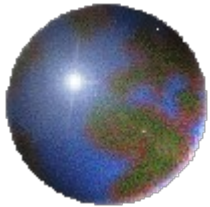
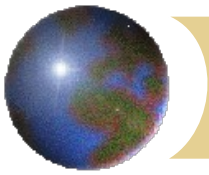


Principles Of Management



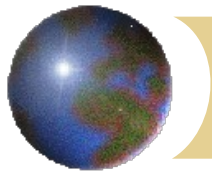
Presented by:
Eastern Warriors



This presentation would be showcasing the evolution in Management practices within an organization.

The theories and approaches discussed would be as follows:

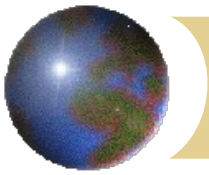
- The Classical approach
- Human Resource Approach
- Modern Approach



The Classical approach

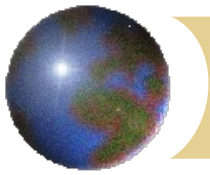
The Classical perspective to management emerged during the nineteenth century and continued into the twentieth century.

Due to the new challenges that organizations faced, management sought methods of efficiency which included a rational and scientific approach.



*The Classical approach
includes the following three theories
and their contributors:*

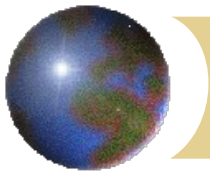
- Scientific Management by Frederick Taylor
- Administrative Principle by Henry Fayol
- Bureaucratic Organization by Max Weber



Scientific Management *by Frederick W. Taylor* *1856 - 1915*

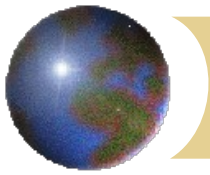


Scientific Management or Taylorism was a scientific method which was used to optimize the way in which tasks were performed thus improving the labour productivity. One of Taylor's philosophy was "In the past man must has been first. In the future, the system must be first."



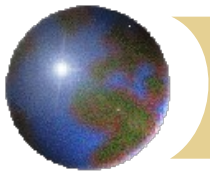
The General Concept of Scientific Management

- ⊕ Develop a standard method for performing a task and train workers to use these methods.
(Managers developed precise procedures based each organizational task)
- ⊕ Provide workers with the proper tools needed to work.
- ⊕ Selected employees were chosen for specific tasks.
(Workers that were stronger both mentally and physically were assigned specific tasks)
- ⊕ Wage incentive were provided when output was increased.
(Employees were motivated to increase their output with the use of additional benefits)

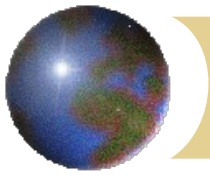


Disadvantages of Scientific Management

- ⊕ Workers felt exploited because their social aspect of life was disregarded.
(Workers were treated as machines and not humans)
- ⊕ Management stereotyped workers and did not allow them to prove their skills in other areas.
- ⊕ Workers were not allowed to form innovative ways to perform their tasks.



Further contributions to Scientific Management were made by Henry Gantt (Gantt Chart), also Lillian M. Gilbreth (1878-1972) (Industrial Psychology and Human Resource Management) and Frank B. Gilbreth (1868-1924) (Time and Motion Studies)



Administrative Principle

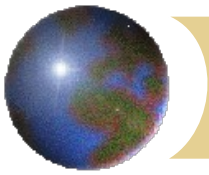
by Henry Fayol

1841 - 1925



This theory dealt with the entire organization (both workers and management) which functioned with four basic principles. Which are:

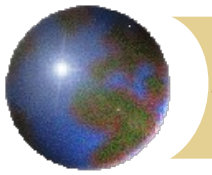
- ✚ **Unity of command** – Each person receives order from **only** one superior.
- ✚ **Division of work** – Specialization and efficiency were incorporated in workers.
- ✚ **Unity of direction** – Related activities were grouped under one manager.
- ✚ **Scalar Chain** – is the organizational structure which starts from the CEO's to the labourers.



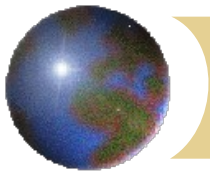
Administrative Principle

The five basic functions or elements of management (*Management Process*) are:

- ⊕ Planning
- ⊕ Organizing
- ⊕ Controlling
- ⊕ Coordinating
- ⊕ Commanding (*leading/directing*)



Further contributions to Administrative Principles were made by Mary Parker Follet (1868-1933) (emphasis was made on the common goals of the employees in reducing organizational conflict as well as the management gaining the trust and respect of employees) and Chester I. Bernard (1886-1961) (the concept of informal organization where management and subordinates group informally to create a bond).



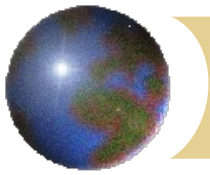
Bureaucratic Organizations

by Max Weber

1864 - 1920

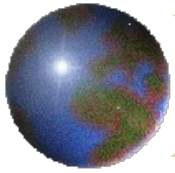


Weber's theory concentrated on the fact that positions should be structured where there must be a clear line of authority (hierarchy) and all persons must be selected by competency for the job and promotion (promotion based on achievement and a specialized division of labour) also, a formal structure and position rather than an individual.



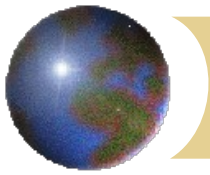
Views and Misconceptions of Bureaucratic Organizations

- ⊕ Good bureaucracy removed or reduced opportunities for corruption, favouritism and arbitrary exercises of power (instead of bribing a single official, you now have to bribe several officials) .
- ⊕ Sometimes extra paperwork is added to a system.
- ⊕ Identified bureaucracy with any large organization.
- ⊕ Sometimes bureaucracy would be mistaken for civil service (governmental organizations) but actually is being used at various types of organizations.
- ⊕ Bureaucracy is inflexible.



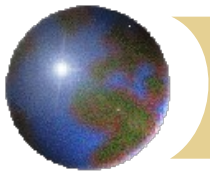
Human Resource approach

The Human Resource perspective to management suggested that jobs should be designed to meet higher levels needs by allowing workers to use their full potential.



*Human Resource Approach
includes the following three theories
and their contributors:*

- The Hawthorne Studies by Elton Mayo
- The Maslow Theories of Human's Need
- Mc Gregor's Theory (x y theory)



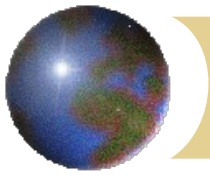
Hawthorne Studies

by Elton Mayo

After a series of studies, it was proven that employees increase the level of output when given better treatment.

He carried out research at the Hawthorne Works of the Western Electric Company in Chicago.

He and his team of researchers took a group of six women and segregated them. They then altered their conditions of work in a number of ways, over a five year period, and observed the effects on production and the morale of the group.

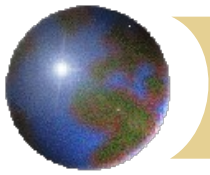


From Mayo's studies the following was derived:

Over the period, changes such as new payment systems, rest breaks of different sorts and lengths, varying the length of the working day, and offering food and refreshments were tried. In almost all cases, productivity improved.

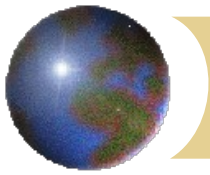
In the end, he realised that firstly, the women had felt important because they had been singled out. Secondly, the women had developed good relationships amongst each other and had been allowed to set their own work patterns. Thirdly, the case of relationship had made for a much more pleasant working environment.

Mayo decided that work satisfaction must depend, to a large extent, upon the informal social relationships between workers in a group and upon the social relationships between workers and their bosses.



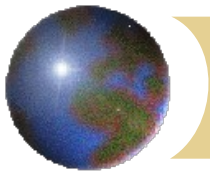
From Mayo's investigations the following conclusions were made:

- ⊕ Work is a group activity.
- ⊕ The social world of an adult is primarily patterned by their work activity.
- ⊕ The need for recognition, security and belonging is more important than physical conditions of the work environment.
- ⊕ A complaint is commonly a symptom manifesting disturbance of an individual's current position.
- ⊕ An employee is a person whose attitudes and effectiveness are conditioned by social demands from



Continued conclusions from Mayo's investigations:

- ✚ Informal groups with an organization creates a strong social control over the work habits and attitudes of an individual.
- ✚ Groups collaboration must be planned and developed, then a cohesion within an organization would be formed thus resisting the disrupting effects of a continuously adaptive society.
- ✚ The change from an established society in the home to an adaptive society in the work plant resulting from the use of new techniques contribute to the disruption of the social organization of the workplace.

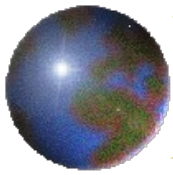


Maslow's Theory of Human's Needs

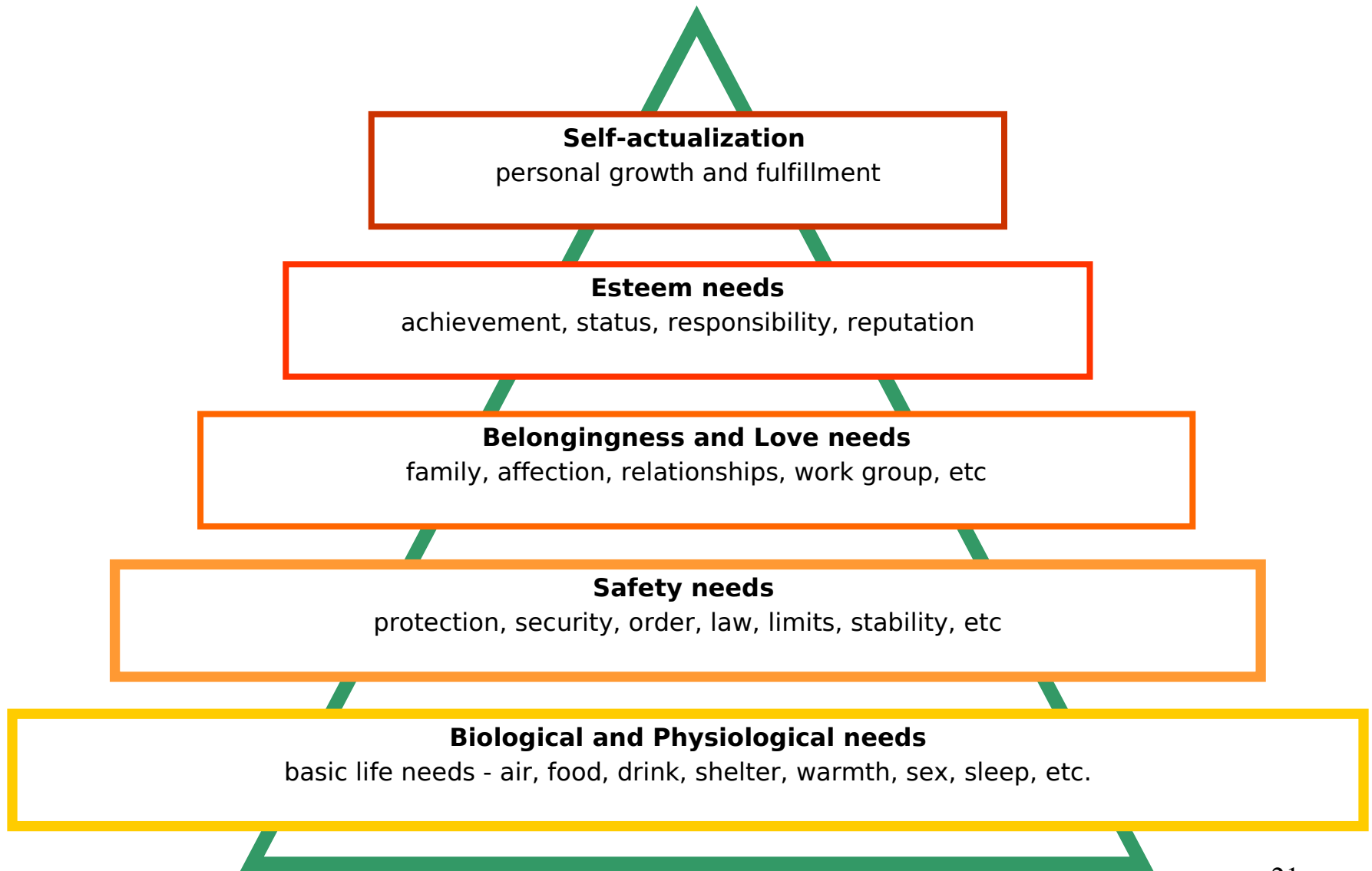


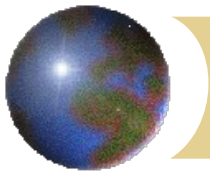
Maslow's hierarchy of needs is a theory in psychology that contends, each of us is motivated by needs. Our most basic needs are inborn, having evolved over tens of thousands of years. Abraham Maslow's Hierarchy of Needs helps to explain how these needs motivate us all.

Maslow's Hierarchy of Needs states that we must satisfy each need in turn, starting with the first, which deals with the most obvious needs for survival itself. Only when the lower order needs of physical and emotional well-being are satisfied are we concerned with the higher order needs of influence and personal development.



Maslow's Hierarchy of Needs



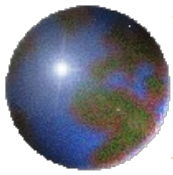


Maslow said that needs must be satisfied in the given order. Aims and drive always shift to next higher order needs.

Levels 1 to 4 are deficiency motivators; level 5, and by implication 6 to 8, are growth motivators and relatively rarely found. The thwarting of needs is usually a cause of stress, and is particularly so at level 4.

Examples he used were:

- ⊕ You can't motivate someone to achieve their sales target (level 4) when they're having problems with their marriage (level 3).
- ⊕ You can't expect someone to work as a team member (level 3) when they're having their house re-possessed (level 2).



Maslow's Hierarchy of Needs

Personal/ Social Life Need Hierarchy Occupational Needs

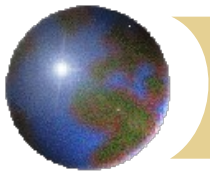
Personal growth, fulfillment	Self Actualization	Advancement
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Approval, achievement	Esteem Needs	Recognition, high status
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Family, friends, community	Belongingness & Love Needs	Coworkers, groups, clients
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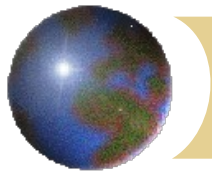
Protection, law, freedom	Safety Needs	Benefits, stability Occupational safety
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Food, air, water, sleep	Biological & Physiological Needs	Proper temperature, air, basic salary
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So while it is broadly true that people move up (or down) the hierarchy, depending what's happening to them in their lives, it is also true that most people's motivational 'set' at any time comprises elements of all of the motivational drivers.

Like any simple model, Maslow's theory not a fully responsive system nevertheless, it remains extremely useful and applicable for understanding, explaining and handling many human behaviour situations.

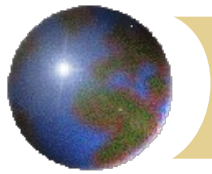


Mc Gregor's Theory (X Y Theory)

In 1960 Douglas McGregor, an American psychologist proposed a book “The Human Side Of Enterprise” making contrasting assumptions about the nature of humans in the work place. These assumptions are the basis of Theory X and Theory Y teachings.

Generally speaking, Theory X assumes that people are lazy and will avoid work whenever possible.

Theory Y, on the other hand, assumes that people are creative and enjoy work.



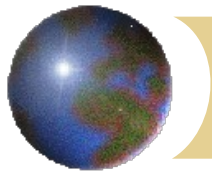
Theory X and Theory Y

Theory X

- ✚ The average individual dislikes work and will avoid it.
- ✚ Most people must be forced or penalised to get them effectively achieve the organizations goals.
- ✚ The average human has little or no ambition, would avoid responsibility but like the security and benefits.

Theory Y

- ✚ The average individual likes to work and it's a natural activity.
- ✚ A person could be self motivated and is committed to their work.
- ✚ The average human learns to accept and seek responsibility.
- ✚ Has the capacity to be innovative and creative.
- ✚ The potential of a human under modern industrial life is moderately utilized.

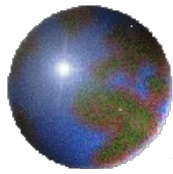


Management Concept using Theory X and Theory Y

Mc Gregor's theory is a useful and simple reminder of the natural rules for managing people and he maintained that there are two fundamental approaches to managing people.

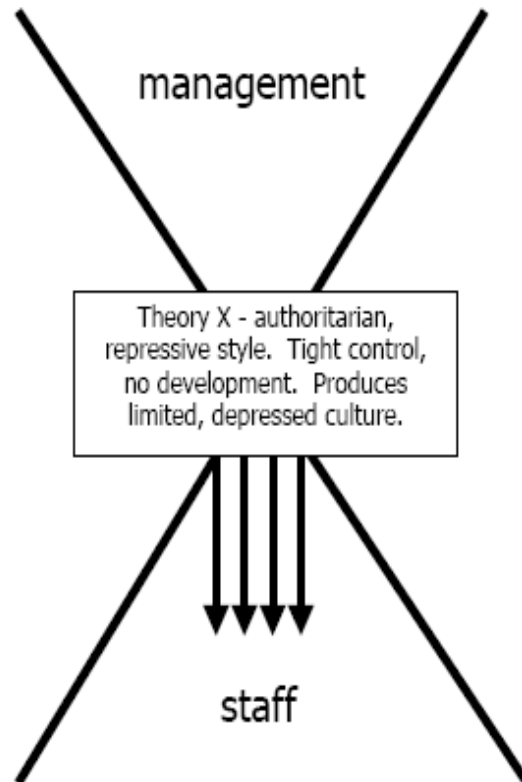
Theory X Manager is an authoritarian manager and generally gets poor results.

Theory Y Manager is a participative manager which produces better performance and results, and allows people to grow.

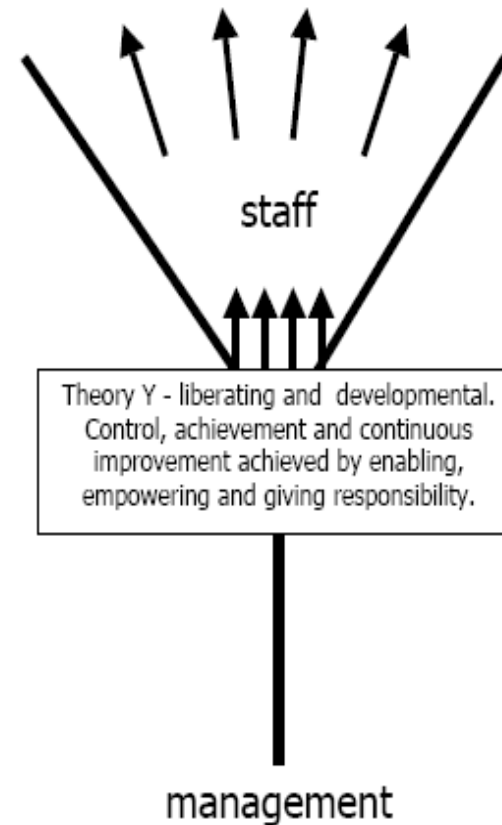


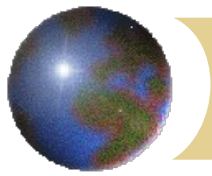
Theory X and Theory Y Management

'Theory X'



'Theory Y'





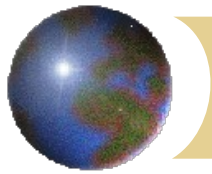
Comparison & Contrast of Management Theories

Theory X

- ⊕ Motivation style-
Threats and disciplinary action are used more effectively in this situation, also monetary gain.
- ⊕ Leadership-
Authoritarian
- ⊕ Power & Authority-
Arrogant, one way communicator
- ⊕ Conflict-
Intolerant
- ⊕ Performance Appraisals-
Appraisals occur on a regular basis

Theory Y

- ⊕ Motivation style-
Rewarding
- ⊕ Leadership-
Participative
- ⊕ Power & Authority-
The manager would take suggestions from workers, but would keep the power to implement the decision
- ⊕ Conflict-
Workers might be given the opportunity to exert "Negotiating" strategies to solve their own differences
- ⊕ Performance Appraisals-
Promotions also occur on a regular basis.

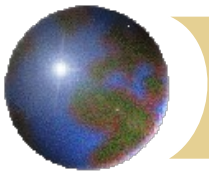


Summary & Conclusions:

With respect to overall management style, McGregor's Theory X and Theory Y managers seem to have a much more formal leadership style and managers seem to have different views of the workers, while their views of the tasks remains the same in both cases: that is, one of specialisation, and doing a particular task.

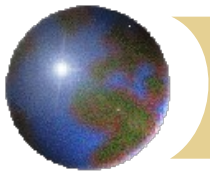
Albeit that Theory Y suggests that the workers would become very good at their particular tasks, because they are free to improve the processes and make suggestions. While the Theory X worker is said to require force, threats, and possibly even disciplinary action.

Theory Y are, again, self motivated, this allows them to focus on the task, and also their role within the company. Their desire is to be more productive and enable the company to succeed. Theory X workers, on the other hand, seem to have just enough self motivation to show up at work, punch the 30 time clock, as it were, and do only that which is necessary to



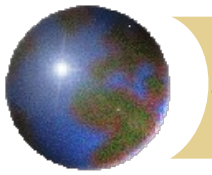
Modern Approach to management

Elements of various perspectives, mostly the humanistic perspective evolved into what is known as the Modern Approach to management.



Modern Approach includes the following three theories and their contributors:

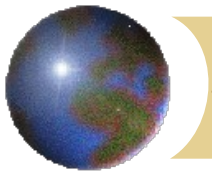
- Open Systems
- Contingency Thinking
- Lessons from the Japanese management style (theory z)



Open Systems

A system is defined as a group of interacting units or elements that have a common purpose. Therefore Open systems refer to systems that interact with other systems or the outside environment.

In other words organizations is an entity that takes inputs from the environment, transforms them, and releases them as outputs in sequence with mutual effects on the organization itself along with the environment in which the organization operates.



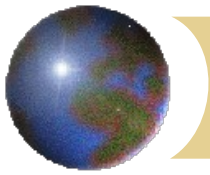
Open Systems

Open systems refer to systems that interact with other systems or the outside environment.

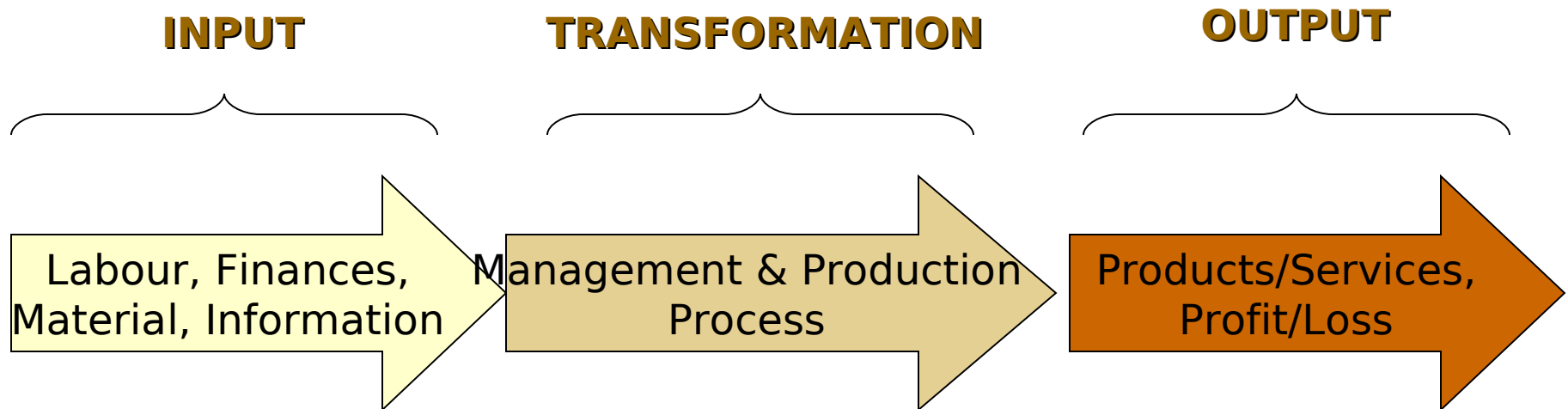
For example, living organisms are considered open systems because they take in substances from their environment such as food and air and return other substances to their environment.

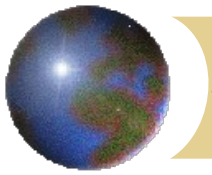
The three major characteristics of open systems are:

- ✚ They receive inputs or energy from their environment.
- ✚ They convert these inputs into outputs.
- ✚ They discharge their outputs into their environment.



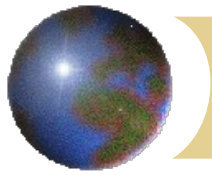
Companies use inputs such as labour, funds, equipment, and materials to produce goods or to provide services and they design their subsystems to attain these goals.





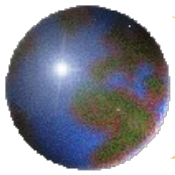
Open Systems

Two early pioneers in this effort, Daniel Katz and Robert Kahn, began viewing organizations as open systems with specialized and interdependent subsystems and processes of communication, feedback, and management linking the subsystems. Katz and Kahn argued that the closed-system approach fails to take into account how organizations are reciprocally dependent on external environments. For example, environmental forces such as customers and competitors exert considerable influence on corporations, highlighting the essential relationship between an organization and its environment as well as the importance of maintaining external inputs to achieve a stable organization.

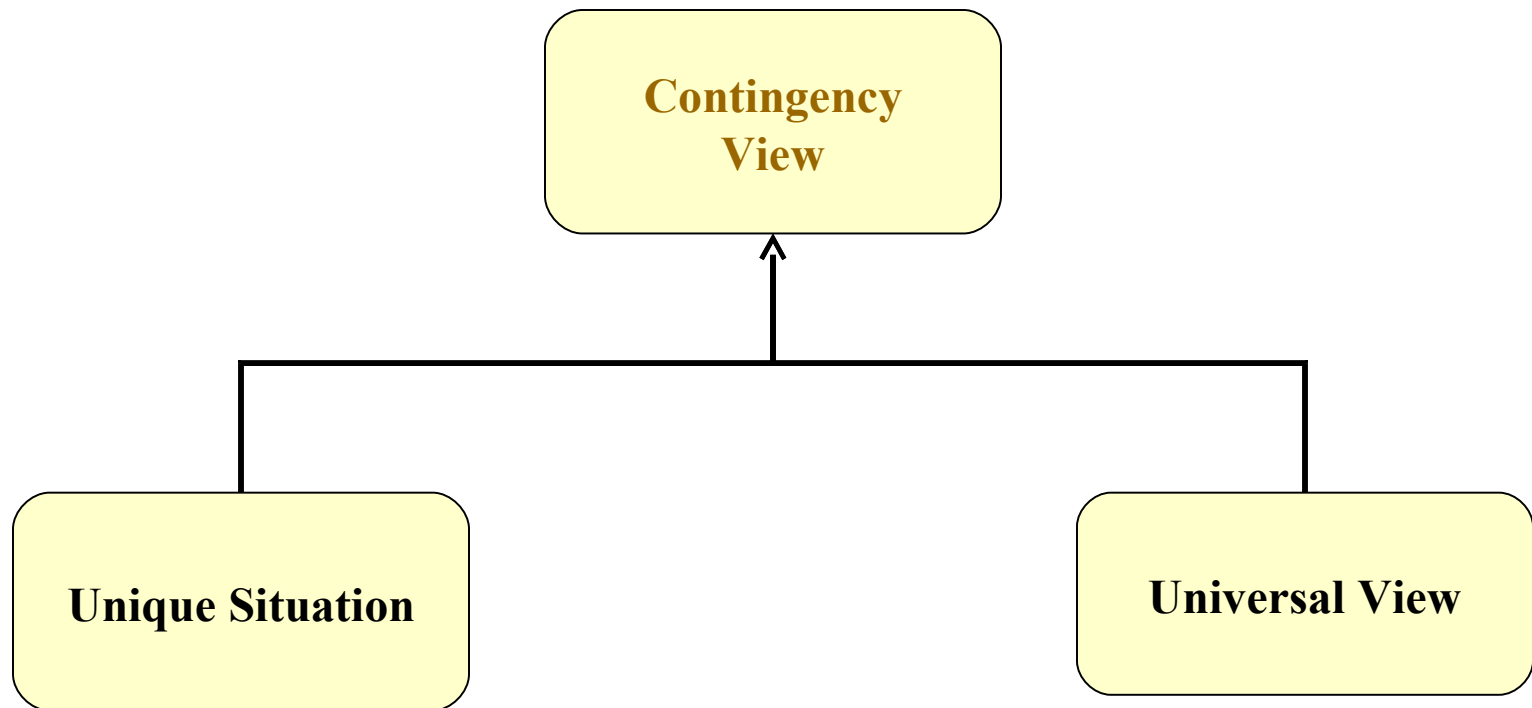


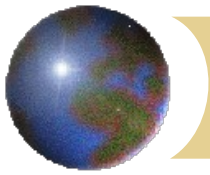
Contingency Perspective

The contingency approach to management is an extension of the humanistic perspective which is based on the idea that in an organization there is no one best way in the management process (planning, organizing, leading, and controlling) to successfully resolve any tailored circumstances; because organizations, people, and situations vary and change over time. Thus, the right thing to do depends on a complex variety of critical environmental and internal contingencies.



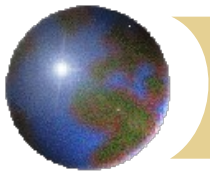
Contingency Perspective of Management





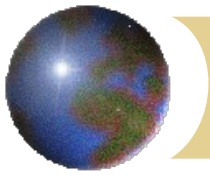
The contingency approach was suggested by two American academics, Lawrence and Lorsch in 1967. Their important contribution to this approach was as follows:

- ⊕ The more dynamic and diverse the environment, the higher the degree of both differentiation and integration required for successful organization.
- ⊕ Less changeable environments require a lesser degree of differentiation but still require a high degree of integration.
- ⊕ The more differentiated an organization, the more difficult it is to resolve conflict.
- ⊕ Where the environment is uncertain, the integrating functions
tend to be carried out by middle and low-level managers
where the environment is stable, integration tends to be achieved at the top end of the management hierarchy.



Also, Fred Fiedler, in the 1960s and 1970s, was an early pioneer in this area. He identified that various aspects of the situation had an impact on the effectiveness of different leadership styles.

For example, Fiedler suggests that the degree to which subordinates like or trust the leader, the degree to which the task is structured, and the formal authority possessed by the leader are key determinants of the leadership situation. Task-oriented or relationship oriented leadership should would each work if they fit the characteristics of the situation.



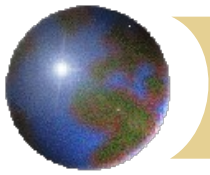
Japanese Management Style

Theory Z

McGregor, identified a negative set of assumptions about human nature, which he called Theory X. He asserted that these assumptions limited the potential for growth of many employees.

McGregor presented an alternative set of assumptions that he called Theory Y and were more positive about human nature as it relates to employees. In McGregor's view, managers who adopted Theory Y beliefs would exhibit different, more humanistic, and ultimately more effective management styles and Theory Y became a well-known prescription for improving management practices.

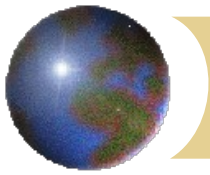
Concerns about the competitiveness of U. S. companies led some to examine Japanese management practices for clues to the success enjoyed by many of their industries. This led to many articles and books purporting to explain the success of Japanese companies. It was in this atmosphere that Theory Z was introduced into the management lexicon



Theory Z is humanistic approach to management approach by William Ouchi.

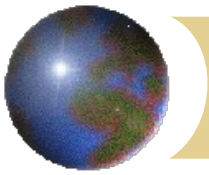
The key features of Japanese industrial organizations, according to Ouchi are as follows:

- ⊕ Offer lifetime employment (at least for their core workers).
- ⊕ Promote from within.
- ⊕ Insist on mandatory retirement of core workers at age 55.
- ⊕ Employ a large number of temporary employees mostly women.
- ⊕ There is a high degree of mutual trust and loyalty.



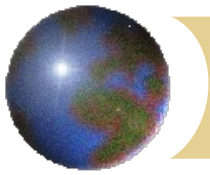
The key features of Japanese industrial organizations:

- ⊕ Career paths are non-specialized with life-long job rotation as a central feature of career development.
- ⊕ Decision making is shared at all levels.
- ⊕ Performance appraisal is long term (ie the first appraisal takes place 10 years after joining the company).
- ⊕ There is a strong sense of collective responsibility for the success of the organization.
- ⊕ And cooperation effort rather than individual achievement is encouraged.



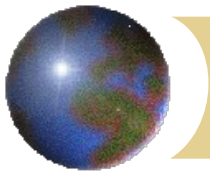
Although Ouchi recognizes that many of the features of Japanese management could not be translated into Western industrial society, he believes that certain features could be applied in a Western context. The move from the present hierarchical type of organization to a Theory Z type organization is a process which, says Ouchi:

“Has the objective of developing the ability of the organization to coordinate people, not technology to achieve productivity.”



In his view, this requires a new philosophy of managing people based on a combination of the following features of Japanese management:

- ⊕ Lifelong employment prospects
- ⊕ Shared forms of decision-making
- ⊕ Relationship between boss and subordinate based on mutual respect



According to Ouchi the introduction of Theory Z approaches into Western firms requires the following strategy:

- ✦ Adoption of a “Top down” approach, based on definition
of the new philosophy agreed and supported by the organization’s top management.
- ✦ Implementation of the new approach should be carried
through on the basis of consultation and communication
with the workforce and with full training support to develop relevant skills for managers, supervisors and their teams.