

History of Management

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Classical or Administrative Management (1920-1950): Differences from Scientific Management

- **Scientific management** writers focused on what is called **shop management**. They concentrated on improving efficiency **below the managerial level**. It was not until the rise of the **administrative school** that writers systematically approached making the management of the **overall organization more effective**.



Classical or Administrative Management: Henri Fayol

- Fayol made a major contribution to management by viewing management as a universal process consisting of several related functions such as planning and organizing, motivating and controlling.

- ***Planning***
- ***Organizing***
- ***Motivating***
- ***Controlling***

Classical or Administrative Management (1920-1950): Differences from Scientific Management

- Taylor and Gilbreth began as **common laborers**, which doubtless influenced their thinking about managing organizations. In contrast, the major contributors to administrative management had more direct experience with upper-level management in big business. Henri Fayol, credited with originating the school and sometimes called the father of management, **managed a large French coal mining firm.**

Classical or Administrative Management (1920-1950): Characteristics

Like scientific management, the classical school writers did not show strong concerns for the social aspects of managing. **The classical school's objective was to identify universal principles of management.** The underlying idea was that following these principles would invariably lead to organizational success. These principles covered two major areas.

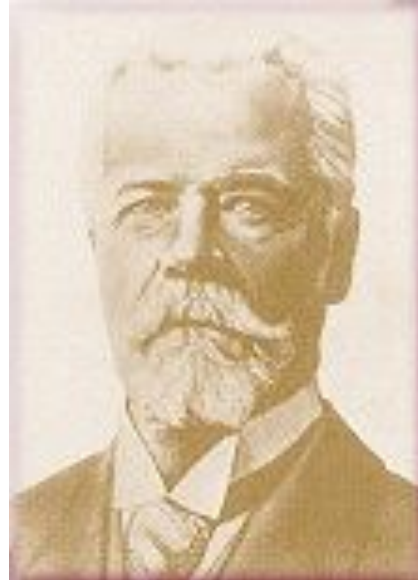
Classical or Administrative Management: the 1-st area

- One was the design of a **rational system for administering** an organization. By identifying the major functions of a business, the classical theorists believed they could determine the best way to divide the organization into work units or departments. Traditionally, these business functions are finance, production, and marketing. Closely related to this was the identification of the basic functions of management. Fayol made a major contribution to management by viewing management as a universal process consisting of several related functions such as planning and organizing.

Classical or Administrative Management: the 2-nd area

- The second category of classical principles was concerned with **structuring organizations** and managing employees. An example is the principle of **unity of command**, which holds that a person should receive orders from only one superior and answer only to that superior.

Henri Fayol's 14 Principles Of Management



1. Division Of Work

Specialization allows the individual to build up experience, and to continuously improve his skills. Thereby he can be more productive.

2. Authority

The right to issue commands, along with which must go the balanced responsibility for its function.

3. Discipline

Employees must obey, but this is two-sided: employees will only obey orders if management play their part by providing good leadership.

4. Unity Of Command

Each worker should have only one boss with no other conflicting lines of command.

5. Unity of Direction

People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise. Unity of command does not exist without unity of direction but does not necessarily flow from it.

6. Subordination of individual interest

Management must see that the goals of the firms are always paramount.

7. Remuneration

Payment is an important motivator although by analyzing a number of possibilities, Fayol points out that there is no such thing as a perfect system

8. Centralization (Or Decentralization)

This is a matter of degree depending on the condition of the business and the quality of its personnel.

9. **Scalar chain** (Line of Authority)

A hierarchy is necessary for unity of direction. But lateral communication is also fundamental, as long as superiors know that such communication is taking place. Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization. It should not be over-stretched and consist of too-many levels

10. Order

Both material order and social order are necessary. The former minimizes lost time and useless handling of materials. The latter is achieved through organization and selection.

11. Equity

In running a business a 'combination of kindness and justice' is needed. Treating employees well is important to achieve equity.

12. Stability of Personnel

Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely.

13. Initiative

Allowing all personnel to show their initiative in some way is a source of strength for the organization. Even though it may well involve a sacrifice of 'personal vanity' on the part of many managers.

14. Esprit de Corps

Management must foster the morale of its employees. He further suggests that: “real talent is needed to coordinate effort, encourage keenness, use each person’s abilities, and reward each one’s merit without arousing possible jealousies and disturbing harmonious relations.”

What Is Management? (According To Fayol)

Fayol's definition of management roles and actions distinguishes between **Five Elements**:

- **Prevoyance.** (Forecast & Plan). Examining the future and drawing up a plan of action. The elements of strategy.
- **To organize.** Build up the structure, both material and human, of the undertaking.
- **To command.** Maintain the activity among the personnel.
- **To coordinate.** Binding together, unifying and harmonizing all activity and effort.
- **To control.** Seeing that everything occurs in conformity with established rule and expressed command.

Contributions of the Schools of Management:

Classical Management School

- 1. Development of principles of management
- 2. Description of the functions of management
- 3. Systematic approach to management of overall organization

Human Relations (1930-1950) and Behavioral Science (1950-Present)

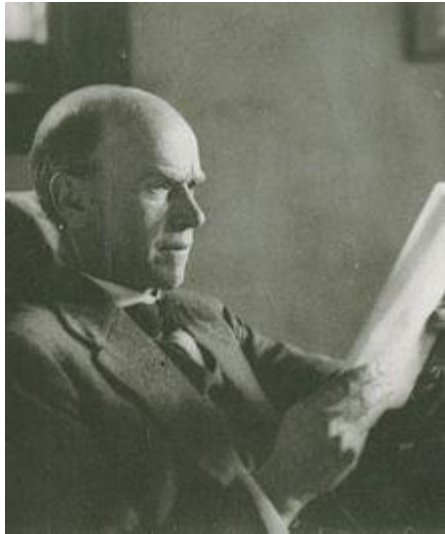
- The scientific management and classical schools developed when the science of psychology was in its infancy. Moreover, since persons interested in psychology were rarely interested in management, the scant existing knowledge of the human mind was not related to the problems of work. Consequently, although scientific and classical writers recognized the importance of people, they limited their discussion to such factors as fair pay, economic incentives, and establishing formal relationships.

Human Relations (1930-1950) and Behavioral Science (1950-Present)

- Mayo found that an efficiently designed job and adequate pay would **not always lead to improved productivity**, **as the scientific management school believed**. Forces arising from interaction between people could and often did override managerial efforts. People sometimes responded more strongly to pressure from others in the work group than to management's desires and incentives.

Contributions of the Schools of Management: **Human Relations and Behavioral Science Schools**

- **1.** Application of *human relations* techniques to increase satisfaction and productivity
- **2.** Application of *behavioral science* to management and the design of organizations so that each employee is used to full potential



Elton Mayo: communication is an incentive

*Elton Mayo was one of the few academics of his time with both a sound understanding of **scientific management** and training in **psychology**.*

Efforts to Use Psychology in Management

- *He established his reputation in an experiment conducted in a Philadelphia textile mill between 1923 and 1924. Turnover in this mill's spinning department had reached 250 percent, whereas other departments had a turnover of between 5 and 6 percent. Financial incentives instituted by efficiency experts failed to affect this turnover and the department's low productivity, so the firm's president requested help from Mayo and his associates.*



Efforts to Use Psychology in Management

After carefully examining the situation, Mayo determined that the spinner's work allowed the men few opportunities to communicate with one another and that their job was held in low regard. He felt that the solution to the problem of turnover lay in changing working conditions, not in increasing rewards. With management's permission he experimented with the introduction of two 10-minute rest periods for the spinners. The results were immediate and dramatic. Turnover dropped, morale improved, and output increased tremendously. Later, when a supervisor decided to do away with the breaks, the situation reversed to the earlier state, proving that it was Mayo's innovation that had led to the improvement.

Management Science or Quantitative Approach (1950-Present)

- Mathematics, statistics, engineering, and related fields have contributed significantly to management thought. Basically, operations research is the application of scientific research methods to operational problems of organizations. After the problem is identified, the operations research group develops a model of the situation. A model is a representation of reality. Usually, the model simplifies reality or represents it abstractly. Models make it easier to comprehend the complexities of reality.
- A key characteristic of the management science school is this substitution of models, symbols, and quantification for verbal and descriptive analysis

Contributions of the Schools of Management: **Scientific Management School**

- 1. Application of scientific analysis to determine the best way of performing a task
- 2. Selection of workers best suited to the task and provision for training them
- 3. Providing workers with the resources required to perform their tasks efficiently
- 4. Systematic, fair use of pay incentives to improve productivity
- 5. Separation of planning and thinking from the actual work

Contributions of the Schools of Management: **Classical Management School**

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Contributions of the Schools of Management: **Human Relations and Behavioral Science Schools**

- **1.** Application of *human relations* techniques to increase satisfaction and productivity
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Contributions of the Schools of Management: **Management Science School**

- 1. Improved understanding of complex management problems through development and application of models
- 2. Development of quantitative techniques to help managers make decisions in complex situations