Chapter 2
Management Learning
Chapter 2

• What are the lessons of the classical management approaches?
• What are the contributions of the behavioral management approaches?
• What are the foundations of modern management thinking.
2.1 Classical Management

- Taylor’s scientific management sought efficiency in job performance.
- Weber’s bureaucratic organization is supposed to be efficient and fair.
- Fayol’s administrative principles describe managerial duties and practices.
Classical Management

CLASSICAL APPROACHES

Assumption: People are rational

- Scientific Management
  - Frederick Taylor

- Administrative Principles
  - Henri Fayol

- Bureaucratic Organization
  - Max Weber
Scientific Management

- Frederick Taylor
  - Wrote *The Principles of Scientific Management* in 1911.
  - Believed in finding “maximum prosperity for the employer… and the employee” by identifying the most efficient way to perform tasks.
Scientific Management

- There is one “best” way to perform any task.
  - Develop a science for each job. Example: Bricklayers were studied
  - Hire workers with the right abilities
  - Train and motivate workers
  - Support workers by planning and assisting with job science
Bureaucracy

• Bureaucratic Organizations
  – Defined by Max Weber in late 19th century
  – Focused on definitions of authority, responsibility and process
  – Intended to address the inefficiencies of organizations at that time
    • Job descriptions were uncommon
    • Promotions were usually based on personal connections
## Characteristics of an Ideal Bureaucracy

<table>
<thead>
<tr>
<th>Clear division of labor</th>
<th>• Jobs are well defined, and workers become highly skilled at performing them.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear hierarchy of authority</td>
<td>• Authority and responsibility are well defined, and each position reports to a higher-level one.</td>
</tr>
<tr>
<td>Formal rules and procedures</td>
<td>• Written guidelines describe expected behavior and decisions in jobs; written files are kept for historical record.</td>
</tr>
<tr>
<td>Impersonality</td>
<td>• Rules and procedures are impartially and uniformly applied; no one gets preferential treatment.</td>
</tr>
<tr>
<td>Careers based on merit</td>
<td>• Workers are selected and promoted on ability and performance; managers are career employees of the organization</td>
</tr>
</tbody>
</table>
Administrative Principles

• Henri Fayol
  – Published *Administration Industrielle et Générale* in 1916.
  – Analyzed and documented the practices of successful managers.
Five Duties of Managers According to Henri Fayol

- **Foresight**: Complete a plan of action for the future.
- **Organization**: Provide and mobilize resources to implement plan.
- **Command**: Lead, select, and evaluate workers.
- **Coordination**: Fit diverse efforts together, ensure information is shared and problems solved.
- **Control**: Make sure things happen according to plan, take necessary corrective action.
2.2
Behavioral Management

- Follett viewed organizations as communities of cooperative action.
- The Hawthorne studies focused attention on the human side of organizations.
- Maslow described a hierarchy of human needs with self-actualization at the top.
- McGregor believed managerial assumptions create self-fulfilling prophesies.
- Argyris suggests that workers treated as adults will be more productive.
BEHAVIORAL MANAGEMENT

Behavioral/Human Resource Approaches

- Organizations as communities
  - Mary Parker Follett

- Hawthorne studies
  - Elton Mayo

- Theory of human needs
  - Abraham Maslow

- Theory X and Theory Y
  - Douglas McGregor

- Personality and organization
  - Chris Argyris

Assumption: People are social and self-actualizing
Organizations as Communities

• Mary Parker Follett – 1920’s
  – Believed that people liked to work in groups and organizations should be communities
  – Advocated managers and workers work in harmony and employees should own a share of the business
  – Forerunner of “managerial ethics” and “social responsibility”
The Hawthorne Studies

• Hawthorne Studies – 1924 - 1932
  – Lead by Elton Mayo of Harvard
  – Studies tried to determine how economic incentives and physical environment affected productivity
  – Involved over 21,000 people
  – Concluded that human needs were an important factor in increasing productivity
• Abraham Maslow described human needs and how we try to satisfy them
  – Lowest level needs are necessary for survival
  – Progression principle - when one need is satisfied, we proceed on to a higher level need
  – Deficit principle – satisfied needs don’t motivate behavior
Hierarchy of Human Needs

**Self-actualization needs**
Highest level: need for self-fulfillment; to grow and use abilities to fullest and most creative extent

**Esteem needs**
Need for esteem in eyes of others; need for respect, prestige, recognition and self-esteem, personal sense of competence, mastery

**Social needs**
Need for love, affection, sense of belongingness in one’s relationships with other people

**Safety needs**
Need for security, protection, and stability in the events of day-to-day life

**Physiological needs**
Most basic of all human needs: need for biological maintenance; food, water, and physical well-being
BEHAVIORAL MANAGEMENT

Self-fulfilling Prophecies

• Douglas McGregor
  – Employees react to manager expectations
  – Managers are separated into two beliefs / styles

Theory X Managers
• Believe employees generally dislike work, lack ambition, act irresponsibly, resist change and prefer to follow.
• Use classical directive “command and control” style

Theory Y Managers
• Believe employees are willing to work, capable of self control and self direction, responsible and creative
• Use behavioral “participative” style
Chris Argyris argues that employees:

- want to be treated as adults
- will perform better with less restrictive / defined tasks
- will behave counter to Scientific & Administrative theories that argue for close supervision
Modern Management Approaches

• Managers use quantitative analysis and tools to solve complex problems.

• Organizations are open systems that interact with their environments.

• Contingency thinking believes there is no one best way to manage.
Modern Management Approaches continued…

• Quality management focuses attention on continuous improvement.

• Evidence-based management seeks hard facts about what really works.
Quantitative Analysis

• Quantitative Analysis and Operations Research apply mathematical techniques to solve management problems such as
  – Forecasting sales or expenses
  – Establishing optimal levels of inventory
  – Reducing labor costs without sacrificing customer service
MODERN MANAGEMENT APPROACHES

Quantitative Analysis

• Operations Management
  – Producing goods and services efficiently and effectively, including
    • Improving processes and operations
    • Effective workflow designs
    • Project management
    • Inventory management
    • Quality control
MODERN MANAGEMENT APPROACHES

Open Systems

The environment supplies

Resource inputs

- People
- Money
- Materials
- Technology
- Information

The organization creates

Work activities turn resources into outputs

Transformation process

The environment consumes

Product outputs

- Finished goods and/or services

Consumer feedback
MODERN MANAGEMENT APPROACHES

Subsystems

- Subsystems are a smaller part of a larger system.
Contingency Thinking

- Contingency thinking – The best way to manage depends on the circumstances.
  - Environmental uncertainty
  - Technology
  - Organizational structure
  - Employee abilities
Continuous Improvement

- W. Edwards Deming – early advocate of quality control
  - Taught quality control techniques to Japanese industry in the 1950s
  - Rediscovered by U.S. industry in the early 1980s
MODERN MANAGEMENT APPROACHES

Continuous Improvement

• Deming’s principles

Tally defects, Analyze and trace them to the source, Make corrections, Keep a record of what happened
Continuous Improvement

• Total quality management
  – Organization-wide commitment to quality products or services.

• Continuous improvement
  – Always looking for new ways to improve.
MODERN MANAGEMENT APPROACHES

Evidence-based management

• High-performance organizations
  – High performance operations
  – High quality work life

• Evidence-based management
  – Uses data from extensive research to determine what practices really work well
  – Challenges conventional wisdom