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# OVERVIEW OF THE MANAGERIAL THOUGHTS AND THEORIES FROM THE HISTORY: CLASSICAL MANAGEMENT THEORY TO MODERN MANAGEMENT THEORY

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## ABSTRACT

Organizational Management is an important perspective to be investigated for growth of an organization and its shareholders. Historically, many theories have investigated organizational management and how it contributes to its players. . The current review on management theories discuss about the contemporary to neoclassical to modern theories illustrating the examples from all the periods and their relevant theories. Further, those research works by legends who have contributed to the management theories were discussed and their innovative ideas are highlighted in this paper.

**Keywords:** Organizational management, management theories, Neo-classical management theory, Modern Management theory.

**Introduction:**

Today's professionals should understand the importance of historical approaches in management in order to think and analyze the trends. The current scenarios can be handled easily if one understands the historical perspective of managing the environment. . If a person understands the business and management theories, it is obvious that they can do business in a defined and structured manner since their strategies will be very clear and conceptually correct. Management is a science that dates back to centuries. In order to meet the expectations set on a daily basis and satisfy the ongoing demands from the public, a 'guideline' is required in this critical time for a quality and increased productivity towards achieving success. This guideline is common and can be applied in both the governmental and non-governmental organizations where they differ in terms of motivation from the management. Throughout the history, many have contributed through their experiences and research to the management theories. The concept of management still grows by developing new strategies and continue to do so till the world rotates.

**Early thinking about Management:**

Management is one such concept that existed from 2900 BC in Egypt itself in managing the workplace to build Pyramids. Centuries after, management is considered as a field which shape or restructure the organizations through which the people's work can be made efficient and effective.

**Classification of managerial theories:**

Koontz (1961) classified the management theories under six different groups which are as follows.

- The management process school of thought
- The empirical school of thought
- The human behavioral school of thought
- The social systems school of thought
- The decision theory school of thought
- The mathematical school of thought

Though his classification was the preliminary and found to be accepted, many other classifications are also in place. One perfect example was the classification done by Evans in the year 1976 in which he classified managerial theories into eleven. But Hitt, Michael A, Middle Mist, R Dennis and Mathis, Robert L. (1979) classification is widely accepted still now that clearly deviates from earlier perspectives. Those three succinct groups in their classification is

- Classical management school of thought
- Neoclassical management school of thought
- Modern management school of thought

The above mentioned categories hold a similar group of managerial ideologies. These management theories, their inherent schools of thoughts, contributions to the field of management as well as their individual and inherent limitations are discussed in this review.

**Classical Theory:**

This theory was developed somewhere during the 19th and 20th centuries when the factory system of manufacturing appeared that posed many challenges for the management to manage production, people and the process though this was not encountered earlier. There is a rise in the problems in terms of organizing raw materials, tools, manufacturing units, employee selection and recruitment, training scheduling the operations and handling the non-satisfied employees. When the problems rose, managers found efficient solutions which resulted in three subfields that are termed as Administrative Principles, Bureaucratic organizations and scientific management.

**Scientific Management:**

During 1900-1920, the concept of scientific management raised quickly due to the profound industrial sector expansion and technological sector bloom. Frederick W. Taylor, Harton Emerson, Henry L. Gantt, and Frank and Lillian Gilbreth decoded the principles of management as the scientific management theory in which much

concentration was put on the methods that can improve the productivity, efficiency and effectiveness of workers along with their performance. To be precise, this theory concentrated much on the division of work, training of workers, and specialization in addition to tangible incentives.

### **Frederick W. Taylor contribution in Management theory:**

The four basic principles described by Frederick W. Taylor's philosophy are as follows.

1. Developing an original scientific management method to decode the best method for performing a task
2. Systematic recruitment of employees for executing a task who can be given responsibility for which he or she can best suit
3. Scientific education and development of the worker
4. A mutual friendly cooperation that exist between the management and the labor

In order to make this principles a success, it is obvious that the labor and the management needs a wholesome mental revolution. Both ends are expected to work together towards higher production rather than focusing on profits which would automatically results in higher profits that enables an amicable fight-less situation between the labor and the management. Taylor concluded that higher productivity remains the common interest for both management as well as the labor. Based on the production-line time studies, Taylor conducted his research on management systems.

He kept aside the traditional work methods and worked on the timed steel workers' movements on a series of jobs. By keeping the time study as base, Taylor segmented each job and its components so that a task can be performed within the best possible time without the loss of quality. Through this methodology, Taylor designed the framework on the number of employers for performing a task with equipment and materials in hand. Further, employers are advised to pay more for an employee who shows higher productivity using a scientifically correct rate which would benefit both the employee and the employer. The 'Differential rate system' was the terminology given by Taylor for the scenario in which the employees who show higher productivity and surpass the previous performance get paid higher than others.

### **Administrative Principles:**

Administrative principle focus on the productivity of the organization as a whole rather than its counterpart, scientific management which focused on the individual. Henri Fayol, Mary Parker Follet and Chester I. Bernard contributed to this approach.

### **Henri Fayol:**

Based on his contribution to the systematic approach of managerial behaviour, Henri Fayol (1841-1925) is called as the founder and father of the classical management school. He was the person who formally investigate the managerial behavior. He firmly had a belief that sound management practice can be segmented into certain identifiable and analyzable patters. Based on his earlier insights, a blueprint was developed by Fayol for a cohesive doctrine of managers which is still retained to this day.

Fayol and Taylor were similar in their scientific approach but when it comes to coverage, Fayol focused on the organization as a whole while Taylor focused only on the organizational functions. Fayol focused much on management since business operations were neglected most of the time in research, according to his view. In the contemporary world, "it was generally believed that leaders and managers are born, they are not made". But Fayol made it clear that management is a skill that can be taught by anyone to anyone based on the underlying principles. He formulated a total of 14 principles of management which are as follows.

1. Division of Work: The people who are specialized in a work can be more efficient, effective and work in an orderly manner
2. Authority: Managers should balance between the authority and the allocation of work. In short, Managers should have the authority with delegation
3. Discipline: Obey the instructions and orders given by the managers. Equality and respect between themselves i.e., Employees and workers
4. Unity of command: To avoid miscommunication towards performing the task, orders must raise from single person rather than multiple supervisors which create chaos

5. Unity of Direction: Organizational functions should be handled by a single manager whose plan is uni-directional. An organization with two managers who holds different directions towards performing a task leads to failure. For example, Two HR managers in a company with different recruitment policy
6. Subordination of Individual interest to the common good: On any occasion, an individual's interest and his/her goals should not take the superiority over the organizational goals and commitment
7. Remuneration: Equal compensation between the employees and employers and fair remuneration policy is to be followed
8. Centralization: The manager should hold the authoritative power due to which the efficiency and effectiveness of the company can be improved
9. The Hierarchy: Any communication must be from the top to bottom and follow the hierarchy and not the opposite, for the establishment or organization
10. Order: The employees and the materials required for the production should be in the right place, right time and rightly managed
11. Equity: Fair and equal treatment of all the employees at the workplace by the managers
12. Stability of the staff: Organization may be affected by high employee turnover. So employee turnover must be controlled
13. Initiative: Increase in the productivity and the performance can be achieved by the motivation from the managers and supervisors
14. Team spirit: Teamwork always increase the probability of the victory which in turn enable interaction among the employees due to which every individual's performance can be improved

### **Management Theories:**

#### **Neoclassical Management Theory:**

A more human-oriented approach in comparison to the contemporary traditional classical theory in which there is an over-emphasis on 'mechanical' and 'physiological' elements of management . Neoclassical management theory looks into the perspectives of representing the management essence than the traditional classical theory. When compared, there is no part for motivation in traditional classical theory which make statements without considering time assumptions underlying such statements. Neoclassical management theory is otherwise a human-oriented that emphasize on the needs of behaviour, attitudes, time needs and drives of individuals.

#### **Bureaucratic Management Branch:**

Max Weber formulated the theory of Bureaucratic management in which a set of structuring procedures and guidelines for managing organizations are developed. This theory believes in procedures, rules, and hierarchy and labor division within the organization. In general, bureaucratic organizations are cited with examples such as post offices in which the number of offices and employees are too high. The strength behind such bureaucratic organizations is its executable set of policies, rules and regulations and clearly defined hierarchy of authority.

A number of advantages are present in the bureaucracy such as consistent employee behaviour, no overlapping of job role or responsibility, and assured prediction of the system behaviour. These advantages make it clear that no employee is confused about his/her job role and their responsibility which directly improves the productivity. It possess the advantage of recruitment and promotion model developing expertise among the employees and assuring continuity in the organization. To explain in a different manner, the position is emphasized in bureaucracy than person who holds the position. The organization is independent of the person which continues to grow in spite of whether an individual stay or leave.

On the other side of advantages, Bureaucratic organizations possess disadvantages like red tapes and paper work that not only make the operations inefficient but also time consuming. Without personalization of employees who are to be treated only based on the rules and policies, they are unwilling to exercise individual judgment and avoid risks. The employees' individual creativity, growth, their personal development and even initiatives suffer considerably due to the preset process. The employees who are treated as inhuman are concerned less about the organization and exhibit indifference regarding the organization and job performance. Bureaucracy expects conformity in behavior rather than performance.

**Modern Management Theory:**

As the classical theory focuses on the rational economic view and the neoclassical theory focuses on the social person view, modern management theory is based on the complex employee view. Each organization is complex in its own way and consists of workers each with diverse needs, motives, aspirations and potential. Modern management theory is much focused towards the complex employee's view when compared to its counterparts such as classical theory that focus on rational economic view and neoclassical theory that focus on social person view. According to this theory, an organization consists of manpower with different perspectives, aspirations, potentials and needs. So it is crucial that they are approached through custom-made principles rather than common which not only makes them fed up, but also lose their potentials. But managerial strategies is important in such complex scenarios in an organization. This Modern management theory approaches this complexity of organizations and individuals. This theory firmly believes that no single managerial strategy can be applied to all people at all times. According to this theory, each employee has different views and many motives involved which varies between organizations. Further, they also gain new motives as they are exposed to experience. So there is a need for managers to apply different strategies at different times and for different persons. The two approaches in the Modern Management theory are Systems Approach and Contingency Approach which are as follows.

**Systems Approach:**

In systems approach, the management is viewed as a unified system, with a purpose that is composed of interrelated parts, rather than looking at individual segments. In this approach, managers have the opportunity to look at the whole organization and encase themselves within the part of a larger and external environment. This theory gives a bird's overview of the effects in various segments of an organization when one segment is affected.

When it comes to a manufacturing plant, production managers prefer to manufacture standardized products with long and uninterrupted production runs due to two benefits i.e., low cost and increased efficiency.

On the contrary, marketing managers prefer flexible manufacturing schedule for manufacturing custom special orders on short notice, in order to attract customers who prefer wide range of products that are quickly delivered. Those production managers who follow Systems approach take scheduling decisions after they get an overview about the effects of their decisions on an organizational perspective rather than the specific department perspective. The systems approach, in short, defines that a manager is not supposed to confine to their department output as in traditional methods, but the organization as a whole as a mesh. This can be achieved only when they have a constant communication with other departments, employees, representatives and even other organizations as well. To be precise, systems approach grasp the importance of business relationship webs and its efforts.

**Contingency Approach:**

Charles Kindleberger, economist answered his student's question at MIT as 'It depends.' When a question is engrossing. He further adds that an economist has to specify upon what it depends, and in what ways. In management too, 'It depends' seems to be an correct response at most instances as prediction may vary in accordance to the situations, actions and outcomes. So it is not surprising that a recent approach seeks to integrate the various schools of management thought by focusing on the interdependence of the many factors involved in the managerial situation. An approach developed by consultants, researchers and managers, the contingency approach or situational approach otherwise, towards the application of concepts of the major schools to real-life situations. At some times, when a highly effective solution may not work for other problem during which they pose the question and search for explanation. The contingency approach followers had a logical answer to all such questions in which some highly praised approaches failed to perform in other scenarios. They answer that due to difference in situations, results differ. In contingency approach, a manager is expected to find the appropriate technique that suits the situation under particular circumstances, and at particular time for the best achievement of management goals. Various approaches handled by different theories in employee motivation for increasing productivity is compared and contrasted in contingency approach. For example, a) A classical theorist may prescribe a new work-simplification scheme; b) A behavioral scientist create a climate that is psychologically motivating and he also recommends some approach like job enrichment--the combination of tasks that are different in scope and responsibility and allow the worker greater autonomy in making decisions. The contingency approach-based manager choose the best option and identifies which will work best here. They decide that during the times of unskilled and untrained available labor, work simplification would be the appropriate solution. However, in the

presence of skilled workers who are driven by pride in their abilities, managers prefer towards a job-enrichment program that will be more efficient. The modern management theory has a good turn through this contingency approach as it portrays each set of organizational relationships in its unique circumstances.

### Conclusion:

All theories beginning from the classical theories to Bureaucratic theories and systems approach theories complete each other. Management and managers should benefit from those theories, they need to learn and know how those theories can contribute in the development process. Sometimes to manage successfully we need to merge those theories and integrate them together.

There has been a tremendous growth in the management sector due to which the efficiency, productivity, individuality and the quality of the production section have increased to new heights. Now-a-days managers of organizations whether locally or globally can achieve success by understanding these management concepts and theories. Being classified as both art as well as science, management employs the science of planning, organizing, directing and monitoring while creates the people mindset towards work as an art.

A perfect blend of both art and science is expected by all the organizations which tend to grow enormously by implementing good management policies and continues to lead the competition. For an organization to be successful, a manager need to understand and apply the theories. Management is not a separate identity, but a group of people with innovative ideas and great thinkers who has a common guidance and inspiration for a business to be successful. Managers and businessmen both should find innovative and creative methods of managing people in order to achieve the business goals effectively and efficiently.

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