



Management

ELEVENTH EDITION

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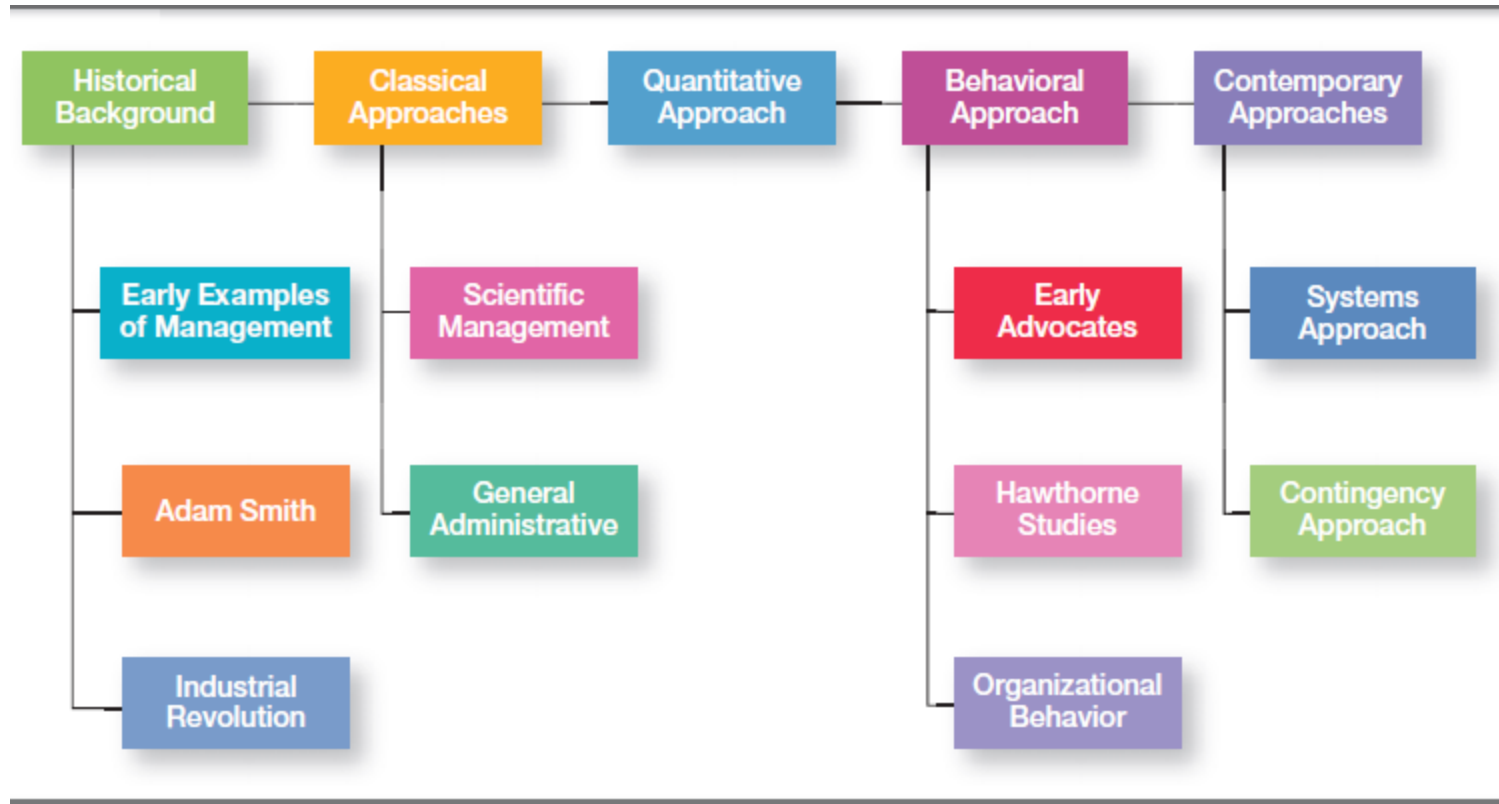
PEARSON

Management History Module

LEARNING OUTCOMES

- **Describe** some early management examples
- **Explain** the various theories in the classical approach
- **Discuss** the development and uses of the behavioral approach
- **Describe** the quantitative approach
- **Explain** the various theories in the contemporary approach

Exhibit MH-1: Major Approaches to Management



Scientific Management

- Fredrick Winslow Taylor
 - The “father” of scientific management
- **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

Exhibit MH-2

Taylor's Scientific Management Principles

1. Develop a science for each element of an individual's work to 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 does all work for which it is better suited than the workers.

General Administrative Theory

- Henri Fayol
 - Believed that the practice of management was distinct from other organizational functions
 - Developed principles of management that applied to all organizational situations

Exhibit MH-3

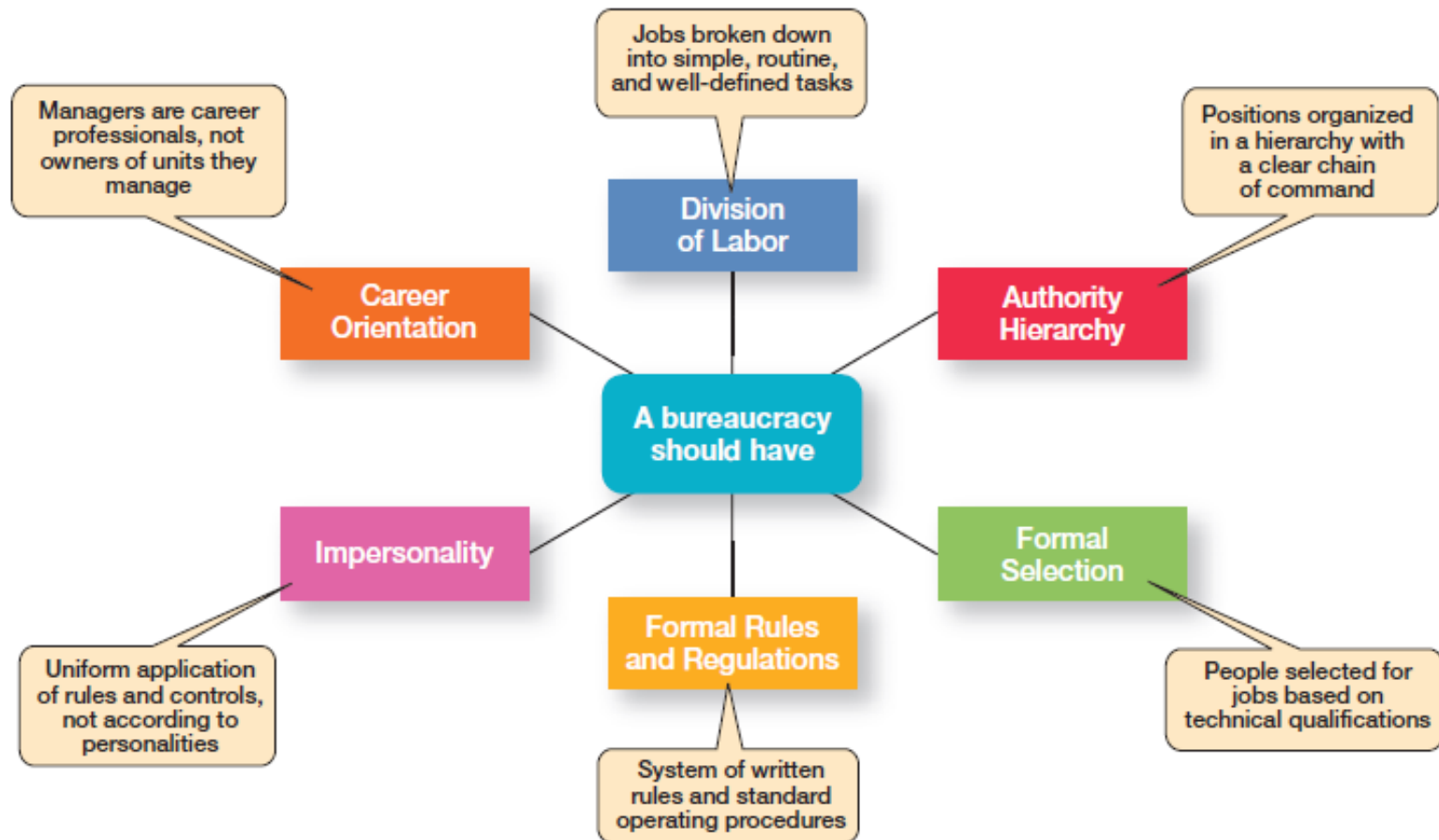
Fayol's 14 Principles of Management

1. Division of Work. Specialization increases output by making employees more efficient.
 2. Authority. Managers must be able to give orders, and authority gives them this right.
 3. Discipline. Employees must obey and respect the rules that govern the organization.
 4. Unity of command. Every employee should receive orders from only one superior.
 5. Unity of direction. The organization should have a single plan of action to guide managers and workers.
 6. Subordination of individual interests to the general interest. The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
 7. Remuneration. Workers must be paid a fair wage for their services.
 8. Centralization. This term refers to the degree to which subordinates are involved in decision making.
 9. Scalar chain. The line of authority from top management to the lowest ranks is the scalar chain.
 10. Order. People and materials should be in the right place at the right time.
 11. Equity. Managers should be kind and fair to their subordinates.
 12. Stability of tenure of personnel. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
 13. Initiative. Employees who are allowed to originate and carry out plans will exert high levels of effort.
 14. Esprit de corps. Promoting team spirit will build harmony and unity within the organization.
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General Administrative Theory

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

Exhibit MH-4



Quantitative Approach

- 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
 - Focuses on improving managerial decision making by applying:
 - Statistics, optimization models, information models, and computer simulations

Organizational Behavior

- Organizational Behavior (OB)
 - The study of the actions of people at work; people are the most important asset of an organization
- Early OB Advocates
 - Robert Owen
 - Hugo Munsterberg
 - Mary Parker Follett
 - Chester Barnard

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 MH-6

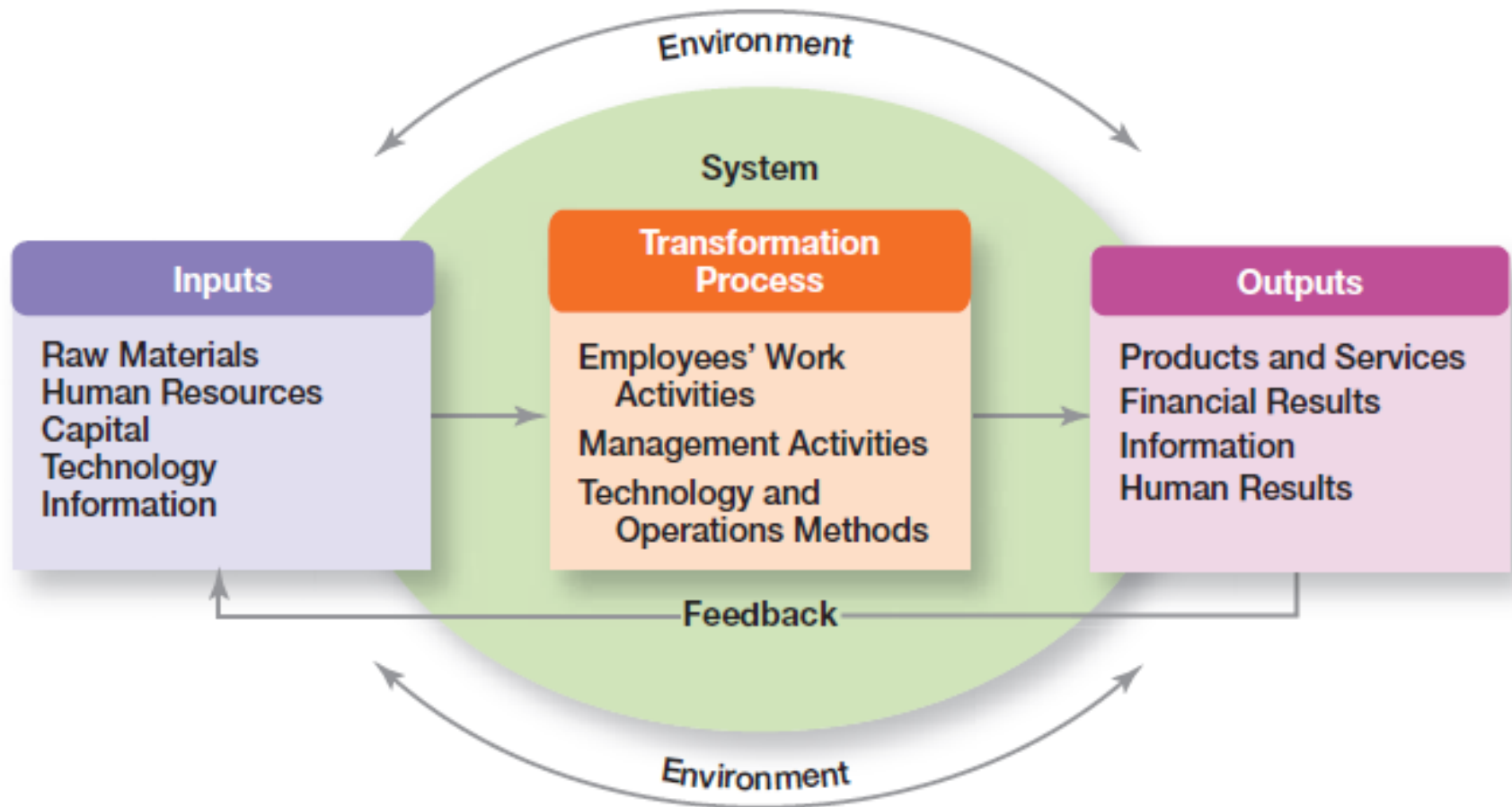
What Is Quality Management?

1. Intense focus on the customer. The customer includes outsiders who buy the organization's products or services and internal customers who interact with and serve others in the organization.
2. Concern for continual improvement. Quality management is a commitment to never being satisfied. "Very good" is not good enough. Quality can always be improved.
3. Process focused. Quality management focuses on work processes as the quality of goods and services is continually improved.
4. Improvement in the quality of everything the organization does. This relates to the final product, how the organization handles deliveries, how rapidly it responds to complaints, how politely the phones are answered, and the like.
5. Accurate measurement. Quality management uses statistical techniques to measure every critical variable in the organization's operations. These are compared against standards to identify problems, trace them to their roots, and eliminate their causes.
6. Empowerment of employees. Quality management involves the people on the line in the improvement process. Teams are widely used in quality management programs as empowerment vehicles for finding and solving problems.

The Systems Approach

- **System** - a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
- 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 MH-7



The Contingency Approach

- **Contingency Approach** - 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 MH-8

Popular Contingency Variables

Organization Size. As size increases, so do the problems of coordination. For instance, the type of organization structure appropriate for an organization of 50,000 employees is likely to be inefficient for an organization of 50 employees.

Routineness of Task Technology. To achieve its purpose, an organization uses technology. Routine technologies require organizational structures, leadership styles, and control systems that differ from those required by customized or nonroutine technologies.

Environmental Uncertainty. The degree of uncertainty caused by environmental changes influences the management process. 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. These and other individual differences are particularly important when managers select motivation techniques, leadership styles, and job designs.

Terms to Know

- division of labor (or job specialization)
- Industrial Revolution
- scientific management
- therbligs
- general administrative theory
- principles of management
- bureaucracy
- quantitative approach
- organizational behavior (OB)
- Hawthorne Studies
- system
- closed systems
- open systems
- contingency approach



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