

The Evolution of Management Theories

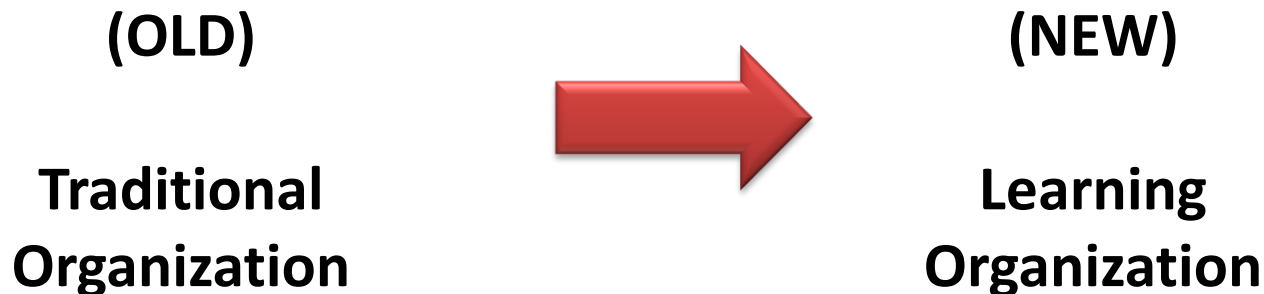
Semester 2

By:

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Various changes in the environment have influenced the way we do business.

Hence there is a shift from the Traditional approach (of management) to a New Paradigm (Model)



Factors influencing CHANGE

- Political forces
- Economic forces
- Social forces
- Globalization
- Diversity
- Technology

Characteristics of a Traditional Organization

- Centralized decision making
- Controlled through vertical hierarchy
- Division of Labour

Disadvantage:

Works only in stable time

Doesn't work in today's unstable, ever changing environment

Intro to learning organization

Company's to be successful in an ever changing environment they need to learn and respond quickly



Definition

Learning Organization is an organization where all employees get involved in identifying and finding solutions to organizational problems

Characteristics of the learning organization

- Democratic leadership
- Team based structure
- Employee empowerment
- Open information
- Participative strategy
- Strong adaptive culture

Difference between traditional and learning organization

	Old Paradigm	New Paradigm
Forces on Organization	Vertical Organization	Learning Organization
Markets Work force Technology Values	Local domestic Homogenous Mechanical Stability, efficiency	Global Diverse Electronic Change
MNG competencies		
Focus Leadership Doing work Relationships	Profits Autocratic By individuals Conflicts	Customers, employees Dispersed, empowering By teams collaboration

The history of Management

The concept of Management
Can be traced backed to 3000BC

However the formal study of Management
began

Late in the 19th Century with Industrial
Revolution

Evolution of Management Theory

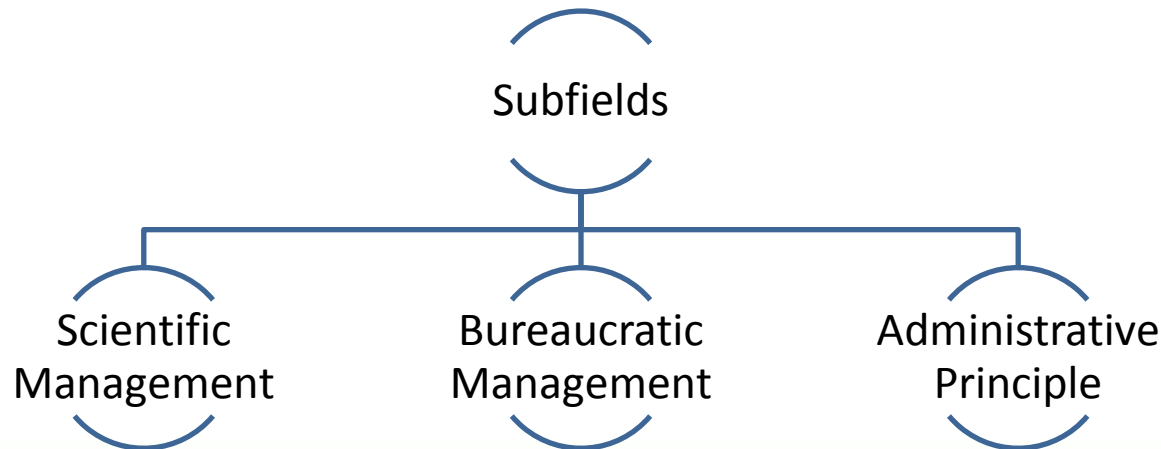
- Classical Perspective (1870 – 1940)
- Humanistic Perspective (1930 – 1990)
- Management Science Perspective (1940 – 1990)
- System Theory (1950 – 2000)
- Contingency Theory (1970 – 2000)
- Learning Organization (1990 – 2010)

The main management perspectives

- Classical perspective
- Humanistic perspective
- Management science perspective
- Contemporary theories

The Classical Perspective

- The classical perspective is the oldest formal theory of management. Its roots pre-date the 20th century.
- The classical perspective generally concerns ways to work and organizations more efficiently.



The Scientific Management Theory

- Developed by – Fredrick Winslow Taylor (1856 – 1915)
- Make organizations more efficient by making individuals efficient
- Focused on productivity of individual worker
- Can be done through a scientific analysis

Scientific Management is based on the following;

- Developing a standard methods for performing each job
- Selecting workers with appropriate abilities
- Training workers in a standard method
- Supporting workers by planning their work and eliminated interruptions

Taylor's contribution includes

- Demonstrating the importance of compensation for performance
- Initiating the careful study of tasks and jobs
- Demonstrating the importance of personnel and training

Some criticisms

- Did not appreciate the social context of work and higher needs of workers
- Did not acknowledge variance among workers
- Tended to regard workers as uniformed and ignored their ideas and suggestions

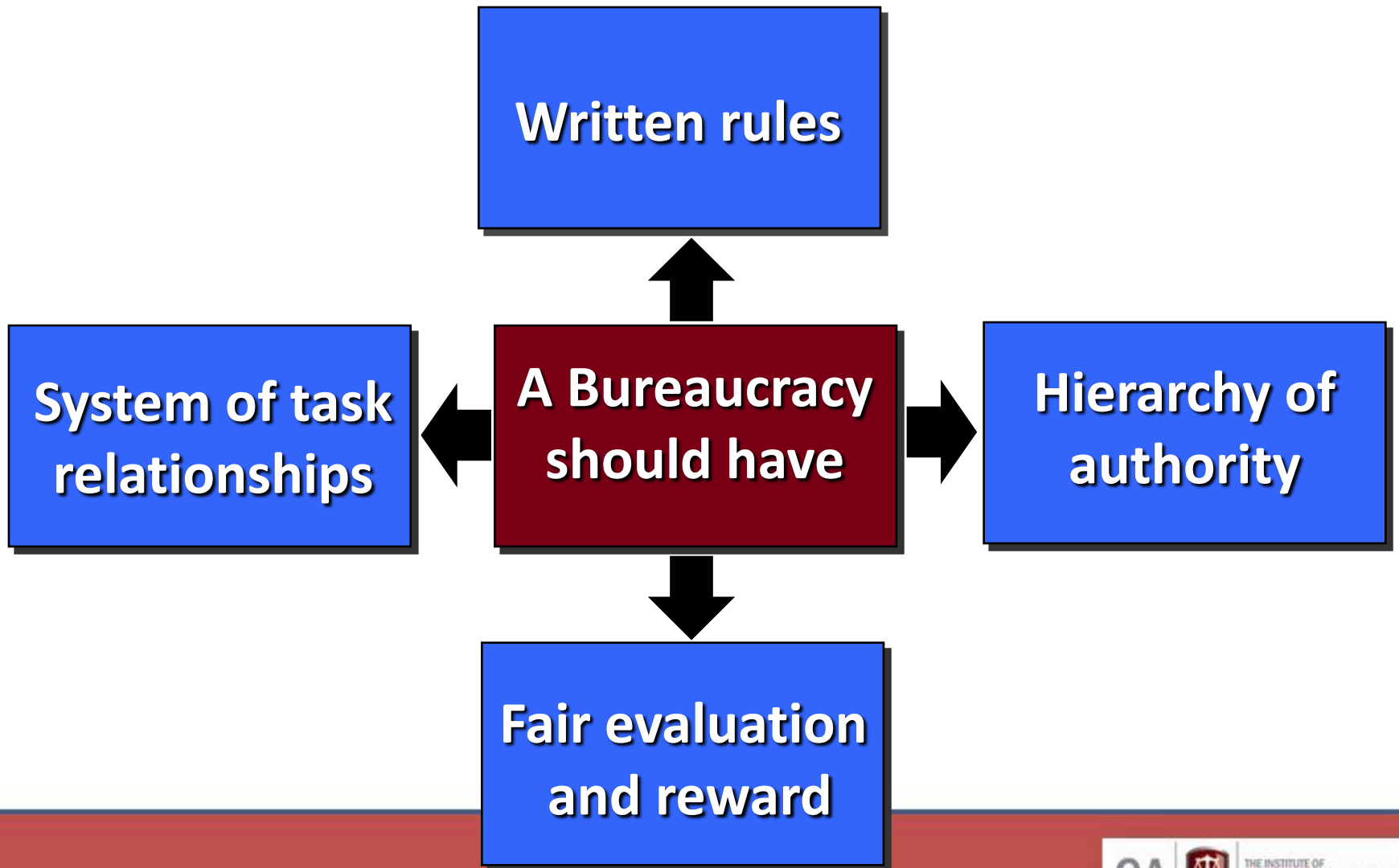
Bureaucratic Organizations

- Max Weber, a German theorist, introduced most of the concepts
- Traditional organizations were more focused on individuals and wasn't assigning responsibility and authority to positions. Hence high labour turnover.

Main Idea

- For organizations to survive responsibility and authority to be assigned to a position rather than to an individual
 - Systematic approach
 - Equal treatment
 - Everyone knows the rules

Bureaucratic Principles

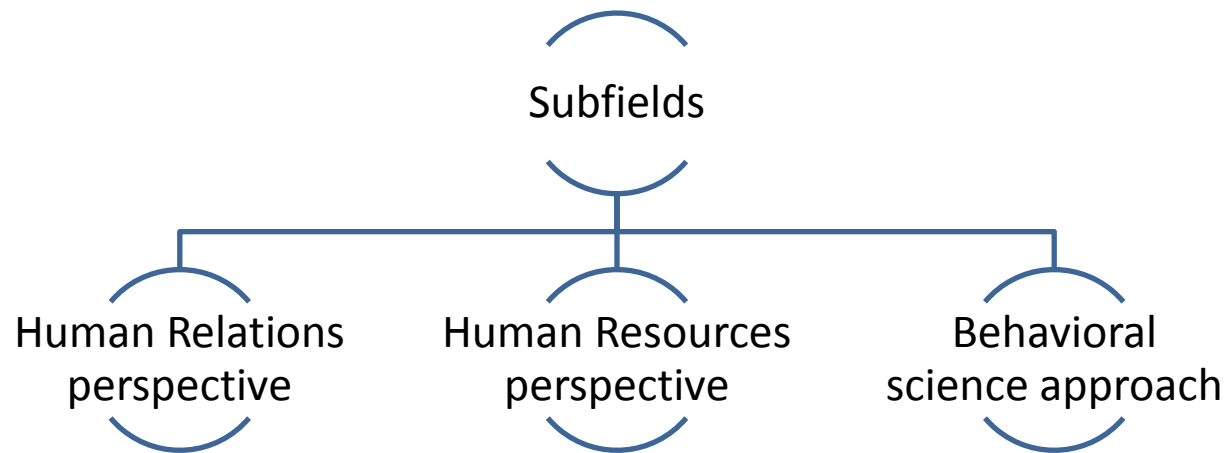


Administrative Management

- Seeks to create an organization that leads to both efficiency and effectiveness.
- Max Weber developed the concept of **bureaucracy**.
 - A formal system of organization and administration to ensure effectiveness and efficiency.

The Humanistic Perspective

Emerged around understanding human behaviour, needs and attitudes in workplace.



Behavioral Management

- Focuses on the way a manager should personally manage to motivate employees.
- Mary Parker Follett: an influential leader in early managerial theory.
 - Suggested workers help in analyzing their jobs for improvements.
 - The **worker** knows the best way to improve the job.
 - If workers have the knowledge of the task, then they should control the task.

The Hawthorne Studies

- Study of worker efficiency at the Hawthorne Works of the Western Electric Co. during 1924-1932.
 - Worker **productivity was measured** at various levels of light illumination.
 - Researchers found that regardless of whether the light levels were raised or lowered, productivity rose.
- Actually, it appears that the workers enjoyed the attention they received as part of the study and were more productive.

Theory X and Y

- Douglas McGregor proposed the two different sets of worker assumptions.
 - *Theory X*: Assumes the average worker is lazy, dislikes work and will do as little as possible.
 - Managers must closely supervise and control through reward and punishment.
 - *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 the worker great latitude, and create an organization to stimulate the worker.

Theory X v. Theory Y

Theory_x

Employee is lazy

Managers must closely supervise

Create strict rules & defined rewards

Theory Y

Employee is not lazy

Must create work setting to build initiative

Provide authority to workers

Theory Z

- William Ouchi researched the cultural differences between Japan and USA.
 - USA culture emphasizes the individual, and managers tend to feel workers follow the Theory X model.
 - Japan culture expects worker committed to the organization first and thus behave differently than USA workers.
- Theory Z combines parts of both the USA and Japan structure.
 - Managers stress long-term employment, work-group, and organizational focus.

Management Science

- Uses rigorous quantitative techniques to maximize resources.

Quantitative management: utilizes linear programming, modeling, simulation systems.

Operations management: techniques to analyze all aspects of the production system.

Total Quality Management (TQM): focuses on improved quality.

Management Information Systems (MIS): provides information about the organization.

Contemporary Theories

- **Considers relationships inside and outside the organization.**
 - The environment consists of forces, conditions, and influences outside the organization.

- **Systems theory considers the impact of stages:**

Input: acquire external resources.

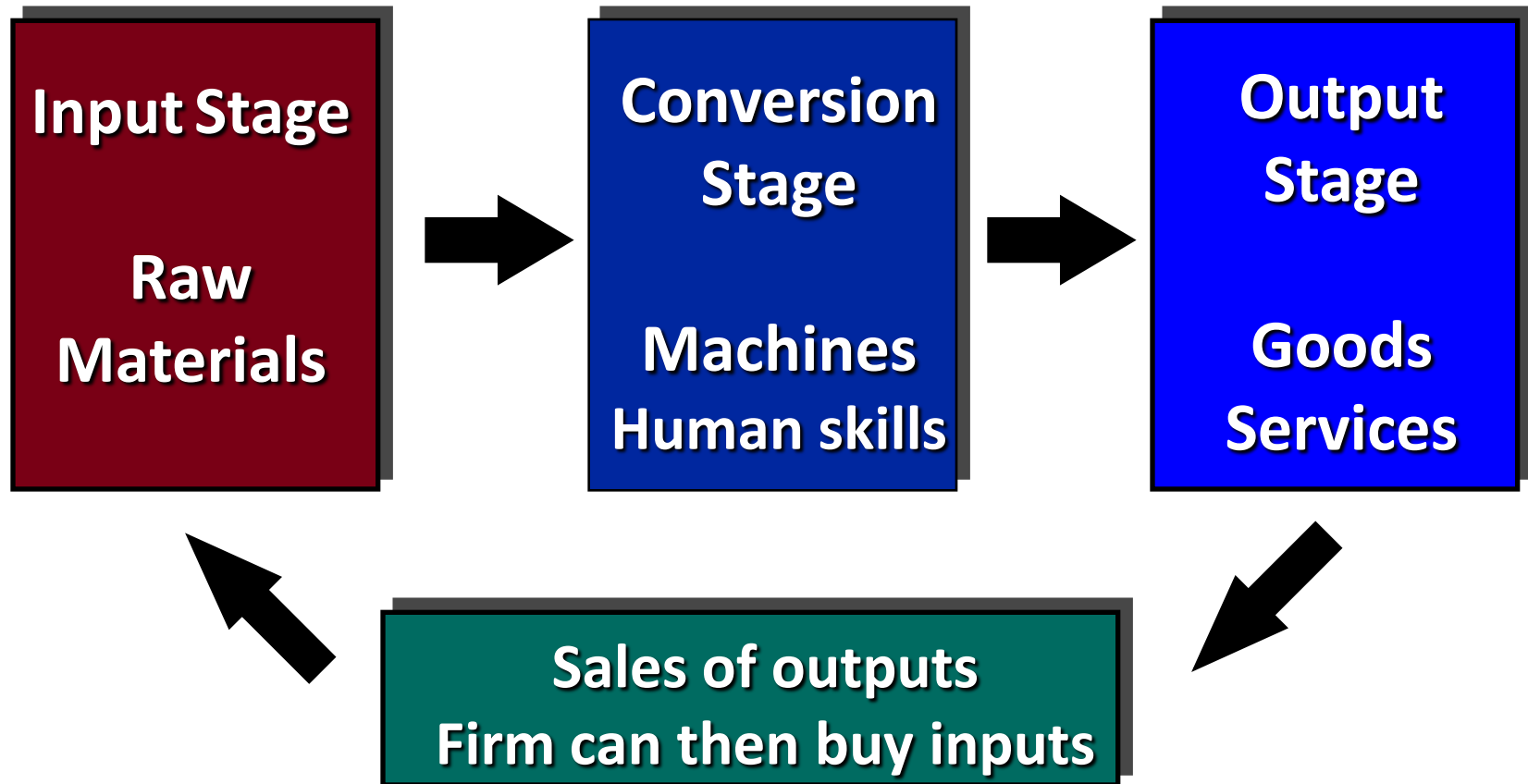
Conversion: inputs are processed into goods and services.

Output: finished goods are released into the environment.

Systems Considerations

- An open system interacts with the environment. A closed system is self-contained.
 - Closed systems often undergo entropy and lose the ability to control itself, and fails.
- *Synergy*: performance gains of the whole surpass the components.
 - Synergy is only possible in a coordinated system.

The Organization as an Open System



Contingency Theory

- Assumes there is no one best way to manage.
 - The environment impacts the organization and managers must be flexible to react to environmental changes.
 - The way the organization is designed, control systems selected, depend on the environment.
- Technological environments change rapidly, so must managers.

Structures

- *Mechanistic*: Authority is centralized at the top. (Theory X)
 - Employees closely monitored and managed.
 - Very efficient in a stable environment.
- *Organic*: Authority is decentralized throughout employees. (Theory Y)
 - Much looser control than mechanistic.
 - Managers can react quickly to changing environment.

Q&A