

Chapter 2: Past to Present

Time Periods

- Classical Approach (1880-1920)
- Behavioural Approach (1930's)
- Contemporary Approaches (1950-1980's)
- Emerging Practices (1990's – 2000's)

Classical Approach(scientific management, administrative principles, bureaucratic org.) -

⇒ *Assumption : people are rational*

Systematic Management

- Adam Smith – 1776 – The Wealth of Nations
- Advocate of systemization (logical set of steps to achieve a type of activity)
- Focused on defining duties and responsibilities
- Led to Scientific Management
- Focused on efficiency and effectiveness.
- Division of labour (instead of doing every role for a given task, I specialize in one particular area)
- Productivity
- Ex) 10 workers=48,00 pins... 1 worker=10 pins
- **Classical Approach -**

Scientific Management-Frederick Taylor

- Scientific Management – Study of relationships between people and tasks to increase efficiency. Emphasizes careful selection and training of workers and supervisory support

4 guiding principles of SM:

- Develop for every job a science (motion, standard work implementation, proper working conditions)
- Carefully select workers with the right abilities for the job

- Carefully train workers +give them incentives to cooperate with the job science
- Support workers by carefully planning their work and by smoothing the way as they go about their job.
- Motion study: science of reducing a job/task down to its basic physical motions
- How can management increase the level of worker productivity and motivation?
- F.W. Taylor- focused on time-study: analyze the motions/tasks required in any job and to develop the most efficient ways to perform them.
- F Taylor is the father of scientific management
- He noticed many workers did their job without clear and uniform specifications
- Gilbreths: their work led to advances in the areas of job simplification, work standards, incentive wage plans

Classical Approach – Henri Fayol

Administrative Mgmt. Theory

- Study of how to create organizational structure that leads to high efficiency and effectiveness
- Henri Fayol- says management is a universal process
- Philosophy
- Fayol identified 14 principles of management
 - 1) Division of labour: specialization of work results in continuous improvements in skills and methods.
 - 2) Authority: Managers have the right to give orders
 - 3) Discipline: no slacking or being of rules
 - 4) Unity of command: each employee should have only 1 manager
 - 5) Unity of direction: leader generates a single plan
 - 6) Subordination of individual interests: while at work, only work issues should be considered
 - 7) Remuneration: all should receive fair payment for their work
 - 8) Centralization: decisions are made from the top
 - 9) Scalar chain(line of authority): organizations must have clear, formal chains of command
 - 10) Order: all things should be in their place
 - 11) Equity: managers should be kind and fair

12) Personnel tenure: unnecessary turnover is to be avoided (lifetime employment for good workers)

13) Initiative: undertake work with zeal and energy

14) Esprit de corps: work to build harmony and cohesion among personnel

- Fayol's 5 duties of management

1) Foresight: complete plan of action for the future

2) Organization: provide/mobilize resources to implement the plan

3) Command: to lead, select, evaluate workers

4) Coordination: efforts together, ensure info is shared and problems are solved

5) Control: to make sure things happen according to plan

- Fayol believed management could be taught

- His principles

1) Scalar chain principle: clear and unbroken line of communication from top to bottom in org

2) Unity of command principle: each person should receive orders from only 1 boss

3) Unity of direction principle: one person should be in charge of all activities that have the same performance objective

Classical approach

Bureaucratic organization- Max Weber

- Weber was concerned that people were in positions of authority not because of their job-related capabilities, but because of their status in society
- Bureaucracy: is a rational and efficient form of organization founded on logic, order and legitimate authority

Defining characteristics:

- Clear division of labour: jobs are well defined
- Clear hierarchy of authority: each position reports to a higher level one
- Formal rules and procedures: written files kept for historical records
- Impersonality: rules and procedures are impartially applied
- Career based on merit: workers are selected/promoted based on ability, competency, performance

Disadvantages:

- 1) Excessive paperwork (red tape)
- 2) Slowness in handling problems
- 3) Rigidity in the face of shifting customers or clients
- 4) Resistance to change
- 5) Employee apathy

The Behavioural Approach: Assumes people are social and self-actualizing

- 1930's
- Philosophy: change management emphasis from productivity to human element
- Hawthorne Plant Studies-illumination has no effect on worker productivity.

Orgs as communities

- Mary Parker Follet
- Viewed organizations as communities
- Making every employee as an owner in a business would create feelings of collective responsibility
- Employee ownership, profit sharing, gain sharing plans

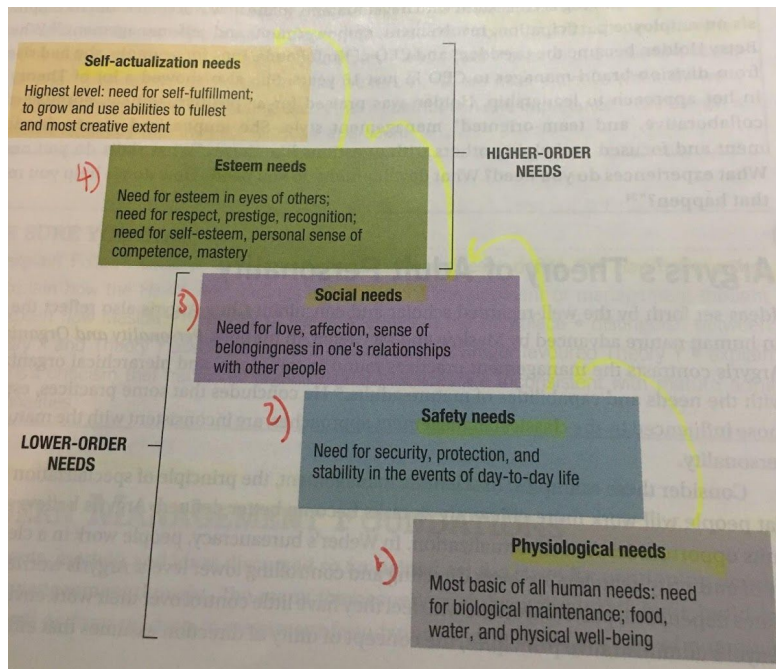
Hawthorne studies:

- Directed research attention toward better understanding human interactions in the workplace
- Groups can have strong negative, as well as positive, influences on individual productivity
- Hawthorne studies are criticized for poor research design, weak support for conclusions drawn, overgeneralize the findings
- Hawthorne effect: tendency of persons singled out for special attention to perform as expected
- Human relations movement: suggested that managers using good human relations will achieve productivity
- Organizational behaviour: is the study of individuals and groups in organizations

Maslow's Hierarchy of Needs

- A need is a physiological or psychological deficiency that a person wants to satisfy

- Deficit principle: a satisfied need is not a motivator of behaviour (people act to satisfy deprived needs)
- Progression principle: the 5 needs exist in a hierarchy of “prepotency.” A need at any level is activated only when the next-lower level need is satisfied.



Theory X and Y

- Doug McGregor proposed 2 different worker assumptions
- Theory X: Assumes employees dislike work, lack ambition, prefer to be led (command and control)
- Theory Y: Assumes people are willing to work, like responsibility, creative, self-directed (participative)
- Self-fulfilling prophecy: occurs when a person acts in ways that confirm another's expectations.

Argyris's Theory of Adult Personality

- Believes that managers who treat people positively and as responsible adults will achieve the highest productivity
- Expand job responsibilities, allow task variety, allow more participation and promote better human relations

- Problems occur in a mismatch between management practices and mature adult personalities.
- Management science and operations research: use quantitative analysis and applied mathematics to solve problems

⇒ *Mathematical forecasting : helps make future projections*

⇒ *Network models (Gantt chart) break large tasks into smaller components*

⇒ *Inventory analysis : helps determine HOW MUCH inventory*

⇒ *Queueing theory : Helps allocate service personnel and workstations*

⇒ *Linear programming : How to best allocate production among different machines*

- Operations Management: Is the study of how organizations produce goods and services
- System: is a collection of interrelated parts working together for a purpose
- Subsystem: is a smaller component of a larger system
- Open system: interacts with its environment and transforms resource inputs into outputs
- Contingency thinking: Tries to match management practices with situational demands
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Contemporary Approaches

- 1950's-1980's
- Continue to question – should management be an art or science?
- Art- draw from experiences and observations
- Science- use problem solving approach

Contemporary Approaches

- The Process Approach:
 - Planning, Organizing, Leading, and Controlling
- The Systems Approach: Open Systems

- Contingency Management: Assume there is no one best way to manage
- The environment has an impact
- Managers must be flexible to environment
- Organization's design and control depends on the environment.

Emerging Management Practices

- Organizational Culture
- Team Building
- Empowerment
- High performing organizations
 - Seeks excellence in results and the quality of work life
- Total Quality Management: Commitment to continuous improvement, product quality and customer satisfaction (always keeping the end consumer in mind)
- ISO certification: indicates conformity with a rigorous set of international quality standards
- Knowledge management: is a process of using intellectual capital for competitive advantage
- Learning organization: continuously changes and improves, using lessons from experience.