CHAPTER 2. MANAGEMENT THEORY: Essential Background for the Successful Manager

Chapter 2 highlights history of managerial thought (according to George Santayana, “Those who cannot remember the past are condemned to repeat it”).

Managerial theory is divided into two perspectives:
1) Historical
2) Contemporary.

Your textbook contains excellent highlights on the history of management. All you need to know about the managerial history is summarized in Figure 2.1 on p. 41. As you can see, there are seven historical eras in the field of Management. They are classified into three major periods, or viewpoints:

- Classical Viewpoint
  - Scientific Management
  - Administrative Management
- Behavioral Viewpoint
  - Early Behaviorists
  - Human relations Movement
  - Behavioral Science Approach
- Quantitative Viewpoint
  - Management Science
  - Operations Management

Again, if you know these eras, differences between them, each period’s major ideas and proponents (those whose input enriched the era the most), you should do fine on the exam. By the way, pay especial attention to the input of Frederick Taylor (who is often referred to as the father of management), Max Weber’s principle of bureaucracy, Hawthorne Studies, Maslow’s Hierarchy of Needs (see chapter 12 for more detail as well as Net MBA’s webpage and a link to the Abraham Maslow’s biography), and Theories X and Y.

The second part of the chapter covers the contemporary perspective in managerial theory (See Fig. 2.2, p. 50). It is also classified into three major viewpoints:

- Systems Viewpoint
- Contingency Viewpoint
- Quality-Management Viewpoint
  - Quality Control
  - Quality Assurance
  - TQM (Total Quality Management)

Learn the main philosophy behind the systems viewpoint with the definition of system, subsystems, and four parts of the system (p. 51).

The most comprehensive approach is the contingency viewpoint on p. 53.

The last part of the chapter deals with the quality-management viewpoint by covering the issue of quality (definition on p. 56). The quality movement in the United State began in the 1970s as a response to competition from Japanese companies. Japan was able to rebuild its economy, crushed during World War II, in part due to the impressive work of the “guru of management and quality,” Dr. Edwards Deming. You can learn more information about him at The W. Edwards Deming.
Deming’s Institute and through the Leadership Institute, Inc. webpage. Some of Deming’s most important contributions to management include the “85 – 15 rule” (see p. 57) and 14 points of management/quality (see the link above for Leadership Institute, Inc.)

The issue of quality and its management centers on Total Quality Management (p. 57) with its three bases: customer focus + continuous improvement + employee involvement. TQM reengineers a company involved, changes its thinking and incorporates quality into every part of the organization.

Although your textbook defines the concept of TQM, it does not include any discussion on a very important issue of empowerment, which is giving power to employees to make key decisions within their area of responsibility. The movement towards customer-centered origination has been inverting the traditional organizational pyramid to place customers at the top. Therefore, front-line employees are placed above supervisors or any other managers in the organizational bureaucracy (see the picture). The rationale behind empowerment is that those closest to customers (front-line employees) are fit the best to satisfy their needs and thus need to be granted authority to make decisions to achieve that satisfaction.

There are four levels of empowerment in the organization (from the lowest level of empowerment and minimal employee authority to the highest level of empowerment and the maximum employee authority): traditional mgmt → suggestion involvement → job level involvement → full empowerment. Most companies strive toward #3, the job level empowerment.

Current trends in management are underlined by an overall shift of the paradigm from traditional “boss” to managing a learning organization (it is defined on p. 58). Many American organizations are shifting from traditional, highly hierarchical entities to more decentralized, flexible, flatter organizational structures. In order to meet needs of the ever changing marketplace, today’s managers need to be flexible, accept chaos, and thrive in the constantly changing environment. The nature of today’s workforce is also changing. The diversity of race,
gender, age, sexual orientation, religious beliefs, educational and ethnic backgrounds impacts our managerial style. Corporate scandals and our society’s requests for higher corporate responsibilities change how managers make decisions in the 21st century.

Some of these crucial changes and challenges will be discussed in class to illustrate that a traditional, “fatherly,” bossy, autocratic manager gives up a way to a new breed of managers who can be better described as coaches, facilitators, consultants, entrepreneurs, and leaders.