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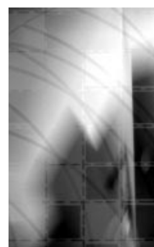

Managers after the era of organizational restructuring: towards a second managerial revolution?

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ABSTRACT

Managers' careers and career orientations have changed significantly since the era of organizational change that began around 20–30 years ago. This article focuses on how managers have responded to these changes. It suggests a significant change in the kinds of 'capital' that managers mobilize, and the uses to which they put it. At least some managers now mobilize a form of 'social capital' in the form of *reputations* that are grounded in informal networks. However, this reputational capital can be difficult to stabilise and therefore risky to hold. Managers therefore attempt to convert it into wealth – economic capital. The article illustrates these arguments using interview data from a longitudinal study of Australian managers.

KEY WORDS

managers / organizational change / reputations / social capital / wealth

Introduction

When researchers first began to assess the effects on managers in large companies of the past two or three decades of organizational restructuring, many were pessimistic. They predicted, and some found, that career uncertainty and lowered career horizons would produce major disruptions in managers' career progression, their morale and their incomes (Osterman, 1996; Scase and Goffee, 1989). There is little question that organizational restructuring has spelt the end of de facto lifetime employment

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guarantees for managers, significantly shifting employment risks from firms to managers, and that managers have radically rethought their relationships with firms as a result. Yet managers have done well: their earnings are growing faster than those of most employees, their employment opportunities continue to develop, and they are optimistic about their career futures (e.g. Wajcman and Martin, 2001). At the extreme, CEOs have achieved skyrocketing compensation, and top managers just below them have followed suit.

In this article, I outline an explanation for this paradox. Using ideas developed in social class theory, I carefully examine the forms of capital that are controlled by managers, and how they are able to convert one form into another. Organizational change has increased the importance of cross-firm labour markets for managers, but it has also made positions more amorphous in character. The result is that firms must often assess managerial candidates about whom they have little direct knowledge for positions where the job requirements are quite malleable. To solve this problem, managers turn to *reputations*, both when they are searching for appointees and when they are searching for jobs themselves. Reputations inhering in interpersonal networks have become a key resource under the control of managers, and can be viewed as a form of capital. However, reputations based on informal networks are difficult to stabilize, and organizational instability further undermines attempts to do so. Managers therefore seek to turn their reputations into economic capital, the final twist in the story.

After developing this argument, I review illustrative empirical material on Australian managers. Four case studies show how these processes work, and their hazards.

The managerialist project, organizational change and organizational careers

When, in the 1940s, James Burnham (1962) saw a western version of the 'managerial revolution' he had first diagnosed in the Soviet Union, he contributed the antecedents for more recent analyses of the class project of 20th-century managers (Szelenyi and Martin, 1988). Viewing the preconditions for the western managerialist project as the separation of ownership and control, and the increased size and complexity of firms, these recent class analyses focused on managers' roles in making key decisions about investment, production, finance, labour relations and marketing (e.g. Erikson and Goldthorpe, 1992; Savage et al., 1992; Wright, 1985). Managers would require long careers in single organizations as the basis for their expertise, and these were institutionalized through the stabilization of organizational internal labour markets for managers in hierarchically structured bureaucratic organizations (see Martin, 1998a). One strand of class theory fruitfully analysed these arrangements in terms of the distinctive 'organization assets' managers held. These assets were the decision-making capacities arising from the positions of

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managers in organizations, and were contrasted with the 'skill' or 'cultural' resources possessed by professionals (Savage et al., 1992; Wright, 1985).

Analysts who initially claimed that organizational change was undermining managers' careers were effectively suggesting that 'organization assets' were being devalued. This was not an implausible argument. Organizational change that flattened organizations, removed layers of management and made them susceptible to frequent waves of restructuring were bound to de-stabilize exactly those features of organizations that made 'organization assets' valuable. Indeed, managers can less often rely on internal labour markets than before, they move between companies somewhat more frequently, they are no longer offered de facto lifetime employment, and they are at greater risk of retrenchment (McGovern et al., 1998; Savage et al., 1992; Wajcman and Martin, 2001). But these are changes of degree, rather than wholesale overturning of managers' career patterns; they represent a successful shifting of employment risks from companies to managers (Jacoby, 1999). In effect, the risks of holding organization assets have become much greater, but the assets have not become worthless.

Attempting to convert risky organizational assets into less risky assets, or to develop new forms of capital that are less risky, are likely managerial strategies under these circumstances. Indeed, such possibilities have been discussed in the class literature (e.g. Savage et al., 1992). Certainly, managers are viewing their relation to companies in dramatically different ways, notably rejecting 'company man' loyalty (Wajcman and Martin, 2001), and the career strategies that follow cannot rely on organization assets. They have largely jettisoned the old justifications for holding 'organization assets' – the idea that long experience in a single organization provides the skills necessary to manage a company – and adopted the view that they possess bundles of skills and abilities that many companies may require and that companies are willing to pay for. One important result is that they see their careers as unfolding on cross-firm labour markets, even though many expect to stay within firms for quite long periods (Martin and Wajcman, 2004). So, what forms of capital are managers mobilizing to advance their careers in contemporary restructured organizations?

Reputations, social capital and cultural capital

In the ideal-typical bureaucratically structured internal labour market, decisions about managerial promotion were partly dependent on seniority, partly dependent on perceived skills and partly on allegiances in bureaucratic politics (Jackall, 1988). Perceptions of a manager's skills arose from direct observation and assessment within the organization, though they were affected by the subject's seniority and political allegiances. These processes are disrupted when organizations undergo rapid, structural change and when the integrity of internal labour markets is undermined by recruitment of outside managers. Here, skill assessment becomes more difficult since candidates do not have a known

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history in the firm. Moreover, much organizational change shifts the demands placed on managers: rather amorphous skills, such as capacity for 'change management', strategic thinking, entrepreneurialism or simply the ability to adapt to change, become more important than the ability to perform specific tasks of the job (Brown and Hesketh, 2004; Meyer, 2001).

One predictable response is that 'cultural capital', in Bourdieu's sense, will become more important. Indeed, studies of the role of employment agencies in managerial recruitment emphasize this effect (Brown and Scase, 1994; Finlay and Coverdill, 2002). Finlay and Coverdill, for example, argue that their study of headhunters shows that 'chemistry' – employers liking for job candidates – is fundamental in recruitment. They interpret this in classic cultural-capital terms (though they do not use the concept) as a strong tendency for like to hire like: possessing a relevant group culture is fundamental to many hiring decisions. Indeed, such analysts argue, possessing this culture may become so integral to a person's ability to interact successfully with others on the job, that they become unable to perform their work without it, even though the content of the culture is irrelevant to the job. However, this cultural capital can be problematic because of its fundamental *illegitimacy*, especially in firms where overt cultures are strongly instrumental as in much contemporary business discourse and in company cultures (du Gay, 1996).

Our recent research in Australian firms suggests that an alternative development is the increasing importance to managers of a form of *social capital* that is used to ground and stabilize managers' *human capital* claims (see Wajcman and Martin, 2001). We found many occasions on which the managers we interviewed described finding new jobs because others with whom they had previously worked approached them. They also emphasized the importance of ties of friendship and loyalty with co-workers and mentors. These strong informal networks were sustained over time and across firms. However, managers usually disavowed any instrumental approach to maintaining them. Instead, they emphasized that they stayed in contact with former colleagues, or felt loyalty to mentors and current colleagues, because they liked them, had fun with them, trusted them, or respected them (Martin and Wajcman, 2003).

On one view, these networks represent 'social capital' in the sense of networks of influence that managers use to gain good jobs when they become available, or to achieve other ends that require assistance or co-operation from others (see Lin, 2001). This network-based social capital could be seen as simply distorting 'free' markets by introducing irrelevant factors into employment decisions. More charitably, it may be seen as facilitating the day-to-day work of managers. However, viewing the 'social capital' in networks as purely a matter of influence and favours seems likely to miss important aspects of how they operate. Managers usually suggested that their contacts were relevant because they knew the 'skills' managers possessed. In other words, the networks were important because of the content of managers' beliefs about each other that they contained, not just because of relations of influence and obligation.

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The beliefs managers have of each others' abilities can be thought of as the representations of their human capital that actually operate in labour markets and workplaces. As I have already noted, stabilizing and grounding managers' claims to human capital, particularly increasingly important general qualities like adaptability or leadership, is very difficult in contemporary managerial labour markets that cross both firms and highly autonomous business units within firms. Thus, the rather general opinions that managers have of others' abilities are likely to be a crucial element in hiring decisions, in expectations once someone is hired, and in evaluations of their performance. (Just how significant such general impressions can be in contemporary recruitment is demonstrated in Brown and Hesketh's (2004: ch. 7) recent research showing how graduate recruitment decisions are actually made in British firms.) These estimations managers have of each others' abilities can be thought of as *reputations* that inhere in the informal networks of trust, friendship and respect that are a ubiquitous aspect of contemporary managerial life. Informal networks among managers define the boundaries of cultural fields in which reputations are constructed and maintained. The value of reputations will vary depending on the structure of the cultural fields that contain them. Managers may be connected to several overlapping networks, so that there may be distinct cultural fields in which their reputations are constituted. Almost certainly, there are sectoral differences in the structure of such networks that are associated with variations in the extent to which there is movement between firms in the sector, or across sectors, by managers.

If reputations are more than ties of trust or reciprocity because they involve concrete estimations of abilities, they are also socially constructed ones. Since they inhere in networks of trust and friendship, those networks will condition them. Especially insofar as the roles of managers become more autonomous and 'creative', and the assessment of their performance becomes more difficult, networks, and the reputations they support, are likely to become more important in assessing performance.

How reputations develop and are stabilized will also depend on the structural characteristics of the networks. Burt (1997) has described 'social capital' as the richness of 'structural holes' in a manager's networks. Here, managers are said to have high levels of social capital if their day-to-day work makes them 'bridges' between groups and individuals who would not otherwise be in contact. This social capital is not a characteristic of the individuals themselves, but strictly of the positions they occupy in networks. It is the capacity that the position as 'bridge' gives to a person, to identify and to develop opportunities arising from co-ordinating groups or individuals who would otherwise not be co-ordinated. Applying this analysis to networks that support managers' reputations suggests that those with networks richer in structural holes will also have greater control over their reputations, because more structural holes increase the extent to which a manager is a gatekeeper in the representation that other network members have of various components of their work.

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The value of reputations is likely to increase as organizations move away from bureaucratic structures to the more hybrid and flexible ones described earlier. The strong lines of authority that organize managers' work in bureaucracies limit the extent to which 'structural holes' can develop, and therefore the extent to which managers can control their reputations. However, with greater organizational flexibility and responsiveness, social capital is augmented and so too is the opportunity for managers to control their reputations. Moreover, contemporary organizational malleability reduces the number of what Burt (1997) calls 'peers', others to whom a manager may be directly compared. Burt shows that the value of social capital to managers increases as the number of peers declines. Part of this increasing value undoubtedly arises because smaller numbers of peers also provide managers with greater room for manoeuvre in controlling their own reputations. Indeed, any shift from primarily administrative to primarily strategic functions in managers' responsibilities (Meyer, 2001) is likely to further reduce the number of peers. From a firm's perspective this can only increase the consequentiality of managers' reputations, since managers are called on to make far more real decisions (i.e. ones whose outcome is not certain) with significant impacts on organizational performance.

Thus, reputations may be regarded as a specific form of social capital that becomes more valuable in contemporary organizations. Their value is affected both by their content (the fact that they are socially constructed estimations of the capacities of managers), and by the structural features of the networks in which they inhere (e.g. richness of structural holes and number of peers). They are quite distinct from either 'organizational assets' or 'cultural capital' (though the latter may still help managers to enter the cultural fields necessary to establish reputations). But what risks are associated with holding social capital in the form of reputations?

Despite indications that managerial networks are fairly stable and long lasting, they are not indelible, and reputations remain hard to stabilize. Because reputations are sustained on informal networks, it is difficult for individuals fully to control the processes that define them. They may be affected by political alignments and even personal foibles. Moreover, the networks that sustain them have, at best, quasi-legitimacy in their role of the basis for the assessment of an individual's worth. Therefore, *de-legitimation* of networks threatens the cultural ground that sustains reputations. For example, consider a firm that goes bust where this failure is perceived to result from poor management appointments based too heavily on installing friends and associates. Here, whether blameworthy or not, individuals have little capacity to control the undermining of the legitimacy of the networks that sustain their reputations.

At a less dramatic level, a fundamental problem for managers in maintaining reputations is that of managing the impressions others have of their performance. Although it is often assumed that it is simple to identify 'successful' managers by the performance of the units or companies they manage, the contemporary organizational environment makes this highly questionable. This does mean that managers have considerable room to shape others' perceptions

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of them through their reputations. However, it also makes stabilizing reputations fundamentally difficult. There is always the possibility that a business unit will go badly wrong, through no fault of the manager, and he/she will be blamed. Or successes may be attributed to factors other than a manager's performance. In general, other managers in a network will be able to legitimate their use of reputations only to the extent that they can sustain the impression that their assessment of network members is accurate. So that there is value in ruthlessly revising estimations of others' abilities as new events occur. Thus, managers will never be able to fully control their own reputations.

Given instabilities in reputations as a form of 'social capital', how might managers respond? In the next section, I argue that a plausible response is to try to convert reputations into a more secure form of capital – economic capital.

Converting income to wealth

The shifting of employment risk to managers, along with the general rise of neo-liberal ideologies, has provided fertile ground for managers to shift the meaning they attribute to their compensation packages away from ones focused on *income for consumption* to ones that give equal place to *accumulating wealth* (in the sense of income producing capital). Under the managerialist arrangements that dominated firms during much of the 20th-century, the primary material pay-off was secure, substantial income paid directly by the employer. Even capital-like entitlements such as pension plan investments were seen simply as a mechanism for ensuring income after retirement. As late as the early 1970s, research on managers' compensation preferences showed that they were biased towards direct cash income and income producing pensions (Lewellen and Lanser, 1973). Today, by contrast, executive packages are often extremely complex and include significant non-cash components that represent direct wealth accumulation. More generally, the provision of financial advice to managers (often at company expense) helps them to reconstitute cash income as wealth through various forms of investment. This is further assisted insofar as managers adopt the identity of individualized market actors, jettisoning old company loyalties (Martin and Wajcman, 2004).

To the extent that managers increasingly treat their incomes as the basis for accumulating wealth, they are converting social capital (reputations) into economic capital. Data indicating the rapid rise of managerial earnings relative to the whole workforce (Fligstein and Shin, 2003; Martin, 1998b), and associated increases in earnings inequality show that more and more managers' incomes are sufficient to allow them to make this conversion. Longer hours and the shifting of employment risk from employers onto managers are one possible basis for increasing compensation. However, the social capital networks that underlie reputations also serve classic labour market exclusion functions that are used by managers to restrict competition and raise compensation. Therefore, the success of a managerial project that relies on reputational social

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capital is an important basis for increasing managerial income. Converting income into wealth then becomes a strategy for stabilizing managers' social position by accumulating economic capital which, once created, is unaffected by any devaluation of reputation.

Case studies of reputational capital and wealth following retrenchment among Australian managers

While full empirical testing of the above account is beyond the scope of this article, some elaboration and illustration of the processes described is possible from research on Australian managers. The case studies below arise from a follow-up study of Australian managers in six large companies first interviewed in the late 1990s (for details, see Wajcman and Martin, 2001). Five years later, I re-interviewed 49 members of a sub-sample of 84 randomly chosen interviewees from the original study. The original interviews elicited career narratives and asked interviewees about some other aspects of their careers. Follow-up interviews focused on career experience since the first interview and other aspects of work and career such as satisfactions, dissatisfactions, and future career and life goals. Interviews were taped and transcribed. The four interviewees described below were employed in two insurance companies when first interviewed. All were subsequently retrenched. Retrenchment provides a key opportunity to assess how reputational capital is used when managers search for jobs.

Case 1: Greg Sampson

In 1999, Greg was 44 and managed a team of 150 people providing direct contact for 500,000 superannuation clients. Even at this point, he saw his 'skills' as the key to his future career:

> I guess I don't really support the idea … of a long term career path. I generally find things change so quickly that it's important to keep yourself skilled so that if any opportunities come up … it's worth keeping an open mind.

This language evoked 'skills' as a set of concrete capacities that could be objectively recognized. Nevertheless, he was well aware that others' perceptions of him mattered a great deal:

> how you're treated around the place is sort of based on your status in the organization … I've seen some people suddenly fall out of favour, and that really affects the way they operate, how easy they can get co-operation around the place.

His goal of accumulating enough wealth to be financially independent was plausible given his salary (Aus$200,000) and net worth (Aus$1.5 million). He also recognized the uncertainties of corporate life, though he did not explicitly make the link to financial independence.

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Five years later much had changed. Beginning in mid-2001, there were a series of restructures arising from a partial merger. He was forced to apply for his own position three times, and was finally retrenched when his job went to another executive, apparently better connected to a new boss. Now in his late 40s, he described how it took the intervention of a placement agency to show him that his network of contacts was the key to finding work:

> The outplacement … gave me some tips … One of the really good tips was people that you know when you work for a while are actually a great opportunity for networking … I made a list of people I knew and started ringing up and arranging morning and afternoon teas, and one of the people I rang actually was on a project in [previous company] and I'd known she'd been a project director for about 10 years or so, so I was really just contacting her to find out some contacts that she might have in the industry and she actually rang me back a week later and said 'a project's starting up here', and 'it's for 3 months' and would I be interested.

Greg explained that his contacts ranged well outside the company, even though most had been made within it:

> My network was really people currently at [company] or who'd left. And with an organization you get a lot of turnover. So, when I actually wrote a list of the names of people I wanted to contact, it was actually a fairly long list of … 40 or 50 people.

Thus, Greg's job search after his retrenchment clearly relied on the 'reputational' capital he had built up within his network of contacts. And his success indicated the power of this capital, though building it appeared to have been only partially conscious in his previous career.

Greg's mainstream managerial career was over, although the three-month contract had been renewed consistently. However, financially, he was more than comfortable: his earnings had not fallen and he now had sufficient wealth (about Aus$4–5 million) that he did not need to continue to work.

Case 2: John James

In 1999, John was a 55-year-old international fund manager. John's career moves between companies demonstrated the role of his networks and contacts, both directly and through headhunters: he had moved when a colleague left the company where they both worked and offered him a job at a higher salary; he had moved with his boss from one company to another; and twice he was approached by headhunters. He described their role as reputation intermediaries succinctly:

> A. Yes, a headhunter approached me and I sent a CV. I had some interviews.
> Q. How did they know to approach you?
> A. Not many people had those skills.

John described his reputation in terms of 'skills', but his account of how these skills actually got him jobs make it clear that they were useful only insofar as they were recognized by the network of contacts that he had in his industry. He

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expressed little real loyalty to his company, indicating a preparedness to move for a better offer. His salary and net worth were similar to Greg's (package value: Aus$240,000, net worth: Aus$1.5 million) and, though married, he had no dependants.

In 2001 the company's parent moved international fund management offshore and John resigned, anticipating retrenchment. Unfortunately for him, his reputation was effectively devalued when many other firms also moved international investment management offshore:

> I expected that there would be other things opened for me. At the time that I resigned I had a couple of different positions on the go, talking to headhunters. But … by and large everybody now, with consolidation of the industry, uses … fund managers who are located offshore … So, I've been unemployed.

Having had a longstanding interest in history, he had commenced a Master's degree in Ancient History at a major university. Like Greg, he had accumulated sufficient wealth that his job loss was not a major financial problem.

Case 3: Michael Gray

In 1997, Michael was a compliance manager in an insurance company. At 41, his career had consisted of several moves between financial institutions, following an initial period of upward mobility in a bank. Even during the later part of this period, the importance of his network was becoming evident:

> So, I applied for a job as a Sales Manager … I suppose I knew the boss at the time who was running it, because I used to work with him [in the bank] and he said, 'Gladly, come on board'.

He explained another approach through a contact in a matter of fact way:

> A. gentleman … rang me from Bank A [his new employer], and said, 'Look, why don't we have a chat? There's an opportunity coming up here for somebody with your skills'.
>
> Q. How did he know you? He's in another bank.
>
> A. Yes. I suppose because I'd been involved in different industry forums, and undertaking different training … I'd never met the man, but other people I had met – because he asked different people in the industry, 'Who could do this role?' – and a couple of other people suggested myself'.

Michael viewed others' perceptions of him as dependent primarily on the 'skills' he possessed. He was still in the lower rungs of middle management, with a salary package of about Aus$85,000, though he had accumulated significant wealth (nearly Aus$1 million). However, the first hints of a heart condition suggested some corporeal limits to his career ambitions.

Indeed, five years later, his heart condition had worsened significantly. He had initially been retrenched in 2001, following a restructure of his company. Although he had been able to find short-term employment in other companies, he had used 'friends', indicating the possibility that he was relying too heavily

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on semi-illegitimate 'social' capital. The consequences of having the wrong networks were vividly illustrated when a new manager passed him over for a promotion, and installed someone with whom she had previously worked. He was eventually made redundant by this new appointee. It was possible that his worsening heart condition contributed to his inability to find a permanent job. At the time of his second interview, he was just settling into a small financial planning firm earning about half his previous corporate salary. This did not seem to be a particularly safe position, since it depended on the amount of business he was able to bring into the firm. His net worth was unchanged and insufficient for financial independence.

Case 4: Jerry Davis

A 52-year-old finance manager in 1998, Jerry worked as a qualified accountant and financial controller for several fairly small businesses and companies before being retrenched and moving to his present firm nine years earlier. The accounting positions he had held since the age of 30 had involved significant management responsibilities. He thought of himself essentially as 'an accountant in management', and had generally found positions by replying to newspaper advertisements, though he had heard about his current job through networks. He viewed his 'skill assets' as his fallback:

> I could always turn back to my original skills of bookkeeping, accounting and tax and get myself a computer and a MYOB programme and start advertising my wares and getting a few clients … there is always that possibility.

His salary afforded limited surplus (Aus$120,000) and his wealth (Aus$500,000) reflected the effects of a divorce in the early 1990s.

Jerry too had been retrenched in 2001 following a company restructure and merger. He had little prospect of finding another job in a large firm. He had found employment when his former employer referred him to an outplacement agency, and this firm had eventually hired him on a part-time basis to undertake some of its accounting work and assist in placing accounting clients. He had also taken on a share in a new accounting software product that he was attempting to sell to small businesses. Thus, Jerry's strategy was to return to his certified human capital – his technical accounting qualifications – just as he had predicted five years earlier. He estimated his current annual income at about half his previous salary. There was no question that he needed to keep working since he had no significant wealth beyond his home.

These four cases illustrate, first, the development and uses of reputations. In all four, reputations based in networks were key resources in managers' movement from one job to another, especially where it was between companies. All discussed their reputations in terms of the 'skills' others believed they had. This framing suggests that the legitimacy of reputations in hiring decisions depends on presenting them as accurate pictures of objective characteristics. This will be the case even when the 'skill' is something as amorphous as 'adaptability'. However, retrenchment clearly tests reputational capital. After

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his retrenchment, Greg's networks provided reasonable employment, though with reduced security. But the value of John's reputation rapidly declined when changing corporate practices effectively devalued the 'skills' his network saw him possessing. Michael appeared to suffer partly because the network he had established was severely disrupted in a merger and restructuring. On the other hand, the partial dependence of Jerry's managerial career on his 'skill assets' (his accounting qualifications) appeared to mean his reputational capital was underdeveloped. Nevertheless his accounting expertise was largely immune to retrenchment, and provided a reliable source of work. Retrenchment also sharply illustrated the varying effects of different levels of success in turning reputation into wealth: Greg and John were financially secure, while Michael and Jerry had to take whatever work they could find.

Conclusion

In this article, I have suggested that managers in large firms may be adopting a new career strategy in response to changed organizational circumstances. 'Organization assets' – the 'capital' managers possess by virtue of their structural location in stable organizations – has become less reliable and relevant to their careers as organizations become more and more 'flexibilized'. As stable internal labour markets have fractured and managerial responsibilities have shifted towards less administrative and more strategic functions, managers' skills and abilities have become the focus of their employment prospects. However, estimating their 'real' human capital is also much more difficult, so that their 'reputational capital' is increasingly the basis for their career success. 'Reputational capital' is the image or cultural representation of a manager's skills that inheres in their network of contacts. There is good reason to think that contemporary organizational change facilitates network structures among managers that enhance their ability to influence their reputations. However, reputational capital remains a relatively risky asset to hold. Managers often have little control over the events that undermine its value, such as major restructuring or takeovers, or failure of a part of an organization. Hence, it is in managers' interests to try to convert their reputational capital into the far more stable form of financial capital, and I have suggested that they are using their high incomes to do just this.

Although some data on the situation of Australian managers, presented above, is consistent with these arguments, further research would be required to substantiate it convincingly. This article also suggests other important issues. What effect might the rising significance of reputational capital have on the capacity of boards and upper management to exercise authority over managers, and hence to effectively control their firms? What effects might any significant concentration of wealth in middle and upper managers have on investment practices and company strategies? And how would they affect overall levels and relations of inequality?

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An important feature of the first 'managerial revolution', whether understood in Burnham's terms or those of analysts of the separation of ownership and control, was the presence of a managerial 'project'. Whether as statist technocrats or career managers, managers were claiming that they could produce new organizational capabilities and efficiencies beyond the competence of those they replaced. This was, so to speak, the ideology of the first managerial revolution. A contemporary managerial strategy of developing reputational capital and creating mechanisms for converting it to economic capital has no clear equivalent project. At best, contemporary managers may claim to be the epitome (rather than the vanguard) of neo-liberalism – individuated actors whose primary motivation is their own interests, but who see the pursuit of individual interest as the basis for a free and efficient modern society. Their 'second' revolution might be a peculiarly soft and hidden one, though it would have significant effects on their positions in large firms, and on their wider social position.

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