1. **Evolution of Management Thought**

2. **Learning Objectives** slide 1 of 2
   1. Describe the major influences on the development of management thought.
   2. Identify the five major perspectives of management thought that have evolved over the years.
   3. Describe the different sub-fields that exist in the classical perspective of management and discuss the central focus of each.
   4. Describe the theories of the major contributors to the behavioral perspective of management.

3. **Learning Objectives** slide 2 of 2
   5. Describe the characteristics of the quantitative perspective of management.
   6. Describe the systems perspective building blocks and their interactions.
   7. Describe the nature of the contingency perspective of management.
   8. Discuss the future issues that will affect the further development of management thought.

4. **Why Study Management History?**
   - Develop Strategic Thinking
   - Avoid Reinventing the Wheel
   - See the big picture
   - Improve conceptual Skills
   - Gain appreciating of how we got to where we are

5. **Environmental Factors Influencing Management Thought** slide 1 of 2
   - Economic Influences
   - Social Influences
   - Political Influences

6. **Environmental Factors Influencing Management Thought** slide 2 of 2
   - Technological Influences
   - Global Influences

7. **We could start as far back as 3000 B.C.**
   - 3000 B.C. – Sumerians used written rules and regulations for governance
   - 3000 B.C. – Egyptians used many management practices still used today in building pyramids
   - 1500 B.C. – Chinese used extensive organizational structure for government agencies and the arts.
   - 1000 B.C. – Romans used organizational structure for communication and control
Schools of Management Thought

Chronological Development of Management Thought

Classical Perspective

• Reflects evolution from farm based to industrial based society
• Managers had to cope with larger organizations
• Larger numbers of trained workers were needed
• Complex operations had to be scheduled

Scientific Management: Frederick W. Taylor (1856-1915)

Task Performance
• Scientific management incorporates several basic expectations of management, including:
  – Development of work standards (time and motion studies)
  – Selection of workers
  – Training of workers
  – Support of workers

Supervision
• Taylor felt that a single supervisor could not be an expert at all tasks.
• As a result, each first-level supervisor should be responsible only workers who perform a common function familiar to the supervisor.
• This became known as “Functional Foremanship.”

Motivation
• Taylor believed money was the way to motivate workers to their fullest capabilities.
• He advocated a piecework system in which worker’s pay was tied to their output.
  – Workers who med a standard level of production were paid a standard wage rate.
  – Workers whose production exceeded the standard were paid at a higher rate for all of their production output.

Scientific Management: Frank Gilbreth
• Specialized in time and motion studies to determine the most efficient way to perform tasks.
• The identification and measurement of a worker’s physical movements used to perform a task. Results were analyzed to determine most efficient way of competing the task.
• Used the new medium of motion pictures to examine the work of bricklayers.
• Identified 17 work elements (such as lifting and grasping) and called them therbligs.

Scientific Management: Lillian Gilbreth
• A strong proponent of better working conditions as a means of improving efficiency and productivity.
– She favored standard days with scheduled lunch breaks and rest periods for workers.
– She also strived for removal of unsafe working conditions and the abolition of child labor.

20 Outcomes of Scientific Management

1 Contributions
• Demonstrated the importance of differential compensation for performance
• Initiated the careful study of tasks and jobs
• Demonstrated the importance of personnel selection and training

2 Criticisms
• Did not appreciate the social context of work
• Did not acknowledge variance among individual abilities
• Tended to ignore workers as uniformed, lazy, and dumb.

21 Classical Perspective

22 Administrative Management: Henri Fayol
• Henri Fayol (1841-1925) was the first to recognize that successful managers had to understand the basic managerial functions.
• Developed a set of 14 general principles of management.
• Fayol’s managerial functions of planning, commanding, coordinating, organizing and controlling are routinely used in modern organizations.

23 Fayol’s Principles

24 Classical Perspective

25 Bureaucratic Management
• Focuses on the overall organizational system.
• Bureaucratic management is based upon:
  – Firm rules
  – Policies and procedures
  – A fixed hierarchy of authority
  – A clear division of labor
  – Impersonality
  – Employee selection and promotion based on KSA’s

26 Bureaucratic Management: Max Weber
• Max Weber (1864-1920) - a German sociologist and historian, is most closely associated with bureaucratic management.
  – Envisioned a system of management that would be based upon impersonal and rational behavior.
  – Conceptualized the approach to management referred to as bureaucracy.
    • Division of labor
    • Hierarchy of authority
    • Rules and procedures
    • Impersonality
    • Employee selection and promotion

27 Cutting through the Red Tape

28 Weber’s Forms of Authority
• Traditional authority
  – Subordinate obedience based upon custom or tradition (i.e., kings, queens, chiefs).
• Charismatic authority
  – Subordinates voluntarily comply with a leader because of his or her special personal qualities or abilities
• Rational-legal authority  
  – Subordinate obedience based upon the position held by superiors within the organization (i.e., police officers, executives, supervisors).

29 Negative Concepts of Bureaucracy
• Inflexibility and unyielding imposition of rules and procedures
• Impersonal treatment of customers
• Superiors are obeyed because of their position
• Employees rewarded based on how well they follow procedures not outcomes

30 Schools of Management Thought
31 Classical vs. Behavioral Perspective
32 Behavioral Perspective
• The behavioral perspective followed the classical perspective
• Acknowledged the importance of human behavior in shaping management style
• Associated with the following scholars:
  – Mary Parker Follett
  – Elton Mayo
  – Douglas McGregor
  – Chester Barnard

33 Mary Parker Follet
• Concluded that a key to effective management was coordination and harmony.
• Felt that managers needed to coordinate and harmonize group effort rather than force and coerce people (i.e., teamwork).
• Believed that management is a continuous, dynamic process.
• Felt that the best decisions would be made by people who were closest to the situation (i.e., employee empowerment!)

34 Elton Mayo
• Conducted the famous Hawthorne Experiments which were started in 1924 at the Hawthorne plant of Western Electric Company.
• Concluded that productivity increased because someone was “paying attention” to the workers.
• Mayo’s work represents the transition from scientific management to the early human relations movement.

35 Elton Mayo’s Hawthorne Effect
36 Douglas McGregor
• Proposed the Theory X and Theory Y styles of management.
• Theory X managers perceive that their subordinates have an inherent dislike of work and will avoid it if at all possible.
• Theory Y managers perceive that their subordinates enjoy work and that they will gain satisfaction from performing their jobs.

37 Theory X and Theory Y Assumptions
• Theory X assumes workers:
  • Prefer to be directed and want to avoid responsibility
  • Want to work as little as possible
• Have little ambition
• Want security above all else
• Resist change

2 Theory Y assumes workers:
• Do not be nature dislike work
• Can be creative problem solvers
• Will seek and accept responsibility
• Can commit to organizational goals
• Have great potential for development

38 Chester Barnard
• Felt that executives serve two primary functions:
  – Must establish and maintain a communications system among employees.
  – Must establish the objectives of the organization and motivate employees.
• Stated informal organizations exist in all formal organizations
• Developed a theory on authority:
  – Believed that authority flows from the ability of subordinates to accept or reject an order.

39 Schools of Management Thought

40 Quantitative Perspective slide 1 of 3
• Is characterized by its use of mathematics, statistics, and other quantitative techniques for management decision making and problem solving.
• This approach has four basic characteristics:
  – Decision-making focus
  – Measurable criteria
  – Quantitative model
  – Computers

41 Quantitative Perspective slide 2 of 3
• Decision-Making Focus
  – The primary focus of the quantitative approach is on problems or situations that require some direct action, or decision, on the part of management.
• Measurable Criteria
  – The decision-making process requires that the decision maker select some alternative course of action. The alternatives must be compared on the basis of some measurable criteria.

42 Quantitative Perspective 3 of 3
• Quantitative Model
  – To assess the likely impact of each alternative on the stated criteria, a quantitative model of the decision situation must be formulated.
• Computers
  – Computers are quite useful in the problem-solving process.

43 This is led to the area of management science and operations management
• Forecasting
• Inventory Control
• Linear and nonlinear programming
• Queuing theory
• Scheduling Simulations
• Breakeven analysis

44 Schools of Management Thought

45 Systems Perspective
• An approach to problem solving that is based on an understanding of the basic structure of systems:

46 Properties of Systems slide 1 of 2
• Environmental interaction
  – *Open systems* must interact with the external environment to survive.
  – *Closed systems* do not interact with the environment.

47 Properties of Systems slide 2 of 2
• Synergy
  – When all organizational subsystems work together making the whole greater than the sum of its parts.
• Entropy
  – The tendency for systems to decay over time.

48 Schools of Management Thought

49 Contingency Perspective
• A view that proposes that there is no one best approach to management for all situations.
• Asserts that managers are responsible for determining which managerial approach is likely to be most effective in a given situation.
• This requires managers to identify the key contingencies in a given situation.

50 Example of the Contingency Perspective
• Joan Woodward discovered that a particular management style is affected by the organization’s technology.
• Woodward identified and described three different types of technology:
  – Small-batch technology
  – Mass-production technology
  – Continuous-process technology

51 Production Technology Example

52 Blending Components into a Contingency Perspective

53 Contingency Perspective
• No “one best approach” to management
• Any of the four (and other more recent) managerial perspectives may be appropriate for different situations
• Often, combinations of the various approaches are necessary to solve problems and aid decision-making

54 Recent Historical Trends
Influencing Management Thought

55 William Ouchi’s Theory Z
• Japanese approach to management developed by William Ouchi.
• Advocates trusting employees and making them feel like an intimate part of the organization.
• Based on the assumption that once a trusting relationship with workers is established, production will increase.

56 Excellent Attributes
1 • Managing ambiguity and paradox
• A bias for action
• Close to the customer
• Autonomy and entrepreneurship
• Productivity through people
2 • Hands-on, value driven
• Stick to the knitting
• Simple form, lean staff
• Loose-tight properties

57 What Future Leaders Must Be
• Thoroughly schooled in the different management perspectives.
• Able to understand the various economic, political, social, technological, and global influences that have affected management thinking over the years… and will continue to shape future evolutionary changes in management thought.

58 What Future Leaders Must Be
• Capable of identifying and understanding key variables as they relate to the organization:
  – Environment
  – Production technology
  – Organizational culture
  – Organization size
  – International culture

59 What Future Leaders Must Be
• Prepared to select elements from the various management perspectives that are appropriate for his or her situation.
• Adaptable to change, because future conditions and developments can quickly render the chosen approaches obsolete.