

Development of Management Theory

Ever since man started living in organized groups, the need of management was felt. Management helped him to live disciplined life. With the social development management started being practiced in all business and non-profit making organizations. With the advent of industrial revolution in the 18th century, a new era of industrialization came into existence. but management as a separate field of study emerged only during the second half of 19th Century when the introduction of Joint Stock Companies, a new industrial era began. During the 20th century management became a more scientific discipline with certain standardized principles and practices.

Scientific Management-

Frederick Taylor is considered as the father of scientific management. Taylor suggested that the productivity of labour could be increased by scientific study of their work.

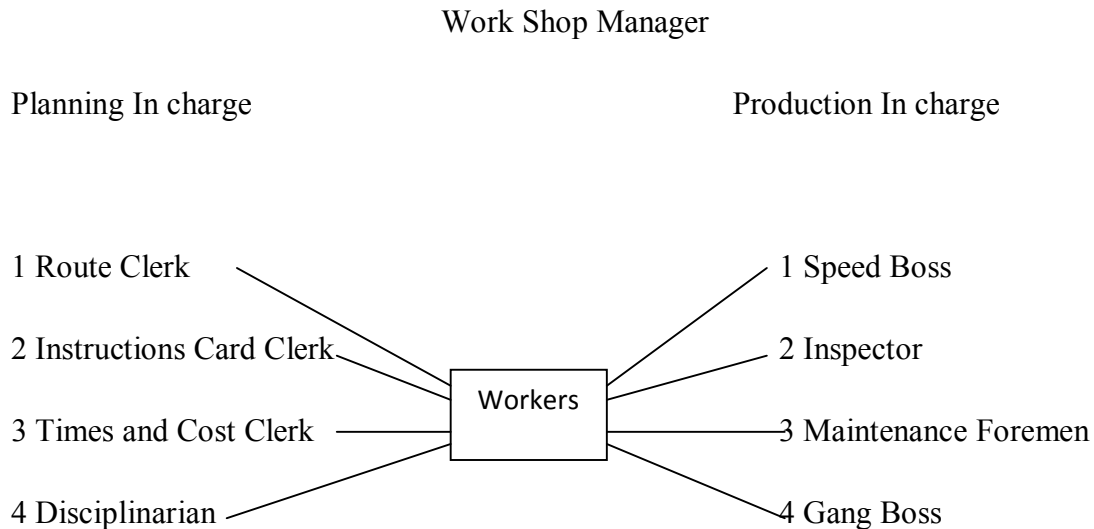
Principles of Scientific Management-

1. Science, not Rule of Thumb- under scientific management each element of work and the motions required is scientifically analyzed and standard time and methods are determined. The tools and working conditions are arranged scientifically. Thus there is no scope for rule of thumb approach.
2. Harmony, not Discard- Scientific management increases productivity and generated more benefit for management as well as workers. Workers get payment in relation to their work. Thus there is a complete harmony of interest between workers management.
3. Co-operation, not Individualism- to increase the productivity the management should provide workers standard material, tools, working conditions and training and co-operate the workers. The success of scientific management depends on co-operation rather than individualism on their part.
4. Maximum output, not restricted output- under scientific management both management and workers are interested in maximum output.

Elements or Techniques of Scientific Management

1. Separation of Planning and doing-Planning should be left to supervisor and worker should concentrate on operational work.

2. Functional Foremanship- the concept of functional foremanship was developed by Taylor. He suggested appointment of eight bosses in order to introduce specialization. Out of these, four persons are concerned with planning and remaining four persons were concerned with doing aspects of work as shown in the following figure.



3. Job Analysis- Job analysis is undertaken to find out the best way of doing the thing. The best way of doing a job is one of which requires the minimum movements, less time and less cost. It is determined by taking up time and fatigue study.
 - 3.1 Time study- it relates to fixing the standard time for doing job. The time required to perform a job is estimated by splitting up a job into parts and then by ascertaining how long it takes the average workers to perform each part.
 - 3.2 Motion study- motion study analysis the movements of workers in performing a job. It helps to remove irrelevant movements form the process. Motion study relates to division of work into different elements observing movements of men and machines to locate ways of eliminating wasteful motions and enhancing employee efficiency. The credit for carrying out motion study goes to Frank Gilbreth and his wife Lillian Gillbreath.
 - 3.3 Fatigue study- Fatigue means tiredness caused by consistently performing an activity. Fatigue is caused by long working hours, poor work environment; effect of noise etc. fatigue cannot be totally eliminated but can be reduced to minimum. Taylor suggested the following measures to reduce fatigue.

- a. Reduction of working hours
- b. Provision of rest pauses
- c. Better working conditions
- d. Medical checkup and health services
- e. Employee counseling
- f. Elimination of noise
- g. Proper layout of machines etc.

3.4 Work Study- work study may be defined as a systematic, objective and critical examination of all the factors governing the operational efficiency of any special activity. The time study, motion study, fatigue are the elements of work study.

4. Standardization- Under scientific management, standards are determined for task of each department and works. Machines and tools used to perform task, methods of production and working conditions.
5. Scientific selection and training of workers-scientific management suggests that workers should be selected on scientific basis taking into account their educational qualification, work experience, attitude, physical strength etc. A worker should be given work for which he is physical and technically most suited.
6. Financial Incentives- Taylor has suggested that financial incentives can motivate workers to put in their maximum efforts.
7. Mental Revolution- Taylor advocated complete mental revolution on the part of the workers and owners/management. Management must create good working conditions for optimum efficiency of the workers. It has to change its attitude towards workers and co-operate with them. The workers should not evade responsibility. They should be disciplined, loyal and committed to work. Both management and workers should trust each other co-operate in achieving maximum production.

Henry Fayol's Principles-

Henry Fayol is treated as the father of modern management thought. The most crucial contribution by Henry is the general principles of management listed by him in his Book titled, 'General Industrial Administration.' Fayol adverted 14 general principles of management /administration.

Following is the brief explanation of the 14 principles of management recommended by Henry Fayol.

1. Division of Labour- the entire work should be divided into various parts. For example, on the bases of functions it can be marketing, finance, public relations, advertising and so on. Different individuals should be assigned these works. They should keep on doing the same work.
2. Authority and Responsibility- authority is power, right to enforce obedience. To perform any work effectively one needs authority. Responsibility means the person is accountable for his actions. Authority and responsibility should go together. Responsibility without authority may be ineffective; authority without responsibility may be inappropriate and may lead to unacceptable behaviour.
3. Discipline- Employee should have discipline. i.e. they should follow all the rules and regulations properly. Discipline enables smooth functioning of the enterprise.
4. Unity of Command- Employees should receive instructions only from one superior. If they receive instructions from multiple supervisors it will lead to confusion.
5. Unity of direction. - Direction means aiming, guiding or moving towards a point. There should be uniformity in the views of the authorities regarding the direction to be taken.
6. Subordination of individual's interest to organizational interest- the organisation while fixing its objectives should try to the extent possible to integrate individual's objectives with corporate objectives. But all objectives may not be incorporated. In such a situation the employees should give priority to corporate objectives over their individual objectives. Only when corporate objectives are fulfilled the individuals should try to achieve individual objectives.
7. Fair Wages- Employers should pay fair wages to the employees. Fair wages will motivate the employees to work harder. A well motivated staff can help in increasing productivity.
8. Centralization- all major policy decisions should generally be centralized. This will bring consistency in operations. However for operational efficiency minor decisions can be decentralized.
9. Scalar Chain- There should be clear chain of command from the top to the bottom and authority should run in the order of rank. This will lead to an orderly flow of information from the top to bottom. Furthermore the employees also know to whom he or she is accountable.

10. Order- Things should be organized properly. This would improve output as all things are at proper place and wastage would be reduced. In short there should be a proper system for performing work.
11. Equality- All employees should be treated equally. No discrimination should be made amongst employees on the bases of caste, religion etc. Unfair and unjust practices should not be followed which can demoralize the employees.
12. Initiative- Employees have the ability to initiate things. They should be encouraged to take initiatives. New suggestions by employees should be analyzed thoroughly. If these suggestions improve the performance of employees then the concerned employees should be suitably rewarded.
13. Stability of Tenure- Employee turnover should be discouraged as training new employees is a very costly proposition. People should be encouraged to stay for long periods, then only would it lead to a sense of belonging amongst the employees for the company.
14. Espirit de Corps- Espirit de corps are feeling of loyalty towards people who are involved in the same activity. This will develop a team spirit. Team spirit will lead to unity and excellent performance. Success of an organisation depends upon the collective effort of the employees.

Max Weber

Max Weber was born in Germany in 1864. He studied law, economics, history and philosophy at the Universities. He is called a renowned German sociologist of 20th century. His two publications 'The Protestant Ethic and The Spirit of Capitalism' and 'Economy and Society' became world famous.

Contribution to Management-

Max Weber developed the bureaucratic model of organisation. As a social scientist he investigated the nature and characteristics of large organizations.

Bureaucracy

Max Weber offered bureaucratic model for management of any large and complex organisation. He observed that bureaucracy is the most efficient form for complex organisation. This becomes a very rigid form of organisation with principles similar to the ones proposed by Henry Fayol. Weber

suggested certain rules to eliminate managerial inconsistencies that contribute to ineffectiveness. He believed in strictly following rules which would make bureaucracy highly efficient form of organisation founded on principles of logic, orders and legitimate authority.

Features of Bureaucratic organisation

1. Clear division of labour based on competence and functional specialization.
2. A well defined hierarchy of authority.
3. A bureaucrat seeks rationality, objectivity and consistency for his organisation.
4. Interpersonal relations are based on positions and not on personalities.
5. A system of rules covering the duties and rights of employees
6. A system of procedures for dealing with work situations.
7. Selection and promotion based upon technical competence and excellence.
8. Bureaucracy recognizes only legal power and authority given to each positions in the organisations.

Evaluation of Bureaucracy

A frank evaluation of bureaucracy indicates that there is a rigid model of an organisation. It did not recognize importance of human relations in an organisation. Bureaucratic organisation may be preferred where change is not anticipated or where change is slow and it can be predicted. Bureaucracy is preferred in an organisation which is static e.g. government organizations. Bureaucracy is always opposed in a dynamic business organisation. Bureaucratic organisation is not considered ideal because of

1. Rigidity
2. Higher cost of controls
3. Difficulty of coordination and communication
4. Blind faith in rules and regulation etc.

Elton Mayo-

Elton Mayo was born in Australia in 1880. He graduated in psychology and became a professor of Logic, Aesthetics and Philosophy. He worked as a professor of industrial research.

Elton Mayo and his associates conducted Hawthorne studies in the Hawthorne Plant of Western Electric Company in the USA between 1927 and 1932. They were the pioneer human relationists. It is said Mayo and his associates applied psychological approach to management for the first time.

Hawthorne Experiments-

The Hawthorne plant of General Electric Company, Chicago was manufacturing telephone system bell. It employed about 30,000 employees at the time of experiments. Even though the Co. is providing the welfare facilities to the employees, there was a great deal of dissatisfaction among workers and productivity was low. On the request of the Co to investigate the matter, the National Academy of Science appointed a team of experts led by Elton Mayo. They conducted the experiments known as Hawthorne experiments. These experiments were conducted in four phases with each phase attempting to answer the question raised in previous phase. The four phases were,

1. Illumination Experiments (1924-27)- These experiments studied the effect of changes in illumination of productivity.
2. Relax Assembly Test Room (1927-28)- These experiments determined the effect of changes in working hours and working conditions of productivity.
3. Interviewing Programme (1928-30)- Interviewing Programme (1928-30)- The plant wide interviews were conducted to determine workers attitudes and sentiments.
4. Bank- Wiring observation Room Experiments (1931-32) - Involved an in-depth observation of 14 men making terminal banks of telephone wiring assemblies, to determine the effect of informal group norms and formal economic incentives on productivity.

Major Findings of Hawthorne Experiment

1. Social Factors in Production- An organisation is basically influenced social factors. People are social beings and their social characteristics determine the output and efficiency in organisation. Economic rewards and productivity not necessarily go together.

2. Group influence- Workers are social beings, they create groups. Such group overcomes shortcomings of formal relationship. The group determines the norms of behaviour. Management deal with workers as a member of group.
3. Conflict- there may be a conflict between organisation and informal groups. The conflict may be because of incompatible objectives of the two.
4. Leadership- leadership is important for directing group behaviour. However, leadership cannot come only from a formally appointed superior. Employee centered, democratic and participative style of supervisory leadership is more effective than task centered leadership.
5. Supervision- the kind of relations (friendly or strained) between superiors and employees is determining the efficiency and output. A superior who is friendly to workers, attentive and genuinely concerned with workers problems, affects their productivity favorably.
6. Communication- Effective two-way communication among the superior and subordinates is essential in order to establish common flow of undertaking in the organization. This will help the management is attaining its goals.

Criticism of Hawthorne Experiments

1. Not a scientific enquiry
2. No universal applicability
3. Restricted scope
4. Pro-management bias
5. Over-emphasis on worker satisfaction
6. More stress on social norms.