

Introduction to Management and Different Perspectives of Management

Part 03

AAT Level II

Business Management (BMA)

Susantha Weerakoon
B.Sc. (MIS), MBA (IMS), PHD (Business Psychology)

Business Management

Evolution of Management Theory

Different perspectives of management

Lecturer

Dr. Susantha Bandara Weerakoon

{BSc(MIS), MBA (IMS), PHD (Business. Psychology)}

Pre Classical Contributions

Robert Owen

- The employee of organization is a resource
- Employee wellbeing

Charles Babage

- Production Efficiency
- Use Mathematics for develop efficiency

Classical Approach

Scientific Management Theory

The **Scientific Management Theory** is well known for its application of engineering science at the production floor or the operating levels. The major contributor of this theory is Fredrick Winslow Taylor, and that's why the scientific management is often called as "**Taylorism**"

Classical Organizational Theories

Classical organization theories (Taylor, 1947; Weber, 1947; **Fayol**, 1949) deal with the formal **organization** and concepts to increase management efficiency. Taylor presented scientific management concept

Bureaucracy

Weber's **theory of bureaucratic management** also has two essential elements. First, it entails structuring an **organization** into a hierarchy. Secondly, the **organization** and its members are governed by clearly defined rational-legal decision-making rules.

Scientific Management Theory

The major principles of scientific management, given by Taylor, can be summarized as follows:

- The Functional foremanship of supervision,i.e. Eight supervisors required to give directions and instructions in their respective fields.
- Time, motion and fatigue studies shall be used to determine the fair amount of work done by each individual worker.
- Improving the working conditions and standardizing the tools, period of work and cost of production.
- Proper scientific selection and training of workmen should be done.
- The financial incentives should be given to the workers to boost their productivity and motivate them to perform well.

The scientific management theory focused on improving the efficiency of each individual in the organization. The major emphasis is on increasing the production through the use of intensive technology, and the human beings are just considered as adjuncts to machines in the performance of routine tasks.

The scientific management theory basically encompasses the work performed on the production floor as these tasks are quite different from the other tasks performed within the organization. Such as, these are repetitive in nature, and the individual workers performing their daily activities are divided into a large number of cyclical repetition of same or closely related activities. Also, these activities do not require the individual worker to exercise complex-problem solving activity. Therefore, more attention is required to be imposed on the standardization of working methods and hence the scientific management theory laid emphasis on this aspect.

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Proper scientific selection and training of workmen should be done.

The financial incentives should be given to the workers to boost their productivity and motivate them to perform well.

Thus, the scientific management theory focused more on mechanization and automation, i.e., technical aspects of efficiency rather than the broader aspects of human behavior in the organization.



Classical Organizational Theory

Henry Fayol's 14 Principle of Management

1. Division of Work-
2. Authority and Responsibility-
3. Discipline-
4. Unity of Command-
5. Unity of Direction-
6. Subordination of Individual Interest-
7. Remuneration-
8. Centralization-
9. Scalar Chain-
10. Order-
11. Equity-
12. Stability-
13. Initiative-
14. Esprit de Corps-

1. Division of Work-

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

2. Authority and Responsibility-

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

3. Discipline-

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

4. Unity of Command-

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

5. Unity of Direction-

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the

work easier and achieve the set goal easily.

6. Subordination of Individual Interest-

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

7. Remuneration-

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.

8. Centralization-

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

9. Scalar Chain-

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

10. Order-

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

11. Equity-

All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

12. Stability-

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

13. Initiative-

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

14. Esprit de Corps-

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

Bureaucratic Management Theory

Weber's **theory of bureaucratic management** also has two essential elements. First, it entails structuring an organization into a hierarchy. Secondly, the organization and its members are governed by clearly defined rational-legal decision-making rules. Each element helps an organization to achieve its goals.

- Specialization
- Hierarchy
- Conditions
- Impersonality
- Appointed Officers
- Professional Officers
- Full time officers
- Public / Private Division

Behavioral Management Theories

Behavioral Management focus on optimizing man as a machine, behavioral management focuses on worker behavior and motivations. Specifically, behavioral management theory is concerned with how to manage productivity by understanding worker motivation, including expectations, needs and interests, and group dynamics. Behavioral management theory is sometimes referred to as the human relations movement due to its focus on the human dimension of work

Theorists

Mary Parker Follett

Elton Mayo

Abraham Mashlow

Behavioral Management Theories

Theorists

Follett's theory of management included the following principles:

Genuine power is not "coercive" (power over) but coercive (power with)
True leaders create group power rather than expressing personal power

Mary Parker Follett

Elton Mayo

Abraham Mashlow

Behavioral Management Theories

Theorists

Elton Mayo's principles focused on individual workers and how to optimize that person's work performance. The Hawthorne studies observed workers in a social context—as part of a group—and determined that employee performance is influenced by not only innate ability but by the work environment and their co-workers.

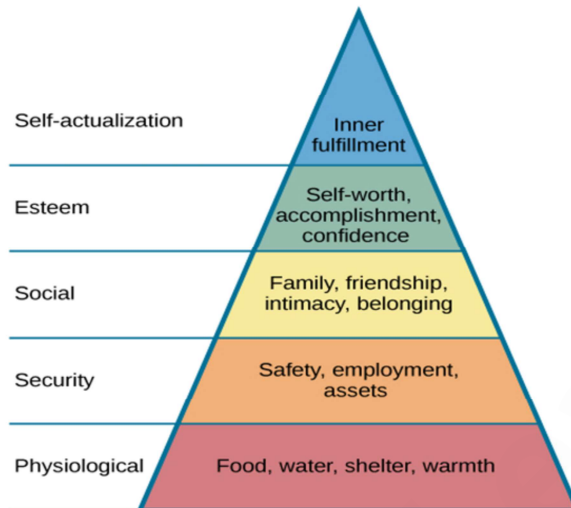
Mary Parker Follett

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Behavioral Management Theories

Maslow's Hierarchy of Needs



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Quantitative Management Approach

Definition. Quantitative methods emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques.

Secondly, how today's managers use the quantitative approach? The **quantitative approach** has contributed directly to **management** decision making in the areas of planning and control. When **managers** make budgeting, scheduling, quality control, and similar decisions, they typically rely on **quantitative** techniques.

System Approach to Management

Systems approach is based on the generalization that everything is inter-related and interdependent. A system is composed of related and dependent elements which when in interaction, form a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

Japanese Management Style

- The employee who is able to perform any work responsibility is intelligent enough to develop the productivity and quality of that work.
- Given the opportunity to the employee who wants to develop the quality of their work.
- Members of a company form a “family.”
- Work in a group is more important than working individually.

Aside from understanding how human relation affects an employee’s actions, the manager must also be responsive to the particular working environment, behaviors, and motivational forces, which can affect the employees. This can then be used to make a decision for which actions are required to stimulate the work place and assist in achieving the highest possible standard for productivity outcome.

The purpose of this essay is also to discuss some of the key differences between Japanese and Western management style and also talk about a particular Japanese way of management that deals with the way in which employees are observed by supervisors or managers. The Japanese management style is often referred to as “Theory Z” developed by Dr. William Ouchi. This theory explains a working culture inside the company which reflects the Japanese culture in a way that employees can become more responsible, and capable of working on many different tasks.

Basic Principles of Japanese Management

There are four basic theories underlying the main difference between Japanese and western managerial style. Western companies operate almost the direct opposite way of the following Japanese managerial styles.

- 1) The employee who is able to perform any work responsibility is intelligent enough to develop the productivity and quality of that work.
- 2) Given the opportunity to the employee who wants to develop the quality of their work.
- 3) Members of a company form a “family.”

4) Work in a group is more important than working individually.

These four theories are underlying the Japanese style of work in a company. They may seem simplistic, but they form the foundation for the development of the Japanese economy into the world. No one can understand the Japanese economic vision without first understanding the basic theories mentioned above.

The first theory boldly states, “The employee is not unintelligent”. This suggests that if the typical company employee knows enough to work on a specific job, then they also know enough to develop the work being done. In a typical Japanese company, first step taken in order to develop the project is a discussion with the employee on how it may be executed. It is very important that all employees understand their own responsibilities as well, especially more than and any outsider of the business. An experienced employee will not be as familiar with a particular job as the employee who has experienced it for a longer period of time. Japanese managers and supervisors look to workers for advice, and it is normal for foreman to discuss solutions with manual workers. The Japanese believe that a job can be done better when the employee provides suggestion in a difficult situation. All employees should discuss various issues with an employer whenever work changes are expected.

How can this theory be applied systematically to Western companies? The Japanese developed two organizational practices, which will encourage employees to share their ideas. The first is the Quality Control procedure in which employees make their own productivity suggestions. The second practice is a procedure used to encourage all employees to develop their new skills over the years during their work practices. So most new employees in Japan learn new skills by observing someone in the company. No one who is hired by a company expects to work in the same field job until retirement, employees who have become more important to the company over the years of their career as they gain additional knowledge and abilities. In some Japanese companies, the majority of the employees are responsible for the productivity outcome. They are not only asked for suggestions, but they build up their skills so they are able to find solutions to solve problems. How many Western society employees have been seriously seeking improvements where they work? In comparison to companies using suggestion systems, the number of suggestions per employee in Japan is very high while it is currently almost unacceptable in the United States. Both managers and supervisors in America must change their way of understanding and realize that employees are qualified enough to take part in product developments.

The second theory states “employees want to do better work”. Few of us want to do less than possible, although no one wants to be taken advantage of (McGregor,1960:40-8)

The Japanese companies are avoiding this by rewarding employees when they do extra than normal. As a result, any employee who has more skills and is capable of doing more jobs is also given more responsibility or else is relocated to the next level of division. So often, Japanese companies are encouraged to continue promoting of their employees. Once employees are capable of working more than one main job, they are able to communicate their work to other subdivisions; they can also evaluate their own responsibilities and become productivity specialists.

Japanese employees are rewarded when the company has increased in profits; bonuses are based on how good the company performs. In fact, during a bad economic period, the lower level employees will receive less pay cuts than employees in higher levels of work. Because of the reason that managers and supervisors are in charge; they must take

the responsibility for any mistakes in policy. On the other hand, lower level employees in Western companies are receiving more pay cuts as they have less skills and less seniority. It is no wonder it is difficult to encourage these employees to do their best, because their temporary condition makes it difficult for them to identify with their employees.

