



Evaluation of Management Thoughts



chapter two

The Evolution of Management Thought

Learning Objectives

- Describe how the need to increase organizational efficiency and effectiveness has guided the evolution of management theory
- Explain the principle of job specialization and division of labor, and tell why the study of person-task relationships is central to the pursuit of increased efficiency
- Identify the principles of administration and organization that underlie effective organizations

Learning Objectives

- Trace the change in theories about how managers should behave to motivate and control employees
- Explain the contributions of management science to the efficient use of organizational resources
- Explain why the study of the external environment and its impact on an organization has become a central issue in management thought

The Evolution of Management Theory

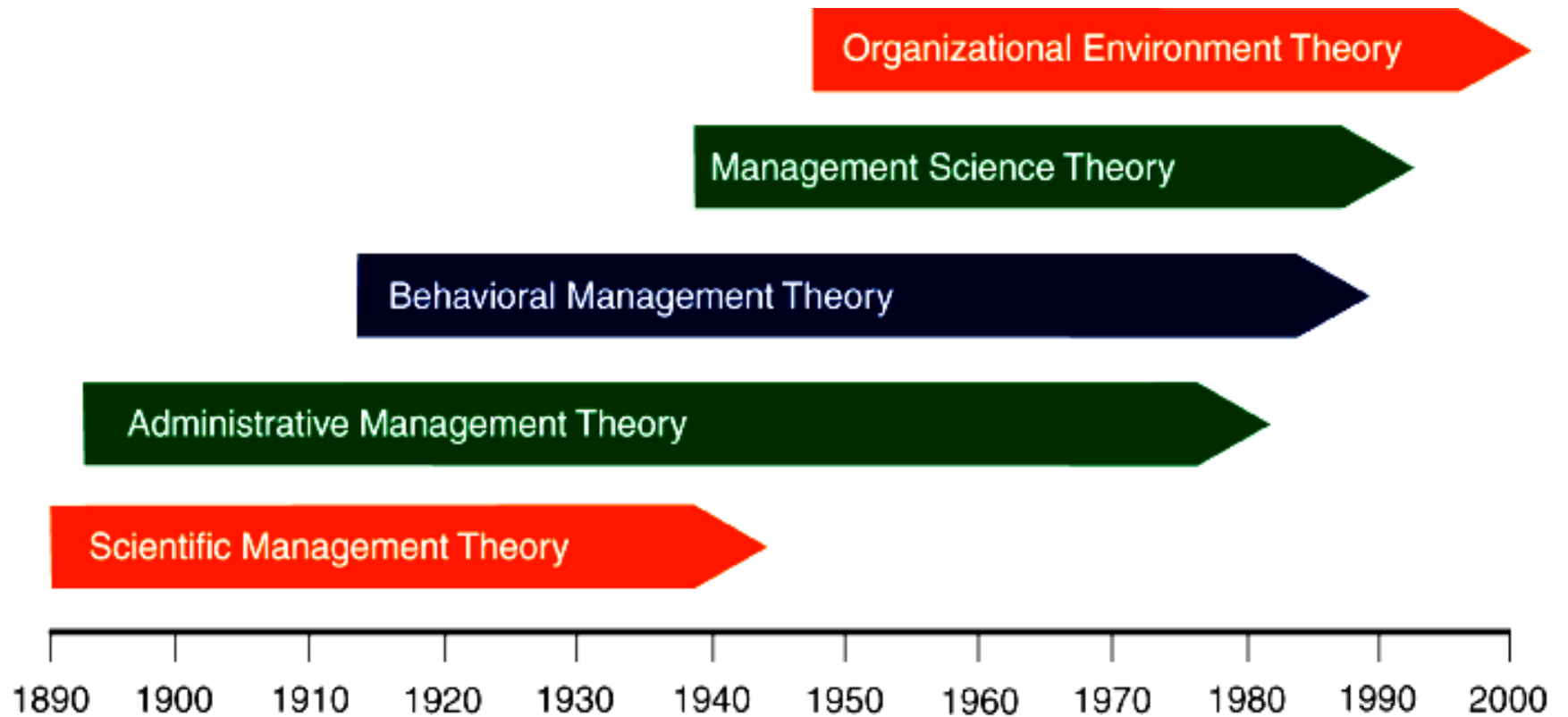


Figure 2.1

Job Specialization and the Division of Labor

Adam Smith (18th century economist)

- Observed that firms manufactured pins in one of two different ways:
 - Craft-style—each worker did all steps.
 - Production—each worker specialized in one step.

Question?

1. Explain the various functions of management. How are the functions of planning and control are interdependent?
2. Write short notes on the following-
 - a. Qualities of a manager
 - b. Management v/s Administration

Job Specialization and the Division of Labor

- Job Specialization
 - process by which a division of labor occurs as different workers specialize in specific tasks over time



Job Specialization and the Division of Labor

- Workers who specialized became much more skilled at their specific tasks
- Increasing job specialization increases efficiency and leads to higher organizational performance

F.W. Taylor and Scientific Management

Scientific Management

The systematic study of the relationships between people and tasks for the purpose of redesigning the work process to increase efficiency.

Four Principles of Scientific Management

- 1) Study the way workers perform their tasks, gather all the informal job knowledge that workers possess and experiment with ways of improving how tasks are performed
 - Time-and-motion study

Four Principles of Scientific Management

- 2) Codify the new methods of performing tasks into written rules and standard operating procedures



Four Principles of Scientific Management

- 3) Carefully select workers who possess skills and abilities that match the needs of the task, and train them to perform the task according to the established rules and procedures

Four Principles of Scientific Management

- 4) Establish a fair or acceptable level of performance for a task, and then develop a pay system that provides a reward for performance above the acceptable level

Problems with Scientific Management

- Managers frequently implemented only the increased output side of Taylor's plan.
 - Workers did not share in the increased output.
- Specialized jobs became very boring, dull.
 - Workers ended up distrusting the Scientific Management method.
- Workers could purposely “under-perform.”
 - Management responded with increased use of machines and conveyors belts.

The Gilbreths

1. Break up and analyze every individual action necessary to perform a particular task into each of its component actions
2. Find better ways to perform each component action

The Gilbreths

3. Reorganize each of the component actions so that the action as a whole could be performed more efficiently-at less cost in time and effort

Administrative Management Theory



- Administrative Management
 - The study of how to create an organizational structure that leads to high efficiency and effectiveness.

Administrative Management Theory

Max Weber

- Developed the principles of bureaucracy as a formal system of organization and administration designed to ensure efficiency and effectiveness.

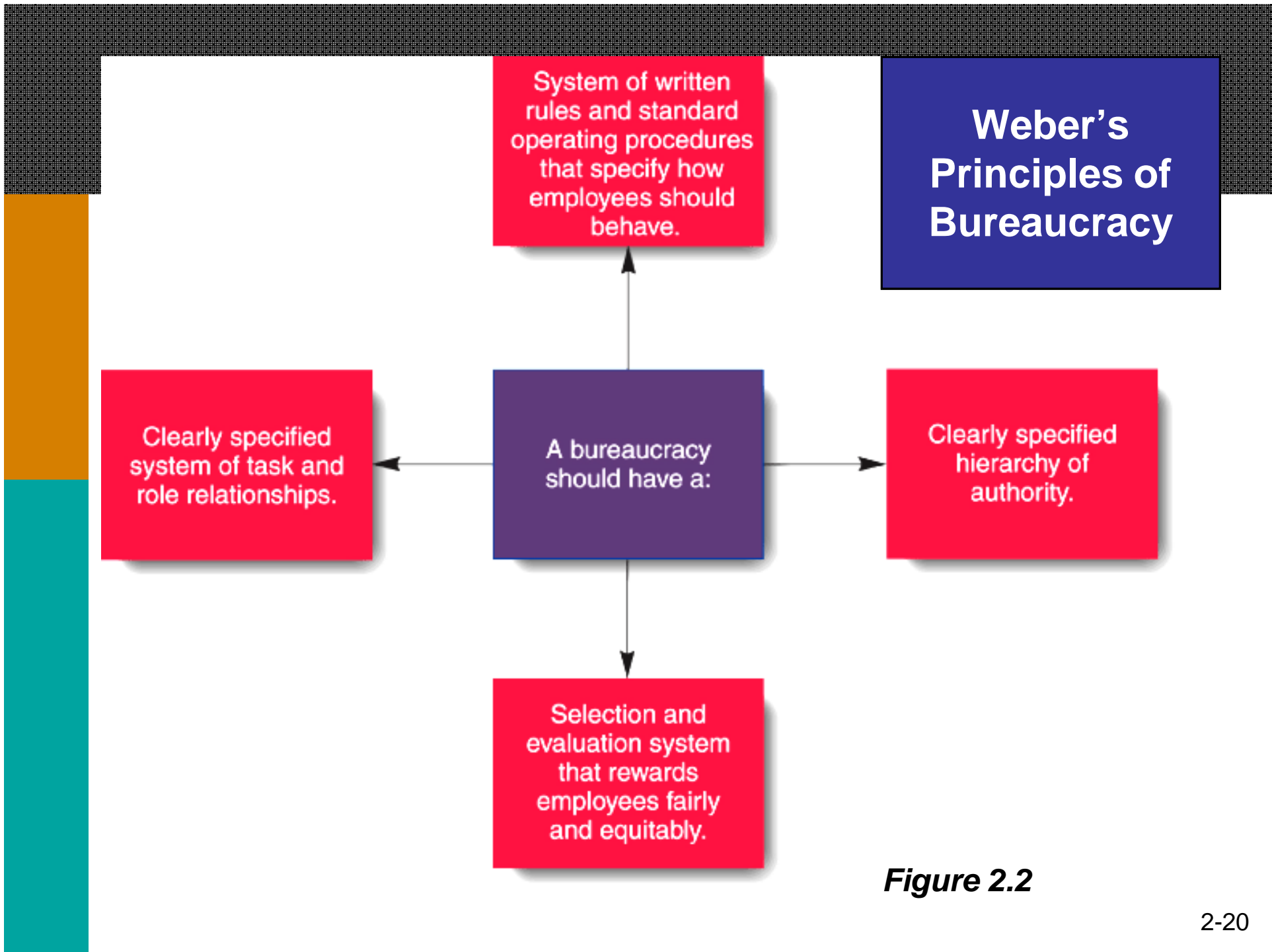


Figure 2.2

Weber's Principles of Bureaucracy

- 1) A manager's formal authority derives from the position he holds in the organization.
- 2) People should occupy positions because of their performance, not because of their social standing or personal contacts.

Weber's Principles of Bureaucracy

- 3) The extent of each position's formal authority and task responsibilities and its relationship to other positions should be clearly specified.
- 4) Authority can be exercised effectively when positions are arranged hierarchically, so employees know whom to report to and who reports to them.

Weber's Principles of Bureaucracy

- 5) Managers must create a well-defined system of rules, standard operating procedures, and norms so they can effectively control behavior .



Rules, SOPs and Norms

- **Rules** – formal written instructions that specify actions to be taken under different circumstances to achieve specific goals
- **Standard Operating Procedures (SOPs)** – specific sets of written instructions about how to perform a certain aspect of a task
- **Norms** – unwritten, informal codes of conduct that prescribe how people should act in particular situations

Fayol's Principles of Management

- **Division of Labor:** allows for job specialization.
 - jobs can have too much specialization leading to poor quality and worker dissatisfaction.
- **Authority and Responsibility**
 - both formal and informal authority resulting from special expertise.
- **Unity of Command**
 - Employees should have only one boss.

Fayol's Principles of Management

- **Line of Authority**
 - A clear chain of command from top to bottom of the firm.
- **Centralization**
 - The degree to which authority rests at the top of the organization.
- **Unity of Direction**
 - A single plan of action to guide the organization.

Fayol's Principles of Management

- **Equity** - The provision of justice and the fair and impartial treatment of all employees.
- **Order** - The arrangement of employees where they will be of the most value to the organization and to provide career opportunities.
- **Initiative** - The fostering of creativity and innovation by encouraging employees to act on their own.

Fayol's Principles of Management

- **Discipline**
 - Obedient, applied, respectful employees are necessary for the organization to function.
- **Remuneration of Personnel**
 - An equitable uniform payment system that motivates contributes to organizational success.

Fayol's Principles of Management

- **Stability of Tenure of Personnel**
 - 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 Management

Esprit de corps

- Comradeship, shared enthusiasm foster devotion to the common cause (organization).



Discussion Question?

Which of the following is the most important aspect of Fayol's principles of management?

- A. Division of Labor**
- B. Unity of Command**
- C. Remuneration of Personnel**
- D. Esprit de corps**

Behavioral Management Theory

Behavioral Management

- The study of how managers should personally behave to motivate employees and encourage them to perform at high levels and be committed to the achievement of organizational goals.

Behavioral Management

Mary Parker Follett

- Concerned that Taylor ignored the human side of the organization
 - Suggested workers help in analyzing their jobs
 - If workers have relevant knowledge of the task, then they should control the task

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.

The Hawthorne Studies

- 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

Human Relations Implications

- *Hawthorne effect* — workers' attitudes toward their managers affect the level of workers' performance



The Hawthorne Studies

- Human relations movement – advocates that supervisors be behaviorally trained to manage subordinates in ways that elicit their cooperation and increase their productivity

The Hawthorne Studies

Implications

- Behavior of managers and workers in the work setting is as important in explaining the level of performance as the technical aspects of the task

The Hawthorne Studies

- Demonstrated the importance of understanding how the feelings, thoughts, and behavior of work-group members and managers affect performance

Question?

What theory assumes the average worker is lazy, dislikes work and will do as little as possible?

- A. Theory X
- B. Theory Y
- C. Theory Z
- D. Theory QZ

Theory X and Theory Y

Douglas McGregor proposed the two different sets of assumptions about workers.

- Theory X assumes the average worker is lazy, dislikes work and will do as little as possible.
 - Workers have little ambition and wish to avoid responsibility
 - Managers must closely supervise and control through reward and punishment.

Theory X and Theory Y

- Theory Y assumes workers are not lazy, want to do a good job and the job itself will determine if the worker likes the work.
 - Managers should allow workers greater latitude, and create an organization to stimulate the workers.

Theory X vs. Theory Y

THEORY X	THEORY Y
<p>The average employee is lazy, dislikes work, and will try to do as little as possible.</p> <p>To ensure that employees work hard, managers should closely supervise employees.</p> <p>Managers should create strict work rules and implement a well-defined system of rewards and punishments to control employees.</p>	<p>Employees are not inherently lazy. Given the chance, employees will do what is good for the organization.</p> <p>To allow employees to work in the organization's interest, managers must create a work setting that provides opportunities for workers to exercise initiative and self-direction.</p> <p>Managers should decentralize authority to employees and make sure employees have the resources necessary to achieve organizational goals.</p>

Figure 2.3

Management Science Theory

- Contemporary approach to management that focuses on the use of rigorous quantitative techniques to help managers make maximum use of organizational resources to produce goods and services.

Management Science Theory

- **Quantitative management** — utilizes linear and nonlinear programming, modeling, simulation, queuing theory and chaos theory.
- **Operations management** — techniques used to analyze any aspect of the organization's production system.

Management Science Theory

- **Total Quality Management (TQM)** — focuses on analyzing input, conversion, and output activities to increase product quality.
- **Management Information Systems (MIS)** — provides information vital for effective decision making.

Organizational Environment Theory

Organizational Environment –

The set of forces and conditions that operate beyond an organization's boundaries but affect a manager's ability to acquire and utilize resources

The Open-Systems View

Open System

- A system that takes resources for its external environment and transforms them into goods and services that are then sent back to that environment where they are bought by customers.

ENVIRONMENT

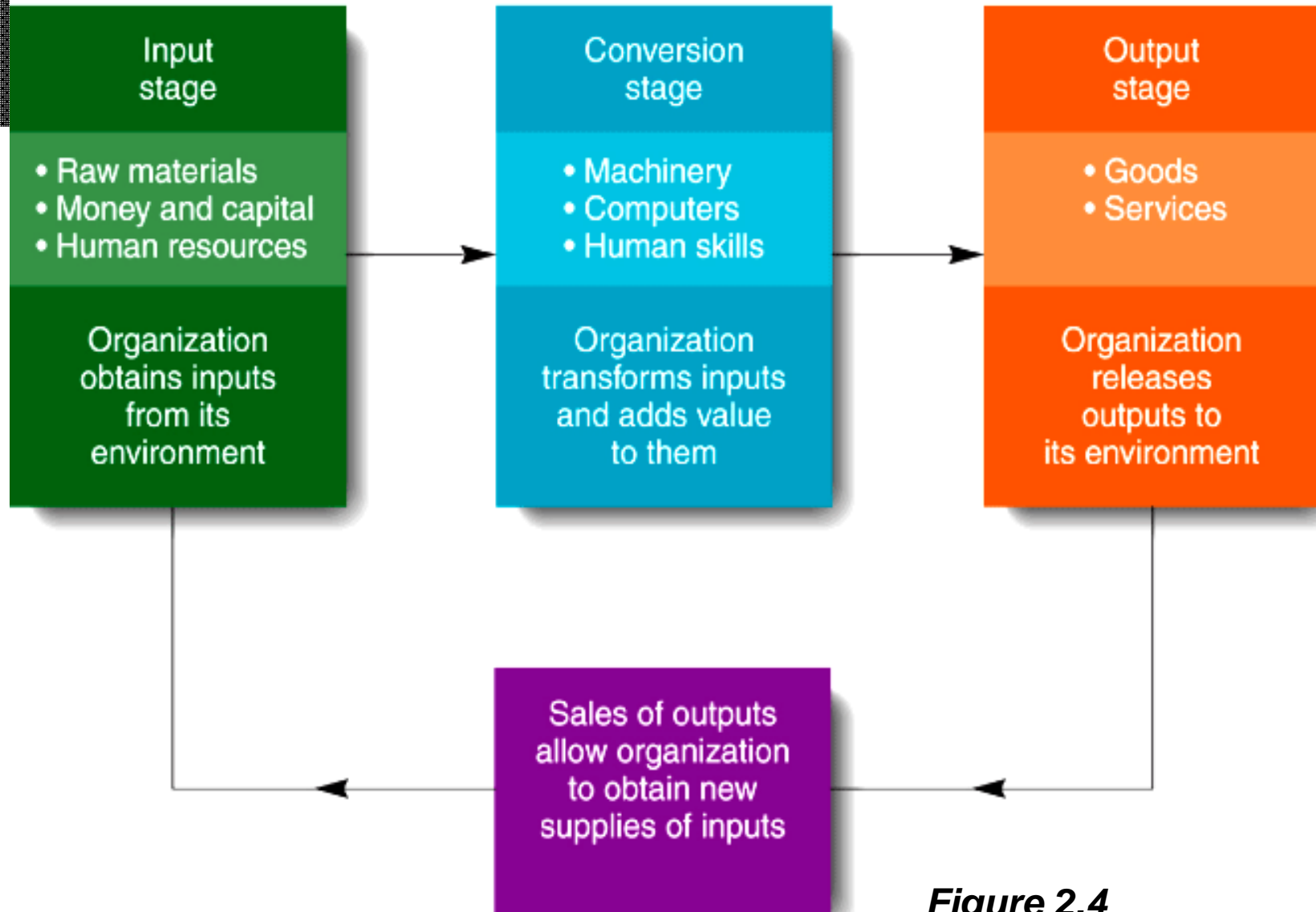


Figure 2.4

The Open-Systems View

- **Inputs:** the acquisition of external resources to produce goods and services
- **Conversion:** transforms the inputs into outputs of finished goods and services.
- **Output:** the release of finished goods and services to its external environment.

Closed System

- A self-contained system that is not affected by changes in its external environment.
- Likely to experience entropy and lose its ability to control itself

Systems

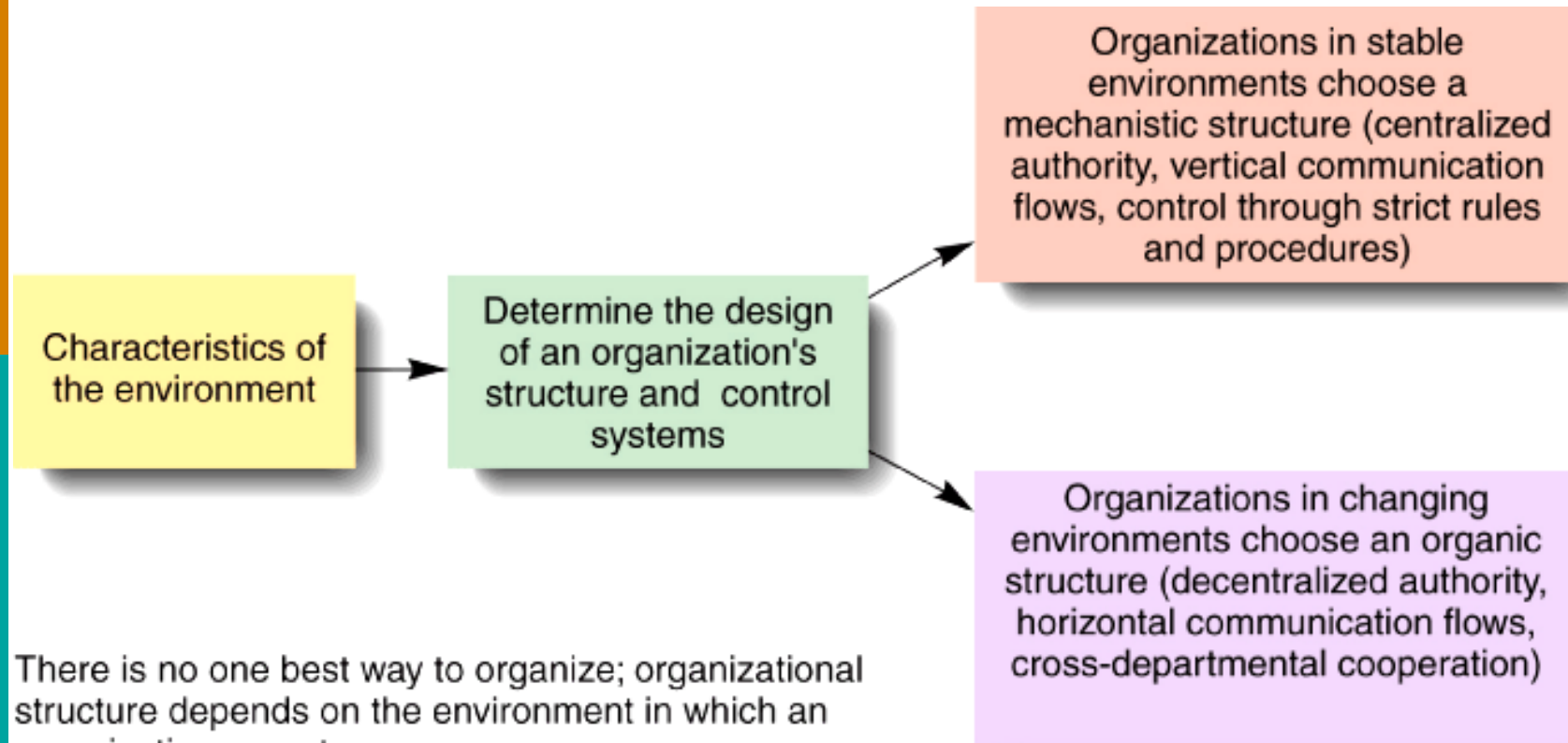
- Synergy – the performance gains that result from the combined actions of individuals and departments
 - Possible only in an organized system



Contingency Theory

- “There is no one best way to organize”
- The idea that the organizational structures and control systems manager choose depend on—are contingent on—characteristics of the external environment in which the organization operates.

Contingency Theory



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

Figure 2.5

Type of Structure

Mechanistic Structure

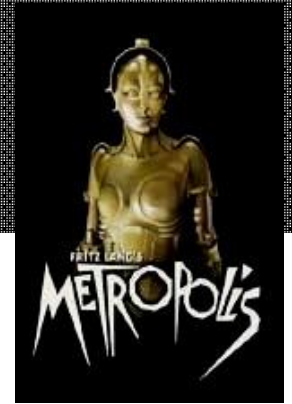
- Authority is centralized at the top.
- Emphasis is on strict discipline and order
- Employees are closely monitored and managed.
- Can be very efficient in a stable environment.

Type of Structure

Organic Structure

- Authority is decentralized throughout the organization.
- Departments are encouraged to take a cross-departmental or functional perspective
- Works best when environment is unstable and rapidly changing

Assignment:-



1. Define Scientific management.
Discuss its main elements.

