

Management Studies Essay

Structural features

Communication features

Identify a major threat to businesses and employees today. Using theory and example(s), discuss how companies and individuals can address this challenge.

Neoliberalism, commonly associated with economic policies introduced in the United Kingdom by Margaret Thatcher and in the United States by Ronald Reagan, can be defined as practices which aim to increase economic freedom by, stimulating more free trade, privatisation, lowering taxes and deregulation (Harvey, 2007). Neoliberal systems have the potential to cause much destruction in the way of decreasing social welfare and increasing inequality (Harvey, 2007), consequently increasing the likelihood of sabotage, which can be detrimental for organisations (Ambrose, Seabright and Schminke, 2002). Therefore, while there are many threats to societies, such as terrorism, cyber-attacks and new regulations, **this essay will argue that neoliberalism creates the largest risk to organisations in competitive markets, and should be reduced by promoting socially democratic structures.** Foley and Polanyi (2006), describe organisational democracy as, “when employees have some real control over organisational goal-setting and strategic planning” (p. 174). **This essay will firstly discuss the issues caused by neoliberalism more in-depth, before explaining and evaluating the solution offered by the John Lewis Partnership.**

Strong thesis statement
(See Chapter 1, Getting Started
on Your Essay)

Clear purpose statement
(See Chapter 1, Getting Started
on Your Essay)

When discussing the effects of neoliberalism, it is important to analyse in whose particular interest it is that these systems are adopted (Harvey, 2007). In the United States and Britain, it is suggested by Harvey (2007) that neoliberal practices restored upper-class power, while the general population fared poorly, consequently creating large amounts of income inequality. He argues that this effect is also supported by the impact of these practices in other countries, such as in Russia and China in the late 20th century. As further evidence, Morgan (2015) proposes the large growth in the power of the finance sector in Britain is also a result of neoliberalism. It can be suggested that inequality encourages entrepreneurial risk and innovation, stimulating higher economic growth (Harvey, 2007). However, the implication of lower taxes and deregulation makes businesses act more competitively, consequently leading to lower employment rights, wages and job security for employees (Morgan, 2015). Although this may initially benefit organisations in terms of generating higher profits, in the long run these practices are likely to cause feelings of injustice

among their employees. This sense of unfairness can cause acts of sabotage in the workplace, therefore causing a large threat to organisations and the emotional state of their workers (Ambrose et al. 2002). Crino (1994) describes sabotage as behaviour intending to deliberately “damage, disrupt, or subvert the organisation’s operations” (p. 312), involving acts such as, damaging relationships and property. This behaviour is also promoted by the lack of democracy in neoliberal systems which causes workers to feel powerless and frustrated, however it is believed that injustice is a more frequent motive for sabotage (Ambrose et al. 2002). **This could suggest** that the threat of neoliberalism is greatest in competitive markets where organisations have poor working conditions, a lack of respect for workers and large wage differentials. The risks of sabotage may also be greater in the long run when employees have had more time to build on their anger and frustration.

Use of hedging+ reporting verb to evaluate the source

When considering how to effectively address these issues, Ambrose et al. (2002) **imply** that individuals will respond more to interpersonal interactions, as opposed to formal procedures and regulations. Verhaeghe (2014) **argues** that neoliberal practices prevent workers from thinking independently, reduce their self-esteem and promote unequal treatment. He believes these systems impose pressure on people to become successful, for example, a professional who turns down a promotion in order to prioritise their family would be highly criticised and deemed a failure. **Thus, the John Lewis Partnership** is an applicable model to demonstrate how these issues can be resolved by using a democratic structure to promote equality and mutual gains, consequently reducing deviant behaviour which could harm the organisation (Cathcart, 2014). The partnership was created in 1929 when John Spedan Lewis was concerned with inequality in the levels of pay and so signed a settlement based around principles to share wealth, power and knowledge throughout the organisation (Lewis 1948). The aim was to change the organisational structure so that, instead of having employees, managers and owners, it would consist of partners, all with a share in the company (JLP, 1953). Due to this structural change partners are more likely to have the same motives and feel more equal, consequently improving cooperation to achieve mutual gains, benefiting both individuals and the organisation. **These outcomes demonstrate** how treating employees more equitably can help avoid deviant behaviour, therefore preventing harm to an organisation. Another reason supporting this change is that Lewis (1948) believed that higher pay is positively related with performance, therefore by paying favourable wages, more

Reporting verbs used to accurately report the views of the source writers

Introduces case study and its relevance to the essay question

Analysis and interpretation of source

highly skilled employees can be recruited and maintained. He also claims that poorer pay, such as in neoliberal practices, prevents employees from experiencing satisfying and happy lives. These negative emotions may prevent them from working effectively, which has a negative impact on the organisation. **Nevertheless**, it is argued that the principle to share knowledge and power throughout the organisation is what makes the John Lewis Partnership unique from other workplace models (Cathcart, 2014). This principle allows partners to feel more involved and valued, **therefore** increasing their self-esteem, motivation and emotional well-being. **An additional** dimension of this partnership is the supportive involvement in trade unionism, which is usually discouraged in neoliberal models (Lewis, 1948). Membership of a union allows partners to feel supported and increases the fair treatment of workers. The overall effect of employing a democratic structure aims to increase equality, the caring attitude of the organisation and employee welfare. This result is advantageous compared to the disrespected and unhappy workers created by much tougher and demanding practices in neoliberal systems.

The effectiveness of this model in addressing issues created by inequality and social welfare is demonstrated by the successfulness of the organisation. For example, John Lewis has been repeatedly voted 'Britain's favourite shop' and 'Britain's favourite retailer' (Cathcart, 2014). Additionally, managers maintain a balance between actions to maximise profits and improve employee well-being, hence making the organisation a better place to work and shop (Cathcart, 2014). It is this balance that helps differentiate the partnership model from other organisations, which often sacrifice working conditions for higher profits. For example, Apple's Chinese factories have been found to treat employees below a satisfactory standard in order to cut costs of production to the extent where 14 employees committed suicide in 2010 (Bilton, 2014). **However**, Cathcart (2014) argues that there are flaws to the model which may question the resulting increase in equality. He states that higher paid partners will receive significantly more than shop-floor workers because when workers receive their share in profits, it is calculated as a percentage of their salary. Consequently, partners may continue to feel jealous and aggressive, hence increasing the likeliness of sabotage and decreasing the effectiveness of the model (Verhaeghe, 2014). Although, it could be suggested that a degree of income inequality is fair as partners who earn higher wages do so because they have worked hard to succeed, and so deserve greater rewards. Additionally, the opportunity for

Linking words to
build cohesion

Evaluation of source

Writer introduces counter
argument to strengthen
critical analysis (see ch 10
Critical thinking and analysis)

higher earnings may help motivate employees to excel in the workplace and obtain promotions. **Therefore, this suggests that as long as the organisation has succeeded in reducing inequality past the point where employees feel resentful, the method is still beneficial.** Cathcart (2014) proposes another fault in the model is that, instead of feeling empowered and motivated, many partners felt frightened of opposing and challenging ideas. **This evidence points to the partnership promoted 'grouphink', which is defined by Janis (1972) as an event where individuals overlook their own personal opinions in order to conform to the group census and avoid confrontation.** In consequence, less imaginative ideas are created and poorer decisions are made, thus negatively impacting the organisation and reducing the effectiveness of the model.

After deliberating the evidence in this essay, it is proposed that the main issue of neoliberalism is that it sets no limit to economic freedom, meaning organisations are allowed to focus on maximising profit and disregard the needs of employees. It is this freedom that allows companies, such as Apple, to treat workers unfairly **which can potentially lead to fatal and devastating results.** **The severity of these outcomes verifies neoliberalism as the greatest threat to organisations and workers.** It can be concluded that democratic systems, such as the John Lewis Partnership, are an effective solution as they consider economic limits and the interests of workers, hence benefiting employee welfare. Applying methods which increase employee involvement, for example by sharing knowledge throughout an organisation, is more effective than using solutions which implement formal rules and regulations. It is evident that the Partnership has made a real attempt to improve working conditions for employees, and should be a benchmark for democratic organisations. Although there are some problems created, such as 'grouphink', these could be avoided by encouraging the organisation to demonstrate a more accepting approach to new ideas. Also, to add to this argument, low levels of inequality are beneficial to an organisation, meaning solutions which only partially reduce inequality in neoliberal systems are still effective.

References

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Reporting verbs 'suggest' and 'points to' used to indicate brief analysis and interpretation of source, with additional supporting source

Use of cautious language to propose possible impact and implications

Reassertion of thesis statement

APA Referencing system (see Chapter 8, Referencing with Accuracy)

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Diana and Tom's comment

The essay fully and successfully addresses all parts of the assignment question. A strong thesis statement provides a focus and purpose that is evident throughout. The structure is clear and easy to follow with accurate and succinct use of language. There is substantive criticality present and the writer combines relevant sources well to support the thesis and develop an evidence based, reasoned response to the question. Overall, a very good example of a standard social science essay.