Evolution of Management Theories

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Evolution of Management Theories

1. The Classical theory of management
   a) Scientific Management
   b) Bureaucratic Management
   c) Administrative Management

2. Neo-Classical Theory
   a) Human Relations
   b) Behavioral Science Approach

3. The Modern Management Theories
   a) Quantitative Approach
   b) System Approach
   c) Contingency Approach
   d) Operational Approach
Development of Management Thought

- Impact of Industrial Revolution.

Classical Approach

- Fredrich Taylor
  - Gilbreths
  - Henry Gantt
  - Scientific Management

- Max Weber
  - Bureaucratic Management

- Henri Fayol
  - Administrative Management
F.W. Tayler’s Contribution (1856-1915)

- Father of Scientific Management

Principles of F.W. Tayler’s Management

1) Scientific task setting based on time, motion and fatigue study.

2) Fitting the “right person for the right job” by proper selection, training and placement of personnel.

3) Improvement in work by
   i. Standardisation of tools and equipment
   ii. Improvement in work environment

4) Employers and employees should not feel that they are exploiting each other (Mental revolution)

5) Differential piece rate wage system to distinguish between efficient and inefficient workers (Tayler’s Differential Piece Rate Plan)

6) Intelligent investigation and analysis of the different unit of the business.

7) Scientific study of each unit of the business.

8) Separation of the planning and execution based on specialisation.
Contributions of Gilbreths

- Scientific study of management should include both analysis and synthesis.
- Analysis: Breaking down a task into its essential elements.
  Synthesis: Include necessary element for efficient work and eliminate other elements.
- He concentrated on Motion Study and suggested the first definition—"motion study as the science of eliminating wastefulness resulting from unnecessary, ill directed and inefficient motions".
- He developed Process Chart: Over all picture of all activities in a chart form.

Contributions of Henry L. Gantt

- Worked with F.W. Taylor.
- He improved Taylor’s differential piece rate system—Task and Bonus Plan (Provide extra wages for extra work).
- He developed the daily balance chart (Gantt chart) → output in one axis and time on the other axis.
- Humanistic approach and industrial responsibility.

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SCIENTIFIC MANAGEMENT

• F.W.Tayler- Father of Scientific Management
• Main contributors- F.W.Tayler, Frank Gilbreths, Gantt
• Impact of Industrial Revolution

Principles of Scientific Management
1) Replacement of old rule of thump method
2) Scientific selection and training
3) Labor-Management co-operation (mental revolution)
4) Maximum output
5) Equal division of responsibility
Techniques of Scientific Management

1) Scientific task setting - *fair day’s work*
2) Work study - *method, time, fatigue and motion study*
3) Planning the task
4) Standardisation
5) Scientific selection and training
6) Differential piece-wage plan
7) Specialisation
Criticism of Scientific Management

- Functional organization structure (An operator is controlled by eight foremen)– In practice and violates unity of command.
- It concentrated on production management and ignores the area of Finance, Marketing, Accounting and Personnel.
- Workers objected Tayler’s Differential piece wage plan because wages of workers are not increased in direct proportion to the increase in productivity.
- It undermined the human factor in industry. It resulted in monotony of job, loss of initiative, wage reductions, job insecurity etc.
BUREAUCRATIC MANAGEMENT

• Max Weber (1864-1920)
• Rules and regulations to eliminate managerial inconsistencies

Characteristics
1) Division of work
2) Hierarchy of position
3) Rules and regulations
4) Impersonal conduct
5) Staffing
6) Technical competence
7) Official records
ADMINISTRATIVE MANAGEMENT

• Henri Fayol (1841-1925) Father of modern management
• Introduced pyramidal form of organisation.

Management consist 6 types of activities
1) Technical Activities (Production, Manufacturing)
2) Commercial Activities (Purchasing, Selling and Exchange)
3) Financial Activities (Optimum use of capital)
4) Security (Protection of property and persons)
5) Accounting (Stock taking, Balance sheet, costing, statistics)
6) Managerial (Planning, organizing, coordinating and controlling)
PRINCIPLES OF MANAGEMENT

(HENRI FAYOL’S 14 PRINCIPLES)

- It implies list of current management practices
1) Division of work(or Labor)
2) Authority & Responsibility
3) Discipline
4) Unity of command
5) Unity of direction
6) Subordination of individual to general interest
7) Remuneration
8) Centralisation of authority
9) Scalar chain or Line of authority
10) Order
11) Equity of treatment
12) Stability of workers
13) Initiative
14) Team spirit (Espirit de crops)
1. Human Relations

- Elton Mayo- Founder of Human Relations.
- He conducted an experiment on Hawtrone plant of Western Electric Company and concluded that production efficiency of workers depends upon emotional factors.
- Happy & satisfied employees trying to increase production.
2. Behavioral Science Approach

- Main contributors - Maslow, F. Herberg & D. Mc Gregor
- Application of behavioral science such as psychology, sociology & anthropology to the study of human relationship.

1) Organisation is basically a social system and not just techno-economical system.

2) Individuals may behave differently under different situations.

3) Attempts should be made to connect organisational goals & human needs.

4) Management must develop social skills in addition to technical skill. Man to man relationship, team spirit & group harmony should be given top preference by management.
MODERN MANAGEMENT THEORIES

Quantitative Approach

- Main contributors – Taylor, Gilbreths, Gantt, Newman & Joel Dean.

1) Management is concerned with problem solving and it must make use of mathematical tools and techniques for the purpose.

2) The different factors involved in management can be quantified and expressed in the form of equations which can be solved with the help of mathematical tools.

3) Management problems can be described in mathematical models.

4) Operation research, mathematical tools, simulation and model building are the basic methodologies developed by this approach.
2. System Approach

- Main contributors – Johnson, Church man, Kenneth, Boulding & Rosen Zweig
- Related to organisation system is defined as – “An established arrangement of components which leads to accomplish of particular objectives as per plan”
- All organisations are open system.
3. Contingency Approach

- Main contributors – John Woodward, Fiedler, Lorsch & Lawrence.
- Management is situational & main objective of management is to identify the important variables in the situations.
- 3 Major parts of overall conceptual frame work for contingency management
  1. Environment
  3. Contingent relationship between (1)&(2) above.
4. Operational Approach

- Main contributors- Koontz, O’Donnell and Weihrich
- It regards management as a universally applicable body of knowledge that can be brought to bear at all levels of managing and in all types of enterprise.
- It recognizes that the actual problems which managers face and the environment in which they operate may vary between different enterprises and levels.