

TOPIC 1 – THE EVOLUTION OF MANAGEMENT

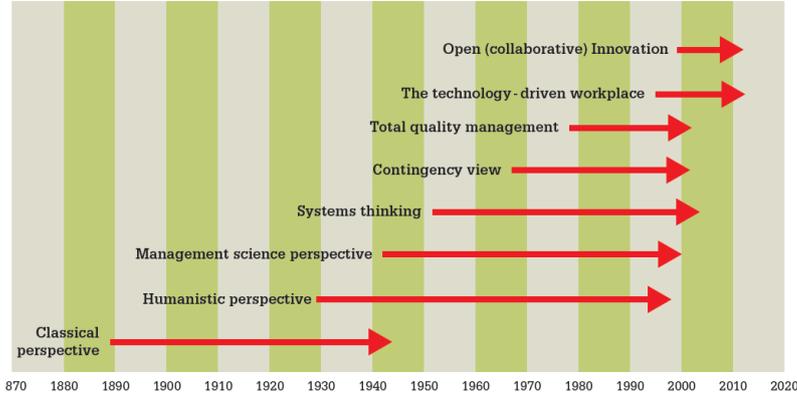
Management & Organisation

Understanding the historical foundation of management is useful for management education

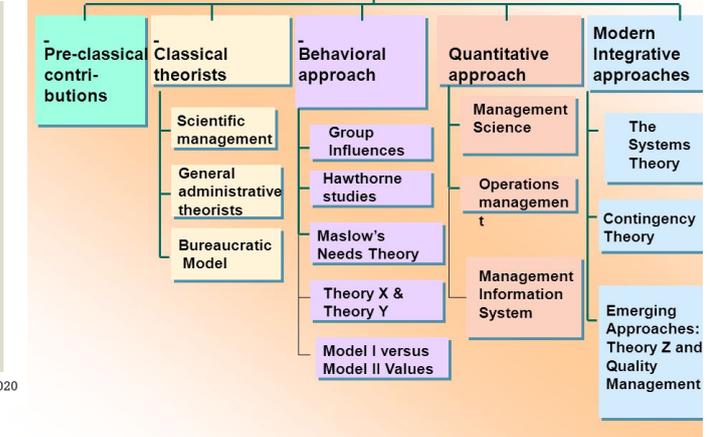
- Managers learn from recognising and understanding past mistakes
- Management practices and perspectives change overtime in response to environmental factors such as social, political and economic forces

Management perspectives over time

Significant management thoughts can be drawn on a timeline:



Development of Major Management Theories



Classical Perspective

Emerged during the 19th and early 20th centuries as a response to new problems arising from industrialisation (environmental forces).

Has 3 sub-fields:

- **Scientific management**
- **Bureaucratic organisations**
- **Administrative principles**

Scientific Management

- A sub-field of classical perspective
- Key figure: F.W. Taylor (Father of scientific management)
- Other key influencers include:
 - Henry Gantt: Gantt chart
 - Frank B. & Lillian M. Gilbreth: time and motion studies
- Focus: improving **efficiency and labour productivity**
- Scientifically study each job/task to determine the 'one best way' to do the work
- **Motion Study:**
 - Frank and Lillian Gilbreth pioneered motion studies as a management tool.
 - Many workers, however, have felt over the years that scientific management was just a device for some managers to get more work from each employee and to reduce the total number of workers needed by a business.

Bureaucratic organisations

- Another sub-field of the classical perspective
- Originated by Max Weber
- Focused on:
 - **Rational authority and formal structure**
 - Employee selection and advancement based on merit rather than 'who you know'
 - Rules and written records
 - Authority based on position/legal power

Administrative principles

- The third sub-field of classical perspective
- Focused on **total organisation**
- Major contributor: Henri Fayol
- Developed 14 principles of management
- Conceived of 5 'rules' of management
 - which closely resemble the four functions of management — planning, organising, leading and controlling — that we talk about today

Humanistic perspective

- Emphasised the importance of understanding **human behaviours, needs and attitudes** in the workplace
- **Early advocates:**
 - Mary Parker Follett
 - Chester Barnard
- Pioneer in the fields of organisational theory and organisational behaviour.
Focus on:
 - Groups
 - Organisations
 - The role of the manager

Human relations movement

- Emphasised the importance of truly effective control comes from within the individual worker rather than from strict, authoritarian control.
- People are social and self-actualising – i.e.: they seek satisfying social relationships, respond to group pressures and search for personal fulfilment.
 - Hawthorn Studies (Elton Mayo)

The Hawthorne Studies

- Western Electric Company conducted a series of experiments to persuade businesses to increase lighting in work places
- Hawthorne studies one of the most influential
- Key figures: Elton Mayo and Fritz Roethlisberger
- Highlighted positive link between humane treatment of workers and productivity

Human resources perspective

- Further developed the idea of **considerate leadership and worker participation**
- Combines prescriptions for **job design and theories of motivation**
- Abraham Maslow
 - Hierarchy of needs
- Douglas McGregor
 - Theory X and Theory Y

McGregor's Theory X and Theory Y

- McGregor urged managers to shift their view of human nature away from a set of assumptions he called 'Theory X' and towards ones he called 'Theory Y'.
- Managers holding Theory X assumptions
- approach their jobs believing that those who work for them generally dislike work, lack ambition, are irresponsible, are resistant to change and prefer to be led rather than to lead.
- Theory Y assumptions - people are willing to work, are capable of self-control, are willing to accept responsibility, are imaginative and creative, and are capable of self-direction.

The behavioural sciences approach

- Applies social science in an organisational context
- Makes use of **scientific methods** drawn from different fields such as:
 - Sociology
 - Economics
 - Psychology

Management science perspective

- Emerged after WWII
- Draws on:
 - The application of mathematics, statistics and other **quantitative techniques** to managerial problems.
 - Operations research
 - Mathematical model building
 - Operations management
 - Solve manufacturing problems (e.g. scheduling)

Recent historical trends

- Systems thinking
- Contingency view
- Total quality management

Systems thinking

- An extension of the humanistic perspective that describes organisations as **open systems**
- Characterised by:
 - Entropy
 - Synergy
 - Sub-system interdependence

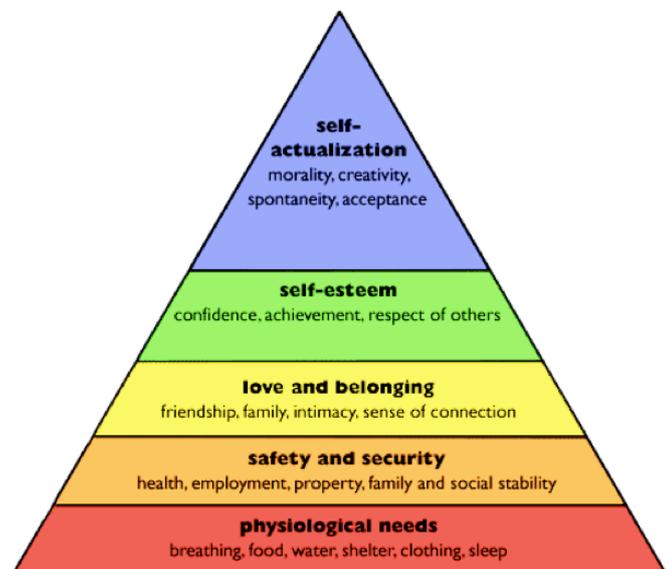
Contingency view

- What works in one situation may not work in another
- Differs from classical perspective of universal concepts
 - Each case is unique

Total quality management

- A concept that focuses on managing the **total organisation** to deliver **quality** to customers.
- Four significant elements
 - Employee involvement
 - Focus on the customer
 - Benchmarking
 - Continuous improvement

Maslow's Hierarchy of Needs



Modern approaches to management and trends

- No one model or theory applies universally in all situations or to the exclusion of the others.
- People are complex and variable. They have many different needs that can change over time. They possess a range of talents and capabilities that can be developed.

Managing the technology driven workplace

Much of management work dependent on technology

- Doing business in the virtual world: E-business
- Requires **knowledge management**
- Use of social media to interact with customers, employees, shareholders, partners and other stakeholders

Sustainable development and management thinking

- Refers to the way in which organisations engage with and satisfy a wide variety of stakeholders
- Profit-making not the only focus
 - Organisations need to pay more attention to safe-guarding finite resources and the physical environment
- A different and more enlightened way of treating customers
- Generally becoming more proactive in managing stakeholder relationships
- Organisations and managers, therefore, should respond to individual differences with a wide variety of managerial strategies and job opportunities. Key foundations of the modern management approaches include the **systems view of organisations and contingency thinking**.

Global awareness

- Much of the pressure for quality and performance excellence is created by a highly competitive global economy.
- Using 21st century skills to understand and address global issues.
- Learning from and working collaboratively with individuals representing diverse cultures, religions and lifestyles in a spirit of mutual respect and open dialogue in personal, work and community contexts.
- Understanding other nations and cultures, including the use of non-English languages.

Learning organisations

- This remains the age of the learning organisation, an organisation that operates with values and systems that result in 'continuous change and improvement based on the lessons of experience'.
- Learning organisations require for their success a value-driven organisational culture that emphasises information, teamwork, empowerment, participation and leadership.

At the very least, the 21st century manager must be:

- **a global strategist** — understands interconnections among nations, cultures and economies; plans and acts with due consideration of them
- **a master of technology** — comfortable with information technology; understands technological trends and their implications; able to use technology to best advantage
- **an effective politician** — understands growing complexity of government regulations and the legal environment; able to relate them with the interests of the organisation
- **an inspiring leader** — attracts highly motivated workers and inspires them with a high performance culture where individuals and teams can do their best work.

TOPIC 2A – THE ENVIRONMENT OF MANAGEMENT (Basic structures and functions of contemporary organisations)

Current challenges in the workplace

Can be seen on 3 levels:

- Challenges for **government**
 - Federal, state and municipal
 - Limited resources and conflicting objectives entail trade-offs and other policy challenges
- Challenges for **business**
 - Local and global competition
 - Policy and other legal requirements
- Challenges for **individual employees**
 - Skills; job insecurity; careers

State-of-the-art management competencies

Rapid changes in the environment requires new management competencies:

- **Less emphasis on control** and **more focus on empowering leadership**
- Increased emphasis on organisation designs that enable **creativity, adaptation and innovation**
- Relationship management skills crucial:
 - Working in teams
 - Working with partner organisations around the world
- **Globalisation** has increased interconnection and interdependencies
- Managers need skills to manage crises and unexpected events.

Why innovative management matters

- The world of management is changing
- **Innovation** is important to maintain competitive edge in a **hypercompetitive** global environment
- Organisations need to respond (more quickly than ever) to **changing environment**:
 - By being innovative in products, services, management systems, production processes, corporate values and other aspects

Sustainable development

- Is now a core issue for managers
 - Effective and efficient management goes further than merely achieving the bottom line
- Sustainable development practices benefit organisation, environment and society:
- Emphasis on the 'triple bottom line' in terms of:
 - **Financial**
 - **Environmental**
 - **Social** outcomes

The contemporary workforce

- Knowledge workers
- Technology dependent
- Globalised
- Diverse
- Team-focused
- Flexible employment

Basic structures and functions of contemporary organisations

The external environment

The internal environment

The global environment

The external environment

- Reflects an **open systems** view of organisations
- Includes all elements existing outside the boundary of the organisation
- These elements have potential to affect the organisation
- Two components:
 - **General** environment
 - **Task** environment

Dimensions of the organisation's general, task and international environments

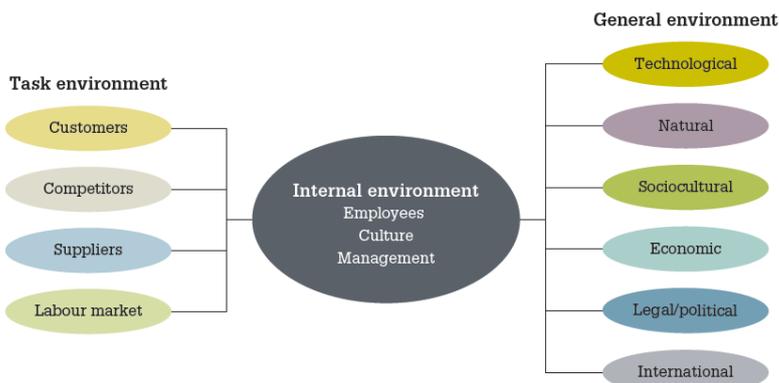


EXHIBIT 3.1 Dimensions of the organisation's general, task and international environments