Evolution of Management

Historical Background of Management

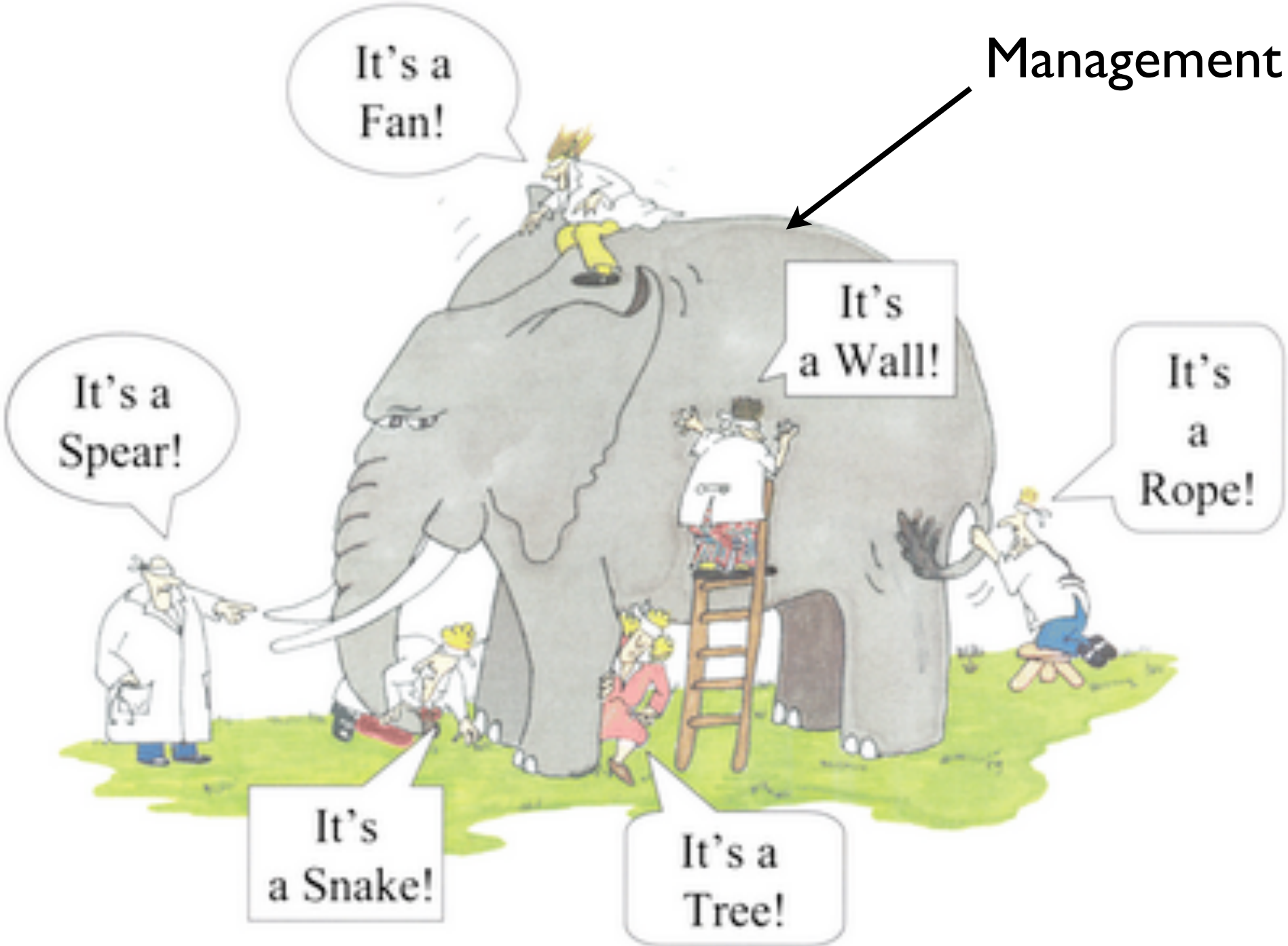
1. Pyramids-100,000 workers for 20 years
2. who told each worker what to do
3. who checked stones are available to not
4. who kept the workers busy

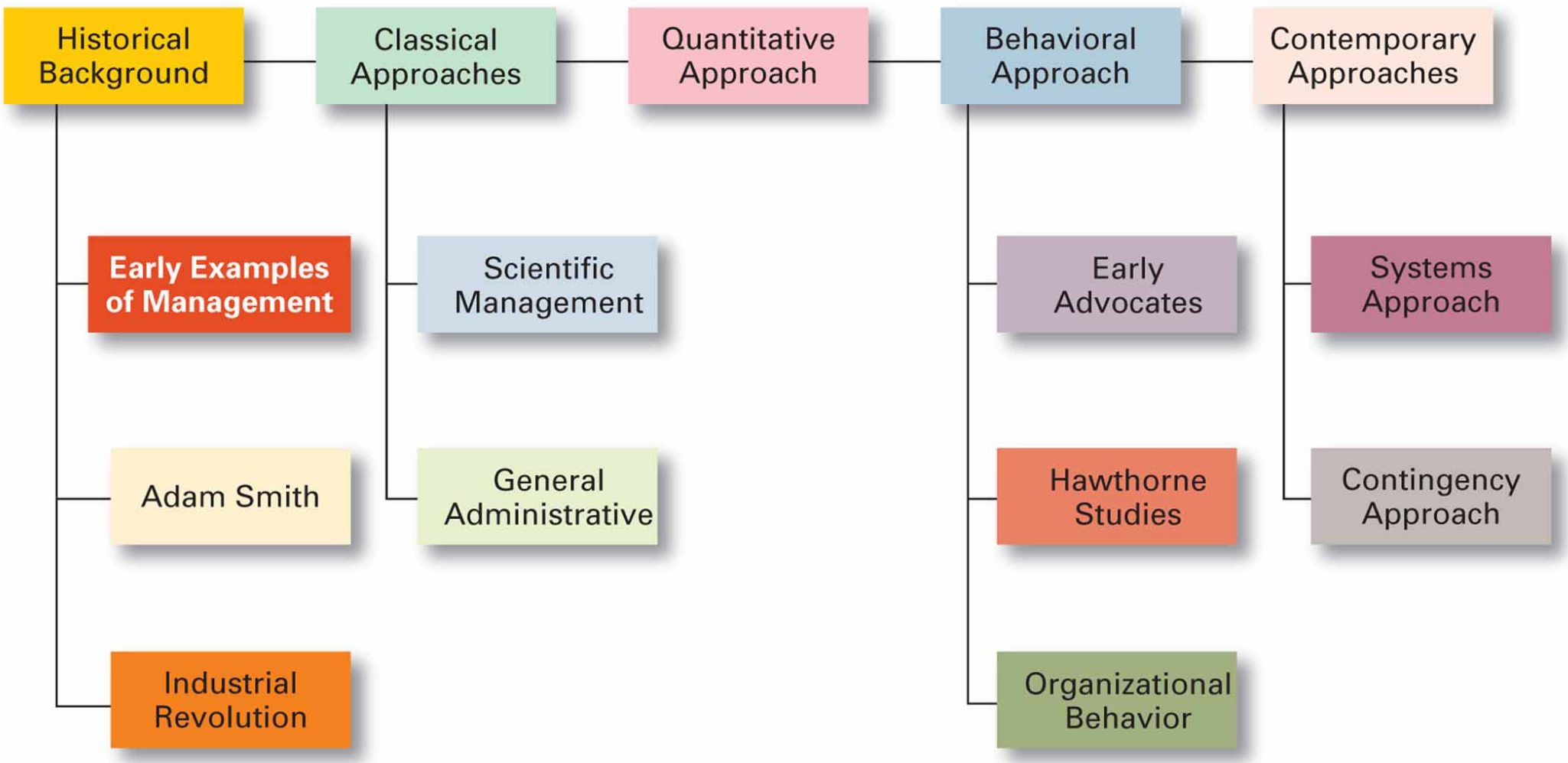
Adam Smith

1. 1776-Wealth of nation
2. Division of labour (Job Specialization)
3. 10 individuals can make 48000 pins per day
4. Individually 10 pins a day

Industrial Revolution

1. Factories came up
2. Some body was needed to manage


Management
It's a Fan!
It's a Spear!
It's a Wall!
It's a Rope!
It's a Snake!
It's a Tree!


Historical Background
Classical Approaches
Quantitative Approach
Behavioral Approach
Contemporary Approaches
Early Examples of Management
Adam Smith
Industrial Revolution
Scientific Management
General Administrative
Early Advocates
Hawthorne Studies
Organizational Behavior
Systems Approach
Contingency Approach

Classical Approach

1. Focused on making organizations and workers efficient
2. Frederick W Taylor-Father of Scientific Management
3. Worked at Midvale and bethlehem Steel companies
4. Inefficient workers,took it easy
5. No one best way

Pig iron Experiment

1. Workers loaded pigs of iron (92 pounds) onto rail cars
2. Daily average was 12.5 tonnes
3. He thought he can increase
4. He did it to 47 or 48 tones per day

Frederick W Taylor

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.

Frank and Lillian Gilbreth

1. A construction contractor by trade
2. Gave up career to study scientific management
3. Studied work to eliminate inefficient hand and body motion
4. Analyzed bricklayers job
5. Reduced the number of motions in laying bricks
6. In exterior from 18 to 6 and interior to 2

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

General Administrative Theory

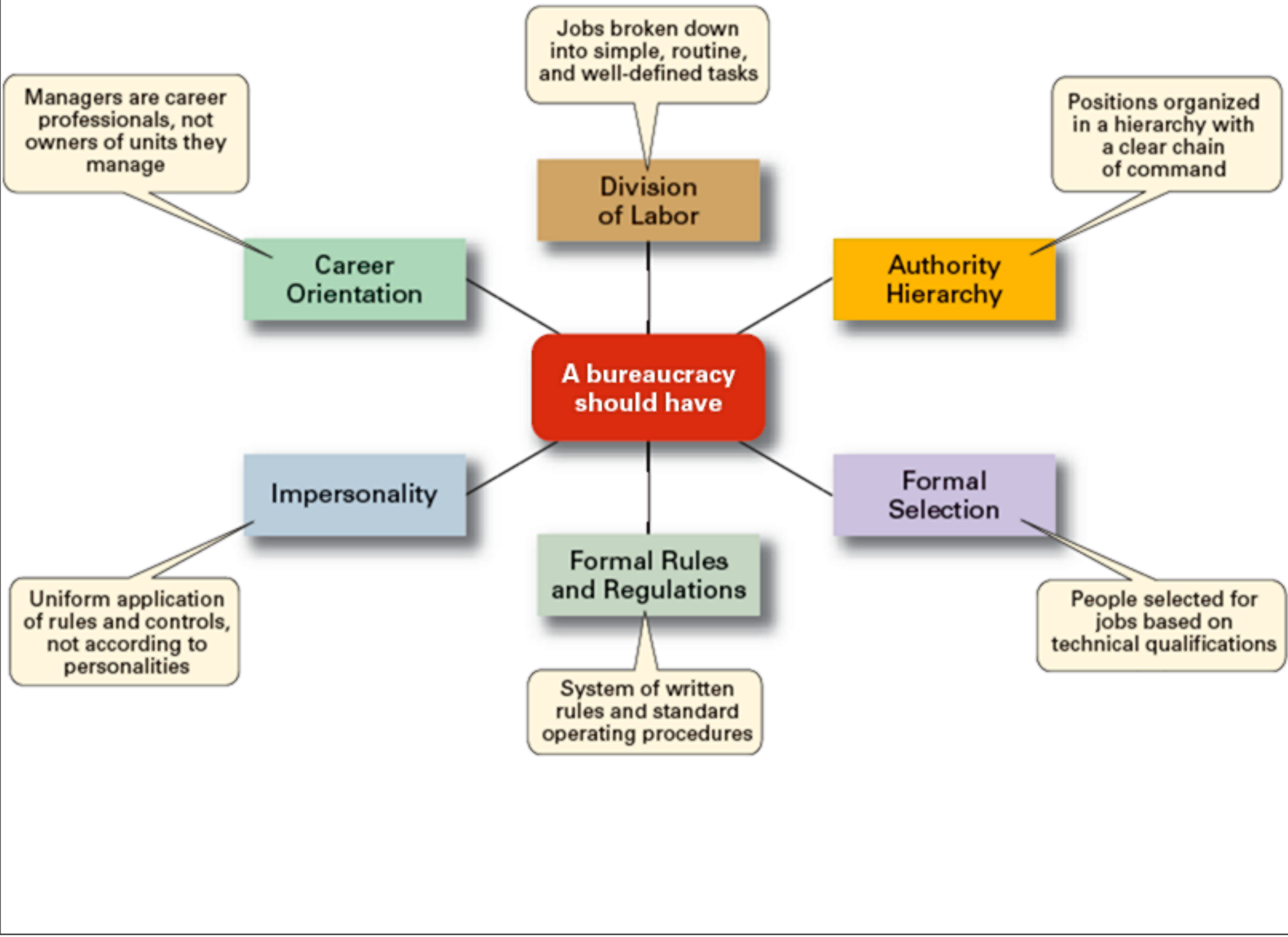
1. Perspective of the entire organization
2. Focused on what managers do and what constituted good management practices

Henri Fayol

1. Taylor focussed more on front line managers
2. Fayol was more on overall management

Fayol's 14 principles

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


A bureaucracy should have
Division of Labor
Jobs broken down into simple, routine, and well-defined tasks
Career Orientation
Managers are career professionals, not owners of units they manage
Authority Hierarchy
Positions organized in a hierarchy with a clear chain of command
Impersonality
Uniform application of rules and controls, not according to personalities
Formal Rules and Regulations
System of written rules and standard operating procedures
Formal Selection
People selected for jobs based on technical qualifications

Weber

How managers today use it

1. Functional View-Fayol
2. Companies are using bureaucracy

Quantitative Approach

1. Also called as operations research
2. Evolved from mathematical and statistical tools
3. Focused on improving managerial decision by applying
4. Statistics,optimization models,information models

Quantitative Approach

1. Work Scheduling
2. Resource allocation
3. Post world war 2
4. Economic order quantity

Total Quality Management

1. Intense focus on the customer
2. Concern for the continual improvement
3. Process Focused
4. Improvement in the quality of everything
5. Accurate Measurement
6. Empowerment of employees

How managers use it today

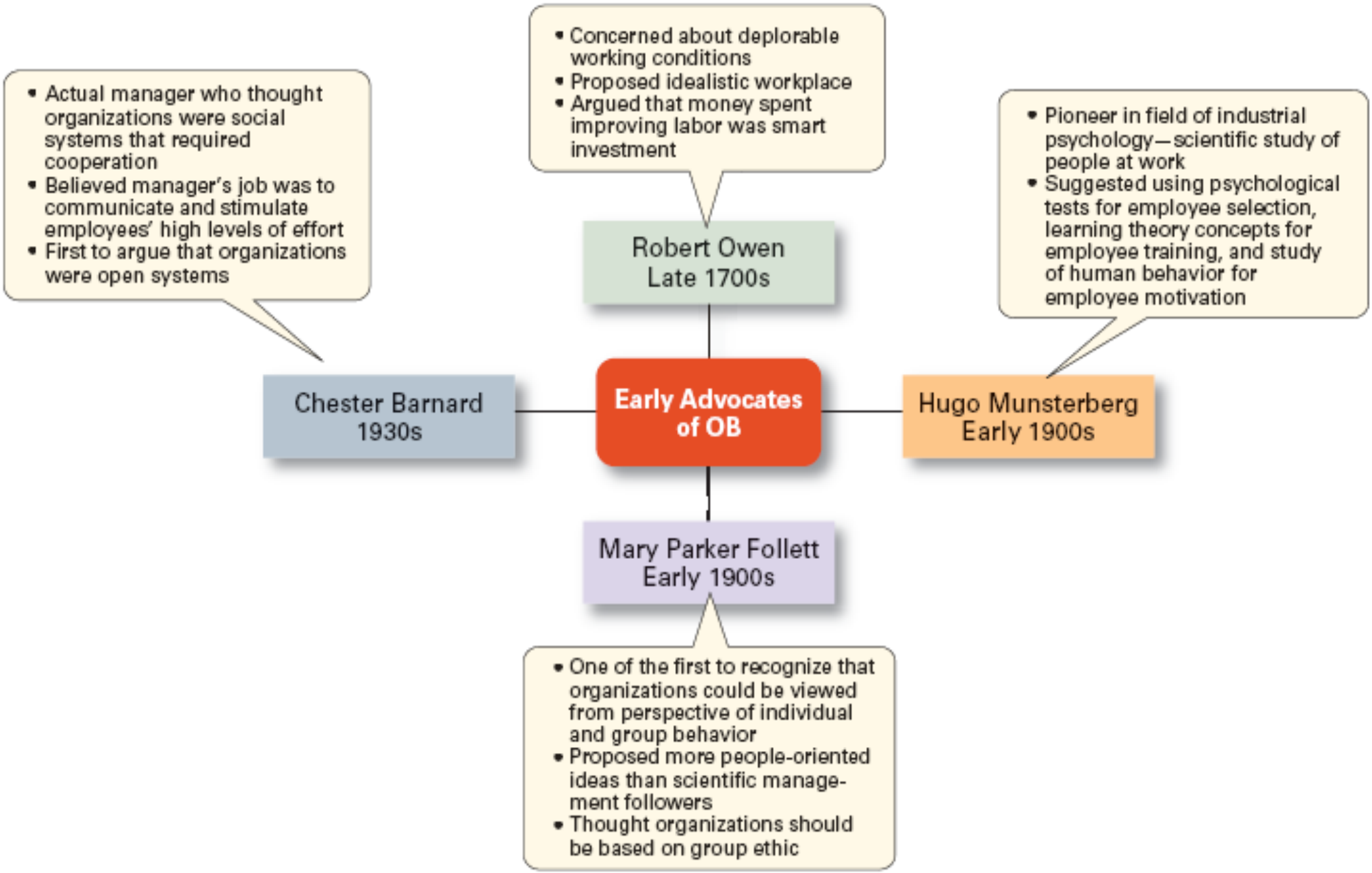
1. Que. Management
2. Call Centers
3. Tour Operators
4. Factories
5. Decision Making

Behavioral Approach

1. Some people chose to look at management by focusing on organizations people.
2. Behavior of people at work-OB
3. Motivating,leading,building trust.
4. Very Important in todays perspective

Early OB advocates

1. Robert Owen
2. Hugo Munsterberg
3. Mary Parket Follett
4. Chester Barnard


Early Advocates of OB
Robert Owen
Late 1700s
• Concerned about deplorable working conditions
• Proposed idealistic workplace
• Argued that money spent improving labor was smart investment
Chester Barnard
1930s
• Actual manager who thought organizations were social systems that required cooperation
• Believed manager's job was to communicate and stimulate employees' high levels of effort
• First to argue that organizations were open systems
Hugo Munsterberg
Early 1900s
• Pioneer in field of industrial psychology—scientific study of people at work
• Suggested using psychological tests for employee selection, learning theory concepts for employee training, and study of human behavior for employee motivation
Mary Parker Follett
Early 1900s
• One of the first to recognize that organizations could be viewed from perspective of individual and group behavior
• Proposed more people-oriented ideas than scientific management followers
• Thought organizations should be based on group ethic

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.

Contemporary Approach

1. Earlier studies focused on internal environment
2. Since 1960 focus shifted to external environment
3. Systems
4. Contingency

Systems Approach

System Defined

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

Basic Types of Systems

Closed systems

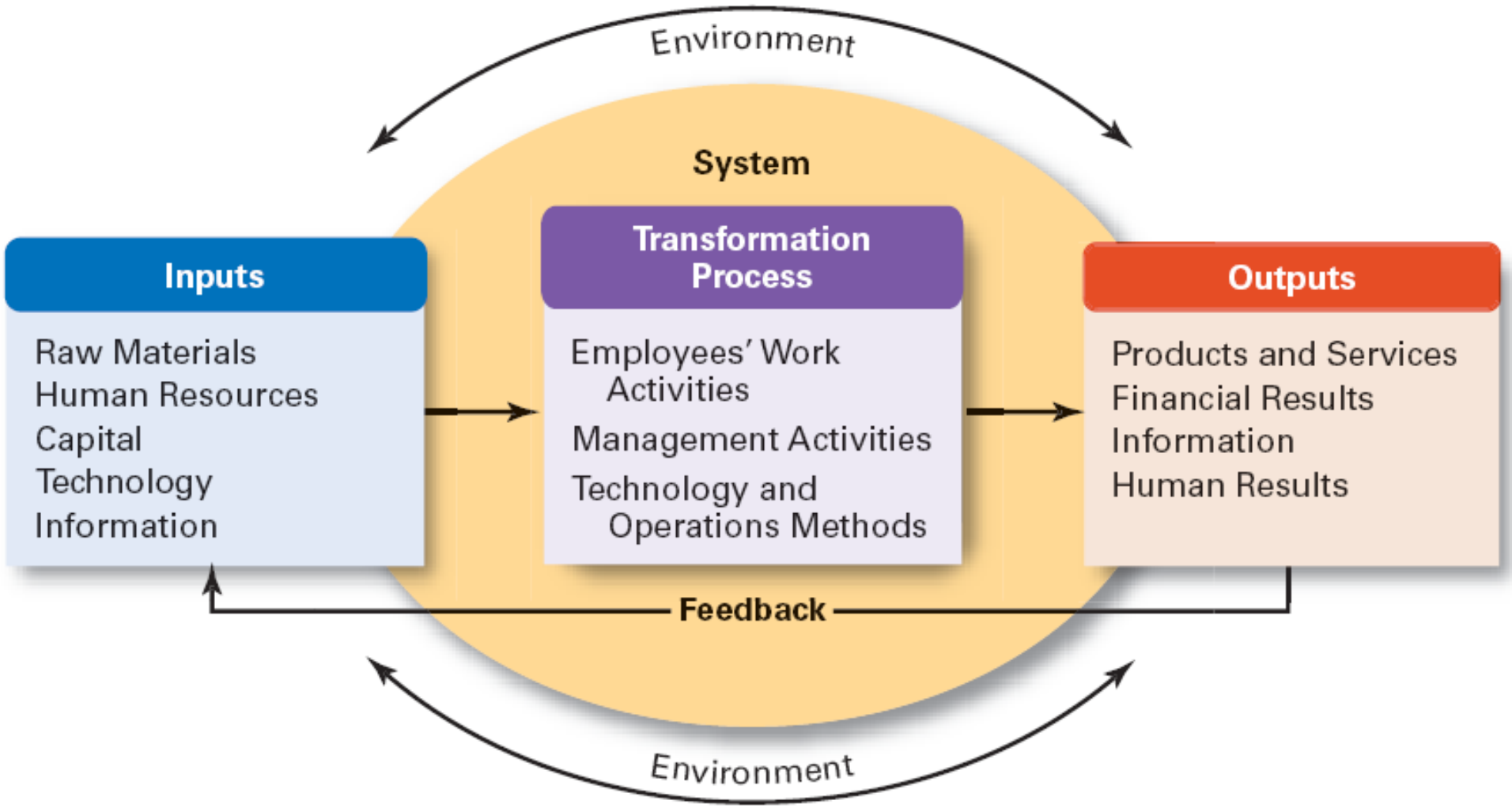
Are not influenced by and do not interact with their environment (all system input and output is internal).

Open systems

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

The Systems Approach and

1. Organizations are made of interdependent factors
2. Individuals,groups,attitudes,motives,formal structure.
3. Managers co-ordinate
4. Departments also need to co-ordinate


Environment
System
Inputs
Raw Materials
Human Resources
Capital
Technology
Information
Transformation Process
Employees' Work Activities
Management Activities
Technology and Operations Methods
Outputs
Products and Services
Financial Results
Information
Human Results
Feedback
Environment

Contingency Approach

1. Early theories had a universal approach
2. Later Exceptions were found

Contingency Approach

1. Also sometimes called the *situational approach*.

2. There is no one universally applicable set of management principles (rules) by which to manage organizations.

3. 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.
- aof 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.