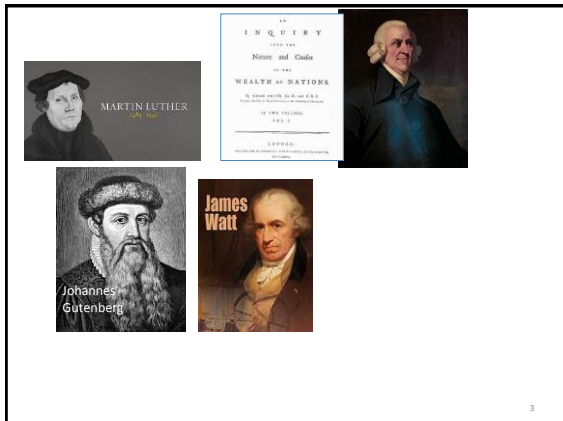


Forces that Preceded the Development of Formal Management Thought in the West

- **The Protestant Work Ethic**
Martin Luther and John Calvin (16th Century)
- **Capitalism and Division of Labour**
Adam Smith (Early 17th Century)
- **The Industrial Revolution**
James Watt and Guttanberg (Late 17th Century)
- **The Productivity Problem**
Gradual reduction in organisational efficiency and effectiveness over the years



Development of Formal Body of Management Thought

- Classical approach
- Behavioural approach
- Management Science approach
- System approach
- Contingency approach
- Japanese approach
- Excellent approach

1. Classical Management Approaches

1. Scientific management
2. Administrative principles
3. Bureaucratic organization

2. Behavioral Management Approaches

1. Follett's organizations as communities
2. The Hawthorne studies
3. Maslow's theory of human needs
4. McGregor's Theory X and Theory Y
5. Argyris's theory of adult personality

3. Modern Management Foundations

1. Quantitative analysis and tools
2. Organization as systems
3. Contingency thinking
4. Quality management
5. Knowledge management and organizational learning
6. Evidence-based management

Session 04 – Contents

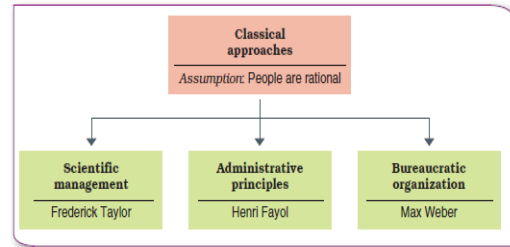
Classical Approach to Management

- Scientific Management Theory
- Administrative Management Theory
- Bureaucratic Management Theory

1800 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2010

Scientific Management Theory, Administrative Management Theory and Bureaucratic Management Theory

Figure 2.1 Major branches in the classical approach to management



Classical Approach

Scientific Management Theory

This theory focuses on the improvement of operational efficiencies through the systematic and scientific study of work methods, tools, and performance standards.

Key Contributors to the Scientific Management



F. W. Taylor
(1856-1915)



Frank Gilbreth
(1868-1924)



Lillian Gilbreth
(1878-1972)



Henry Gantt
(1861-1919)

- F.W. Taylor
 - Born to a rich family
 - Initially Worked as lower level machine operator
 - Obtained a degree – Mechanical Engineering
 - Had developed a mechanism to get the job done from least number of employees (work which was done by 400 restructured to be done only by 140 employees)
 - Wrote 2 books
 - Shop Management
 - Principles of scientific Management

Considered as the Father of Scientific Management

10

Scientific Management Theory

F.W. Taylor - US Engineer/ Father of Scientific Management

Management is considered as a science of working towards higher productivity through higher work efficiency.

It believed that there is always a best standardized method of work for which the workers can be trained scientifically.

Identified Reasons for Labour Inefficiency and Low Productivity in Organizations Existed in late 19th and Early 20th Century

- **Soldiering** : continue doing something although it is difficult (Management would set the rate of work expected for the day, and in response, workers would band together to limit production. This action, called "soldiering," was a deliberate reduction of productivity on the part of the worker. Those workers who either over- or underproduced could expect that their equipment would be destroyed or that they themselves would be physically harmed.)
- **Rule of Thumb** : traditional and ineffective Work methods practiced by employees and managers)
- **Lack of concern for working conditions**
- **Non-availability of effective incentive methods**

Scientific Management Theory

The Assumptions of Scientific Management

- **Economic rational man**

Economic man refers to an idealized human being who acts rationally and with complete knowledge, who seeks to maximize personal utility or satisfaction. Economic man is an assumption of many economic models, and is also known as homo economicus.

- One best method of work
- Workers have the potential of doing any work prescribed by the science. (Workers can do any activity after getting down required training for it)

Scientific Management Theory

Principles of Scientific Management

- Develop a standard method for performing each job.
- The scientific selection of workers.
- The scientific education and development (training) of the worker.
- Intimate, friendly cooperation between management and labour.
- Tie the work performance of employees with the economic rewards.

- Four guiding principles of scientific management (Frederick Taylor)
 1. Develop for every job a "science" that includes rules of motion, standardized work implements, and proper working conditions.
 2. Carefully select workers with the right abilities for the job.
 3. Carefully train workers to do the job and give them the proper incentives to cooperate with the job "science."
 4. Support workers by carefully planning their work and by smoothing the way of doing the job. Hence maintaining good relationship with workers.

- Scientific management (the Gilbreths)
 - Motion study
 - Science of reducing a job or task to its basic physical motions
 - Eliminating wasted motions improves performance

- Practical lessons from scientific management
 - Make results-based compensation / performance incentive
 - Carefully design jobs with efficient work methods
 - Carefully select workers with the abilities to do these jobs
 - Train workers to perform jobs to the best of their abilities
 - Train supervisors to support workers so they can perform jobs to the best of their abilities

Discover the Science of work

Scientific Management Theory-
The Phases of Scientific Management

Phase 1: The work situation
A task to be performed, a pool of workers, and management.

(Griffin, 2007)

Scientific Management Theory-
The Phases of Scientific Management

Phase 2: Task analysis
Management scientifically studies, specializes, and standardizes task elements.

Key:
M= Management
W= Worker
T= Task Elements

(Griffin, 2007)

Scientific Management Theory-
The Phases of Scientific Management

Phase 3: Matching tasks with workers
Management selects, trains and assigns workers to task elements.

Key:
M= Management
W= Worker
T= Task Elements

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Scientific Management Theory-
The Phases of Scientific Management

Phase 4: Continued management
Management supervises and maintains planning responsibilities.

Key:
M= Management
W= Worker
T= Task Elements

(Griffin, 2007)

Classical Approach-
Administrative Management

Administrative Management theory focuses on the improvement of productivity of the entire organization.

Key Contributor to the Administrative Management Theory

Henri Fayol
(1841-1925)

- Administrative principles (Henri Fayol) — rules/duties of management:

Foresight to complete a plan of action for the future	Organization to provide and mobilize resources to implement the plan	Command to lead, select, and evaluate workers to get the best work toward the plan	Coordination to fit diverse efforts together and ensure information is shared and problems solved	Control to make sure things happen according to plan and to take necessary corrective action
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Administrative Theory

Fayol's Three Aspects of Management

- The Activities of an Organization
- The Functions/Elements of Management
- The Principles of Management

The Activities of an Organization

- Technical activities (Production, Manufacturing)
- Commercial activities (Buying and selling)
- Financial activities (Search for and best use of capital)
- Security activities (Safeguarding property and people)
- Accounting activities (Recording financial information)
- Managerial activities (Planning, organizing, commanding ,coordinating and controlling)

26

The Functions of Management

- Plan : Visualizing the future and taking necessary actions to overcome the threats
- Organize: Recognizing activities which are necessary to achieve the organizational objectives, grouping similar activities, and divide activities among the staff members
- Command: Providing the advices, guiding and commanding employees to work in order to achieve organizational objectives
- Control: Compare actual results with planned results in order to get the assurance that the work had been conducted as planned

Fayol's 14 Principles of Management

1. Division of Labour	8. Authority
2. Discipline	9. Unity of Command
3. Unity of Direction	10. Subordination of Individual Interest to the Common Goals/Interest
4. Remuneration	11. Centralization
5. The Hierarchy	12. Order
6. Equity	13. Stability of Staff
7. Initiative	14. Esprit de Corps/Unity

Classical Approach

Bureaucratic Management Theory

This theory stressed the need for a strictly defined hierarchy governed by clearly defined rules and regulations and line of authority in an organization.

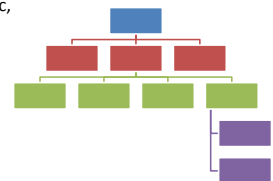
Key Contributor to the Bureaucratic Management Theory



Max Weber
(1864-1920)

• Bureaucratic organization (Max Weber)

- Bureaucracy
 - An ideal, intentionally rational, and very efficient form of organization
 - Based on principles of logic, order, and legitimate authority



Bureaucratic Management Theory

Characteristics of a Bureaucratic Organization

- Clearly defined objectives
- A set of impersonal and logical rules and routine
- Division of labour
- Positions arranged in a hierarchy
- Clearly defined authority
- Selection based on technical qualifications
- Strict adherence to a clear chain of command

Comparison of Theories in Classical Approach

	Taylor	Fayol	Weber
Focus	Individual work efficiency (Micro)	Organizational efficiency (Macro)	Bureaucratic rationality (Macro)
Orientation	Industrial engineering	Managerial	Sociological
Methodology	Scientific Methods	Administrative Principles	Bureaucratic principles

General Criticisms on Classical Approach

- Too much emphasis on principles, structures and methods (Technical Factors) in order to improve productivity.
- Social and psychological needs of the workers were not recognised adequately .
- Worker was considered as a slave or a machine.
- Too much emphasis on capital as the main input factor.
- Not recognised the informal behaviour of humans.

Behavioural Approach



- Organizations as communities
 - Mary Parker Follett
 - Groups and human cooperation:
 - Groups allow individuals to combine their talents for a greater good
 - Organizations are cooperating “communities” of managers and workers
 - Manager’s job is to help people cooperate and achieve an integration of interests

Behavioural Approach

Emphasized the importance of understanding human behaviour, needs and attitudes in the workplace as well as social interactions and group processes.

Three sub-fields of the Behavioural Approach:

- Human Relations Movement
- Human Resources Perspective
- Behavioural Sciences Approach

Human Relations Movement - Elton Mayo

This school of thought was based on the idea that truly effective control comes from within the individual worker rather than from strict, authoritarian control.

The series of studies conducted by Elton Mayo and others at the Western Electric Company known as Hawthorne Studies paved the way to the development of this thought.

Recognized and directly responded to social pressures for enlightened treatment of employees.

37

Human Relations Approach- Elton Mayo Hawthorne Experiments (1924 to 1933)

- Carried out at Hawthorne Plant of Western Electrical Company, USA at the beginning in order to increase the productivity
- It involved,
 - The Illumination Experiments
 - Relay Assembly Test Room
 - The Interviewing Programme
 - Bank Wiring Observation Room
- Hawthorne Effect



38

Hawthorne Effect

Paying special attention to employees motivates them to put greater effort into their jobs.

If special attention is paid to social factors at work and behaviour of employees within an organization, there will be a motivation to work and productivity will be improved.

39

Hawthorne Experiments: Conclusions

Man is a “social creature” that should be motivated by acknowledging his/her social needs.

The need for social relationships is more important than the physical work environment or monetary incentives.

40

Human Resources Perspective

Recognised the worker as the most important resource of the organization and should carefully address all the needs (physical, economic, social, psychological, and spiritual) of them for the enhancement of performance.

Abraham Maslow and Douglas McGregor are the best-known contributors to this perspective.

Behavioural Science Movement

Perceived the employee as a “Complex Man”

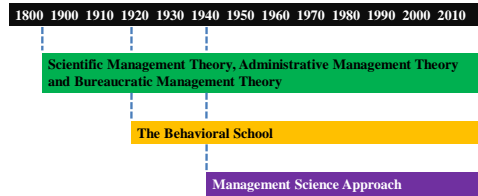
Hence, in order to predict and control the worker behaviour it is necessary to use the knowledge derived from social sciences such as:

Psychology, Sociology, Anthropology, Political Science, Economics, Social-psychology, etc.

Criticisms of Behavioural Approach

- Too much emphasis on the human factor and their behaviour
- Less emphasis on technology, systems and environment
- Too complex to analyze and understand the human behaviour
- Difficult to predict and control the human behaviour
- Dominance of labour factor has created many labour problems

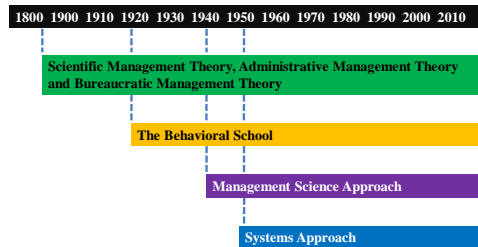
Management Science Approach



Management Science Approach/ Quantitative Perspective

This view distinguished for its application of mathematics, statistics, other quantitative techniques and computer applications to management decision making and problem solving.

Systems Approach



Systems Approach

Systems Approach to management views the organization as a unified, purposeful system composed of interrelated parts.

This approach gives managers a way of looking at the organization as a whole as a part of the larger environment.

(Stoner, Freeman and Gilbert 2009)

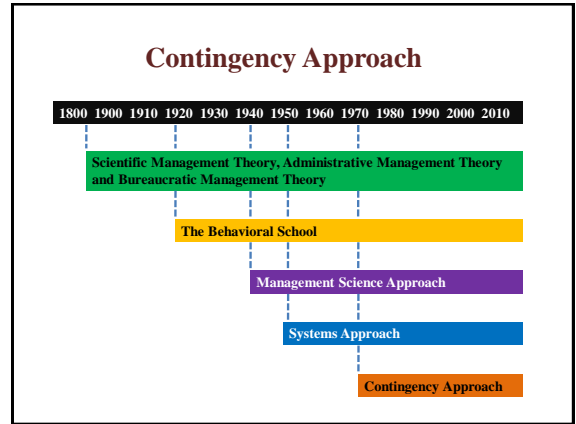
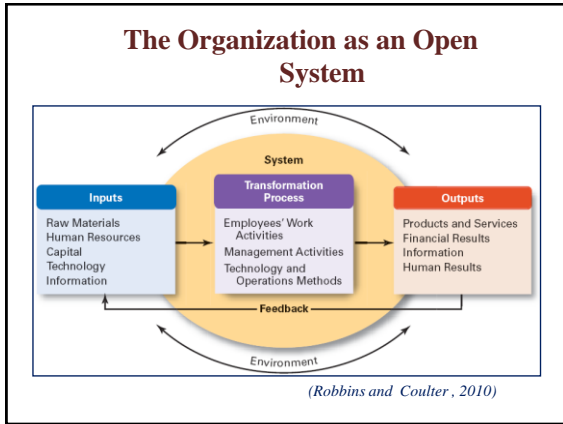
Key Contributor to the Systems Approach



Karl Ludwig von Bertalanffy (1901-1972)

Key Concepts

- System
- Subsystem
- System Boundary
- Flow
- Open System
- Closed System
- Entropy
- Synergy




Contingency Approach

This approach suggests that there is no ‘one best way’ of managing all situations.


The view that the management technique that best contributes to the attainment of organizational goals might vary in different types of situations or circumstances.

(Stoner, Freeman and Gilbert 2009)

Key contributors to the Contingency Approach



Paul R. Lawrence
(1922-2011)



Jay Lorsch
(1932 to date)

- ### Session 06 – Contents
- Japanese Management Approach
 - Japanese Vs American Management Approach
 - Theory Z
 - Excellence in Business Approach
 - Evolving Contemporary Management Approaches

Japanese Management Approach (1980’s)

Japan emerged as one of the super powers of world trade.

Factors contributed to the success of Japan as a Super Power

- Unique management style and practices
- Sense of nationality
- Positive attitude towards work
- Team work and high recognition of people
- High priority to productivity and quality

- ### Japanese Approach
- The Key Concepts of Japanese Management
- Participative decision-making
 - Bottom-up management
 - Lifetime employment
 - High level of teamwork
 - An atmosphere of innovative ideas
 - Willingness to achieve high level of quality
 - Lean manufacturing
 - Continuous improvement in organizational processes (Kai-zen)

William Ouchi's investigation on comprehensive case studies of American and Japanese firms brought forward a theory called Theory Z.

In the Theory Z, Ouchi has identified Type A and Type J characteristics and introduced a middle ground framework termed as Type Z characteristics.

Japanese Vs American Management

Characteristic	American (A)	Japanese (J)
Employment with a firm	Usually short-term; Layoffs are quite common.	Especially in some of the large firms, it is for life. Layoffs are rare.
Evaluation and promotion of the personnel	Very fast; individuals who are not promoted rapidly often seek employment elsewhere.	Very slow; big promotions are generally not given out for years.

Characteristic	American (A)	Japanese (J)
Career Paths	Very specialized; people tend to stay in one area (accounting, finance, sales etc.) for their entire career.	Very general; people are rotated from one area to another and become familiar with all areas of operations
Decision Making	Carried out by the individual manager.	Carried out via group decision making.
Responsibility	Assigned on an individual basis.	Shared collectively by the group.

Characteristic	American (A)	Japanese (J)
Control	Very explicit; people know exactly what to control and how to do it.	Very implicit and informal; people rely heavily on trust and goodwill.
Concern for the personnel	Organization is concerned primarily with the worker's work life only.	Organization is concerned with the whole life of the worker, business, and social.

Theory Z - William Ouchi

Feature	Japanese(J)	American(A)	J+A=Z
▪ Employment	Life time	Short-term	Long-term
▪ Promotion and Evaluation	Slow	Rapid	Moderate
▪ Decision-making	Collective	Individual	Team
▪ Responsibility	Collective	Individual	Team
▪ Control	Informal	Formal	Mix
▪ Concern for worker	Holistic	Partial	Moderate

Excellence in business Approach

Characteristics of Excellence

- Getting things done on time
- Staying close to customers
- Promoting autonomy and entrepreneurship
- Maximizing productivity through people
- Using hands-on approach to managing
- Doing what the company knows best
- Maintaining a simple, lean organizational structure
- Promoting both centralization and decentralization simultaneously

(Peter and Waterman, 1990)