

An aerial photograph of a large, colorful geometric plaza. The plaza is composed of various colored rectangular sections in shades of light blue, dark blue, red, and green. A large green square is the central focus, with several people walking on it. Other people are scattered throughout the plaza, some walking on the light blue paths. The overall design is abstract and modern.

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# MANAGEMENT

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The evolution of management thinking

# CHAPTER 2



# CHAPTER 02

## The evolution of management thinking

1

Understand how historical forces influence the practice of management

2

Identify and explain major developments in the history of management thought

3

Describe the major components of the humanistic management perspectives

4

Explain the major concepts of systems thinking and the contingency view

5

Name contemporary management tools and some reasons that management trends change over time

6

Explain how social business is bridging the historical struggle between managing the 'things of production' and the 'humanity of production'.



**New manager  
self-assessment**

Are you a new-style or an old-style manager?

	Mostly true	Mostly false
1 Supervise my subordinates closely in order to get better work from them.		
2 Set the goals and objectives for my subordinates and sell them on the merits of my plans.		
3 Set up controls to ensure that my subordinates are getting the job done.		
4 Make sure that my subordinates' work is planned out for them.		
5 Check with my subordinates daily to see if they need any help.		
6 Step in as soon as reports indicate that progress on a job is slipping.		
7 Push my people if necessary in order to meet schedules.		
8 Have frequent meetings to learn from others what is going on.		



# MANAGEMENT AND ORGANISATION

- Profound new challenges and opportunities for those who lead
- Much can be learned from past revolutions and how organisations develop when new technology presents itself
- Studying history is a way to achieve strategic thinking, see the big picture, and improve conceptual skills
  - learn from recognising and understanding past mistakes
  - understand practices and perspectives change over time in response to environmental factors such as social, political and economic forces



# PERSPECTIVES OVER TIME

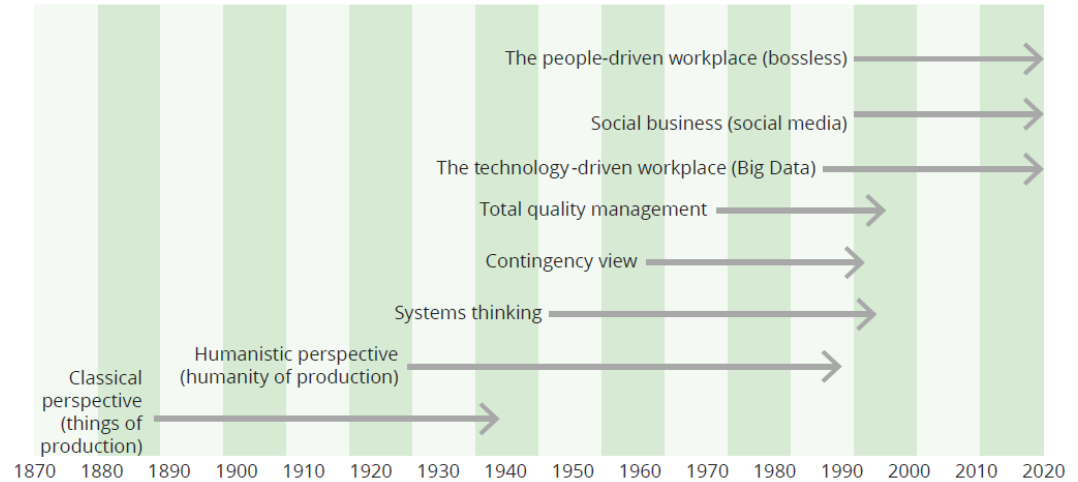


Exhibit 2.1 Management perspectives over time



Exhibit 2.2 The tension between historical forces in management thinking



# CLASSICAL PERSPECTIVE

- The practice of management can be traced to 3000 BC, to the first government organisations developed by the Sumerians and Egyptians
- Study of management as we know it today began with what is now called the **classical perspective**
- Emerged during the 19<sup>th</sup> and early 20<sup>th</sup> centuries as a response to new problems arising from industrialisation (environmental forces)
- Emphasised a rational, scientific approach to the study of management



# SCIENTIFIC MANAGEMENT

- A sub-field of classical perspective
- emphasises scientifically determined jobs and management practices as the way to improve efficiency and labour productivity
- Key figure: F.W. Taylor (1856–1915) (Father of scientific management)
- Other key influencers include:
  - Henry Gantt: Gantt chart
  - Frank B. & Lillian M. Gilbreth (1868–1924): time and motion studies
- Focus: improving **efficiency and labour productivity**
- Scientifically study each job/task to determine the ‘one best way’ to do the work



# SCIENTIFIC MANAGEMENT CONTD.

## General approach

- Developed standard method for performing each job
- Selected workers with appropriate abilities for each job
- Trained workers in standard methods
- Supported workers by planning their work and eliminating interruptions
- Provided wage incentives to workers for increased output

## Contributions

- Demonstrated the importance of compensation for performance
- Initiated the careful study of tasks and jobs
- Demonstrated the importance of personnel selection and training

## Criticisms

- Did not appreciate the social context of work and higher needs of workers
- Did not acknowledge variance among individuals
- Tended to regard workers as uninformed and ignored their ideas and suggestions

Exhibit 2.3 Characteristics of scientific management

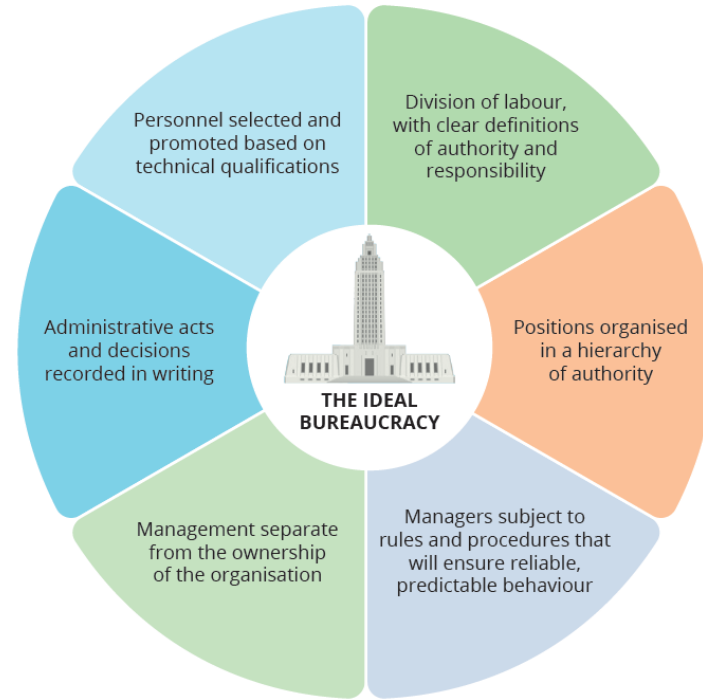


# BUREAUCRATIC ORGANISATIONS

- Another sub-field of classical perspective
- Originated by Max Weber (1864–1920)
- Weber was German and his research was a response to common European ‘family style’ organisational ownership
- Focused on:
  - Rational authority and formal structure
  - Employee selection and advancement based on merit rather than ‘who you know’
  - Rules and written records
  - Authority based on position/legal power



# WEBER'S IDEAL BUREAUCRACY



**Exhibit 2.4** Characteristics of Weberian bureaucracy

Source: Adapted from Weber, M. (1947). *The Theory of Social and Economic Organizations*, ed. and trans. A. M. Henderson and Talcott Parsons (New York: Free Press), pp. 328–37.

# ADMINISTRATIVE PRINCIPLES

- The third sub-field of classical perspective
- Focused on **total organisation** instead of the individuals
- Major contributor: Henri Fayol (1841–1925)
- Identified five basic functions or elements of management: *planning, organising, commanding, coordinating and controlling*
- These functions underlie much of the general approach to today's management theory



# ADMINISTRATIVE PRINCIPLES CONTD.

- Fayol also developed 14 general principles of management influencing management thoughts and practices today including:

## *Unity of command*

- Each subordinate receives orders from one – and only one – superior

## *Division of work*

- Managerial work and technical work are amenable to specialisation to produce more and better work with the same amount of effort

## *Unity of direction*

- Similar activities in an organisation should be grouped together under one manager

## *Scalar chain*

- A chain of authority extends from the top to the bottom of the organisation and should include every employee



# MANAGEMENT SCIENCE

- Later stage of classical perspective
- Also referred to as the quantitative perspective
- Second World War created large scale and complex management problems
- Groups of mathematicians, physicists, and other scientists were formed to solve military problems that frequently involved large numbers
- Managers soon saw how quantitative techniques could be applied to large-scale business
- **Information Technology** (IT) is the most recent subfield of management science



# HUMANISTIC PERSPECTIVE

- Emphasised the importance of understanding

Within the  
Workplace

- human behaviours
- needs
- attitudes at work
- social interactions
- group processes

- Early advocates:
  - Mary Parker Follett (1868–1933)
  - Chester Barnard (1886–1961)



Mary Parker Follett (1868–1933): Follett was a major contributor to the humanistic principles approach to management. Her emphasis on worker participation and shared goals among managers was embraced by many businesspeople of the day, and has recently been rediscovered by corporate America.



# HUMAN RELATIONS MOVEMENT

- Suggests effective control comes from within individuals, not adherence to strict, authoritarian control
- Early response to social pressure for enlightened treatment of workers
- Gained momentum from influence of the Hawthorne studies

## human relations movement



A movement in management thinking and practice that emphasised satisfaction of employees' basic needs as the key to increased worker productivity.



# THE HAWTHORNE STUDIES

- Western Electric Company conducted a series of experiments to persuade businesses to increase lighting in workplaces
- Hawthorne studies one of the most influential
- Key figures: Elton Mayo and Fritz Roethlisberger
- Highlighted positive link between humane treatment of workers and productivity



# HUMAN RESOURCES PERSPECTIVE

- Further developed the idea of **considerate leadership and worker participation**
- Combines prescriptions for **job design and theories of motivation**
- Abraham Maslow (1908–1970)
  - Hierarchy of needs
- Douglas McGregor (1906–1964)
  - Theory X and Theory Y



# THEORY X AND THEORY Y

Different underlying assumptions about human nature impact how people then behave and make choices.

Assumptions of Theory X	Assumptions of Theory Y
<p>The average human being has an inherent dislike of work and will avoid it if possible.</p> <p>Because of this, most people must be coerced, controlled, directed or threatened with punishment to get them to put adequate effort towards the achievement of organisational objectives.</p> <p>The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition and wants security above all.</p>	<p>The expenditure of physical and mental effort in work is as natural as play or rest. The average human being does not inherently dislike work.</p> <p>External control and the threat of punishment are not the only means for bringing about effort towards organisational objectives. A person will exercise self-direction and self-control in the service of objectives to which he or she is committed.</p> <p>The average human being learns, under proper conditions, not only to accept but to seek responsibility.</p> <p>The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problems is widely, not narrowly, distributed in the population.</p> <p>Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially used.</p>

Would a Theory X or Theory Y manager be more likely to support flexible work and telecommuting?

Exhibit 2.5 Theory X and Theory Y

Source: McGregor, D. (1960). *The Human Side of Enterprise*. (New York: McGraw-Hill). Reproduced by permission of McGraw-Hill; Graph page 71. Reprinted by permission of International Creative Management, Inc. Copyright © 1990 by Richard Pascale, pp. 33–48.



# BEHAVIOURAL SCIENCES APPROACH

- Uses scientific methods and draws from:
  - sociology
  - psychology
  - anthropology
  - economics
  - and other disciplines
- Theories about human behaviour and interaction in an organisational setting
- Organisational development theories come from this field of research
- Other examples include **self-managed teams**, **matrix organisation** and **corporate culture**



# RECENT HISTORICAL TRENDS

- Post-Second World War period saw the rise of new concepts and continued interest in the human aspect of managing
  - such as team and group dynamics
- New concepts that appeared were **systems thinking** and the **contingency view**

Peter Drucker's books *Concept of the Corporation* (1946) and *The Practice of Management* (1954) emphasised the corporation as a social and human institution. Drucker revived interest in the work of Mary Parker Follett from the 1920s in his call for managers to involve and respect employees.



# SYSTEMS THINKING

- Systems thinking is the ability to see both the **distinct elements** of a system or situation, **and the complex and changing interaction among those elements**

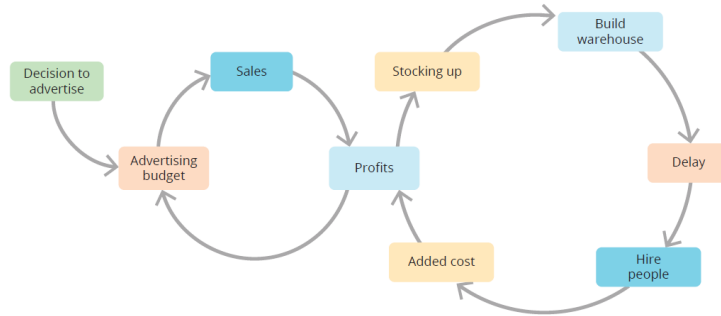


Exhibit 2.6 Systems thinking and circles of causality

Source: Based on concepts presented in Senge, P.M. (1990). *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday/Currency).



## Systems thinking

An extension of the humanistic perspective that describes organisations as open systems that are characterised by entropy, synergy and subsystem interdependence.



## System

A set of interrelated parts that function as a whole to achieve a common purpose.



## Subsystems

Parts of a system that depend on one another for their functioning.



## Synergy

The concept that the whole is greater than the sum of its parts.

# CONTINGENCY VIEW

- What works in one situation may not work in another
- Differs from classical perspective of universal concepts
  - each case is unique or *contingent*

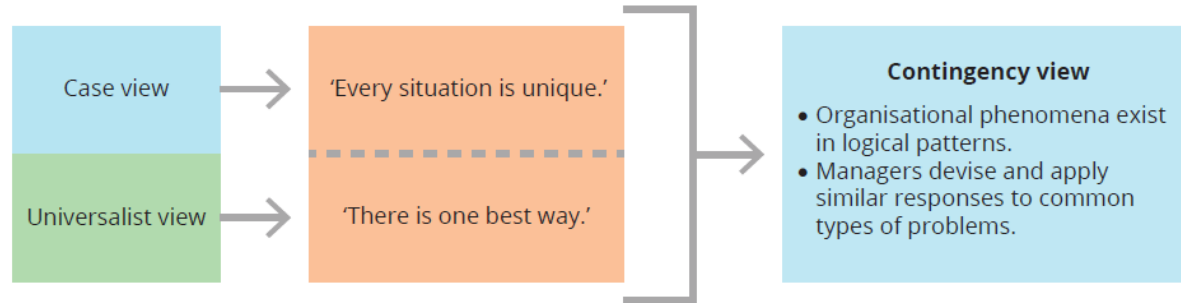


Exhibit 2.7 The contingency view of management



# INNOVATIVE MANAGEMENT THINKING INTO THE FUTURE

- All ideas discussed so far in this chapter go into the mix that makes up modern management
- Excessive complexity is increasing costs and slowing growth
- Managers looking for approaches to help with complexity, cut costs, and invest in innovation for the future

## Top manager concerns

- threat of cyber attacks
- decreasing customer loyalty
- pace of change brought about by digital technologies



# MANAGING THE NEW TECHNOLOGY-DRIVEN WORKPLACE

- IT presents both opportunities and threats
- Two popular new uses of this technology are **big data analytics** and **supply chain** management
  - Big data analytics: examining complex sets of data to uncover hidden patterns and correlations (Facebook, Amazon, contact tracing)
  - Supply chain management: the sequence of suppliers and purchasers, covering all stages of processing, from obtaining raw materials to distributing finished goods to consumers
- **Social media**
  - Companies use social media programs to interact with employees, customers, partners
  - Controversial: use of social media to look into activities of job candidates



# THE NEW PEOPLE-DRIVEN WORKPLACE

## Shifting needs of people

- younger employees are seeking more purpose in their work
- often brings changes in workplace cultures and practices

## The bossless workplace

- how and where work gets done has shifted
- people can work from home or locations outside an office

## Using engagement to manage millennials

- technologically adept and globally conscious
- not hesitant to question and challenge
- want flexible, supportive and collaborative work



# THE HISTORICAL STRUGGLE: IS SOCIAL BUSINESS THE ANSWER?

## Key Concept

The historical struggle within management is to balance the **things of production** and the **humanity of production**.

Could Social Enterprise or Social Business be the solution to this?



# SUSTAINABLE DEVELOPMENT AND MANAGEMENT THINKING

- To survive and prosper, firms must not pollute the environment
- Adhere to tightening safety and labour/employment standards
- Responsibly balance the needs of shareholders with other stakeholders
- Life for managers has become even more complex
- Try to satisfy many disparate requirements
- Things employees want from a company are not necessarily the same things environmentalists, communities, customers, government regulators and shareholders want



# CHAPTER 2 – BRIEF SUMMARY

2.1 Managers are always on the lookout for new techniques and approaches to meet shifting organisational needs, and can learn the deep lessons from the history of management.

2.2 The study of modern management began in the late nineteenth century with the classical perspective, which took a rational, scientific approach to management and sought to turn organisations into efficient operating machines.

2.3 The humanistic perspective emphasised understanding human behaviour, needs and attitudes in the workplace.

2.4 Systems thinking describes organisations as open systems characterised by entropy, synergy and subsystem interdependence. The successful resolution of organisational problems depends on managers' identification of key variables.

2.5 Managers are looking ahead to the next generation of employees, to try to predict what changes and challenges they may bring to the evolution of management thinking and professional practice, including changes to both digital technologies and effective people management.

2.6 Social business, which refers to using social media technologies for interacting with and facilitating communication and collaboration among employees, customers, and other stakeholders, is one current answer to the historical struggle.

