

# Three schools of thought of classical management theory business essay



Classical Management Theory is a “ Body of management thought based on the belief that employees have only economical and physical needs, and that social needs and need for job-satisfaction either don’t exist or are unimportant. Accordingly, this school advocates high specialization of labor, centralized decision making, and profit maximization.” (www.businessdictionary. com) To have originated at the end of the nineteenth century and in the beginning of the twentieth century, the Classical Management Theory dominated management thinking in the 1920s and 1930s by emphasising on the efficiency of the work process. Classical Management Theory has three schools of thought Scientific Management, which identifies the best way to do a line of work; “ Bureaucratic Management, which focuses on rules and procedure, hierarchy and clear division of labour; and Administrative Management, which emphasises the flow of information within the organisation.” (www. lehren. org) The aim of this essay is to discuss the three schools of thought of Classical Management Theory and to find out that whether they have really become outdated and are of little relevance to work and organisation in today’s world.

### Scientific Management

Frederick Taylor is known as the begetter of Scientific Management. Taylor’s approach was to increase organisational productiveness by increasing the efficiency of the production process through emphasising on the empirical research. Especially in the United States where labour, especially the skilled labour was short in supply at the start of the twentieth century and the only way of increasing productivity was by raising the efficiency of the workers.

Scientific Management states that the line of work should be designed in

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such a way that every worker has a well-controlled and well-stipulated task, and specific methods and procedures are strictly followed for each job.

([www.lehren.org](http://www.lehren.org); Cole, 2004) Taylor's management theory is founded upon a fundamental belief that managers not only are intellectually better than an average employee, but they have a positive duty as well to oversee staff and to organise their work activities. Therefore, his theory was only used on low-level repetitive and routine tasks which could be easily managed at supervisory level.

Taylor developed four principles for his theory of Scientific Management. First principle is to scientifically develop best methodology to perform each task. Second principle is that managers should make sure that the best person is picked to perform the task and to ensure that he/she gets the best training. Third principle is that managers are responsible for assuring that the best person selected for the job does it by applying the best methodology. Last principle Taylor developed was that total responsibility for the work method should be removed from the worker and should be passed on to the management, and the employee is only responsible for the actual work performance. (Cole, 2004; Stoner et al, 1996)

On production-line time studies Taylor has based his management system. Taylor contrived the best and quickest methods of performing each component by breaking down each job into its components and applying time study as his base. He also tried to persuade employers to pay a higher rate to more productive workers. In the early parts of twentieth century Scientific Management Theory became very popular as its application was shown to lead improvements in productivity and efficiency.

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## Bureaucratic Management

Max Weber is known as the father of Modern Sociology. He had first used the term 'bureaucracy' to describe an organisational form which in his view was superior to others. He viewed an ideal organisation to be bureaucratic whose divisions of labour were clearly expressed and whose objectives and activities were rationally thought. He believed that performance evaluation should entirely be made on the basis of merit and that technical competence should be emphasized on. The key elements of a bureaucracy are defined by Weber as: A clear chain of command within a well-defined hierarchy where the top post holders have the authority and the right to control the lower post holders; Specialisation of skills and division of labour, where every employee will have the authority and essential expertise to finish a particular task; In writing, accurate and complete rules and regulations, to control and govern all decisions, activities and situations; Impersonal relationships between employees and managers, with clear duties of personnel and statements of the rights; And all the decisions regarding selection, recruitment and promotion will be made on the basis of technical competence. The framework Weber provided for his theory of Bureaucratic Management advanced the formation of many huge corporations such as Ford. (www. lehren. org; Stoner et al, 1996; Cole, 2004)

## Administrative Management

Henri Fayol a French industrialist was one of the most influential management thinkers who developed one of the Classical Management Theory known as 'Administrative Management'. Scientific Management

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theory was concerned with increasing the productiveness of the shop floor while Fayol's theory grew out of the need to find guidelines to manage complex organisations like factories. An early effort pioneered by Fayol was to identify the skills and principles that underlie effective management. According to Cole (2004), Fayol believed that sound management falls into certain patterns which once identified can be analysed, so he focused on management of business operations, which he felt had been the most neglected. He developed fourteen general principles of management based on his management experience. It was generally believed that managers are born not made, before Fayol. He insisted that management was a skill like other skills which could be taught and learned once the principles underlying it were understood.

The ideas Classical Theorists have presented still have many applications in the management of today's organisations but with some modifications. Managers of today are facing many internal challenges which are similar to the ones faced by the managers during earlier periods. Like Taylor's concern for increase productivity of workers is still shared by managers. The Scientific Management theory is still relevant, even today but it is not as popular as it was in the past. The job design it presented is still widely used in industries today and has made most of the industrial work repetitive, tedious, menial and depressing, and can be noted for example in fast-food restaurants like KFC and McDonald and in assembly lines of automobile manufacturers. McDonald's divides its operation into a number of tasks such as operating a deep fryer or cooking operation, supervising and assign people to perform the tasks. The modern mass automobile assembly lines

pour out finished merchandises faster than Taylor could have ever thought off or imagined. In addition to this, the efficiency techniques of Scientific Management are used in the training of Surgeons.

Today's armies also employ Scientific Management. Of the main points listed - select workers with appropriate skills for each job, a standard method to perform each task, training for standard task, eliminating interruptions and planning work, and wage incentive for increasing output - all but wage incentives are used by modern military for increased output. Wage incentives usually appear in the form of skill bonuses in armies. Furthermore, industrial engineers of today are also taught Scientific Management methods which include job-tasks analysis, time and motion studies and detailed production planning regarding the field of operation research and management. (Backer, 1998)

In United States Bureaucratic Management is still used by service-based organisations like libraries. Libraries of Wichita State University are one concrete example where Weber's Bureaucratic Management ideas are still applied. Postal service in United States is also still using bureaucracy. ([www.biz.colostate.edu](http://www.biz.colostate.edu))

Piece rate systems and mass production line are used in the manufacturing and garment industries in Mauritius. Sea-food hub is another industry where the Classical Management Theories are still applied, more specifically at Tuna Processing plant in Mauritius. ([www.biz.colostate.edu](http://www.biz.colostate.edu))

But since the emergence and formulation of the Classical Management

Theories in the nineteenth century the economic landscape has rapidly  
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changed. Businesses of today do not exist in a vacuum. They have become open systems with dynamic and constant interaction with the environment. Business environment of today is highly competitive and global, and managers of today are increasingly becoming aware of the business environment and its effects.

There are two types of business environment known as the internal and the external environment. Factors that can be relatively controlled by the organisation relates to the internal environment. These factors are the employees, owners, customers, suppliers, pressure groups and authorities. The external environment constitutes of Political, Economical, Social and Technological (PEST) factors that cannot be controlled by the organisation.

Business environment of today is characterised with uncertainty, changes and innovation. At the same time concern about the natural environment has also emerged worldwide. Current natural concerns are climate changes, pollution, ozone depletion and other global issues like population and food security. It is becoming more challenging because of the commotion in the financial sector and global economic slowdown. Businesses must adapt to the environment at all cost or die. As McDonald's have concluded managers of today have to be concerned not only with the scientific facts but with the environment and the public perception.

## Conclusion

Organisations today are mostly influenced by the external environment

(continuous technology change, globalisation, fierce market share

competition, hiring and retaining front line workers and executives) that

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often fluctuate with time. Yet Classical Management Theories only portrays the image of an organisation that is not shaped by the external influences. In today's world of Classical Management Theories are gradually fading and the principal reason behind this is that people and their needs are considered as secondary to the needs of an organisation by Classical theorists. Nowadays, Human Resource Management has also very seriously challenged the scientific approach. Furthermore, in organisations the Bureaucratic Management is rapidly giving way to the Matrix structure. However, Classical Management Theories are still important because they had introduced the concepts of management for intellectual analysis and provided ideas which were further developed by the subsequent management schools of thought.

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