



The Course & package of Handouts are based on the BOOKs:

- GML – *Global Management Lectures* (2016 – Joe Santangelo)
- EXPORT MANAGEMENT & Corporate Strategy (2016 – Joe Santangelo)
- CONTEMPORARY MANAGEMENT (2016 – Jennifer George)
- DEFINITIONS taken from: WEB-FINANCE INC. - Business Dictionary



INTERNATIONAL ACADEMY OF ROME

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COURSE: ENGINEERING MANAGEMENT (CERTIFICATE) INE4009
**SESSION: 2) EVOLUTION OF MANAGEMENT THOUGHT
FUNCTIONS OF ORGANIZATIONS, VALUE CHAIN**

Introduction (1 / 3)

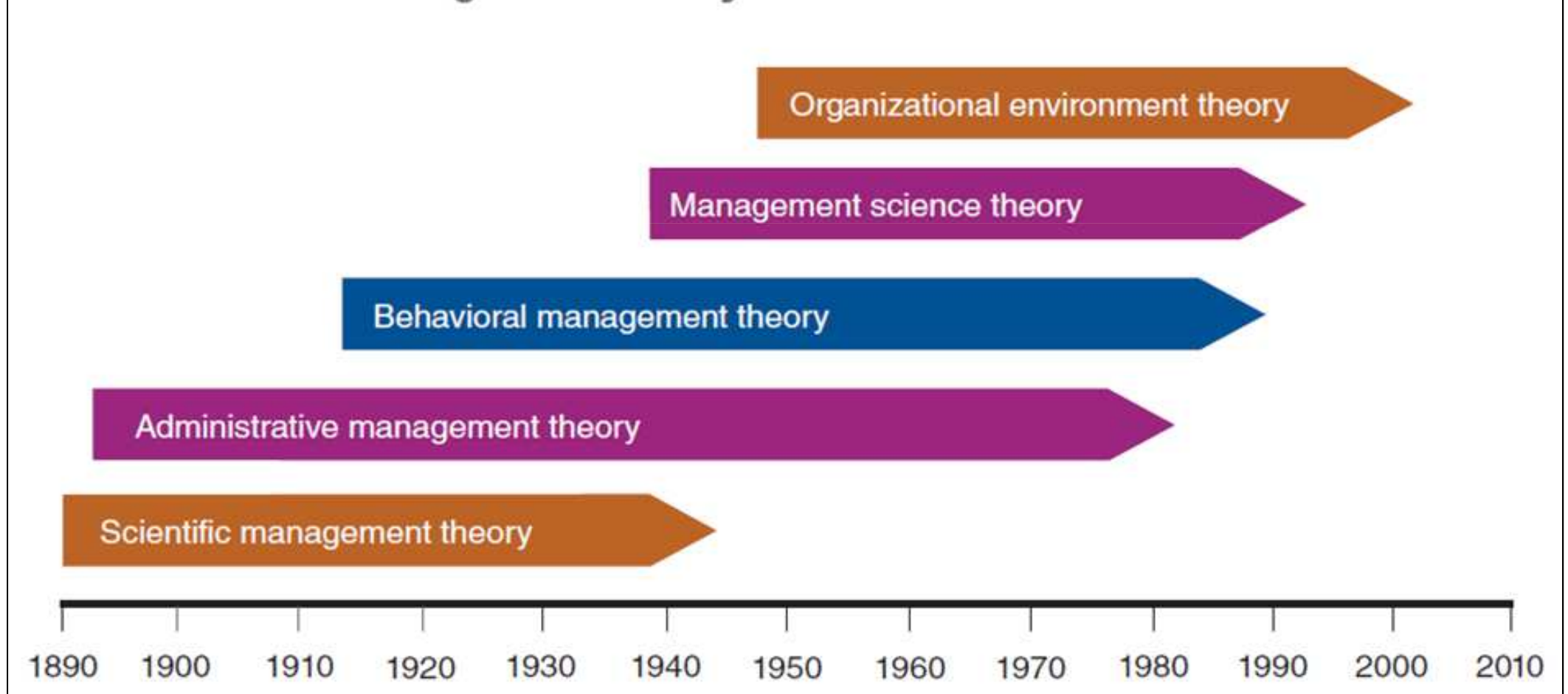
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Introduction (2/3)

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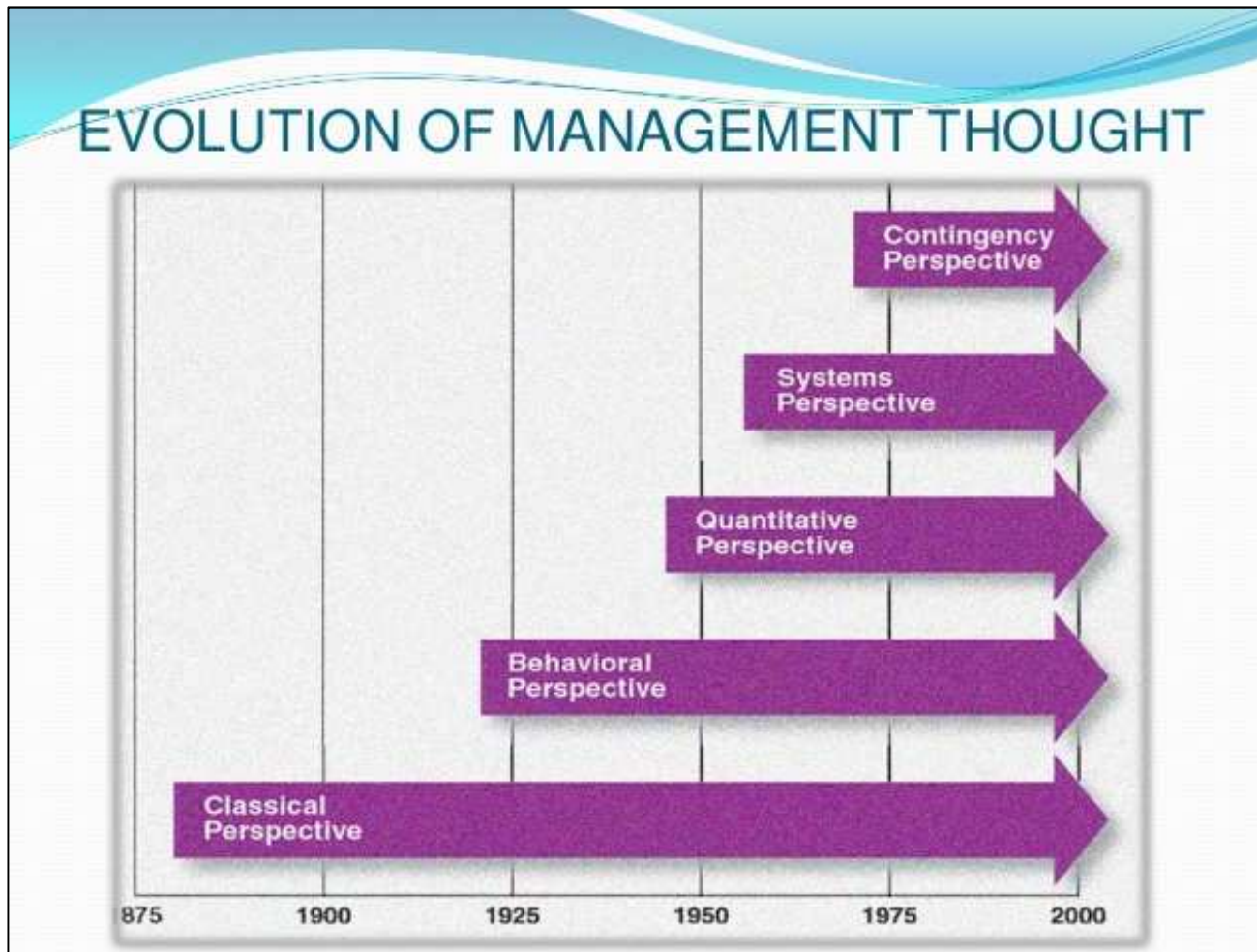
The Evolution of Management Theory



Session: 2) Evolution of Management Thought - Functions of organizations, value chain

Introduction (3/3)

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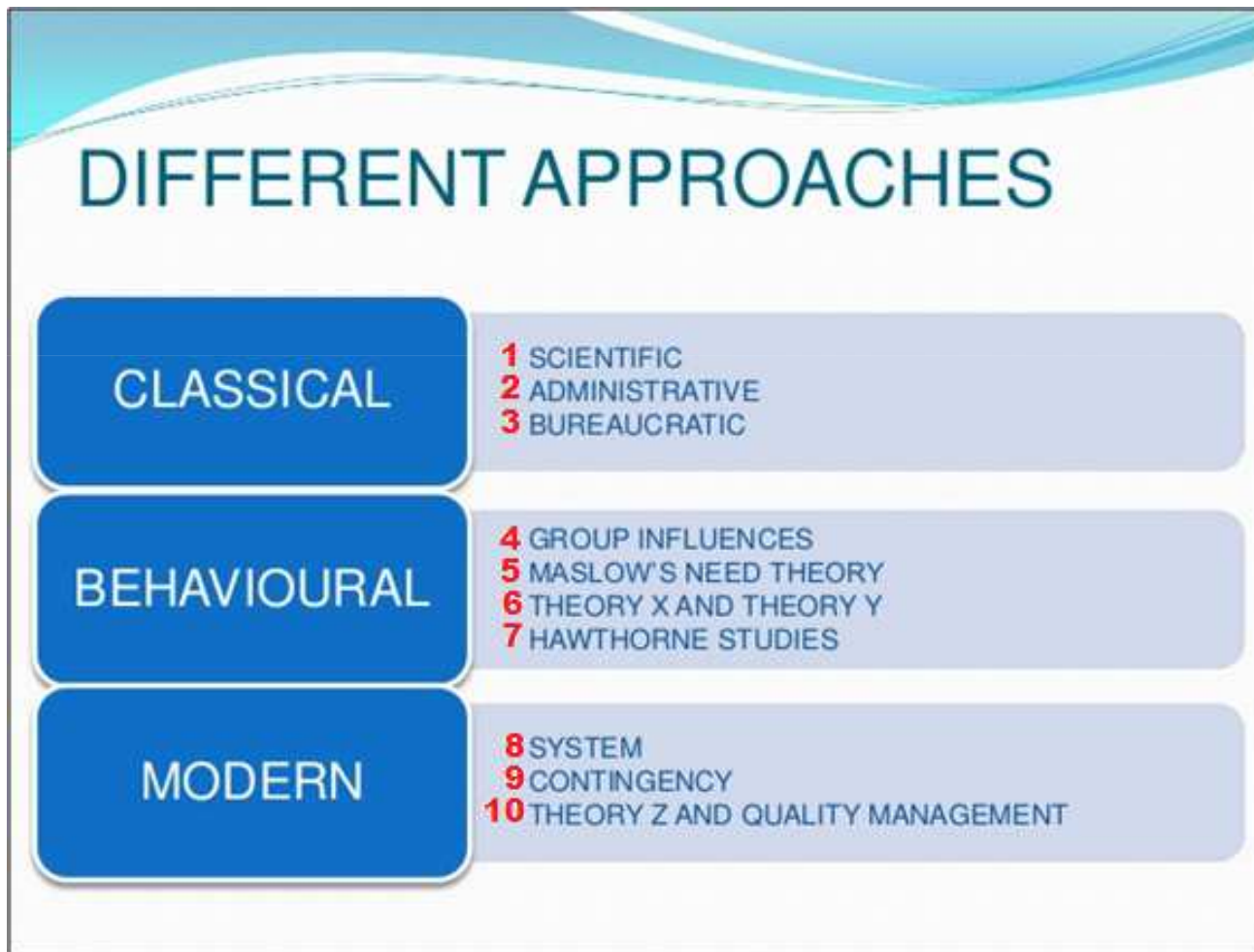
EVOLUTION:

Based on the following:

1. **Complexity of the Global Environment**
2. **Globalization**
3. **Focus on FACTs & Figures**
4. **Sensitiveness upon *Human's Psychology***

APPROACHES-TRIPARTITION

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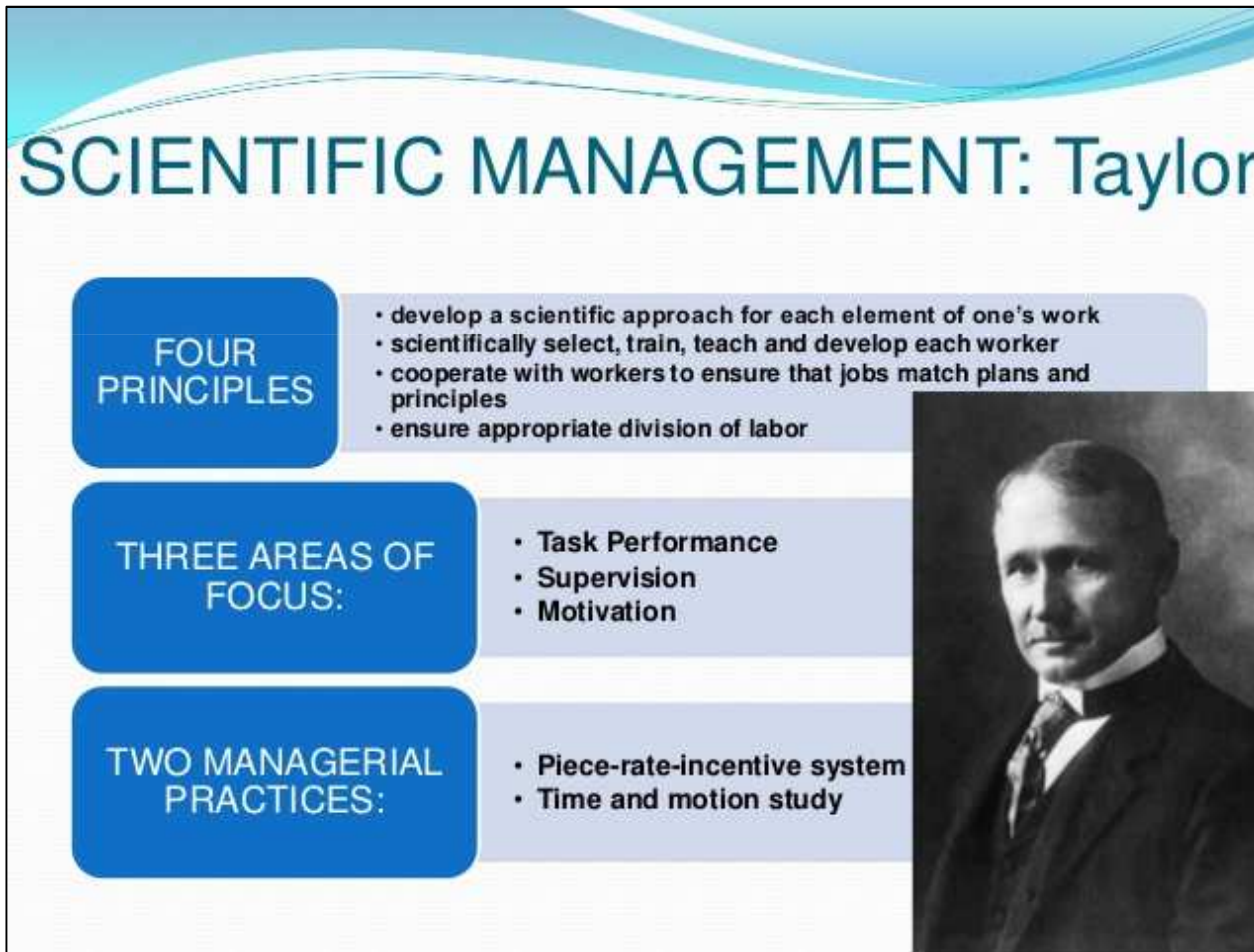


CONSEQUENCES:

1. Evident on Philosophy of MCs
2. Organizational Charts
3. Management Style & Approach
4. Strategic SETUP of the MCs

SCIENTIFIC MANAGEMENT

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CRITICISM :

- **ONLY ONE WAY** is a limitation (and not effective)
- **MBO is actually EFFECTIVE**
- There's no **CONTINUOUS IMPROVEMENT** (ex: NO **BPR: Business Process Reengineering**)
- There's neither **INDIVIDUAL RESPONSIBILITY** nor **RESPONSIVENESS**

Administrative Management Theory



- Administrative Management
 - The study of how to create an organizational structure that leads to high efficiency and effectiveness.

BUREAUCRATIC PERSPECTIVE

BUREAUCRATIC MANAGEMENT

Focuses on the overall organizational system.

Need for organization's to function on a rational basis

Bureaucratic management is based upon:

- Firm rules
- Policies and procedures
- A fixed hierarchy
- A clear division of labor

WHERE APPLIED:

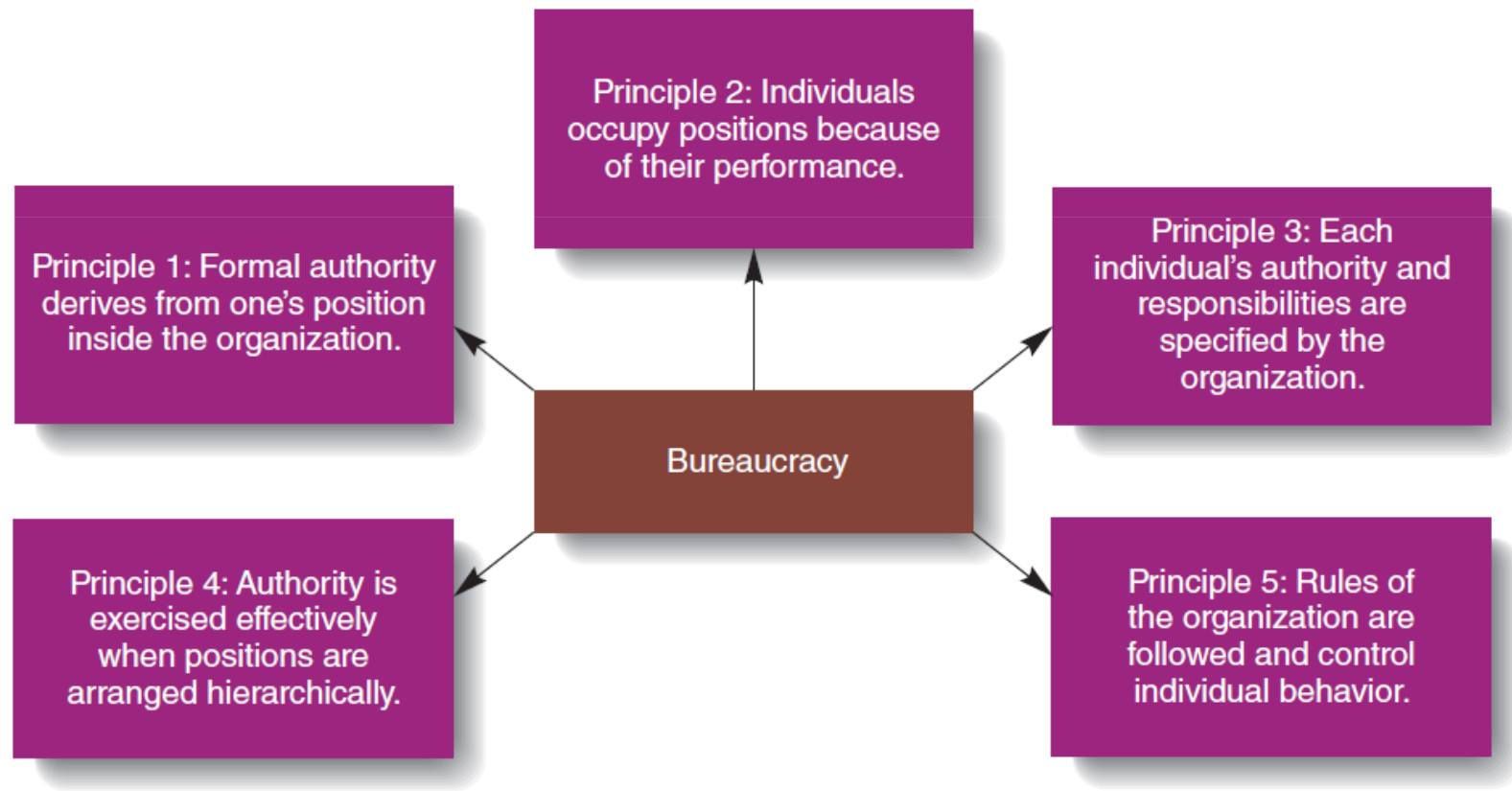
GERMANs

**UK – UK/STYLE FOCUSED
(Richer) MIDDLE EAST
Countries**

- **MONOCHRONIC Concept**
- **SYSTEMIC Concept**
- **Authority RESPECT**

WEBER's Bureaucracy in action

Weber's Principles of Bureaucracy



CONSEQs:

- **Demotivation**
- **No Creativity**
- **Statalism-LIKE**
- **1 TASK at a Time**
- **UN-EFFECTIVENESS (of the results)**

Weber's Principles of Bureaucracy

Written rules of conduct

Managers must create a well-defined system of rules, standard operating procedures, and norms so that they can effectively control behavior .



Rules, SOPs and Norms

- **Rules** – formal written instructions that specify actions to be taken under different circumstances to achieve specific goals
- **Standard Operating Procedures (SOPs)** – specific sets of written instructions about how to perform a certain aspect of a task
- **Norms** – unwritten, informal codes of conduct that prescribe how people should act in particular situations

Advantages

- No conflict among job duties
- Promotion is based on experience and merits.
- Employees are bound to follow rules and management process becomes easy
- Division of labour helps workers in becoming experts.

Disadvantages

- System suffers from too much of red tape and paper work.
- Human factor is neglected due to excessive emphasis on rules
- Employees don't develop belongingness to the organization
- Employees resist change.



Behavioural Management Theory

DEFINITION

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System Approach:

A line of thought in the management field, which stresses the interactive nature and interdependence of external and internal factors in an organization. A system-approach is commonly used to evaluate market elements, which affect the profitability of a business.

DEFINITION

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Behavioural Approach:

Human resource management: The analysis of employees' actions to identify behavior patterns that (for a specific job or function) separate an effective employee from a less effective or nonperforming employee.

BEHAVIOURAL PERSPECTIVE

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BEHAVIOURAL APPROACH

The behavioural school of management emphasized what the classical theorists ignored.

Acknowledged the importance of human behavior in shaping management style.

Personalities

- Mary Parker Follett
- Douglas McGregor
- Chester Barnard
- Elton Mayo

THEORISTs:

Pavlov (1849-1936)

(Pavlov's DOG Experiment)

Watson (1878-1958)

(Mechanism explains Behaviour)

Skinner (1904-1990)

**REINFORCEMENTs →
behaviormodification**

Behavioral Management / Human relations approach

Behavioral Management

- The study of how managers should personally behave to motivate employees and encourage them to perform at high levels and be committed to the achievement of organizational goals.

Features of the theory

- An organization is more than a formal structure of positions. It is a system of interpersonal and intergroup relationships.
- Management must understand human behavior
- Higher motivation and productivity can be obtained through good human relations which can be developed through
 - Leadership
 - Communication
 - Employee participation

DEFINITION

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THEORY X:

***Theory-X* assumptions are: (1) most people dislike work and will avoid it to the possible extent, therefore (2) they must be continually coerced, controlled, and threatened with punishment to get the work done, and that (3) they have little or no ambition, prefer to avoid responsibility, and choose security above everything else.**



UNACCEPTABLE/NIHILISTIC

Theory X and Theory Y

Theory X

Assumptions :

- The average worker is lazy, dislikes work and will do as little as possible and tries to escape it whenever possible
- Managers must closely supervise and control through reward and punishment.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities and from responsibilities.
- An average employee needs formal direction.

DEFINITION

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THEORY Y:

Theory-Y assumptions are: (1) physical and mental effort are natural and most people (depending on the work environment) find work to be a source of satisfaction, (2) they generally, on their own motivation, exercise self-control, self-direction, creativity, and ingenuity in pursuit of individual and collective (company) goals, (3) they either seek responsibility or learn to accept it willingly, and that (4) their full potential is not tapped in most organizations.

ACCEPTABLE/OPTIMISTIC

Theory X and Theory Y

– Theory Y

Assumptions:

- Workers are not lazy, want to do a good job
- They view work as natural and enjoyable
- Employees are committed to objectives and exercise self control and self direction for their attainment.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.
- They can learn and even seek responsibility.
- All people are capable of making creative and innovative decisions

THEORY X vs Y: DETAILS

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Theory X versus Theory Y

THEORY X	THEORY Y
The average employee is lazy, dislikes work, and will try to do as little as possible.	Employees are not inherently lazy. Given the chance, employees will do what is good for the organization.
To ensure that employees work hard, managers should closely supervise employees.	To allow employees to work in the organization's interest, managers must create a work setting that provides opportunities for workers to exercise initiative and self-direction.
Managers should create strict work rules and implement a well-defined system of rewards and punishments to control employees.	Managers should decentralize authority to employees and make sure employees have the resources necessary to achieve organizational goals.

THUS:

1. **Huge
Mindedness**
2. **Performance
RELATED**
3. **Brainstorming
on NEW
IDEAs**
4. **Contributions
from the
Employees**

DEFINITION

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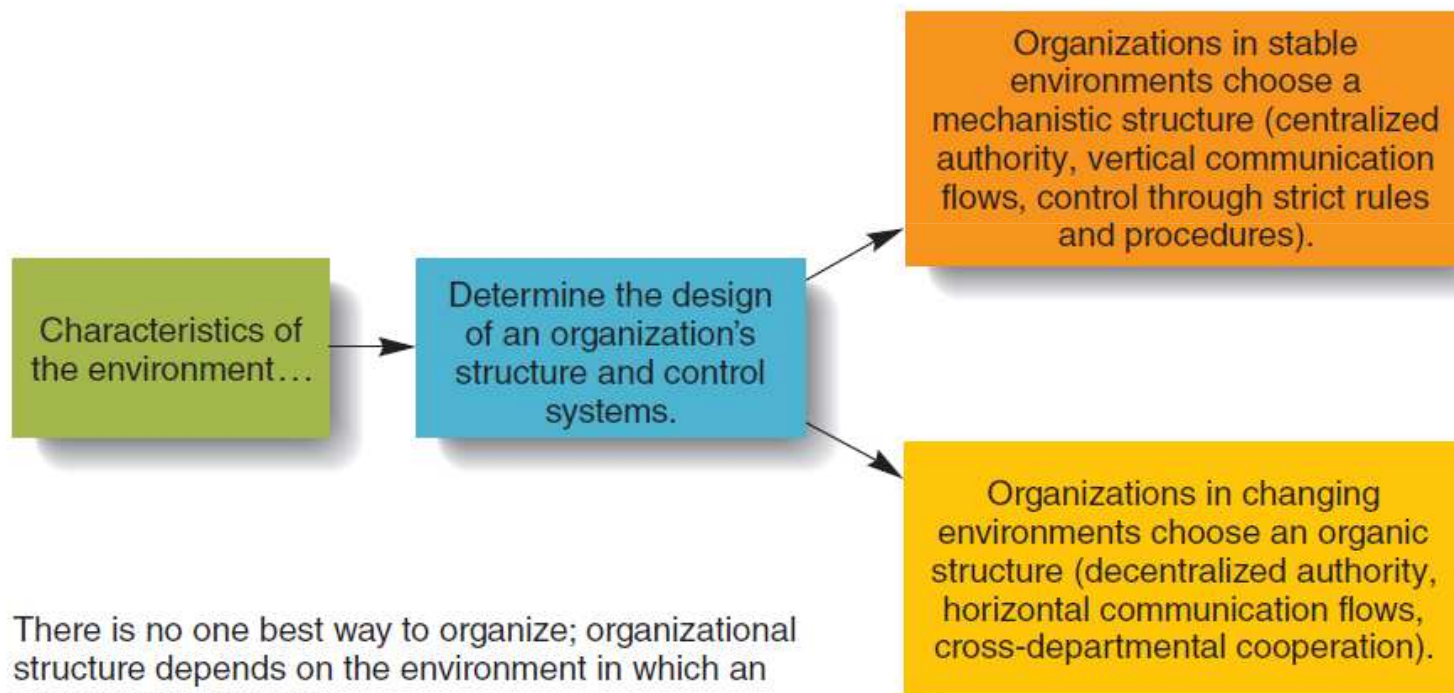
Contingency Approach

An assumption that **no one theory or method for business management can apply to all businesses or to all circumstances.** From a business perspective, using a contingency approach to problem solving would indicate that issues need to be **understood** and then **addressed** in ways that depend on the environment and context in which they occur.

CONTINGENCY PERSPECTIVE

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Contingency Theory of Organizational Design



There is no one best way to organize; organizational structure depends on the environment in which an organization operates.

FEATUREs:

- **Situational**
- **RE-ACTION Management (as ordinary BIZ)**
- **QUICK & EFFECTIVE**
- **Dynamism**
- **Horizontal CHAIN OF COMMAND**
- **Delegation**

CONTINGENCY THEORY

There is no “One Best Way” to manage all the situations.

Also known as ‘Situational Theory’.

Developed by managers, consultants, and researchers who tried to apply the concepts depending on various Internal and External factors

Management Science Theory

Management Science Theory

- Contemporary approach to management that focuses on the use of rigorous quantitative techniques to help managers make maximum use of organizational resources to produce goods and services.

Management Science Theory

- **Quantitative management** — utilizes linear and nonlinear programming, modeling, simulation, queuing theory and chaos theory.
- **Operations management** — techniques used to analyze any aspect of the organization's production system.

Management Science Theory

- **Total Quality Management (TQM)** — focuses on analyzing input, conversion, and output activities to increase product quality.
- **Management Information Systems (MIS)** — provides information vital for effective decision making.

Organization Environment Theory

Organizational Environment Theory

Organizational Environment –

The set of forces and conditions that operate beyond an organization's boundaries but affect a manager's ability to acquire and utilize resources

The Open-Systems View

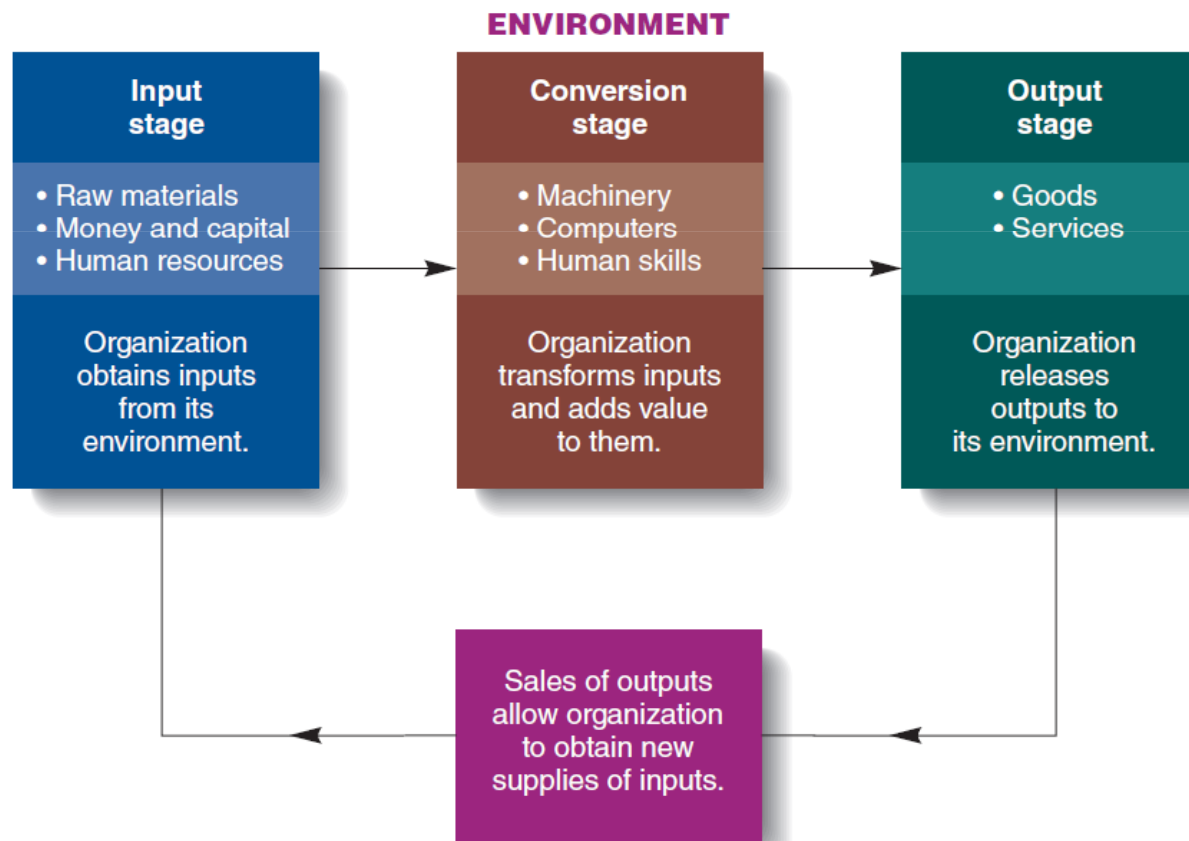
Open System

- A system that takes resources for its external environment and transforms them into goods and services that are then sent back to that environment where they are bought by customers.

ORGANIZATION as an Open-System

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The Organization as an Open System



VALUE-CHAIN:

This Approach stresses the Concept of VC-Management:

- **Production Chain SIZE** is **NOT-YET** significant:
- **EXTERNALIZATION** is plausible, as long as the **Company** protects its **COMPETITIVE ADVANTAGE**

Fayol's 14 Principles of Management

Division of labor Job specialization and the division of labor should increase efficiency, especially if managers take steps to lessen workers' boredom.

Authority and responsibility Managers have the right to give orders and the power to exhort subordinates for obedience.

Unity of command An employee should receive orders from only one superior.

Line of authority The length of the chain of command that extends from the top to the bottom of an organization should be limited.

Centralization Authority should not be concentrated at the top of the chain of command.

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

Equity All organizational members are entitled to be treated with justice and respect.

Order The arrangement of organizational positions should maximize organizational efficiency and provide employees with satisfying career opportunities.

Initiative Managers should allow employees to be innovative and creative.

Discipline Managers need to create a workforce that strives to achieve organizational goals.

Remuneration of personnel The system that managers use to reward employees should be equitable for both employees and the organization.

Stability of tenure of personnel Long-term employees develop skills that can improve organizational efficiency.

Subordination of individual interests to the common interest Employees should understand how their performance affects the performance of the whole organization.

Esprit de corps Managers should encourage the development of shared feelings of comradeship, enthusiasm, or devotion to a common cause.

F-POM

SUMMARY (1 / 2)

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Summary and Review

SCIENTIFIC MANAGEMENT THEORY The search for efficiency started with the study of how managers could improve person–task relationships to increase efficiency. The concept of job specialization and division of labor remains the basis for the design of work settings in modern organizations. New developments such as lean production and total quality management are often viewed as advances on the early scientific management principles developed by Taylor and the Gilbreths.

ADMINISTRATIVE MANAGEMENT THEORY Max Weber and Henri Fayol outlined principles of bureaucracy and administration that are as relevant to managers today as they were when developed at the turn of the 20th century. Much of modern management research refines these principles to suit contemporary conditions. For example, the increasing interest in the use of cross-departmental teams and the empowerment of workers are issues that managers also faced a century ago.

SUMMARY (2/2)

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Summary and Review

BEHAVIORAL MANAGEMENT THEORY Researchers have described many different approaches to managerial behavior, including Theories X and Y. Often the managerial behavior that researchers suggest reflects the context of their own historical eras and cultures. Mary Parker Follett advocated managerial behaviors that did not reflect accepted modes of managerial behavior at the time, and her work was largely ignored until conditions changed.

MANAGEMENT SCIENCE THEORY The various branches of management science theory provide rigorous quantitative techniques that give managers more control over each organization's use of resources to produce goods and services.

ORGANIZATIONAL ENVIRONMENT THEORY The importance of studying the organization's external environment became clear after the development of open-systems theory and contingency theory during the 1960s. A main focus of contemporary management research is to find methods to help managers improve how they use organizational resources and compete in the global environment. Strategic management and total quality management are two important approaches intended to help managers make better use of organizational resources.

**THANK YOU
FOR YOUR
ATTENTION**



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OPEN DEBATE – *Questions & Answers*



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