

History of Management



A Brief History of Management

- The universal process approach
- The operational approach
- The behavioral approach
- The systems approach
- The contingency approach
- The attributes of excellence approach



The Universal Process Approach

Assumes all organizations require the same rational management process.

- Core management process remains the same regardless of the purpose of the organization.
- The management process can be reduce to a set of separate functions and related principles.



Henri Fayol's Universal Management Process

Fayol published *Administration Industrielle et Générale* in 1916.

- Divided the manager's job into five functions:
 - Planning, organizing, command, coordination, and control.
- Developed 14 universal principles of management.

Henri Fayol's Universal Management Process (*cont'd*)

- Lessons from the Universal Process Approach
 - The management process can be separated into interdependent functions.
 - Management is a continuous process.
 - Management is a largely, though not an entirely, rational process.
 - The functional approach is useful because it specifies what managers should do.

The Operational Approach

- Operational Approach
 - Describes the production-oriented area of management dedicated to improving efficiency, cutting waste, and improving quality.
 - Covers the technical and quantitative approaches to management :
 - Management science
 - Operations research
 - Production management
 - Operations management

The Operational Approach *(cont'd)*

Frederick W. Taylor's Scientific Management

- Developing performance standards on the basis of systematic observations and experimentation.
- Standardization of work practices and methods reduce waste and increase productivity
- Time and task study of workers' efforts to maximize productivity and output
- Systematic selection and training of workers to increase efficiency and productivity
- Differential pay incentives based on established work standards

Taylor's Followers

- Frank and Lillian Gilbreth
 - Refined time and motion study methods for use in work simplification.
- Henry L. Gantt
 - Refined production control and cost control techniques.
 - Developed the Gantt chart for work-scheduling of projects.
 - Early advocate of the importance of the human factor and the importance of customer service over profits.

The Quality Advocates

- Walter A. Shewhart
 - Introduced the concept of statistical quality control.
- Kaoru Ishikawa
 - Proposed a preventive approach to quality.
 - Developed fishbone diagram approach to problem-solving.
- W. Edwards Deming
 - Based his 14 principles on reformed management style, employee participation, and striving for continuous improvement.

The Quality Advocates (cont'd)

- Joseph M. Juran
 - Proposed the concept of internal customers, teamwork, partnerships with suppliers, and brainstorming.
 - Developed Pareto analysis (80/20 rule) as a tool for separating major problems from minor ones.
- Armand V. Feigenbaum
 - Developed the concept of total quality control.
- Philip B. Crosby
 - Promoted the idea of zero defects (doing it right the first time).

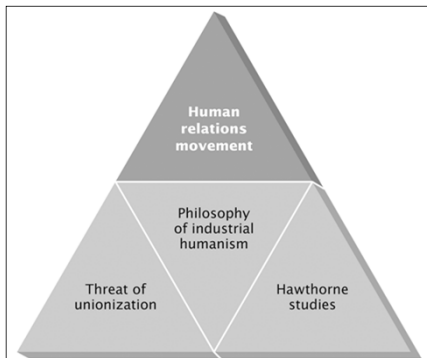
The Operational Approach (cont'd)

- Lessons from the Operational Approach
 - A dedication to finding a better way is still important.
 - Using scientific management doesn't dehumanize workers.
 - Quality advocates, inspired by the scientific approach, have been right all along about the importance of quality and continuous improvement.
 - The operational approach fostered the development of operations management.

The Behavioral Approach

- The Human Relations Movement
 - An effort to make managers more sensitive to their employees' needs.
 - Arose out the influences of:
 - the threat of unionization.
 - the Hawthorne studies.
 - the philosophy of industrial humanism.

The Behavioral Approach: Human Relations Movement



The Behavioral Approach *(cont'd)*

- The Threat of Unionization
 - The Wagner Act of 1935 legalized union-management collective bargaining, promoting the growth of unions and union avoidance by firms.
- The Hawthorne Studies (1924)
 - The study's results that productivity was strongly affected by workers' attitudes turned management toward the humanistic and realistic viewpoint of the "social man" model.

The Philosophy of Industrial Humanism

- Elton Mayo
 - Believed emotional factors were more important determinants of productive efficiency than were physical and logical factors.
- Mary Parker Follett
 - Advocated that managers become aware of how complex each employee is and how to motivate employees to cooperate rather than to demand performance from them.

The Philosophy of Industrial Humanism (cont'd)

- Douglas McGregor
 - Developed Theory X and Theory Y
 - Theory X: management's traditionally negative view of employees as unmotivated and unwilling workers.
 - Theory Y: the positive view of employees as energetic, creative, and willing workers.

Table 2.2 McGregor's Theories X and Y

Theory X: Some traditional assumptions about people

1. Most people dislike work, and they will avoid it when they can.
2. Most people must be coerced and threatened with punishment before they will work. They require close direction.
3. Most people prefer to be directed. They avoid responsibility and have little ambition. They are interested only in security.

Theory Y: Some modern assumptions about people

1. Work is a natural activity, like play or rest.
2. People are capable of self-direction and self-control if they are committed to objectives.
3. People will become committed to organizational objectives if they are rewarded for doing so.
4. The average person can learn to both accept and seek responsibility.
5. Many people in the general population have imagination, ingenuity, and creativity.

TABLE A.2 McGregor's Theories X and Y

Organizational Behavior

- Organizational Behavior
 - A modern research-oriented approach seeking to discover the causes of work behavior and to develop better management techniques.
- Lessons from the Behavioral Approach
 - People are the key to productivity.
 - Success depends on motivated and skilled individuals committed to the organization.
 - Managerial sensitivity to employees is necessary to foster the cooperation needed for high productivity.

The Systems Approach

- What is a System?
 - A collection of parts that operate interdependently to achieve a common purpose.
- Systems Approach
 - Posits that the performance of the whole is greater than the sum of the performance of its parts.
 - Seeks to identify all parts of an organized activity and how they interact.

The Systems Approach *(cont'd)*

- Chester I. Barnard's Early Systems Perspective
- Wrote Functions of the Executive
 - Characterized all organizations as cooperative systems
 - Defined principle elements in an organization as:
 - willingness to serve
 - common purpose
 - communication
 - Strong advocate of business ethics

General Systems Theory

- General Systems Theory
 - Based on the assumptions that everything is part of a larger, interdependent arrangement
- Levels of systems
 - Each system is a subsystem of the system above it

General Systems Theory *(cont'd)*

- Closed Versus Open Systems
 - Closed system
 - A self-sufficient entity.
 - Open system
 - Something that depends on its surrounding environment for survival.
 - Systems are classified open (closed) by how much (how little) they interact with their environments.

General Systems Theory *(cont'd)*

New Directions in Systems Thinking:
Organizational learning & knowledge management

- Organizations are living and thinking open systems that learn from experience and engage in complex mental processes.
- Chaos theory
 - Every complex system has a life of its own, with its own rule book.
- Complex adaptive systems
 - Complex systems are self-organizing.

The Contingency Approach

A research effort to determine which managerial practices and techniques are appropriate in specific situations.

- Different situations require different managerial responses.
- Can deal with intercultural feelings in which custom and habits cannot be taken for granted.

The Contingency Approach *(cont'd)*

Contingency Characteristics

- An open-system perspective
 - Subsystems combine to interact with outside systems.
- A practical research orientation
 - Translating research findings into tools and situational refinements for more effective management.
- A multivariate approach
 - Many variables collectively account for variations in performance.

The Contingency Approach *(cont'd)*

• Lessons from the Contingency Approach

- Emphasizes situational appropriateness rather than rigid adherence to universal principles
- Criticized for creating the impression that an organization is a captive of its environment

Attributes of Excellence: A Modern Unconventional Approach

- Peters and Waterman's Approach
 - Attacked conventional management theory and practice as outmoded
 - Replaced conventional management terminology with new catch phrases
 - Made key points with anecdotes and stories rather than quantifiable data and facts
 - Critics believe: too "unscientific"
 - "In Search of Excellence" topped the bestseller list

Jim Collins, "Good to Great": Common Attributes of Great Companies

- Similar to the "excellence" approach
- Defined rigorous criteria to select "great" companies
- Found characteristics common to these companies across industries
- Proposes that emulating these characteristics will increase the chances of becoming great

Adding It All Up

- Early management characterized by single theories
- Later "systems" approaches combined theories
- Good managers learn from it all, adopt what works for them and their organization, and try new things