Chapter Review

1

Developments in Management Theory

Objectives...

1 recall the classical approach to management

2 identify what is meant by the bureaucratic form of organization

3 explain the fundamental idea behind the human relations approach to management

4 discuss the application of systems theory to business

5 discuss modern approaches to management in terms of effectiveness and efficiency

Key Terms

Bureaucracy

Describes a form of business administration based on formal rational rules and procedures designed to govern work practices and organization activities through a hierarchical system of authority (See Standardization, Centralisation, Formalisation, Specialisation).

Classical approach to management

The organisation is thought of in terms of its purpose and formal structure and this approach aims to identify how methods of working can improve productivity. Emphasis is placed on the planning of work, the technical requirements of the organisation, principles of management and the assumption of rational and logical behaviour.

Systems theory

the study of the behaviour and interactions within and between systems

17. The task of management is carried out in the context of an organisation. Over the past century or so the development of coherent theories to explain organisational performance has moved away from approaches that relied purely on a consideration of structural or human relations issues, in favour of more comprehensive perspectives. Early ideas about management were put forward at a time when organisations were thought of as machines requiring efficient systems to enable them to function effectively. The emphasis, therefore, was on the efficient use of resources, especially human resources, in the service of a mechanistic model of organisations. Later theorists modified this approach by taking account of social and environmental as well as technical factors in the workplace. Their emphasis was as much on employee satisfaction as on organisational effectiveness. Modern approaches to the analysis of organisational effectiveness do not necessarily rule out the ideas put forward by earlier theorists, but emphasise that they must be evaluated in the context of an organisation's overriding need for flexibility in responding to change in its external and internal environment, in order to meet the competing demands of all its various stakeholders – customers, suppliers, employees and shareholders etc.