

## Lecture 1: Foundations of Management and Organisations Ch 1 & 12.

### Early History of Management and Organisations

#### **Pre - Industrial society: No Manager**

During this particular point in time, all businesses that existed in society were extremely small, operating as what we now know as a 'micro business' as most of them were family businesses and therefore their stores were often small workshops.

In addition, owners of these stores had unlimited liability and therefore, owners would be personally liable if the business were to close down.

#### **Pre – Industrial Society: Early Management Ideas**

During this particular point in time, the concept of power, authority and structure were introduced which lead to the development or creation of the government and armies. Its core management characteristics was that it had a command and control structure and a hierarchy.

In addition, during this time, slavery existed which involved simple systems and rules 'slaves' had to follow, followed by strict surveillance and harsh punishment to those who would defy the masters. This is an early form of management displaying power and an incentive or motivation to perform tasks.

### Industrial Revolution 1760 – 1840: Large Scale Enterprise

The industrial revolution was the transition to new manufacturing process; specifically from hands-on labour to capital machinery. New technology also emerged with **steam power** and machine tools to assist large businesses in manufacturing goods. The industrial revolution also created large booming industries which included; Gas lighting, glass making, rail ways and paper machines. As a result, this 'boom' created mass production of materials therefore increasing the level of labourers in an organization and therefore needing a manager to 'lead' and control them.

In 1856, the **limited liability legislation** was introduced to allow companies to easily raise more capital and limit their own personal liability in the case of involuntary liquidation. Thus the company will be its own separate legal entity.

### Organisation

Organisations are systemically arranged frameworks relating people, things, knowledge, and technologies in a design intended to achieve specific goals.

The organization design incorporates the principals of vertical (hierarchy) and horizontal division of labour, as well as a clear definition of roles and responsibilities.

### Management

The term management is the process of communicating, coordinating and accomplishing action in the pursuit of organizational objectives while managing the relationships with stakeholders.

### Scientific Or Human Approach to Management

Max Weber believed that ideal organisations should be based on a rational legal bureaucracy. He believed it a strong hierarchical structure in which there were legal submissions to rules and procedures.

### **Scientific Management: Taylorism**

F. W. Taylor had an obsession of improving every detail of work thus attempting to improve productivity and efficiency in day-to-day operations. Taylor's three principals of scientific management are;

- Time & Motion studies: Again, focusing on how to improve efficiency and productivity. Brief history of Time & Motion Studies:

*In modern parlance, people talk about 'time and motion studies' as if they were somehow linked as a system. However, the two systems were never used together until more than twenty-five years after Frank Gilbreth's death (Jaffe 1984). Taylor's time study was a part of a system to optimise the output of workers. He would study the basic tasks performed, using a stopwatch to measure the times of the best workers. These times would then be used to formulate piecework pay to reward workers able to meet the new standard. In contrast, the Gilbreths' system of motion study did not establish time standards, but instead established standards for how materials and tools could best be designed and arranged to fit the abilities of the human worker.*

- Specialisation and routinisation of work: Taylor believed that only the most suitable and competent applicant should be performing a particular task and also repetitively performing the same task over and over again in order to develop familiarity and specialization to minimize error and waste.
- Assumes that there is only one best way to manage

With this approach in mind, Taylor also believed that managers would be planning, designing and supervising while employees would execute its manual labour. To address his obsession to increase the level of productivity, incentives were put in place or more specifically in the context of manufacturing, the employees would be paid based on their output.

### **Henry Ford: Assembly Line**

Henry ford changed the entire manufacturing process to a more efficient process by producing cars in an assembly line.

### **Human Relations Approach: E. Mayo**

In contrast to the scientific system of management, Mayo believed that seeing employees just as a form as an expendable asset was the problem. Mayo placed emphasis on human relations and this approach was on informal work group relations. Mayo believed that managers needed to pay attention to group needs and human relationships and that the workplace should be viewed as a social system. Thus to increase productivity of employees, working conditions should be improved. In addition, managers should not be dictators, in fact, they should listen to what the employee is saying and possibly not saying in order to allow them to feel more satisfied and valued.

The **Hawthorne effect**: Therapeutic interview: gave people an outlet to express their pain, fear, anxiety and distress → soldiers from the war that suffered post traumatic stress disorder. He explained his findings → its about people feeling valued. "When a group realises that it is valued and forms social relations among its members, productivity rises as a result of the group formation."

### **Democratic Management: Follett**

Also known as participatory management where authority is derived from the function/position not the hierarchy and that there should be collaboration and communication between managers and employees. This in-turn not only increases productivity but also achieves social justice.

### Contemporary approaches

- Theory X: Taylorist = employees are being told what to do, being forced to work in the most efficient and productive way such as McDonalds. They follow procedures every time.
- Theory Y: attention to their feelings, emotions, feeling important. Google create a fun working environment to innovate and inspire their employees.

### Positive Organisational Scholarship

- Seeks to understand and foster civic virtues, social responsibility, altruism, tolerance, happiness and psychological wellbeing within organisations (Caza and Caza 2008)

**In conclusion**, there are two traditional images of the manager and the organization:

- The authoritarian decision maker providing extrinsic rewards and punishments
- The supportive facilitator and motivator offering intrinsic rewards

There is a third emerging approach with a focus on virtue, positivity and creating social value.

Notes on the First tutorial Journal Article; **McKenna, S., Garcia-Lorenzo, L., & Bridgman, T. 2010, 'Managing, managerial control and managerial identity in the post-bureaucratic world' Journal of Management Development, vol. 29, no. 2, pp. 128 – 136**

Bureaucracy is a model of organization based upon rules, hierarchy, impersonality and a division of labour and has been the dominant form of organization for over a century. However, it suffers from problems such as poor employee motivation, producer-focus and inertia. In view of this, post-bureaucracy has been proposed as a new organizational model more suited to today's business environment. Post-bureaucracy is based on trust, empowerment, personal treatment and shared responsibility. But this brings its own problems in terms of loss of control, risk and unfairness.

In the context of work, especially in Western developed nations, is undergoing a shift away from a traditional, bureaucratic form. Bureaucracy has been the dominant form of organization for more than a century but overtime, it has acquired a reputation for its association with inefficiency and 'red-tape'.

"It is held that the bureaucratic obsession with rule following saps enthusiasm from employees, resulting in organisations which provide poor customer service and are resistant to innovation and change which are assumed to be critical for survival in an increasing turbulent world." – Walker & Brewer (2009)

In a post-bureaucratic world, rules are replaced with consensus and dialogue based on personal influence, responsibilities are assigned on merit rather than hierarchy, people are treated as individuals rather than impersonally and the boundaries of the organisations are open.

"However, there are mixed views in which bureaucracy is 'bad' and post – bureaucracy is 'good'" – Grey (2007)

Advocates of post-bureaucracy claim it is an organizational form that liberates employees from the restrictions of bureaucracy (Jamali et al. 2006). Critics, however, note that post-bureaucracy can be a stressful experience for employees, since it weakens job security, intensifies time pressures and places greater responsibility on employees to manage their work lives and careers.

While we might accept that post-bureaucracy is based on trust and empowerment, this creates new fears about the loss of managerial control. The fear that employees will pursue goals that are not in the long-term interests of the organization, or that they will work inefficiently or ineffectively, has prompted an interest in forms of control other than formal rules (Barker, 1999; Sewell and Wilkinson, 1992).

Closely associated with the concept of culture is that of identity, with both emerging through a process of social interaction, or construction, which cannot be attributed to externally determined categories (Deetz, 1994). Identities are liable to be reformulated as a result of different adaptations, interventions and interpretations by others and therefore are unlikely to be stable (Alvesson and Wilmott, 2002).

Contributions to the literature on identity have come from psychology, social psychology and sociology and have studied the topic from the level of the individual, group and society. For Albert and Whetten (1985) organizational identity refers to those features of the organization that members perceive as central, enduring and distinctive.

The second notable feature of their definition of organizational identity is the primacy given to cognition, or the perceptions and beliefs of organizational members. Identity is assumed to be the product of cognitive processes and shared understandings, but there is little attention paid to behaviour. A third feature of the Albert and Whetten (1985) concept of organizational identity is the lack of attention given to issues of power. The focus on individual perceptions and beliefs leaves important questions unanswered. Do the perceptions of some members of the organization count more than others? What interests are served by the promulgation of particular organizational identities?