

CHAPTER: 2

EVOLUTION OF MANAGEMENT THOUGHT

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Evolution Of Management

1. The Classical theory of management

- a) Scientific Management
- b) Bureaucratic Management
- c) Administrative Management

2. Neo-Classical Theory

- a) Human Relations Approach
- b) Behavioral Sciences Approach.

3. The Modern Management Theories

- a) Quantitative Approach
- b) System Approach
- c) Contingency Approach

1. Classical Theory of Management

Contributed By:

- F.W. Taylor
- Max Weber
- Henry Fayol

Scientific Management

- Scientific approach to management also called scientific management theory.
- F. W. Taylor is the father of scientific management.

Principles of Scientific Management

4 Principals of Scientific Management are:

1. Scientific selection of workers and their development through proper training.

2. The management has to develop a true science in all fields of work activity through scientific investigation and experiments.

Cont.

3. Close co-operation of managers and workers (labour management relations) for better results and understandings.

4. Elimination of conflict between methods and men.
The workers are likely to resist to new methods.

Features of Scientific Management

- **Scientific task setting**: F. W. Taylor suggested the introduction of standard task which every worker is expected to complete within one day (working hours) the task is to be calculated through careful scientific investigation.
- For this, work study (i.e. method study and work measurement study) implemented.

Techniques of Scientific Management

Functional Foremanship

Standardization and Simplification of Work

Work Study

Differential Piece Wage System

Mental Revolution

Fatigue Study

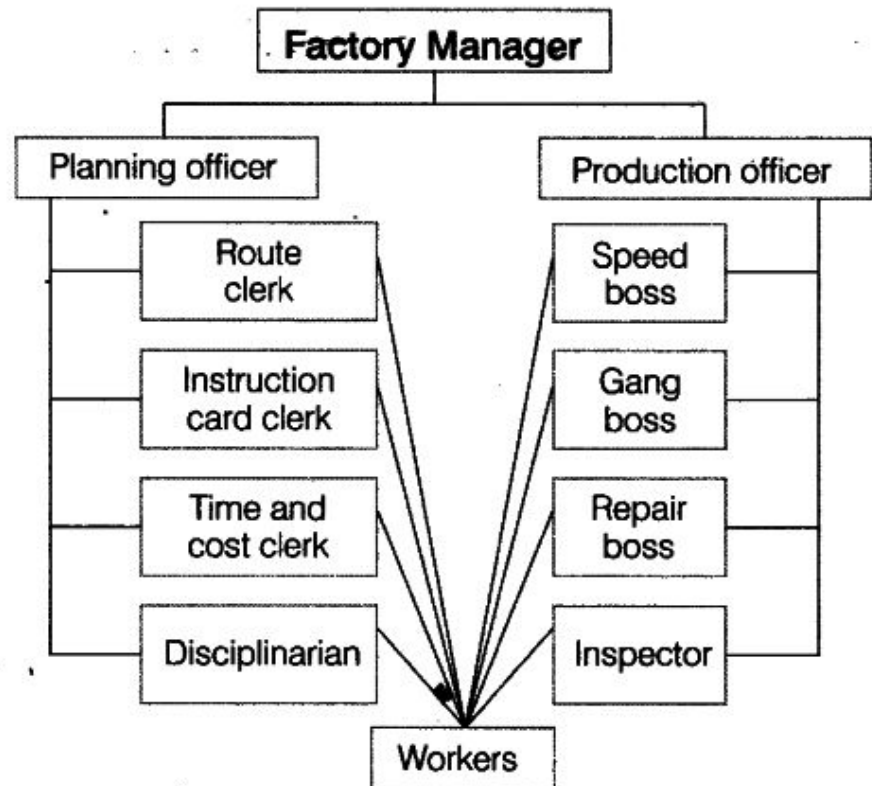
Method Study

Time Study

Motion Study

Functional Foremanship:

- Functional foremanship is a factory administration system that supports for possessing numerous foremen in separate, functional roles.



Work under planning supervisor

1. **Instruction Card Clerk:** This instructor gives instructions to workers regarding their work.
2. **Route Clerk:** His role was to mention the route of production
3. **Time and Cost Clerk:** His role was to arrange the time and costs sheet
4. **Disciplinarian:** His role was to maintain discipline in the production facility and in the factory

Work under the production supervisor

1. **Speed Boss:** Maintains the time record for the job assigned to the worker. Checks if the job is completed timely.
2. **Gang Boss:** The main responsibility of this person is to keep machines in a ready state for work.
3. **Repair boss:** He takes the responsibility to keep machines and tools in proper working condition.
4. **Inspector:** The responsibility of quality of work is taken care by this inspector.

Standardization and Simplification of Work

Standardization: Taylor suggested the importance of standardization of tools and equipment, materials, conditions of work and speed of machines.

- This brings co-ordination in different activities and all workers will be able to perform the task assigned easily.
- The workers will have satisfactory working conditions for work due to such standardization.

What is Simplification

- It means controlled inventories, complete utilisation of supplies and boosting turnover.

Fatigue Study:

- A person is obliged to feel tired mentally and physically if she or he does not relax while working.
- The rest periods will assist one to recover vitality and work again with the same capacity.
- This will result in improved potency.
- Fatigue study tries to define the amount and regularity of rest intervals in accomplishing a task.

Method Study:

- The purpose of the outlined study is to find out one vigorous way of performing the job
- . To ascertain the best way, there are diverse parameters. Right from the obtainment of raw materials until the ultimate product is presented to the consumer, every pursuit is part of method research.

- **Time study:** Time study is the art of observing and recording the time required to do each detailed element in an industrial operation.
- **Motion study:** Motion study refers to the study and analysis of the movements of an operator while performing a job so that attempts can be made to remove useless/unwanted movements from the process.

Differential piece wage system

- Differential piece wage system is the strongest motivator for a worker to reach standard performance.
- It is a method of wage payment in which efficient and inefficient workers are paid at different rates.
- In this method, increase in efficiency is co-related with an increase in the wage rate

Mental Revolution

- Mental Revolution is a change in thinking both on the part of management and workers. Success of implementation of scientific management depends on the mental revolution of management and workers both as to their duty to cooperate in producing the largest possible surplus and to the necessity
- Mental revolution is a change in thinking on both the sides.

Planning the task:

- Planning the production activity accurately. Planning of task gives answers to the following questions.
- What has to be done
- how it is to be done
- where the work shall be done
- when the work shall be done.

Scientific selection and training of workers

- Taylor suggested the need of scientific selection of workers for the plant/production activities.
- The procedure of selection must be systematic so as to select the best and the most suitable persons for different types of jobs.
- Correct placement of workers is equally important. He also suggested the need of training of workers so as to raise their ability or efficiency.

Specialization

- Taylor suggested specialization in the administrative and organizational setup of the plant.

Administrative theory

Henry Fayol, also known as the Father of Modern Management Theory, gave a new perception on the concept of management.

Fayol is the first management thinker who provided the conceptual framework of the functions of management in his book —General and Industrial Management.

Process Management

- The functions of management according to Fayol are,
 - 1. Planning
 - 2. Organising ,
 - 3. Commanding
 - 4. Coordinating
 - 5. Controlling

Fayol divided general and industrial management into following six groups

- a. Technical activities (production, manufacture, adaptation).
- b. Commercial activities (buying, selling and exchange).
- c. Financial activities (search for and optimum use of capital).
- d. Security activities (protection of property and persons).
- e. Accounting activities (stock taking, balance sheet, cost, and statistics).
- f. Managerial activities (planning, organising, command, coordination and control).

The fourteen principles of management created by Henri Fayol are explained below

- **1. Division of Work**

- Division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

- **2. Authority and Responsibility**

- Authority facilitates the management to work efficiently,
- Responsibility makes them responsible for the work done under their guidance or leadership.

- **3. Discipline**

- Good discipline, performance and sensible interrelation make the management job easy and comprehensive.

- **4. Unity of Command**

- This means an employee should have only one boss and follow his command.

- **5. Unity of Direction**

- Whoever is engaged in the same activity should have a unified goal. This means all the people working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

- **6. Subordination of Individual Interest**

- This indicates a company should work unitedly towards the interest of a company rather than personal interest.

- **7. Remuneration**

- This plays an important role in motivating the workers of a company. Ideally, it should be according to an individual's efforts they have put forth.

- **8. Centralization**

- In a company Management or any authority responsible for the decision-making process should be neutral.
- Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

- **9. Scalar Chain**

- Fayol, highlights that the hierarchy steps should be from the top to the lowest.
- This is necessary so that every employee knows their immediate senior.

- **10. Order**

- A company should maintain a well-defined work order to have a favourable work culture.

- **11. Equity**

- All employees should be treated equally and respectfully.

- **12. Stability**

- An employee delivers the best if they feel secure in their job.
- It is the duty of the management to offer job security to their employees.

- **13. Initiative**

- The management should support and encourage the employees to take initiatives in an organisation. It will help them to increase their motivation and morale.

- **14. Esprit de Corps**

- It is the responsibility of the management to motivate their employees and be supportive of each other regularly.
- Developing trust and mutual understanding will lead to a positive outcome and work environment.

Bureaucratic Theory by Max Weber

- A German scientist, Max Weber, describes bureaucracy as an institution that is highly organized, formalized, and also impersonal.
- He also developed the belief that there must be a fixed hierarchical structure for an organization and clear rules, regulations, and lines of authority that regulate it.

Bureaucratic Theory Attributes

- Specialization of labour
- A formal set of rules and regulations
- Well-defined hierarchy within the organization
- Impersonality in the application of rules

6 Major Principles of Max Weber's Theory

- **A Structured Hierarchical Structure:** In a bureaucratic organization, each level governs the level below it. The foundation of central planning and centralized decision making is a formal hierarchy.
- **Rules-Based Management-** To exercise control, the company uses rules. Therefore at higher levels, the lower levels effortlessly execute the decisions made.
- **Organization of Functional Specialties -** Specialists do the job. The company often breaks workers into groups depending on the type of work they do or the abilities they possess.

- **Up-Focused Or In-Focused:** If the organization's purpose is to represent the stockholders, board, or some other institution that motivated it then it is up-focused.
- On the other hand, it is in-focused if the goal is to serve the company itself and others inside it (like producing income, etc.)
- **Impersonal** - All workers are handled fairly by hierarchical organizations.
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- **Employment-** Selection is based on technical qualifications and skills as well as employee promotion.

2. NEO CLASSICAL MANAGEMENT ERA

Human Relation Approach

- Elton Mayo (1880-1949) is recommended as the Father of Human Relations School. He introduced human relations approach to management thought. His contribution to the development of management thought is unique and is also treated as human relations approach to management.

Hawthorne experiment

- The Hawthorne experiment were first conducted in November, 1924 at Western Electric Company's Hawthorne plant in Chicago
- 1. Illumination Experiment (1924-27)
- 2. Relay Assembly Test Room Experiment (1927)
- 3. Mass Interviewing Programme (1928-31)
- 4. Bank Wiring Experiment (1931-32)

1. Illumination Studies

- 1924-1927
- Conducted by The National Research Council (NRC) of the National Academy of Sciences with engineers from MIT
- Measured Light Intensity vs. Worker Output
- Result : – Higher worker productivity and satisfaction at all light levels – Worker productivity was stopped with the light levels reached moonlight intensity.
- Conclusions: – Light intensity has no conclusive effect on output – Productivity has a psychological component

2. Relay Assembly Test Experiments

- 1927-1929
- • Experiments were conducted by Elton Mayo
- • Manipulated factors of production to measure effect on output:
 - – Pay Incentives (Each Girls pay was based on the other 5 in the group)
 - – Length of Work Day & Work Week (5pm, 4:30 pm, 4pm)
 - – Use of Rest Periods (Two 5 minutes break)
 - – Company Sponsored Meals (Morning Coffee & soup along with sandwich)
- • Results: – Higher output and greater employee satisfaction
- • Conclusions: – Positive effects even with negative influences
 - – worker's output will increase as a response to attention
 - – Strong social bonds were created within the test group.
- Workers are influenced by need for recognition, security and sense of belonging

3. Mass Interview Program

- Conducted 20,000 interviews.
- Objective was to explore information, which could be used to improve supervisory training.
- Initially used the method of Direct Questioning and changed to Non Directive.
- Results - Giving an opportunity to talk and express grievances would increase the morale.
- - Complaints were symptoms of deep-rooted disturbances.
- - Workers are governed by experience obtained from both inside and outside the company.

4. Bank Wiring Observation Group

- 1931-1932
- Limited changes to work conditions
 - – Segregated work area
 - – No Management Visits
 - – Supervision would remain the same
 - – Observer would record data only
 - – no interaction with workers
- Small group pay incentive
- Result: – No appreciable changes in output

BEHAVIOURAL SCIENCE APPROACH

- The behavioural approach, also known as the behavioural science approach, focuses on studying human behaviour within organisations and aims to establish scientifically verifiable propositions for understanding this behaviour.
- Contributors- Maslow, Herzberg, McGregor, Mouton, Blake etc.

A. Maslow's Hierarchy of Needs Theory

Maslow's Hierarchy of Needs Theory is regarded as one of the most popular theories on motivation. It was first introduced by Abraham Maslow in 1943 for his paper titled Theory of Motivation and is based on a hierarchy of needs.



- **1. Physiological needs/Basic Need:** The physiological needs are regarded as the most basic of the needs that humans have. Ex-food
- **2. Safety Needs:** Once the basic needs of food, shelter, water, etc are fulfilled, there is an innate desire to move to the next level.

- **Social Needs (Also known as Love and Belonging Needs):** This is the third level in the need hierarchy theory. It is that stage where an individual having fulfilled his physiological needs as well as safety needs seeks acceptance from others in the form of love, belongingness.
- **Esteem needs:** This is considered as the fourth level of the hierarchy of needs theory. It is related to the need of a person being recognised in the society. It deals with getting recognition, self respect in the society.

- **Self-actualization needs:** This is the final level of the theory of hierarchy of needs as proposed by Maslow.
- It is the highest level of needs and is known as the self-actualization needs.
- It relates to the need of an individual to attain or realise the full potential of their ability.
- At this stage, all individuals try to become the best version of themselves.
- In other words, self actualisation is the journey of personal growth and development.

Mc Gregor's Theory X and Theory Y

- In the year 1960, Douglas McGregor, a management professor at the Massachusetts Institute of Technology, proposed two theories based on the hypothesis related to human behaviour in his book *The Human Side of Enterprise*.
- According to McGregor, there are two aspects of human behaviour at work which he described as Theory X (negative aspect) and Theory Y (positive aspect).

McGregor's Theory X and Theory Y

Theory X

When can i go home.?



Theory Y

I've got some ideas !



Theory X

- According to McGregor, Theory X is based on the following assumptions:
- The average human being will avoid work whenever it is possible because of their inherent dislike of work.
- Most people by nature, always resist change and have security as their priority.
- An average person doesn't like responsibility, lacks ambition, and prefers to be directed by others.

Theory Y

- 1. It is the responsibility of the management to organise the elements of a productive enterprise in the interest of social as well as economic gains.
- 2. The theory also states that people are not passive or restricted to the needs of the organisation by nature. Their nature changes to this because of experience.
- 3. Characteristics like readiness to direct behaviour towards the organisational goals, motivation, potential for development, etc., are already present in the people.

3. Modern Management Theory

- Quantitative,
- System and
- Contingency Approaches to Management

Quantitative Management

- Also known as Management Science or Operations Research.
- Focuses on application of scientific tools providing a quantitative base for decision making to managers.
- Quantitative management utilises the techniques given by following disciplines-
- A. Management Science Critical path method (CPM), Probability, Sampling theory etc.
- B. Operations management- Production activities and logistic related. E.g Statistical quality control, Production planning, Replacement of machinery etc.
- C. Management Information System(MIS)-Use of computer to process raw information suitable for decision making

Systems Approach

The system approach is to look upon management as a system or as “an organised whole” made up of subsystems integrated into a unity or orderly totality.

System approach is based on the generalization that everything is inter-related and inter-dependent.

A system is composed of related and dependent element which, when in interaction, forms a unitary whole.

A system is simply an assemblage or combination of things or parts forming a complex whole.

One of its most important characteristic is that it is composed of hierarchy of sub-systems.

Contingency or Situational Approach

- The contingency approach is the latest approach to the existing management approaches.
- During the 1970's, contingency theory was developed by J.W. Lorsch and P.R. Lawrence,
- Management problems are different under different situations and require to be tackled as per the demand of the situation.
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- The contingency theory aims at integrating theory with practice in systems framework. The behaviour of an organisation is said to be contingent on forces of environment.

- Hence, a contingency approach is an approach, where behaviour of one sub-unit is dependent on its environment and relationship to other units or sub-units that have some control over the sequences desired by that sub- unit.
- Thus behaviour within an organisation is contingent on environment, and if a manager wants to change the behaviour of any part of the organization, he must try to change the situation influencing it.

Features of Contingency Approach:

- Contingency approach does not accept the universality of management theory.
- It stresses that there is no one best way of doing things. Management is situation, and managers should explain objectives, design organisations and prepare strategies, policies and plans according to prevailing circumstances.
- managerial policies and practices to be effective, must adjust to changes in environment.
- it should improve diagnostic skills so as to anticipate and ready for environmental changes.
- Managers should have sufficient human relations skill to accommodate and stabilise change.

Peter Ducker's management theory

- Management is doing things right; leadership is doing the right things.”
- Peter Ducker's management theory embodies many modern concepts, including the following:
 - *Workforce development*
 - *Decentralization*
 - *Corporate social responsibility*
 - *Customer experience*

MBO

- One of Drucker's most enduring ideas is "management by objectives," or MBO. Although it has come to mean different things to different people, the definition most agree on is management in pursuit of shared organizational goals.

The process comprises five basic steps:

- The process comprises five basic steps:
- Managers and team members review and set organizational goals together.
- Team members distill organizational goals into individual objectives.
- Managers and team members monitor progress toward individual and shared goals.
- Managers and team members evaluate performance based on measurable milestones.
- Team members receive feedback and rewards relative to progress.

Q&A