

# PERSPECTIVES IN MANAGEMENT

# The Classical Perspective

- Scientific Management Theory (FW Taylor)
- Administrative Management Theory (Henry Fayol)
- Bureaucracy (Max Weber)

# Scientific Management Theory

- Fredrick Winslow Taylor is considered as the father of scientific management theory.
- He was simply an employee at Midvale Steel company in the beginning.
- However, he was promoted to chief engineer in later days.
- In course of working, he introduced piece rate system of paying wages to workers.

## Cont...

- He developed the following principles on the basis of which scientific management theory was applied:
  - Development of a science for each element of an individual's work
  - Scientific selection, training and development of workers
  - Equal division of work and responsibility between management and workers

## Cont...

- Close co-operation between management and workers
- Maximum output in place of restricted output
- Mental revolution

# Administrative Management Theory

- Henry Fayol is considered as the father of Administrative management theory.
- He advocated that scientific management emphasizes only on shop floor level requirements of organization such as job design and employee's remuneration but administrative management theory gives priority to all the requirements of management.
- Fayol is the personality who developed the concept that Management is a separate discipline unlike other disciplines.
- He developed fourteen principles of management which can be stated as follows:

## Cont...

- Division of work
- Authority and responsibility
- Discipline
- Unity of command
- Unity of direction
- Sub-ordination of individual interest to general interest
- Remuneration of personnel
- Centralization and decentralization
- Scalar Chain

## Cont...

- Order
- Equity
- Stability of tenure
- Initiative
- Espirit De corps



# Bureaucracy

- Max Weber is considered as the father of Bureaucracy.
- He made significant contribution to management thought and development.
- He developed the principles of bureaucracy- a formal system of organization and administration designed to ensure efficiency and effectiveness.
- Bureaucracy has become the most common pattern of organization in large establishments and government offices in context of our country.

# Cont...

- The important contents of Weber's theory of bureaucracy are as follows:
  - Job specialization
  - Authority Hierarchy
  - Formal Selection
  - Formal Rules and Regulations
  - Impersonality
  - Career Orientation

# Behavioral Perspectives

## **Hawthorne Experiments (Studies)**

- These studies mark the beginning of human relations theory.
- They consisted a series of experiments that focused on behavior in the work place.
- They provided new insights into group norms and behavior.

# Findings of Hawthorne Studies

- Fellowship and self respect influence worker behavior. This is called Hawthorne effect. People who are singled out for special attention tend to improve their performance.
- Productivity is not only a technical but also a social phenomenon. Workers' attitudes govern productivity. Workers are motivated by social needs. They respond to pressures of informal groups. Money is not the only motivator.

## Cont...

- Group influences significantly influence individual behavior. Group standards, group sentiments and security affect worker's output. Workers respond to pressures of informal groups. Workers are “social man”. Management of group behavior is important.
- Team work improves efficiency.
- Human element is important in management. People are different than machines.

# Hawthorne Experiments(Studies)

- Illumination experiment: Illumination was manipulated for one group of workers. It was held constant for another group of workers. Outputs of both groups were compared. It was found that illumination did not affect output. Social acceptance influenced work performance.

## Cont...

- Relay assembly test room experiment:  
Working conditions of five girls assembling a small telephone part were changed. It was found that there was no relationship between working conditions and productivity. The conclusion was:
  - Recognition and appreciation are important for productivity.

## Cont...

- Social setting and group cohesion are important for productivity.
- Interviewing Programme: 20000 workers were interviewed to find out factors responsible for human behavior at work. It was found that social relations inside the organization influenced attitudes and behavior.



## Cont...

- Bank wiring observation room: In-depth observation was done of the working of 9 men assembling terminal banks for telephone exchange. It was formal. Workers formed informal organization. They protected weak workers.

# Human Relation Movement

- The human relations movement was founded by sociologist George Elton Mayo in the 1930s following a series of experiments known as the Hawthorne studies, which focused on exploring the link between employee satisfaction/wellbeing and workplace productivity.
- Essentially the Hawthorne studies concluded that when employers take an interest in workers and make decisions based on their natural needs and psychological makeup, productivity increases.

## Cont...

- They also found that people work best when organised into groups, when they can have effective two-way communication with their leaders, and when leaders communicate and share information freely as part of an overall cohesive decision-making process.
- The human relations movement is seen as the precursor of the modern human resources function.
- Before the human relations movement, workers were typically seen as replaceable cogs in organisational systems that put the ultimate value on higher output.

# Emergence of organizational behaviour

- Scientific investigation, analysis and understanding are the human behaviour as well led to the emergence of organizational behavior.
- Though, human relation approach was developed to remove the drawbacks of classical perspective by taking into account the human relation, social relationship and group works, it was not able to address behavioural patterns of group.
- There are three main branches of behavioural sciences which are psychology, sociology and anthropology.

## Cont...

- **Sociology** is a study of society, patterns of social relationships, social interaction and culture of everyday life
- **Anthropology** is the scientific study of humans, human behavior and societies in the past and present.
- Psychology is the study of individual behaviour of all members of the organization

# Quantitative Perspective

## **Management Science Theory**

- This theory applies quantitative techniques to management.
- It considers management as a system of mathematical models for problem solving.
- A model is a simplified representation of a system, process or relationship.

# Contributions of Management Science Theory

- It developed quantitative tools to aid decision making. It has helped management in logical thinking. Most large organizations use this theory for decision making.
- It has found wide spread application in solving technical problems and forecasting. It is useful for planning and controlling purposes. It is widely used in production and operation management.

# Cont...

## **Features of Management Science Theory**

- Management is regarded as a logical process. It makes use of mathematical tools and techniques for rational decision making. It is quantitative management.
- Management problems can be quantified and described in mathematical models.
- Managers should aim at optimizing performance and maximizing efficiency.



# Operations Management

- Operations management is concerned with helping the organization to produce its products or services more efficiently.
- It is the branch of quantitative approach of management
- Its techniques can be applied to a wide range of management problems.
- It is somewhat less mathematical than management science.
- It is useful for managing operations.

# Features of operation management

- An operation may be defined as the process of changing inputs into outputs thereby adding value to some entity.
- Right quality, right quantity, right time and right price are the four basic requirements of the customers and as such they determine the extent of [customer satisfaction](#).
- Operations management is concerned with managing the resources that directly produce the organisation service and products
- The resources are generally consist of people, material, technology and information but may go wider than this.
- These resources are brought together by a series of processes so that they are utilized to deliver the primary service or product of the organization.

# Integrative Perspective of Management

- System Theory: A system is goal oriented composed of parts that are interacting and inter-related. All the parts function as a whole.
- This theory views the organization as a unified whole, composed of interacting and inter-related sub systems. Subsystems are parts of an organization. Activity in one part of the organization affects the activities in other parts. Organization is considered in totality to see the big picture. It operates within the broader environment.

## Cont...

- The sub systems of an organization are
  - People subsystem: They are human resources working in the organization.
  - Technology subsystem: They are equipments, methods, processes and skills.
  - Management subsystem: They coordinate resources. They relate to its environment.

## Cont...

- The system theory views organization as an input-output system. It is regarded as one of the recent developments in management theory. It takes a unified view of management. Management is regarded as the most important force. It coordinates the activities of other subsystems.

# Key Features of System Theory

- Goal directed: A system is goal directed. It exists to achieve some desired end.
- Sub-system: The parts of the systems are sub-systems. All the sub-systems are related to each other. They interact with each other.
- Open or closed: A system can be open or closed. Closed system has no environment. Open system interacts with the environment. Management is an open system. It responds to environmental changes.
- Synergy: Sytem thinking means that the whole is greater than the sum of its parts ( $2+2=5$ ). It leads to synergy. Working together produces more than working alone.

## Cont...

- Boundary: Every system has a boundary that separates it from the environment. Open system has flexible boundary.
- Flow: A system has flows of information, materials and energy sources. They enter as inputs from the environment. They undergo transformation processes within the system. They go back to environment as outputs. Feedback is the key to system control.

# Contingency Theory

- This theory recognizes the situational nature of management.
- It takes an integrative view of management.
- It is the most recent development in management theory.
- It does not believe in universality of management.



# Cont...

- This theory states that managerial practice depends on situation.
- There is no one best way in the world of management.
- Each situation is unique and demands unique managerial action.
- Results differ because situations differ.
- Managers should be situation sensitive in their behaviors.
- Effective managerial behavior in one situation cannot be generalized to another situations.

# Cont...

- Prevailing contingency variables that determine management approach and practices are as follows:
  - Organizational size: Number of people in organization
  - Technology: Routine or non-routine to do tasks
  - Uncertainty: Caused by environmental forces
  - Individual differences: Among employees
  - Type of work being done

## Cont...

- This theory states that leadership styles, organizational structure, job design, motivational approaches, control systems and management of change and conflict should be situation specific. There is no one best way.

# Emerging Management Issues and Challenges

- Workforce diversity refers to differences among people working in the same organization.
- Workforces at workplaces are not homogeneous.
- All employees are not the same.
- Managers need to manage a diverse workforce in modern organizations.

## Cont...

- Workforce diversity can be of two types:
  - Surface level diversity: It refers to differences in demographic or physiological characteristics of employees. They can be gender, race, ethnicity, age sexual orientation and mental/physical qualities. They do not reflect the ways employees think or feel. It is also known as primary level diversity. It is a moral and legal necessity.

## Cont...

- Deep Level diversity: It refers to differences in psychological characteristics of employees. They can be differences in values, beliefs, attitudes, personality and work preferences. It is evident in an employee's decision statements and actions. It is also known as secondary level diversity.

# Outsourcing

- Outsourcing: Outsourcing means purchasing from external suppliers. It involves subcontracting to purchase inputs consisting of raw materials and parts from the best and cheapest source any where in the world. It can be within the home country or from a foreign country. The goal is to take high quality at lower costs.

## Cont...

- In Nepal Malaysian are outsourcing cheaper human resources from Nepal. Outsourcing in internet business for software development, e-commerce packages, electronic payment is increasing. Even research and development and human resource management activities are outsourced.



# Knowledge Management

- Knowledge is understanding gained through experience or study.
- It is knowhow to perform specialized task.
- Knowledge management is the process of capturing, sharing and making use of knowledge to gain competitive advantage.
- It involves people, technology and processes.
- It aims at improving organizational performance and effectiveness.
- Knowledge management creates knowledge, locates knowledge, manages flow of knowledge and ensures effective use of knowledge for long term benefits of the organization.

# Quality assurance and Productivity

- Today everyone are conscious regarding quality.
- It has also become challenge for managers to proceed both quality and productivity a head at the same time.
- Quality assurance and productivity both are required in order to be competitive in the market in global business.
- Low productivity is a threat to competitiveness.
- For enhancing productivity, techniques and strategies need to be developed and applied.

# Corporate Governance

- Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and [internal controls](#) to performance measurement and corporate [disclosure](#).

# Business Ethics and Social Responsibility

- Another managerial challenge that has importance is concerned with ethics and social responsibility. Being ethical has become major problem today for businesses. Adulteration practices and unhealthy competition for earning more profit is noticed in our day to day life. However, in many places code of ethics are specified and on violation of such codes are penalized. But in context of our country lack of business ethics and social responsibility has not only brought the practices of earning more profits unhealthily but have brought chances of problems in health of consumers leading to serious diseases and deaths.