

The Evolution of Management Theory

Chapter 2

2.1: Provide some examples of early management practice.

Pyramid Construction: Managers organised the workers and told them what to do, organised them and oversaw that the project was being built according to the right specifications.

Great Wall of China: Similar requirements as above.

A modern approach to management followed after 2 main influences:

- 1) Adam Smith published 'The Wealth of Nations', proposing economic advantages from the division of labour (specialisation).
 - Adam Smith: Division of labour maximised each worker's productivity by increasing their skill and dexterity, and by avoiding the wasting of time switching tasks.
- 2) Industrial Revolution: Human power was replaced by machine power which in turn made it more economical to manufacture goods in factories rather than at home.
 - Large, inefficient factories needed managers to forecast demand, ensure material was on hand, assign tasks to people, direct daily activities, maintenance, working conditions and coordinate with buyers and sellers.

There are 4 main approaches to management:

- 1) Classical: Scientific Management and General Administrative Theory;
- 2) Quantitative;
- 3) Behavioural: Early Advocates, Hawthorne Studies, Human Relations Movement and Behavioural Science Theorists;
- 4) Contemporary: Systems Theory and Contingency Theory.

2.2: Discuss the important contributions of scientific management within the classical approach.

Classical Approach: Emphasised *rationality* and *making organisations and workers as efficient as possible*.

Two major theories within the classical approach:

- 1) Scientific Management:
 - Principles of Scientific Management by Fredrick Winslow: 'the use of the one best way for the job to be done'.
 - Four Principles:

1. Develop a science for each element of an individual's work with standardised work implements and efficient methods for all to follow;
 2. Scientifically select workers with skills and abilities that match each job description and train them in the most efficient ways.
 3. Ensure cooperation through incentives, and provide the work environment that reinforces optimal work results in a scientific manner.
 4. Divide responsibility for managing and working, supporting individuals in work groups doing what they do best.
- Pig Iron Experiment: by determining the best way to load pig iron onto a rail car could increase productivity. He determined the 'one best way' by trying different methods and procedures.
 - Frank and Lillian Gilbert: Worked to eliminate wasteful hand and body motions and by employing the proper tools and equipment to optimise work performance.
 - Brick Laying Experiment: by using the right hand motion, the brick layer could increase productivity and feel less fatigued at the end of the day.
 - Classified the 17 basic hand movements.
 - How Do Managers Use This Today?: Managers may study wasteful motions and hire the best-qualified workers for a job, and design incentive systems based on output.

2.3: Explain the influences of general administrative theorists within the classical approach.

2) General Administrative Theory:

- A study of what constituted 'good management practice'.
- Fayol: Concerned with first-line managers and the scientific method, directing his attention to the activities of all managers (writing from personal experience).
- 14 Fundamental Principles of Management:
 1. Division of work: Specialisation increases output by making employees more efficient;
 2. Authority: Managers must be able to give orders;
 3. Discipline: Employees must obey and respect the rules that govern the organisation;
 4. Unity of Command: Every employee should receive orders from only one superior;
 5. Unity of Direction: The organisation should have a single plan of action to guide managers and workers;
 6. Subordination of Individual Interests to the General Interest: The interests of any one employee should not take precedence over the interests of the organisation as a whole.
 7. Remuneration: Workers must be paid a fair wage for their services;

8. Centralisation: The term refers to the degree in which subordinates are involved in decision making.
 9. Scalar Chain: The line of authority from top management to the lowest ranks is called the scalar chain.
 10. Order: People and materials should be in the right place at the right time.
 11. Equity: managers should be fair and kind to their subordinates.
 12. Stability and Tenure of Personnel: Management should provide orderly personnel planning and ensure that replacements are able to fill vacancies.
 13. Initiative: Employees who are allowed to originate and carry out plans will exert high levels of effort.
 14. Esprit de corps: Promoting team spirit will build harmony within the organisation.
- Max Weber: Developed a theory of authority structures and relations based on an ideal type of organisation he called a bureaucracy - a form of organisation characterised by
 - division of labour,
 - a clearly defined hierarchy,
 - formal selection (hired based on technical qualifications),
 - detailed rules and regulation,
 - impersonal relationships,
 - career orientation.
 - While this ideal bureaucracy does not exist in reality, he intended it as a basis for theorising about work and how work could be done in large groups.
 - Like scientific management, both emphasise *rationality, predictability, impersonality, technical competence and authoritarianism*.
 - How Do Managers Use This Today?: Functional view of manager's job can be attributed to Fayol, and serve reference for many managerial concepts. Weber's bureaucracy was an attempt to formulate an ideal organisation.

2.4: Describe the quantitative approach.

- The quantitative approach (AKA operations research or management science) involves the use of quantitative techniques, such as *data collection* and *mathematical manipulation of data* to improve decision making.
- Total Quality Management (TQM): Management philosophy devoted to continual improvement and responding to customer needs and expectations. The term customer includes anyone who interacts with the organisation product or services internally or externally.

- Continual Improvement is not possible without accurate measurement, which require statistical techniques to measure every critical variable in the organisation's work process.
- These measures are compared against standards to identify and correct problems.
- How Do Managers Use This Today?: Contributes to decision making in the area of planning and control. Usually used for budgeting, queuing, scheduling, quality control and similar decisions, they typically rely on quantitative techniques.

2.5: Discuss the development and uses of the organisational behaviour approach.

- Organisational Behaviour is a field of study which looks at actions and behaviour of workers within a organisational setting.
- Specific attention is given to motivation, leading, trust, working in a team and conflict resolution.
- Hawthorne Studies: Conducted at Western Electric Company Works in 1924 to 1930s examined the effect of various levels of illumination on factory worker productivity. *Found that the productivity continued to increase despite light intensity (unless light intensity was so low that it hindered work.)*
- Another experiment conducted soon after by Elton Mayo showed that an incentive plan had less of an effect on a worker's output than group pressure, acceptance and the accompanying security relationship. *Concluded that the social norms or group standards were likely the key determinants of individual group behaviour.*
- Mayo: People's behaviour and attitudes are closely related, that group factors affect individual behaviour, that group standards establish individual worker output, and that money is less of a factor in determining output than group standards, group attitudes and security.
- These studies stimulated an interest in human behaviour in organisations.
- Human Relations Movement: Unsubstantiated by research, uniformly believed in the importance of worker satisfaction. Believes that 'a satisfied worker is a productive worker'.
- Behavioural Science Theorists: Research human behaviour within organisations and seek to develop rigorous research designs that could be replicated by other behavioural scientists.
- How Do Managers Use This Today?: Affects how managers design motivating jobs, to the way they work with employee teams, to the way they use open communication, we can see elements of behavioural approach.

2.6: Explain the systems and contingency theories in the contemporary approach.

- Contemporary Approach focuses on factors beyond those inside the organisation by looking at *the external environment and outside the boundaries of the organisation.*
- Two elements to contemporary approach:
 - 1) Systems Theory:

- Basic theory in the physical sciences but has not been applied to organised human efforts.
- A system is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
 - Open Systems: Dynamically with their environment.
 - Closed Systems: Are not influenced by, and do not interact with their environment.
- Organisations are open systems because they take in inputs (resources) from the environment and transform or process these resources into outputs that are distributed into the environment.
- How Do Managers Use This Today?: We understand that there are a number of interdependent factors including individuals, groups, attitudes, motives, formal structure, interactions, goals, status and authority. Systems theory also implies that decisions and actions taken in one organisational area will affect others, and vice versa. Finally, it recognises that organisations are not self contained, and they rely on their environments for essential inputs and as outlets to absorb their outputs.

2) Contingency Theory:

- States that organisations are different, face different situations (contingencies) and require different ways of managing.
- A good way to describe contingency is 'if, then'. If this is the way my situation is, then this is the best way for me to manage the situation. Each situation requires a different reaction.
- How Do Managers Use This Today?: Organisations and even units within the organisation are diverse in size, goals, work and the like. Therefore there are no universally applicable management rules in all situations. Therefore these 'what' variables in management theory continue to serve as contingencies and stress that *there are no simplistic or universal rules for managers to follow*.

2.7: Provide examples of current trends and issues that are influencing management today.

- 1) Globalisation: Managers are no longer constrained by national borders, and to work effectively with a group of diverse people, you need to understand their culture, geography, religion attitudes, beliefs and working style, and adjust your management style accordingly.
- 2) Ethics: Ethical behaviour seems to have been forgotten or ignored as managers put their own interests first before those who may be affected by their decision. This is why ethical training and ethical standards exist throughout organisations where companies may recruit on the basis of ethical background.
- 3) Workforce Diversity: Coordinating work efforts of diverse organisational members in accomplishing organisational goals. In today's workforce, the working population is more heterogeneous in terms of gender, race, ethnicity, age, and other characteristics that reflect

differences. Smart managers may recognise diversity as being an asset because it can bring a broad range of viewpoints and problem solving skills to a company.

- 4) Entrepreneurship: As the process of starting new businesses, generally in response to opportunities arising that no one else has identified.
- 5) Learning Organisations and Knowledge Management: Knowledge creation and changes take place at an unprecedented rate, therefore management practices and approaches of the past may no longer apply. Part of a manager's responsibility is to create learning capabilities throughout the organisation - from the lowest level to the highest level in all areas.
Knowledge management involves cultivating a learning culture where organisational members systematically gather knowledge and share it with others in the organisation so as to achieve better performance.
- 6) Sustainability: There has been increasing concern about the availability of resources and therefore managers need to adapt practices. *Sustainable management may be described as the responsibility of all organisations to ensure that their operations use all forms of capital - human, natural, and financial - in such a way that all stakeholders receive value, and that the capital required by future generations is maintained.*

Mintzberg's Managerial Roles

- 1) Decisional (50%): Managerial roles that revolve around making decisions.
 - Entrepreneur: Searches the organisation and its environment for opportunities and initiates 'improvement projects'.
 - Disturbance handler: Responsible for corrective action when organisation faces important, unexpected disturbances.
 - Resource allocator: Responsible for the allocation of organisational resources of all kinds - making or approving all significant organisational decisions.
 - Negotiator: Responsible for representing the organisation at major negotiations.
- 2) Informational (30%): Managerial Roles that involve receiving, collecting and disseminating information.
 - Monitor: Seeks and receives wide variety of internal and external information to develop through understanding of organisation and environment.
 - Disseminator: Transmits information received from outsiders or from subordinates to members of the organisation.
 - Spokesperson: Transmits information to outsiders on organisation's plans, policies, actions and results.
- 3) Interpersonal (20%): Managerial roles that involve people and other duties that are ceremonial and symbolic in nature.

- Figurehead: Symbolic head; obliged to perform a number of routine duties of a legal or social nature.
- Leader: Responsible for the motivation of subordinates; responsible for staffing, training and associated duties.
- Liaison: Maintains self-developed network of outside contacts and informers who provide favours and information.

These percentages change based on the kind of job and the context you are in.

An Evaluation of Mintzberg

- Follow up-studies generally support the idea that managers, regardless of the type of organisation or level within the organisation perform similar roles.
- However, the emphasis that managers give to various roles changes depending on the level.
- At higher levels, the leader level is more relevant: disseminator, figurehead, negotiator, liaison and spokesperson are more important.
- 'Basically, all of management is about influencing action'.
 - By managing actions directly;
 - managing people who take action;
 - managing information that propels people to take action.