**Readings in Management & Correspondence**

**The Evolution of management chapter 2**

For thousands of years and since the time of Babylon of Iraq and Pyramids of Egypt, managers have dealt with many of the same issues and problems confronting management today. However, management emerged as a formal discipline at the turn of the 20th century. Thus, management profession as we know it today is relatively new. In this chapter we will try to explore the roots of modern management theory. Studying the origins of management thought will help you understand the basic contexts of the ideas and concepts you are about to study in your Basic degree of Business Administration.

The following figure provides a timeline depicting the evolution of management thought through the decades. This historical perspective is divided into **two major sections**: **classical approaches and contemporary approaches**. All the approaches attempted to explain the real issues facing managers and provide them with tools to solve future problems.

**Figure: The evolution of Management**

**Classical Approaches Human Relation**  **Contemporary Approaches**

 **1860-1900 1910 1920 1930 1950 1960 1970 1980 2000**

Scientific

Management

Quantitative

Management

Human

Relations

Current and future revolutions

System

Theory

Administrative

Management

Theory Z

Theory

X, Y

Organizational

Behavior

Bureaucracy

Contingency Theory

**The Classical Approaches**

1. **The Scientific management**

The existing management practices at that time failed to build specific procedures and processes into operation to ensure production efficiency. This shortcoming became apparent to a young engineer named Frederick Taylor, who was hired by Midvale Steel Company in 1878. Taylor discovered that production and pay were poor, inefficiency and wastes were happening.. So, Taylor introduced what is known as the scientific management. This approach advocated the application of scientific methods to analyze work and how to complete production tasks efficiently .Taylor identified 4 principles of scientific management:

1. Management should develop, scientific approach for each element of work
2. Management should scientifically select, train , teach , and develop each worker so that the right person has the right job
3. Management should cooperate with workers to ensure that jobs matches plans and principles
4. Management should ensure an appropriate division of work and responsibility between managers and workers

To implement this approach, Taylor use techniques such as time – and- motion studies. With this technique, a task was divided into its basic movements, and different motions were timed to determine the most efficient way to complete the task. After the “one best way “to perform the job was identified, Taylor stressed the importance of hiring and training the proper worker to do that job.

Taylor also introduced the standardization of tools, the use of instruction cards to help workers, and breaks to eliminate tired.

Another new idea of Taylor was a pay system in which workers were paid additional wages when they exceeded standard level of output for each job. Taylor concluded that both workers and management would benefit from such an approach.

Critics to scientific management were mainly that Taylor ignored many job-related social and psychological factors and emphasizing only production and efficiency of workers.

1. **Administrative Management**

This approach emphasized the perspective of senior managers within the organization, and argued that management was a profession and could be taught.

This school emerged in 1916, when Henri Fayol, a French mining engineer and executive, published a book summarizing his management experiences. Fayol identified 5 functions and 14 principles of management and considered the total organization **activities** .

**The 5 functions include:** **planning, organizing, commanding, coordinating and controlling.**

**The 14 management principles were:**

1. Division of work 2- Authority 3- Discipline 4- Unity of Command

 5- Unity of direction 6- Subordination of individual interest to the general interest

7- **Remuneration** or **Reward**  8- Centralization 9- Chain of command 10- Order

11- Equity 12- Stability **of personnel job** 13- initiative

14- Spirit de corps

Fayol also considered the total organization as a body of **activities** which are: technical, commercial, financial, security, accounting, and managerial.

The work of Taylor and Fayol are essentially complementary, both believed that proper management of personal and other resources was the key to organizational success.

Both used a scientific approach to management, their major difference was their orientation .Taylor stressed on the management of operative work, while Fayol stressed the management of organization.

1. **Bureaucracy**

Max Weber, a German sociologist, lawyer and social historian, showed how management itself could be more efficient and consistent in his book “The Theory of Social and Economic Organization “. The ideal model for management, according to Weber, is the Bureaucracy approach.

Weber argued that jobs be standardized so that personnel changes would not disrupt the organization.

He emphasized a structured formal network of relationships among specialized positions in an organization.

Rules and regulations standardize behavior and authority resides in positions rather than in individuals.

 As a result, the organization need not rely on a particular individual, but will realize efficiency and success by following the rules in a routine and unbiased manner.

**Human Relations Approach**

Developed during the 1930s aimed at understanding how psychological and social processes interact with the work situation to influence performance. Human relation proponents’ argued that managers should stress primarily employee welfare, motivation, communication, and promote job satisfaction.

1. Hawthorne Studies of Elton Mayo team

The Hawthorne studies, led by Elton Mayo, were a series of experiments conducted from 1924 to 1932 to investigate the influence of physical working conditions on workers’ productivity and efficiency.

Mayo and his team concluded that productivity may be affected more by psychological and social factors than by physical influence, and that productivity and employee behavior were influenced by the informal work group.

1. Abraham Maslow

In 1943, Maslow suggested that humans have (5) levels of needs. The most basic needs are the physical needs for food, water and shelter; the most advanced need is for self-actualization, or personal fulfillment.

 Maslow argued that people try to satisfy their lower- level needs and then progress upward to the higher level needs.

Managers can facilitate this process and achieve organizational goals by removing obstacles and encouraging behaviors that satisfy people’s needs and organizational goals simultaneously.

Critics believe that while scientific management overemphasized the economic and formal aspects of the workplace, human relations ignored the more rational side of the worker and the important characteristics of formal organization.

However, human relations was a significant step in the development of management thought since then as it promoted managers and researchers to consider the psychological and social factors that influence performance.

**Contemporary Approaches**

The contemporary approaches have developed at various times since World War II, and they continue to to represent the cornerstones of modern management.

1. **Quantitative Management**

During WWII, military planners begin to apply mathematical techniques to defense and logistics problems. After the war, private corporations began assembling teams of quantitative experts to tackle many of the complex issues confronting large organization. By quantitative management the emphasizes on the application of quantitative analysis to management decisions and problems.

Quantitative management helps a manager to make a decision by developing formal mathematical models of the problem. Computers facilitated the development of specific quantitative methods. These include such techniques as statistical decision theory, linear programming, queuing theory, forecasting inventory modeling, network modeling, and break-even analysis. Organizations apply these techniques in many areas, including production, quality control, marketing, human resources , finance , distribution, planning , and research and development.

1. **Organizational Behavior**

During the 1950s scholars of human relations approach began to recognize that worker productivity and organizational success are based on more than the satisfaction of economic or social needs. The revised perspective, known as organizational behavior studies and identifies management activities that promote employee effectiveness through the understanding of the complex nature of individual, group, and organizational processes. Organizational behavior draws from a variety of disciplines, including psychology and sociology to explain the behavior of people on the job.

Theory X, and Theory Y

During the 1960s, Douglas McGregor’s Theory X and Theory Y marked the transition from human relations. According to McGregor, Theory X managers assume workers are lazy and irresponsible and require constant supervision and external motivation to achieve organizational goals.

Theory Y managers assume employees want to work and can direct and control themselves. McGregor advocated a Theory Y perspective, suggesting that managers who encourage participation and allow opportunities for individual challenge and initiative would achieve superior performance.

Other organizational behaviorists include Chris Argyris, who recommended greater autonomy, and better jobs for workers, and Rensis Likert, who stressed the value of participative management.

During the last decade of the 20th century and on, many of the primary issues addressed by OB have experienced a rebirth with a greater interest in leadership, employee involvement, and self- management.

1. **System Theory**

During the 1950s management scholars attempted to understand organizations as a whole system. These efforts were based on a general scientific approach called system theory. Organizations are open systems, dependent on inputs from the outside world, such as raw materials, human resources, and capital. They transform or process these inputs into outputs that ideally should meet the markets needs for goods and services. The environment reacts to the outputs through a feedback loop; this feedback provides input for the next cycle of the system. System theory also emphasizes that an organization is one system in a series of subsystems and that each subsystem is a component of the whole and is interdependent with other subsystems. The process repeats itself for the life of the system as illustrated in the following figure.

**Figure: Open System perspective of an Organization**

  **External Environment**

 **Inputs Process Outputs**

**Goods**

**Services**

**ORGANIZATION**

**Transformation**

**Raw Materials**

**Human Resources**

**Financial resources**

**Informatrion**

 **Feedback**

1. **Contingency Perspective**

Building on system theory ideas, the contingency perspective refuses universal principles of management by stating that a variety of factors, both internal and external to the firm, may affect the organization’s performance. Therefore, there is no “one best way “to manage and organize, because circumstances vary.

1. Theory Z, the Japanese Approach

William Ojy an American scholar of Japanese origin studied the Japanese success and concluded that the following management characteristics and systems are behind this success:

1. Life-time employment
2. Consensus in decision making
3. Collective responsibilities
4. Non specialized career path
5. Slow system of evaluation and promotion
6. Holistic concern
7. Implicit and informal control

An Eye on the Future

All these historical perspectives have left impacts on management thought and practice. Time does pass, and things do change. This may sound obvious, but it isn’t to those managers who sit by idle while their firms fail to adapt to changing times. Business becomes global. New technologies change how we work, produce products, and deliver services. Change continually creates both new opportunities and new demands for lowering costs and for achieving greater innovation, quality, and speed. Management knowledge and practices evolve accordingly.

**Homework**: Write an essay of (2-3 pages) on any one of the above approaches, in both languages English and Arabic. Use at least 2 of any appropriate reference books from the library.