History Module

A BRIEF HISTORY OF MANAGEMENT'S ROOTS

Henry Ford once said, "History is more or less bunk." Well . . . Henry Ford was wrong! History is important because it can put current activities in perspective. We propose that you need to know management history because it can help you understand what today's managers do. In this module, you'll find an annotated timeline that discusses key milestones in management theory. *Check out each chapter's "Classic Concepts in Today's Workplace" box feature where we highlight a key person and his or her contributions or a key historical factor and its effect on contemporary management concepts*. We believe this approach will help you better understand the origins of many contemporary management concepts.

Early Management

Management has been practiced a long time. Organized endeavors directed by people responsible for planning, organizing, leading, and controlling activities have existed for thousands of years. Regardless of what these individuals were called, someone had to perform those functions.

Early Management • 3000 BCE–1776

Classical Approaches 1911–1947

Behavioral Approach Late 1700s–1950s

Quantitative Approach 1940s–1950s

Contemporary Approaches 1960s–present

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3000–2500 BCE

The Egyptian pyramids are proof that projects of tremendous scope, employing tens of thousands of people, were completed in ancient times.[1] It took more than 100,000 workers some 20 years to construct a single pyramid. Someone had to plan what was to be done, organize people and materials to do it, make sure those workers got the work done, and impose some controls to ensure that everything was done as planned. That someone was managers.

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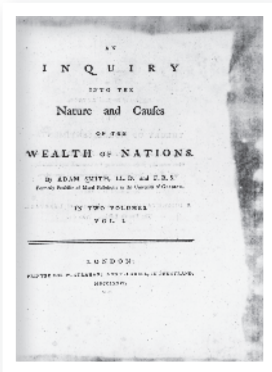
1400s

At the arsenal of Venice, warships were floated along the canals, and at each stop, materials and riggings were added to the ship.[2] Sounds a lot like a car "floating" along an assembly line, doesn't it? In addition, the Venetians used warehouse and inventory systems to keep track of materials, human resource management functions to manage the labor force (including wine breaks), and an accounting system to keep track of revenues and costs.



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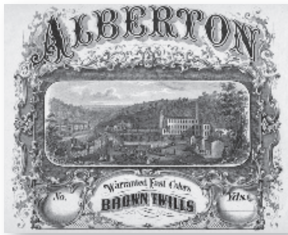
1776

Although this is an important date in U.S. history, it's also important because it's the year Adam Smith's *Wealth of Nations* was published. In it, he argued the economic advantages of the **division of labor (or job specialization)**—that is, breaking down jobs into narrow, repetitive tasks. Using division of labor, individual productivity could be increased dramatically. Job specialization continues to be a popular way to determine how work gets done in organizations. As you'll see in Chapter 5, it does have its drawbacks.



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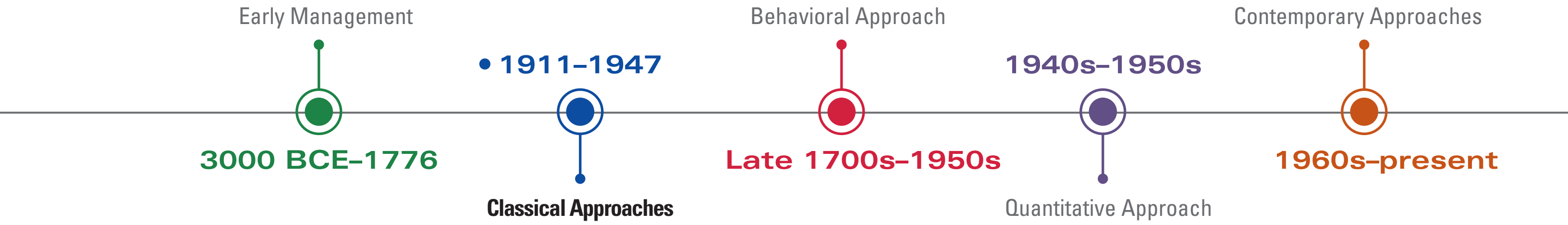
1780s–Mid-1800s

The Industrial Revolution may be the most important pre-twentieth-century influence on management. Why? Because with the industrial age came the birth of the corporation. With large, efficient factories pumping out products, someone needed to forecast demand, make sure adequate supplies of materials were available, assign tasks to workers, and so forth. Again, that someone was managers! It was indeed a historic event for two reasons: (1) because of all the organizational aspects (hierarchy, control, job specialization, and so forth) that became a part of the way work was done and (2) because management had become a necessary component to ensure the success of the enterprise.

Classical Approaches

Beginning around the turn of the twentieth century, the discipline of management began to evolve as a unified body of knowledge. Rules and principles were developed that could be taught and used in a variety of settings. These early management proponents were called classical theorists.

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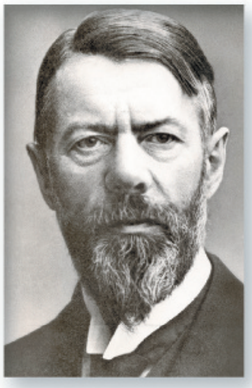
1911

That's the year Frederick W. Taylor's *Principles of Scientific Management* was published. His groundbreaking book described a theory of **scientific management**—the use of scientific methods to determine the "one best way" for a job to be done. His theories were widely accepted and used by managers around the world, and Taylor became known as the "father" of scientific management.[3] (Taylor's work is profiled in Chapter 1's "From the Past to the Present" box.) Other major contributors to scientific management were Frank and Lillian Gilbreth (early proponents of time-and-motion studies and parents of the large family described in the original book *Cheaper by the Dozen*) and Henry Gantt (whose work on scheduling charts was the foundation for today's project management).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1916–1947

Unlike Taylor, who focused on an individual production worker's job, Henri Fayol and Max Weber (depicted in the photo) looked at organizational practices by focusing on what managers do and what constituted good management. This approach is known as **general administrative theory**. Fayol was introduced in Chapter 1 as the person who first identified five management functions. He also identified 14 **principles of management**—fundamental rules of management that could be applied to all organizations.[4] (See Exhibit HM–1 for a list of these 14 principles.) Weber is known for his description and analysis of bureaucracy, which he believed was an ideal, rational form of organization structure, especially for large organizations. In Chapter 7, we elaborate on these two important management pioneers.

Exhibit HM–1 Fayol's 14 Principles of Management

1 **Division of Work.** This principle is the same as Adam Smith's "division of labor." Specialization increases output by making employees more efficient.

2 **Authority.** Managers must be able to give orders. Authority gives them this right. Along with authority, however, goes responsibility. Whenever authority is exercised, responsibility arises.

3 **Discipline.** Employees must obey and respect the rules that govern the organization. Good discipline is the result of effective leadership, a clear understanding between management and workers regarding the organization's rules, and the judicious use of penalties for infractions of the rules.

4 **Unity of Command.** Every employee should receive orders from only one superior.

5 **Unity of Direction.** Each group of organizational activities that have the same objective should be directed by one manager using one plan.

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.** Centralization refers to the degree to which subordinates are involved in decision making. Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralization for each situation.

9 **Scalar Chain.** The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain. However, if following the chain creates delays, cross-communications can be allowed if agreed to by all parties and if superiors are kept informed. Also called chain of command.

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.** High employee turnover is inefficient. 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.

Other Early Twentieth-Century Contributors: A Diversity Perspective

We don't want to leave you with the impression that the only individuals contributing to the early discipline of management were white males. Here are a few outstanding diverse individuals whose business acumen is noteworthy:

Michael Ochs Archives/Stringer/Getty Images

Handout/Toyota Motor Corporation/
Getty Images News/Getty Images

Madam C. J. Walker:

Personal necessity led Walker to invent a line of African American hair care products in 1905. Her entrepreneurial talents and insights led her to become one of the first American women to become a self-made millionaire.[5]

Kiichiro Toyoda:

The founder of Toyota Motor Company created a "flow-based [manufacturing] system" that was focused on keeping the production line running smoothly rather than operating at maximum speed. Toyoda's early recognition of the key to efficient and effective manufacturing led to the creation of the Toyota Production System with its host of practices including, for example, just-in-time manufacturing and continuous improvement.[7]

Charles Clinton Spaulding:

A prominent black business leader in the insurance industry in the early 1900s, Spaulding recognized the importance of effectively managing a business and the importance of practices such as transformational leadership, employee development, diversity, corporate social responsibility, and a strong positive organizational culture.[6]

Prudencio Unanue and Joseph A. Unanue:

This father-and-son team, using their management skills and foresight, turned a small, family-owned business, Goya Foods (which initially sold food to the Latino communities in New York), into the largest Latino-owned food distributor in the United States and eventually expanded into global distribution.[8]

Behavioral Approach

The behavioral approach to management focused on the actions of workers. How do you motivate and lead employees in order to get high levels of performance?

Early Management — 3000 BCE–1776
Classical Approaches — 1911–1947
Behavioral Approach — Late 1700s–1950s
Quantitative Approach — 1940s–1950s
Contemporary Approaches — 1960s–present

Ken Welsh/Newscom

Late 1700s–Early 1900s

Managers get things done by working with people. Several early management writers recognized how important people are to an organization's success.[9] For instance, Robert Owen, who was concerned about deplorable working conditions, proposed an idealistic workplace. Hugo Munsterberg, a pioneer in the field of industrial psychology, suggested using psychological tests for employee selection, learning theory concepts for employee training, and studies of human behavior for employee motivation. Mary Parker Follett was one of the first to recognize that organizations could be viewed from both individual *and* group behavior. She thought that organizations should be based on a group ethic rather than on individualism.

Archive PL / Alamy Stock Photo

1924–Mid-1930s

The **Hawthorne studies**, a series of studies that provided new insights into individual and group behavior, were without question the most important contribution to the behavioral approach to management.[10] Conducted at the Hawthorne (Cicero, Illinois) Works of the Western Electric Company, the studies were initially designed as a scientific management experiment. Company engineers wanted to see the effect of various lighting levels on worker productivity. Using control and experimental groups of workers, they expected to find that individual output in the experimental group would be directly related to the intensity of the light. However, much to their surprise, they found that productivity in both groups varied with the level of lighting. Not able to explain it, the engineers called in Harvard professor Elton Mayo. Thus began a relationship that lasted until 1932 and encompassed numerous experiments in the behavior of people at work. What were some of their conclusions? Group pressures can significantly affect individual productivity, and people behave differently when they're being observed. Scholars generally agree that the Hawthorne studies had a dramatic impact on management beliefs about the role of people in organizations and led to a new emphasis on the human behavior factor in managing organizations.

1930s–1950s

The human relations movement is important to management history because its supporters never wavered from their commitment to making management practices more humane. Proponents of this movement uniformly believed in the importance of employee satisfaction—a satisfied worker was believed to be a productive worker.[11] So they offered suggestions like employee participation, praise, and being nice to people to increase employee satisfaction. For instance, Abraham Maslow, a humanistic psychologist, who's best known for his description of a hierarchy of five needs (a well-known theory of employee motivation), said that once a need was substantially satisfied, it no longer served to motivate behavior. Douglas McGregor developed Theory X and Theory Y assumptions, which related to a manager's beliefs about an employee's motivation to work. Even though both Maslow's and McGregor's theories were never fully supported by research, they're important because they represent the foundation from which contemporary motivation theories were developed. Both are described more fully in Chapter 11.

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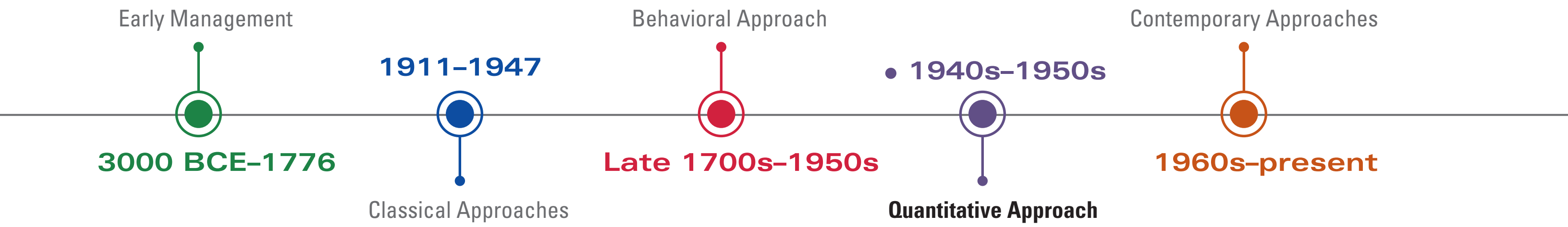
1960s–Today

An organization's people continue to be an important focus of management research. The field of study that researches the actions (behaviors) of people at work is called **organizational behavior (OB)**. OB researchers do empirical research on human behavior in organizations. Much of what managers do today when managing people—motivating, leading, building trust, working with a team, managing conflict, and so forth—has come out of OB research. These topics are explored in depth in Chapters 9–13.

Quantitative Approach

The quantitative approach, which focuses on the application of statistics, optimization models, information models, computer simulations, and other quantitative techniques to management activities, provided tools for managers to make their jobs easier.



Bert Hardy/Hulton Archive/Getty Images

1940s

The **quantitative approach** to management—which is the use of quantitative techniques to improve decision making—evolved from mathematical and statistical solutions developed for military problems during World War II. After the war was over, many of these techniques used for military problems were applied to businesses.[12] For instance, one group of military officers, dubbed the "Whiz Kids," joined Ford Motor Company in the mid-1940s and immediately began using statistical methods to improve decision making at Ford. You'll find more information on these quantitative applications in the Quantitative Decision-Making Aids module.

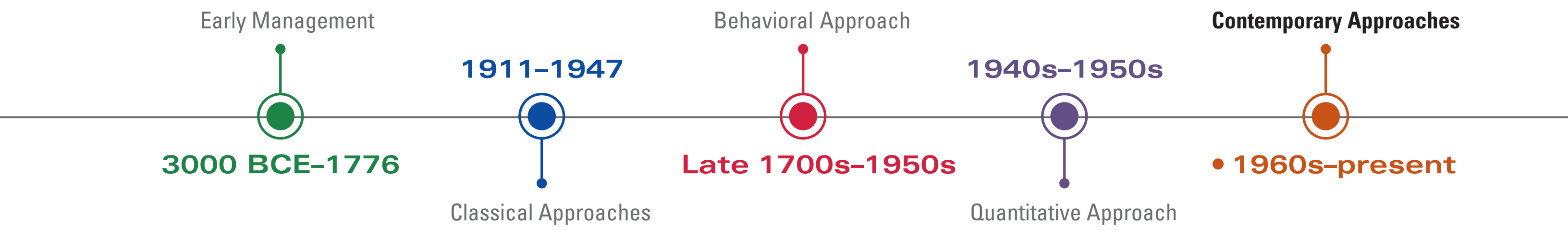
Richard Drew/AP Images

1950s

After World War II, Japanese organizations enthusiastically embraced the concepts espoused by a small group of quality experts, the most famous being W. Edwards Deming (show in photo) and Joseph M. Juran. As these Japanese manufacturers began beating U.S. competitors in quality comparisons, Western managers soon took a more serious look at Deming's and Juran's ideas.[13] Their ideas became the basis for **total quality management (TQM)**, which is a management philosophy devoted to continual improvement and responding to customer needs and expectations. We'll look more closely at Deming and his beliefs about TQM in the Managing Operations module.

Contemporary Approaches

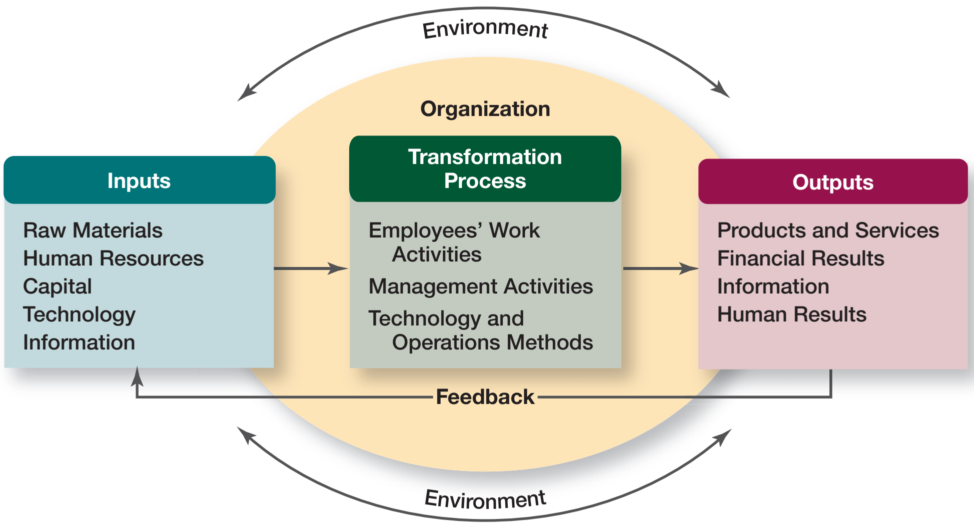
Most of the early approaches to management focused on managers' concerns inside the organization. Starting in the 1960s, management researchers began to look at what was happening in the external environment outside the organization.



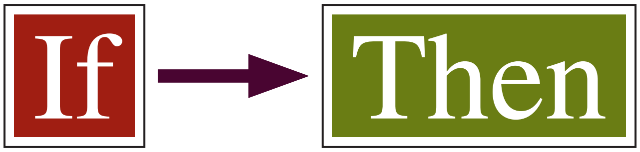
1960s

Although Chester Barnard, a telephone company executive, wrote in his 1938 book *The Functions of the Executive* that an organization functioned as a cooperative system, it wasn't until the 1960s that management researchers began to look more carefully at systems theory and how it related to organizations.[14] The idea of a system is a basic concept in the physical sciences. As related to organizations, the **systems approach** views systems as a set of interrelated and interdependent parts arranged in a manner that produces a unified whole. Organizations function as **open systems,** which means they are influenced by and interact with their environment. Exhibit HM–2 illustrates an organization as an open system. A manager has to efficiently and effectively manage all parts of the system in order to achieve established goals. See Chapter 4 for additional information on the external and internal factors that affect how organizations are managed.

Exhibit HM–2 Organization as an Open System



Contemporary Approaches



1960s

Early management theorists proposed management principles that they generally assumed to be universally applicable. Later research found exceptions to many of these principles. The **contingency approach (or situational approach)** says that organizations, employees, and situations are different and require different ways of managing. A good way to describe contingency is "if...then." *If* this is the way my situation is, *then* this is the best way for me to manage in this situation. One of the earliest contingency studies was done by Fred Fiedler and looked at what style of leadership was most effective in what situation.[15] Popular contingency variables have been found to include organization size, the routineness of task technology, environmental uncertainty, and individual differences.

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1980s–Present

Although the dawn of the information age is said to have begun with Samuel Morse's telegraph in 1837, we've seen dramatic changes in information technology in the latter part of the twentieth century and continue to see advances that directly affect the manager's job.[16] Managers now may manage employees who are working from home or working halfway around the world. An organization's computing resources used to be mainframe computers locked away in temperature-controlled rooms and only accessed by the experts. Now, practically everyone in an organization is connected—wired or wireless—with devices no larger than the palm of the hand. Just like the impact of the Industrial Revolution in the 1700s on the emergence of management, the information age has brought dramatic changes that continue to influence the way organizations are managed. The impact of digitization and information technology on how managers do their work is so profound that we've included in each chapter a boxed feature on "Managing Technology in Today's Workplace."

Industrial Revolution
The advent of machine power, mass production, and efficient transportation beginning in the late eighteenth century in Great Britain

division of labor (or job specialization)
The breakdown of jobs into narrow repetitive tasks

scientific management
The use of the scientific method to define the one best way for a job to be done

general administrative theory
Descriptions of what managers do and what constitutes good management practice

principles of management
Fayol's fundamental or universal principles of management practice

Hawthorne studies
Research done in the late 1920s and early 1930s devised by Western Electric industrial engineers to examine the effect of different work environment changes on worker productivity, which led to a new emphasis on the human factor in the functioning of organizations and the attainment of their goals

organizational behavior (OB)
The field of study that researches the actions (behaviors) of people at work

quantitative approach
The use of quantitative techniques to improve decision making

total quality management (TQM)
A managerial philosophy devoted to continual improvement and responding to customer needs and expectations

systems approach
An approach to management that views an organization as a system, which is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole

open systems
Systems that dynamically interact with their environment

contingency approach (or situational approach)
An approach to management that says that individual organizations, employees, and situations are different and require different ways of managing

Endnotes

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