Evolution of Management Thought
From Classicist to Contemporary and Beyond
“Each age produces a form of organization appropriate to its own tempo. During the long epic of agricultural civilization, societies were marked by low transience. Delays in communication and transportation slowed the rate at which information moved. The pace of individual life was comparatively slow. And organizations were seldom called upon to make what we would regard as high-speed decisions.”

Alvin Toffler Futurist
Waves of Management

First Wave
- Companies built in the Agricultural Age
  - Family owned farms and agricultural enterprises
  - Cottage industries
  - Weaving and textile

Second Wave
- Companies that evolved in the Industrial Age
  - Emphasized mass production and growth

Third Wave
- Evolving in the Information Age
- Able to transform their products and organizations in response to changes in economic and social needs
  - Flexible
  - Creative
  - Innovative

Alvin Toffler - Futurist
Waves of Management

Cont’d

- **First Wave**
  - No defined Management school

- **Second Wave**
  - Scientific Management emerged
    - Classical Theory
    - Administrative Management Theory

- **Third Wave**
  - Behavioural Management
    - Process Theory
    - Content Theory
  - Management Science
  - Systems Theory
  - Contemporary Management Theory
The Evolution of Management Thought

- Early Management Thought
- Classical Perspective
- Contemporary Management Perspectives
- Behavioral Perspective
Second Wave
Scientific Management
Classical Theory

The Industrial Revolution - 1750

- Division of Work and Specialization
- Machine power substituted for hand labour
- Invention of steam engine and electricity
Third Wave
Scientific Management
Classical Theory

Fredrick Winslow Taylor
- Father of Scientific Management

- Developed 4 principles of Scientific Management

- The ‘one best way’.
  - Determined by management through observation

- Scientific selection of personnel
  - Uncover then develop weaknesses of workers

- Financial incentives
  - Pay workers according to what they produce

- Functional foremanship
  - Use specialized experts or functional foremen according to the need
Scientific Management
Classical Theory

Frank and Lillian Gilbreth

- Develop principles and practices to scientifically analyze tasks
- Used stop watches to improve production efficiencies
- Developed various tools
  - Motion-study principles
  - Therbligs
  - Micro motion studies
Henri Fayol stated that managers performed 5 basic functions of management:

- Planning
- Organizing
- Commanding
- Coordinating
- Controlling

Notice that most of these activities are very task-oriented, rather than people-oriented.
Scientific Management
Classical Theory

Henri Fayol

- Developed 14 principles
  - Division of work
  - Authority and responsibility
  - Discipline
  - Unity of command
  - Unity of direction
  - Subordination of individual interests to general interests
Scientific Management
Classical Theory

- Henri Fayol
  - 14 principles (cont’d)
    - Remuneration of personnel
    - Centralization
    - Scalar chain
    - Order
    - Equity
    - Stability of tenure of personnel
    - Initiative
    - Esprit de corps
Scientific Management
Classical Theory
a.k.a bureaucratic school

Max Weber and Power

- Three sources of legitimate authority or power
  1. Charismatic
     - Based on personal qualities innate or inherent of the leader which makes interaction with them attractive to followers
  2. Traditional
     - Based on roles, customs and rituals – often symbolic and sacred, e.g. Monarchy, military, church
  3. Bureaucratic (rational-legal)
     - Based on the office/position held and is formally defined with accepted rules and procedures
Scientific Management
Classical Theory

- Characteristics of Weber’s Bureaucracy
  - Well defined hierarchy of authority
  - A clear division of work
  - A system of rules covering the rights and duties of position incumbents
  - A system of procedures for dealing with the work situation
  - Impersonality of interpersonal relationships
  - Selections for employment, and promotion based on technical competence
Scientific Management

Classical Theory

Dysfunctional Bureaucracies

- Occurs when
  1. Managers allow rules and regulations to become cumbersome (bureaucratic red-tape) leading to inefficient organizations
  2. Managers rely heavily on rules and less on their own skills and judgment for problem-solving and decision-making
  3. Standardization and routine procedures make change and adaptation difficult in the face of change
  4. Relationship between office holders or roles are based on the rights and duties of each role - ultimately leading to predictability
  5. Exercise of control based on knowledge of experts leads to conflict with generalist managers and supervisors
  6. One effect of rigid behaviour can impact negatively on external and internal (manager-employee) customer relations
Mary Parker Follet

“Many people tell me what I ought to do and just how I ought to do it, but few have made me want to do something.”

- Built on the foundation established by the classicists
- Initiated trends which would give rise to the behavioural school through her work in human relations and organizational structure
- Posited that humans grew through their relationship with others in organizations
Scientific Management
Administrative Theory

Mary Parker Follett

“Many people tell me what I ought to do and just how I ought to do it, but few have made me want to do something.”

Concepts posited:

1. Universal Goal of organization
   - Refers to the integration of individual effort into a synergistic whole

2. Universal principle
   - Refers to the circular or reciprocal response emphasizing feedback to the sender (the concept of two-way conversation)

3. Law of the Situation
   - Emphasizes that there is no one best way to do anything, but that it depends on the situation.
Mary Parker Follet posited four means of conflict resolution:

1. voluntary submission of one party;
2. struggle and victory of one party over another;
3. compromise; and
4. integration - her favoured.

This involved finding a solution that satisfied both parties without compromise or domination.
Scientific Management

Administrative Theory

Mary Parker Follet

- Believed in the power of groups
- An advocate of empowerment
- Stated that conflict could be used constructively especially in labour-management relations
- Emphasized the need for organizational structures to be flatter
Scientific Management

Administrative Theory

Mary Parker Follet

- Stated that management was the “the art of getting things done through people.”
- Leadership should be dictated based on knowledge and experience and not through formal authority
- Posited the “circular response”
  - That is, within the context of groups, the leader influences and is influenced concurrently by the group.
Mary Parker Follet

- Believed in the coordination and control to effectively achieve group goals
- Stated that the CEO, “must understand that what is good for the community is good for the business in the long run.”
Scientific Management

Administrative Theory

Focus on the theories of Scientific Management

- Boosting efficiency
- Developed analytical tools, techniques and principles that would enable manager to create efficient organizations
- Human work behaviour was not important
- “Design the most highly specialized and efficient job you can,” assumed the classicist, and “plug in the worker who will then do you bidding if the pay is right.”
Contributions from Scientific Management

- A rational approach to the organization of work
  - Tasks and processes were measured accurately

- Measurement allowed for
  - improvement in work design
  - working methods
  - plant design e.t.c.

- Increased individual and organizational productivity
Contributions from Scientific Management

- Performance related pay
  - Use of Incentive schemes
- Effective leadership at the shop floor level
- Improved working conditions for employees
- Established foundation for - quantitative techniques including modern work study
Limitations of Scientific Management

- Lack of employee empowerment
  - There was strict adherence to methods and procedures

- Fragmentation of Work
  - Emphasis was placed on analysis and organization of individual tasks and operations

- “Carrot and stick” approach to managing
  - Motivation was tied to output
Limitations of Scientific Management

- Planning and control was the exclusive right of management
  - Workers were not involved in determining the process or procedures
- No place for bargaining about wage rate
  - Dictated by scientifically measured and rated output