Management

tenth edition

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Chapter 2

Management History

Learning Outcomes

Follow this Learning Outline as you read and study this chapter.

2.1 Historical Background Of Management.

2.2 Classical Approach.

2.3 Quantitative Approach.

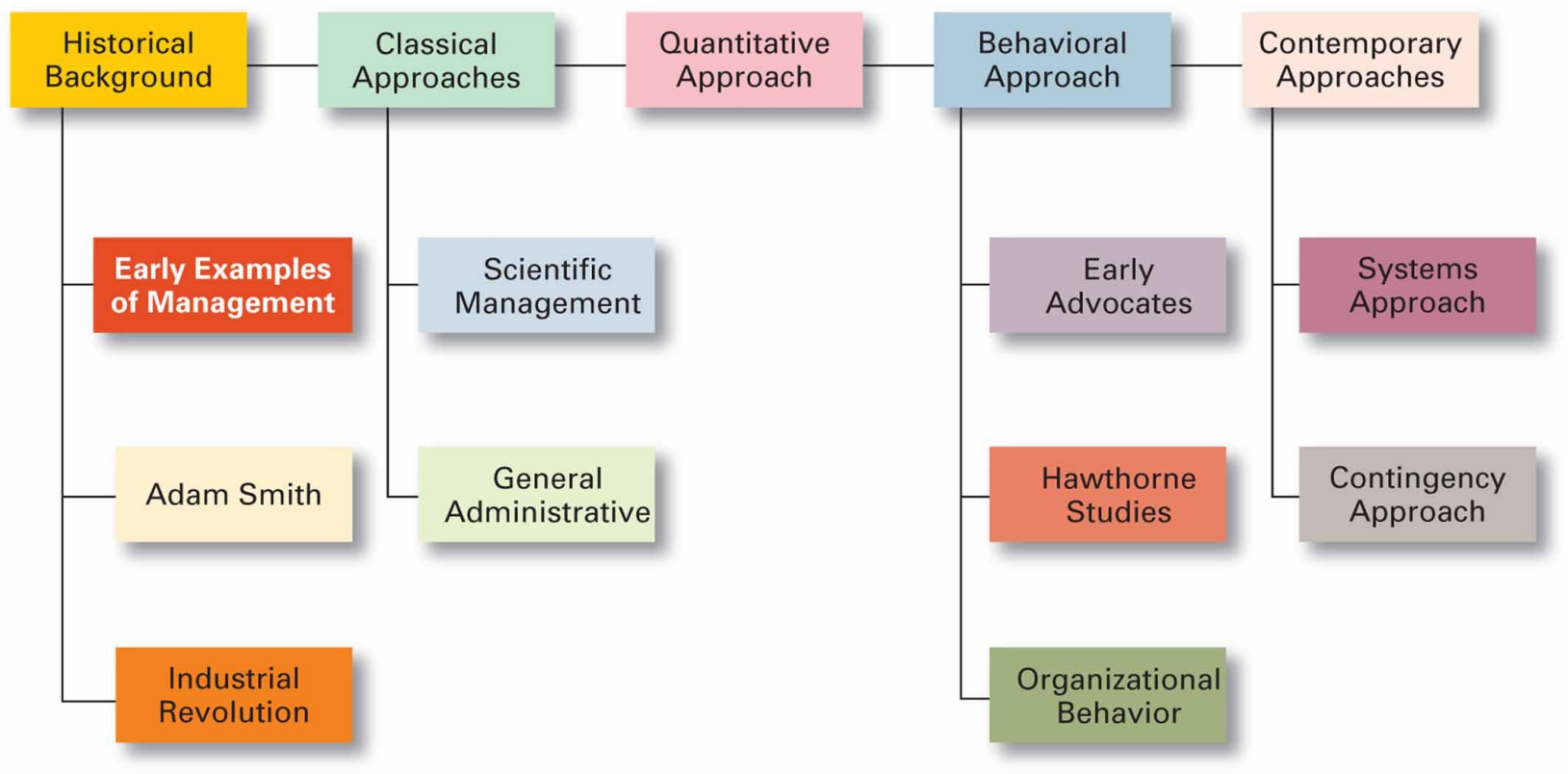
2.4 Behavioral Approach

2.5 Contingency/Contemporary Approach

Historical Background of Management

- Ancient Management
  - Egypt (pyramids) and China (Great Wall)
  - Venetians (floating warship assembly lines)
- Adam Smith
  - Published *The Wealth of Nations* in 1776
- Industrial Revolution

Exhibit 2–1 Major Approaches to Management



Scientific Management

- Fredrick Winslow Taylor
  - The "father" of scientific management
  - Published *Principles of Scientific Management* (1911)

Says "Management is a science. There is one best way and one best person to do the task. I love efficiency and I love to study people at work. Management should be an academic discipline." *(He had a point…)*

His work influenced:
Bringing psychology into the workplace
Gantt Chart and planning
Harvard University Offering Management Degree

Exhibit 2–2 Taylor's Scientific Management Principles

1. Develop a science for each element of an individual's work, which will replace the old rule-of-thumb method.
2. Scientifically select and then train, teach, and develop the worker.
3. Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.
4. Divide work and responsibility almost equally between management and workers. Management takes over all work for which it is better fitted than the workers.

General Administrative Theory

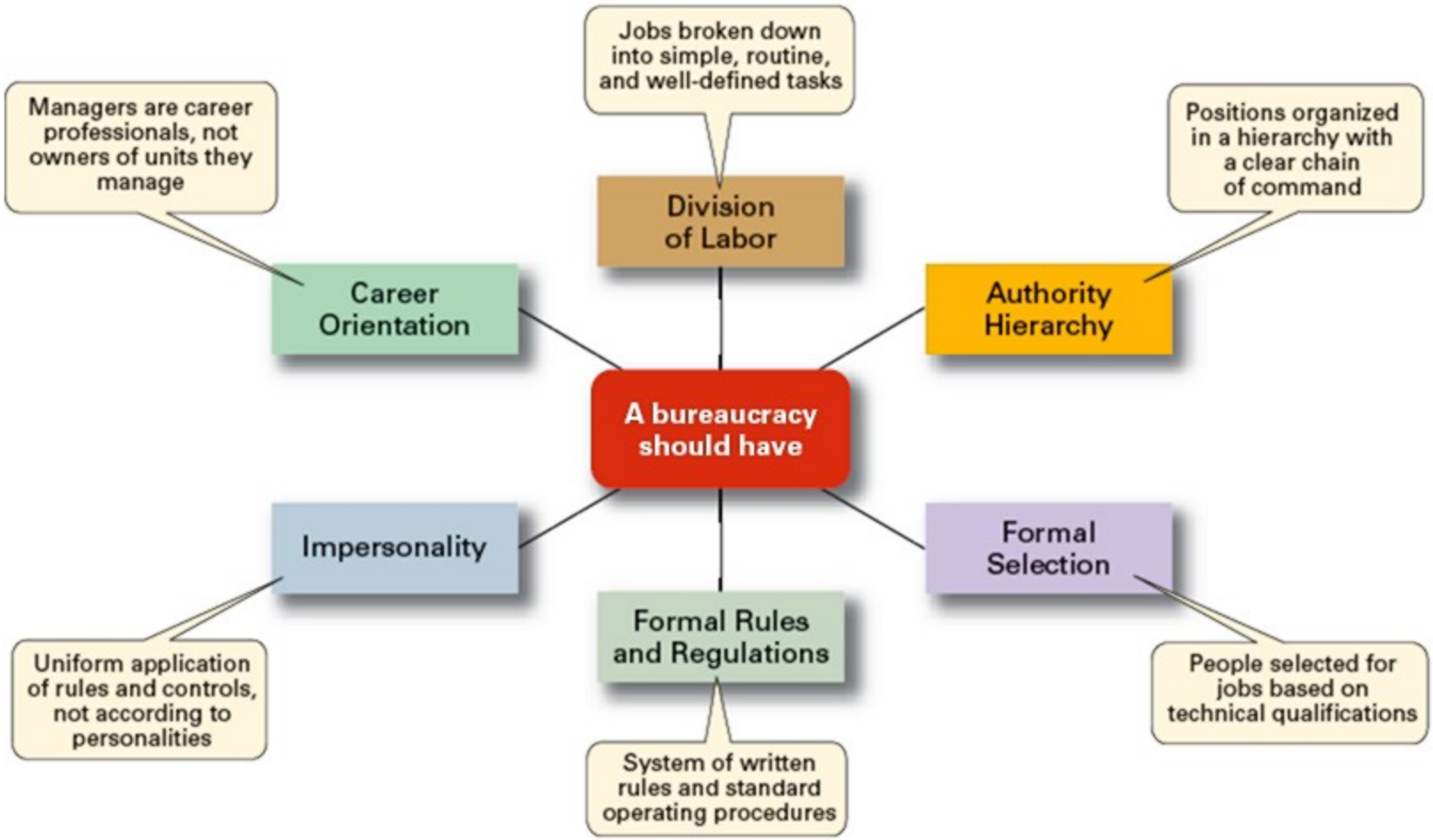
- Henri Fayol
  - Principles of Management

- Max Weber
  - Developed a theory of authority based on an ideal type of organization (bureaucracy)
    - Emphasized rationality, predictability, impersonality, technical competence, and authoritarianism

Exhibit 2–3 Fayol's 14 Principles of Management

1. Division of work
2. Authority
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interests to the general interest
7. Remuneration
8. Centralization
9. Scalar chain
10. Order
11. Equity
12. Stability of tenure of personnel
13. Initiative
14. Esprit de corps

Exhibit 2–4 Weber's Bureaucracy



Quantitative Approach to Management

- Quantitative Approach
  - Evolved from mathematical and statistical methods developed to solve WWII military logistics and quality control problems
    - British and American military had developed techniques using math/stats to plan for attacks, convoy sizes, bombing raids, etc…
  - Focuses on improving managerial decision making by applying:
    - Statistics, optimization models, information models, and computer simulations
    - Computers do most of this work today

Exhibit 2–5 What Is Quality Management?

Intense focus on the *customer*

Concern for *continual improvement*

Process-focused

Improvement in the *quality of everything*

Accurate measurement

Empowerment of employees

Understanding Organizational Behavior

- Organizational Behavior (OB)
  - People are the MOST important asset of an organization or firm (True or False?)

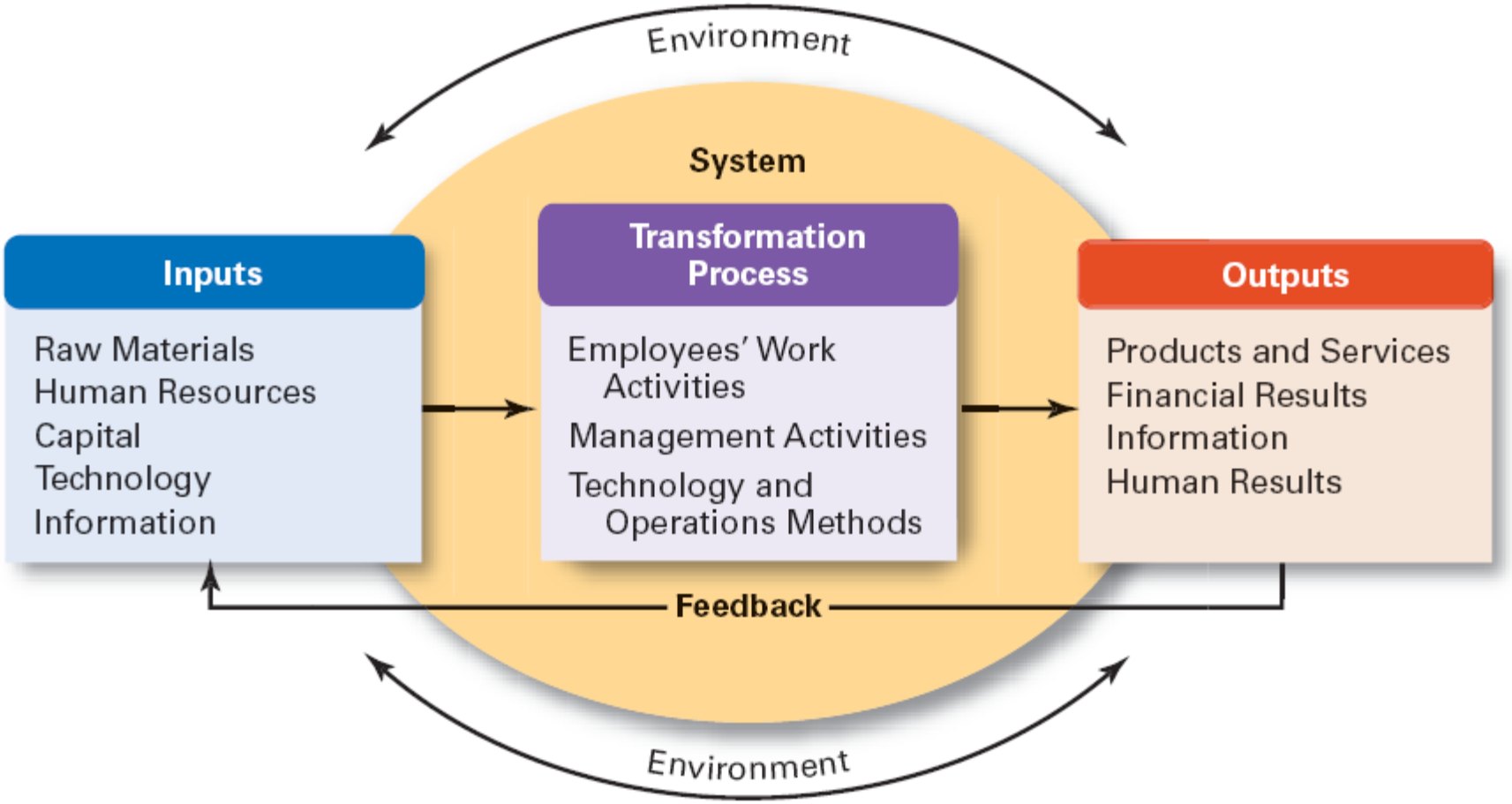
The Hawthorne Studies

- A series of productivity experiments conducted at Western Electric from 1924 to 1932.

- Experimental findings
  - Productivity unexpectedly increased under imposed adverse working conditions.
  - The effect of incentive plans was less than expected.

- Research conclusion
  - Social norms, group standards and attitudes more strongly influence individual output and work behavior than do monetary incentives.

Exhibit 2–7 The Organization as an Open System



Implications of the Systems Approach

- Coordination of the organization's parts is essential for proper functioning of the entire organization.
- Decisions and actions taken in one area of the organization will have an effect in other areas of the organization.
- Organizations are not self-contained and, therefore, must adapt to changes in their external environment.

The Contingency Approach

- Contingency Approach Defined
  - Also sometimes called the *situational approach.*
  - There is no one universally applicable set of management principles (rules) by which to manage organizations.
  - Organizations are individually different, face different situations (contingency variables), and require different ways of managing.

Exhibit 2–8 Popular Contingency Variables

- **Organization size**
  - As size increases, so do the problems of coordination.
- **Routineness of task technology**
  - Routine technologies require organizational structures, leadership styles, and control systems that differ from those required by customized or non-routine technologies.
- **Environmental uncertainty**
  - What works best in a stable and predictable environment may be totally inappropriate in a rapidly changing and unpredictable environment.
- **Individual differences**
  - Individuals differ in terms of their desire for growth, autonomy, tolerance of ambiguity, and expectations.