

5. Evolution of management

Management and its evolution

1. Planning.
2. Organisation.
3. Conductibility.
4. Controlling.

Planning - managers plan in advance their goals and actions that are to lead to these goals. The plan defines the objectives and the procedures for achieving them. The plan sets out what the organisation achieves and what resources it needs to achieve its objectives. The organisation can also make adjustments to the achievement of objectives if progress is not sufficient. Planning in an organisation at higher levels usually involves long periods of time. At lower levels or individual parts of the organisation, planning involves short intervals.

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Management and its evolution (cont.)

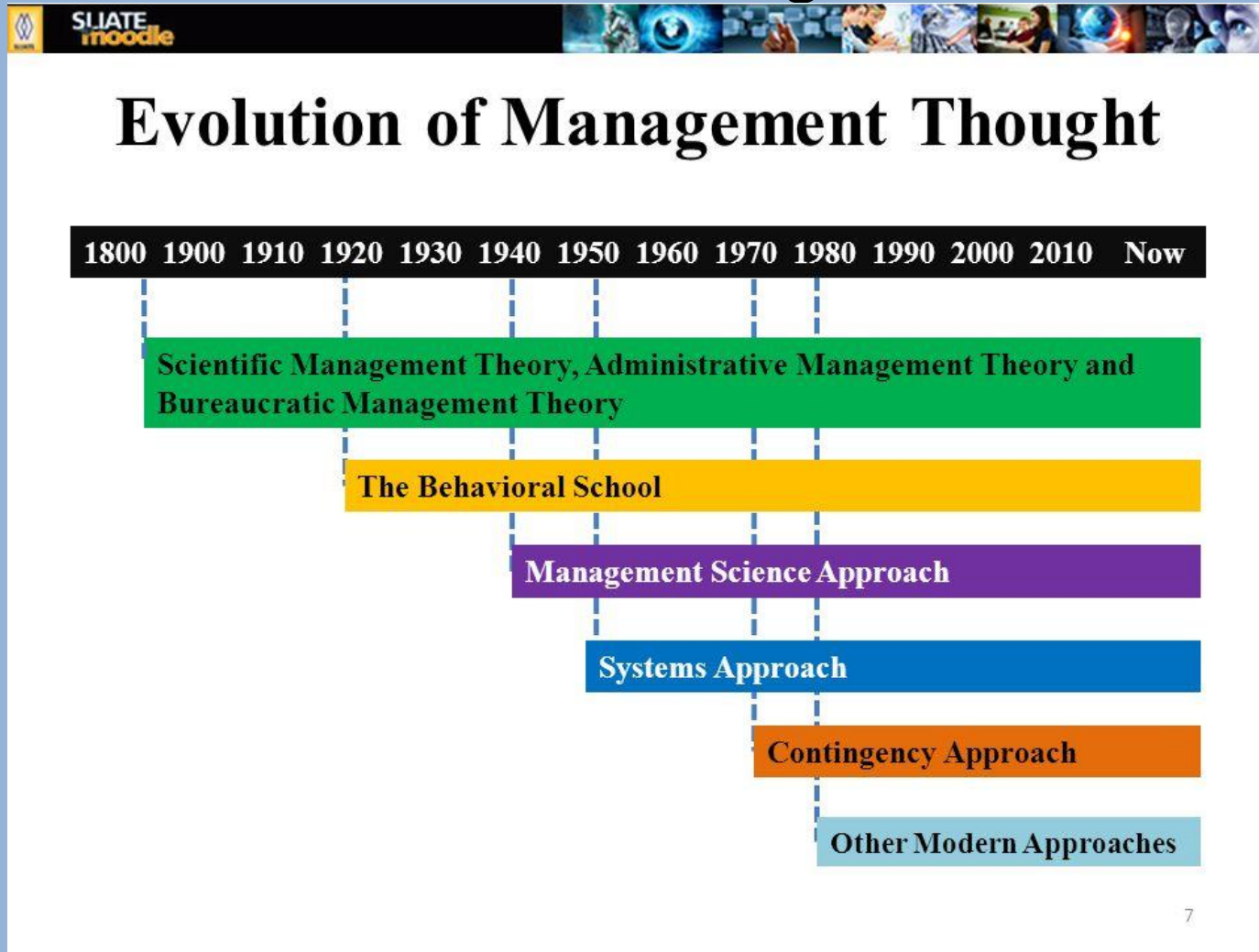
Organising is the process of ordering and allocating work, decision-making powers and resources to individual members of an organisation so that they can achieve its objectives. The structure of an organisation often depends on its objectives - e.g. clothing production requires sewing rooms, project offices, delivery of textiles, while the school as an organisation requires the allocation of classes and subjects to individual teachers and the necessary for effective teaching of the subject. Organizing also involves selecting the staff in such a way that the objectives are achieved efficiently.

Leadership - consists in directing employees, exerting influence on them and motivating them to perform important tasks.

Control - its purpose is to verify whether the organisation is on track.

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Overview of the main management theories



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Machiavelli

Already in the 16th century **Niccolo Machiavelli** claimed that:

- An organization is more sustainable if its members have the right to express their different views and settle their disputes within it.
- It is true that one person can start an organization, but "it is more sustainable if it is entrusted to the care of many and when many want to maintain it".
- A weak leader following a strong but not a weak leader following a weak one can maintain power.
- A leader seeking change in an existing organization "should retain at least the shadow of old customs".

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School of scientific work organisation

The representative of this school is **Frederick Winslow Taylor** (1856-1915). His philosophy was based on four principles:

1. A true management science needs to be developed so that the best way to accomplish each task can be established.
2. Be guided by the scientific selection of staff, so that each staff member can be assigned a job to which he or she is best suited.
3. Scientific training and development of workers.
4. Cooperation between management and workers should be direct and friendly.

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School of scientific work organisation (cont.)

Taylor believed that it was in the interest of both workers and management to increase productivity because it would bring profits that would satisfy both parties.

When studying working time at production lines, he suggested rewarding more productive employees.

The achievements of scientific work organisation are applied in the contemporary work of the assembly line and in various other fields.

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School of scientific work organisation (cont.)

Other representatives of the school of scientific work organization are:

Henry L. Gantt (1861-1919) - he introduced a bonus for each worker for complying with the daily standard and for the foreman also a bonus if all employees have met the standard.

Frank B. and Lilian M. Gilbreths (1868-1924, 1878-1972) - they claimed that the aim of scientific work organization is to improve the livelihood of workers. They dealt with the fatigue and movements of workers. By eliminating any unnecessary movement, work can become less tiring. So they tried to determine with a camera the movements necessary for the proper performance of the task.

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School of classical work organisation

Henri Fayol (1841-1925) first schematicized the behaviour of managers. He claimed that leadership is not an innate gift, but a skill that can be learned. He developed **14 principles of management**:

1. Division of labour.
2. Authority.
3. Discipline.
4. Unity of command.
5. Uniformity of management.
6. Subordinating personal interest, group interest.
7. Remuneration.
8. Centralisation.
9. Hierarchy.
10. Governance.
11. Appropriate treatment of employees.
12. Stability of staff.
13. Initiative.
14. Esprit de corps.

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School of classical work organisation (cont.)

Other representatives of the **school of classical work organization** are:

Max Weber (1864-1920) claimed that every organization aiming at the goal requires strict control over its activities. He considered an ideal organisation to be a bureaucracy in which activities are rationally conceived and in which the division of labour is clearly defined. The assessment of employees should be based solely on their effectiveness. Weber tried to make the organization predictable and efficient.

Mary Parker Follett (1868-1933) described management as the art of achieving goals through other people. In her theory she took into account not only what is happening in the organization but also outside of it, i.e. the environment of the organization.

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School of classical work organisation (cont.)

Other representatives of the **school of classical work organization** are:

Chester I. Barnard (1886-1961) claimed that a company can only function efficiently if there is a balance between the organisation's goals and those of those working in it. It is possible to maintain a balance between the personal goals and those of the organisation when managers know the area of indifference of the employee, i.e. they know what the employee is able to do without questioning the authority of the manager. Barnard treated the organization as a joint venture of individuals working together in groups.

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Behavioural school - the organisation is people

People in an organisation **interact with each other**. Collaborative relationships exist within an organization when managing people stimulates more productive and better work.

Collaborative relationships are ineffective when employees' productivity and morale deteriorate.

Employees work better when they feel that management takes care of them and pays special attention to them.

Elton Mayo (1880-1949) recognized that man is not only "rational", but also "social", i.e. he wants working relationships that satisfy him and respond more to the pressure of the working group than to the pressure of the management.

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Behavioural school - the organisation is people (cont.)

Abraham Maslow and Douglas McGregor wrote about motivation.

Abraham Maslow (1908-1970) ranked man's needs in the form of a pyramid in which physiological and safety needs are the lowest link, while at the very top are the needs of self-realization. Man first needs to satisfy the needs of the lower order in order to be able to devote himself to the needs of the higher order. Unfortunately, this model does not fully explain the motivation in the workplace, because for some, work is a source of satisfying lower needs and for others, also higher needs.

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Behavioural school - the organisation is people (cont.)

Douglas McGregor (1906-1964) is the creator of **X and Y theories**, which are contrasting.

X Theory - work is unpleasant for employees, so they should be forced to do it. The motivation can be money, praise, but they can also be forced by force.

Theory Y - people work because they like to do various tasks because they want to develop.

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Quantitative school

The creation of a **quantitative school** is connected with World War II, because then completely new problems related to the art of war had to be solved quickly. The first operational research teams were created. After the war, operational research started to be used in industry. The development of a quantitative school of management was associated with the development of high-speed computers.

Robert McNamara (1916-2009) implemented a quantitative system in Ford Motor Co. corporation, and later in his department when he became secretary of U.S. defence in the Johnson administration.

Management decisions are made on the basis of the processing and analysis of many numbers that justify management decisions. Mathematical models are built, which construct forecasts for the future.

This method (school) ignores the importance of people and the relationship between them.

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System direction

An organisation is treated as a **unified system**, which allows it to be seen as a whole. The activity of any segment of the organization affects the activity of any other segment. Individual parts of the organisation are subsystems.

Open systems - there are interactions with the environment. On the other hand, **in closed systems** there is no such impact.

The boundaries of the system separate it from the environment. In closed systems they are stiff and in open systems they are more flexible.

Synergy - the whole is larger than the usual sum of individual parts. In an organisation, this means that cooperation and interaction produce a better result than if everyone acted in isolation from the others.

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System direction (cont.)

Other notions related to the system direction are:

Flow - this is the movement of such elements as: information, materials, energy, which are subject to entry, are transformed inside the system and come out of it (e.g. in a clothing company, fabrics and other raw materials, which are transformed into clothes and then come out as finished products, e.g. trousers, skirts or finished products).

Feedback is the key to system control. It allows you to assess and correct the progress of your organisation.

Systemic approach allows to maintain a balance between the needs of individual departments and the needs of the whole organisation.

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Situational direction

Charles P. Kindleberger (1910-2003) used to say that "it depends" is the right answer to every question in economics. The task of an economist is to determine what it depends on. The task of a manager in an organisation is therefore to examine which method should be applied in a given situation and at a given time. A technique adopted by one organization may not work in another, because the conditions for its implementation will be different.

Situational orientation deals with a specific set of organisational dependencies specific to a specific organisation.

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Dynamic commitment

Time and relationships between people force managers to rethink their traditional views in the face of constant change. It covers 6 issues:

1. Organisational environment and the environment.
2. Social responsibility and ethics. The company should constantly strive for excellence.
3. Globalisation and governance.
4. Creation and transformation of organisations.
5. Culture and multiculturalism.
6. Quality.