

**Department of Management Studies (MBA)**

**Lectures on**

**Evolution of Management Theory**

# Contribution of Charles Babbage...



- Famous for his book “**On the Economy of machinery and Manufacturers**” (1832).
- Emphasized that, mutual interests could exist between the workers & the owners of the factories.
- Argued for a “**Profit Sharing System**” for the workers.

**Charles Babbage (1792-1871)**

# The Scientific Management School

*Contributions of:*

- *Taylor*
  - *Gantt*
  - *The Gilbreths*
- 

# The Scientific Management School

- *It is a management approach which was aimed to scientifically determine the best methods for performing any task & thereby selecting, training and motivating workers.*
- **Contributors of the Theory:**
  - *Frederick W. Taylor (1856-1915)*
  - *Henry L. Gantt (1861-1919)*
  - *Frank Gilbreth ( 1868-1924) & Lillian Gilbreth (1878-1972)*

# Know ur Management Gurus...

***Frederick W. Taylor (1856-1915)***



# Fundamental Principles of Taylor's Theory

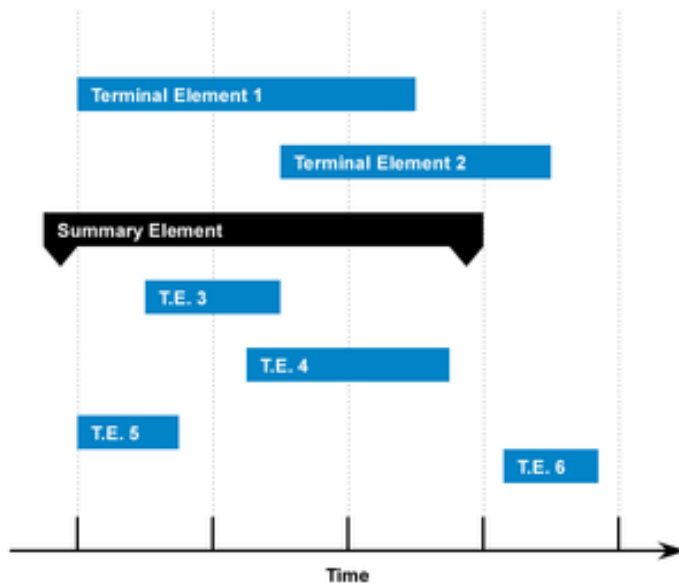
- *The best method for performing a particular task should be accompanied by the development of a true science of management.*
- *Workers should be selected scientifically, so that he/she is being selected as the right candidate for the right job.*
- *Emphasis on scientific education & development of the worker.*
- *Intimate, friendly cooperation b/w the labor & the management.*

# Taylor's Concept of Differential Rate System:

*It is the compensation system which involves the payment of higher wages to more efficient workers.*

# Know ur Management Gurus...

***Henry L. Gantt***  
***(1861-1919)***



***Gantt Chart..***



# Contribution of Gantt...

- *Abandoning Taylor's Differential Rate System*
- *Emphasis on the "Evaluation of Performance" of a worker*
- *Emphasis on "incentive-based" (Bonus) payment.*
- *Introduction of a specific charting system, "Gantt Chart" for production scheduling.*
- *The concept led to the subsequent evolution of Critical Path Method /CPM (developed by Du Pont) & Program Evaluation and Review technique/PERT.*

# Know ur Management Gurus...

***Frank Gilbreth ( 1868-1924) & Lillian Gilbreth (1878-1972)***




# Contribution of The Gilbreths...

- *Fatigue & motion studies*
- *Focus on promoting individual worker's welfare.*
- *Emphasis on enabling workers to reach their full potential.*
- *Emphasis on employee motivation & physical well being of workers.*

# Classical Organization Theory School

## *Contributions of:*

- Henri Fayol
  - Max Weber
  - Mary Parker Follett
  - Chester I. Barnard
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# Know ur Management Gurus...

***Henri Fayol***  
***(1841-1925)***



# Henri Fayol's Theory...

- *Henri Fayol (1841-1925) is considered as the founder of the classical management school.*
- *The theory focuses mainly to identify the principles and skills that underlie effective management.*
- *Introduced the famous “**14-principles of Management**”*
- *Theory of its first kind to focus on Organizational Functions.*

# Fayol's 14-Principles of Management...

- ***Division of Labor***
- ***Authority***
- ***Discipline***
- ***Unity of Command***
- ***Unity of Direction***
- ***Subordination of individual interest to the common good***
- ***Remuneration***
- ***Centralization***
- ***The Hierarchy***
- ***Order***
- ***Equity***
- ***Stability of staff***
- ***Initiative***
- ***Espirit de Corps (Team Spirit)***

# Know ur Management Gurus...

***Max Weber***  
***(1864-1920)***





# Max Weber's concept of Bureaucracy...

- Bureaucracy refers to an organization with a legalized formal & hierarchical structure & also to the formal structural process within the same.
- Weber's Model of bureaucratic management clearly advanced the formation of huge corporations such as **Ford**.
- In the competitive Global market of the 1990s organizations like those of **GE & Xerox** have become "**Bureaucracy Busters**"

# Know ur Management Gurus...

***Mary Parker Follett***  
***(1868-1933)***



# Contribution of Mary Parker Follett

- *She introduced many new elements such as in fields of Human Relations and organizational Structure.*
- *She called management “the art of getting things done through people”*
- *She emphasized on the power of group, where individuals could combine their diverse talents into bigger achievements.*
- *Follett’s concept also emphasized upon the effects of environmental factors like politics, economics and biology on an individual’s as well as on a group’s performance*

# Know ur Management Gurus...

***Chester I. Barnard***  
***(1886-1961)***



# Contribution of Chester I. Barnard

- Famous for his book “**Functions of the Executive**”
- Known for “**Acceptance Theory of Authority**”
- Managers should understand their employees’ “**zone of indifference**” (ie. What the employee would do without questioning the manager’s authority). to ensure balancing of both individual as well as organizational interests.
- Emphasis on satisfying an employee’s individual goals & linking the same with organizational goals.
- Emphasis on the utilization of Informal Groups (cliques) to enhance motivational levels, encourage creativity, increase performance effectiveness.

# The Behavioral School: “The Organization is People”

- The Human Relations Movement
    - *The Hawthorne Studies*
  - Behavioral Science Approach
- 

# Behavioral School of thoughts:

A group of management scholars trained in sociology, psychology, and related fields, who use their diverse knowledge to propose more effective ways to manage people in organizations

# *The Human Relations Movement*

## **What do we mean by Human Relations:**

- *Human relations is frequently used as a general term to describe the ways in which managers interact with their employees or recruits*
- *When “employee management” stimulates more and better work, the organization can be said to have effective human relations*



# The Hawthorne Experiments...

***Elton Mayo***  
***(1880-1949)***



# Hawthorne Studies....

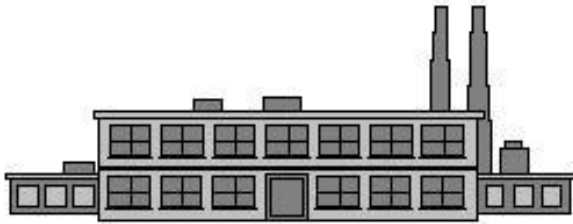
- *The human relations movement grew out of a famous series of studies conducted at the Western Electric Company (at the Hawthorne Plant near Chicago) from 1924 to 1933*

## THE HAWTHORNE STUDIES

# THE ILLUMINATION STUDIES

Electric companies, wanting to encourage increased usage of electricity in industry, suggested that higher levels of illumination would improve worker productivity

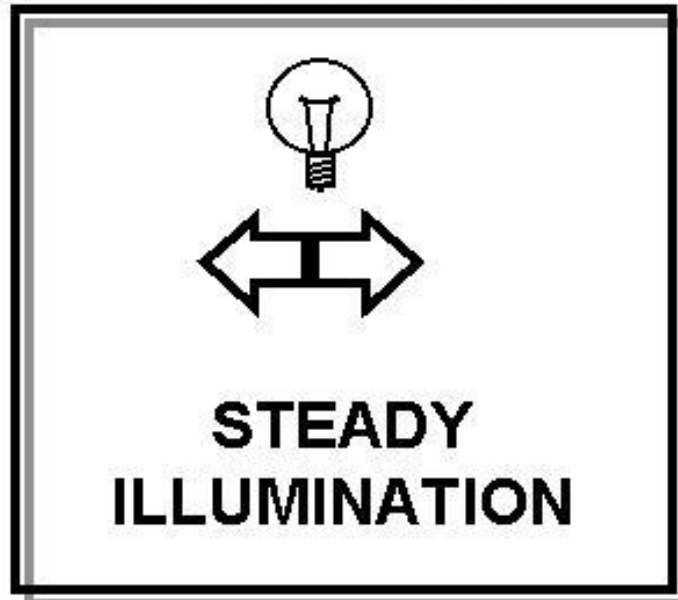
***RESEARCHERS WERE RETAINED  
TO TEST THIS HYPOTHESIS***



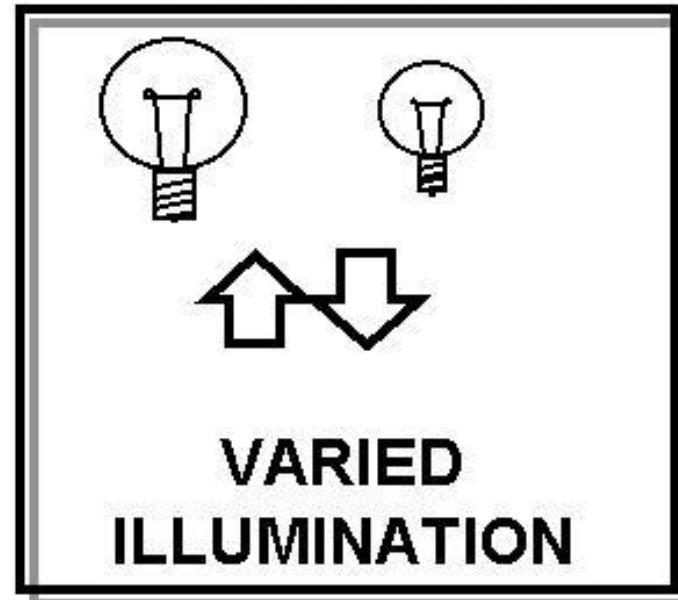
## THE HAWTHORNE STUDIES



**CONTROL  
GROUP  
6 SUBJECTS**

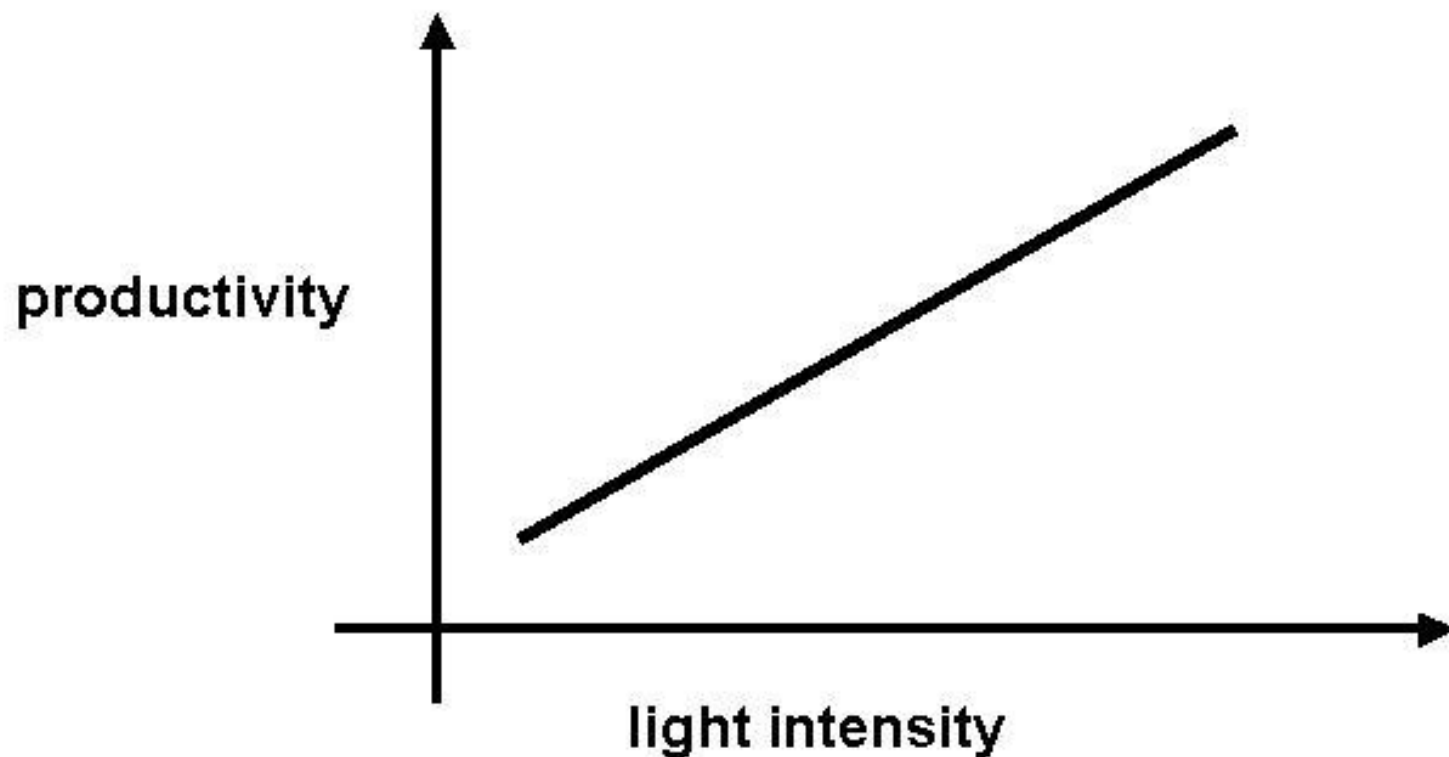


**EXPERIMENTAL  
GROUP  
6 SUBJECTS**



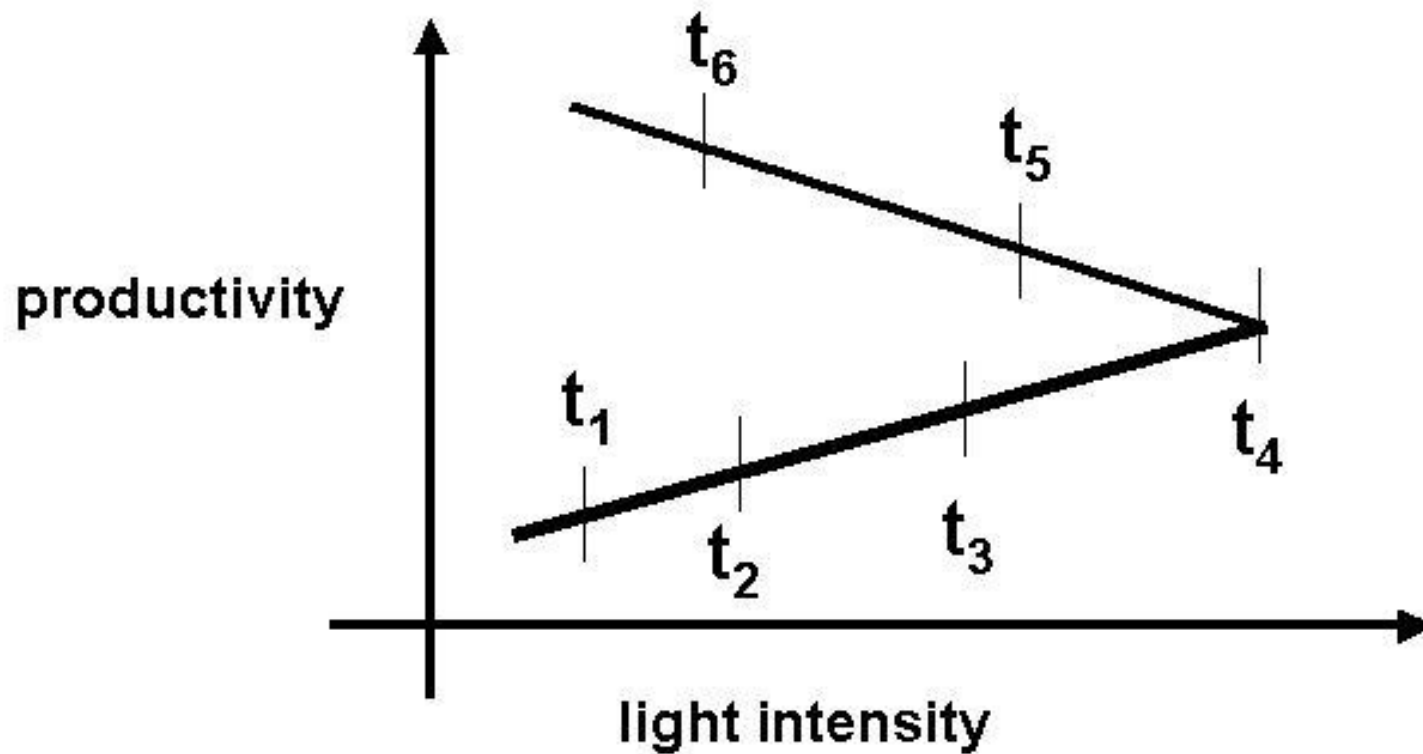
## THE HAWTHORNE STUDIES

### ANTICIPATED RESULTS: (as per Scientific Management)

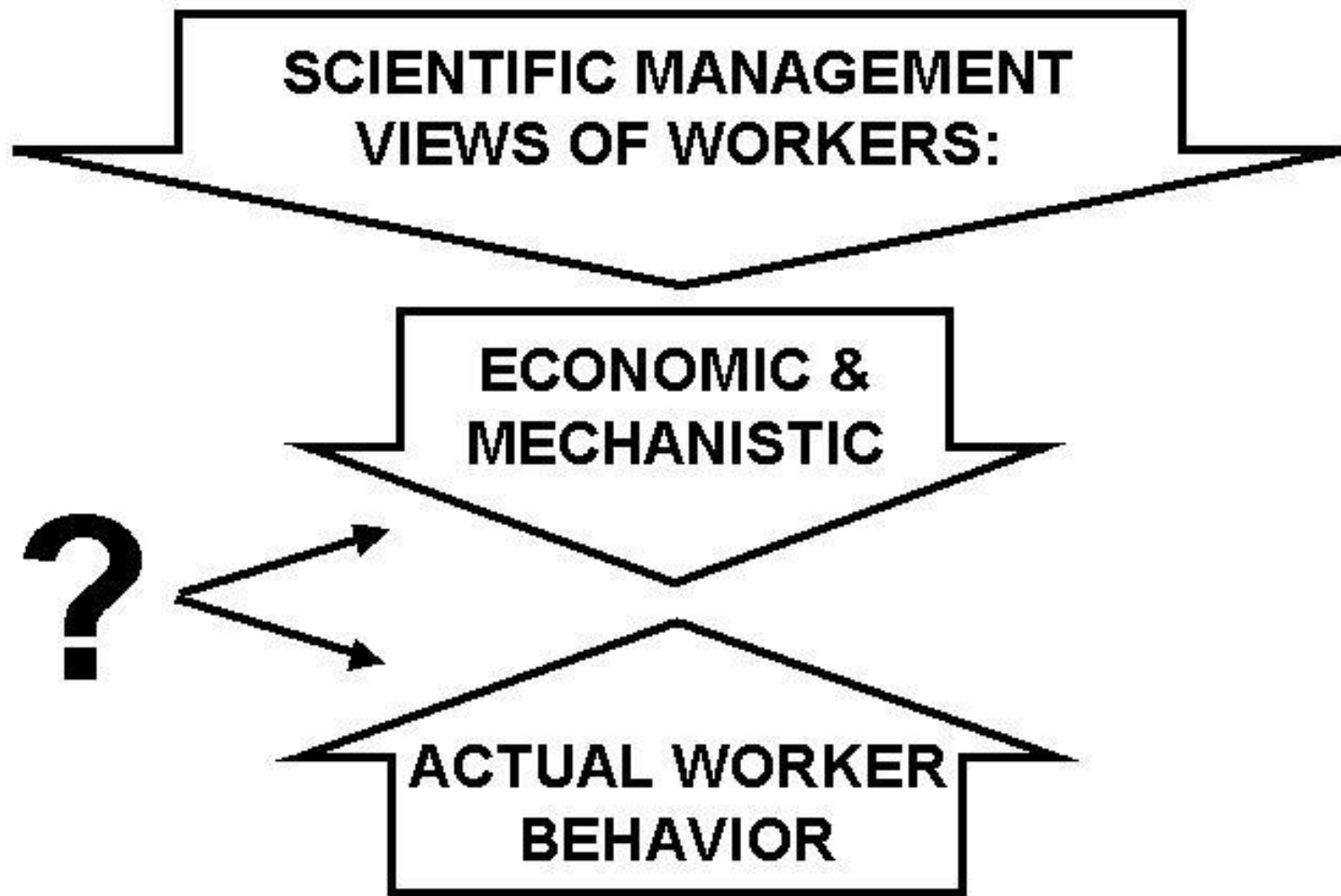


## THE HAWTHORNE STUDIES

ACTUAL RESULTS: **???**! (approx)



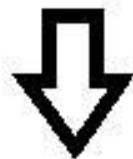
**THE HAWTHORNE STUDIES** *HARVARD UNIVERSITY & ELTON MAYO*



## THE HAWTHORNE STUDIES

### MAJOR CONTRIBUTION OF THE STUDY:

Shift of management theory  
away from purely  
mechanistic and economic  
views of worker motivation



Social relationships could  
be greater motivators than  
economic incentives

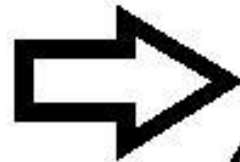




**THE HAWTHORNE STUDIES**

***HARVARD UNIVERSITY & ELTON MAYO***

**FAILURES OF  
SCIENTIFIC  
MANAGEMENT**



**NEW MODEL  
INCLUDES  
MORE HUMAN  
ATTRIBUTES**



# The Hawthorne Effect...

*The possibility that workers who receive special attention would perform better simply because they received that attention*

## THE HAWTHORNE STUDIES

**SCIENTIFIC  
MANAGEMENT**

**HAWTHORNE  
STUDIES**

**HUMAN RELATIONS  
SCHOOL OF  
MANAGEMENT**

# Behavioral Science Approach

- *Behavioral Science approach involved the application of more sophisticated research methods related to social sciences comprising of the study of psychology, sociology and anthropology and emphasized the importance of the behavior of human beings & their drives on individual as well as organizational performance.*

# Pioneers of Behavioral Science approach....



*Abraham Harold  
Maslow:*

- Born in the year 1908; passed away 1970
- Famous for Motivation theory: “Hierarchy of needs”

# Pioneers of Behavioral Science approach....



Professor Dr. Frederick Herzberg

## *Frederick Herzberg:*

- Famous for “2 factor hygiene & Motivation Theory”
- Frederick Herzberg's book 'The Motivation to Work', written with research colleagues B Mausner and B Snyderman in 1959, first established his theories about motivation in the workplace

# Pioneers of Behavioral Science approach....



## *Douglas McGregor:*

- Born in the year 1906; passed away 1964
- Famous for “Theory X Theory Y” concept of Motivation.

# The Management Science School

*Contributions of Robert  
McNamara*

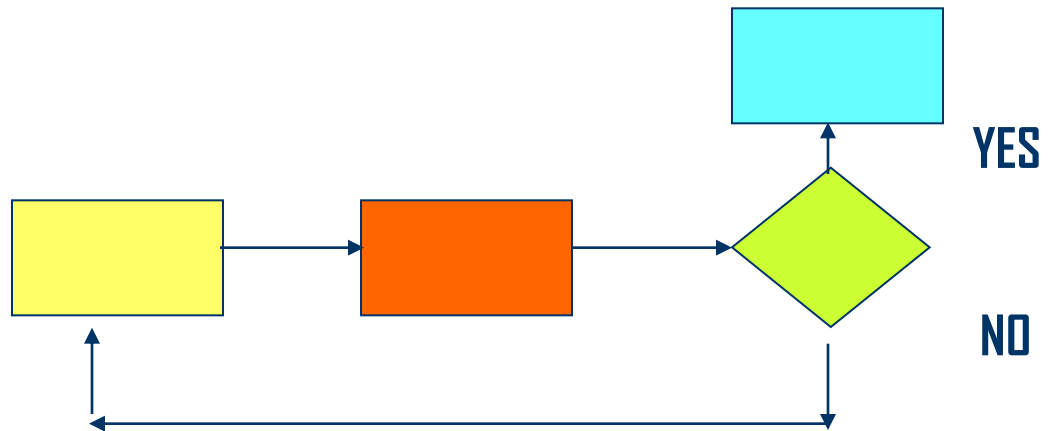




# The Management Science School:

- The management Science School emphasizes upon approaching management problems through the use of mathematical techniques for their modeling, analysis, and solutions.*

$$E = F ( X_i, Y_i )$$



# Contribution of Robert McNamara

- *Implemented a management science approach at Ford Motor Company in the 1950s and 1960s.*