

# The evolution of management thought assignment



The Evolution of Management Thought Through the practice of management and the continued development of commerce and wealth we are transforming our lives. In Massachusetts (USA) in the 1850s the life expectancy of a male would have been 37 years of age and a female 40: in 1929 it was 58 for a male and 61 for a female; nowadays life expectancy would be in the region 70-80 years. While appreciating the past success of 'management' we would also recognize that today's accelerating pace of change is putting pressure on our organizations to be at the forefront of management thinking.

If we want to maintain our standard of living our rate of change has to be comparative to the rest of the world. But our present day management thinking has evolved from a whole range of influences over an extraordinary long period of time. In his comprehensive book 'The Evolution of Management Thought' Daniel A Wren writes: " Within the practices of the past there are lessons of history for tomorrow in a continuous stream. We occupy but one point in this stream. The purpose .. is to present...the past as a prologue to the future. So with the aim of accelerating the development of our management practice for the future let us examine that stream of evolving management thought of the past. Our Christian past has taught that us that there was a beginning (Adam & Eve) and there will be an end (Armageddon) and in between we should hear the word of god and obey his commandments. We therefore tend to think linearly as well as in terms of authority and compliance. In contrast the religions of the East emphasise the cyclical and regenerative properties of nature.

They therefore think in terms of cyclical processes and of being at one with God and authority. The Greek influence is evident in that we retain the Socratic concept of searching for the truth by the judging of a proposition by stringent examination to confirm its validity. It is a process of thesis ??? antithesis ??? synthesis. It is uncomfortable with half-truths and poor at building up solutions from parallel thoughts. From Aristotle's analytical skills we have developed problem solving methods that break down complex issues into component parts.

But in this process we often lose sight of the whole and how important is the interrelationship of all the parts. Hierarchical control structures were recorded in the writings of the Chinese General Sun Tzu of 600BC China, and it is of note than our own military command structures still resemble those of ancient times. Father Luca Pacioli invented the double entry bookkeeping system in 1494. Our accounting systems to this day are based around these principles. During the Middle Ages the Catholic Church dominated life and provided the hope of afterlife as the only consolation for this one. It discouraged the pursuit of gain.

With the reformation our beliefs move onto considering that salvation comes from a life of diligence and industry ??? the work ethic is nurtured and established. And at the same time comes the importance of education - the reformers of the sixteenth century Scotland had the stated aim of having a college or grammar school in every burgh. From this general movement comes the liberty ethic where we as individuals establish our rights and start talking about government by the people for the people. And onto the Market

ethic of the eighteenth century with Adam Smith's Wealth of Nations and the encouragement of free enterprise.

And into this evolving culture comes James Watt's work in the development of the steam engine as a source of power for factories and the resultant move from cottage industries and into factories. At one in the same time we have the development of mathematical thought. Isaac Newton and Simon Laplace's findings encourage the view of the universe being a gigantic mechanism, which follows determinable laws. In other words when we work out these laws we will be able to find the root cause of events and be able to predict future outcomes from established structures.

In terms of society we come to believe that it is possible to identify the one cause of a happening -??? or the person who was at fault. Our legal system is based on this misconception. Into this growing of industrial society comes another Scot Daniel McCallum as President of the New York to Eire Railroad. In 1854 he was facing specific problems related to the size of his organization and a workforce that was in the main uneducated. His workers were immigrant and with an agricultural background and not used to a factory discipline imposed by management.

In this environment he determines sound management as being based on: \*

- Good discipline
- \* Specific and detailed job descriptions
- \* Frequent and accurate reporting of performance
- \* Pay and promotion based on merit
- \* Clearly defined hierarchy of superiors and subordinates
- \* Enforcement of personal responsibility and accountability.
- \* The search for and correction of errors

From this thinking he follows the classic hierarchical organization

chart. Charles Darwin's work on 'The Origin of the Species' is published in 1859.

Herbert Spencer (1820-1903) subsequently develops the theme of survival of the fittest in his 'Social Darwinism.' Our society accepts the essential nature of competition, survival of the fittest and adulation of winners. Ivan Pavlov does experiments with dogs to develop classical conditioning. He pairs an artificial stimulus with a natural one. He gives the dog a piece of meat while at the same time ringing a bell. In time he can make the dog salivate purely by ringing the bell. B F Skinner develops this train of thought into operant conditioning or positive re-enforcement. Do this and you will get that. 'This work gives legitimacy to the belief that you can motivate a worker by offering rewards. From this grows the widespread use of bonus and commission systems. Scientific Method would be described as the practice of postulating a theory and then conducting disciplined experiments to confirm or disprove the theory. It is the method by which science has developed over the centuries. By the early 1900s Frederick Taylor (1856-1915) was credited with bringing scientific disciplines into the ethos of management. He is known as the father of Scientific Management.

He paid particular attention to the study and subsequent planning of tasks. Time and motion study evolved which would lead into the setting of standards and performance measurement. Unfortunately the majority of Taylor's excellent work is clouded by his misconception that workers restrict output from 'the natural instinct and tendency of men to take it easy.' He referred to it as 'soldiering' Henri Fayol (1841-1925) writes about leadership and the 'theory of management' and Max Weber (1864-1920) develops

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organizational structures ??? Weber would be the originator of the term bureaucracy ??? management by the office.

From these writings evolve the corporate structures of Alfred Sloan, CEO of General Motors 1918-57. The need of these practitioners was to develop principles whereby large corporations could be controlled and developed. In parallel to this need to manage and control people a social dimension emerges. Robert Owen in his New Lanark experiments (1795) recognizes the importance of the human element in an enterprise. Karl Marx, within a society that contained extremes of poverty and wealth, challenged the basis of the capitalist system.

He questioned the control of society's ' means of production' by the few, while it had the many trapped in burdensome and meaningless work. The social sciences emerge through the work of Mary Parker Follett where she recognizes the interdependencies between the individual, the work and the environment. There are the human behavior studies of the Hawthorne experiments of the late 1920s, and the subsequent research into motivation by Mayo, Maslow, Herzberg, McClelland etc. In 1960 Douglas McGregor writes " The answer to the question managers often ask ??? how do you motivate people? ??? is - you don't. We all come to work already motivated; the organization either captures or destroys that motivation. David McClelland (1970s) of Harvard University researches motivation for 10 years over 19 different cultures. He identifies ' Primary Social Motives (PSM),' the three main ones of which are Achievement, Affiliation and Power. The individual or society tends to be energised by one or other of these ' Primary Social Motives. ' With ' Achievement' the focus is on achieving tasks. '

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'Affiliation' considers relationships and friendship. 'Power' is concerned with status and influence over others.

He considers observed behavior is a function of the situation and the Primary Social Motive of the individual. Meredith Belbin (1980s) identifies the 'team roles' we enact when participating in teamwork situations. In parallel is the development of psychology. Sigmund Freud (1856-1939) identifies subconscious human drives and that we are not in fact rational beings. In the 1960s we have Thomas Harris developing Transactional Analysis recognizing that our subconscious retains memories of all events we have experienced and those memories strongly influence our emotions and actions.

Stuart Sutherland in his book on Irrationality (1992) argues that irrational behavior is the norm not the exception. From the writings of Norman Vincent Peale (1952) through to Scotland's own guru Jack Black (Mind store 1994) we recognize the considerable benefits of 'Positive Thinking' within the individual, their organization and society. In the past century mathematical thought was also transforming through Einstein, Shewhart, Poincare etc with the recognition of relativity, variation and chaos. They challenge the deterministic concepts of Newton and Laplace.

With so many variables impinging on circumstances we can longer with confidence trace root causes and identify blame. There is no one answer. Our old simplistic linear thinking is being challenged by systems theory. There is recognition of feedback loops and the nature of interdependence. Shewhart (1930s) from his experiments at the Bell Laboratories develops 'Statistical Process Control' to assist the analysis of data in the context of

variation. He develops the control chart to help us understand variation and focuses on the need to reduce variation and complexity if we are to achieve ' quality. He also re-emphasizes the need for scientific method in the context of developing our concepts of management. He insists that each of our management theories need to be systematically tested. In 1945 Japan finds itself decimated and desperate to rebuild their economy for basic survival. Furthermore many of their pre-war industrial leaders are jailed or de-franchised by their American conquerors. New managers emerge that are wide open to the latest of management concepts. Into this receptive vacuum the Americans pour the expertise of Sarashon, Protzman, Deming and later Juran.

But this new thinking is also in tune with their ancient culture of seeing the cyclical and regenerative nature of the world and their respect for and being part of the authority within society. Japan's manufacturing success challenges the domination of the ' West. ' The Deming prize is instituted in Japan in 1952 and to this day is regarded as the premier ' quality' award for a Japanese company. One of the major mindset changes offered to the Japanese by Deming and Juran is to see their organisations holistically and as an overall system.

Deming's drawing ' production viewed as a system is reproduced below:

1979 - BS 5750 is developed from Ministry of Defense quality assurance system, It is now revised into ISO 9000 2000. The government supports its application. It is marketed through the threat that if a company is not accredited then it will not be included on tender lists. By the 1990s a large number of organisations have secured accreditation. The model is being

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extended worldwide. The standard follows the flow of work through the organisation ??? it reflects systems thinking.

In the context of systems thinking we see back in 1920s Mary Parker Follet was talking about the authority of the function ??? “ the dispatch clerk has more authority in dispatching work than the president. ” She also identifies the need for each part to influence each party through open interaction for the benefit of all. From the 1950s Deming and Juran recognise that 85-95% of the output from a function is dependent on the design of the system in which the individual works. Only a small portion of the responsibility for outcomes is reliant on the diligence of the individual.

By the 1980s ‘ system thinking is a recognised discipline with such contributors as ??? Russell Ackoff and Peter Senge ??? They acknowledge that workers “ are prisoners of the system. ” The task of leadership is primarily the design of systems that allow people to contribute. Richard Dawkins (1986) in his paper ‘ Nice guys finish first’ develops the ‘ prisoners dilemma’ software to establish that co-operative strategies are more successful than competitive strategies. He refutes the long held belief of the survival of the fittest. He proves that we progress by co-operation rather than by competition. No Contest ??? The Case Against Competition’ by Alfie Khon first published in 1986. ‘ Getting to Yes’ by Fisher and Ury is published in 1981 and in 1989 John Carlisle publishes “ Beyond Negotiation’ and proceeds to work with the Oil industry to redeem their customer supplier relationships. We start to question the confrontational ‘ tendering’ approach for securing best value. Having recognised the validity of ‘ self interest’ we

develop strategies that secure win-win scenarios for all parties. The Oil industry and many others start to talk about 'partnership' agreements.

Alfie Khon in his book " Punished by Rewards" (1993) represents the growing argument against positive re-enforcement, that motivation can be secure through extrinsic rewards. He argues that we are in fact driven by our intrinsic needs from work. Rewards disrupt that intrinsic motivation, ruptures relationships, avoids underlying reasons, greatly increases complexity and in the end only secures temporary compliance. We are aware that the market in the latter part of the 20th century is changing. While in the past commerce was dominated by the efficient use of capital the future is going to be dominated by the knowledge industries.

While 50 years ago less than 5% of the population received a university degree it is now over 30%. In the future our competitiveness is going to be a function of how well we capture the thinking potential of our employees.

Peter Senge in ' The Fifth Discipline ??? The Learning Organisation' (1990) highlights that employees cannot be commanded to commit to an organisation. As individuals we have choice ??? we can commit to the goals of the enterprise or grudgingly comply with instructions. There is a vast difference in benefit to the rganisation, and the individual, between these two states. Peter Senge, to create the ' Learning Organisation,' argues for a holistic approach incorporating: \* Systems Thinking ??? seeing cyclical processes \* Personal Mastery ??? commitment to life-long learning \* Mental Models ??? challenging deeply ingrained assumptions \* Shared Vision ??? creating an aim with which employees can identify \* Team Learning ??? it is the organisation that learns ??? through people Edwards Deming (1900-

1993) in his 93rd year propounds his System of Profound Knowledge in his book 'The New Economics'.

He has four components that must work together as a system, they are: \* Systems Thinking ??? seeing cyclical processes \* Variation ??? the need to appreciate variation and statistical process control \* Theory of Knowledge ??? The need to test our theories or assumptions. \* Psychology ??? of individuals, society and change We are also witnessing significant developments in our understanding of how the brain works and how we learn. Tony Buzan on the one hand is highlighting the patterning nature of the mind.

Thomas Kuhn (1962) and Noel Baker (1992) talk about paradigms and the difficulty we experience in seeing new concepts because of our past conditioning. Steven Pinker (1997) writes that mental activity is a form of computation. Furthermore writers such as Edward de Bono are challenging the analytical and confrontational styles of Aristotle and Plato in their search for the truth. He talks about lateral thinking and developing solutions by building on people's 'half baked' ideas (parallel thinking). We are now starting to talk about democracy within organisations.

While we have been committed to democracy relative to government for hundreds of years our commercial organisations are not lead by elected members nor are they held accountable to the employees within the company. However Ricardo Semler of Semco in his book 'Maverick' (1993) explains how he was able to transform a traditional hierarchical organisation into one in which the employees appoint their respective leaders. Margaret

Wheatly in her book ' Leadership and the New Sciences' (1994) starts exploring modern scientific thought in respect to organisations and their leadership. In the context of Quantum Theory, Self-organising Systems and Chaos Theory she talks about a ' vision of the inherent orderliness of the universe, of the creative processes and dynamic, continuous change that still maintains order. ' From which she develops concepts of leadership that guides organisational energy rather than attempting to control and dominate it. She suggests that information allied to the thinking potential of our people is going to be the driver of change for the future.

There is going to be much less need for direction. This argument is developed in her subsequent book " A Simpler Way" where she focuses on our natural ability to self organise And finally we come to the electronic age. Information and knowledge is going to be readily available to us all. E-commerce is going to revolutionise the way we work, and the way we are led. The World Wide Web reflects how the brain works and appears to be in tune with Margaret Wheatly's concept of self organising systems. The future is going to be dominated by our need to understand systems.