Cambridge International College
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# *ADVANCED THEORY & PRACTICE OF MANAGEMENT/ADMINISTRATION*

## *STUDY GUIDE FOR MODULE ONE*

**(A full 'Study & Training Guide' will accompany the Study or Training Manual(s) you will receive soon by airmail post.)**

This Study Guide - like all our Training Materials - has been written by professionals; experts in the Training of well over three million ambitious men and women in countries all over the world. It is therefore essential that you:-

- Read this **Study Guide** **carefully** and **thoroughly** BEFORE you start to read and study Module One, which is the first ***'Study Section'*** of a CIC Study or Training Manual you will receive for the Program for which you have been enrolled.

- Follow the **Study Guide** **exactly**, stage by stage and step by step - if you fail to do so, you might not succeed in your Training or pass the Examination for the CIC Diploma.

### *STAGE ONE*

Learning how to **really STUDY** the College's Study or Training Manual(s) provided - including THOROUGHLY READING this **Study Guide**, and the full **'Study & Training Guide'** which you will soon receive by airmail post.

### *STAGE TWO*

Studying in accordance with the professional advice and instructions given.

### *STAGE THREE*

Answering Self-Assessment Test Questions/Exercises.

### *STAGE FOUR*

Assessing - or having someone assess for you - the standard of your answers to the Self-Assessment Test/Exercises.

### *STAGE FIVE*

Preparing for your Final Examination.

### *STAGE SIX*

Sitting the Final Examination - gaining your Diploma.

Remember: your CIC Program has been **planned** by experts. To be certain of gaining the greatest benefit from the Program, it is **essential** that you follow precisely each one of the **SIX stages** in the Program, as described above.

**STAGE ONE** is your **thorough reading of this 'Study Guide'**

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## *ABOUT CIC STUDY and TRAINING MANUALS*

A CIC Study or Training Manual (which comprises 4 or 6 Modules - the first Module of which follows) supplied by the College as part of your Course or Program is **NOT** simply a text book. It must therefore **not** be read simply from cover to cover like a text book or another publication. It MUST be **studied**, Module by Module, exactly as explained in the following pages. Each CIC Study or Training Manual has been designed and written by specialists, with wide experience of teaching people in countries all over the world to become managers, administrators, supervisors, sales and accounting personnel, business-people, and professionals in many other fields.

Therefore, it is in **your own best interests** that you use the Study or Training Manuals in the way CIC's experts recommend. By doing so, you should be able to learn easily and enjoyably, and master the contents of the Manuals in a relatively short period of time - and then sit the Final Examination with confidence. Every Study Manual and Training Manual is written in clear and easy to understand English, and the meanings of any "uncommon" words, with which you might not be familiar, are fully explained; so you should not encounter any problems in your Studies and Training.

But should you fail to fully grasp anything - after making a thorough and genuine attempt to understand the text - you will be welcome to write to the College for assistance. You must state the **exact** page number(s) in the Study or Training Manual, the paragraph(s) and line(s) which you do not understand. If you do not give full details of a problem, our Tutors will be unable to assist you, and your Training will be delayed unnecessarily.

Start now by reading **carefully** the following pages about Stages Two, Three and Four. Do **NOT**, however, start studying the first Study or Training Manual until you are **certain** you understand **how** you are to do so.

## *STAGE TWO - STUDYING A CIC MODULE*

### *STEP 1*

Once you have read page 1 of this document fully and carefully, turn to the first ***study section*** - called **Module One** - of ***Study or Training Manual One***. (Note: In some Manuals the term "Chapter" is used instead of "Module".)

Read the whole of Module One at your normal reading pace, without trying to memorise every topic covered or fact stated, but trying to get "the feel" of what is dealt with in the Module as a whole.

### *STEP 2*

Start reading the Module again from the beginning, this time reading more slowly, paragraph by paragraph and section by section. Make brief notes of any points, sentences, paragraphs or sections which you feel need your further study, consideration or thought. Try to absorb and memorise all the important topics covered in the Module.

### *STEP 3*

Start reading the Module again from its start, this time paying particular attention to - and if necessary studying more thoroughly - those parts which were the subject of your earlier notes. It is best that you do **not** pass on to other parts or topics until you are **certain** you fully understand and remember those parts you earlier noted as requiring your special attention. Try to fix everything taught firmly in your mind.

**Note:** You may not wish to, or be able to, carry out Steps 1, 2 and 3 one after the other. You could, for instance, carry out Steps 1 and 2 and then take Step 3 after a break.

## *STAGE THREE - ANSWERING SELF-ASSESSMENT TESTS*

### *STEP 4*

When you feel that you have **fully understood and learned everything** taught in the whole Module (and if necessary after a further careful read through it) turn to the Self-Assessment Test set at the end of it, and read the Questions/Exercises in it carefully. You do not have to attempt to answer any or all of the Questions/Exercises in the Test, but it is **best** that you do so, to the best of your abilities. The reasons for this are:-

- By comparing your answers with the Recommended Answers printed in the Appendix at the end of the Module, you will be able to assess whether you **really have** mastered everything taught in the Module, or whether you need to study again any part or parts of it.

- By answering Questions/Exercises and then comparing your attempts with the Recommended Answers, you will gain experience - and confidence - in attempting Test and Final Examination Questions/Exercises in the future. Treat the Self-Assessment Tests as being *"Past Examination Papers".*

## *Professional Advice on Answering Self-Assessment Test (and Examination) Questions and Exercises*

1. You may answer the Questions/Exercises in a Self-Assessment Test in any order you like, but it is best that you attempt **all** of them.

2. Read very carefully the first Question/Exercise you select, to be quite **certain** that you really **understand** it and what it requires **you to do**, because:

   - some Questions/Exercises might require you to give full "written" answers;

   - some Questions/Exercises (e.g. in English) might require you to fill in blank spaces in sentences;

   - some Questions/Exercises (e.g. in bookkeeping) might require you to provide "worked" solutions;

   - some Questions/Exercises (called "multiple-choice questions") might require you only to place ticks in boxes ☑ against correct/incorrect statements.

   In your Final Examination you could **lose marks** if you attempt a Question/Exercise in the wrong way, or if you misread and/or misunderstand a Question/Exercise and write about something which is not relevant or required.

3. Try to answer the Question/Exercise under ***'true Test or Examination conditions',*** that is, **WITHOUT** referring back to the relevant section or pages of the Module or to any notes you have made - and certainly **WITHOUT** referring to the Recommended Answers. Try to limit to about two hours the time you spend on answering a set of Questions/Exercises; in your Final Examination you will have **only two hours**.

4. Although you are going to check your Self-Assessment Test answers yourself (or have a friend,

relative or colleague assess them for you) practise writing “written” answers:-

- in clear, easy-to-read handwriting;

and

- in good, grammatical language.

The Examiner who assesses your Final Examination answers will take into account that English might not be your national or main language. Nevertheless, to be able to assess whether you really **have** learned what we have taught you, he or she will need to be able to read and understand what you have written. You could lose marks if the Examiner cannot read or understand easily what you have written.

5. Pay particular attention to neatness and to layout, to spelling and to punctuation.

6. When “written” answers are required, make sure what you write is **relevant** to the Question/ Exercise, and concentrate on **quality** - demonstrating your knowledge and understanding of facts, techniques, theories, etc. - rather than on quantity alone. Write fully and clearly, but **to the point**. If you write long, rambling Final Examination answers, you will waste time, and the Examiner will deduct marks; so practise the **right** way!

7. When you have finished writing your answer, read through what you have written to see whether you have left out anything, and whether you can spot - and correct - any errors or omissions you might have made.
   **Warning:** some Questions/Exercises comprise two or more parts; make **certain** you have answered **all** parts.

8. Attempt the next Question/Exercise in the Self-Assessment Test in the same manner as we have explained in 1 to 7 above, and so on until all the Questions/Exercises in the Test have been attempted.

**Note:** There is no limit on how much time you spend on studying a Module before answering the Self-Assessment Test set on it, and some Modules are, of course, longer than others. You will, however, normally need to spend between twelve and fifteen hours on the thorough study of each Module - and that time may be spread over a number of days if necessary - plus approximately two hours on answering the Self-Assessment Test on each Module.

## *STAGE FOUR - ASSESSING YOUR ANSWERS*

### *STEP 5*

When you have answered all the Questions/Exercises set in Self-Assessment Test One to the best of your ability, compare them (or ask a friend, relative or a colleague/senior at work to compare them) with the Recommended Answers to that Test, printed in the Appendix at the end of the Module. In any case, you should thoroughly study the Recommended Answers because:-

- As already explained, they will help you to assess whether you have really understood everything taught in the Module;

and

- They will teach you how the Questions/Exercises in subsequent Self-Assessment Tests and in your Final Examination **should** be answered: clearly, accurately and factually (with suitable examples when necessary), and how they should be laid out for maximum effect and marks.

## *MARKS AND AWARDS*

To assist in the assessment and grading of your answers, the **maximum number of marks** which can be earned for each answer to a Self-Assessment Test Question/Exercise is stated, either in brackets at the **end of each one**.

**The maximum number of marks for any one Test is 100**.

Your answers should be assessed fairly and critically. Marks should be awarded for **facts** included in your answer to a Question/Exercise, for presentation and for neatness. It is **not**, of course, to be expected that your answers will be identical to all those in the Appendix. However, your answers should contain the **same facts**, although they might be given in a different order or sequence - and any examples you give should be as appropriate to the Questions/Exercises as those given in the relevant “Recommended” Answers.

Add together the marks awarded for all your answers to the Questions/Exercises in a Self-Assessment Test, and enter the total (out of 100) in the *“Award”* column in the ***Progress Chart*** in the middle of the full ***‘Study & Training Guide’*** when you receive it. Also enter in the *“Matters Requiring Further Study”* column the number(s) of any Question(s)/Exercise(s) for which you did not achieve high marks.

## *GRADES*

Here is a guide to the grade your Self-Assessment Test Work has achieved, based on the number of marks awarded for it:

| | | | |
|---|---|---|---|
| 50% to 59% | PASS | 60% to 64% | HIGH PASS |
| 65% to 74% | MERIT | 75% to 84% | HIGH MERIT |
| 85% to 94% | DISTINCTION | 95% to 100% | HIGH DISTINCTION |

## *STEP 6*

Study again **thoroughly** the section(s) of the Module relating to the Question(s)/Exercise(s) to which your answers did not merit high marks. It is important that you understand where or why you went wrong, so that you will not make the same mistake(s) again.

## *STEP 7*

When you receive the complete Study or Training Manual One** from the College by airmail post, **‘revise’** - study again - Module One printed in it, and then turn to **Module Two** and proceed to **study it thoroughly** in exactly the same way as explained in Steps 1, 2 and 3 in this ***‘Study Guide’.***

When you have completed your **thorough study**, follow steps 4, 5 and 6 for the **Self-Assessment Test on Module 2**.

Continue in the **same way with each of Modules 3, 4, 5 and 6** until you have attempted and assessed your work to Self-Assessment Test 6, and have completed the study of Study or Training Manual One. But - and this is **important -** study the Modules **one by one**; complete Steps 1 to 6 on **each** Module **before** you proceed to the next one (unless during the course of your reading you are referred to another Module).

****Note:** When you receive Study or Training Manual One by airmail post, it will be accompanied by a 20-page **‘Study & Training Guide’** (containing a **‘Progress Chart’**) which you **MUST read very carefully** before starting your study of Module Two.

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## ADVANCED STUDY OF

# THEORY & PRACTICE OF MANAGEMENT/ ADMINISTRATION

## Module One

## CONTENTS

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# THE EVOLUTION OF MANAGEMENT THEORY

## *Introduction*

This Advanced Study Program has been designed and written specifically to "bridge the gap" between:

- CIC Members whose training and thinking have - of necessity - been geared towards making careers in **specific** enterprises or fields;

and

- CIC Members considering proceeding to higher, BA or MBA studies, who will need to develop the ability to take a **broader view** of the subjects to be studied during the one, two, three or four year programme selected.

That is not to imply that we should ever lose sight of the enormous variations and differences between the sizes, organizational structures, activities, financial resources, ownerships, managements, and other features of enterprises. But it is precisely **because** of those enormous variations and differences that more advanced studies must involve a broader ***'overview'***. We must consider the **whole spectrum** of enterprises, rather than the minutiae of individual enterprises.

As our Advanced Manuals have been written primarily for those who are already working, and will who study the Manuals in their "spare time", you will probably find that you will view what we teach **both** from the narrower aspect of your everyday practical experience, **and also** - at the same time, as you proceed with the study of our Advanced Modules - from the broader point of view. That is as it should be; no matter how "qualified" a person might become, a GOOD, EFFECTIVE manager or administrator requires relevant practical experience **as well as** theoretical knowledge.

Our Advanced Study Modules therefore aim to "marry" together both the theory and the practice of modern-day - **contemporary** - management/administration.

Some managers and administrators today still tend to shy away from the notion of anything ***'theoretical'*** as being somehow remote or hypothetical or suppositional or extreme, or as having little or no relevance to themselves as working ***'practical'*** people.

But what use is a theory if it does not help us to make **sense of the world**; if it is not based on things in **the real world**; if it is not a statement of the perceived principles behind what can actually **be seen**, **touched** or **recorded**? Nobody would dream of tackling a mathematical problem without using ***'theoretical concepts'*** such as addition, subtraction, multiplication, and the like!

The same applies to modern management and administration. How can we sensibly discuss or solve ***'practical problems'*** - such as the training of personnel, or the introduction of a new computer system or some other organizational change into a section or department of an enterprise - without first trying to understand the reasons - the ***'theory'*** - why people behave and act and react as they do?

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Without doubt, some incomplete, inadequate and misleading theories have been - and, perhaps, are still being - **'propounded'** (put forward); but many such theories have been "abandoned" in the light of practical experience. And it is still valuable for us to study such theories if - from so doing - we can learn to judge a "good theory" from a "bad theory".

Our study of "outmoded ideas" even becomes essential when we realise that - in practice today - thousands, maybe millions, of modern-day managers and administrators at every level are, years later, still being **profoundly influenced** by those same outdated theories!

One other factor for us to consider before we start studying the main text of Module One, is the ***'job'*** itself. The functions and responsibilities of individual supervisors, managers and administrators inevitably vary both within organizations, and from organization to organization and from industry to industry. However, closer examination reveals that such variations are primarily in **emphasis** rather than on activity. Our Advanced Study Manuals will assist you to examine the common functional activities, and to consider the problems faced in organizing, controlling and motivating working groups in the age of considerable technological and social change in which we live.

With the foregoing in mind, our Advanced Study Modules concentrate on aspects of management/administration theory and practice which might not have been covered - or might not have been dealt with in detail - in your earlier studies. Your enrolment for this Advanced Program was accepted by the College on the understanding that you are **already familiar** with the principles of modern management in general, as well as with one or more specialised fields of management (e.g. in sales and marketing, human resource/personnel, hotel, travel/tourism, stores, office) and so we attempt to keep repetition and revision to the essential minimum.

From time to time in our Advanced Study Manuals we make reference "back" to your earlier studies, so DO ensure that you **revise carefully** relevant CIC Training Manuals previously supplied to you for other Programs, or to relevant text books, and be ready **to make reference to them** as required.

## *Theory, Theories and Theorists*

A ***'theory'*** is essentially an idea or an explanation which has not yet been universally proved **'in practice'**; it is a conjecture or speculation as opposed to practice; it might be an "ideal", or a hypothetical or abstract situation. However, when we use the term ***'management theory'*** we are referring not to just one theory, but to a whole "raft" of differing - and often conflicting - theories (plural), propounded, studied, researched, commented upon and modified by many different people - both as individuals and as "groups" - and institutions over many years.

Over the years, ideas and theories once thought **sacrosanct** - inviolable - have been abandoned or adapted - although, as you will learn, some "out dated" or "out moded" theories still guide the thoughts and actions of some "modern" managers and administrators - and have been replaced in the light of experience or general changes in attitudes (of managers, administrators and workers). So "modern" management theory is **not** something which has just happened - it has **evolved**, and is **continuing to evolve**, to meet ever-changing circumstances, challenges, ideas and "new" theories.

### *What is 'Modern'?*

It is important for you to appreciate that the early ***'theorists'*** (those who propound theories) - just like theorists of today - considered their ideas to be **'modern'**; and indeed **they were** - for their **time!**

But what is "modern"? It is simply what is **in use** - whether as a theory or in practice, or both - today, at the **present time**. Ideas, theories, practices, might be different tomorrow - but they will be

**'modern'** or **'contemporary'** then. So you, as a student of management and administration, must keep an **'open mind'**; do not become "blinkered" by the past, but at the same time do not assume that everything "modern" - or all contemporary thinking - is automatically better!

## *The Background*

We are forced to start our examination of modern management theory and practice with a **'negative statement'**, and one which - even in view of our "introduction" - might come as something of a surprise to you. It is this:

There is **no** one single, simple, quick way of explaining theories relating to organization - "organization theories"; **nor**, indeed, can we pick upon any particular theory, or group of related theories, as being a "unified whole".

We therefore cannot hope to explain the behaviour of organizations, or to elicit principles of management in **one theory**. As yet there exists no *"general theory of organization",* and no *"general theory of management",* in the way that we have Einstein's *"general theory of relativity",* which attempts to explain a wide range of phenomena.

Problems of management, and the creation, preservation and modification of organizations, have existed since the time "Man" became sufficiently conscious of his environment to want to control it, and - in addition - to control the activities of particular individuals in any particular group. As far as we know, few human beings have ever lived in complete isolation - if they had, the human race would have died out long since!

So human beings lived in communities: the family, the clan, the tribe, long before recorded time; and by 10,000 to 12,000 years ago, humans were organized sufficiently to live in towns and villages, were carrying on trade, and were working in groups on common tasks. All these situations created what we can justifiably call ***'management and organization problems'***. These problems grew as Man congregated into larger groups, and became ever more organized.

Consider, for example, the managerial, organizational and logistical (movement) problems encountered - and overcome, it must be said - in the building of the Pyramids in Egypt or the Great Wall of China; the organization of the Roman State or the Roman Empire; or the organization and logistics of the conquering armies of Alexander the Great.

A wide variety of problems arose from:

- the need to **organize** and manage people;
- the need to **set up** complex administrative and legal structures to maintain the systems built up;

and

- the need to **modify and adapt** these systems to cope with change.

Problems of those kinds have been a challenge to countless "leaders" (chiefs, barons, nobles, pharaohs, kings, emperors and presidents), generals and warlords, civil servants and officials, over thousands of years.

It is perhaps strange that little attempt was made over the centuries and millennia to examine, comment upon, or evaluate organizations one against another. The serious systematic and continuous study of organizations and their management really goes back only some 100 years or so. The more important work is little more than 50 or so years old; and the more exciting - and possibly the most fruitful - advances have been made only in the last 25 years or so.

In earlier years there were a few written "reflections" by managers of various kinds. But later there came a deluge of academic research and writing, as well as continuing statements from practising managers. The authors of the studies included a whole host of sociologists, psychologists, economists, political scientists, and others - including even biologists. The available number of books and other publications on management is still increasing rapidly.

Whilst the interest and concern of some people shows that there is a **need** for a great deal of work still to be done, you might be forgiven for wondering what the subject is all about. There are a host of varying approaches. There are "cult-figures" who extol their own distinct and individual theories, as if their theories alone are valid; downgrading, at least, or denying, at most, everything that anyone else has ever said or done.

In this Module, we shall - together - try to unravel the tangle, select the more important strands, and construct an overall picture of how management ideas and thinking evolved from the time of the early theorists.

## *How the Confusion has Arisen*

As students of management and administration, we are faced with a wide and varied collection of ideas, theories, propositions, comments, research and investigations approached from a wide variety of standpoints. How and why has this come about? We can identify a number of reasons.

### *The Newness of the Subject*

In comparison with the study of other disciplines, the study of organizations and the art of management is only relatively recent. For example, biology, astronomy and mathematics - to name but three - have long histories of study, research and development, as well as the use of enormous resources in terms of peoples' time and money over the last 3,000 or 4,000 years or longer.

The impetus in management studies is now enormous, and ideas, theories and different approaches proliferate. But it will be many years before a coherent picture emerges to enable us to identify common strands, amalgamate what appears now to be separate streams of thought, and to evaluate which ideas are significant, and which are not.

### *The Backgrounds of the Theorists*

Most disciplines have a history of spectacular contributions, significant advances, momentous discoveries. Who made them? Sometimes brilliant individuals, sometimes fertile partnerships, sometimes a team working long and hard at their research. Common to them all (except those who belonged to the very newest of the disciplines) was the fact that they were lifelong professionals, experts in one subject and totally committed to it.

From time to time, of course, amateurs and specialists in certain subjects do contribute significantly to the development of particular subjects "outside" their original or main spheres of activity. But even in such instances, the people concerned had studied their "secondary interests" seriously, and they generally agreed (in full or in part) with the work of others long before they made their own contributions.

It is also true that in recent years, in particular, the "crossing of boundaries" from one discipline to another has occurred on a significant scale; and work on one subject has been used and refined in others. But this has not altered the general practice of professional specialists contributing to their **own** specialisms.

Little of the foregoing applies in the case of organization and management theory. As with any "new" subject there is no long history, no central body of doctrine, no well-documented research, upon which to build and advance. Contributions have come from many different subject areas.

The "contributors" have included:

- Practising managers who have tried to generalise from their own - often rather limited - experiences.
- Sociologists (of different "schools of thought" within their own subject) who have, in the main, concentrated on the factors which they feel shape the structure of organizations.
- Industrial psychologists who have been concerned with the problems of the individual in his efforts to adapt to his environment at work, as well as to technical, administrative and social stresses and pressures in order to equate, somehow, efficiency at work with human "happiness".
- Mathematicians who regard the enterprise or organization as a complex mathematical model.
- Biologists who regard the organization as the human system on a large scale.
- Organization theorists who have tried to extract basic rules and principles of alleged practical use to those who have to design and maintain organizations.

## *Confusion over the Definition of 'the Subject'*

As the contributors to management and organization theory belong to such diverse fields, there is very little or no consensus of opinion about the precise nature of "man", "management" and "organizations".

Not only are the definitions of the individual subjects in question, but also the classification: should management be regarded as a branch of sociology or as a branch of sociology and psychology combined, or even as part of systems theory?

The confusion extends even to higher education, in which topics such as organization and management (O & M), accounting, computer science, etc, are grouped together under the heading of "management". These are incidental to the job of a manager or administrator, and do not actually form part of it (unless he is an O & M practitioner, an accountant or a computer manager).

## *The Funding of Research*

Owing to their work experience, many of those first involved in enquiries into industrial problems concentrated on what was happening in private enterprise; and, in particular, on what was happening on the "shop floor". When increased profits were forecast as a result of adopting the new techniques suggested, industry was not slow in promoting - and funding - further study.

Until fairly recently, the broadening of research into management problems was still restricted to industry, because the problems there were greater and more immediately apparent, especially in larger businesses. Considerable sums of money were required for research and study, and industry provided that money, either directly to individuals or indirectly to institutions.

It is, in fact, only comparatively recently that organizations such as hospitals, mines, military units, the civil service and trade unions, etc, have been studied in depth.

## *Lack of Uniformity in Study Methods*

The varied contributions to our field of study came, as we have shown, from many different backgrounds; each contributor brought to bear on his work his **own** opinions, based on experience which was often limited or restricted in scope. Some earlier contributors tried to "generalize" from their sometimes limited or restricted experience; others researched in great detail in isolated and haphazardly chosen experimental situations.

## *Clarifying the Position*

The least confusing way of "unravelling the tangle" involves looking at some aspects of the work of selected individuals, with a brief biographical note on the most important of them, in order to establish their "credentials".

Beginning at the end of the 19th century, our "historical survey" will first cover ***'scientific' management*** from two related approaches: *'**bureaucracy'**,* and the ***'human relations'*** movement; and then in Module Four we examine the more recent psychological or ***'behaviourist'*** approach.

## *Henri Fayol (1841-1925)*

The first principles of management were set out in 1916 by Henri Fayol, a French industrialist. Unfortunately, a complete translation into English of his major work was not available until 1949; therefore, his contribution was not widely known until comparatively recently; in the intervening time others have "claimed the credit" for many of his ideas. It is true to say, however, that many of his ideas are now widely accepted, almost without criticism, in business and management circles.

Henri Fayol was born in 1841. Aged 15 he entered the Lycee at Lyon, in France, where he spent two years. From there he passed to the National School of Mines at St. Etienne; at 17 he was the youngest student and he graduated as a mining engineer at 19.

He secured a job as engineer with a large French mining and metal producing firm, with which he spent most of his working life. He worked his way through general management to become managing director from 1888 to 1918. The success he brought the business is one of the "legends" of French industrial history: the company was in a bad way in 1885; when he retired in 1918 the financial position was excellent; the quality of staff exceptional.

He was so committed to his job that although he had the intellectual ability to think, write and lecture about his ideas on management, he did very little in that respect until after his retirement. During his retirement he wrote his book *"General and Industrial Management",* founded a centre of Administrative Studies, which influenced the organization of the French army and navy, and undertook a commission from the French Post Office to investigate its "working organization". In the course of his task he completely overhauled the Post Office and, at the time of his death, he was engaged in a similar task at the request of the French tobacco industry.

## *Fayol's Approach*

Both F.W. Taylor - an American whose contribution we consider later in this Module - and Fayol realised that the key to industrial success was the effective management of workers at all levels; which required the overcoming of any problems which placed "barriers" in the way of that effectiveness. Both Fayol and Taylor tried to apply "scientific methods" to the problems. But whilst Taylor concentrated primarily on the operator or worker level, from the bottom upwards, Fayol concentrated - not surprisingly given his executive position - on the managing director downwards.

## *Fayol's Doctrine*

Fayol examined three aspects of management and attempted to define:

- The activities of the enterprise; what the enterprise does.
- The elements of management; what management does.
- The principles of management; a series of practical suggestions.

### *Activities of the Enterprise*

Fayol propounded that activities in which industrial organizations are engaged can be divided into the following six categories:-

- Technical activities (production, manufacture, adaptation).
- Commercial activities (buying, selling, exchanging).
- Financial activities (search for, and best use of capital).
- Security services (protection of property and persons).
- Accounting services (stocktaking, balance sheets, costs, statistics).
- Managerial activities.

These six elements - he stated - will be found regardless of whether the industrial undertaking is simple or complex; whether it is small, big or very large. Most jobs will encompass the activities in varying measure; the largest managerial element will be present in senior jobs and the least - perhaps even a complete absence - in direct production or simple clerical tasks.

Fayol even went to the lengths of producing charts to show the percentages of each activity to be found in particular jobs. For example, the job activities of a manager of a firm might be broken down into: 40% managerial, 15% technical, 15% commercial, 10% financial, 10% security, 10% accounting.
We do not know how he arrived at those figures, but he presumably drew on his personal experience.

We can see that Fayol made an attempt to define the operational **'task functions'** in an organization, which we discuss in Module Three.

### *General Management Principles*

Fayol set out fourteen **principles** which in his experience had been those he most frequently had to apply. The list was not exhaustive; nor were the principles to be used rigidly and on single occasions; but as the situation demanded. Here is a brief statement of the essence of each principle, with comments on them.

### *Division of Labour (or Work)*

Economists refer to the "division of labour" as ***'specialization'.*** On the basis that a ***'job'*** of work is made up of a number of ***'tasks',*** the theory here is that the **fewer tasks** a person does in his job, the more efficient, skilled and effective he becomes in performing those tasks. A problem is that "mass production" has often taken this idea of specialization too far; many industrial workers have become

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disenchanted and discontented with the dull, boring and repetitive nature of their jobs - which is often a "root cause" of industrial unrest.

### ✷ *Authority and Responsibility (Accountability)*

Authority was used by Fayol in the legal sense; the power to compel people to do what you want them to do; the right to give orders. It is generally accepted throughout the world that this power should exist; in non-capitalist countries as well as in capitalist countries the idea of the authority of a leader (or a committee of leaders) over a group of people is endorsed.

If we accept the idea of authority, then the group leader must be responsible to someone for his actions. In a business, even the managing director is ultimately responsible to the board of directors, the board is responsible to the owners, the shareholders, or to the government if it is a state-owned enterprise.

Fayol stated that authority and responsibility (and accountability) must go hand in hand. In addition, managers should have a high moral character, and should set "good examples" for subordinates to follow.

Fayol did not consider in any detail the concept of "delegation"; as we shall see in Module Three, authority can be ***'delegated'*** or handed down to a subordinate - but responsibility or accountability cannot be. Even though, say, a sales manager hands over to a sales team leader the authority to control a sales team, the sales manager is still responsible for the team's good and efficient working; and is still accountable to his own superiors for the team's success, or otherwise.

### ✷ *Discipline*

Discipline is, in essence, obedience, application, energy input, behaviour and outward marks of respect observed in accordance with the standing agreements between a business and its employees.

Fayol saw the necessity for discipline and precise and exact obedience at all levels for the smooth running of a business. He quoted from an army manual: "Discipline constitutes the chief strength of armies," but he added: "discipline is what the leaders make it."

Discipline is best obtained by agreement, and he noted with favour the increase from 1870 in ***'collective bargaining'***. If workers and management agree then discipline is not difficult. Where breaches in discipline occur, we should look not only at the "offending" workers, but also at the leadership, but in the last resort penalties must be exacted from the offenders.

To sum up, we can see that Fayol asserted that discipline is best obtained by having:-

- ✧ Good superiors at all levels.
- ✧ Agreements as clear and as fair as possible.
- ✧ Sanctions (penalties) judiciously applied.

### ✷ *Unity of Command*

This means that each subordinate has one and only one immediate "boss". Fayol went to great lengths to substantiate this principle, and claimed "should it be violated, authority is undermined, discipline is in jeopardy, order disturbed, and stability threatened."

Not only did Fayol show clearly the undesirable results of the practice of workers reporting to two bosses, but also the equally bad effects of what we now call the “line bypass”, that is, a top manager giving direct instructions to someone several ranks down. Many managements declare total acceptance of Fayol’s rule and then proceed to break it daily - with all the predicted conflicts and confusion!

### *Unity of Direction*

Where there is a group of activities with the same basic objective, there must be one co-ordinated plan to accomplish the co-ordination of the effort, and one person at the head of such co-ordination: one head, one plan, one set of objectives.

### *Subordination of Individual Interest to the General Interest*

The interests of the organization must come before the individual. This principle became popular, particularly in the USA, leading to the growth of the “organization man” - someone totally committed to his job, following all the rules and dutifully applying himself to every job however distasteful, or even immoral.

The contemporary view is that every attempt should be made to make an individual’s objectives compatible with those of the organization’s, and vice versa. In this way, instead of an individual losing his individuality and freedom, a person can operate in more creative ways, “doing his or her ‘own’ thing”, within reason, of course. Means of effecting this principle, include firmness and the setting of good examples by superiors to their subordinates (in the hope that those examples will be “followed”.)

However, we must stress that the foregoing - more contemporary - approach is by no means universally adopted; nor - where it is adopted - is it adopted in its entirety. In any case, it could not reasonably be adopted in every organization; for example, military personnel have to be ready to be sent anywhere at any time.

### *Remuneration of Personnel*

Pay should be fair. Time rates, piece work, bonuses, profit-sharing, straight salaries all have a place in the pay structure of the organization. The best and most appropriate schemes should be chosen. Fayol examined various ways of paying people, and even included what we would now call “fringe benefits”. He concluded that there is no such thing as a perfect remuneration system.

### *Centralisation*

There should be one central point in the organization that exercises control over all the parts. However, Fayol did state that in very large organizations some decentralisation was permissible. The real aim was to find the best “balance” between the two.

Whether centralisation or decentralisation - which we refer to in relation to the office function in Module Three - is best for any particular organization is often open to dispute. Arguments still rage between the supporters of the large, centrally organized enterprise, and those who feel that even large corporations should be decentralized into smaller, independently run divisions.

Centralisation “facilitates” (eases) consultation and communication between departments, particularly those at the centre; and in these days of electronic and computer control, centralisation has its attractions. Decentralisation offers more participation in decision-making at lower levels and local decisions can be taken on the spot.

The interesting fact about the centralisation/decentralisation argument is that it can be applied both to the organization as a whole, and to individual services or departments. For example, we can discuss whether to centralise all computer data entry in one area, combine all welding activities in one workshop, or have a decentralised tool store system to avoid unnecessary walking around the factory.

### ✷ *Scalar Chain*

Nowadays we tend to call the "scalar chain" the **'chain of command'**, that is, the chain of superiors ranging from the highest, (managing director, chief executive, president) to the lowest. Unity of command must be preserved, said Fayol, and this entails all communications from the top moving downwards, link by link.

Unfortunately, this can be a lengthy process in large organizations, and therefore problems can arise. For example, when two managers in different departments need to co-operate: to get permission from someone "up the chain" to work in co-operation might take days, and the matter could be urgent. The sensible thing to do would be to get together, sort things out, and then inform higher authority of the action taken. Fayol called this the "gangplank"; nowadays we call it "lateral communication" or ***'horizontal communication'*** (which we consider in Module Three).

### ✷ *Order*

The formula that Fayol advised for maintaining order amongst materials - "things" - is set out in the English proverb: *"A place for everything, and everything in its place."* Similarly for people - social order - the (amended) proverb is: *"A place for everyone, and everyone in his place."* Fayol asserted that both material and social order are necessary.

Material order in Fayol's eyes had much in common with the "scientific management" approach we shall look at when we examine the work of F.W. Taylor: social order also demands a precise investigation into the requirements and resources of the enterprise. Organization charts (see Module Three) should be drawn up to aid this process.

### ✷ *Equity*

Understanding, fairness and justice on the part of managers will, according to Fayol, encourage employees to be loyal and devoted workers.

### ✷ *Stability or Tenure of Personnel*

Fayol stated that efficiency will be promoted by a "stable work force", that is, not too many people leaving and joining at any one time.

### ✷ *Initiative*

Working out a successful plan of action can be a wonderful experience for people; it is a stimulating activity. An essential task of the organization is the encouragement and harnessing of this activity. Initiative is to be encouraged, even if it means a manager has to "sacrifice some personal vanity" to allow it.

Nowadays, we talk about "motivating" staff by allowing them to participate in decision-making. This idea is very similar to Fayol's.

### *Regard for the Group*

The morale of employees must be fostered, and a unity of purpose must be encouraged. The principle of "divide and rule" is definitely **not** one to be followed: real talent, Fayol said, is required to co-ordinate effort, promote keenness, and use everyone's talents, without causing dissension in the group.

Here Fayol touched on what would now be called "motivation", that is getting people to work willingly in the best interests of the enterprise; as well as on the problems of leadership. Although he wrote only a few paragraphs on this topic, it is extremely clear that Fayol had a surprisingly contemporary outlook.

### Comments

The first writer to attempt a review of the manager's job would always deserve an honoured place in the history of management ideas: Fayol deserves his place on merit, as well as on the grounds of being first. His principles live on to influence us all in our daily working lives even many years later, perhaps because each of the principles he set down is born out of experience, and each one is positive.

## *Max Weber (1864-1920)*

Weber's principal contribution to the study of organizations was his "theory of the structure of authority". This developed from his enquiries into **why people did what they were told to do**. His major works and ideas were translated from German and published from 1947 onwards, after his death.

Weber was born in Germany in 1864. He qualified as a lawyer and then became a member of the staff of the University of Berlin. He remained an academic all his life, studying social organization in history. He examined the major world religions, and also the development of capitalism.

As far as organizations were concerned, Weber was primarily interested in the notions of "power", "authority", "leadership", and "bureaucracy". It should be noted, however, that Weber was a sociologist, and the greater part of his work was concerned with much wider sociological enquiries into the many forms of social organization in history.

### *Weber's Ideas*

To help you appreciate the points Weber makes, we need first to look briefly at his ideas about **leadership**, **authority** and **obedience**. When we come to study the sections about the three kinds of organization - charismatic, traditional and bureaucratic - propounded by Weber, we must remember that he is presenting us with three ***models***, and - as we discuss in Module Three - models can often be used as an aid to understanding.

Each model represents a **type** of organization, and any particular organization we care to consider can - according to Weber - be compared to one of these models. We might find, of course, that a particular model might not fit precisely, and our chosen organization might be partly charismatic, partly traditional; or partly bureaucratic, partly traditional.

Weber was most interested in the bureaucratic organization, and it is very probable that the organization you work for - be it a factory or a bank, or a bus company or an insurance corporation - is "bureaucratic" in the way Weber used the term. Therefore, if Weber did, indeed, pinpoint the basic structure of most formal organizations, we must pay careful attention to the model of it he presented.

## *Organization*

Weber used the term "organization" to mean the ordering of social relationships, the maintenance of which certain individuals took upon themselves as a special task. So, the presence of a leader and an administrative staff was a characteristic of an organization; in fact, it was they who preserved the organization.

Basic to Weber's ideas was the notion that human behaviour is regulated by **rules**. The existence of a distinct set of rules was implicit in the concept of organization. The leader and administrative staff have a dual relationship with rules; not only is their own behaviour regulated by them, but they have the task of seeing that the other members of the organization adhere to the rules.

## *Authority*

Weber distinguished between power and authority. Authority was a limited kind of power: authority only covered certain aspects. People accepted the authority of others if and only if they believed that:

☆ The orders were justified. ☆ It was right to obey.

## *Leadership*

There were, Weber stated, three different kinds of belief that people had about orders and the "givers" of orders:

☆ Obedience was justified because of the nature of the persons giving the orders; holy, sacred or charismatic (e.g. a religious or military leader, a prophet or a king.)

☆ Obedience was justified because of a reverence for the past; people have always done things this way before.

☆ Obedience was justified because the person giving the order was acting in accordance with a set of rules already in existence, and agreed upon.

Weber identified three categories of leaders, and the organization types which are to be found with such leaders:

### ★ *Charismatic Organizations*

The word ***'charismatic'*** comes from the Greek "charisma" - the almost "supernatural" quality found in some people which not only sets them apart from others, but makes people in general - without knowing why - treat such leaders as possessing superhuman powers, knowledge, etc. The basis of the authority of the leader is his (or her) special powers, and if these powers fail he might lose his leadership powers too.

The organization structure is small: decision-making is concentrated in the leader, delegation is limited to a small select band of intensely loyal staff - sometimes called "disciples" - and personal obedience and devotion are the best ways of "getting on". Few rules and regulations exist; decisions are arbitrary and irrational. Everyone who considers the decisions they themselves can make in such a system will always measure the alternatives against what the leader would wish, approve of or need.

While the charisma lasts, the organization preserves its original identity. But once it has gone or the leader dies, unless a new leader with charisma succeeds, the organization might change. Even a successful charismatic leader eventually has to lay down some rules, have deputies, and these are the beginnings of the "routinisation" of charisma!

### ★ *Traditional Organizations*

In such organisations what has **gone** - or **been done** - **before** is the dominant factor. ***'Precedent'*** and usage are the basis of authority. The leader usually inherits his position, and has authority from his status - his status being fixed by custom. When charisma is traditionalised, it becomes part of his role, not his personality. For example, the average Pharaoh of ancient Egypt was not a charismatic leader, but by custom he was regarded as a "man-god".

The organizational form is **'feudal'** - the feudal system being the most developed - and can still be found in the family business, where managerial positions are "handed down" from father to son, on a **hereditary** basis. Ways of doing things are often justified in terms of precedent as a reason in itself.

### ★ *Bureaucratic Organizations*

Weber wrote less about the bureaucratic leader than about the bureaucratic system itself; and he went into that in great detail. Weber did not use the term "bureaucratic" in its common contemporary, and quite critical sense, to mean "red tape", top-heavy administration, or bumbling inefficiency. To Weber the term ***'bureaucratic'*** meant a type of organization which is rational, because such organizations have aims or goals which they try to achieve: e.g. the abolition of low pay or the raising of poor working conditions; an increase in net profit; or a greater "share" of the market.

The main features of a bureaucracy, according to Weber, are these:-

- There is a continuous "organization of functions" which is bound together by rules.

- There are specified "spheres of competence"; here he meant that there is an inevitable specialisation of work, degrees of authority are allocated, and there are rules laid down to govern the exercise of authority.

- There is a "hierarchical arrangement" of offices (i.e. jobs) in which one level of jobs is subject to control by the next higher level.

- Appointment to "offices" (job positions or posts in this context, not rooms) are made on the grounds of technical competence; that tends to require the "separation" of officials (to whom we refer today as "executives") from the ownership of the organization.

- Official positions exist in their own right, and job holders have no rights to a particular position (as they might have in a traditional or hereditary organization.)

- Rules, decisions and actions are formulated and recorded in writing.

Weber's features of bureaucratic organization - as outlined above - permit the authority of officials to be subject to laid down, published, rules and practices. Therefore, authority is legitimate, and is not simply arbitrary. It is this point - **more** than any other - which caused Weber to comment that bureaucratic organization was capable of attaining the highest degree of efficiency and was, in that sense, the most rational known means of carrying out *"imperative control over human beings."*

Weber felt that bureaucracy was indispensable for the needs of any large-scale organization, and there is no doubt that the bureaucratic form of organization has been adopted all over the world - in one way or another - by practically every enterprise of any significant size.

The two most significant factors in the growth of bureaucratic forms of organization are size and complexity. Once an organization begins to grow, the need for - and pace of - specialisation increases which, in general, leads to an increase in job levels: new jobs are created and old jobs are redefined. Recruitment from "outside" the organization becomes more important; the influx of "new" ideas is vital. Relationships, authority boundaries and discipline generally have to be regulated.

Control and co-ordination became all-important. In such a manner, a small, relatively informal, family concern can suddenly grow into quite a different organization requiring new skills and new attitudes from its proprietors (as we see in Module Three.)

### *Legitimacy*

In Weber's eyes, a bureaucratic organization is legitimate - or "legal" - because authority is exercised by means of a system of rules and procedures laid down by various officials who occupy a particular office or official position at a particular time. The whole system revolves around the fact that the entire structure - including management techniques - is largely determined without reference to **named** leaders or "power holders"; it is the **'office'** rather than "the man" which is important. For example, it is the actual **job** of work performed by a chief executive officer (often abbreviated to CEO) e.g. a managing director, which is what we must concentrate upon; and **not** the person who actually holds the post of CEO from time to time.

Weber did not precisely define bureaucracy, but he wrote about the role of the official in modern society. What made the official "distinctive" was:-

- He had duties to perform.

- He had facilities and resources provided by someone else with which to carry out the duties; although the factory worker is also so provided for, the official had a major, distinctive advantage - and that is **authority**.

As all officials had authority, all were involved in administration. Thus a wide variety of people could be "officials" in this sense: army officers, bishops, the office and factory managers who spent their time interpreting and transmitting instructions, often in writing. Perhaps the closest we can come to a definition of bureaucracy in Weber's terms is "an administrative body of appointed officials."

Weber saw bureaucracy as the dominant form of the institutions of modern life. What intrigued him was the continuity of institutions of this kind. People join organizations, leave them, and the still organizations exist. He sought to discover why.

### *The Basis of Legal Authority*

According to Weber, legal authority depended upon:-

- The establishment of a legal code claiming the obedience of organization members.

- The code forming a system of general rules applied to particular cases.

- The official obeying the law.

✦ The obedience being due, not to the person who holds the authority, but to the law, rule or regulation which granted the official his position.

### *The Structure of Bureaucratic Systems*

The basic structure of the bureaucratic system is hierarchical - typically a pyramid, as shown in Fig.1/1. This means that:-

✦ In the “ideal” organization, tasks would be organized on a continuous, regulated basis.

✦ Tasks would be divided into functionally distinct spheres; specialization and division of work.

✦ Official posts (and the officials who held those offices) would be arranged in a hierarchy, with job descriptions.

✦ Rules - technical or legal - would exist in a sufficiently complex form to create a need for trained personnel to fill official posts.

✦ Officials would not provide the equipment and resources they used in their work; but they would have to account for what is used, and for money spent.

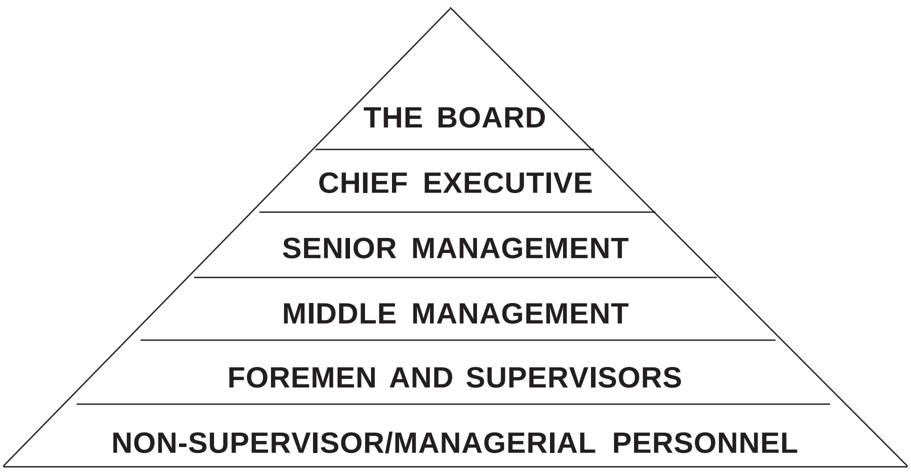
✦ Great use would be made of “written documents”, making the office the “hub” of the organization.

While authority systems might take many forms, according to Weber the best and most efficient is the bureaucratic system. Not only was the bureaucratic system important, but it would continue to become more so as time went on, because it had:-

★ precision; ★ continuity; ★ discipline; ★ reliability;

which, in his view, made it technically the most satisfactory form of organization.

**Fig.1/1.** The hierarchical structure in many companies




### *Characteristics of Administrative Officials*

Weber puts forward seven main characteristics of administrative officials:-

- Officials observe impartially the duties of their offices.
- Officials are ranked in grades.
- Job descriptions are clearly formulated for officials.
- Officials are appointed (with a contract).
- Jobs are filled by full-time, permanent officials, on the basis of professional merit (plus examinations and other qualifications).
- Officials receive money salaries and pensions; the higher the grade, the higher the salary receivable.
- A career structure exists, promotion being either by seniority or merit.

Other points made by Weber are briefly:-

- There is a need for training; people must be adequately trained to do their jobs properly.

- There is a need to keep records; they ensure continuity and are essential for stability.

- There is a need for a separation between personal and business life; a job is something apart from one's social life. As such, the organization must provide space for work to be done, equipment and files, etc. The worker should **not** be expected to provide anything of his own: tools, paper, etc.

## Comments

Weber pointed to many features of modern organizations: officials, hierarchies, the keeping of records, the appointment of experts, the professional manager. He saw all this as a highly effective system. No longer is power dependent upon the whim of one man; instead, properly trained people - each knowing their precise tasks - run the organization along well-defined and understood lines.

Weber concluded that all this adds up to a very efficient system of order and control; and, in fact, he went on to claim that bureaucracy is technically the most efficient form of organization possible, and superior to all others.

It was obvious that Weber had never really considered other forms of arrangement; and "participative management" or the types of specialized groups noted by later investigations; "the team" setup, for example. Briefly, this is when a project is conceived, dreamed up, planned, and hopefully brought to fruition by a "team" of people drawn from all "ranks" and all sections of an organization. In such circumstances, control cannot be "bureaucratic", nor can the organization be hierarchical.

Weber should also have highlighted the fact that power, authority - call it what you will - in the hierarchy, comes from the possession of information. Those "higher up" know more about the "inner secrets" as well as a great deal about what their subordinates are doing. This knowledge alone helps them to be more powerful. A bureaucracy is always ruled by a minority; a minority who have the facts.

You can appreciate that a bureaucratic structure was excellent for organized religions, good for the civil service and also adequate for many industrial enterprises. As such it has become - as Weber saw - dominant in many societies. Because of this, and Weber's assertion that it was the "best system", it is imposed in areas in which it is possibly not the best; such as in education, and in professional organizations.

Power-sharing and other contemporary ideas of a similar kind are basically in conflict with bureaucracy. If participation occurs on a large scale, it could either destroy or at least severely modify what we now call bureaucracy.

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### *Other Writers' Criticisms of Weber's Theories*

Several writers have criticised not only Weber's theoretical analysis of "bureaucracy", but have also looked at actual organizations and claimed to have found that such organizations are unsatisfactory and that their operation leads to both unexpected and/or unsatisfactory consequences.

We now look at several of these writers.

### *Alvin W. Gouldner*

An American sociologist working at Washington University, St. Louis, researching into industrial organizations, Gouldner found that rules and regulations and the attitude of workers and management were very important.

But what is significant here is that such rules lay down what is **not** allowed. They define "minimum acceptable behaviour", but this tends quickly to become "standard behaviour". The effect is to increase supervision, and the number of rules. The effect becomes worse as more and more rules lay down more precisely the minimum behaviour pattern.

### *R. K. Merton*

Merton argues that bureaucracy begins with a demand for control by the top manager, and that in a bureaucracy behaviour must be reliable and consistent. This leads to:-

- A reduction in personal relationships.
- Rules originally designed as "means to an end" become ends in themselves; in other words, strict abidance by the rules becomes more important than the reasons why those rules were imposed in the first place.
- Decisions are taken on the basis of the rules, of which there are relatively few; this limits the number of choices of action available, and eliminates, on the whole, any search for new ways of tackling problems.
- A rigidity of behaviour by both workers and their managers.

### *J. G. March and H. A. Simon*

March and Simon reviewed Merton's and Gouldner's criticisms together with those of some other writers and collectively call the problems the "dysfunctions" of bureaucracy.

### *The 'Socio-Technical' School*

This school of thought argues that a factory, a mine, or an organization of any kind, particularly if it uses machines and people, is a "socio-technical" system. In some industries technology changes quickly. But this School claims that bureaucracies are too slow to adapt to a changing environment. Their argument contradicts Weber's claim that bureaucracy is the most efficient organization system.

### *C. Northcote-Parkinson*

He is well-known, in particular, for his "Parkinson's Laws". He was British, and had a distinguished career, teaching internationally. Amongst others, he made the following somewhat cynical points:-

- There is no relationship between work done in a bureaucracy and the size of the staff. "Work expands to fill the time available for its completion."

- Bureaucracies are not made up of experts on every subject. Higher managers are likely to know little about what the specialists are doing, with the result that they will then tend to approve and authorise projects which are very expensive and very technical, quickly, but spend a great deal of time on the "trivia" they know all about. "The time spent on any item of an agenda, will be inversely proportional to the sum involved."

- Bureaucracies are prone to spending money on elaborate buildings and offices. Indeed, history has shown that the greatest expenditure often occurs just before an organization collapses. He added: "expenditure rises to meet income."

## *Lawrence J. Peter: The 'Peter Principle'*

Briefly, Peter states that bureaucratic systems promote people who are good at their jobs until they are finally promoted to jobs they are **not** good at. "In a hierarchy every employee tends to rise to his level of incompetence. This leads to the situation in time when every post tends to be occupied by an employee who is incompetent to carry out its duties."

## *Frederick W. Taylor (1856-1915)*

Another man who had an "ideal" was F. W. Taylor. However, his ideal was no theoretical model, like bureaucracy: it was the ruthless, relentless search for "the best". Taylor was obsessed with the idea of **maximizing efficiency** in an organization in order to **maximize profits**. He assumed that:-

- Men could be "adapted" to their work - in the same way that machines are made especially to perform certain tasks - and men could be made to work as efficiently as it was theoretically possible to make machines work.

- Properly used (money) incentives would get people to work harder, in order to earn more.

- People would see the need to co-operate with management; the financial rewards from doing so would benefit <u>both</u> the business (greater profit) <u>and</u> the men (increased wages).

Frederick Winslow Taylor, was born in the USA in 1856, and trained as an engineer. He was to have become a lawyer, but studying by candlelight affected his eyesight and he decided to enter industry. However, he decided to start at the bottom, to find out what the problems were at the "grass roots", and joined a steel works as a labourer, rising quickly to become foreman, then to become chief engineer. He remained in the steel industry all his life; in his later years he acted as a consultant and propagandist of his ideas.

His earlier publications were on piece-rate systems, shop management and similar topics, expanded in 1911 into *"Principles of Scientific Management"*. But a fascinating series of events at a US Government arsenal resulted in a House of Representatives' Enquiry into his methods (for possible adoption); and his address to the Committee plus his earlier work was collected in 1947 and published under the title of *"Scientific Management".*

Taylor is interesting, not only because he was one of the first in the field of "scientific management", not only because he was a practising manager, but because he was one of the founders of the now well-established management techniques known today as "O and M" (Organization and Method Study), Work Study, Time Study, and the like. He could justly be described as the **'father' of scientific management**.

### *Scientific Management*

Taylor's experience in the steel industry led him to the conclusion that all was not well in what was then "modern" industry. Managers approached their jobs in arbitrary rule-of-thumb ways. Workers were casual and lackadaisical in meeting their work commitments.

He considered the main obstacle to efficiency was failure by managers to find ways to co-ordinate and control workers' output, and a failure to work out fair and satisfactory ways of paying the workers to ensure their full co-operation and the desired output. In particular, he claimed that managers had not studied workers' methods of working to find better ways of doing jobs, but had left the workers to do their jobs as best they could; often with disastrous results.

Taylor recommended making management **a science**, resting on fixed principles instead of more or less hazy ideas. In particular, he set himself the task of devising methods of job study, the control of work flow and incentives, - and he succeeded. That is, he did what he set out to do. In hindsight, many of the troubles of the modern mass production industrial scene have origins - or so it would seem - in his methods and in their too-rigid application by overzealous managers. Humanitarianism has often been sacrificed to work output.

In modern jargon, we would say that Taylor advocated the doctrine of "cost effectiveness". Cost effectiveness implied **control**, and control is really the central pivot of Taylor's message.

### *Taylor's Four Principles*

Taylor felt that "maximum prosperity" was what every enterprise and every worker wanted. The necessity for management and workers to work **together** towards this common aim was - to him - self-evident; but there were conflicts, strife, strikes. Why?

Taylor suggested three reasons:-

- the workers feared that greater output per worker would lead to fewer jobs, (because fewer workers would be needed);
- bad management resulted in workers "going slow" to protect themselves; and,
- worst of all, inefficient ways of doing jobs.

Taylor claimed that scientific management would overcome those obstacles, and the following four principles were vital:-

#### * *Development of a True Science of Work*

Nobody really knows what a "fair day's work" is. If the manager does not know, how can the worker be expected to know? According to Taylor, this is to be remedied by establishing each man's daily task, i.e. the output expected. He is to be well paid if he meets the target, he is to be penalised if he does not.

#### * *Scientific Selection and Training*

So that the workman can earn a high rate of pay, management must ensure that those hired are suitable for the job, both physically and mentally. Proper training needs to be given, so that the worker becomes a "first-class" man. Promotion opportunities must also be made available.

### * *Bringing Together Science of Work and the Trained Man*

The main obstacles to the bringing together of science of work and trained men - said Taylor - are the managers. Many managers either will not provide the necessary training, or do not see the benefits of doing so; or do not explain to their subordinates the value of undergoing training. According to Taylor, the workers would welcome scientific selection and training; would be willing to co-operate in training if they knew much would be gained by them, e.g. a high rate of pay.

### * *The Constant and Intimate Co-operation of Management and Workers*

Workers and their manager divide the work to be performed. The manager provides the specification, instructions, estimates the size of the job, supervises and pays up afterwards. The workers do the job. With this close personal co-operation conflict is eliminated. Both managers and workers are subject to the same basic philosophy; the scientific study of and approach to work, to find the one best way of doing a job.

### *The 'Science of Shovelling'*

Probably the best known example of Taylor's methods, is his experiments in finding the ideal *shovel* (a broad spadelike tool for scooping, often with its blade curved at the side edges) for the job of "feeding" *coke* (a carboniferous fuel, like coal) into the blast furnaces at a steel works.

In his evidence to the Congress Enquiry, Taylor first made it clear that a seemingly simple job like shovelling coke had many steps and stages to it. A great deal of investigation was carried out into that. He said that one crucial question had to be answered, which was: "What shovel load was the one with which the best shoveller could do his biggest day's work?"

His research found that the workers at the steel works brought along (and paid for themselves) their own shovels. The smallest shovel then in use could hold 1.6kg of coke, the largest shovel used could hold 17kg. Which was the right or best shovel? "Under scientific management", he said, "the question is not anyone's opinion, it is a question of careful scientific investigation."

Two men were selected, and carefully controlled tests on different sized shovels were carried out. Starting at 17kg, the shovellers moved 25 tonnes of fuel each; at 15.5kg, they moved 30 tonnes each; and finally at 10kg or 10.5kg they each achieved a much higher output. Therefore, the best shovel was one capable of carrying 10.25kg!

Taylor also considered the total yard in which the fuel was kept: 3 kilometres long, 400 meters wide, and the six hundred men who shovelled in that area. To ensure that the right men were in the right places using the right shovels (other types of fuel with differing "best" shovelling sizes existed in the yard) and so on, meant forward planning, working out the positions and movements of the men in advance.

A special paperwork system was evolved, bearing in mind that some shovellers could not read, and careful records were kept of work done so that wages could be calculated. Training and advice would be available to 'slow' shovellers, although the threat of transfer to a lesser-paid job lurked in the background if the "training" did not produce the required results.

The results were dramatic: in 3½ years the staff working in the yard were reduced from between 400 and 600, to only 140 (and those remaining handled several million tonnes of material each year.) The cost of each tonne handled was approximately halved, even after the expense of a control system, telephones, work study people, trainers and clerical work.

From this type of investigation, and those of others whom Taylor mentions in his book, Frank Gilbreth for example, sprang ***method study***, i.e. the study of the best method of doing a job. All this activity involved observation, recording and analysis of the results, and the techniques of observation and timing were the beginnings of ***time study***.

Time study led inevitably to ***work study***, the study of the work itself. In fact, in the USA "work study" is known as ***'time and motion' study***, which is perhaps a more precise definition of the actual activity. By analysing work methods and materials used, the aims of work study are to:-

- Establish the most economical way in which the job can be done.
- Standardize this particular method, type of labour used, and materials/equipment needed.
- Establish the time needed by a properly-trained and qualified worker to do the job, working normally at a defined level of performance.
- Instruct that the chosen method be followed as standard practice.

Taylor would have totally approved of this modern definition.

## Comments

Even in his lifetime Taylor's work was bitterly criticized for his inhumanity, and people claimed he had reduced workers to the level of machines. As an engineer, his emphasis on a mechanism, which if set up properly, and paid properly would work along predetermined paths, is not surprising. We must, in Taylor's defence, mention that he did stress the vital necessity of "getting the right atmosphere", but he never applied a scientific approach to achieving the right atmosphere.

If there were conflicts, Taylor condemned them, and said the only reason they occurred was because of **un**scientific management. His major failings were:-

- Not to realize what motivates individuals to work; he thought that motivation was purely economic (financial).
- Not to realize that people in groups behaved differently from how they did as individuals. He, in fact, did not like groups; he felt that purely social relationships were superfluous and tended to reduce efficiency. Therefore, workgroups were broken up and operatives separated so they could not distract each other with "idle talk".
- Not to appreciate fully the evils inherent in piecework systems, such as the sacrifice of quality or the taking of dangerous risks.
- The assumed existence of a world of perfect competition where maximum output and efficiency were always required.
- His conviction that he was right every time when, in fact, he was not infallible. Mistakes, and costly mistakes at that, were caused by adopting his ideas too inflexibly.

Taylor's investigations covered only part of the operation of an enterprise's production. There was much he omitted. But the main significance of Taylor's work was that it demonstrated the possibility and importance of a **systematic analysis of business operations**, and of the scope for using "scientific" methods in a new field.

Taylor was instrumental in creating techniques for increasing efficiency, which - despite the controversy at the time and since - have been progressively developed and are in widespread use in factory and office workplaces at the present time.

## *Elton Mayo (1880-1949)*

Earlier writers on organizations followed traditional economists in making the following assumptions (suppositions) about individuals, either as owners of businesses or as workers:-

- Individuals act in isolation, and without regard for others.
- Individuals act in pursuit of their own interests so as to maximize their income.
- Individuals act rationally, logically relating methods and procedures to end results.

In particular, the ***'school of scientific management'*** assumed that:-

- Men could be adapted to the work they are to perform - rather like machines can be - to be able to work as efficiently as possible.
- Properly used incentives would get people to work harder to earn more.
- People would see the need for management and men to co-operate with each other, as the financial rewards from increased efficiency would make both richer.

Mayo and his co-workers eventually came to **attack** - to oppose - these assumptions - the "rabble hypothesis", as Mayo called it. Mayo argued that organizations are systems of human beings, dependent on one another. In effect, people are **not** part of the organization - they **are** the organization. Mayo and his associates' conclusions from their researches are still disputed. Nevertheless, the impact of the studies was so great that most textbooks devote a great deal of space to them.

Before we examine the studies in more detail, it must be noted that Elton Mayo and his team began by acting on scientific management principles. They were hired by a large enterprise to test a specific assumption based upon the theories of the school of scientific management; in this case that: *"better lighting would result in increased production."*

Elton Mayo was born in Australia, but moved as a young man to the USA, in due course accepting a post at Harvard University as Professor of Industrial Research. A trained psychologist, he was not a remote academic figure, but was very much involved in the everyday industrial working world. He was responsible for a great many research projects and, in particular, was associated with what became known as the *"Hawthorne Experiments",* which we examine shortly.

Like many other industrial psychologists, Mayo began by being interested in the problems of tiredness at work; accidents, and the turnover - particularly high turnover - of employees, and how the problems caused by such factors might be overcome by changing the working environment, or by introducing rest "breaks" in work.

### ***Before Hawthorne***

Mayo and his team were hired to look into the very high labour turnover (i.e. very frequent resignations and replacements of workers) amongst people working as spinners in a spinning mill. The labour turnover was astronomically high at 250% - compared with 6% in the rest of the plant;

something was obviously wrong! Following F. W. Taylor's methods to the letter, he conducted his investigations, proposed new methods, a bonus scheme, and introduced "breaks" during the working day; the workers being involved in helping to determine when the breaks should be. The results were dramatic: production improved, labour turnover fell to normal factory levels.

At the time, it was believed that "breaks" in work relieved the monotony of the job, and that people felt more alert after their "rests". Later, Mayo changed his view somewhat.

### *The Hawthorne Experiments*

The Hawthorne Plant of the Western Electric Co. in Chicago, USA, made telephone switchboards and ancillary equipment. A series of studies was made at the plant made between 1927 and 1932. To begin with, experiments were conducted with levels of lighting; scientific management-based theories predicted improved lighting would bring increased production.

The experiments were **in**conclusive, and no relationship was established between improved lighting and increased production. Worse was to come. Two groups of workers, a "test" group and a "control" group, were formed and were isolated in different areas. Whatever was done in the test group - either the increase or decrease in the intensity of the level of lighting - production rose; even more startling was the fact that production rose at an equal level in the other group, where **no** changes at all had been made in the lighting!

This was indeed a puzzle, and three further studies were undertaken, extending over several years, to try to solve or at least to explain the phenomenon.

### Study 1. The Effect of Changes in Conditions

A small group of women engaged in assembling telephone relays were segregated in the relay assembly "test room" to test the effects on morale and production of changes of work.

During the five years of the experiment, various changes in "working environment" - that is, in working methods and conditions of work - were introduced, and a continuous record of output was kept. With the workers' co-operation, conditions of work were changed one at a time: breaks of varying lengths; shorter working days; shorter working weeks; food, soup or coffee in the morning break - in all, 10 changes.

Before any change was made, full discussions were held with the six women involved. Slowly at first, then quite definitely, production increased with every change. Then came another surprise: the workers were put back to the original conditions of work: a six day forty-eight hour week, no rest periods, no mid-morning snacks - no concessions, in fact. The daily and weekly output rose to a new height, and for three months it remained steady before declining.

"The itemized changes experimentally imposed", Mayo reported, "could not be used to explain the major change - continually increased production". Furthermore, he stated: "There is no evidence in support of the hypothesis that the increased output was due to relief from fatigue." If it was not that, what was it, then? Years later, Mayo believed it was due to the following factors:-

* The operatives enjoyed an increase in work satisfaction because of their greater freedom and control over the pace of the work; they felt that they were participating freely.

* The six women had become a "social" group.

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- By being set apart, the social group developed a special set of values, practices, rules and relationships, which gave the group cohesiveness.
- The researchers took a personal interest in the six women and reassured them, so changes were more easily accepted.
- The group felt flattered by the personal attention, and felt "important" at being the "test group".
- The improvements were the result of change in the workers' **attitude to their work** - and not the changes to the work environment.

### Study 2. An Extensive Factory-wide Interview Programme

At the time of the relay assembly investigations, the continual rise in output could not be explained. As it was such a mystery, an enquiry was instituted into the factory at large. This was accompanied by a change in the methods of the investigators. Unconsciously, perhaps, they began to look at the enterprise as **a social system**. They began to ask employees about conditions in the factory. Soon they realized that they would learn little about the actual conditions; but a great deal about the attitudes of employees, particularly towards their supervisors.

The investigators recommended a programme of confidential interviews to give workers an opportunity to "let off steam" or to complain. This would enable workers to release pent up emotions and would act as a kind of therapy. In fact, the interviewers noted this in several individual cases. Mayo felt that workers were affected by their troubles and feelings towards their bosses.

### Study 3. Observation of a Working Group

The third stage of the enquiry was a six-month observation of a group at work. It was suspected in another part of the factory that women were determining the output of individual workers, using as a yardstick a mysterious, unspoken, yet mutually agreed set of output standards. These standards represented what the women's group felt was a "fair day's work" which, not unnaturally, was somewhat out of line with the standards set by the work study engineers.

In what became known as *"the bank wiring observation room experiment",* fourteen workers were paid individual hourly rates based on their own weekly average output, plus a bonus for group effort. In addition, they were paid for idle time beyond their individual control. Their job was to wire telephone switchboards known as "banks"; the work called for both individual work and group co-operation. The management had believed - in line with Taylor's theories on incentives - that each member would work hard on his own to maximize his own pay, and co-operate with the others to boost the group bonus. Detailed records of stoppages would make up "lost" pay to those unavoidably idle, and everyone would be "happy".

Mayo's team found, as anticipated, that output was being deliberately restricted, and that the standard output the group fixed bore little relationship to the standards of output set by their managers, or to the targets (and corresponding rewards) of the bonus system. The attitude of the men (except for the odd "loner") to the incentive scheme was, in effect, *absolute indifference.* Output was dictated, **not** by ability, but by **group solidarity**. Workers who "stepped out of line" were criticised by other members of the group.

In addition, group members were under pressure not to reveal to their superiors that they could work harder. It was the time of the "Great Depression" in the USA, and many workers felt that greater production would lead to existing orders being too quickly completed. That, in turn, would entail a loss of jobs (as happened in the case of the "coke shovels", remember) or lead to reduced pay.

However, to reduce production too much would be "unfair to management" (although obviously at the back of their minds was the threat of dismissal, for "slacking".)

It was plain from these observations that the sense of "belonging" to the informal group was much greater than either a worker's wish to earn more; or the company's power to enforce targets.

### *Conclusions from Mayo's Work*

The supporters of Mayo's work and ideas are known as the *"Human Relations School",* and the basic conclusions of Mayo and later followers, from the Hawthorne experiments are:-

★ Work is a group activity.

★ Workers, therefore, do not normally act or react as individuals but as members of groups; the need for security and "belonging" is more important than the work environment.

★ These groups need not be the formal groups set up by management; informal groups throughout the factory workplace exercise control over the way individual workers think and act.

★ It follows, therefore, that levels of work are not set by physical abilities, but by group attitudes.

Later, the human relations approach stressed the importance of the informal group leader in setting the group standards: if the formal leader (manager, administrator, supervisor or foreman) could also become the informal one, he could get his standards accepted. All this leads to a need for effective **communication** between all levels of employees, participation in decision-making (as the telephone relay assembly test women had a chance to do), and a "democratic" style of management.

These conclusions have been extolled again and again; tens of thousands of managers of all kinds are sent on courses to learn about the experiments and the Mayo conclusions. "Being nice to the workers" is perhaps an over-simplification, but in essence this is what managers in the USA and Europe and other parts of the world have been taught - and are **still** are being taught - in human relations seminars, and in courses on social skills.

### *Some Criticisms of the Hawthorne Experiments*

Criticisms of the Hawthorne Experiments have centred upon:-

❉ The methods used. Looking back, we can see that the methods used in those days were somewhat crude, but the major fault here was to generalise from particular, small, selected groups.

❉ The restricted approach. The study looked at only one aspect - the work group - and ignored the type of people involved, the actual work being done (the "technology"), the trade union or lack of it, the local labour market, and so on. Nearly all external influences were ignored.

❉ The absence of conflict. Critics claim that the researchers were employees of management and so were "on their side", as it were, leading them to say there was no reason for conflict between workers and management, provided, of course, that management was "nice" and did all the right things. But this is to assume that people always see (or "perceive", which we discuss in Module 4) their objectives as being the same objectives as those of their employers, which is **not**, of course, the case at all!

Often workers have to be persuaded to accept their employer's objectives - as being theirs, too - by some "carrot or stick" method of persuasion. And sometimes they will not be or cannot be persuaded - and then there is **conflict**. There are, indeed, some management commentators who claim that conflict is "necessary" for any organization if it is to grow and to be healthy.

## Comments

The teachings of the scientific management school and those of the human relations school are in opposition to one another. The Taylor view (sometimes referred to as "Taylorism") is that *what was best for the enterprise would also be best for the worker.* In stark contrast, the human relations school view is that *what was best for the worker would be best for the enterprise.*

Scientific management assumed that the most efficient organization would be the happiest, as it would pay most; the human relations argument was that the happiest enterprise would be the most efficient.

The presumption of the human relations school was that once the managements of businesses developed "social groups" on the job, and provided the workers with democratic, participating and communicative managers, then organizational life would be happy. Thus, what is often called "paternalism" was fostered. Human relations experts appeared - and are still with us; as a result, directors of various enterprises started to talk about "teams" and "team work"; and/or to refer to the enterprise as a "family" or even as "one, big, happy family".

The ideal conditions in which the foregoing could take place needed to be actively created. Many attempts in the USA and Europe have been made to develop those conditions, but the outcome has not always been as successful as the theories propounded would lead us to expect. In practice, amongst different industries (and/or amongst different organizations within an industry) there are managements who place equal emphasis on human relations; but there are still some organizations or industries which have had a consistently good "strike record", whilst there are others which still have a consistently poor "strike record".

The reason for the variance is possibly due to the lack of examination of **other factors** involved, which later investigators have tried to cover.

The two viewpoints we have described gave rise to two related concepts:-

* **The scientific management school** pointed to the importance of the <u>formal</u> organization: the hierarchy, the rules and regulations, and the bureaucracy.

* **The human relations school** stressed the <u>informal</u> group: the attitudes, opinions and ideas of its members.

We discuss formal organization and informal organization in Module Two. And then in Module Four we examine the psychological or ***'behaviourist'*** approach to organization and the theories propounded, which add a **third** viewpoint to the two outlined above.

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# SELF-ASSESSMENT TEST ONE

Recommended Answers to these Questions - against which you may compare your answers - will be found on page 34. The maximum mark which may be awarded for each Question appears in brackets at the end of the Question. Do **NOT** send your answers to these Questions to the College for examination.

**No.1.** In your own words, comment upon Henri Fayol's attitudes towards:

(a) authority and responsibility; and (b) discipline (maximum 30 marks)

**No.2.** Describe the features of a bureaucratic organization as advocated by Weber, and mention a major argument made against his preferred style of bureaucratic organization.
(maximum 30 marks)

**No.3.** Describe the basic assumptions made by F.W. Taylor on which the school of scientific management thought was founded. Do you consider that there is any justification for calling Taylor the "father of scientific management"? Give reasons for your answer. (maximum 30 marks)

**No.4.** Place a tick in the box ☑ against the **one correct** statement in each set.

(a) *Students of management must appreciate that a "theory" is:*
1☐ a positive statement supported by positive proof.
2☐ a statement made by an eminent writer on management and so accepted.
3☐ a conjecture or speculation not yet fully proven in practice.
4☐ a question set to test students' understanding of a topic.

(b) *The "division of labour" refers to:*
1☐ the segregation of an organization's workforce into groups, sections or departments.
2☐ limiting the tasks performed by a worker to enable him to become more proficient in their performance.
3☐ ensuring work is distributed evenly and fairly amongst all employees.
4☐ a management method by which workers are kept apart from each other.

(c) *F.W. Taylor is called the "father of scientific management" because:*
1☐ he was one of the founders of time and motion studies.
2☐ he was one of the founders of the human relations school of thought.
3☐ he was regarded as a foremost humanist of his time.
4☐ he was able to distinguish between different sizes of shovels.

(d) *A basic conclusion drawn by Elton Mayo was that:*
1☐ workers perform their allocated duties best as individuals.
2☐ just like machines, workers can be adapted to the work they are to perform.
3☐ workers feel more refreshed and alert after breaks in their work.
4☐ workers regard work as a group activity.

(e) *A criticism of the "Hawthorne Experiments" has been that:*
1☐ they concentrated only on women and not men.
2☐ they extended over too long a time-scale.
3☐ they concentrated only on the work group and ignored any other influences.
4☐ they assumed that the workers were co-operating fully with the researchers.

(2 marks for each statement correctly ticked - maximum 10 marks)

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# RECOMMENDED ANSWERS TO SELF-ASSESSMENT TEST ONE

**No.1.** Fayol's attitude towards "authority" was based on the legal interpretation: that is, the power to compel people to do what they are required to do; or, to put it simply, the right to give orders. Whilst Fayol asserted that authority and responsibility were interwoven, he emphasised that every person who exercised authority and carried responsibility was accountable for his or her actions or decisions to another person, or to a group of other people. Accountability, he maintained, extended from the highest to the lowest levels of management.

Fayol tended to equate "discipline" with precise and exact obedience. He maintained that discipline - and thus obedience - was essential at all levels if any business was to be able to run smoothly. However, he also asserted it was the responsibility of managers to ensure that discipline was imposed in a fair and equitable manner. He advised that there should be good superiors at all levels, that agreements should be as clear and be as fair as possible, and that any sanctions (penalties) should be fairly imposed.

**No.2.** Weber advocated the type of bureaucratic organization in which there is a continuous "organization of functions" bound together by rules, with specified spheres of competence, and a hierarchical arrangement of "offices" in which one level of jobs was subject to control by the next higher level of jobs. He advocated that appointments to offices should be made on the grounds of technical competence; with officials being "divorced" from the ownership of the organization. He maintained that official positions should exist in their own right, and that job holders should have no rights to a particular position; whilst rules, decisions and actions should be formulated and recorded in writing.

Weber contended that a bureaucratic organization was the most efficient organizational system. However, a major criticism of his contention - made by the socio-technical school of thought - is that bureaucratic organizations are unable to react and adapt sufficiently quickly to changing circumstances.

**No.3.** The foundations of scientific management trace back to three main assumptions made by F.W. Taylor. Firstly he was of the opinion that men could be adapted to their work in the same way that machines can be made especially to perform certain tasks, and that men could be made to work as efficiently as it was theoretically possible to make machines work. Secondly, he believed that properly used financial incentives would get people to work harder in order to earn more. Thirdly, he assumed that workers would appreciate the need to co-operate with management, because the financial rewards from doing so would benefit them in terms of increased wages (whilst the business would benefit from increased profits, and so be able to pay higher wages).

There is justification for calling Taylor the "father of scientific management". His work demonstrated the possibility and importance of a systematic analysis of business operations, together with the scope for the use of "scientific" methods in business and management. Taylor was instrumental in creating techniques - such as method study, which involves observation, followed by the recording and the analysis of the results - for increasing efficiency. The techniques of observation and timing developed, formed the basis of time study, which in turn led to work study, otherwise known as time and motion study. The techniques first developed by Taylor, and further developed since, are still widely used today.

**No.4.** The right statement from each of the sets selected and ticked:

(a) 3☑ (b) 2☑ (c) 1☑ (d) 4☑ (e) 3☑

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# WHAT YOU WILL LEARN IN MODULES 2 TO 12 OF THE CIC ADVANCED THEORY & PRACTICE OF MANAGEMENT/ADMINISTRATION PROGRAM

## Module Two - Organizations

- Definitions
- Reasons why organizations exist
- Differences and contrasts between
    - formal and informal organizations
- Objectives and categories of organizations:
    - the public and private sectors
    - industrial, trading and service-providers
- Ownership of organizations:
    - sole-proprietor businesses, partnerships, co-operatives,
        - limited liability companies - private and public
- The organization and its environment:
    - systems theory - the organization as a system:
        - mechanical, probablistic and adaptive systems
        - closed and open systems
    - subsystems
    - equilibrium
    - feedback and control
    - standards:
        - quantity and quality
        - ideal and attainable
- An organization's interaction with its environment
- Writers on organization: Urwick and Brech

## Module Three - Structures of Organizations

- Delegation of responsibility:
    - its importance, what is involved
- Organizational restructuring for growth
- Models and their uses
- Organization charts:
    - possible advantages and disadvantages
    - types and layouts - examples
- Spans of control
- Types of organizational structure:
    - line, functional, line and staff
- Systems diagrams
- The organization of a "typical" manufacturing company:
    - shareholders, executive and non-executive directors
    - duties and responsibilities of the board
    - the managing director and the chairman
    - descriptions with charts of the possible organization
        - of its subsystems - its departments
- Arguments for and against the centralisation and
    - decentralisation of functions
- Interdepartmental co-ordination and co-operation:
    - horizontal communication
- Structures of non-manufacturing organizations

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## Module Four - Motivational Theories

- Organizational psychologists:
  - theories on conflict at work
  - common beliefs amongst the theorists
- Chris Argyris:
  - his Immaturity-Maturity Theory
  - his views on:
    - the potential of individuals
    - the formal, scientifically managed organization:
      - its impact on the individual
    - social skills
    - the process and consequences of conflict
  - comments on and criticisms of his work
- Abraham H Maslow:
  - his views on:
    - why people work
    - his “Hierarchy of Human Needs”:
      - physiological needs
      - security/safety needs
      - social needs
      - ego/esteem needs
      - self-realisation needs
    - frustration of needs
  - comments on and criticisms of his work
- Douglas McGregor:
  - his “X” Theory - management’s “traditional” view
    - comments on this theory
  - his “Y” Theory - his views on “human resources”
    - his suggested improvements
    - management by objectives
    - participative management
  - comments on and criticisms of his work

### Motivating

- The necessity for motivation
- Basic models of motivation:
  - equilibrium
  - human needs
  - money
  - relationships
- Self-realisation
- Rensis Likert:
  - the Michigan Studies
  - management styles
  - comments on and criticisms of his work
- F Herzberg:
  - his Motivation-Hygiene Theory:
    - motivators and hygiene factors
  - comments on and criticisms of his work
- Process Theories of Motivation
  - Vroom’s Expectancy Theory:
    - expectancy
    - instrumentality
    - valence
    - rewards:
      - intrinsic and extrinsic rewards
    - conclusions

Handy's "Motivational Calculus":
"E" factors
degrees of motivation
conclusions about his model

## *Module Five - Theories on Leadership*

The need for leaders
Types of leaders:
charismatic
traditional
situational
appointed
functional
Leadership in the workplace:
the variables
Trait theories of leadership
Style theories of leadership:
management styles:
authoritarian v democratic
people v task orientations
Managerial grids;
the progression of management styles
The Reddin 3-D Theory and Grid
Contingency theories of leadership:
Adair's functional model of leadership
Fielder's relative favourableness of the situation
Groups and group behaviour:
work groups:
functional and informal groups
group norms
group cohesiveness
group effectiveness:
MacGregor's comparison between ineffective and effective groups
immediate constraints
Teams and team building:
characteristics of effective teamwork
management team-skills:
the eight identified roles
Comments and conclusions

## *Module Six - Strategic Management*

Fayol's "Elements of Management":
forecasting
planning
organising
commanding
co-ordinating
controlling
Contemporary views on management functions:
differing perspectives
motivating
creating - innovation, synthesis and development
Planning in management:
importance of planning
principles of planning

responsibility for planning
relationship between forecasting and planning
evaluating pre-planning forecasts and information
levels of planning:
top-level, second-level, third-level
strategic, tactical and operational planning
Why there is a need for strategic management:
the challenge for top management
key issues in strategic management
The theorists and their theories:
Alfred D Chandler:
definition of strategic management
Kenneth Andrews:
corporate and business strategy
H I Ansoff:
his product-market growth strategy
The Boston Consulting Group:
the BCG Matrix
M E Porter:
competitive forces
Hofer and Schendel:
the components of strategy
Thompson and Strickland:
tasks of strategic management
Corporate objectives:
overall objectives and strategic objectives
Shareholder and stakeholder theories
Policies:
differences from objectives and plans
different kinds of policies
Ethics in business
Social responsibility
Corporate planning:
definition of corporate planning
needs of corporate planning
factors in corporate planning
top-down planning
bottom-up planning
SWOT analyses - identifying:
strengths
weaknesses
opportunities
threats
remedies
The corporate "gap"
Entrepreneurial activity and corporate planning
Advantages of corporate planning
Business planning
Alternative corporate strategies
The final stages

## *Module Seven - Business Environment*

SWOT analysis: approach and layout, key questions
The macro and micro environment
Miles's six questions for classification into:
simple, dynamic, complex
The external audit

Politics:
  self-regulation
Economics:
  inflation, the business cycle, tax,
  interest rates, exchange rates
Sociology:
  seven stages of the human life cycle
Technology:
  rate of change, computing, customers/demand,
  research and development, intellectual property
International factors
The physical environment:
  recycling waste, fuel efficiency, pollution
The micro environment
Porter's five competitive forces
Porter's definition of an industry
Industry rivalry, 'free market return',
  'opportunity cost' of reinvestment
Deciding the industry to which a company belongs:
  by process, technology, customers
Customer focus:
  by groups, needs, technology required
Competitive rivalry within industries:
  price cutting, structure determining levels of competition
Porter's seven stimulents to competition & five exit barriers
Relationship of entry and exit barriers to profitability
Threat of new competition from outside an industry;
  'entry deterring price'
Strategies for defendable positions;
  'competitive advantage'
Using SWOT to analyse competition and develop strategy

### *Module Eight - Managing Change*

The meaning of "Change":
Technological change: continuous,
  variable pace of
  lead-times between discovery and application
The five dimensions of Change:
  environment,
  technology,
  personnel,
  organisation size and/or structure,
  products/services
Resistance to Change:
  reasons for individual's resistance at work
  reasons for organisations' resistance
Handy's 'comfort in continuity'; 'unblocking systems'
Culture of Change; expecting to make changes
"Learning organizations"
Risk:Reward Ratio for employees
Motivations for Change
Moss Kanter's four "quiet entrepreneurs"
Cost:Benefit Analysis for organizations
Change for other than growth: contraction, divestment

Restructuring
Evaluating Change afterwards
Handy's "discontinuous change"
Moss Kanter's ten tips for how **not** to encourage innovation
O'Connor's managers' best characteristics for handling Change
Enterprise Culture
The qualities of the entrepreneur; tangible and intangible rewards
The manager's role in implementing Change;
  responsibility to people
  responsibility to the organization
Framework for change: planning, managing, monitoring

## *Module Nine - Mission*

Aims, goals and objectives
Vision compared with mission
Four key areas of operation
Purpose:
  shareholder value
  stakeholder value
  higher purpose
Values:
  knowing the "right way" to behave
Standards and behaviours
Strategy
Links between corporate and personal valued
"Management by Wandering Around"
"Open Door Policy"
Providing a clear value framework
Examples of Mission Statements:
  a firm of architects
  British Airways
  British United Provident Association
  Johnson & Johnson
The benefits of mission
Differing approaches to creating a sense of mission
Key considerations
Mission within complex structures
When mission is impractical
Case Study of mission development
MOST analysis: mission, objectives, strategy, tactics

## *Module Ten - Stakeholders*

Direct and indirect interests
Who and what are "stakeholders"
Inwards investors and local stakeholders
Governments as stakeholders:
  benefits to central and local government
Possivle impacts of inward investment on local services:
  officials' concerns
Opinion formers
Interdependence created by supply chains:
  value chains
Creating shareholder value:

the private sector:
public companies
private companies
ethical investment
the public sector
Public private partnerships
The voluntary sector
Looking after customers:
the marketing concept
customer-focus
research: what customers want
The workforce - employees as stakeholders
Consequences of dissatisfied stakeholders
Corporate social responsibility (CSR)
EU framework for CSR
Consumer influence on CSR
Urban regeneration

### *Module Eleven - Communication*

The potency of communication
The communication loop
One-step and two-step communication
One-sided and two-sided messages
Attitudes
Three-component structural model
Modified single component model
Balance theory
Cognitive consistency
Congruity theory
Cognitive dissonance theory
Multi-component models:
Attitude-towards-object
Attitude-towards-behaviour
Reasoned action
Game theory:
Zero-sum
Non-zero-sum
Timing
Bargaining

### *Module Twelve - Business Ethics*

The exact purpose of the company
Three approaches to business ethics:
from the perspective of:
the individual,
the organization
society
Worldwide trends in business:
Communications technologies:
globalisation
networking
intangible assets
An “implicit licence to operate”

The "Inclusive Company":
- purposes and values
- measuring success
- relationships

*The Cadbury Report*
Ethical challenges in the workplace
"Right-versus-right" decisions:
Following rules v. making exceptions, honest v. loyalty,
The individual v. everyone else, short-term v. long-term
Compliance
US *Federal Sentencing Guidelines*
Essential components of a compliance system
The *Casemark* case
Brand perceptions
The role of employees in branding
Codes of conduct
From compliance to collaboration
A values-led approach
The "Social Economy"
"Ethical Investment"