

Unit 3: Evolution of Management Thought [5 Hrs]

Introduction: Management was developed along with human civilization. Once people started to live in family unit and society, they required management. Family is taken as a basis of development of management principles and techniques in traditional era. Even today we are using such principles in the organizations. Many scholars and practitioners have contributed in the development of different management perspectives in recent years.

Classical Theory: The Classical Management Theory, which emerged in the late 19th and early 20th centuries, focused on efficiency and productivity. It emphasized the use of scientific methods to study, work and develop standardized procedures for performing tasks.

Some of the key Contributions include:

i) The development of scientific management principles: The theory emphasized the use of scientific methods to study, work and develop standardized procedures for performing tasks. This led to the development of time-and-motion studies and other techniques that are still used today to improve efficiency and productivity in organizations.

ii) The emphasis on efficiency: The theory placed a strong emphasis on the importance of efficiency in achieving organizational goals. This led to the development of new management techniques and tools, such as the use of time-and-motion studies, that are designed to improve efficiency and reduce waste.

iii) The focus on the "one best way": The theory proposed that there is a single, optimal way to perform a task or manage an organization. This idea led to the development of standardized procedures and management systems that are still used today in many organizations.

Some Limitations of Classical Theory:

i) Over-simplification of human behavior: The theory assumes that workers are motivated solely by financial incentives and that they can be managed and controlled like machines. However, this ignores the complexity of human behavior and the role that factors such as motivation, emotions, and attitudes play in the workplace.

ii) Lack of attention to social and political factors: The theory focuses on the technical aspects of management and ignores the social and political factors that influence organizational behavior.

iii) Lack of attention to environmental factors: The theory also ignores the environmental factors that can affect organizational performance.

iv) Lack of attention to individual differences: The theory assumes that all workers are the same and can be managed using the same techniques. However, this ignores the importance of individual differences, such as personality, skills, and experience, in shaping behavior and performance.

Human relations and Behavioural science theories: The Behavioral Management Theory, also known as the Human Relations Theory, emerged in the 1930s and 1940s as a response to the limitations of the Classical Management Theory. This theory focuses on understanding human behavior in the workplace and emphasizes the importance of motivation, communication, and leadership in achieving organizational goals.

Some of the key Contributions include:

i) The recognition of the importance of human behavior: The theory recognized that workers are not just machines, but complex individuals with their own needs, desires, and motivations.

ii) The emphasis on motivation: The theory proposed that workers are motivated by a variety of factors, such as pay, recognition, and job satisfaction, and that managers should strive to understand and meet these needs in order to improve performance.

iii) The focus on teamwork and communication: The theory emphasized the

importance of teamwork and effective communication in achieving organizational goals. It proposed that managers should create an environment that encourages collaboration and open communication among employees.

iv) The emphasis on leadership: The theory recognized that effective leadership is crucial for achieving organizational goals and proposed that managers should strive to be effective leaders who can inspire and guide their employees.

Some Limitations include:

i) Lack of attention to technical aspects of management: The theory focuses on the human aspect of management and ignores the technical aspects of management.

ii) Lack of attention to external factors: The theory focuses on internal factors that shape organizational behavior, such as motivation and communication, and ignores external factors such as the economy, politics, and technology.

iii) Lack of attention to individual differences: The theory assumes that all workers are the same and can be motivated and managed using the same techniques.

System Theory: The Systems Theory, which emerged in the 1960s and 1970s, is an important perspective in the field of management that focuses on viewing organizations as complex systems made up of interrelated parts. The theory emphasizes the importance of understanding the relationships between different parts of the organization and how they affect the overall performance of the organization.

Some of the key Contributions include:

i) The recognition of the complexity of organizations: The theory recognized that organizations are complex systems made up of many different parts that interact with each other. It proposed that managers should strive to understand these interactions in order to improve organizational performance.

ii) The emphasis on holistic approach: The theory emphasizes the need to take a

holistic approach to management, considering the organization as a whole rather than just focusing on individual parts.

iii) The focus on interdependence: The theory proposed that different parts of the organization are interdependent and that changes in one part of the organization can have ripple effects throughout the entire system.

iv) The emphasis on feedback: The theory emphasized the importance of feedback loops in organizational systems, recognizing that information flows both within the organization and between the organization and its external environment.

Some Limitations include:

i) The complexity of the theory: The theory is complex and difficult to understand, making it challenging for managers to apply in practice.

ii) The lack of attention to individual parts: The theory focuses on the organization as a whole and may neglect the importance of individual parts of the organization.

iii) The lack of attention to human behavior: The theory focuses on the technical aspects of management and may neglect the human aspect of management, such as motivation and communication.

Decision Theory: Decision theory is a branch of management that deals with how managers make decisions in organizations. It uses mathematical and statistical techniques to help managers identify and evaluate potential courses of action, and make the best decision possible based on the available information.

Some of the key Contributions include:

i) The use of formal methods: Decision theory uses formal methods, such as mathematical models and statistical techniques, to help managers make decisions. This helps managers to be more systematic and objective in their decision-making process.

ii) The emphasis on rationality: Decision theory emphasizes the importance of

rationality in decision-making. It proposes that managers should strive to make decisions that are based on the best available information, and that they should consider all possible options before making a decision.

iii) The use of probability and statistics: Decision theory uses probability and statistics to help managers evaluate the potential outcomes of different options. This helps managers to make decisions that are based on the best available evidence.

iv) The focus on risk management: Decision theory also focuses on risk management, and proposes methods for evaluating and managing risk. This helps managers to make decisions that are based on the best available information, while also considering the potential risks associated with different options.

Some Limitations include:

i) The complexity of the theory: Decision theory can be complex and difficult to understand, making it challenging for managers to apply in practice.

ii) The lack of attention to human behavior: Decision theory focuses on the technical aspects of management and may neglect the human aspect of management, such as motivation and communication.

iii) The lack of attention to the external environment: Decision theory focuses on the internal aspects of the organization and may neglect the importance of external factors such as the economy, politics, and technology.

Management Science Theory: Management Science Theory, also known as Operations Research, is an interdisciplinary field that applies advanced mathematical and statistical techniques to help managers make better decisions in organizations. It emerged in the 1950s and 1960s as a way to bring a scientific approach to management decision making.

Some of the key Contributions include:

i) The use of formal methods: Management Science Theory uses formal methods, such as mathematical models and statistical techniques, to help managers make

decisions. This helps managers to be more systematic and objective in their decision-making process.

ii) The focus on optimization: Management Science Theory focuses on finding the best solution to a problem, or optimization, by using mathematical models and algorithms. This helps managers to make decisions that are based on the best available information and that achieve the best possible outcomes.

iii) The use of computer-based tools: Management Science Theory uses computer-based tools, such as spreadsheets and specialized software, to help managers solve complex problems and make better decisions.

iii) The emphasis on quantitative data: Management Science Theory emphasizes the importance of using quantitative data, such as statistics and numerical information, to inform decision making.

Some Limitations include:

i) The complexity of the theory: Management Science Theory can be complex and difficult to understand, making it challenging for managers to apply in practice.

ii) The lack of attention to human behavior: Management Science Theory focuses on the technical aspects of management and may neglect the human aspect of management, such as motivation and communication.

iii) The lack of attention to the external environment: Management Science Theory focuses on the internal aspects of the organization and may neglect the importance of external factors such as the economy, politics, and technology.

Contingency Theory: The Contingency Theory, which emerged in the 1970s and 1980s, is an important perspective in the field of management that focuses on the idea that there is no one-size-fits-all approach to managing organizations. It emphasizes the need to consider the unique characteristics of each organization and to develop management strategies that are appropriate for the specific situation.

Some of the key Contributions include:

i) The recognition of the importance of context: The theory recognizes that different organizations have different characteristics, such as size, structure, and goals, and that these characteristics can affect the way that the organization should be managed.

ii) The emphasis on flexibility: The theory emphasizes the need for managers to be flexible and to adapt their management strategies to the unique characteristics of the organization.

iii) The focus on matching: The theory proposes that managers should match their management strategies to the specific characteristics of the organization in order to achieve the best possible outcomes.

iv) The recognition of the dynamic nature of organizations: The theory recognizes that organizations are constantly changing and evolving, and that managers need to be able to adapt to these changes in order to achieve organizational goals.

Some Limitations include:

i) The complexity of the theory: The theory can be complex and difficult to understand, making it challenging for managers to apply in practice.

ii) The lack of clear guidelines: The theory does not provide clear guidelines for managers on how to match management strategies to the specific characteristics of the organization.

iii) The lack of attention to human behavior: The theory focuses on the technical aspects of management and may neglect the human aspect of management, such as motivation and communication.

Emerging management concepts:

Workforce Diversity: Workforce diversity is the diversity between workers in an organization. Workers in organizations are from various environments. They represent different sex, age, religion, culture, and physical quality and so on. Variety makes the work force varied. In current scenario, recruiting differentiated staffs is most significant things for an organization. Workforce diversity is the big

challenge for management.

Advantages:

- It is helpful for effective team performance
- Improvement in creativity of employee
- Decision making process would improve
- Effective customer service
- It is helpful for addressed market diversity etc

Disadvantages:

- Workforce diversity can lead to communication gap between employee
- It can increase conflict in an organization
- Morale of employee can be lower
- It could be difficult to retain employee in an organization

Outsourcing: Another 'Emerging concept of management in Nepal' is outsourcing. In the modern concept of management, recruiting employee from outside of an organization is called outsourcing. In the era of the globalization, an organization can recruit any person from around the globe. An organization can purchase raw material and experts from various places. For example, various organizations from America, Europe, Asia, gulf, etc. are recruiting Nepali employees.

Advantages of outsourcing

- Organization can focus on its strategies for betterment of an organization
- It gives an access to world class experts
- Quality products can be produced in efficient cost

- Sharing of risk
- Increase in product quality

Disadvantage of outsourcing

- Outsourcing company or person can know all of the company's secret
- It can create competition between company
- There can be some hidden cost
- Data security can be breach

Knowledge Management: Knowledge management is the process of improvement of an organization's efficiency by properly management of knowledge within the company. It has five process to collect and use of knowledge. Here are five processes:

- Collecting of knowledge – knowledge from various sources like paper, file, computer storage, website, newspaper etc. is collected.
- Organization of knowledge – collected knowledge is organized well by catalogue and coding.
- Refining of knowledge – Organized knowledge is stored in database for further use.
- Dissemination of knowledge – Knowledge would be disseminated to required party.
- Utilization of knowledge – Proper use of the knowledge in an organization leads company to advancement.

Learning Organization: Nowadays organization is knowledgeable. Management of knowledge is a power of an organization. Learning organizations are willing to learn new thing every time. It facilitates the learning of its members

and continuously transforms itself to advancement. Learning organization has some characteristic:

- Boundary less organization structure
- Systematic thinking
- Leadership with shared vision
- Knowledge management