

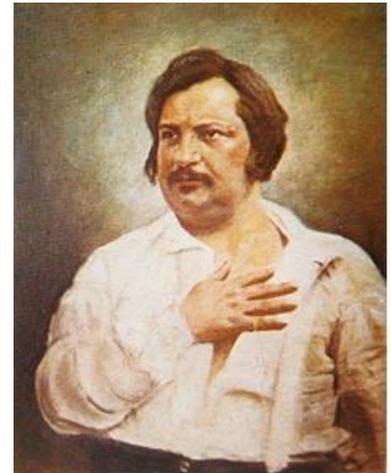
THE MANAGERIAL DEMIURGE AND POWER WIELDED BY PYGMIES

Balzac wrote *Les Employés* (1836) as one in his vast collection of inter-linked novels known as *La Comédie Humaine* (48 volumes in total!). The novel is about life and advancement in the government bureaucracy of 1820s France, under Charles X. *Les Employés* are the bureaucrats, and Balzac was quick to see the ramifications of a sprawling government: “*And thus bureaucracy, the giant power wielded by pygmies came into the world.*”

A century after Balzac’s big government came big business, the rise of corporatism, to turbo charge the proliferation of the Blackcoated worker, or clerk, the symbol of an emergent middle class. Yes, status and class consciousness in the early office were rife.

The number of large bureaucratic organisations mushroomed as increasing specialisation in work led to the rapid expansion of workers to manage, supervise, co-ordinate and administer the new routines of colleagues.

The workplace rapidly ossified into a rigid (social) hierarchy, graded according to the authority granted to each level to plan and execute their own work while planning and supervising the work of others who did not plan work or make decisions, but delivered assigned work.



Honoré de Balzac (1799-1850)

Indeed, office workforces resembled military regimentation, with officers, NCOs and men each respecting of the others’ rank and duties. The men were assembled in large platoons, undertaking tiny, abstract, aspects of the overall operation and without sight of the greater plan. They were corralled and directed by NCOs who received daily operational orders from the officer class, some distance away on another, usually higher, floor of the building.

*On the shop floor, a corps of supervisors acted as an information conduit between management and problems arising in the production process.... Information was starkly centralised in a bureaucratized hierarchy, workers’ informational input to the production process having been brutally reduced by de-skilling and a minute division of labour.*<sup>1</sup>

The twentieth century was the golden age of corporatism, and of William Whyte’s *Organisation Man*<sup>2</sup> and C Wright Mills’ *managerial demiurge*.<sup>3</sup> The headquarters of large manufacturers, banks and insurance companies, advertising and media businesses, lawyers and accountants and so on all concentrated into large buildings. Layer upon layer of management evolved, as companies sub-divided, amoeba-like, into complex departmental structures.

As the means of administration were enlarged and centralised, managers proliferated in every sphere of modern society, and the managers operated within vast bureaucracies,

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*which select them for their positions and then shape their characters. Their role within these bureaucracies, and the role of the bureaucracies within the social structure, set the scope and pace of the managerial demiurge.*<sup>4</sup>

Mechanisation and bureaucratisation went hand in hand, with the former allowing firms to reach new heights of scale which, in turn, led to ever greater organisational distance from owner to customer – a gap filled by bureaucrats. In the post-war period of the 1950s and 1960s, the military-industrial complex led to enormous technological innovation, but also encouraged the managerial demiurge.

Leap forward to the 1990s, and we have the twin impact of a new economic landscape and the digital office. Suddenly the leviathans of the office economy started to break-up and outsource: BAT, BTR, Courtaulds, Forte, Hanson, ICI, Racal and Thorn EMI all got in on the act. Others, such as Asea Brown Boveri, AT&T, Eastman Kodak, General Electric, Rank Xerox and Shell either delayed or underwent full-scale business process re-engineering.

Suddenly, it began to look like corporatism had reached its zenith and that the pygmies would begin a full retreat. And one of the most profound shifts to enable this was that from ‘corporate technology’ to ‘individual technology’ – mainframe to laptop; switchboard to cell phone; corporate intelligence to knowledge worker. Complex chains of command, not to mention arcane social structures, began to look somewhat antiquated.

The knowledge economy meant that individuals could trade their intellectual capital using cheap and ubiquitous technology. While in the past businesses faced “*difficult choices about when to invest in large and lumpy assets such as property and computer systems*”, digital technology enabled them “*to go global without being big themselves*”.

*Today they can expand very fast by buying in services as and when they need them. They can incorporate online for a few hundred dollars, raise money from crowdsourcing ... hire programmers from Upwork, rent computer processing power from Amazon, find manufacturers on Alibaba, arrange payments at Square, and immediately set about conquering the world.*<sup>5</sup>

For Joel Kotkin, this digital-led economic landscape is leading us backwards to a neo-feudal economy, in which a property-less underclass of personal assistants, cooks, cleaners and child minders services the needs of a much smaller class of high earners. Kotkin sees this feudal future as comprising four groups, or strata. First the ‘clerisy’ is a reborn clerical elite led by the professional ranks, universities, media and culture. Second is a new aristocracy led by tech oligarchs with unprecedented wealth and growing control of information. Third, what was once called the Third Estate, including the yeomanry of small business people, minor property owners, skilled workers and private-sector oriented professionals. Notably the recent historical growth of this class is now in decline. Finally, propping everything up, there are the latter-day serfs, a vast and growing property-less population.<sup>6</sup>

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This dystopian perspective of a tech-powered feudalism, with rigid barriers to economic and social mobility, works hard to level the blame at finance and globalisation. But it fails to recognise the liberating impact of technology on a re-skilled labour force. The evolution of the office and office work from ‘organisation man’ and the ‘managerial demiurge’ to the knowledge worker who is self-sufficient and self-determining; represents a more positive development, from corporatism to individualism, with enormous implications for real estate.

Seen through the lens of history, there is something inevitable about the contemporary, Covid-19 dominated dynamics of the economy and labour market. The evolution from seventeenth century ‘coffee houses’, to the ‘clerical factory’, to the ‘corporate office’, to the ‘digital office’ represent five stages of change, each shorter than its predecessor.

**The five ages of the office economy <sup>7</sup>**

Focus	Approx. era	Work & Place themes	Technology	Brands
<b>Market</b>	1700 – 1830	<b>Knowledge.</b> Coffee Houses. Counting Houses. Exchange. News. Social.	Adding machines. Copying. Ink pen. Ledgers. Paper. Stenography.	Electric Telegraph Company. Gestetner.
<b>Factory</b>	1830 – 1920	<b>Production.</b> Fixed. Manual. Mechanical. Production line. Repetitive.	Carbon paper. Electricity. Filing. Lifts. Paper clip. Telegraph. Telephone. Typewriter.	Burroughs. Edison. Marconi. Remington. Waterman.
<b>Corporate</b>	1920s – 1970s	<b>Process.</b> Scale. Departments. Layers. Command & Control. Predictable. Processes. System furniture.	Action Office. Air conditioning. Biro. Calculator. Fax. Fluorescent lamp. Golf Ball typewriter. Mainframe. Photocopier. System furniture.	3M. Bic. General Electric. Herman Miller. IBM. Xerox.
<b>Digital</b>	1980s – 2020	<b>Power.</b> Agile. Changing. Connectivity. Data. Flexible. Power. Processing. Speed. PC left the building.	Cloud. Email. Internet. Mobile. Laptop. PC. PDF. Social media.	Amazon. Apple. Blackberry. Facebook. Google. Microsoft. Motorola. Twitter.
<b>Network</b>	2020 – onwards	<b>Knowledge.</b> Commodity. Distributed. Exchange. Hubs. On demand. Service. Social. Weightless.	Artificial intelligence. Augmented reality. Automation. Robotics. Smart cities/buildings. Virtual reality.	Watch this space!

What we are now witnessing is the transition to the next stage – one characterised as the ‘network office’. Curiously the key feature of both the earliest and latest phases is knowledge. Rather than control and repress, the network office will serve and liberate. In this context, Covid-19 is a side issue. Five trends will dominate the future office economy landscape.

**Urban morphology** Cities will continue to exert strong centripetal forces on the office economy in terms of, for example, agglomeration economics. They allow scale, efficiencies and sustainable development (eg via density and mass transit). However, the role of offices and office buildings in cities will evolve, and cities will need to provide a richer working and living experience.



**Weightless economy** Many companies in the knowledge economy are ‘weightless’: they do not benefit from controlling physical assets; their operational needs are generic, and they attach little symbolic meaning to the exterior of their building. Yet, they are looking out to a property supply process that weighs a great deal indeed. Thus large, monolithic, single use buildings are losing their attraction in an era when depth and breadth of experience replace hours worked as the measure of success..

**Networks** The structure of the economy is changing. Corporatism has peaked; bureaucracies are in decline. Large and small knowledge-based firms are entering a new phase, and the latter will grow in number more quickly than the former in the network economy, and they will work together. Differences between traditional sectors are breaking down.

**Real estate** As we move from the digital office to the network office, the supply industry will have to change, and change radically. The asset-driven approach will become an historic novelty. Real estate has to become an agent of change rather than a barrier. And this requires that old attitudes and perceptions be discarded quickly. Buildings will increasingly take on the profile of hotels in their operation and management: meeting customer needs with a service-based approach.

The influences on the future supply and occupation of office real estate are far greater than Covid-19. When we frame our ‘future of workplace/real estate’ discussion in the wider economic perspective of change and long-term evolution of work and place, rather than an immediate response to a health crisis, we are able to ask questions that will address the systemic issues rather than disappear down the cul-de-sac of workplace design.

Meanwhile, rest assured, the pygmies are in full-scale retreat.

**Dr Rob Harris**  
Principal, Ramidus Consulting Limited  
<https://www.ramidus.co.uk>

<sup>1</sup> Black A; Muddiman D & Plant H (2007) *The Early Information Society: Information Management in Britain Before the Computer* Ashgate p25

<sup>2</sup> Whyte W H (1956) *The Organisation Man* Simon & Schuster, New York

<sup>3</sup> Wright Mills C (1951) *White Collar: The American Middle Classes* OUP, New York

<sup>4</sup> Ibid p77

<sup>5</sup> The Economist (2015) Reinventing the Company *The Economist* 24<sup>th</sup> October

<sup>6</sup> Kotkin J (2020) *The Coming of Neo-Feudalism: A Warning to the Global Middle Class* Encounter Books

<sup>7</sup> Harris R (2021) *From Clerical Factory to Digital Hub: London’s Global Office Economy* Routledge, London p338