

# LECTURE 3

## THEORIES OF MANAGEMENT

# Classical Approach

- Scientific Management
- Administrative Principles
- Bureaucratic Organisation

# Scientific Management

## **1. Frederick Taylor**

Believed that both company and employee will benefit from systematic work methods, higher productivity and efficient management process.

He also felt that money motivated employees to work harder and developed the piece rate concept.

# ...Scientific Management

Includes 4 principles:

1. Developed standardised work with proper working conditions.
2. Carefully select workers with right ability.
3. Train workers to do the job and give them incentives.
4. Support workers by planning their work.

# Scientific Management

## **2. Frank and Lillian Gilbreths**

Frank's studies led to a more productive way to accomplish goal.

Lillian, a psychologist, was known for job and effect on workers.

They were concerned with individual performance at work under stressful conditions.

# Administrative Principles

## 1. Henri Fayol

Came about with the rules of management:

- **Foresight**
- **Organisation**
- **Command**
- **Co-ordination**
- **Control**

# Administrative Principles

Developed the three key principles of management:

- **Scalar chain**
- **Unity of command**
- **Unity of direction**

# Administrative Principles

## 2. Mary Parker Follet

Displayed understanding of groups and deep commitment to human co-operation.

She viewed organisation as a '**community**' where both employees and managers should labour in harmony without one party dominating the other and with freedom to talk and reconcile differences.

# Administrative Principles

Contributions:

Making every employee an owner in business would create the feeling of responsibility.

Business problems involve a wide variety considering the factors in relationship to one another.

Business is service and profit should be considered for public good.

# Bureaucratic Organisation

Max Weber, the founder of formal organisation.

- **Characteristics of bureaucracy:**
- **Clear division of labour**
- **Clear hierarchy of authority**
- **Formal rules and regulations**
- **Impersonality**
- **Career based on merit**

# Behavioural Approach

1. Human relations

2. Behavioural science

# Human relations

## **Elton Mayo's Hawthorne studies**

The most famous studies ever done in the field of management.

### **Hawthorne effect:**

Proves the tendency of people being observed in a research to react more to the observer than to the actual working condition.

# Hawthorne Studies

Factors accounted for increased productivity:

- **Group atmosphere**
- **Participative supervision**

# Maslow's Hierarchy of Needs

Inclusive of 5 fundamental needs:

- **Physiological needs**
- **Safety and security needs**
- **Affiliation needs**
- **Self esteem**
- **Self actualisation**

A need becomes a motivator once the preceding lower level needs are satisfied.

# McGregor's Theory X and Y

Theory X workers:

- **Dislike work**
- **Lack of ambitions**
- **Are irresponsible**
- **Resist change**
- **Prefer to be led**

# McGregor's Theory X and Y

Theory Y workers:

- **Willing to work**
- **Capable of self control**
- **Willing to accept responsibility**
- **Imaginative and creative**
- **Capable of self direction**