“From efficiency to effectiveness: a new management model of social inclusion”

| AUTHORS | Yuka Fujimoto  
|         | Alexandra Gartrell |
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SECTION 3. General issues in management

Yuka Fujimoto (Australia), Alexandra Gartrell (Australia)

From efficiency to effectiveness: a new management model of social inclusion

Abstract

This paper challenges the tendency in the contemporary management literature to conceptualize management within a micro-framework that focuses on short-term efficiency and privatized economic gain. Based on a literature review of social-relation theories, we propose a new management model of social inclusion for general management across contexts with a particular concern for profit-for organizations. The model conceptualizes management within a systemic societal framework where its effectiveness is demonstrated for society, organizations, groups and individuals. We suggest that management based on the collectivistic values of shared humanity and social inclusion (not only organization) is expected to reduce management-led systematic marginalization in the workplace and social whole. For the purpose of this paper, we define management as “mutually interdependent activities that add value to individuals’, groups’, organizations’ and societal wellbeing by ensuring social inclusion at each of these dimensions.” We term this management process ‘Management Process of Social Inclusion’ as it extends management perspectives to not only organizational effectiveness but societal effectiveness. The paper concludes by proposing several propositions and implications for future research.

Keywords: management, definition, social inclusion, social relation.

JEL Classification: J53.

Introduction

Management was once thought to be of value to society by improving quality of life through efficient practices (Rimber, 1976). However, the contemporary management literature tends to narrowly define management as a means to gain increased productivity and attain organizational goals (Small, 2004; Whitley, 1989). For example, management has been defined as a ‘process that involves coordinating resources (e.g., human, material, technological and financial resources) necessary for an organization to achieve its goals’ (Small, 2004), and the ‘attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources’ (Daft & Marcic 2004). We argue that these operational and organization-based definitions of management risk focus on predominantly economic imperatives to the detriment of social inclusion, organizational productivity and the proficient contribution of individuals to organizations and society over the long term. For instance, the research indicates that today’s widespread strategic downsizing as a cost cutting measure, reduces the remaining employees’ performance by significantly increasing their work stress, absenteeism and the risk of cardiovascular-illness (Lawrence, 2005).

This paper challenges the tendency in contemporary management to conceptualize and analyze management within a micro-framework focus on short-term organizational efficiencies. We propose that management should be conceptualized and analyzed at multiple levels – individual, group, organization, and society – within a macro-supra-system framework (see Figure 1). We contend that such a perspective of management should be built upon social integration rather than organisation centric notions of management. Consequently, for the purpose of this paper, we define management as “mutually interdependent activities that add value to individuals’, groups’, organizations’ and societal wellbeing by ensuring social inclusion at each of these dimensions.” This paper focuses on the societal gap in the general management literature and proposes a new model of management with particular concerns for profit-for organizations. We term this conceptualization of management ‘Management Process of Social Inclusion’ as it simultaneously meets the needs of individuals and society, and not just the operational needs of organizations. This management perspective aims to reduce managerially-led workplace and social marginalization, thereby enabling individuals to achieve their full potential and to maximize their contribution to society. This paper firstly defines the management process of social inclusion and suggests a new management perspective in light of social and workforce marginalization.

1. Management process of social inclusion

As management is said to be a product of the cultural environment in which it exists (Gross, 1968; Wren, 1994), its conceptualization needs to be socially and culturally embedded. Coupled with the Mayo’s (1933) humanistic management claim, we have modeled the management perspective of social inclusion under the auspices of Barnard’s (1958) definition of management and Buber’s (1937) I-Thou social relationship paradigm.
According to management scholars, it was only in the 20th century that management practices became dominated by the scientific study of efficient labor and productivity (Gross, 1964; Wren, 1994; Aldag & Stearns, 1991; Waring, 1991). Coupled with globalization and international competitive trends, management concepts have been largely informed by an attainment of organizational competitive advantage and economic power. In contrast to scientific approaches, humanistic approaches to management have focused on relational issues between workers and their managers within the context of organizational culture, values, and norms (e.g., Drucker, 1954; Follett, 1924; Herzberg, Mausner & Synderman, 1959; Maslow, 1943; Mayo, 1933). Mayo (1933) notably warned about the danger of the modern competitive emphasis on organizational efficiency to violate codes of social relations between workers by replacing them with an economic logic of productivity. Through the violations of social relations, Mayo (1933) noted the consequential destruction of personal lives, sense of personal futility, defeat and disillusionment, ultimately producing less productive organizations over the long haul. By understanding human and societal problems, Mayo (1933) advocated achievement of management’s true success. Unfortunately, 75 years after his claim, the negative human consequences of ill-equipped management have been devastating and alarming.

Humanistic approaches to management have made an important turning point in the management literature by creating a greater awareness of human resources in business strategies. However, by focusing on human relations within the organizational paradigm, scholarly management pursuits have overlooked management as an integrative societal process, notably dealing with socially embedded marginalization and the sub-optimal use of human resources in workplaces. Unfortunately, management has evolved in a way that scholars and practitioners view management as the functions, values and beliefs within the organization more so than as the supra-management socially sensitive perspective. Thereby, the emphasis has been built upon what managers should do to enhance their competitive success in the marketplace, perceiving human resources as a source of competitive advantage and/or cost cutting measures than as valuable resources to be treated with dignity and due respect (Porter, 1985; Dess & Shaw, 2001; Taylor, 1911).

We thus extend the management perspective by incorporating humanistic management to the macro- or socio-political perspective. By conceptualizing management responsibility at the socio-political level, we predict that management will be held more accountable for human lives within and outside the organizations. In case of violation of human lives due to certain management practices, managers will be questioned to a greater extent and they will be required to give a more socially appropriate response to remedy affected human lives, not just reasoned by cost reduction or operation.

We propose that management needs to move beyond the sole focus on organizational competitiveness and effectiveness, to a broader perspective incorporating individual and societal wellbeing concerns. We propose that organizations are influenced by, and can influence, the broader society in which they operate and possess the power to play a positive role in fostering wellbeing in socio-organizational environments.

Unlike most of the management literature that defines management effectiveness as the ability to achieve organizational goals, Barnard (1958)’s management is about the accomplishment of the cooperative purpose, which is social and non-individualistic in nature to an extent that he defined ‘efficiency’ as the degree to which the organization can influence individuals to cooperate (Smith, 1998). Buber (1937)’s “I-Thou” relationship claims that an individual relates to others in themselves rather than I-It-relationship of the modern era where individuals tend to relate to others as objects to be treated for their own advantage.

Emerging from Mayo (1933), Barnard (1958) and Buber (1937)’s implied philosophies of management, we advocate that management should be perceived as a supra-societal process, where all individuals, groups, organizations and societies interdependently contribute to a societal reformation and implementation (Rimber, 1976). Thus, effective management should first and foremost demonstrate concepts of social justice applied to an entire society, which gives all individuals and groups fair treatment and a just share of the benefits of society. To achieve this vision of management, however, we need to understand how social relations bind individuals and groups in the socio-organizational context.

Next, we give an explanation of socio-psychological process of the socio-organizational context reasoned by theories of social capital, social attraction paradigm, social categorization, social identity and the social model of disability. Proceeding theories of social relations suggest the need of management perspective to turn to social inclusion.

2. Socio-organizational psychological process: marginalization begins?

Social capital refers to social networks between people, and the trustworthiness and norms of reciprocity arising from them (Putnam 2000, p. 19). Putnam (1993) argues that social capital can improve the efficiency of the society by facilitating coordi-
nated actions. The notion of social capital draws attention to the importance of examining patterns of trust, participation and social connection (Dekker and Uslaner 2001, p. 3), in particular the ways in which social interactions and networks shape access to the production of economic and social resources and opportunities. Organizational practitioners and management researchers are keen to find the way to maximize social capital (e.g., Inkpen & Tsang, 2005; Oh, Labianca & Chung, 1006), the value of which Dekker and Uslaner (2001) articulate in idealistic terms, as bringing together similar and bridging diverse people, with norms of reciprocity.

However, in line with critical and postmodern commentators, Servon (2003, p. 15) contends that the social identity plays a large role in determining the kind of resources, including social capital, to which individuals are able to gain access via social networks. Unfortunately, the production of social capital tends to rest on the social homogeneity and social exclusivity that is likely to produce social marginalization of certain social groups, for example, refugee communities and historically disfranchised groups (Putnam, 1993, 2000; Portes & Landolt, 1996, p. 19; Servon, 2003).

To date, very few studies have alerted how certain social identities can inhibit participation in social networks, production of social capital, and access to particular kind and quality of social capital (Gittell, 2003, p. 5; Manderson, 2003; McMichael, & Manderson, 2004; Servon, 2003). For example, it has been suggested that refugees in Australia tend to participate in different social networks to ‘mainstream’ Australians and, as a result, are linked to different economic resource and opportunity structures. Furthermore, Colic-Peisker and Tilbury (2006) argue that because refugees have social networks with employees in the so-called secondary labor market, they are more likely to secure jobs in this sector. This labor force demarcation is highlighted in Figure 1. Refugees are also likely to participate in social networks within workplaces in different ways to their ‘mainstream’ Australian counterparts. Social capital is thus not experienced in the same way in different social contexts and the experience varies according to social, cultural, economic and political context in which individuals exist (Edmondson, 2003, p. 1725). Therefore, we argue that management perspectives must be conceptualized to maximize human opportunities across labor markets to foster social cohesion and productivity.

Marginalization occurs when people are systematically excluded from meaningful participation in economic, social, political, cultural and other forms of human activity. It tends to be experienced by people from non-Western cultural or minority backgrounds, people with physical and mental disability and people experiencing social problems, such as abuse and marital disputes (Olsen and Pavetti, 1996; Perkins and Nelms, 2004). Since our key tenets rest on filling the societal gap in management concepts, the social-relation theories, namely, similarity attraction paradigm (Byrne, 1971), social categorization (Turner & Oakes, 1989), social identity theories (Tajfel, 1974) and social model of disability (Oliver,
Social models of disability further demonstrate that marginalizing social relations are embedded in all of society’s key institutions. Social constructivist perspectives on disability, such as social models of disability, demonstrate that disability is the result of organizational attitudes, material factors, social structures and relations, and political power (Abberley, 1987; Barnes, Mercer, Shakespeare, 1999; Hales, 1996; Hahn, 1988; Linton, 1998; Oliver, 1990, 1996). From this perspective, marginalization of people in the workplace and society is socially configured (Wendell, 1996; Lonsdale, 1990; Finkelstein, 1993a, 1993b; Imrie, 1996; Gileson, 1999).

In other words, we can argue that management, if conceptualized as social inclusive processes, can reconfigure and transform the codes of social relations to minimize exclusive relations.

The next section turns to examine the broader social context in which management operates and argues that management practices need to be cognizant of not only general patterns of social relations, but also specific labor market and workplace inequalities. This paper thus proposes management in different hierarchies to consciously eliminate social inequalities through management by social inclusion perspective to maximize individual, organizational and societal benefits. The example of refugee marginalization in the labor market in Australia is drawn upon in this article, which we use to highlight the complex socio-political process that calls for the vision of managers to be open to deal with considerable structural, social and cultural barriers that certain social identity groups experience in labor markets and organizations. Through the discussion of the social and organizational marginalization of particular social groups, we hope to shed light at a renewed management perspective that once again seeks social change, justice and inclusion (Rimber, 1976).

3. Social marginalization

It has long been acknowledged that labor markets are hierarchical social structures based upon and reinforcing key axes of social difference such as class, gender, ethnicity and physical ableism (Oliver, 1991; Abberley, 1996). These social differences not only structure the labor market and access to it, but also shape patterns of social interaction and productivity within the workplace.

Labor market segmentation theory posits that the labor market is segregated into two tiers or sectors: the primary or upper sector and the secondary sector (Doerington and Piore, 1971; Berger and Piore, 1980; Hagner, 2000). In the primary sector workers enjoy relatively high wages, fringe benefits, satisfactory working conditions, a degree of autonomy
and employment security. In this sector, workers receive raises and promotions to more desirable positions as their skills are enhanced. In contrast, the secondary sector is characterized by low wages, minimal or non-existent benefits, employment insecurity, minimal worker autonomy, poorer working conditions with greater health and safety risks, and little autonomy in less desirable occupations (Hagner, 2000). The secondary sector is characterized by low rates of pay irrespective of skills, experience and education. Hagner (2001) argues that workers tend to get stuck in the secondary labor market over time and are unable to make the transition into the primary sector even as they gain work experience (see Figure 1).

Labor market segmentation plays an important role in shaping employment outcomes. For example, in Australia, indigenous people, refugees and people with disability face considerable barriers to accessing employment, educational and training opportunities (Forrest and Johnston, 2000; Richardson et al., 2001; Australian Bureau of Statistics, 2001, 2003). They are more likely to be unemployed and/or underemployed, have lower mean incomes, poorer quality of life and general wellbeing, each of which imposes significant costs on society. Thus, management perspectives need to be sensitive and consciously create enabling environments where social networks and trust can be built between diverse social groups to facilitate equal access and inclusion into all sectors of the labor market.

Colic-Peisker and Tilbury (2006) suggest that in the Australian context, people from culturally and linguistically diverse communities, who are additionally from economically and culturally distant countries, experience the adverse effects of a segmented labor market. Ethnicity and class combine to channel these groups into underprivileged parts of the labor market. In the following, we refer to refugees, particularly those from culturally distant societies, such as Sudan, Ethiopian, Afghanistan and Iraq, as an example of social marginalization as these groups often face exclusionary workplace social relations.

Explanations of the relatively impermeable jump from the secondary to primary labor market vary, with some arguing that poor human capital diminishes competitiveness in a labor market that is presented as non-discriminatory. For example, much research has found that English language proficiency, including an inability to write to standards required by employers, is the greatest barrier to refugee labor market participation (Khoo, 1994; Kipp et al., 1995; Cox, 1996; Waxman, 2001; Block, 2004; Phillimore and Goodson, 2006). Others draw attention to the significant structural barriers particular social groups face to employment. For example, refugees, in particular asylum seekers, are the most vulnerable migrant group arriving in Australia and are the most likely to be living in poverty (Williams and Batrouney, 1998). Research has demonstrated that the Howard government’s refugee policy, professional institutions and employers maintain considerable barriers which prevent refugees from being able to equally access opportunities to reach their potential. Refugees are kept in their weak socio-economic position in several ways: firstly, through the Temporary Protection Visa scheme, which traps refugees in a state of continual uncertainty and material poverty whilst they are being processed; secondly, through the denial of their rights to the economic and social resources necessary to facilitate their successful settlement and integration; thirdly, through the systemic barriers which do not recognize prior qualifications, and fourthly, through cultural barriers and discriminatory attitudes in the workplace. These multiple and compounding barriers leave refugees with little choice but to enter the bottom level of a segmented labor market.

Refugees’ access to the basic elements of citizenship – employment, education, health and affordable housing – are human rights and social justice issues, and to perpetuate the denial of these rights is to render refugees to lives characterized by disadvantage and a loss of dignity. Manderson (2003) reminds us that individual agency is not the sole determinant of life choices. Institutional settings and political exigencies inhibit people’s ability to act due to certain gender, age, ethnicity, disability, area of residence, and social class and highlight how inequalities are embedded within social structures, relations and institutions, including contemporary notions of management which inform profit-for workplace relations. Current management theories are poorly equipped to respond to this social complexity as to date few have placed issues of organizational management within its broader social and economic context. Thus, we argue that management theories and practices are not divorced from these socio-political and cultural processes, and in some cases management practices actively contribute to social marginalization within the labor markets (cf. Small & Lawrence, 1999). Management scholars and practitioners need to integrate a social justice perspective into the development of future management theories and practices if they are to achieve broader social objectives of enhanced quality of life for all.

Consequently, ‘management’ should be defined at the socio-political level. Needless to say, government should first and foremost set an exemplary management framework based on policies and principles of social inclusion, on which organizations...
base their policies and practices. Only then will society be managed for the greater good, in particular for the benefit of the weakest members of society. Thus, we propose that effective management at the political level will provide a social framework for organizational policies and practices which facilitate the access of marginalized groups to both the primary and secondary workforce (see Figure 1). At the socio-political level, effective management means setting a policy framework which creates an enabling and inclusive environment whereby all social groups, regardless of gender, age, ethnicity, ability and class, are able to equally access social opportunities and employment.

**Proposition 1 (P1): Inclusive socio-political management shapes the employability of marginalized social groups.**

4. Organizational marginalization

Although there are varying definitions of management, all definitions contain the themes of ‘people’ and ‘outcomes’. For example, The American Management Association (AMA) defines management as working with and through other people to accomplish the objectives of both the organization and its members (Montana & Charnov, 1993). However, the marginalization of people within organizations has been well documented in terms of employment inaccessibility, negative work experiences and workplace discrimination, pointing to the failure of the AMA’s notion of management to accomplish the objectives of both organizations and members.

Although economic theory posits that labor markets are culturally neutral and that employers evaluate employee suitability based purely on their human capital (Colic-Peisker and Tilbury, 2006), cultural and ethnic differences shape access to employment. For example, Hawthorne (1997) examined skilled migrants’ access to employment in Australia and found significant evidence of employer discrimination by region of origin in favor of engineers with an English-speaking background and of European origin, compared with those of Asian or Middle Eastern origin. More recent research by Colic-Peisker and Tilbury (2006) in Perth, Western Australia, similarly found that refugees, particularly racially and culturally visible migrants such as Africans, had difficulty getting highly-skilled jobs even when their qualifications were achieved or updated in Australia. Working below qualification level has become endemic for them.

Studies have repetitively shown prejudice and discrimination in the workplace due to certain negatively perceived social identities. In both Australia and the U.S., racial minority claims of racial discrimination in the workplace continue to persist and may even be on the increase (James & Heathcote, 2002; Nesdaile, 1997; Robertson & Block, 2001). Anglo-Americans continue to experience more favorable work outcomes than do other racial minority groups, especially African-Americans, Asian-Americans, Hispanics and Native Americans (Robertson & Block, 2001). Supervisors tend to categorize subordinates as either in-group or out-group members early in their relationship even when there is little information exchanged between the two parties (Tsui, Egan, & Porter, 1994).

Research on racial diversity repeatedly shows that minority group members (particularly in terms of racial background) have lower promotion rates, perceive less support, and are less committed, which results in higher rates of absenteeism and turnover (Greenhaus et al., 1990; Pelled, 1996; Tsui et al., 1992; Tsui & O'Reilly, 1989). Minority members, therefore, are expected to more often report negative affective work experiences, such as hopelessness, situational anxiety, stress, depression, job tension, low self-esteem, less confidence, and less perceived supervisory support. These negative experiences are expected to influence their attitude toward their organization, such as feelings of detachment and lack of perceived fairness. The detrimental effect of prejudice on minority members’ experience at work, and attitudes, is expected to increase their propensity to engage in negative group dynamics and behaviors such as social segregation, high turnover and absenteeism.

Interestingly, a recent study on 285 respondents of two Fortune 100 multicultural firms revealed greater attitudinal attachment of both majority and minority employees when there was a culture that stressed social inclusion of all individuals (Jacqueline & Ivancevich, 2001). As Barnard (1958) suggests, managers must ensure an individuals sense of belonging to organizations to improve workplace performance. We expect that better affective (e.g., attitudinal attachment) and behavioral outcomes (e.g., social cohesion) will maximize the social capital available within the workforce.

Thus, we argue that the degree to which management accepts social difference within an organization will affect the minority group members’ employability, promoting more positive affective and behavioral outcomes within the workplace. Principles of social justice are likely to be embedded in organizations such as these, whereby individuals and groups experience fair treatment and benefit equally. Ideally, organizations should facilitate the full integration of socially differentiated individuals and groups so that all persons feel valued, included, and respected in their workplaces. In short, we suggest that the degree of social acceptance within the organization affects both minority and ma-
ajority group members and is related to positive affective, behavioral, and cognitive outcomes in the workplace (see Figure 1). Furthermore, as discussed earlier, we predict that the degree of acceptance at the socio-political level (government, national authorities and economic power holders) will cause both minority members and majority members to experience higher affective, behavioral, and cognitive outcomes at the workplace.

Thus, we propose that:

Proposition 2a (P2a): Inclusive socio-political management at the socio-political level will enhance minority and majority group members’ affective and behavioral work experience (see Figure 1).

Proposition 2b (P2b): Inclusive socio-political management at the organizational level will enhance minority and majority group members’ affective and behavioral work experience (see Figure 1).

Discussion and conclusion

This paper has questioned dominant understandings of management and has proposed a new vision of management for social inclusion. We have advocated that management should be perceived as a supra-societal process, where all individuals, groups, organizations and societies can interdependently contribute to societal reformation and implementation. Mutually interdependent activities, if successful, would reconfigure social relations and reduce the exclusive norms of social relations supported by various social relations theories.

Thus, this paper has proposed management in different hierarchies of socio-political management (government and organizations) to consciously eliminate social inequalities. For future research, we propose the following examinations to test the propositions (P1, P2a and b) presented in the model.

The propositions 1 and 2a can be tested at the social, organizational and individual levels. Firstly, the impact of government’s social inclusion management on the marginalized group’s employability (P1) and their affective and behavioral work experience (2a) can be tested at the social level through longitudinal research. Specifically, in the context of government change in Australia, new social inclusion policies advocated by the Rudd government can be contrasted and tested in comparison with the previous Howard government policies in terms of the ground changes in the accessibility of employment for particular marginalized social groups such as refugees. Over a period of 10 years (before and after the Rudd Governments’ social inclusion initiatives), the level of employment (P1) and work experience of marginalized members (P2a) can be investigated to examine the effectiveness of social inclusion policies and programs. For P1, the impact of Rudd’s social inclusion policies on minority employment can be contrasted with the impact of Howard’s policies in terms of their immigration policy and visa schemes, recognition of the rights to the economic and social resources and equal recognition of their skills and qualifications obtained overseas.

Furthermore, government impact on the affective and behavioral work experience (P2a) can be studied qualitatively by gathering perception of those marginalized on how (if any) government social inclusion policies have affected their commitment to and turnover intention from Australian organizations. Furthermore, organizational impact on their affective and behavioral work experience (P2b) can be studied quantitatively and qualitatively by asking their perception on the level of organizational social inclusion and its impact on majority and minority’s wellbeing and turnover intentions.

We expect that the model, if implemented, would provide the following social, organizational and individual benefits. At the social level, there will be fewer barriers for those in the secondary labor market to gain access to the primary market as government/organizations consciously seek to reconfigure the social relation codes and promote cultural change encouraging equal access to all types of employment for all. At the individual level, those historically marginalized will over time, experience greater employment opportunities, greater work autonomy and better health by receiving equitable pay and recognition based upon their skills, experience and education. At the organizational level, we expect greater affective, behavioral and cognitive outcomes through less cultural barriers and discriminatory attitudes in the workplace and more cohesive team work practices.

Overall, the model proposes a way to achieve greater wellbeing of individuals, organizations and societies in the long run. We believe that such a perspective of management is crucial for future social and workforce development, in particular to work toward the equal distribution of opportunities, resources and wellbeing of every person irrespective of social difference.

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