



Lecture: 4-5 Management Approaches

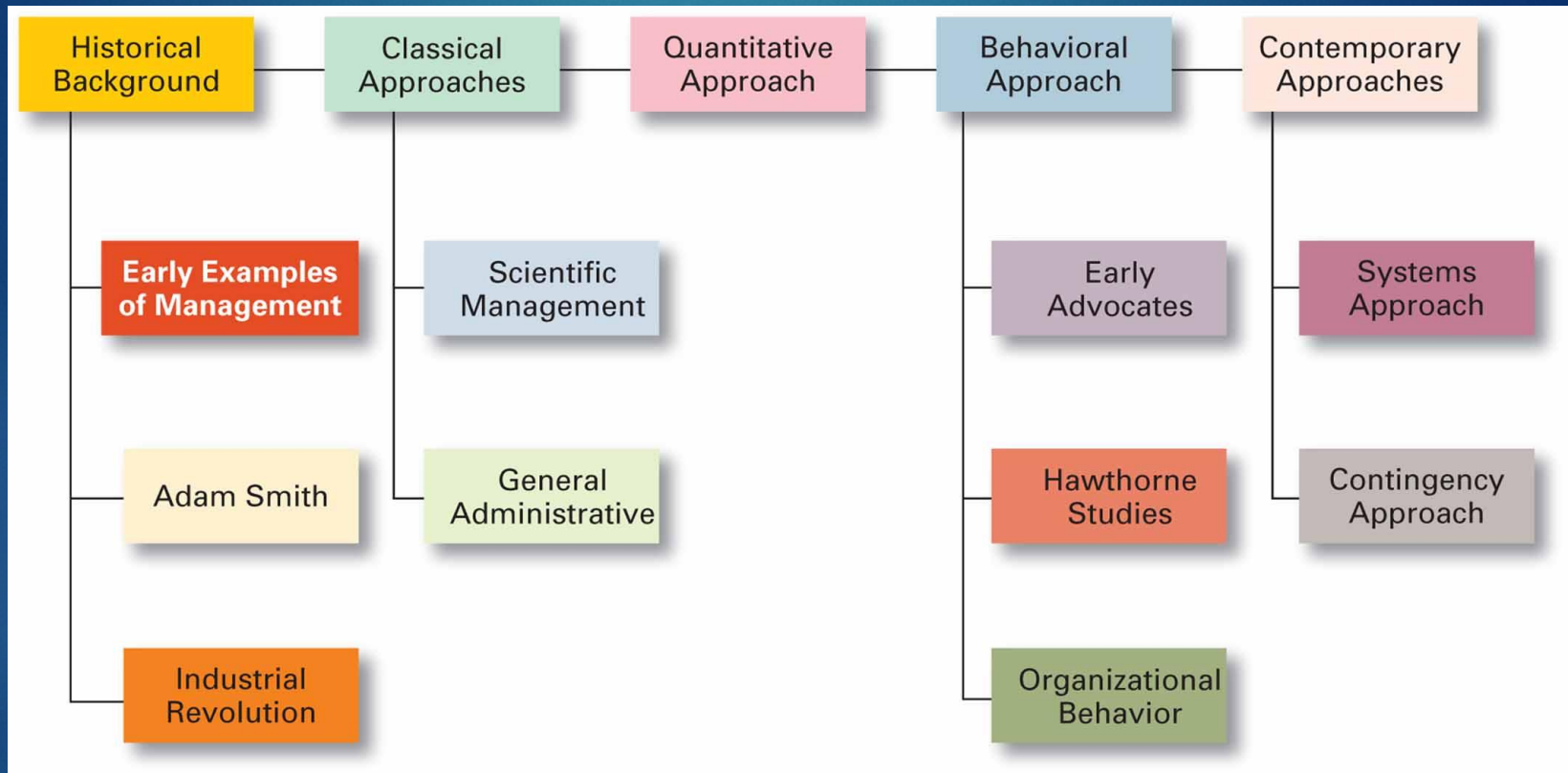
Objectives of this Class

- ❑ Understanding the historical background of management
- ❑ Finding out the major approaches to management
- ❑ Revealing the key issues of classical management approach
- ❑ Deliberating the key issues of quantitative approach
- ❑ Discussing the key findings of the contemporary approaches of management

Historical Background of Management

- ▶ Ancient Management
 - ▶ Egypt (pyramids) and China (Great Wall)
- ▶ Adam Smith
 - ▶ Published *The Wealth of Nations* in 1776
 - ▶ Advocated the division of labor (job specialization) to increase the productivity of workers
- ▶ Industrial Revolution
 - ▶ Substituted machine power for human labor
 - ▶ Created large organizations in need of management

Exhibit 2-1 Major Approaches to Management



Major Approaches to Management

- ▶ Classical and Neo-classical
- ▶ Quantitative
- ▶ Behavioral
- ▶ Contemporary



1. Classical: Scientific Management

- ▶ Fredrick Winslow Taylor
 - ▶ The “father” of scientific management
 - ▶ Published *Principles of Scientific Management* (1911)
 - ▶ The theory of scientific management
 - ▶ Using scientific methods to define the “one best way” for a job to be done:
 - ▶ Putting the right person on the job with the correct tools and equipment.
 - ▶ Having a standardized method of doing the job.
 - ▶ Providing an economic incentive to the worker.

Scientific Management

The principle of scientific management as propounded by F. W. Taylor is known as Taylorism. Taylor's positive approach to scientific management explained as below:

“Science, not rule of thumb (traditional rule)

Harmony, not discord

Co-operation, not individualism

Maximum output in place of restricted output and

The development of each man to his greatest efficiency and prosperity”.

Exhibit 2–2 Taylor's Scientific Management Principles 8

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.

How Do Today's Managers Use Scientific Management?

- ▶ Use time and motion studies to increase productivity
- ▶ Hire the best qualified employees
- ▶ Design incentive systems based on output

Classical: Administrative Management

Henry Fayol is known as the '**Father of Principles of management**'. His approach to management is known as functional or process management. This approach believes in, that management is a process of performing managerial functions of planning, organizing, directing, and controlling.

Fayol's contribution to management theory contained in his epoch making book '**General and Industrial Management**' published in 1916. The translated version published in 1929. The following are the Fayol's principles.

Fayol's six distinct activities

Fayol has classified industrial and business operations of an undertaking into six distinct activities or categories or groups:

- 1) Technical activities (Production, manufacturing)
- 2) Commercial activities (Purchasing and Selling)
- 3) Financial activities (Use of capital to its optimum use, financing)
- 4) Security activities (protection of life and property)
- 5) Accounting activities (balance sheet, costing, statistics)
- 6) Administrative or managerial activities (Planning, organizing, commanding, co-coordinating, controlling).

Among the above six activities of an industry, Fayol emphasized on managerial activities and developed his administrative thought specially two basic significant concepts-

- ▶ Elements of management
- ▶ Principles of Management

Elements of management:

- ❑ **Planning**– it consisted of examining the future and drawing up a plan of action.
- ❑ **Organizing**– to organize an industrial firm or a government agency is to provide it with everything required for its functioning such as raw materials, tools, capitals and personnel and so on.
- ❑ **Commanding**– it consisted of maintaining activities among the personnel's of the organization.
- ❑ **Coordinating**– it consists of working together and harmonizing all activities and efforts so as to facilitate the working of the organization.
- ❑ **Controlling**– to obtain conformity with the plan adopted, the instruction issued and principles established.

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/spirit of cooperation

Classical: Bureaucratic Management

Max Waber (1864-1920), a foremost German sociologist developed bureaucratic model of management meant for large organizations mostly of government in his book “*Essays in Sociology*”. Max Weber’s Bureaucracy is highly related to the concept ‘**authority**’ and he made a distinction between power and authority.

Power means the ability to force people to obey regardless of their resistance and

Authority, where orders are willingly obeyed by those receiving them.

Types of authority

- I. Traditional authority** (depends on social values, norms and custom)
- II. Charismatic authority** (achieved by virtue of extraordinary attributes)
- III. Legal rational authority** (people must obey a set of rules and regulation which prepared by a proper authority and implemented by a proper procedure).

Max Weber's evolved his 'Ideal type of Bureaucracy' from this legal rational authority and he categorized bureaucracy into-

- a) Patrimonial bureaucracy** (based on both Traditional & Charismatic authority)
- b) Legal rational authority** (focused on only legal type of authority)

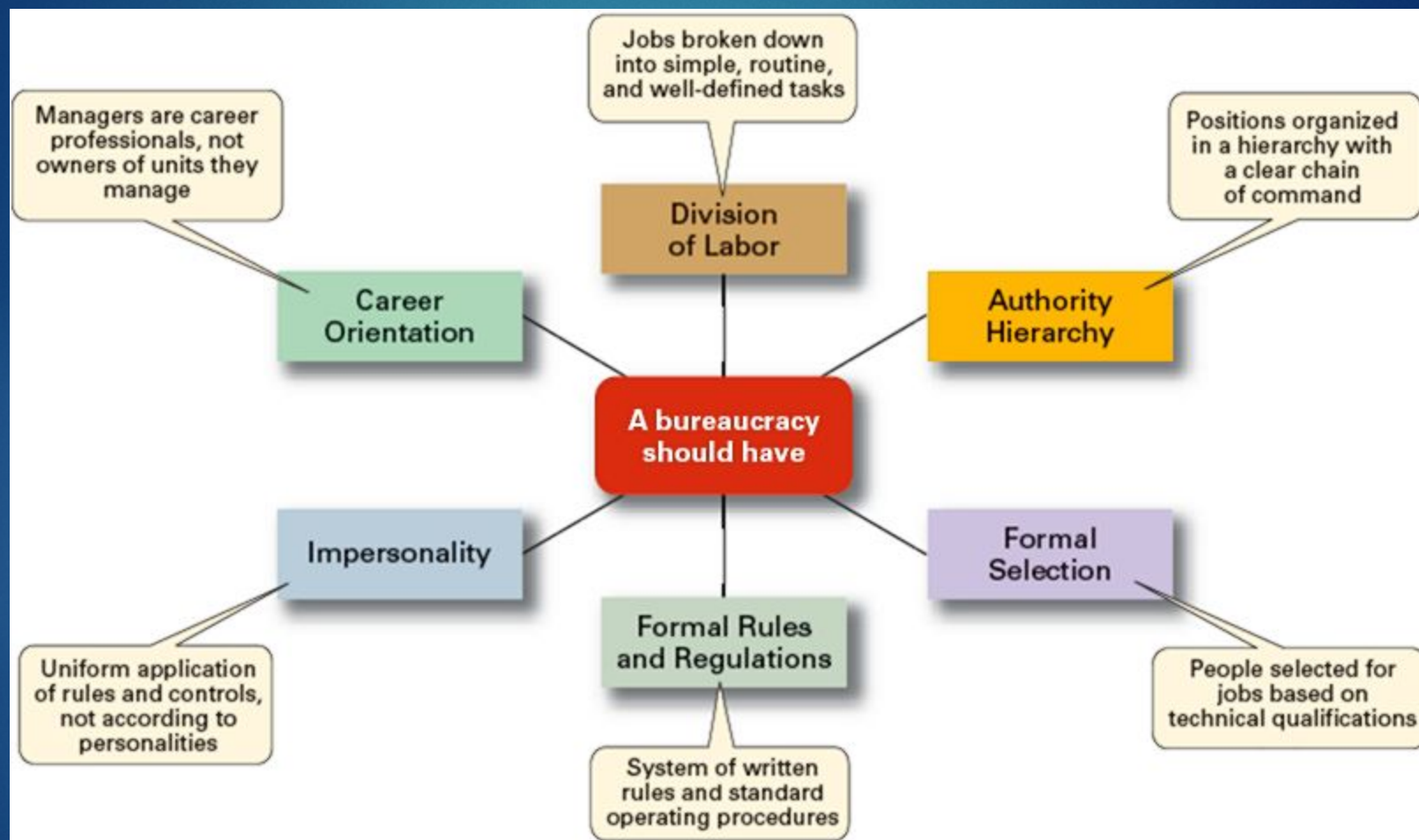
Reasons for emerging bureaucratic Management:

- ▶ Development of money economy
- ▶ Increasing size of states and organization
- ▶ Impact of cultural, economic and technological development
- ▶ Technical superiority of bureaucratic management

Principles of bureaucratic organization

1. Divisions of task on the basis of competence and specialization,
2. Hierarchical authority relating personnel's at higher and lower level,
3. A strict set of rules, procedures and regulations,
4. Superiors follow impersonal attitude to deal with their subordinates,
5. Management by administration,
6. Due consideration to merit and competence while providing employment and giving promotion to the employees and Job security to the employees.

Exhibit 2-4 Weber's Bureaucracy



2. Quantitative Approach to Management

- ▶ Quantitative Approach
 - ▶ Also called *operations research* or *management science*
 - ▶ Evolved from mathematical and statistical methods developed to solve WWII military logistics and quality control problems
 - ▶ It is the mathematical and statistical process through which solutions to some business problems can be found out very precisely and accurately.
 - ▶ Focuses on improving managerial decision making by applying:
 - ▶ Statistics, optimization models, information models, and computer simulations

3. Behavioral: The Hawthorne Studies

A series of productivity experiments conducted at Western Electric from 1924 to 1932 by Elton Mayo (Human relationist) and his associates .

Experimental findings

- Workers working in a group develop bond of relationship uniting them together.
- Behaviors of the workers at the workplace depends on mental set up, emotions and prejudices.
- Emotional factors play an crucial role in determining productivity.
- Productivity unexpectedly increased under imposed adverse working conditions.
- Humane and liberal attitude of the superiors towards workers help in improving the performance.
- Managerial skills not the technical skills necessary for being a good leader.

Research conclusion

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

4. Contemporary: The Systems Approach

The system approach to management is developed during late 1960's. Ludwig Von Bertalanffy, Lawrence J Handerson, W.G. Scott, and Daniel Katz are the pioneer of this approach. According to them, it is a collection of interrelated parts acting together to achieve some goals which exists in the environment.

► System Defined

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

► Basic Types of Systems

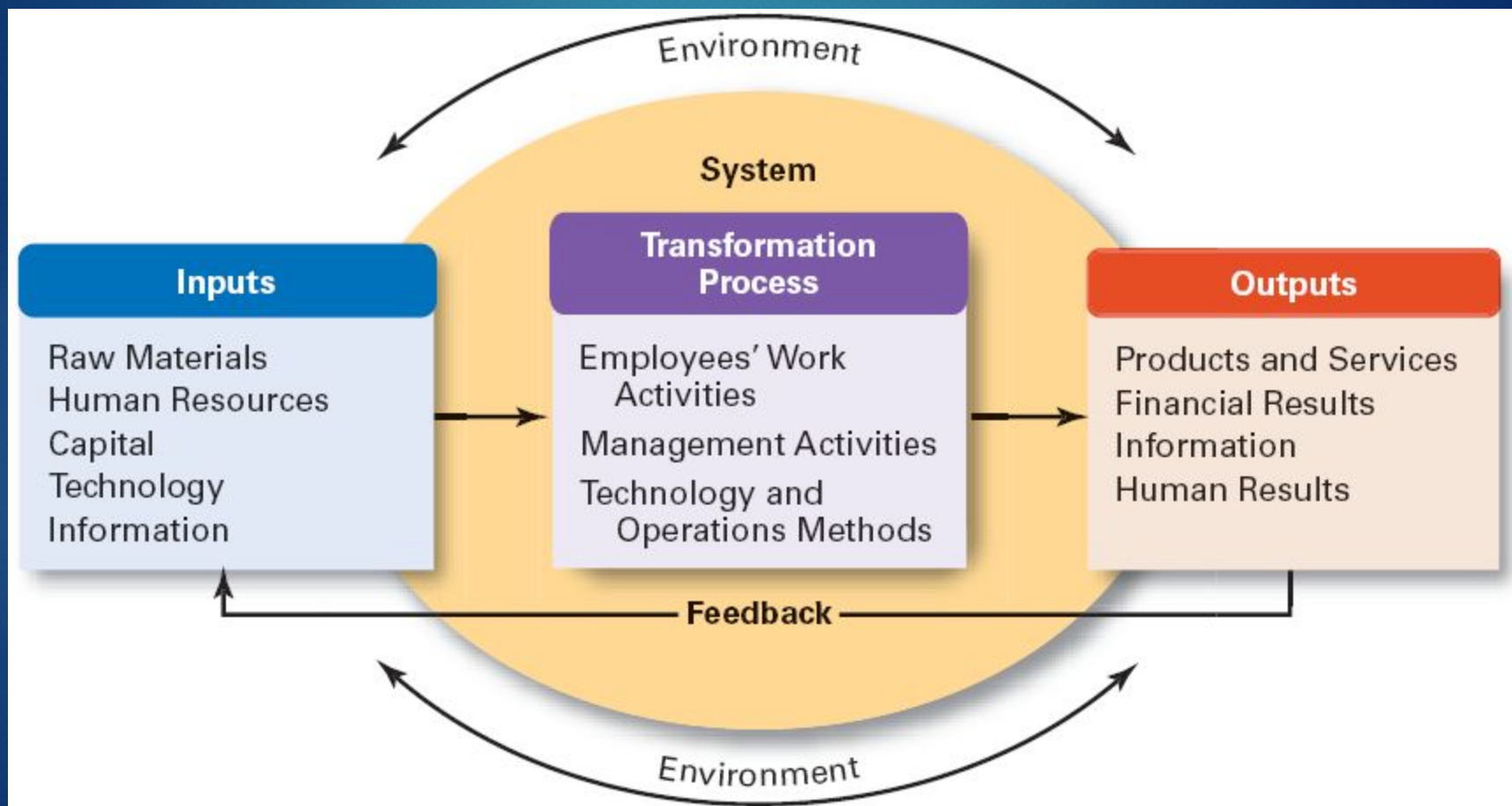
► Closed systems

- Are not influenced by and do not interact with their environment (all system input and output is internal).

► Open systems

- Dynamically interact to their environments by taking in inputs and transforming them into outputs that are distributed into their environments.

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.

4. Contemporary: 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.
 - ▶ It is an open and adaptable approach which incorporate environment and tries to fill up the gap between theory and practice of management. It treats environment as independent variable and management process, organization behavior, organizational design and style of management are dependent variable. Each of these variables is to evaluated and analyzed in the light of total situation independently to find out the solutions to the managerial problems.

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.

Thank You