

Management History - Module #1

Objective: Learn from the past to make management, managers and organizations more effective and efficient today

- Classic Approach (1900-1920)
- Behaviour Approach (1930's)
- Contemporary Approach (1960-1980)
- Emergency Practices (1990-2000)

Classical Approach - Systematic management

- *Adam Smith* - 1776 (the wealth of nations)
- Advocate of systemization
- Efficiency and effectiveness
- Division of labour
- Productivity
- 10 workers = 48,000 pins... 1 worker = 10 pins
- Focused on defining duties and responsibility
- Led to scientific management

- Scientific management - study of relationships between people and tasks increase efficiency
- *F.W. Taylor* - Focused on time - study

- How can management increase the level of workers productivity and motivation?
 - Philosophy: One best way to ask ex: "how much load should I use" - "Pig iron"
 - Used \$ as incentive

- Piece-rate system (get paid by the amounts that I produce)
 - Benefits: Productivity did improve efficiency
 - Problems: Oversimplification did not consider human element
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- Study of how to create organizational structures that lead to high efficiency effectiveness
 - *Henri Fayol*
 - Philosophy
 - Management is a universal process
 - Fit the person to the job
 - Workers should accept management decisions without questions

Fayol's principles:

1. **Division of labour:** Allows for job specialization to increase efficiency
2. **Authority and responsibility:** Included both formal and informal authority resulting from specific expertise
3. **Unity of command:** Employees should have only one boss
4. **Line of authority:** A clear chain from the top to bottom of the firm
5. **Centralization:** The degree to which authority rests at the very top
6. **Unity of direction:** One plan of action to guide the organization
7. **Equity:** Treat all employees fairly
8. **Order:** Each employee is placed where they have the most value
9. **Initiative:** Encourage innovation
10. **Discipline:** Obedient, respectful employees needed
11. **Remuneration of personnel:** The payment system contributes to success

12. **Personal tenure:** Long term employment is important
13. **Subordination over individual interests:** Organization or individual
14. **Esprit de corps:** Share enthusiasm for the organization

- Based on observation
- Concerned primarily with structure of the organization

- The behavioural approach
 - 1900's to 1940's
 - Philosophy: Change management emphasis from production to the human element

- Started with *Follet* - "Mother of modern management"
 - Viewed organizations as communities
 - Believe in teamwork
 - Ideas of employees ownership and ethics

- *Munsterberg:*
 - Suggested using psychological test for employee selection
 - Learning theory for training
 - Human behaviour for motivation

- *Bernard:*
 - First to discuss organization as open systems (interact with environment)
 - Managers job to stimulate employees level of effort
 - Organization as social systems requiring cooperation

- Hawthorn plant studies - *Elton Mayo*
- Study: Illumination will affect productivity
- Result of Hawthorne plant studies
 - No matter what was done, productivity increased why?
 - Cohesive work groups development
 - Team spirit - the environment is important
 - Management must create a stimulating work environment

****What's stimulating to me is not the same for you****