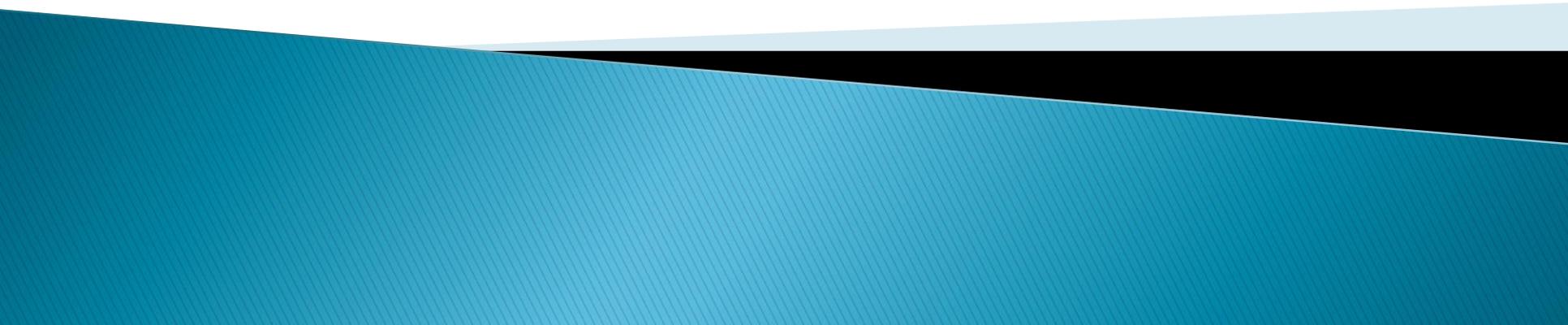


Unit 3: Organisation and Behaviour

Lesson 4

Dwayne Cargill
Colbourne College

January 27, 2016



Learning Outcome 2

- ▶ Learning Objectives:
- ▶ LO2 Understand different approaches to management and leadership:
 - 2.1 compare the effectiveness of different leadership styles in different organisations
 - 2.2 explain how organisational theory underpins the practice of management
 - 2.3 evaluate the different approaches to management used by different organisations

In This Session

- ▶ 2.2 explain how organisational theory underpins the practice of management.
 - ▶ Development of management thought:
 - scientific management;
 - classical administration;
 - bureaucracy;
 - human relations approach;
 - systems approach;
 - contingency approach
 - ▶ Assessment Criteria
 - ▶ Review Questions
 - ▶ References
- 

Introduction

- ▶ Management is the art, or science, of achieving goals through people. Since managers also supervise, management can be interpreted to mean literally “looking over” – i.e., making sure people do what they are supposed to do. Managers are, therefore, expected to ensure greater productivity or, using the current jargon, ‘continuous improvement’. (Olum, 2004)
- ▶ More broadly, management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims (Koontz and Weihrich 1990, p. 4).
- ▶ An understanding of the theories of management therefore provides an important tool for organisation – public and private and must be studied and appreciated.

Classical Approach to Management

- ▶ Bonwitt (1989) used the term “classical” to refer to approaches to management that focuses on the identification and implementation of clear tasks. This is essentially the scientific management movement to which Frederick Taylor and Henri Fayol belong.
- ▶ Taylor focuses on the routine and repetitive tasks performed by workers at the lower levels of the organisation while Fayol’s is more concerned with the top level staff.

Frederick Winslow Taylor

- ▶ Grow up in Philadelphia, USA with deep root American culture and a strong religious heritage.
- ▶ He worked for four years as an apprentice machinist at the Enterprise Hydraulic Works and then as a labourer at Midvale Steele Works as a labourer quickly moving up to becoming chief Engineer after six years.
- ▶ He therefore had experience at different levels of the organisation which no doubt impacted his epistemological view of management.
- ▶ He is credited as the father of Scientific Management.

Principles of Scientific Management

1. **Science, Not Rule of Thumb:** This principle says that we should not get stuck in a set routine with the old techniques of doing work, rather we should be constantly experimenting to develop new techniques which make the work much simpler, easier and quicker.
2. **Harmony, Not Discord:** As per this principle, such an atmosphere should be created in the organisation that labour (the major factor of production) and management consider each other indispensable.
3. Taylor has referred to such a situation as a 'Mental Revolution'. Taylor firmly believed that the occurrence of a mental revolution would end all conflicts between the two parties and would be beneficial to both of them.

Principles of Scientific Management

3. **Cooperation, Not Individualism:** According to this principle, all the activities done by different people must be carried on with a spirit of mutual cooperation. Taylor has suggested that the manager and the workers should jointly determine standards. This increases involvement and thus, in turn, increases responsibility. In this way we can expect miraculous results.
4. **Development of Each and Every Person to His / Her Greatest Efficiency and Prosperity:** According to this principle, the efficiency of each and every person should be taken care of right from his selection. A proper arrangement of everybody's training should be made.
 - ▶ It should also be taken care that each individual should be allotted work according to his ability and interest. Such a caring attitude would create a sense of enthusiasm among the employees and a feeling of belongingness too.

Time and Motion Studies

- ▶ The primary task for Scientific Management was to establish appropriate standards for task performance. This is based on the belief that the basic cause of inefficiency was management's ignorance about the proper time required to perform a task.
- ▶ Standards are based on scientific investigations of task performed using optimal methods rather than simple observations of actual performance in the workplace.
- ▶ Taylor's proposal of consist of:
 - Breaking down physical activities into their component parts
 - Specification of optimal routine for the performance of each component
 - Discovering the most efficient method for recombining the parts into the more complex tasks
 - Discarding useless motions
 - Timing the entire moment by means of a stop watch.

Wage Incentive Scheme

- ▶ Taylor advocate the actual method of reward – whether it was day work, piece work, task work with bonus – was relatively unimportant
- ▶ Special incentives like higher pay, shorter working hours, better working conditions and individual rewards for workers based on performance all overshadowed the importance of the method of payment.
- ▶ Basic approach to incentives:
 - To give each worker a define task with detailed instruction
 - To give an exact time standard for the performance of each task
- ▶ Workers are to be awarded with extra-ordinary wages if completed within the time but ordinary wages if the workers took longer than the time allotted.

Henry Fayol

- ▶ Belonged to the petite bourgeoisie and was a graduate of the National School of Mines in St. Etienne. He was a trained mining engineer and worked in and spent his entire career with Commentry–Fourchambault Co. where he was promoted to manager at age 25. Most of his career was spent in management.
- ▶ From an early point in his writings, he acknowledged the importance of managerial ability in an organizational performance. His work was focused on management and suggested that every organization requires management
- ▶ Managers need certain qualities, knowledge and experience allowing them to utilize certain principles (flexible based on changes in situation or organization) to increase efficiency

Fayol's Principles

- ▶ **Division of work** should be applied in all area of work
- ▶ **Authority** – good manager complements his formal authority with personal authority (ability to lead, competent and knowledgeable)
- ▶ **Discipline** –obedience and respect between firm and employee
- ▶ **Unity of command** – only one superior should instruct worker in regards to the work to be done
- ▶ **Unity of directions** – shared vision between employee and employer
- ▶ **Line of authority** – clear chain of communication and lines of authority
- ▶ **Initiative** – individuals should be zealous and energetic in all efforts.

Fayol's Principles

- ▶ These principles suggested by Fayol could be employed in any organization and provided the modern conceptualisation of a management process.
- ▶ Managers need to know more than how to plan, organize, command, coordinate and control but also need to be knowledgeable about the business activities which were being managed.

Bureaucracy and Weber

- ▶ Max Weber seen as the “Father of Organisation Theory”. He is seen as a structuralist as his focus was on organizational structures, particularly public service structures. He was born to an affluent German family and was describe as an intellectual with ranging interest in religion, economics, political science and sociology.
- ▶ His contribution to the discourse around understanding and addressing the problems in the public service was derived from his knowledge of a number of discipline.

Bureaucracy and Weber

- ▶ Weber defines bureaucracy as the formal system of organization and administration designed to ensure efficiency and effectiveness. He suggested an ideal model for management as bureaucratic approach
- ▶ Bureaucracy refers to the management of large organizations characterized by hierarchy, fixed rules, impersonal relationships, rigid adherence to procedures, and a highly specialized division of labour
- ▶ Before setting out the model necessary to first establish the proper environment under which such model could operate. He suggested, therefore that there were three “pure” types of authority systems, namely the charismatic, the traditional authority and the one that he considered most suitable the legal–rational model.

Criticism

- ▶ Relationship between the leader and the led is often unstable since the relationship is based on personality and no legitimate authority
- ▶ Administration under this type of rule is loose and unstable
- ▶ Leader constrained by personal judgement rather than on any formal methods of adjudication
- ▶ There are no define spheres of authority or competence to protect against the arbitrary exercise of power and no system of formal rules to ensure equal treatment and due process

Traditional Authority

- ▶ Traditional authority is legitimated by the sanctity of tradition. The ability and right to rule is passed down, often through heredity. The monarch in the United Kingdom is one such example. It does not change overtime, does not facilitate social change, tends to be irrational and inconsistent, and perpetuates the status quo.
- ▶ In fact, Weber states: “The creation of new law opposite traditional norms is deemed impossible in principle.” Traditional authority is typically embodied in feudalism or patrimonialism. In a purely patriarchal structure, “the servants are completely and personally dependent upon the lord”, while in an estate system (i.e. feudalism), “the servants are not personal servants of the lord but independent men” (Weber 1958, 4). But, in both cases the system of authority does not change or evolve.

Principles of Bureaucratic Theory

- ▶ **Job specialization:** – Jobs are divided into simple, routine and fixed category based on competence and functional specialization.
- ▶ **Authority hierarchy:** – Officers are organized in a n hierarchy in which higher officer controls lower position holders i.e. superior controls subordinates and their performance of subordinates and lower staff could be controlled.
- ▶ **Formal selection:** – All organizational members are to be selected on the basis of technical qualifications and competence demonstrated by training, education or formal examination.
- ▶ **Formal rules and regulations:** – To ensure uniformity and to regulate actions of employees, managers must depend heavily upon formal organizational rules and regulations. Thus, rules of law lead to impersonality in interpersonal relations.

Principles of Bureaucratic Theory

- ▶ **Impersonality:** – Rules and controls are applied uniformly, avoiding involvement with personalities and preferences of employees. Nepotism and favouritism are not preferred.
- ▶ **Career orientation:** – Career building opportunity is offered highly. Life long employment and adequate protection of individuals against arbitrary dismissal is guaranteed. Here managers are professional officials rather than owners units they manage. They work for a fixed salaries and pursue their career within the organization.

Characteristic of Bureaucracy

1. There is the principle of fixed official jurisdictional areas, which are generally ordered by rules, that is, by laws or administrative regulations.
2. The principles of office hierarchy and of levels of grade authority mean a firmly ordered system of super and subordination in which there is a supervision of the lower offices by the higher ones.
3. The management of modern offices is based upon written documents (“the files”), which are preserved in their original or draught form.
4. Office management, at least all specialized office management – and such management is distinctly modern – usually presupposes thorough and expert training.
5. When the office is fully developed, official activity demands the full working capacity of the official, irrespective of the fact that his obligatory time in the bureau may be firmly delimited.
6. The management of the office follows general rules which are more or less stable, more or less exhaustive, and which can be learned.

Dysfunctions of Bureaucracy Organizations

- ▶ Weber acknowledged that while this form of organization was efficient, he also associated bureaucracy with routine
- ▶ It has been argued that bureaucracy is not necessarily rational, it may not be efficient, that other forms of organization may be more efficient, and that bureaucracy, by virtue of its structural and procedural complexities, may encourage evasions of individual responsibility.
- ▶ Robert K. Merton argues that the very organizational features Weber associated with rationality and efficiency may be associated with irrationality and inefficiency. For instance he noted that the adherence to “rules” often gave rise to “red tape”.

Limitations of bureaucratic theory

1. **Informal relationship is not considered:** – It does not consider the informal relationships between individuals working in the organizations.
2. **Outdated system:** – Its system of control and authority are outdated which can't work in such a changed environment.
3. **Inadequate means:** – Bureaucratic theory does not possess adequate means resolving differences and conflicts arising between functional groups.

The Modern Approach

- ▶ Peter Drucker (1909–2005) was one of the most widely-known and influential thinkers on management, whose work continues to be used by managers worldwide. He was a prolific author, and among the first (after Taylor and Fayol) to depict management as a distinct function and being a manager as a distinct responsibility.
- ▶ His writing showed real understanding of and sympathy for the difficulties and demands faced by managers. He also predicted several important developments, including decentralisation, outsourcing, the importance of marketing, and the emergence of the information society.
- ▶ Like Fayol, his work began with a view of top management and its critical role in the representative institution of modern industrial society, namely the large corporation.

Drucker

- ▶ James O'Toole, Professor of Management at the University of Southern California summarise his contribution as:
 - define the role of top managers as the keepers of corporate culture
 - advocate mentoring, career planning and executive development as top management tasks
 - say that success hinges on the vision expressed by the CEO
 - show that structure follows strategy
 - suggest a reduction of management layers between the top and the bottom
 - argue that success comes from sticking to the basics

Drucker cont

- ▶ state that the primary purpose of the organisation is to create a customer
- ▶ say that success boils down to consumer sensitivity and the marketing of innovative products
- ▶ suggest that quality is a measure of productivity
- ▶ describe the coming knowledge worker
- ▶ state that new approaches to management would be needed in the post-industrial age.

Management: Tasks, Responsibilities, Practices

- ▶ In his book *Management: Tasks, Responsibilities and Practice* Drucker establishes where management has come from, where it is now and where it needed to go. It drew upon a wide range of international examples and set out principles for managers and management. It was, effectively, a complete management handbook.

- ▶ Drucker defined the manager's work in terms of five basic operations. He or she:
 1. sets objectives – what is the goal for each area and determine how to get there
 2. Organises – analysing the activities, decisions and relations needed
 3. motivates and communicates – encourage team building and decides on appropriate HR policies including compensation and promotional plans
 4. Measures – establish performance standards, ensure that they are clear and understood and attainable and in keeping with organisation objectives
 5. develops people, including him/herself.

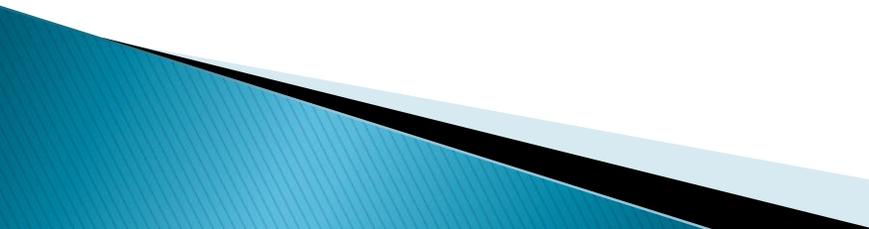
Top Management's Tasks

- ▶ Define the business mission
- ▶ Set standards
- ▶ Build and maintain the human organisation
- ▶ Develop and maintain external relationships
- ▶ Perform social and civic functions
- ▶ Know how to get on with the task in hand if and when necessary.

System Theory

- ▶ Kramer and De Smith (1977) defines a closed system as a system that has no interaction at all with its environment. But they explain further that a system can be deliberately considered as a closed one by researchers if the relations that exist between the system and its environment are disregarded for the sake of simplicity in their analysis.
- ▶ For example, a production or assembly line, which is built on the theory of scientific management and operations research, can be treated as a closed system if it is insulated from fluctuations in demand and supply (environmental contingencies) through the stockpiling of raw materials and finished-goods to keep it in a relatively static environment.

Benefits of System Theory

- ▶ Cost saving advantage from specialization (economics of scales, minimal duplication of people and equipment) and employees are grouped with others who perform similar tasks
 - ▶ Support delivery of services in a rational and equitable manner
 - ▶ Appropriate use and allocation of resources with a few of the overall master plan
 - ▶ Actions are appropriate with predictable outcome (Thompson, 1967:6)
 - ▶ Clear chain of control and division between political and administrative sphere
 - ▶ Allow for greater accountability due to hierarchal structure
 - ▶ Emphasis on clear and direct reporting relationship
- 

Human Relations

- ▶ This focus on the people aspect of organization and look at issues such as cliques, informal norms, emotions and personal motivation.
- ▶ Studies of Elton Mayo and Fritz Roethlisberger in the 1927 test Fredrick Taylor's hypothesis that workers would respond like machines. The findings of these and other research became know as the Hawthrone effect which holds that people tend to change their behaviour when they are being observed. The conclusions drawn from Human Relation theorists findings is that the relationship between manager and employees, and among employees themselves are important determinant of efficiency (Henry, 1986).
- ▶ Concerned with issues of motivation (direct determiners of job satisfaction and hygienic or intrinsic factors (psychological satisfaction derived from task environment.

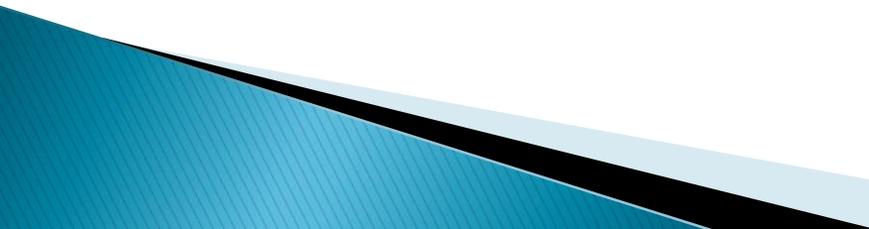
Organisational Development

- ▶ Since the 1940s, OD has been applied to both business and public sector organizations. OD projects have been largely humanistic and sought to achieve the following (Henry, 1986):
 - Legitimize human emotions in organization
 - Reduce tensions
 - Enhance team management and intergroup cooperation
 - Evolve less structured and more organic organization
 - Develop more effective techniques for conflict resolution through non-authoritarian and interactive methods
 - Improve the individual member's ability to get along with other members (which the team calls interpersonal competence)

Organization in its Environment

- ▶ Views the organization as a whole and focus on the pressures and constraints which the environment places on the organization, and design and assess organizational strategies to cope with these environmental related problems.
- ▶ Their main concerns were to examine the relationship between the political and the public relationship in public sector organization.
- ▶ The environmental factors contributing problematic for managing public organizations include legislatures, pressure groups and elected officials seeking to use public organizations for political, economic and social purposes.

Contingency Approach

- ▶ A **contingency approach to management** is based on the theory that management effectiveness is contingent, or dependent, upon the interplay between the application of management behaviors and specific situations (Grimsley, 2016). In other words, the way you manage should change depending on the circumstances. One size does not fit all.
 - ▶ The contingency approach to management finds its foundation in the contingency theory of leadership effectiveness developed by management psychologist Fred Fielder. The theory states that leadership effectiveness, as it relates to group effectiveness, is a component of two factors: task motivation, or relation motivation, and circumstances. You measure task motivation, or relation motivation, by the least preferred co-worker (LPC) scale.
- 

Contingency Approach cont

- ▶ The theory states that task or relations motivations is contingent upon whether the manager is able to both control and effect the group's situational favourability, or outcome. According to the theory, you can assess situational favourability by three factors:
 1. Leader-member relations – This factor addresses the manager's perception of his cooperative relations with his subordinates. In other words, is the cooperation between you and your employees good or bad?
 2. Task structure – This factor relates to whether the structure of the work task is highly structured, subject to standard procedures and subject to adequate measures of assessment. Certain tasks are easy to structure, standardize and assess, such as the operation of an assembly line.
 3. Position power – This factor asks if the manager's level of authority is based on punishing or rewarding behaviour. For example, does the manger derive his authority from providing bonuses for meeting sales goals or terminating employees for failure to meet the goals?

Assessment Criteria

- ▶ To discuss in Class

Review Questions

- ▶ What are the principles of the Scientific Management?
 - ▶ Compare and contrast the bureaucratic model and the model theory of management.
 - ▶ What are the benefits of using the system theory in an organisation?
- 

References

- ▶ Boundless. "Charismatic Authority." Boundless Sociology. Boundless, 21 Jul. 2015. Retrieved 11 Sep. 2015 from <https://www.boundless.com/sociology/textbooks/boundless-sociology-textbook/government-15/politics-power-and-authority-112/charismatic-authority-624-10334>
- ▶ Grimsley, Shawn (2016) Contingency Approach of Management: Definition & Example retrieved from <http://study.com/academy/lesson/contingency-approach-of-management-definition-example-quiz.html>
- ▶ Management and Business Studies Portal, Peter Drucker retrieved from <http://www.mbsportal.bl.uk/taster/subjareas/busmanhist/mgmtthinkers/drucker.aspx>
- ▶ Royale-Davis, Gloria (2015) Course note: Theory of Management, Open Campus, UWI
- ▶ Weber, M. (1958). "The three types of legitimate rule". Berkeley Publications in Society and Institutions, 4 (1): 1-11. Translated by Hans Gerth
- ▶ Williams, Dana, Max Weber: Traditional, Legal-Rational, and Charismatic Authority retrieved on September 10, 2015 from <http://danawilliams2.tripod.com/authority.html>
- ▶ <http://notes.tyrocity.com/max-weber-principle-of-bureaucratic-theory/#ixzz3IRxJTUas>