-year cycles for basic paradigms). The varied behavior of the different elements in the garbage can also introduce a certain ambiguity in the coding. One example is the way Total Quality Management (TQM) is treated by Abrahamson (1997) and by Barley & Kunda (1992). One might well think that quality control and quality management would be a prominent expression of the mechanistic paradigm, with their formal organizational descriptions, statistical analysis, measurements and checks. In both articles, however, TQM is coded as "organic". For instance, Abrahamson argues that "the popularization of TQM in the business press almost completely does away with the rational, statistical quality control side of TQM" (1997, p. 498). But is the way in which a concept is "popularized" - which is associated with the presentational aspect - relevant to its coding?

In sum it seems that both as a collective endeavor and as the production of individual authors, organization and leadership theory succeeds in combining long-term stability and the adaptation of its intellectual core to problems generated by the economy on the one hand, with short-term flexibility and adaptation to changes in the spirit of the times, in dominant values or political systems in what we have called the presentational element, on the other. This short-time flexibility at the presentational level, be it opportun-

istic or due to a sincere desire to move with the times, has emerged clearly in this study, stemming perhaps from the temporal, cultural and political distance of the studied material relative to present-day Scandinavian and American management theory, and perhaps from the abruptness of the political changes in Germany. These factors serve to sharpen our gaze, but they also suggest how blind we may be to similar combinations of "stability" and "flexibility" in contemporary management theory.

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**Table 1: Concepts used by different authors to describe the development of organization and leadership theory**

	<b>Mechanistic</b>	<b>Organic</b>
(Bendix, 1956)	Focusing on selection, training, and prescribing effective working methods. Examples mentioned: Frederick W. Taylor/ Scientific Management	Treating the workers as human beings. Examples mentioned: Elton Mayo/Human Relations
(Burns and Stalker, 1961)	“Mechanistic” Examples mentioned: Taylor, Fayol and Weber	“Organic” Examples mentioned: Informal organizations as identified in the Hawthorne/Human Relations studies and in the electronics industry studied by Burns and Stalker
(Morgan, 1986)	“Mechanistic organization” Examples mentioned: Classical Management Theory Scientific Management	“Organizations as organisms” Examples mentioned: Elton Mayo/Hawthorne Burns and Stalker regarding organic organization (see above)
(Waring, 1991)	"Bureaucracy" Original Taylorism	"Corporatism" "Transformed Taylorism" including Human Relations, McGregor
(Abrahamson, 1991)	“Rational rhetoric” Examples mentioned: Scientific Management Systems rationalism (e.g. operations analysis, system theory)	“Normative rhetoric” Examples mentioned: Welfare work Human Relations Organization culture TQM
(Barley and Kunda, 1992)	“Rational ideology” (“design”) Examples mentioned: Scientific Management System rationalism	“Normative ideology” (“desire”) Examples mentioned: Industrial betterment Human Relations Organizational Culture and Quality

**Table 2: Temporal distribution of the organic and mechanistic paradigms in the US and Germany**

<b>(Barley and Kunda, 1992), US</b>	<b>(Abrahamson, 1997), US</b>	<b>This study, Germany</b>
1870-1900: Industrial betterment (organic)	1894-1921: Emergence of a rational rhetoric: Scientific Management	Pre-1914: Organic paradigm popular
1900-1923: Scientific Management	Around the First World War: Brief surge of Human Relations rhetoric (normative)	1917-1933: Economic upturn/ popularity of mechanistic paradigm
1925-1955: Human Relations	1921-1944: Emergence of a normative rhetoric: Personnel management	1933-1945: Return/ popularity of organic paradigm
1955-1980: Systems Rationalism	1944-1971: Emergence of a rational rhetoric: Systems rationalism	1945-1960: Return/ popularity of mechanistic paradigm
1980-present (~ 1990): Organizational Culture and Quality	1971-present (~1995): Emergence of a normative rhetoric: Culture-Quality	

**Table 3 Examples of corresponding words in pre-1945 and post-1945 book editions.**

<b>Pre-1945</b>	<b>Post-1945</b>
Gefolgschaft (followers)	Belegschaft (employees)
Volksgemeinschaft (social community)	Wirtschaft (economy)
Betriebsgemeinschaft (company community)	Soziale Betriebsführung (social management)
(Betriebs)führer	Staatsmann, Manager
Führerprinzip	Moderne Management
Organisch	Ganzheitlich (whole, holistic)
Völkisch (people's ..)	Demokratisch

Note: Based on Sandig (1937 and 1953), Thoms (1943; 1938 and 1975), and the writings of Schlenzka before and after 1945 referred to above.