ALWAYS LEARNING

Management: Arab World Edition
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Chapter 2: Management History

Lecturer: Ayat rahahleh

Learning Outcomes

Follow this Learning Outline as you read and study this chapter.

2.1 Historical Background Of Management

- Explain why studying management history is important.
- Describe some early evidences of management practice.
- Describe two important historical events that are significant to the study of management.

2.2 Classical Approach

- Describe the important contributions made by Frederick W. Taylor and Frank and Lillian Gilbreth.

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Learning Outcomes

2.2 Classical Approach (cont'd)

- Discuss Fayol's and Weber's contributions to management theory.

- Explain how today's managers use scientific management and general administrative theory.

2.3 Quantitative Approach

- Explain what the quantitative approach has contributed to the field of management.

- Describe total quality management.

- Discuss how today's managers use the quantitative approach.

Learning Outcomes

2.4 Behavioral Approach

- Describe the contributions of the early advocates of OB.
- Explain the contributions of the Hawthorne Studies to the field of management.
- Discuss how today's managers use the behavioral approach.

2.5 Contemporary Approach

- Describe an organization using the systems approach.
- Discuss how the systems approach helps us understand management.
- Explain how the contingency approach is appropriate for studying management.

Learning Outcomes

2.6 Administrative Perspectives In The Early Arab Context

- Discuss managerial perspectives from an Islamic perspective.

- Explain which factors have impacted Arab managerial practice.

- Recognize the complexity of factors impacting Arab management thought and practice.

Historical Background Of Management

1. Explain why studying management history is important.

2. Describe some early evidences of management practice.

3. Describe two important historical events that are significant to the study of management.

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Historical Background of Management

Ancient Management

- Egypt (pyramids) and China (Great Wall)
- Venetians (floating warship assembly lines)

Adam Smith

- Published *The Wealth of Nations* in 1776
- Advocated the division of labor (job specialization) to increase the productivity of workers
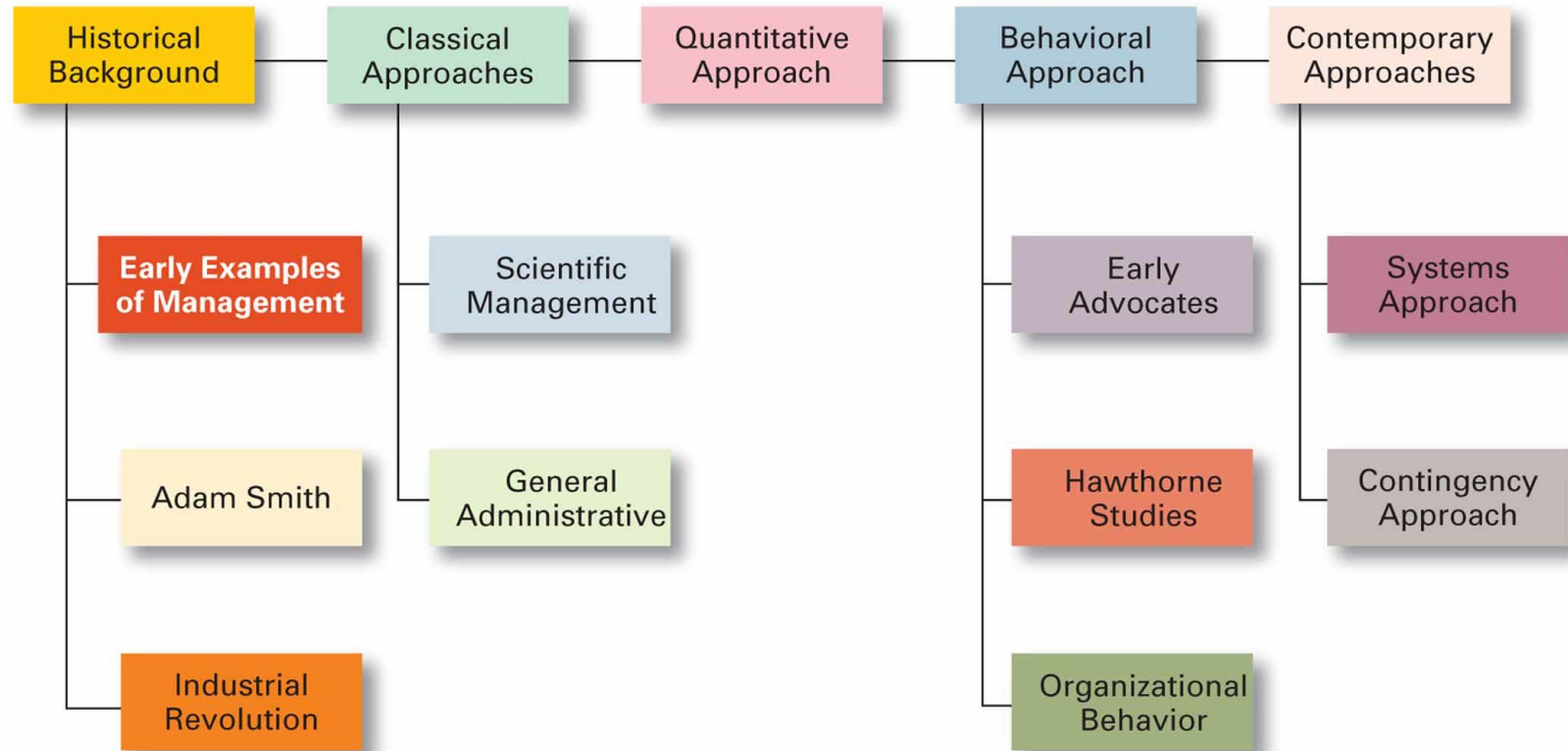
Industrial Revolution

- Substituted machine power for human labor
- Created large organizations in need of management

Exhibit 2–1   **Major Approaches to Management**

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Major Approaches to Management

- Classical
- Quantitative
- Behavioral
- Contemporary

Classical Approach

1. Describe the important contributions made by Frederick W. Taylor and Frank and Lillian Gilbreth.

2. Discuss Fayol's and Weber's contributions to management theory.

3. Explain how today's managers use scientific management and general administrative theory.

Scientific Management

Fredrick Winslow Taylor

- The "**father**" of **scientific management**
- Published *Principles of Scientific Management* (1911)
  - The theory of scientific management
    - Using scientific methods to define the "one best way" for a job to be done:
      - Putting the right person on the job with the correct tools and equipment.
      - Having a standardized method of doing the job.
      - Providing an economic incentive to the worker.

Exhibit 2–2   **Taylor's Scientific Management Principles**

1. Develop a **science** for each element of an individual's work, which will replace the old rule-of-thumb method.

2. Scientifically **select** and then **train**, **teach**, **and develop** the worker.

3. Heartily **cooperate** with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.

4. **Divide work** and responsibility almost equally between management and workers. Management takes over all work for which it is better fitted than the workers.

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Scientific Management (cont'd)

Frank and Lillian Gilbreth

- Focused on increasing worker productivity through the **reduction of wasted motion**.

- Developed the microchronometer to time worker motions and optimize work performance.

How Do Today's Managers Use Scientific Management?

- Use **time and motion studies** to increase productivity.

- Hire the best qualified employees.

- Design incentive systems based on output.

General Administrative Theory

Henri Fayol

- Believed that the **practice of management** was distinct from other organizational functions.

- Developed **principles of management** that applied to all organizational situations.

Exhibit 2−3 Fayol's 14 Principles of Management

1. **Division of Work**. Specialization increases output by making employees more efficient.

2. **Authority**. Managers must be able to give orders and authority gives them this right.

3. **Discipline**. Employees must obey and respect the rules that govern the organization.

4. **Unity of command**. Every employee should receive orders from only one superior.

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Exhibit 2–3 Fayol's 14 Principles of Management

5. **Unity of direction**. The organization should have a single plan of action to guide managers and workers.

6. **Subordination of individual interests to the general interest**. The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.

7. **Remuneration**. Workers must be paid a fair wage for their services.

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Exhibit 2–3 Fayol's 14 Principles of Management

8. **Centralization**. This term refers to the degree to which subordinates are involved in decision making.

9. **Scalar chain**. The line of authority from top management to the lowest ranks is the scalar chain.

10. **Order**. People and materials should be in the right place at the right time.

11. **Equity**. Managers should be kind and fair to their subordinates.

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Exhibit 2–3 Fayol's 14 Principles of Management

12. Stability of tenure of personnel. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.

13. Initiative. Employees who are allowed to originate and carry out plans will exert high levels of effort.

**14. Esprit de corps**. Promoting team spirit will build harmony and unity within the organization.

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General Administrative Theory

Max Weber

- Developed a theory of authority based on an ideal type of organization (**bureaucracy**).

  ▪ Emphasized rationality, predictability, impersonality, technical competence, and authoritarianism.

Exhibit 2-4   Weber's Bureaucracy
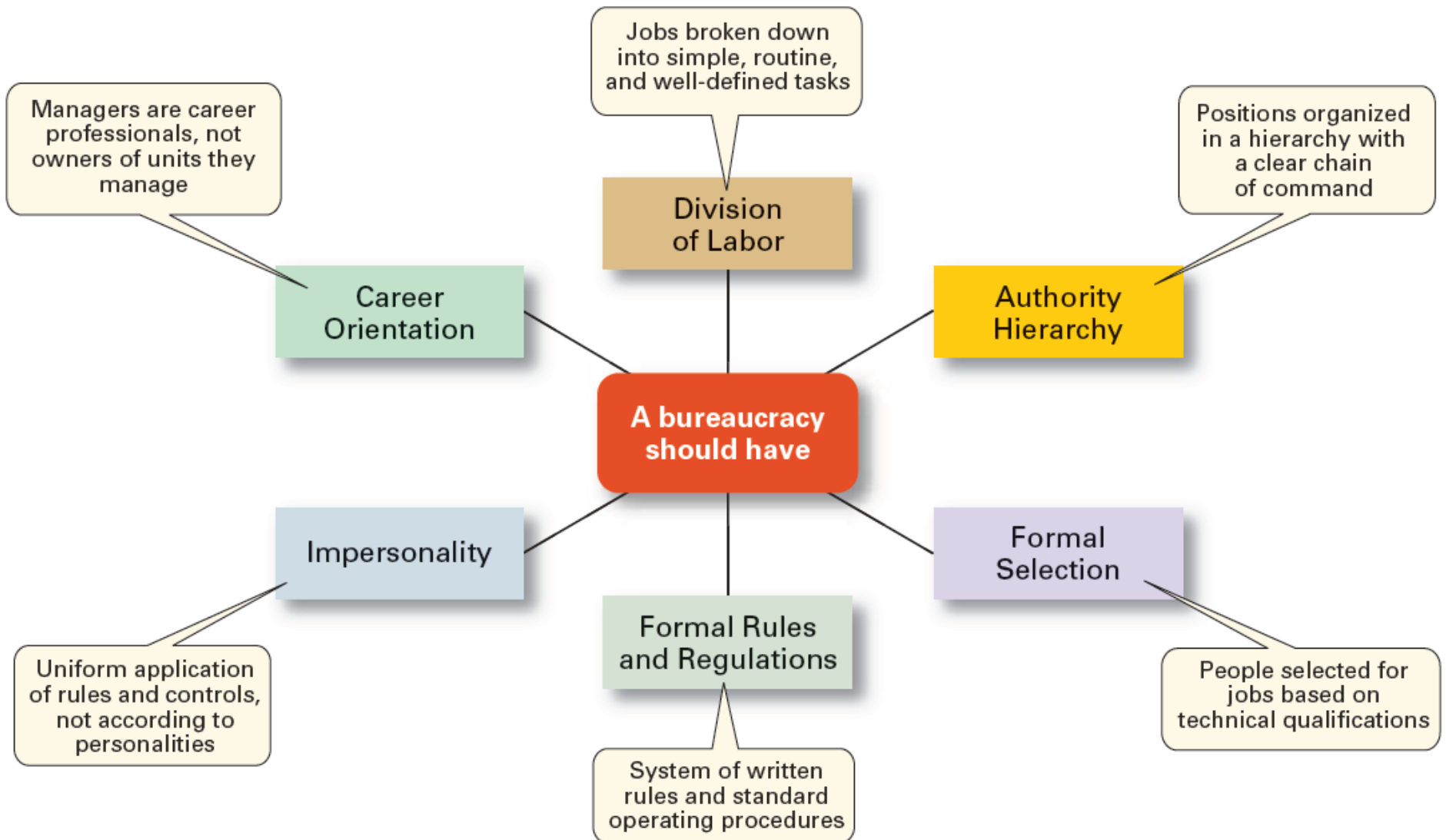
LEARNING

OUTCOME 2.3 ▷

1. Explain what the quantitative approach has contributed to the field of management.

2. Describe total quality management.

3. Discuss how today's managers use the quantitative approach.

Quantitative Approach to Management

Quantitative Approach

- Also called **operations research** or **management science**.

- Evolved from mathematical and statistical methods developed to solve WWII military logistics and quality control problems.

- Focuses on improving managerial decision making by applying:

  - **statistics**

  - **optimization models**

  - **information models**

  - **computer simulations**

Exhibit 2–5 What is Quality Management?

1. **Intense focus on the customer**. The customer includes outsiders who buy the organization's products or services and internal customers who interact with and serve others in the organization.

2. **Concern for continual improvement**. Quality management is a commitment to never being satisfied. "Very good" is not good enough. Quality can always be improved.

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Exhibit 2–5 What is Quality Management?

3. **Process focused**. Quality management focuses on work processes as the quality of goods and services is continually improved.

4. **Improvement in the quality of everything the organization does**. This relates to the final product, how the organization handles deliveries, how rapidly it responds to complaints, how politely the phones are answered, and the like.

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Exhibit 2–5 What is Quality Management?

5. **Accurate measurement**. Quality management uses statistical techniques to measure every critical variable in the organization's operations. These are compared against standards to identify problems, trace them to their roots, and eliminate their causes.

6. **Empowerment of employees**. Quality management involves the people on the line in the improvement process. Teams are widely used in quality management programs as empowerment vehicles for finding and solving problems.

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Behavioral Approach

1. Describe the contributions of the early advocates of OB.

2. Explain the contributions of the Hawthorne Studies to the field of management.

3. Discuss how today's managers use the behavioral approach.

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Understanding Organizational Behavior
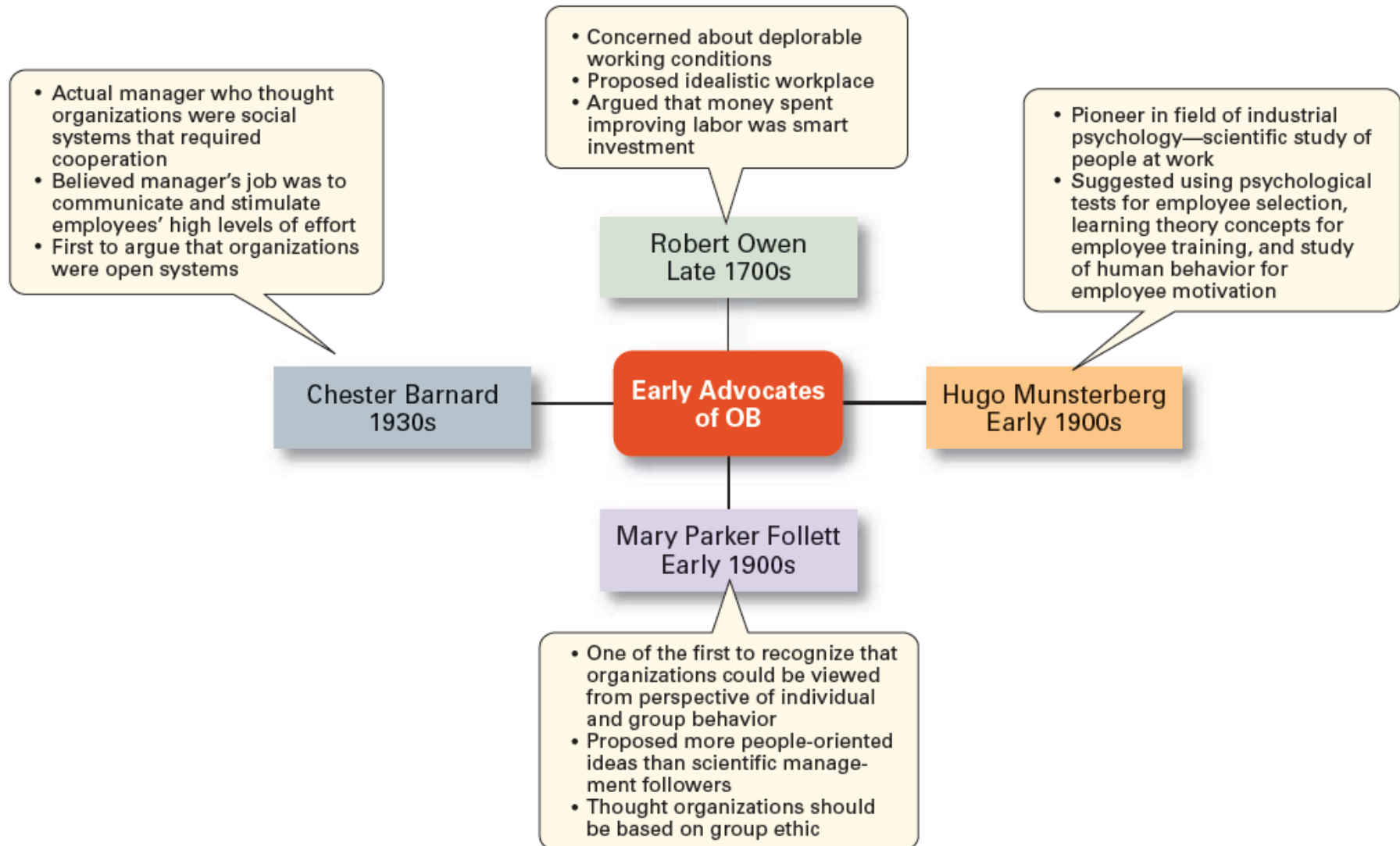
Organizational Behavior (OB)

- The study of the actions of people at work; **people** are the most important **asset of** an organization.

Early OB Advocates

- Robert Owen
- Hugo Munsterberg
- Mary Parker Follett
- Chester Barnard

Exhibit 2–6 Early Advocates of OB

- Actual manager who thought organizations were social systems that required cooperation
- Believed manager's job was to communicate and stimulate employees' high levels of effort
- First to argue that organizations were open systems

- Concerned about deplorable working conditions
- Proposed idealistic workplace
- Argued that money spent improving labor was smart investment

- Pioneer in field of industrial psychology—scientific study of people at work
- Suggested using psychological tests for employee selection, learning theory concepts for employee training, and study of human behavior for employee motivation

Robert Owen
Late 1700s

Chester Barnard
1930s

Early Advocates of OB

Hugo Munsterberg
Early 1900s

Mary Parker Follett
Early 1900s

- One of the first to recognize that organizations could be viewed from perspective of individual and group behavior
- Proposed more people-oriented ideas than scientific management followers
- Thought organizations should be based on group ethic

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The Hawthorne Studies

- A series of productivity experiments conducted at Western Electric from 1924 to 1932.

- **Experimental findings**
  - **Productivity unexpectedly increased** under imposed adverse working conditions.
  - **The effect of incentive plans was less than expected.**

- **Research conclusion**
  - Social norms, group standards and attitudes more **strongly influence individual output** and work behavior than do monetary incentives.

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Contemporary Approach

1. Describe an organization using the systems approach.

2. Discuss how the systems approach helps us understand management.

3. Explain how the contingency approach is appropriate for studying management.

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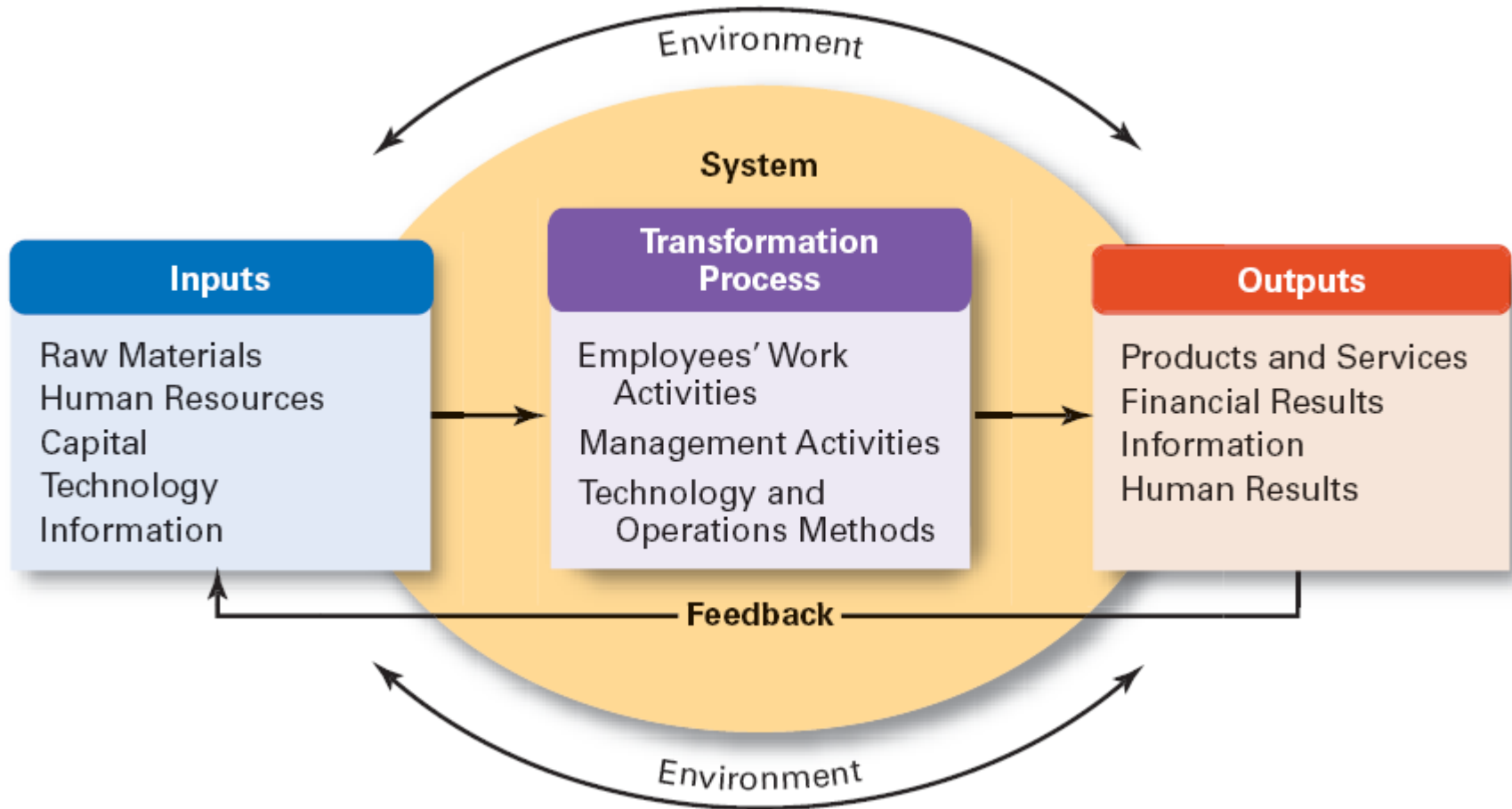
The Systems Approach

System Defined

- A set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

Basic Types of Systems

- **Closed** systems
  - Are not influenced by and **do not interact** with their environment (all system input and output is internal).
- **Open** systems
  - Dynamically **interact to their environments** by taking in inputs and transforming them into outputs that are distributed into their environments.

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Exhibit 2–7 The Organization as an Open System

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Implications of the Systems Approach

- **Coordination** of the organization's parts is **essential** for proper functioning of the entire organization.

- Decisions and actions taken in one area of the organization will have an **effect** in **other areas** of the organization.

- Organizations are **not** self-contained and, therefore, must **adapt to changes** in their external environment.

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The Contingency Approach

Contingency Approach Defined

- Also sometimes called the **_situational_** _approach._

- There is **no one universally** applicable set of management principles (rules) by which to manage organizations.

- Organizations are individually **different**, face different situations (contingency variables), and require different ways of managing.

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Exhibit 2–8   Popular Contingency Variables

Organization size

- As size increases, so do the problems of coordination.

Routineness of task technology

- Routine technologies require organizational structures, leadership styles, and control systems that differ from those required by customized or non-routine technologies.

Environmental uncertainty

- What works best in a stable and predictable environment may be totally inappropriate in a rapidly changing and unpredictable environment.

Individual differences

- Individuals differ in terms of their desire for growth, autonomy, tolerance of ambiguity, and expectations.

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Administrative Perspectives In The Early Arab Context

1. Discuss managerial perspectives from an Islamic perspective.

2. Explain which factors have impacted Arab managerial practice.

3. Recognize the complexity of factors impacting Arab management thought and practice.

Administrative perspectives in the Early Arab context

- Early Arabs lived in relatively small communities.

- Tribal life and work within the Bedouin environment emphasized the role of **endurance, generosity, and communal cohesion,** but this did not necessitate any type of advanced managerial thinking.

Administrative perspectives in the Early Arab context (cont'd)

- The relationship between the employer and the employee **was simple** and issues of fairness and equality were not a priority at the time.

- With the advent of Islam in the year 622 C.E., **attitudes towards certain professions** were drastically changed.

Administrative perspectives in the Early Arab context (cont'd)

- Prophet Muhammad (PBUH) developed a perspective of work and management that was radically **different** from the earlier perspectives.

- The relationship between the employer and the employee changed. Under the new paradigm, the employee was supposed to get his fair share quickly.
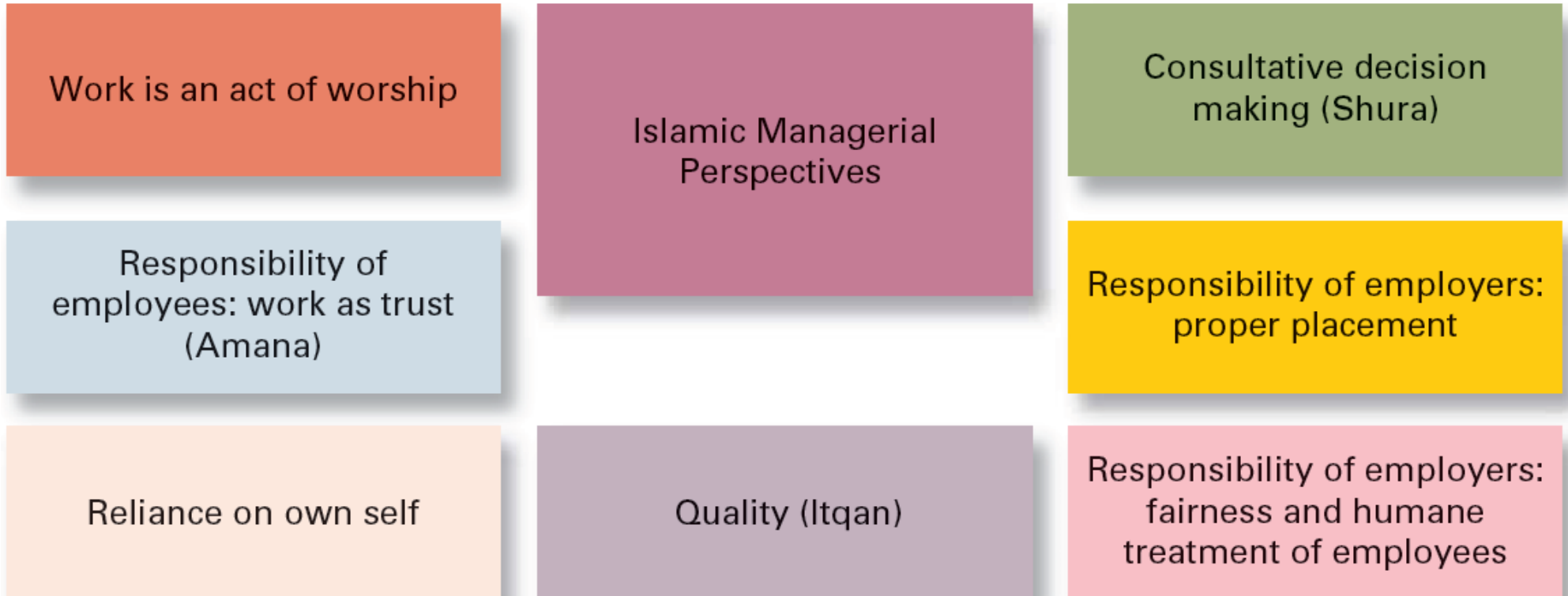
Administrative perspectives in the Early Arab context (cont'd)

- There **isn't** a widespread accepted Arab theory of management. The managerial perspectives based on Islam (Exhibit 2–9), as idealistic and desirable as they are, cannot be presented as representing an Arab theory of management.

- Reasons?

  - **Other cultural, political, and historical** influences are also present.

  - Sometimes actual administrative practices **diverge** from what is recommended.

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Exhibit 2–9

Islamic Managerial Perspectives

Work is an act of worship

Islamic Managerial Perspectives

Consultative decision making (Shura)

Responsibility of employees: work as trust (Amana)

Responsibility of employers: proper placement

Reliance on own self

Quality (Itqan)

Responsibility of employers: fairness and humane treatment of employees

Source: Adapted from Ali, A. & Al-Owaihan, A. "Islamic Work Ethic, a critical review," *Cross Cultural Management: An International Journal,* Vol. 15 No. 1, 2008, pp. 5–19.

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Terms to Know

division of labor (or job specialization)

Industrial Revolution

scientific management

therbligs

general administrative theory

principles of management

bureaucracy

quantitative approach

organizational behavior (OB)

Hawthorne Studies

system

closed systems

open systems

contingency approach

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