

Developments in Management Theory

In this recording we summarise the content of chapter 1 Developments in Management Theory. Studying this chapter should help you recall the classical approach to management; identify what is meant by the bureaucratic form of organization; explain the fundamental idea behind the human relations approach to management; discuss the application of systems theory to business; discuss modern approaches to management in terms of effectiveness and efficiency; .

Introducing the chapter, the authors start with 1. Prior to discussing the ‘developments in management theory’ we ask, what is management theory? First, let us consider what is meant by the term a theory. A theory can be a well-substantiated explanation, accepted knowledge, a collection of concepts, an expectation of what should happen or should be, an acceptable general principle or body of principles explaining phenomena, a particular conception or view of something to be done or of the method of doing it and a system of rules or principles. Theories help us to understand causes and relationships. However, theory is generally speculation. This book is about theory and practice and we may draw a distinction between the two – the former is more about a proposed explanation – in some cases theory can be thought of as a model of reality - whilst the latter is more about action, translating an idea into action - engaging in an activity. Theories are analytical tools for understanding, explaining, and making predictions about a given subject matter. In our case, that subject matter is management within the context of organizations.

2. Briefly, and for now, we may think of management as the act of getting people and transformational resources together to accomplish desired goals and objectives - management comprises planning, organizing, resourcing (encompasses the deployment and manipulation of human, financial, technological, and natural resources), leading or directing, and controlling an organization; since organizations can be viewed as systems, management can also be defined in terms of design. A more thorough explanation of what is meant by the term management is developed in the next and subsequent chapters. For now we note that there are many management theories which will be outlined in this chapter and discussed further in the remaining part-one of this book. Management theories, or approaches to management, tend to be clustered and several major categories are recognised (see Figure 1.1). Collectively, each contributes to our overall understanding of management.

3. The earliest contributors to our understanding of management theory included practising managers as well as social scientists. More recent theorists have tended to be academics or management consultants. The early theorists can be divided into two main groups – the practising managers, such as Taylor and Fayol, and the social scientists, such as Mayo and McGregor.

4. The practising managers tended to reflect upon, and theorise about, their personal experiences of management with the object of producing a set of rational principles of management which could be applied universally in order to achieve organisational efficiency. The resultant ‘theories’ of management were concerned primarily with the structuring of work and organisations, rather than with human motivation or organisational culture, for example. The label generally ascribed to these theorists is ‘Classical’, or, in some cases, ‘Scientific Managers’. Their approaches were generally prescriptive, i.e. They set out what managers ought to do in order to fulfil their leadership function within their organisation.

5. The social scientists, by contrast, were academics, whose starting point was research into human behaviour in the workplace. At first most of their studies were also linked to concerns about efficiency, including the effects of physical working conditions on employees. Subsequent theorists were more interested in the human factor at work, and thus concentrated their attention on issues such as employee motivation, interpersonal communication and leadership style. Their focus was as much on individual satisfaction as on the efficient use of resources. Typical labels that have been assigned to these early social scientists include ‘Human Relations theorists’ and ‘Social Psychological School’. They were concerned primarily with social relationships and individual behaviour at work.

6. Another group of social scientists, whose work was grounded in the idea of organisations as social systems, produced a more comprehensive view of the behaviour of people at work, based on the interaction of a number of variables, such as structure, tasks, technology and the environment. Later theorists of this school were given the label ‘Contingency theorists’, since their ideas were based on

what was appropriate in given circumstances, i.e. Where the effect on people of one variable was contingent on its relationship with one or more others.

7. Towards the end of the 20th century, business management came to consist of branches, such as: human resource management, operations management or production management, strategic management, marketing management, financial management and information technology management - responsible for management information systems. Theorists of management, such as Mintzberg, Porter, Peters and Moss Kanter, adopted a strategic perspective, involving several key organisational factors. These have embraced such factors as organisation mission, vision, culture and values, organisational structure, leadership, the external environment, and customer satisfaction (including both internal as well as external customers). Not surprisingly, these approaches build on the work that has gone before. They generally adopt a comprehensive view of organisations, and in many ways may be regarded as modern exponents of contingency theory. Their concern has been to predict which conditions are the most likely to produce organisations capable of meeting the competing demands of their various stake-holders. The contribution of the academics among them has been more objective than that of the management consultants (e.g. Peters), who are inclined to be prescriptive in their approach.

8. Complementing the work of Porter and others, who looked for means to attain competitive (and sustainable) advantages by focussing on the organizations' external environment - competitive positions/ positioning perspective - scholars such as Barney turned to the internal environment, developing a perspective on strategy that emphasises the importance of capabilities (sometimes known as core competences) in determining sustainable competitive advantage.

9. In the 21st century scholars and practitioners find it increasingly difficult to subdivide management into functional categories. As an alternative, people think in terms of the various processes, tasks, and objects subject to management.

[Insert Figure 1.1 Management theory – the building blocks here].

The key concepts discussed within this chapter are:

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; .

Other terms discussed include:

Effectiveness; Efficiency; Open system; .

Summarising and concluding, the author(s) make the following comments - 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..

We have now reached the end of the chapter 'Developments in Management Theory'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter