




Lecture 1  
L P Rupasena

# EVOLUTION OF MANAGEMENT THEORY



# Learning Objectives

- List different approaches/theories of management
  - Describe the types of models most useful in management science
  - Explain the underline reasons for development of different management theories
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# Management Theory/Approach

1. Scientific Management Theory/Approach
2. Classical Organization Theory/Approach
3. Behavioral Theory/Approach
4. System Theory/Approach
5. Contingency Theory/Approach

# Scientific Management Theory

Focused on worker's productivity

- Frederick Taylor- (1856 -1915)
- Henry Gantt- (1861-1919)
- Frank (1868 -1924 )and Lillian Gilbreth (1878-1972)

# Frederick W. Taylor (1856-1915)


Taylor developed four principle

1. Management as a separate subject
2. Scientific selection of workers so that worker would be given responsibility for the task for best suited
3. Scientific education and development of the worker
4. Friendly cooperation between management and labour
5. Suggested differential rate system for payment.




# Henry Gantt (1861-1919)

- Suggested bonus system instead of the differential rate system for every worker who finished a day's assigned. The supervisor would earn a bonus when all the workers get bonus.
- Develop a system to monitor the performance of the worker.




# Frank (1868-1924) and Gilbreth (1878-1924)

- They studied the relationship between motions (movements) and productivity of workers in order to find the most economical motion for each task in order to upgrade performance and reduce fatigue ( extreme tiredness).
  - They emphasized the individual workers' welfare.
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# Classical organization Theory

Focused on principles and skills that underline the effective management

- Henri Fayal - (1841-1925)
  - Max Weber - (1864-1920)
  - Mary Parker Follett - (1868-1933)
  - Chester Barnard - (1886-1960)
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# Henri Fayal (1841-1925)

- Focused on management of the entire organization.
- First came up with the five basic functions of management—Planning, Organizing, Staffing, Directing, and Controlling
- First wrote that management is a set of principles which can be learned.
- Developed Fourteen Principles of Management

# Henri Fayal's Fourteen Principles of Management

- 1. Specialization of labor-** Specializing encourages continuous improvement in skills and the development of improvements in methods
- 2. Authority-** The right to give orders to get things done. Managers should give orders to get things done.
- 3. Discipline-** Need to respect rules and regulations that govern the organization. Discipline results from good leadership at all levels of the organization
- 4. Unity of command-** Each employee has one and only one boss. Instructions should come from only one person.

# Henri Fayal's Fourteen Principles of Management

- 5. Unity of direction-** One manager for direction of the same objective.
- 6. Subordination of individual interests to the common good-** The interests of employees should not take precedence (higher order) over the interests of the organization.
- 7. Remuneration.** Employees receive fair payment for services, not what the company can get away with.

# Henri Fayal's Fourteen Principles of Management (cont.)

**8. Centralization-** Consolidation of management functions. Decisions are made from the top.

**9. Hierarchy-** Formal chain of command running from top to bottom of the organization, like military

**10. Order-** All materials and personnel have a prescribed place, and they must remain there.

**11. Equity.** Equality of treatment

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# Henri Fayal's Fourteen Principles of Management (Cont.)

**12. Stability of staff-** Limited turnover of personnel and lifetime employment for good workers

**13. Initiative-** Thinking out a plan and do what it takes to make it happen.

**14. Esprit de corps-** Prompting team spirit will give the organization a sense of unity. The use of verbal communication instead of formal written communication is more productive.


# Max Weber (1864-1920)

Developed a theory of bureaucratic management that stressed the need for a strictly defined hierarchy governed by clearly defined regulations and lines of authority.




# Mary Parker Follett (1868-1933)

Focused on organization as a group and management is the art of getting things done through people.





# Chester Barnard ( 1886-1960)

- Bernard philosophy is “ An enterprise can operate efficiently and survive only when the origination’s goals are kept in balance with the aims and needs of the individual working for it”.
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# Behavioral Theory

Focused on effective ways to manage people in organizations

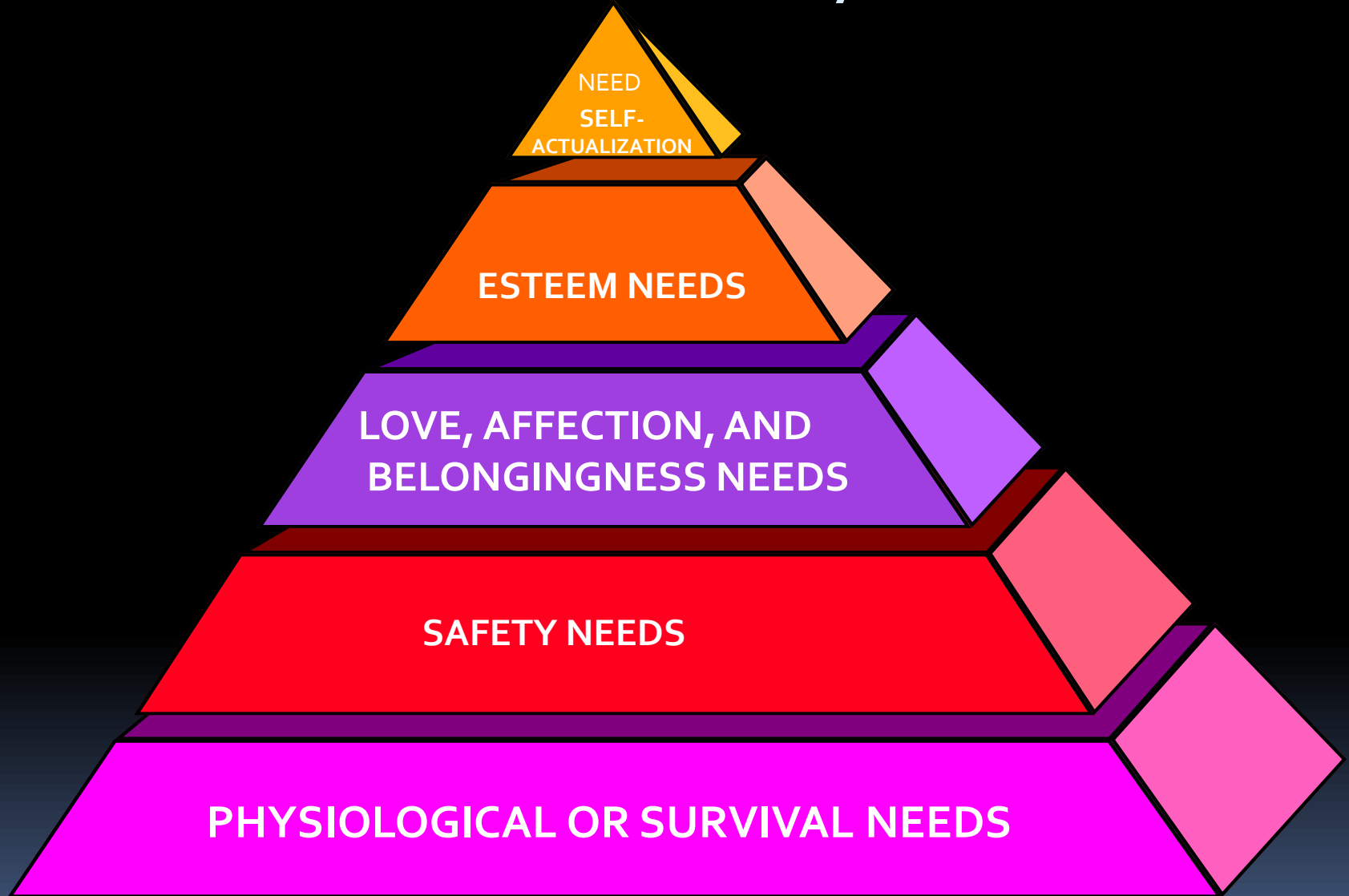
- Abraham Maslow
  - Douglas McGregor (Theories X and Y)
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# Abraham Maslow (1908-1970)

- According to Maslow the needs that people are motivated to satisfy fall into a hierarchy.
- Physical and safety needs are at the bottom of the hierarchy and ego needs (the need for respect) and self actualizing needs (personal growth) are at the top.
- Lower level needs must be satisfied before higher level needs can be met

# Maslow's Hierarchy of Needs



# Theories X and Y

- Theory X: classical theory
  - Most people dislike work and responsibility, they are motivated only by money and do not care about the job.
  - Close supervision is required and people must be carefully controlled and coerced into working.
  - Average person prefers direction.

# Theories X and Y

- Theory Y: Modern Management Theory
  - People often enjoy their work and will exercise self-control at work.
  - People are motivated by wanting to do a good job and will do well if the opportunity is presented.
  - People have capacity for imagination, ingenuity, and creativity.
  - People enjoy expending physical and mental effort in work as much as play and rest.

# System Theory

- Use mathematical techniques to address the management problem
- Develop with computer application
- Identify the reasons for the problem and examine the magnitude of the relationship

# Contingency Management Theory

- Managing in different and changing situations
- Require managers to use different approaches and techniques
- ***Contingency perspective*** - different ways of managing are required in different organizations and different circumstances
  - stresses that there are no simplistic or universal rules