

Supplement 1

History of Management Trends

Lecture Outline

Introduction

Historical Background of Management

Scientific Management

 Important Contributions

 Frederick W. Taylor

 Frank and Lillian Gilbreth

 How Do Today's Managers Use Scientific Management?

General Administrative Theory

 Important Contributions

 Henri Fayol

 Max Weber

 How Do Today's Managers Use General Administrative Theory?

The Quantitative Approach

 Important Contributions

 How Do Today's Managers Use Quantitative Approach?

Organizational Behaviour

 Early Advocates

 The Hawthorne Studies

 How Do Today's Managers Use the Behavioural Approach?

The Systems Approach

 The Systems Approach and Managers

The Contingency Approach

 The Contingency Approach and Managers

Summarizing Management Theory

The purpose of this supplement is to demonstrate that knowledge of management history can help you better understand current management theory and practice. Thus, in order to understand the theories and practices used today, it's important for management students to look at the evolution of management thought and practices.

SUPPLEMENT OVERVIEW

1. INTRODUCTION

Exhibit S1-1 presents the six major approaches to management.

2. HISTORICAL BACKGROUND OF MANAGEMENT

Regardless of what managers were called in their oversight of such projects as the building of the pyramids or the Great Wall of China, someone had to plan what was to be done, organize people and materials to do it, lead and direct the workers, and impose some controls to ensure that everything was done as planned. While organizations and managers have been around for thousands of years, two pre-twentieth-century events are particularly significant to the study of management.

1. In 1776 Adam Smith published *The Wealth of Nations* in which he argued for the economic advantages that organizations and society would gain from the **division of labour**—the breakdown of jobs into narrow and repetitive tasks.
2. The **Industrial Revolution** of the eighteenth century substituted machine power for human power, making it economical to manufacture goods in factories rather than at home.

Consequently, managers were needed to forecast demand, ensure that enough material was on hand to make products, assign tasks to people, and direct daily activities. It was not until the early 1900s that the first major step was taken toward developing a formal theory to guide managers in running these large organizations.

3. SCIENTIFIC MANAGEMENT

Scientific management is defined as the use of the scientific method to define the “one best way” for a job to be done.

A. Important Contributions

1. Frederick W. Taylor is known as the “father” of scientific management. Taylor’s work at the Midvale and Bethlehem Steel companies motivated his interest in improving efficiency.
 - a. Taylor sought to create a mental revolution between employees and managers by defining clear guidelines for improving production efficiency. He defined four principles of management (see *Tips for Managers – Taylor’s Four Principles of Management on page 29*).
 - b. Using his principles of scientific management, Taylor was able to define the “one best way” for doing each job.
 - c. Overall, Taylor achieved consistent improvements in productivity in the range of 200 percent. He affirmed the role of managers to plan and control and of employees to perform as they were instructed.
2. Frank and Lillian Gilbreth were inspired by Taylor’s work and went on to study and develop their own methods of scientific management.
 - a. Frank Gilbreth is probably best known for his experiments in reducing the number of motions in bricklaying.
 - b. The Gilbreths were among the first to use motion picture films to study hand and body motions in order to eliminate the wasteful ones.
 - c. They also devised a classification scheme to label 17 basic hand motions, called therbligs.

- B. How Do Today's Managers Use Scientific Management?
The guidelines that Taylor and others devised for improving production efficiency are still used in organizations today. Current management practice isn't restricted to scientific management, however. Some elements still used include the use of
1. Time and motion studies,
 2. The best qualified workers, and
 3. Design incentive systems based on output.
4. GENERAL ADMINISTRATIVE THEORY
This group of writers focused on the entire organization. They're important for developing more general theories of what managers do and what constitutes good management practice.
- A. The two most prominent theorists behind the general administrative approach were Henri Fayol and Max Weber.
1. Henri Fayol wrote during the same time period as Frederick Taylor and was the managing director of a large French coal-mining firm.
 - a. His attention was aimed at the activities of all managers.
 - b. He described the practice of management as distinct from other typical business functions.
 - c. He stated 14 principles of management, fundamental rules of management that could be taught in schools and applied to organizations. (See *Tips for Managers—Fayol's 14 Principles of Management* on page 30.)
 2. Max Weber (pronounced VAY-ber) was a German sociologist who wrote in the early part of the 20th century.
 - a. He developed a theory of authority structures and described organizational activity based on authority relations.
 - b. He described the ideal form of organization—the bureaucracy, defined as a form of organization marked by division of labour, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships (see **Exhibit S1-2**).
- B. How Do Today's Managers Use General Administrative Theories?
Some of our current management concepts and theories can be attributed to the work of the general administrative theorists.
1. The functional view of a manager's job can be traced to Henri Fayol.
 2. Weber's bureaucratic characteristics are still evident in many of today's large organizations. Even in highly flexible organizations of talented professionals, some bureaucratic mechanisms are necessary to ensure that resources are used efficiently and effectively.
5. THE QUANTITATIVE APPROACH
The quantitative approach to management involves the use of quantitative techniques to improve decision-making. This approach has been called *operations research* or *management science*. It includes applications of statistics, optimization models, information models, and computer simulations.
- A. Important Contributions
1. The quantitative approach evolved out of the development of mathematical and statistical solutions to military problems during World War II.
 2. One group of military officers—the Whiz Kids—included Robert McNamara and Charles "Tex" Thornton.

- B. How Do Today's Managers Use the Quantitative Approach?
 1. This approach has contributed most directly to managerial decision making, particularly in planning and controlling.
 2. The availability of sophisticated computer software programs made the use of quantitative techniques somewhat less intimidating for managers.

6. ORGANIZATIONAL BEHAVIOUR

The field of study concerned with the actions (behaviours) of people at work is called organizational behaviour. Organizational behaviour (OB) research has contributed much of what we know about human resources management and contemporary views of motivation, leadership, trust, teamwork, and conflict management.

- A. Early Advocates

Four people stand out as early advocates of the OB approach. These include Robert Owen, Hugo Munsterberg, Mary Parker Follett, and Chester Barnard. Their ideas provided foundation for practices such as employee selection procedures, motivation programs, work teams, and organization–environment management techniques. (See **Exhibit S1-3** for a summary of the most important ideas of these early advocates.)
- B. The Hawthorne Studies were, without question, *the* most important contribution to the developing OB field.
 1. These were a series of experiments conducted from 1924 to the early 1930s at Western Electric Company's Hawthorne Works in Cicero, Illinois, and later joined by Harvard professor Elton Mayo and his associates.
 2. The studies were initially devised as a scientific management experiment to assess the impact of changes in various physical environment variables on employee productivity.
 3. Other experiments looked at redesigning jobs, making changes in workday and workweek length, introducing rest periods, and introducing individual versus group wage plans.
 4. The researchers concluded that social norms or group standards were the key determinants of individual work behaviour.
 5. Although not without critics (of procedures, analyses of findings, and the conclusions), the Hawthorne studies did stimulate an interest in human behaviour in organizations.
- C. How Do Today's Managers Use the Behavioural Approach?
 1. The behavioural approach aids managers in designing motivating jobs, working with employee teams, and opening up communication channels.
 2. The behavioural approach has provided the foundation for current theories of motivation, leadership, group behaviour and development, and other behavioural topics.

7. THE SYSTEMS APPROACH

During the 1960s researchers began to analyze organizations from a systems perspective based on the physical sciences.

1. A system is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

2. The two basic types of systems are open and closed. A closed system is one that is not influenced by and does not interact with its environment. An open system is one that dynamically interacts with its environment (see **Exhibit S1-4**).
- A. The Systems Approach and Managers
 1. An organization is made up of “interdependent factors, including individuals, groups, attitudes, motives, formal structure, interactions, goals, status, and authority.”
 2. Managers coordinate the work activities of the various parts of the organization.
 3. Decisions and actions taken in one organizational area will affect others and vice versa.
 4. Organizations are not self-contained. They rely on their environment.
8. THE CONTINGENCY APPROACH

A contingency approach is intuitively logical. However, it is one thing to say that the way to manage “depends on the situation” and another to say what it depends on.

 1. The contingency approach to management is a view that the organization recognizes and responds to situational variables as they arise.
 2. Some popular contingency variables are shown in **Exhibit S1-5**.
9. SUMMARIZING MANAGEMENT THEORIES

Exhibit S1-6 indicates how the six theories compare their focus with one another.