

# Management

Eleventh Edition

## Chapter MH-1 Management History Module

# Learning Objectives

**MH1.1 Describe** some early management examples.

**MH1.2 Explain** the various theories in the classical approach.

**MH1.3 Discuss** the development and uses of the behavioral approach.

**MH1.4 Describe** the quantitative approach.

**MH1.5 Explain** various theories in the contemporary approach.

# Early Management

- The Egyptian pyramids and the Great Wall of China are proof that projects of tremendous scope, employing tens of thousands of people, were completed in ancient times.

# Job Specialization

- In 1776 Adam Smith published “The Wealth of Nations”
  - **division of labor (job specialization):** the breakdown of jobs into narrow and repetitive tasks

# Industrial Revolution

- **Industrial revolution:** a period during the late eighteenth century when machine power was substituted for human power, making it more economical to manufacture goods in factories than at home

# Exhibit MH-1

## Major Approaches to Management

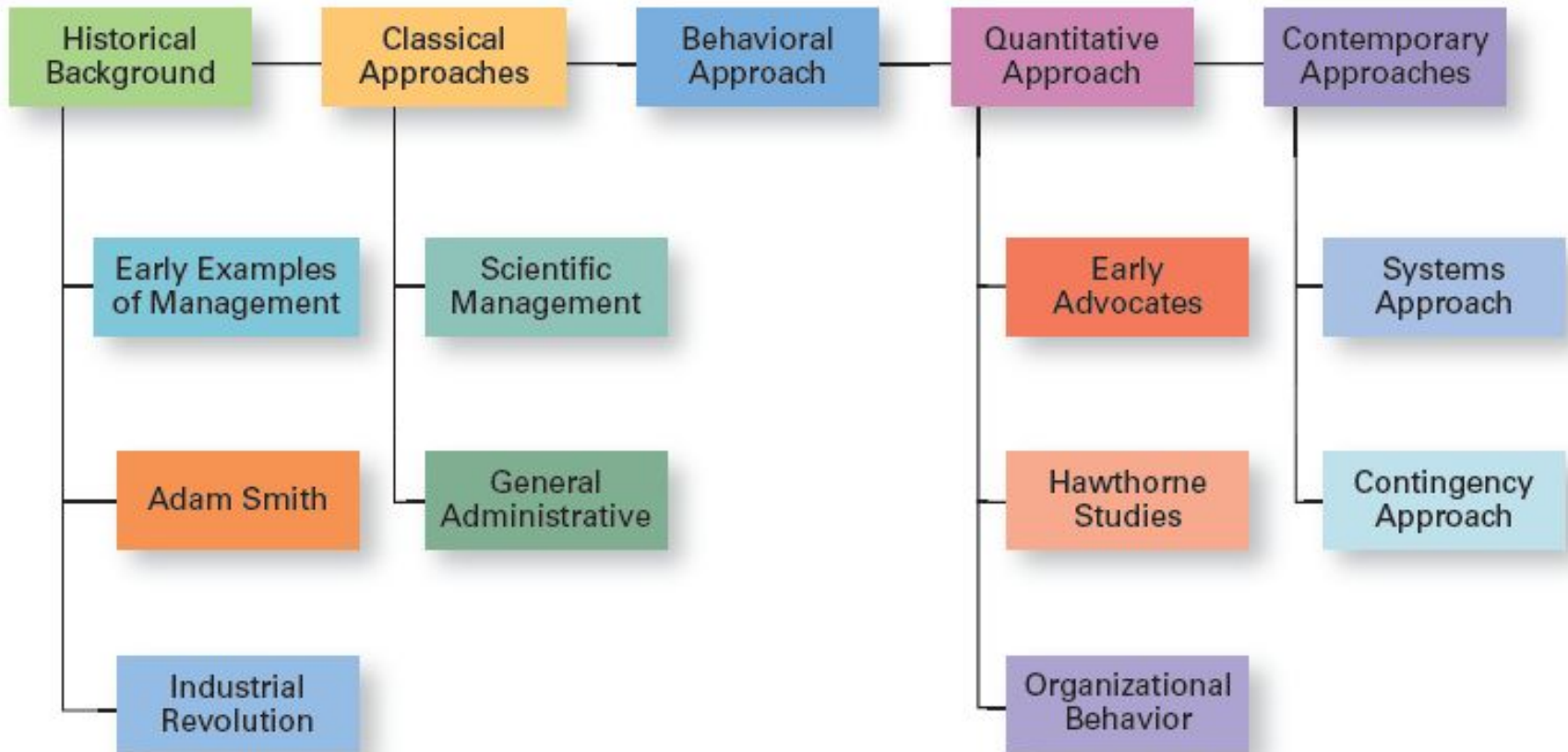


Exhibit MH-1 shows the four major approaches to management theory: classical, behavioral, quantitative, and contemporary.

# Classical Approach

- **Classical approach:** first studies of management, which emphasized rationality and making organizations and workers as efficient as possible

# Scientific Management

- **Scientific management:** an approach that involves using the scientific method to find the “one best way” for a job to be done



# Exhibit MH-2

## Taylor's Scientific Management Principles

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### 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 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.
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# Frank and Lillian Gilbreth

- **Therbligs:** a classification scheme for labeling basic hand motions

# General Administrative Theory

- **General administrative theory:** an approach to management that focuses on describing what managers do and what constitutes good management practice

# Henri Fayol

- **Principles of management:** fundamental rules of management that could be applied in all organizational situations and taught in schools

# Exhibit MH-3: Fayol's 14 Principles of Management (1 of 2)

## Principles

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.

# Exhibit MH-3: Fayol's 14 Principles of Management (2 of 2)

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## Principles

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 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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# Max Weber

- **Bureaucracy:** a form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships

# Exhibit MH-4

## Characteristics of Weber's Bureaucracy

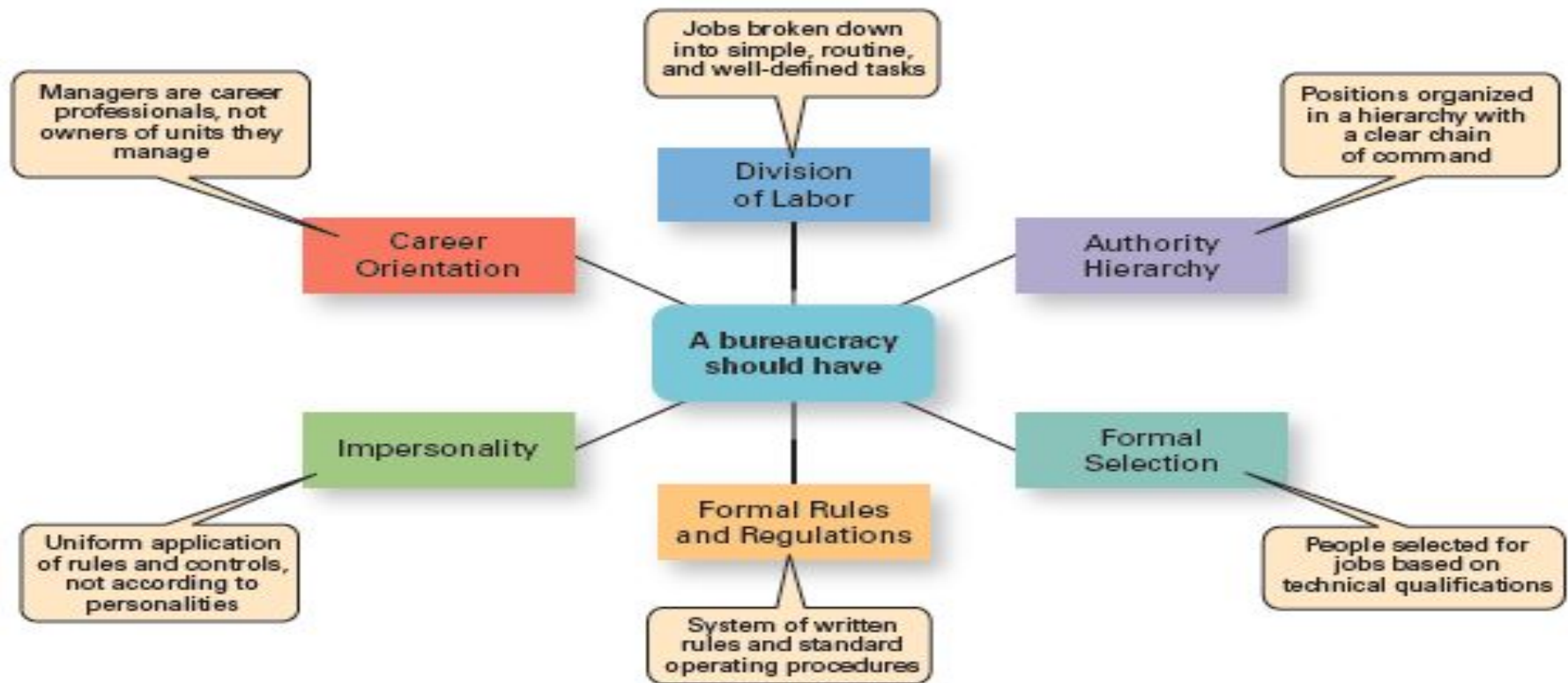


Exhibit MH-4 shows Weber's ideal bureaucracy.



# Behavioral Approach

- **Organizational behavior (OB):** the study of the actions of people at work

# Exhibit MH-5

## Early OB Advocates

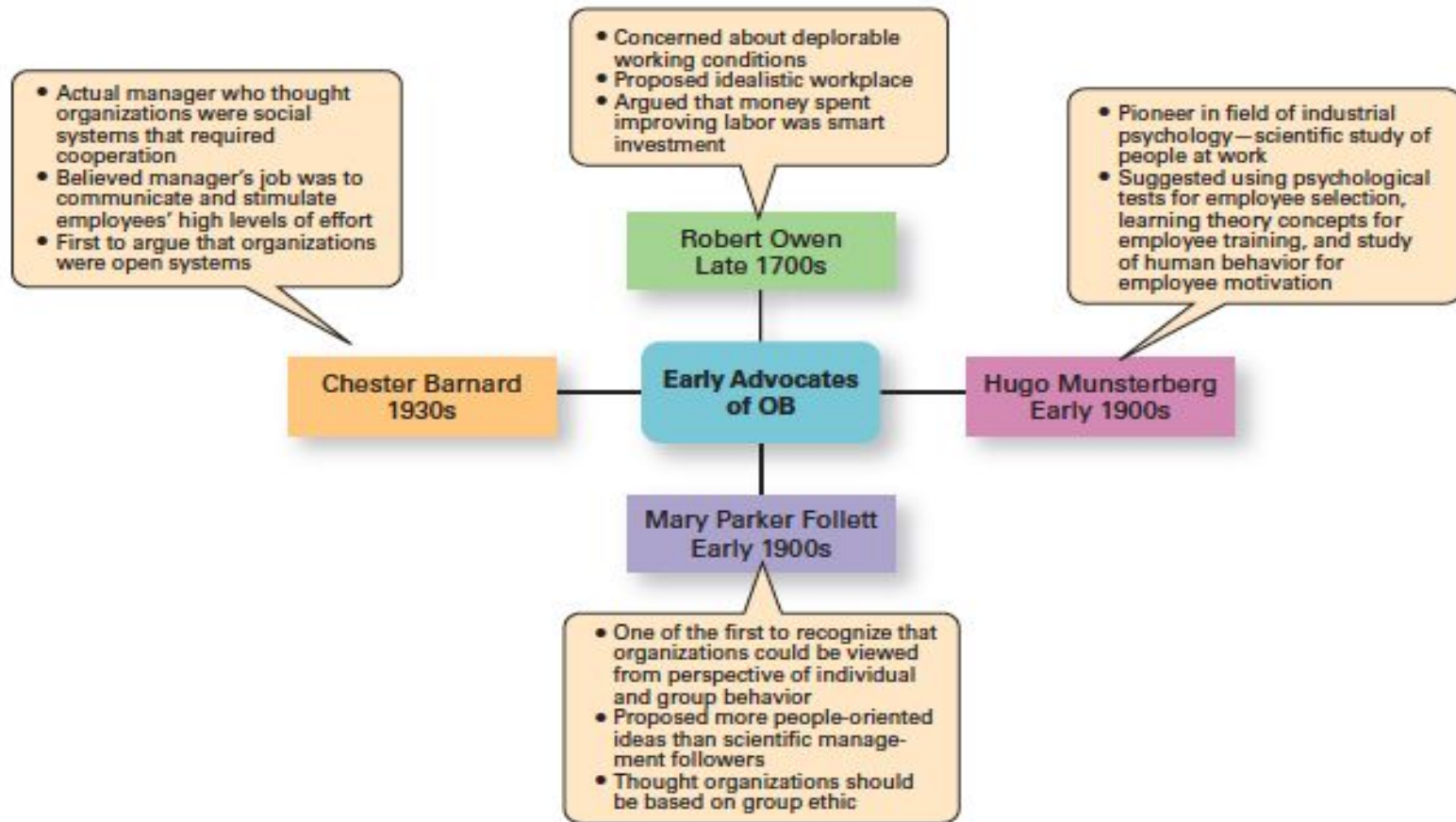


Exhibit MH- 5 summarizes each individual's most important ideas.

# Hawthorne Studies

- **Hawthorne studies:** a series of studies during the 1920s and 1930s that provided new insights into individual and group behavior

# Quantitative Approach

- **Quantitative approach:** the use of quantitative techniques to improve decision-making

# Total Quality Management

- **Total quality management (TQM):** a philosophy of management that is driven by continuous improvement and responsiveness to customer needs and expectations

# Exhibit MH-6: What is Quality Management?

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## Characteristic

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.
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# Contemporary Approaches

- **System:** a set of interrelated and interdependent parts arranged in a manner that produces a unified whole
- **Closed systems:** systems that are not influenced by and do not interact with their environment
- **Open systems:** systems that interact with their environment

# Exhibit MH-7

## Organization as an Open System

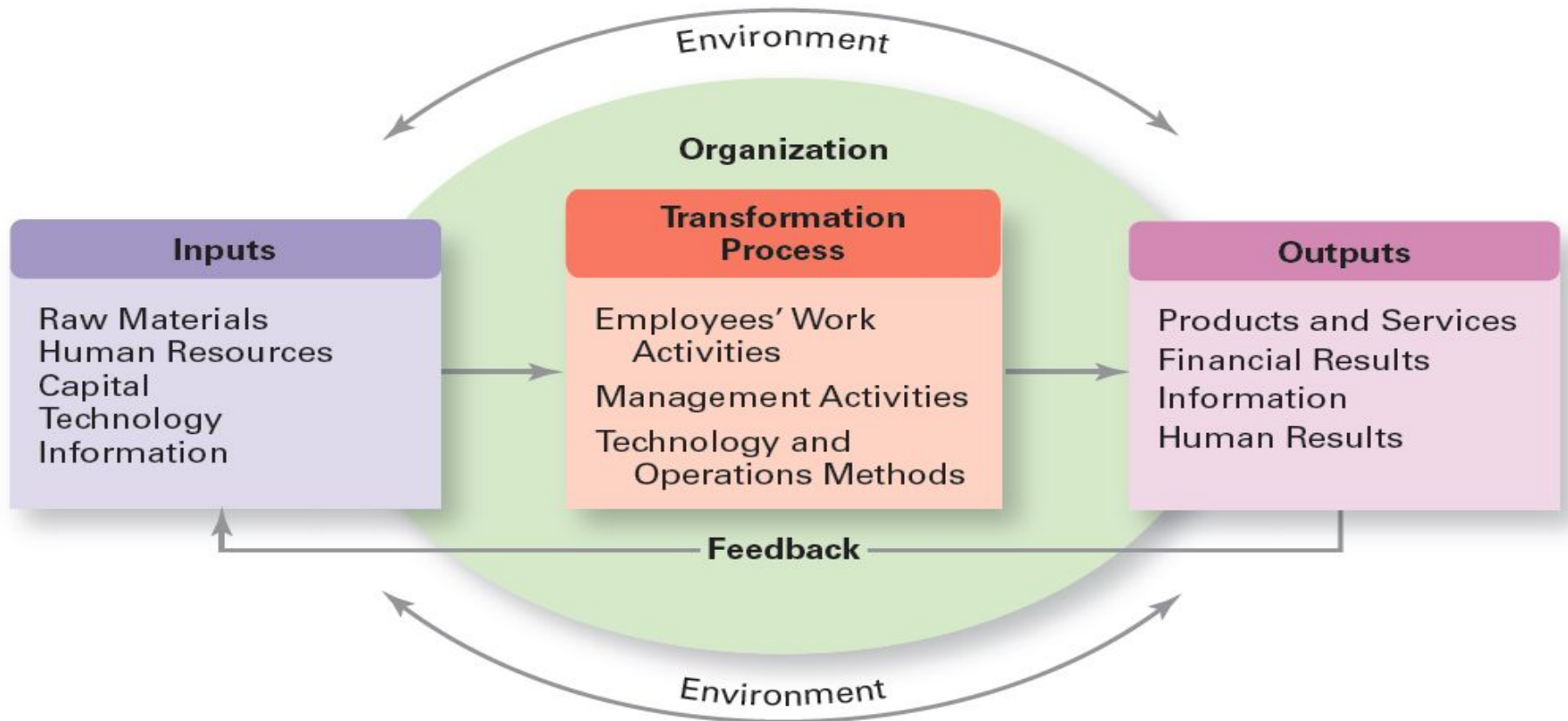


Exhibit MH-7 shows a diagram of an organization from an open systems perspective.



# Contingency Approach

- **Contingency approach:** a management approach that recognizes organizations as different, which means they face different situations (contingencies) and require different ways of managing

# Exhibit MH-8: Popular Contingency Variables

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## Variable

**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.

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# Review Learning Objective MH1.1

- **Describe some early management examples.**
  - Early examples of management practice include the construction of the Egyptian pyramids and the Great Wall of China.
  - One important historical event was the publication of Adam Smith's "Wealth of Nations," in which he argued the benefits of division of labor (job specialization).
  - Another was the industrial revolution, where it became more economical to manufacture in factories than at home.

# Review Learning Objective MH1.2

- **Explain the various theories in the classical approach.**
  - Frederick W. Taylor
  - The Gilbreths
  - Henri Fayol
  - Max Weber

# Review Learning Objective MH1.3

- **Discuss the development and uses of the behavioral approach.**
  - Early advocates of OB
  - The Hawthorne Studies

# Review Learning Objective MH1.4

- **Describe the quantitative approach.**
  - The quantitative approach
  - Total quality management (TQM)

# Review Learning Objective MH1.5

- **Explain various theories in the contemporary approach.**
  - Systems approach
  - Contingency approach

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