

EVOLUTION OF MANAGEMENT THEORY

Dr.M. Thenmozhi

Professor

**Department of Management Studies
Indian Institute of Technology Madras**

Chennai 600 036

E-mail: mtm@iitm.ac.in

- 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.
- These include
 - Scientific management
 - Classical organization theory
 - Behavioural school and management science.
- As you study these approaches keep one important fact in mind.
- 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 assumptions that they made might therefore seem simple or unimportant to you, but they were crucial and to Ford and his contemporaries.

KEY MANAGEMENT THEORY AN OVERVIEW

"MUCKRACKERS" EXPOSE OF BUSINESS 1902

"THE GREAT DEPRESSION" BEGINS 1930

DIMING LECTURE ON QUALITY IN JAPAN 1950

APPLE CROP FORED 1997

BALDRIGE AWARD INITIATED 1987

1890 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990

LABOR SHORTAGE

WORLD WAR I (1914-1918)
WORLD WAR II (1941-1945)

PROTEST MOVEMENT (1960S-1970)

IBM PC INTRODUCED 1981

AT&T DIVESTITUTE TAKES EFFECT (JANUARY 1ST 1984)

SCIENTIFIC MANAGEMENT SCHOOL

CLASSICAL ORGANIZATIONAL THEORY SCHOOL

THE BEHAVIOURAL SCHOOL

MANAGEMENT SCIENCE

THE SYSTEM APPROACH

THE CONTINGENCY APPROACH

DYNAMIC ENGAGEMENT APPROACH

- Fredrick w Taylor (1866-1915) rested his philosophy on four basic principles.
 1. The development of a true science of management so that the best method for performing each task could be determined.
 2. The Scientific selection of workers so that the each workers would be given responsibility for the task for which he or she was best suited.
 3. The scientific education and development of workers.
 4. Intimate friendly cooperation between management and labor.
- The scientific management schools
 1. Scientific management theory arose in part from the need to increase productivity.
 2. In the united states especially, skilled labor was in short supply at the beginning of the twentieth century.
 3. The only way to expand the productivity was to raise the efficiency of workers.
 4. Therefore ,Fredick W.Taylor, Henry Gantt, and Frank and Lillian Gilberth devised the body of principles known as Scientific management theory
- Taylor contended that the success of these principles required "a complete mental revolution" on the part of management and labor.

- Rather than quarrel over profits both side should increase production ,by so doing ,he believed profits would rise to such an extend that labor have to fight over them.
- In short taylor believed that management and labor had common interest in increasing productivity.
 1. Taylor based his management system on production line time studies. instead of relying on traditional work methods, he analyzed and timed steel workers movements on a series of jobs.
 2. Using time study he broke each job down into its components and designed the quickest and best method of performing each components. In this way he established.
- How much workers to do with the equipment and materials in hand. he also encourage
- Employers to pay more productive workers higher rate than others. using a “scientifically correct “rate that would benefit both the company and workers.
- Thus the workers were urged to surpass their previous performance standards to earn more pay .Taylor called his plane the differential rate system.

- **Contributions of scientific management theory**

- The modern assembly line pours out finished products faster than Taylor could ever imagined.
- This production “**Miracle**” is just one legacy of scientific management .
- In addition its efficiency techniques have been applied to many task in non industrial organizations ranging from fast food service to the training of surgeons.

- **Limitations of scientific management theory**

- Although Taylor's method led to dramatic increase in productivity and higher pay in number of instance .
- Workers and unions began to oppose his approach because they feared that working harder or faster would exhaust whatever work was available
Causing layoffs.

- Moreover, Taylor's system clearly meant that time was of the essence .

- His critics objected to the speed up condition that placed undue pressure on employees to perform at faster and faster levels.
- The emphasis on productivity and by extension profitability led some managers to exploit both the workers and customers.
- As a result more workers joined unions and thus reinforced a pattern of suspicious and mistrust that shaded labor relations for decades.

Henry L.Gannt

Henry L.Gannt (1861-1919) worked with Taylor on several projects but when he went out on his own as a consulting industrial engineer, Gannt began to reconsider Taylor's insensitive systems.

- Abandoning the differential rate system as having too little motivational impact Gannt came up with new idea.
- Every worker who finished days assigned work load win 50 percent bonus.
- Then he added a second motivation The supervisor would earn a bonus for each workers who reached the daily standard.
- plus a extra bonus if all the workers reached it.
- This Gannt reasoned would spur super wiser to train their workers to do a better job.
- Every workers progress was rated publicly and recorded an individual bar charts
- I black on days the worker made the standard in red when he or she fell below it.
- Going beyond this Gannt originated a charting system for production was translated into eight languages and used through out the world .
- starting in 1920 s it was use in Japan Spain and soviet union it also formed that the basis of two charting device which were developed to assist

1. In planning ,managing and controlling complex organization the critical path method (cpm) originated by dupont,and program evaluation and review Technique(pert),developed by navy.
2. lotus 1-2-3 is also a creative application of the giant chart.”

THE GILBRETHS

- Frank B. and Lillian M.Gilbreth(1868-1935) and (1878-1972) made their contribution
- To the scientific management movement as a husband and wife team. Lillian and Franck collaborated on fatigue and motion studies and focus on ways on promoting the individual workers welfare. to them the ultimate aim of scientific management was to help workers reach their full potential as human beings
- In their conception motion and fatigue were intertwined every motion that was eliminated reduced fatigue.
- using motion picture cameras they tried to find out the most economical motions for each task in order to upgrade performance and reduce fatigue.
- **CLASSICAL ORGANIZATION THEORY SCHOOL**
 - Scientific management was concerned with increasing the productivity of the shop and the individual worker.
 - classical organization theory grew out of the need to find guidelines for managing such complex organization as factories.

- **HENRI FAYOL**

- Henri fayol (1841-1925) is generally hailed as the founder of the classical management school –not because he was the first to investigate managerial behavior but because he was the first to systematize it.
- fayol believed that sound manage

1. **DIVISION OF LABOR**

- The most people specialize the more efficiency they can perform their work. This principle is epitomized by the modern assembly line.

2. **AUTHORITY**

- Managers must give orders so that they can get things done while this format give them a right to command managers will not always compel obedience unless they have
- Personal authority (such as relevant)expert as well

3. **DISIPLINE MEMBERS IN AN ORGANIZATION** need to respect the rules and agreement that govern the organization .

- To fayol ,discipline leadership at all levels of the organization fair agreements and judiciously enforced penalties for infractions.

4. UNITY OF COMMANDS

- Each employee must receive instruction from one person, Fayol believed that if an employee reported to more than one manager, conflict in instruction and confusion in authority would result.
- More than one manager conflict in instruction and confusion in authority would result.

5. UNITY OF DIRECTION

- Those operations within the same organization that have the same objective should be directed by only one manager using one plan.
- For example, the personnel department in the company should not have two directors each with a different hiring policy.

6. SUBORDINATE OF INDIVIDUAL INTEREST TO COMMON GOOD

- In any undertaking the interest of employees should not take precedence over the interest of the organization as a whole.

7. REMUNERATION:

- Compensation of work done should be common to both employees and employers.

8. CENTRALIZATION:

- Decreasing the role of subordinates in decision making is centralization, increasing their role is decentralization.
- Fayol believed that the managers should retain the final responsibility.
- But should at the same time give their subordinate enough authority to do the jobs properly.
- The problem is finding the proper degree of centralization in each case.

9. THE HIERARCHY

- The line of authority in an organization should represent in the neat box and the line of chart runs in order of rank from top management and lowest levels of enterprise.

10. ORDER:

- Materials and the order should be in the right place at the right time.
people
- In particular should be in job or position they are most suited to.

11. EQUITY:

- Managers should be fair and friendly to their subordinate.

12. STABILITY OF STAFF:

- A high employee turnover rate undermines the efficient functioning of an organization.

13. INITIATIVE:

- Subordinate should be given the freedom to conceive and carry out their plans even though some mistake may result.

14. ESPRIT DE CORPS:

- Promoting team spirit will give the organization a sense of unity.
- To Fayol even the small factor help to develop the spirit.
- He suggested for example the use of verbal communication instead of formal, written communication whenever possible.

THE BEHAVIORAL SCHOOL:

- The behavioral school emerged partly because the classical approach did not archive sufficient production efficiency and workplace harmony.
- To 'managers' frustration,
- People did not always follow predicted or expected patterns of behavior.
- Thus there was increased interest in helping managers deal more effectively with a people side of their organizations.

- Several Theorists tried to strengthen with a people side
- Of their organization theory with a insights of sociology and psychology.
- The human Relations movement
- Human relations is frequently used as a general term to describe the ways in which managers interact with their employees.
- When “employee management” simulate more and better work ,the organization has a more and better work,the organization has effective human relations
- when morale and efficiency deteriorate, its human relations are said to be ineffective .
- The human relations movement arose from early attempts to systematically discover the social and psychological factors that would create effective Human reaction.

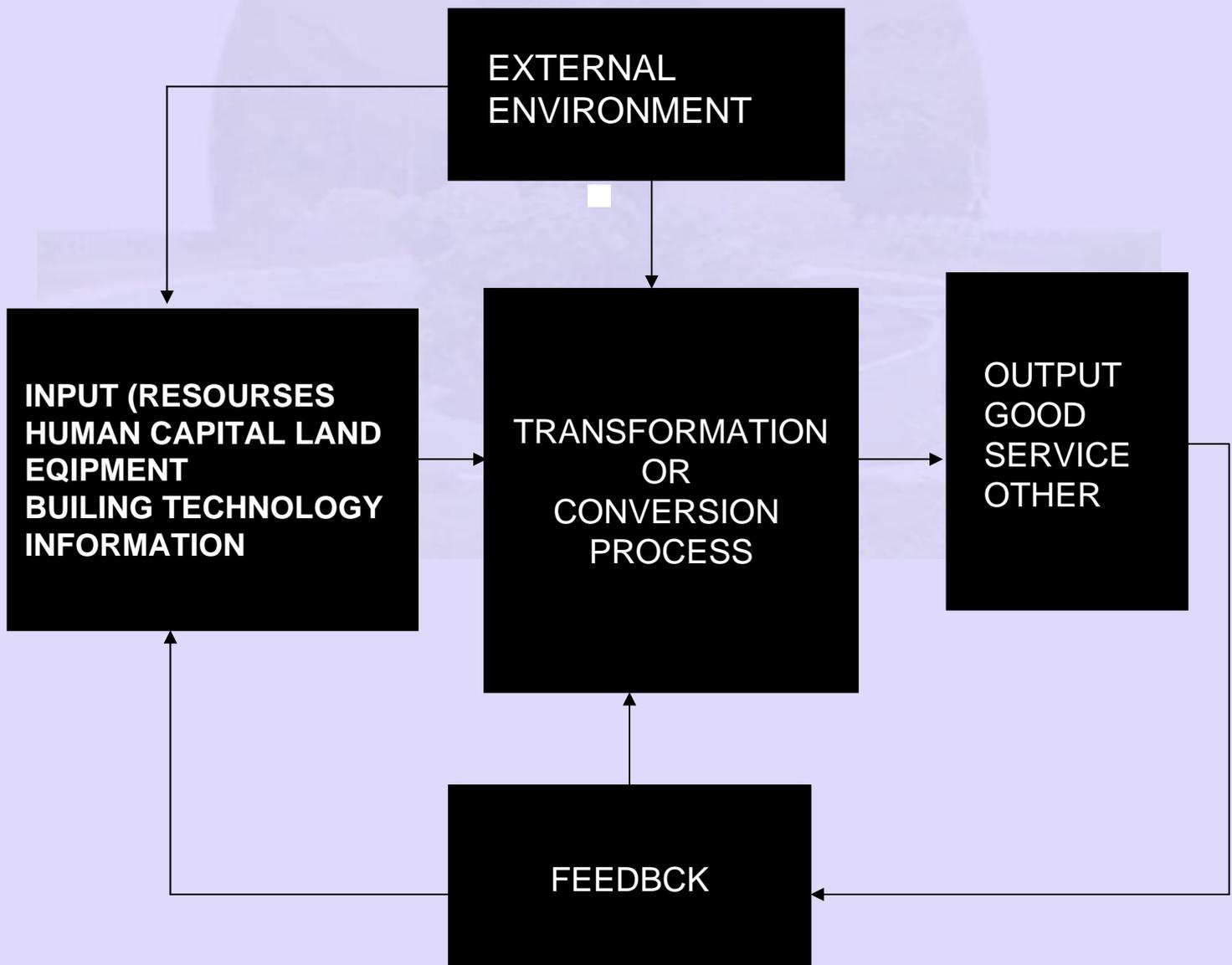
THE CONTINGENCY APPROACH

- The well known international economist Charles kindly Berger found of telling his students at mitt that the answers to any really engrossing question in economics is “it depends“
- The task of economist kindly Berger would continue ,is to specify upon what is depend on what in what ways.
- “It depends is an important question in management as well”

MANAGEMENT THEORY

- Management theory attempts to determine the predictable relationship between actions, outcomes, situations.
- So it is not surprising that a peasant approach seeks to integrate the various schools of management thought by focusing the interdependence of many facts involve in the managerial situations.

THE FLOWS AND FEEDBACK IN AN OPEN SYSTEM



THE CONTINGENCY APPROACH

The contingency approach some times called (**situation approach**) was developed by the managers, consultants and researchers who tried to apply the concepts of the major schools to the real life.

- when methods highly effective in one situation failed to work in other situation.
- They sought an explanation.
- why for example did an organization development work brilliantly in one situation and fail miserably in another.
- advocates Of the contingency approach had a logical answer to such question. Result differ because
- Situation differs. a technique that work in one case will not work in other.
- According to the contagious technique the managers job is to find which technique will in a particular situation, under particular circumstances and at a particular time.
- Best contributes to attainments of management goals, where workers need to encourage increasing productivity.
- For example a classical theorist may prescribe a new work simplification scheme.
- The behavioral scientist may instead seek to create a psychologically motivating climate and recommend.

- some approach like job enrichment the combination of tasks that are different in scope and responsibility and allow the worker greater autonomy in making decisions
- but the manager trained in the contiguous approach will ask
- which ties the recourse are limited, work simplification would be the best solution,
- However skilled workers driven by pride in their abilities. a job enrichment program might be more effective.
- The contingency approach represents an important turn in management theory, but it portals each set of organization relationship in its unique circumstances.

SYSTEM APPROACH

- The system approach to management views the organizations as a unified, purposeful system composed of integral parts.
- This approach gives managers A way of looking at the organization as a hole and as a part of the larger external environment.
- Systems theory tells us that the activity of any segment of an organization affects ,in varying degree the activity of every other segment.
- Production managers in a manufacturing plant,for example ,prefer long uninterrupted production runs of standardized products in order to maintain maximum efficiency and low costs.

- Marketing managers on the other hand who want to offer customers quick delivery of a wide range of products would like a flexible manufacturing schedule that can fill special order on short notice.
- Systems oriented production managers make scheduling decisions only after they have identified the impact of these decisions on other department and on the entire organization.
- The point of system approach is that managers cannot wholly with in the traditional organization chart.
- They must mesh their department with the whole enterprise.
- To do that they have to communicate not only with other employees and departments, but frequently with representative of other organization as well.
- Clearly ,systems managers grasp the importance of the webs of business relationship to their efforts.

DYNAMIC ENGAGEMENT APPROACH

- To emphasize the intensity of modern organizational relationships and the intensity time pressures that govern the relationship
- We call this flurry of this new management theory the dynamic engagement approach.
- “Dynamic engagement in our term”

- In times when theories are changing, it is often true that the last thing that happens is that someone assigns a name to the new theory.
- We use dynamic engagement to convey the mood of current thinking and debate about the management and organizations.

Six different theme in management theory.

1. NEW ORGANIZATIONAL ENVIRONMENT

- The dynamic engagement approach recognizes that an organization environment is not some set of fixed, impersonal forces.
- Rather it is a complex, dynamic, web of people interacting with each other.
- As a result Managers not only pay attention to their own concerns, but also understands what is important for other managers within the organization and in other organizations.
- They interact with these other managers to create jointly the conditions under which these organizations prosper and struggle.
- The theory of competitive strategy developed by Michael Porter focuses on how managers can influence conditions in an industry when they interact as rivals, buyers, suppliers, and so on.
- Another variation in the dynamic engagement approach, most notably argued by Edward and Jean Garner in *Steady State Management for a Small Planet*.
- Place ecological concerns at the center of management theory.

2. ETHICS AND SOCIAL RESPONSIBILITY

- Managers using a dynamic engagement approach pay close attention to the values that guide people in their organizations.
- The corporate Culture that embodies those values, and values held by the people outside the organization.
- This idea came in to prominence with the publication in 1982 Of in search of excellence by Thomas peters and waterman.
- From other study of '**EXCELLENT**' companies. Peters and waterman concluded that “the top performers create a board, uplifting, shared culture, a coherent frame work
- Within which charged up people search for adoptions. Robert Solomon has taken this idea little further, arguing that managers must Exercise moral courage by placing the values of excellence at the top of the Agenda.
- In dynamic engagement, it is not enough for managers to do things in the way they always have, or to be content with matching their Competitors.
- Continuously striving towards excellence has become an organizational theme of the 1990s.
- Because values, including excellence ,are ethical concepts.
- The dynamic engagement approach moves ethics from the Fringe of management theory to the heart of it.

3. GLOBALIZATION AND MANAGEMENT

- The Dynamic engagement approach recognizes that the world is at the manager's doorstep in 1990s.
- With world financial markets running 24 hours a day, and even the remotest Concerns of the planet only telephone call away, managers facing the twenty first century think of themselves as global citizens.
- A simple comparison illustrates how things have changed.
- If you were to look through the 1940s you would find very little about international factors with good reason in the time and place.

4. INVENTING AND REINVENTING ORGANIZATIONS

- Managers who practice dynamically engagement continually search for ways to unleash the creative potential of their employees and themselves.
- A growing chorus of theorist is urging managers to rethink the standard organization structures to which they have become accustomed.
- Peter is once again at the forefront. His concept of '**LIBERATION MANAGEMENT**' challenges the kind of rigid organization structure that inhibits people creativity.
- Peter's heroes succeed in spit of that structures.
- Michael hammer and James champ have made their concept of reengineering the corporation into a bestseller.

- Hammer and Champ argue managers to rethink the very process by which organization function and to be courageous about replacing process that get in the way of organizational efficiency.

5. CULTURES AND MULTICULTURALISM

- Managers who embrace the dynamic engagement approach recognize that the various perspectives and values that people of different cultural backgrounds bring to their organizations are not only a fact of life but a significant source of contributions.
- Joanne Martin has pioneered the cultural analysis of organizations. She explains how differences create unprecedented challenges for modern managers.
- Charles Taylor is a prominent proponent for the so-called **“Communitarian” movement**.
- Taylor claims that people can preserve their sense of uniqueness – their authenticity
- Only by valuing what they hold in common in the organization and communities in which they live.
- Multiculturalism is a moving target as more and more people become conscious of their particular traditions and ties.

6. Quality

By the dynamic engagement approach, total quality management (TQM) should be in every manager's vocabulary.

- All managers should be thinking about how every organizational process can be conducted to provide product and service.
- That is responsible to tougher and tougher customer and competitive services.
- Strong and lasting relationships can be fruitful by product of quality frame of mind and action by this view.
- Total quality management adds one more dynamic dimension to management because quality too is always a moving target.
- Dynamic engagement is an example of the changing face of management theory.
- Not everyone we have mentioned in this overview of the dynamic approach called himself or herself as a management theorist.
- Some are philosophers and some are political scientists.
- The dynamic approach challenges us to see organization and management as integral part of modern and global society.
- This was not always a tenet of management theory.