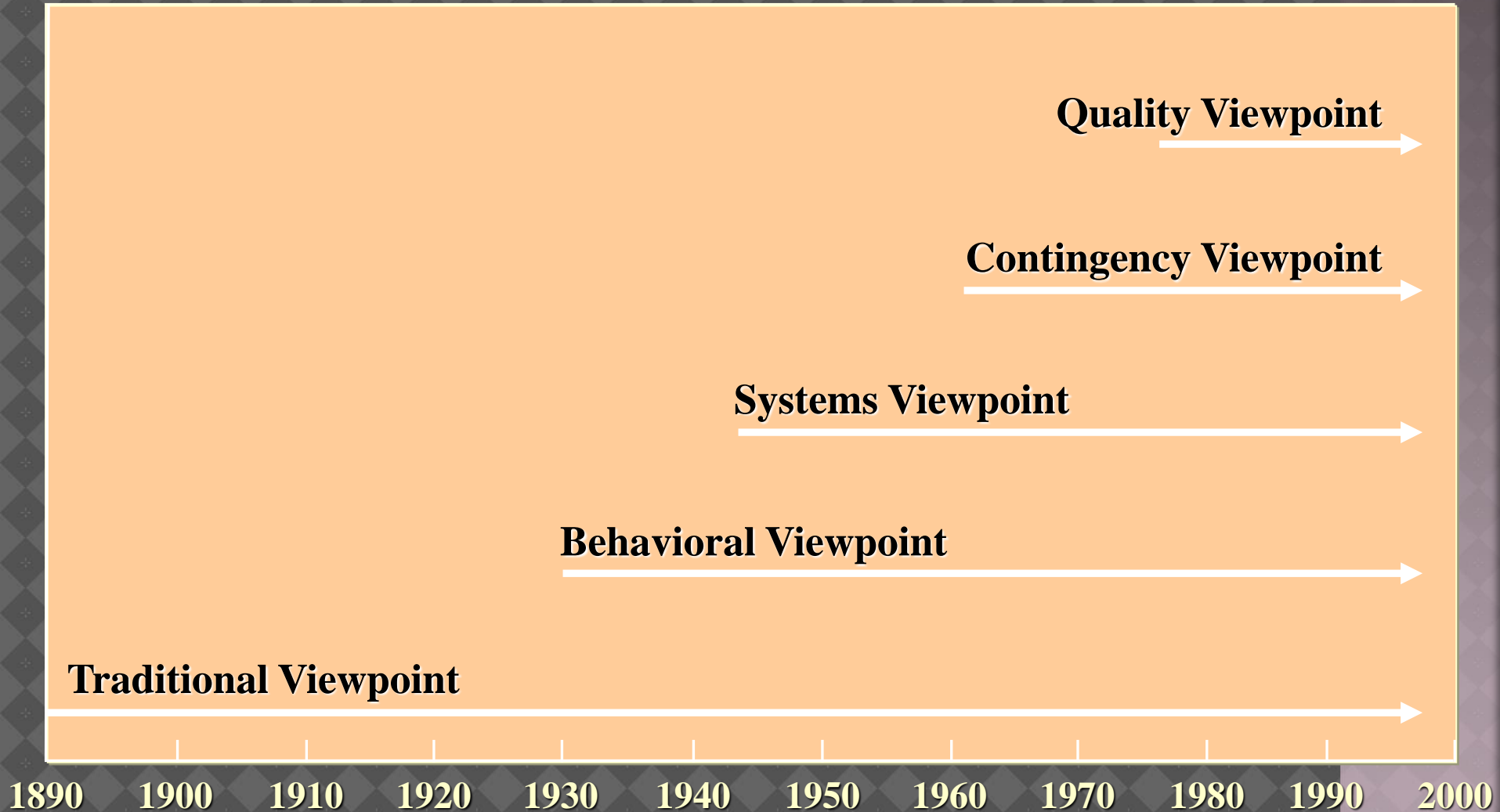# HISTORY OF MANAGEMENT THOUGHT

- Early management theory consisted of numerous attempts at getting to know these newcomers to industrial life at the end of the nineteenth century and beginning of the twentieth century in Europe and united states

- The managers and theorists who developed this assumption about human relationships were doing so with little precedent.

  - large scale industrial enterprise was very new.
  - some of the assumption that they made might therefore seem simple or unimportant to you, but they were crucial

History of Management Thought

Quality Viewpoint

Contingency Viewpoint

Systems Viewpoint

Behavioral Viewpoint

Traditional Viewpoint

1890 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000

# Bureaucratic Management

❑ **Max Weber**

Bureaucratic Management

❑ **Use of rules, hierarchy, a clear division of labor, and detailed procedures to guide employees' behaviors**

❑ **Seven characteristics**

- ▪ **Rules**—formal guidelines for the behavior of employees on the job
- ▪ **Impersonality**—employees are evaluated according to rules and objective data
- ▪ **Division of Labor**—splitting work into specialized positions

Bureaucratic Management (cont'd)

➢ **Hierarchical Structure**—ranks jobs according to the amount of authority in each job

➢ **Authority**—who has the right to make decisions of varying importance at different organizational levels

  ✓ Traditional authority
  ✓ Charismatic authority
  ✓ Rational, legal authority

➢ **Lifelong Career Commitment**—both the employee and the organization view themselves committed to each other over the working life of the employee

➢ **Rationality**—the use of the most efficient means available to accomplish a goal
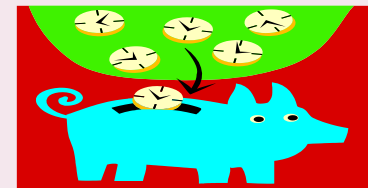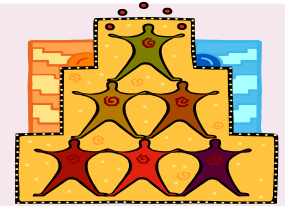
Potential Benefits of Bureaucracy

- ❑ **Efficiency**
- ❑ **Consistency**
- ❑ **Functions best when routine tasks are performed**
- ❑ **Performance based on objective criteria**
- ❑ **Most effective when**
  - ▪ Large amounts of standard information have to be processed
  - ▪ The needs of the customer are known and are unlikely to change
  - ▪ The technology is routine and stable (e.g., mass production)
  - ▪ The organization has to coordinate the activities of employees in order to deliver a standardized service/product to the customer

Potential <u>Costs</u> of Bureaucracy

Protection of authority	**Slow decision making**
Incompatible with changing technology	**Incompatible with 21st century workers' values for freedom and participative management**

Rigid rules and red tape

Scientific Management

➢ **Frederick W. Taylor**

➢ The father of Scientific Management – the 1st Efficiency Expert.

➢ **A philosophy and set of management practices that are based on fact and observation, not on guesswork**

Scientific Management

- ✓ **Believed increased productivity depended on finding ways to make workers more efficient**
- ✓ **Used time-and-motion studies to analyze work flows, supervisory techniques, and worker fatigue**
- ✓ **Used functional foremanship, a division of labor that assigned eight foremen to each work area**
- ✓ **Assumed workers motivated by money $$**

TAYLOR'S 4 PRINCIPLES OF SCIENTIFIC MANAGEMENT

Taylor's four principles of scientific management:

- Work methods should be based on scientific observation – not "rules of thumb."
- Scientifically select, train, and develop each worker
- Cooperate with workers to ensure that scientifically developed methods are being followed.
- Managers analyze and plan work; workers actually perform the tasks.

TAYLOR'S WORK?

- He was interested in machines -- apprenticeship in industry: Midvale Steel
- Shocked by how inefficient his fellow workers were
- timed workers with stopwatches
- break down job into parts, make parts efficient
- figure out how to hire the right worker for the job
- give the worker appropriate training

TAYLOR'S WORK? CONTD.

- introduced incentive pay plans (workers were assumed to be motivated only by money).
- Believed would lead to cooperation-- management and worker
- **Studied design of shovels** and introduced a better design at Bethlehem Steel Works, reducing the number of people shoveling from 500 to 140
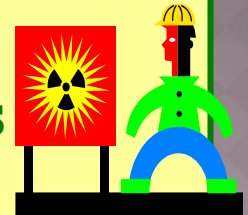
Scientific Management

❖ **The Gilbreths**

- **Frank Gilbreth used motion pictures to analyze workers' motions**

- **Lillian Gilbreth championed protecting workers from unsafe working conditions**

❖ **Henry Gantt**

- **Focused on control systems for production scheduling (Gantt Chart)**

Frank and Lillian Gilbreth

refined Taylor's methods and suggested

- 1. *Breaking down each action* into individual components.
- 2. *Find better ways* to perform the action.
- 3. *Reorganize each action* to be more efficient.

Problems associated with Scientific Management

- Managers often gave attention only to increasing output
- They did not allow workers to share in the benefits of increased output.
- Specialized jobs became very boring & dull.
- Workers ended up distrusting Scientific Management.

Insights from Scientific Management

❖ **Many companies have used scientific management principles to improve efficiency, employee selection and training**

❖ **Scientific management failed to recognize the social needs of workers and the importance of working conditions and job satisfaction**

Administrative Management: Overview

❑ **Focuses on the manager and basic managerial functions of planning, organizing, controlling and leading**

➢ **Unity of Command Principle: an employee should report to only one manager**

➢ **Authority Principle: managers have the right to give orders to get things done**

FAYOL'S PRINCIPLES OF EFFECTIVE MANAGEMENT

- Division of Work: allows for job specialization.
  - Work should be divided among individuals and groups.
- Authority and Responsibility
  - Authority right to give orders
  - Responsibility involves being answerable

  Whoever assumes authority assumes responsibility
- Discipline
  - Common efforts of workers. Penalties
- Unity of Command
  - Employees should have only one boss.

FAYOL'S PRINCIPLES OF EFFECTIVE MANAGEMENT

- Unity of Direction
  - A single plan of action to guide the organization.
- Subordination of individual interests to the general interests of organization
- Remuneration
  - An equitable uniform payment system that motivates contributes to organizational success.
- Centralization
  - The degree to which authority rests at the top of the organization.
- Scalar Chain
  - Chainlike authority scale.
  - Most vs. least authority

FAYOL'S PRINCIPLES OF EFFECTIVE MANAGEMENT

- <u>Order</u>
  - The arrangement of employees where they will be of the most value to the organization and to provide career opportunities.
- <u>Equity</u>
  - The provision of justice and the fair and impartial treatment of all employees.
- <u>Stability of Tenure of Personnel</u>
  - Long-term employment is important for the development of skills that improve the organization's performance. Subordination of Individual Interest to the Common Interest
  - The interest of the organization takes precedence over that of the individual employee.

FAYOL'S PRINCIPLES OF EFFECTIVE MANAGEMENT

- Initiative
  - The fostering of creativity and innovation by encouraging employees to act on their own.
- Esprit de corps
  - Harmony, general good feeling among employees, shared enthusiasm, foster devotion to the common cause (organization).

Behavioral Viewpoint: Overview

❖ **Focuses on dealing effectively with the human aspects of organizations**

❖ **Started in the 1930's**

❖ **Emphasis on working conditions**

❖ **Workers wanted respect**

❖ **Workers formed unions to bargain with management**

Mary Parker Follett's Contributions

Workers should participate in solving problems

Managers need to communicate with workers

Goal: Improve Coordination

Managers need to establish good working relationships with employees

Chester Barnard's Contributions

❖ **People should continuously communicate and cooperate with one another**

❖ **Acceptance theory of authority holds that employees have free wills and, thus, choose whether to follow management's orders. Employees will follow orders if they:**

- ▪ **Understand what is required**
- ▪ **Believe the orders are consistent with organization goals**
- ▪ **See positive benefits to themselves in carrying out the orders**

THE HAWTHORNE STUDIES

⦿ Studies of how characteristics of the work setting affected worker fatigue and performance at the Hawthorne Works of the Western Electric Company from 1924-1932.

- Worker productivity was measured at various levels of light illumination.

- Researchers found that regardless of whether the light levels were raised or lowered, worker productivity increased.

THE HAWTHORNE STUDIES

The Hawthorne Studies

- The Relay Assembly Test Room Experiments

Working conditions and productivity

- The Bank Wiring Observation Room Experiment

Analyze the social relationships in a work group

LESSONS FROM THE HAWTHORNE STUDIES
BEHAVIORAL VIEWPOINT

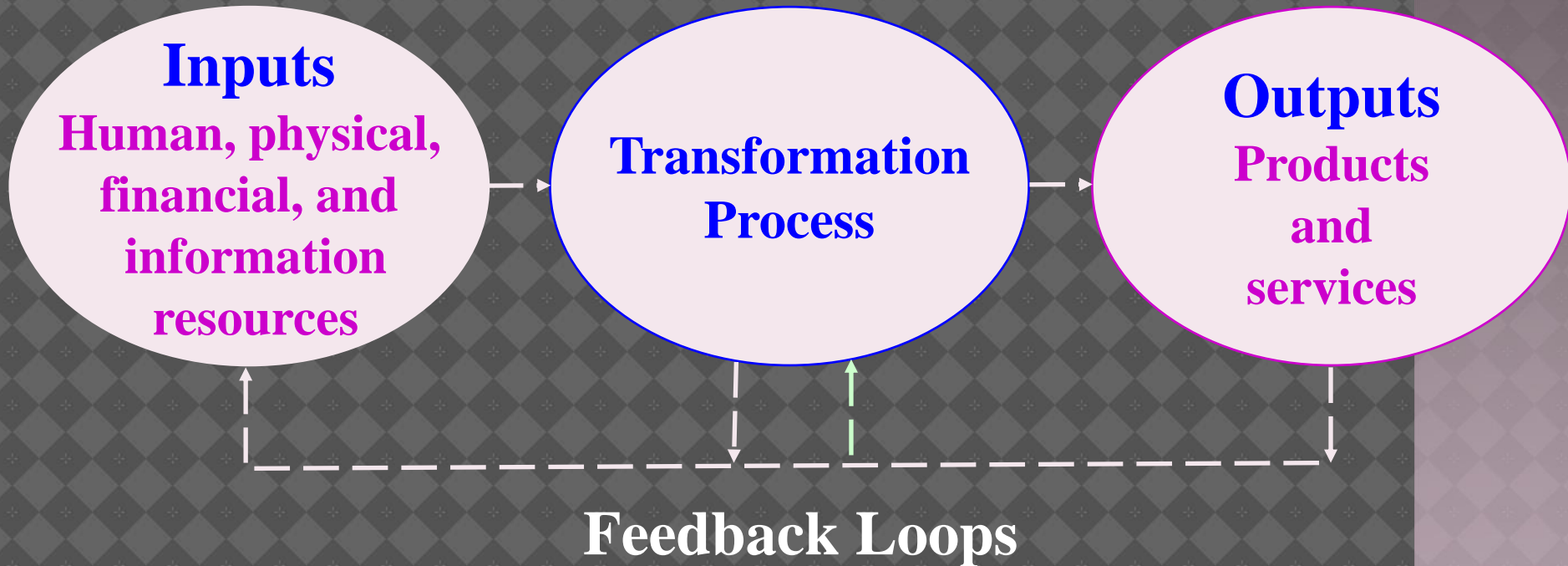|	
Employees are motivated by social needs and association with others	**Employees' performance is more a result of peer pressure than management's incentives and rules**
Employees want to participate in decisions that affect them	**Managers need to involve subordinates in coordinating their work to improve efficiency**

SYSTEMS VIEWPOINT: SYSTEMS CONCEPTS

➢ **System:** an association of interrelated and interdependent parts

➢ **Systems viewpoint:** an approach to solving problems by diagnosing them within a framework of transformation processes, outputs, and feedback

BASIC SYSTEMS VIEW OF ORGANIZATIONS

Inputs
Human, physical, financial, and information resources

Transformation Process

Outputs
Products and services
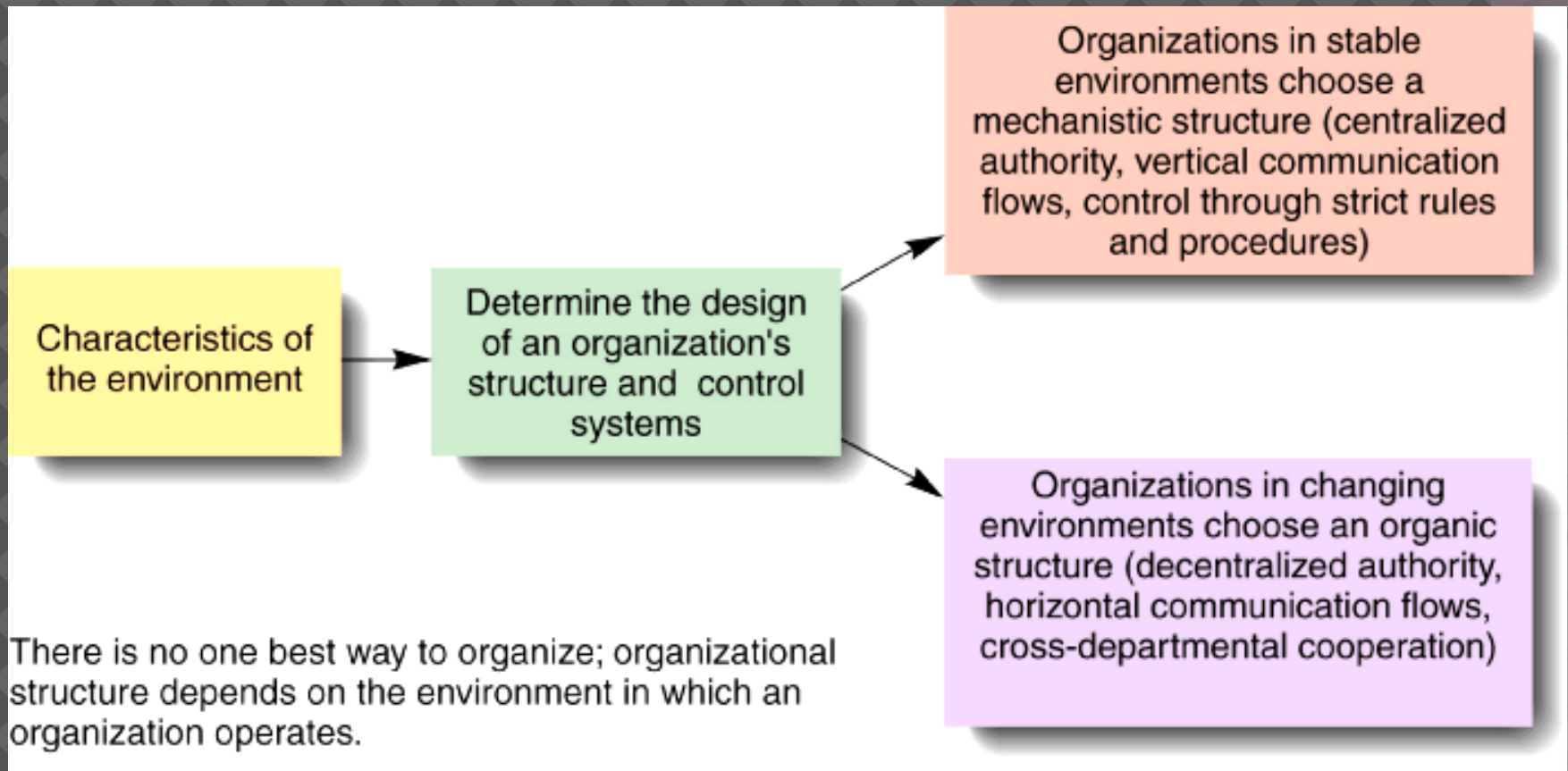
Feedback Loops

SYSTEM TYPES

- **Closed system:** limits its interactions with the environment (e.g., stamping department in GM assembly plant)

- **Open system:** interacts with the external environment (e.g., marketing department)

THE CONTINGENCY APPROACH

What managers do in practice depends on a given set of circumstances – a situation.

Characteristics of the environment

Determine the design of an organization's structure and control systems

Organizations in stable environments choose a mechanistic structure (centralized authority, vertical communication flows, control through strict rules and procedures)

Organizations in changing environments choose an organic structure (decentralized authority, horizontal communication flows, cross-departmental cooperation)

There is no one best way to organize; organizational structure depends on the environment in which an organization operates.

Contingency Viewpoint: Overview

- Management practices should be consistent with the requirements of the external environment, the technology used to make a product or provide a service, and capabilities of the people who work for the organization

- Uses concepts of the traditional, behavioral and system viewpoints

CONTINGENCY VARIABLES

- **External environment—stable or changing**

- **Technology—simple or complex**

- **People—ways they are similar and different from each other**

CONTINGENCY VIEWPOINT: DRAWS ON OTHER VIEWPOINTS, AS NECESSARY

Behavioral Viewpoint

How managers influence others;
- Informal group
- Cooperation among employees
- Employee's social needs

Traditional Viewpoint

What managers do:
- Plan
- Organize
- Lead
- Control

Systems Viewpoint

How the parts fit together.
- Inputs
- Transformations
- Outputs

Contingency Viewpoint

Managers' use of other viewpoints to solve problems involving:
- External environment
- Technology
- Individuals

Quality Viewpoint: Overview

➢ **Quality:** how well a product or service does what it is supposed to do—how closely and reliably it satisfies the specifications to which it is built or provided

➢ **Total Quality Management (TQM):** a philosophy that makes quality values the driving force behind leadership, design, planning, and improvement initiatives

QUALITY CONTROL PROCESS

- **Inputs or raw materials**

- **Operations**

  - ✓ **Statistical process control**
  - ✓ **Quality of a process (e.g., sigma)**

- **Outputs**

  - ✓ **Measuring by variable or a product's characteristics**
  - ✓ **Measuring by attribute or a product's acceptable/ unacceptable characteristics**

LEARNING FROM THE QUALITY VIEWPOINT

Positive Company Image

Lower Costs and Higher Market Share

Decreased Product Liability

Quality