

SESSION 3

MANAGEMENT THEORY

AND

PRACTICE

LCBB6022_BIRM Leadership and Management Theory and Practice

During the session today we will...

- Critically evaluate key management theories and models
- Compare classical, behavioural, and contemporary approaches
- Apply management theories to real organisational contexts
- Assess the relevance and limitations of each approach in modern organisations

What Is Management?

Management is the process of planning, organising, leading, and controlling organisational resources to achieve objectives efficiently and effectively.



Core Management Functions

- **Planning** – setting goals and strategies
- **Organising** – allocating resources and responsibilities
- **Leading** – motivating and directing people
- **Controlling** – monitoring performance and outcomes



Overview of Management Theories

Classical Theories

- **Scientific Management**
 - Efficiency & Standardization
- **Bureaucratic Management**
 - Formal Rules & Hierarchy



Human Relations Theories

- **Hawthorne Studies**
 - Social Factors & Morale
- **Motivation Theories (Maslow, Herzberg)**
 - Employee Needs & Motivation



Quantitative & Systems Theories

- **Management Science**
 - Data & Analytics
- **Systems Theory**
 - Organizations as Systems



Contingency & Modern Approaches

- **Contingency Theory**
 - Situational Flexibility
- **Agile & Lean Management**
 - Adaptability & Efficiency
- **Learning Organization**
 - Knowledge & Innovation



Classical Management Theories (1900–1930s)



Classical Management Theories

Classical management theories emerged in the late nineteenth and early twentieth centuries in response to rapid industrialisation and the need to manage large-scale organisations efficiently. These approaches share a core assumption: organisations function best when work is structured, controlled, and rationalised through formal systems.

- **Scientific Management** - Frederick Winslow Taylor,
- **Administrative Management** - Henri Fayol,
- **Bureaucratic Management** - Max Weber

Scientific Management

Key ideas

- Task specialisation
- Time and motion studies
- Standardised procedures
- Performance-based pay

Modern relevance

- Seen in logistics, manufacturing and performance metrics

Strengths

- Improved efficiency and productivity
- Clear work processes

Limitations

- Ignores human and social needs
- Can lead to worker alienation



Scientific Management

Frederick Taylor's Scientific Management Theory Explained

business.com



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Administrative Management

Core principles

- Division of work
- Unity of command
- Scalar chain (hierarchy)
- Centralisation vs decentralisation

Strengths

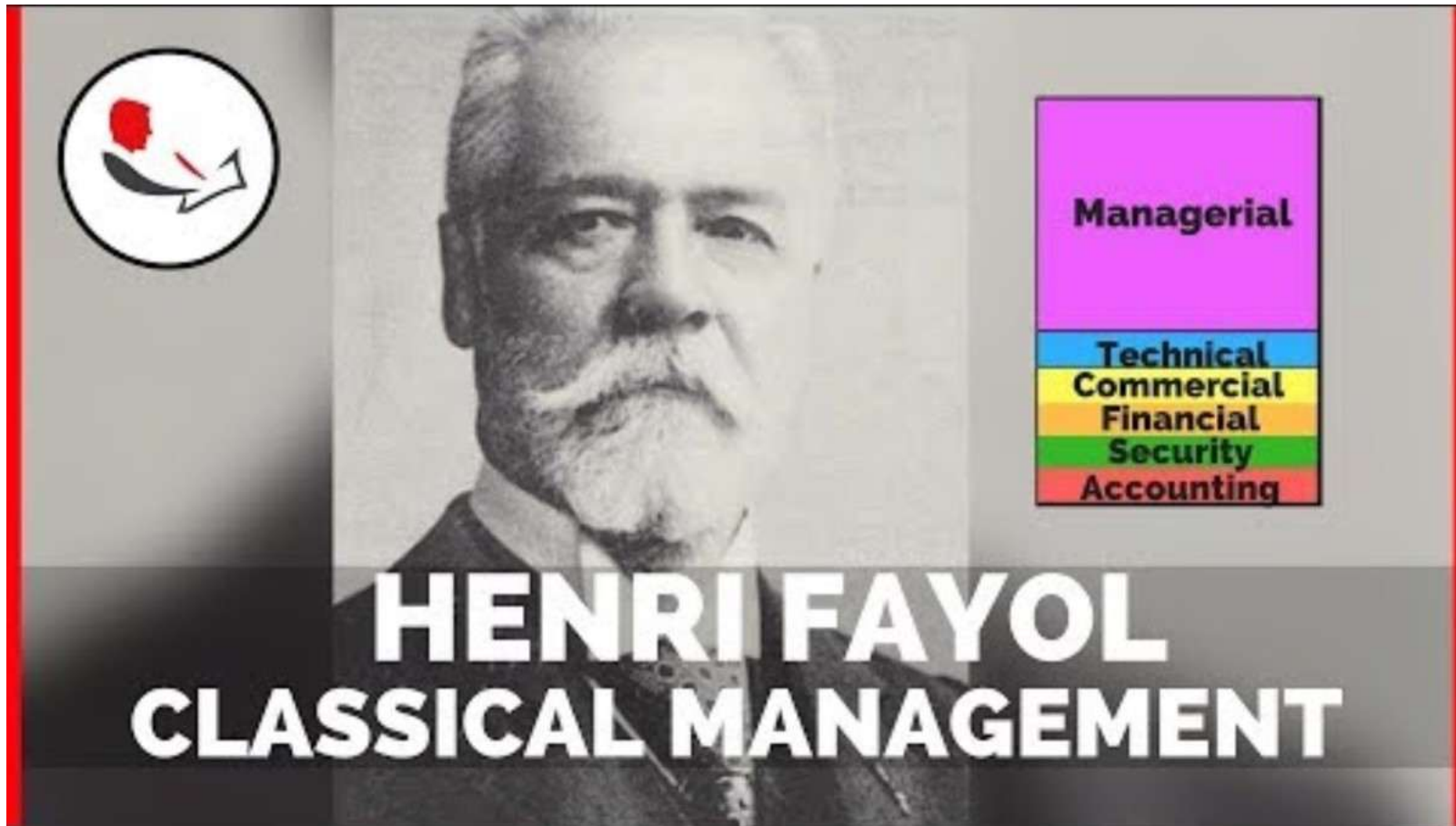
- Clear organisational structure
- Applicable to large organisations

Limitations

- Rigid and inflexible
- Assumes stable environments



Administrative Management



Bureaucratic Management,

Developed by Max Weber, emphasised rational-legal authority, formal rules, and impersonal decision-making

Key characteristics

Formal rules and procedures

Clear authority hierarchy

Impersonal decision-making

Strengths

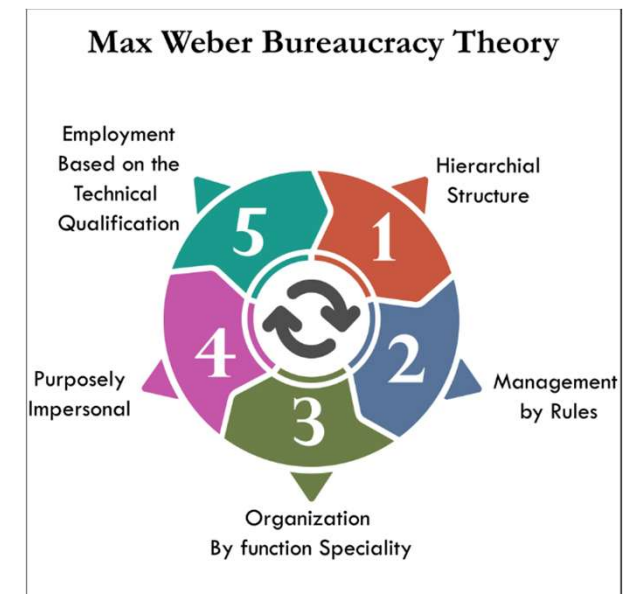
Consistency and fairness

Accountability

Limitations

Red tape and slow decision-making

Poor adaptability



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Human Relations Theories (1930s–1960s)



Behavioural Management Theories

Behavioural management theories emerged as a response to the limitations of classical approaches, particularly their failure to account for human motivation, emotions, and social relationships. These theories argue that productivity is closely linked to employee satisfaction and group dynamics.

- Human Relations Movement
- Maslow's Hierarchy of Need
- Herzberg's Two-Factor Theory

Human Relations Movement

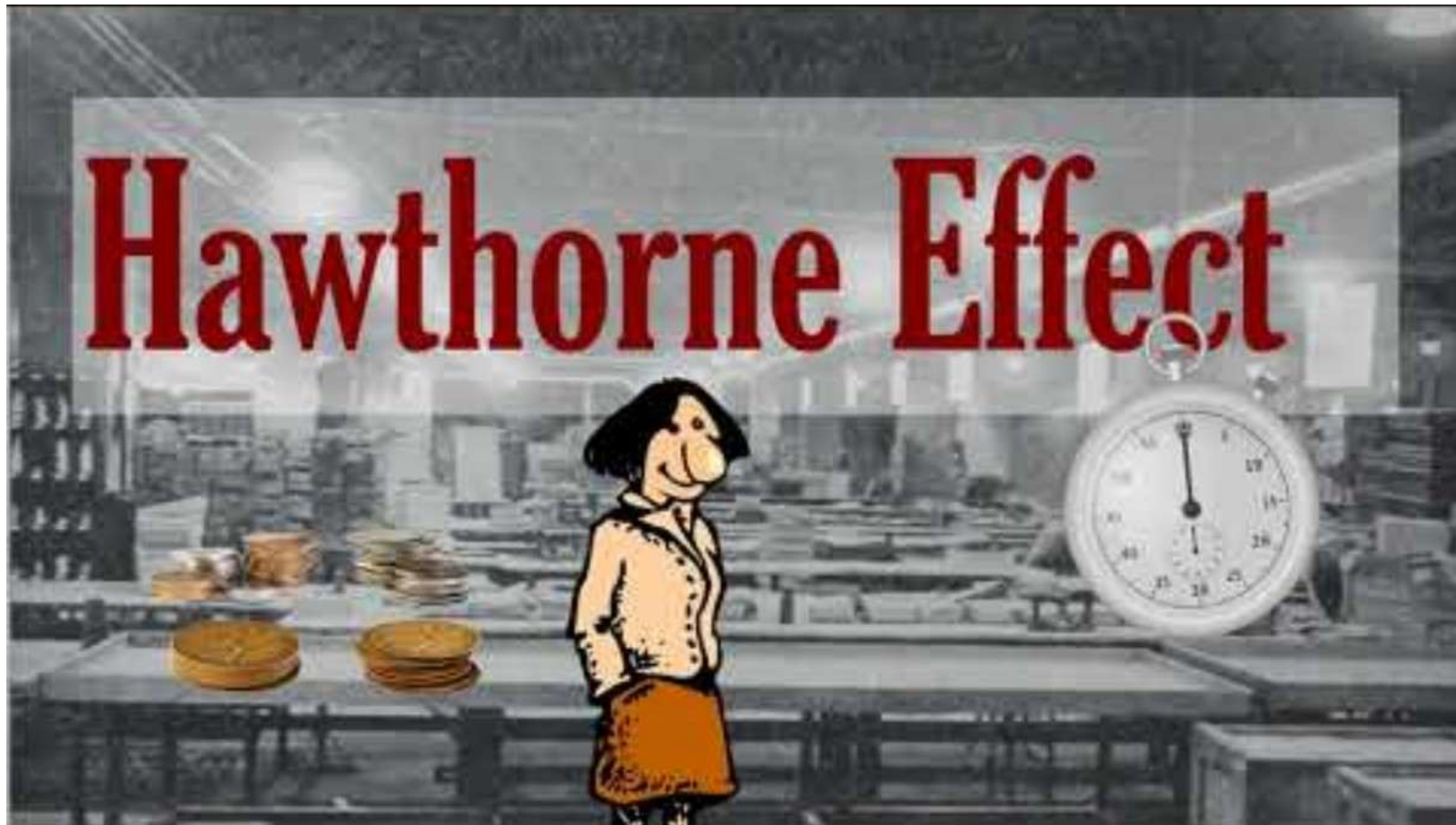
The Human Relations Movement is closely associated with the Hawthorne Studies conducted by Elton Mayo and colleagues.

These studies revealed that workers' productivity improved not due to physical conditions alone, but because employees felt observed, valued, and socially connected.

This finding challenged the economic assumptions of scientific management and highlighted the importance of informal groups, leadership style, and communication.

While the Hawthorne Studies have been criticised for methodological weaknesses, their legacy lies in legitimising the psychological study of work behaviour.

Human Relations Movement



Human Relations Movement

Key insights

- Social factors affect productivity
- Employee recognition matters
- Informal groups influence behaviour

Strengths

- Improved employee satisfaction
- Recognised emotional and social needs

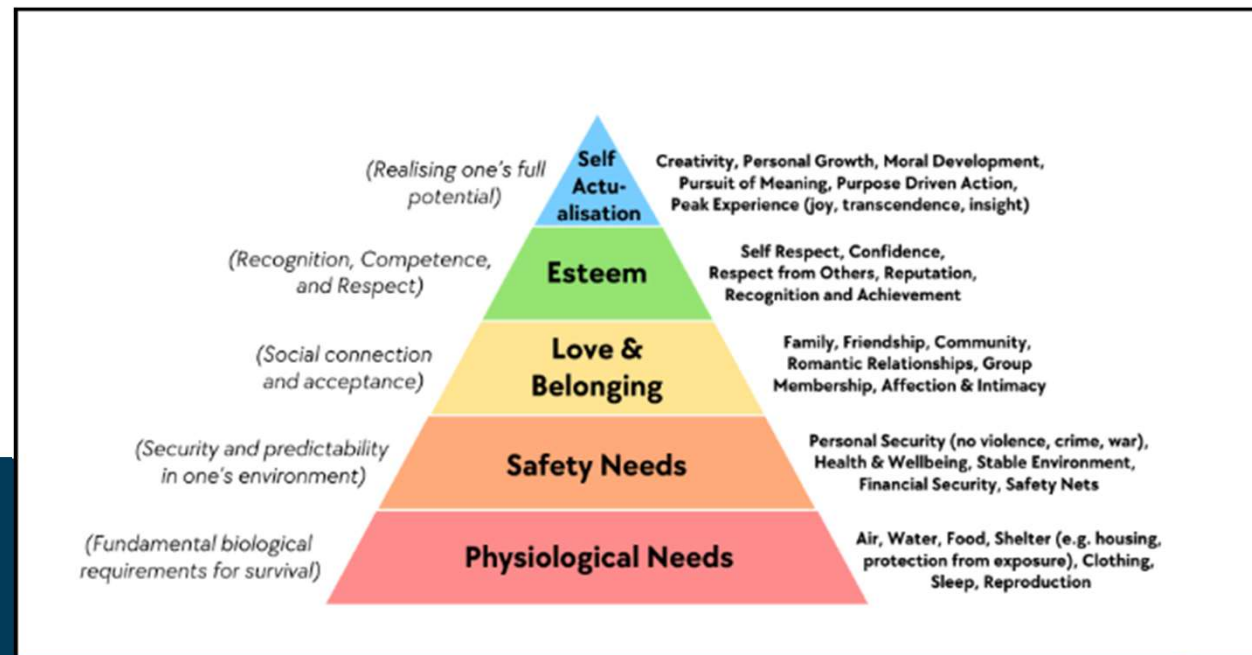
Limitations

- Can prioritise morale over productivity
- Lacks structural guidance



Motivation Theory – Maslow's Hierarchy of needs.

Motivation theories further developed behavioural insights. Maslow's Hierarchy of Needs proposes that individuals are motivated by a progression of needs, from basic physiological requirements to self-actualisation. In organisational contexts, this suggests managers must address more than pay to motivate employees. However, empirical research has failed to consistently validate the hierarchy, particularly across cultures.



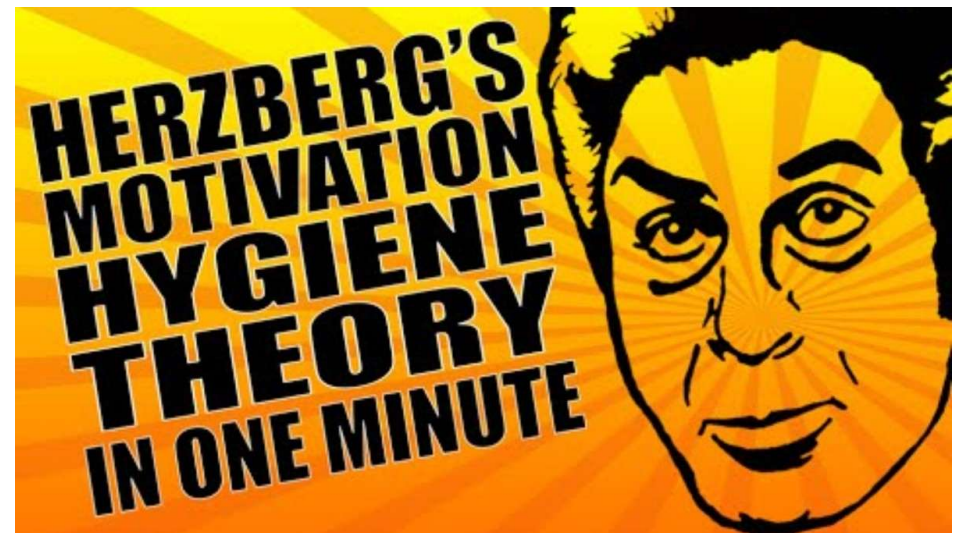
Motivation Theory – Hertzberg Two-Factor Theory

Herzberg's Two-Factor Theory

distinguishes between hygiene factors (e.g. pay, working conditions) and motivators (e.g. achievement, recognition).

Herzberg argued that true motivation arises from meaningful work rather than external rewards.

This theory has influenced job enrichment and employee engagement practices, though critics argue it oversimplifies motivation and relies heavily on self-reported data.



Motivation Theories

Maslow's Hierarchy of Needs

- Physiological → Safety → Social → Esteem → Self-actualisation

Herzberg's Two-Factor Theory

- **Hygiene factors** prevent dissatisfaction
- **Motivators** create satisfaction

Critique

- Overly generalised
- Cultural and individual differences ignored

Quantitative & Systems Approaches to Management



Quantitative (Management Science) Approach

The **Quantitative (Management Science) Approach** applies mathematical models, statistics, and optimisation techniques to managerial decision-making.

Originating during World War II through operations research, this approach seeks to improve efficiency in areas such as scheduling, logistics, inventory control, and resource allocation. Its strength lies in objectivity and precision, supporting evidence-based decision-making.

However, quantitative models often rely on simplifying assumptions that fail to capture human behaviour, ethical considerations, or organisational politics.

Quantitative (Management Science) Approach

Focus

- Mathematical models
- Data-driven decision-making
- Optimisation techniques

Strengths

- Precision and objectivity
- Strong for logistics and operations

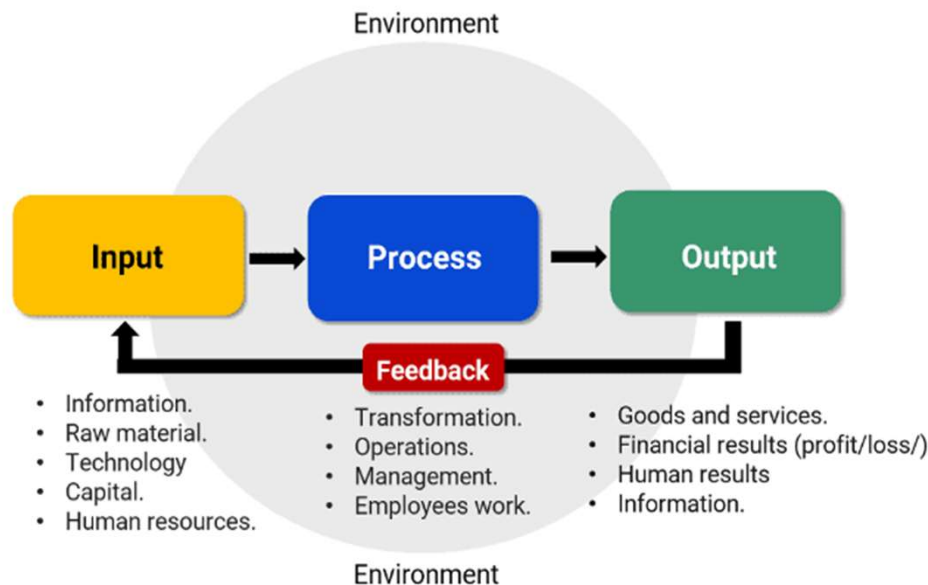
Limitations

- Reduces people to variables
- Less effective in ambiguous situations



Systems Theory

Model Of System Theory For Organization Management



Systems Theory conceptualises organisations as open systems that interact with their environment. Inputs (resources, information, labour) are transformed through organisational processes into outputs (goods, services, outcomes), with feedback loops enabling adaptation.

This perspective highlights interdependence between departments and the importance of environmental scanning. Systems theory encourages managers to avoid siloed thinking and recognise unintended consequences of decisions.

Systems Theory



Systems Theory of Management



- * Definition
- * Elements
- * Importance
- * Examples



Contingency & Contemporary Approaches



Contingency Theory

Management style depends on:

- Environment
- Technology
- Organisational size
- Workforce characteristics

Strengths

- Flexible and realistic
- Strong practical relevance

Limitations

- Can be vague
- Lacks universal guidance

Core idea

There is **no one best way** to manage.

Contemporary Approaches

Agile
management

Flexibility

Collaboration

Iterative
improvement

Lean
management

Waste
reduction

Continuous
improvement

Learning
organisation
theory

Knowledge
sharing

Innovation
culture



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Contemporary Approaches

Agile management

- Most used in particularly in knowledge-intensive and digital environments.

Lean management

- Most used in manufacturing

Learning organisation theory

- Most used in highly competitive industries

These approaches reflect the realities of globalisation, technological change, and hybrid work structures. However, they often require significant cultural change and leadership capability to implement successfully.

Management Theory in Practice

- Organisational examples:





Google operates in a highly dynamic, innovation-driven environment. The organisation is widely known for its flexible working practices, emphasis on creativity, and data-driven decision-making.

Google's management approach reflects a **hybrid model**, combining:

- Behavioural management
- Systems thinking



Behavioural Approach

Google emphasises employee motivation, autonomy, and wellbeing through:

- Flexible working
- Recognition and development
- Psychological safety

This aligns with Herzberg's motivators, particularly achievement and meaningful work. However, critics argue such practices may mask long working hours and performance pressure.



Systems Theory

Google functions as an open system:

1. Inputs: talent, data, capital
2. Processes: innovation, collaboration, experimentation
3. Outputs: digital products and services

Feedback loops (e.g. user data, analytics) inform continuous improvement.





ASDA operates in a cost-sensitive, highly competitive retail sector where efficiency, consistency, and scale are critical.

ASDA demonstrates the continued relevance of:

- Scientific management
- Systems and contingency approaches



Scientific Management

ASDA relies on standardised work processes:

- Shelf stacking targets
- Performance metrics
- Time-controlled logistics



These practices enhance efficiency but may reduce autonomy and job satisfaction.



Systems Theory

ASDA's supply chain is a complex system involving suppliers, distribution centres, stores, and customers. Disruption in one area affects the whole organisation.

Contingency Theory

Management style varies:

- Centralised decision-making in logistics
- More people-focused leadership at store level



This reflects adaptation to operational context.



Toyota is one of the world's largest automotive manufacturers, operating globally with production facilities across Asia, Europe, and North America.

Toyota is internationally recognised not only for product quality but for its distinctive management philosophy, commonly referred to as the Toyota Production System (TPS).

The Toyota Production System is rooted in two core principles:

1. Continuous Improvement (Kaizen)
2. Respect for People

These principles combine elements of scientific management, human relations theory, and systems thinking, illustrating a hybrid management approach.

Scientific Management (Modern Interpretation)



Toyota uses standardised work procedures, time management, and performance measurement. All features associated with Taylor's scientific management.

However, unlike classical approaches, Toyota encourages employees to challenge and improve these standards.

Toyota modernises scientific management by embedding worker participation, rather than enforcing top-down control.

Human Relations Management

Toyota's leadership approach is often described as:

- Participative
- Long-term oriented
- Development-focused



Managers are expected to:

- Spend time on the shop floor (*genchi genbutsu* – “go and see”)
- Develop employees' problem-solving skills
- Act as coaches rather than controllers

Toyota encourages employee participation through:

- Suggestion systems
- Team-based problem solving
- Continuous learning

Toyota promotes empowerment, but within clearly defined organisational boundaries.



Systems Theory

Toyota operates as a complex global system, integrating:

- Suppliers
- Manufacturing plants
- Logistics networks
- Customers



Systems thinking allows Toyota to:

- Anticipate disruptions
- Improve quality control
- Maintain consistency across regions



However, the 2010–2011 recall crisis revealed weaknesses in Toyota's global communication and feedback systems, illustrating that even highly sophisticated systems can fail.

Summary – Today we have....

- Introduced a range of management theories:
 - Classical
 - Human Relations
 - Systems
 - Contingency
- Explored real-life organizational examples:
 - Google
 - ASDA
 - Toyota

A range of articles and reading materials are available on Moodle for you to work with independently