

## CHAPTER 2

### THE EVOLUTION OF MANAGEMENT THINKING

#### CHAPTER OUTLINE

- Are You a New-Style or an Old-Style Manager?*
- I. The Historical Struggle
    - A. The Things of Production vs. the Humanity of Production
    - B. Is Social Business the Answer?
  - II. Classical Perspective
    - A. Scientific Management
    - B. Bureaucratic Organizations
    - C. Administrative Principles
  - III. Humanistic Perspective
    - A. Early Advocates
    - B. Human Relations Movement
    - C. Human Resources Perspective
    - New Manager Self-Test: Evolution of Style*
    - D. Behavioral Sciences Approach
  - IV. Management Science
  - V. Recent Historical Trends
    - A. Systems Thinking
    - B. Contingency View
  - VI. Innovative Management Thinking Into the Future
    - A. Contemporary Management Tools
    - B. Managing the Technology-Driven Workplace

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#### ANNOTATED LEARNING OBJECTIVES

After studying this chapter, students should be able to:

1. *Summarize how historical forces influence the practice of management.*

The practice of management has changed in response to historical conditions. The three major historical forces shaping management are social, political, and economic.

2. *Explain how social business is bridging the historical struggle between managing the “things of production” and the “humanity of production.”*

There has long been a struggle within management to balance “the things of production” and “the humanity of production.” The scientific numbers-driven push for greater productivity and profitability and the call for more humanistic, people-oriented management have caused a dilemma.. Social business which refers to using social media technologies for interacting with and

facilitating communication and collaboration among employees, customers, and other stakeholders, is one current answer to the historical struggle.

3. *Describe the major components of the classical and humanistic management perspectives.*

The thrust of the classical perspective was to make organizations efficient operating machines. This perspective contains the following subfields, each with a slightly different emphasis:

- a. Scientific management emphasizes that decisions based on rules of thumb and tradition be replaced with precise procedures developed after careful study of individual situations as the solution to improve efficiency and labor productivity.
- b. Bureaucratic organizations emphasizes management on an impersonal, rational basis through elements such as clearly defined authority and responsibility, record keeping, and separation of management and ownership.
- c. Administrative principles focus on the productivity of the total organization rather than the productivity of the individual worker.

The humanistic perspective emphasizes the importance of understanding human behaviors, needs, and attitudes in the workplace, as well as social interactions and group processes. Major components include the:

- a. Human relations movement, which recognized and directly responded to social pressures for enlightened treatment of employees, and the notion that human relations was the best approach for increasing productivity – a belief that persists today.
- b. Human resources perspective, which maintained an interest in worker participation and considerate leadership but shifted the emphasis to consider the daily tasks that people perform, combining prescriptions for design of job tasks with theories of motivation.
- c. Behavioral sciences approach, which develops theories of human behavior based on scientific methods and draws from sociology, psychology, anthropology, economic and other disciplines to develop theories about human behavior and interaction in an organizational setting.

4. *Discuss the management science approach and its current use in organizations.*

Management science, also called the *quantitative perspective*, uses mathematics, statistical techniques, and computer technology to facilitate management decision making for complex problems. The Walt Disney Company uses management science to solve the problem of long lines for popular rides at its theme parks. The three subsets of management science are:

- a. *Operations research*, which consists of mathematical model building and other applications of quantitative techniques to managerial problems.
- b. *Operations management*, which refers to the field of management that specializes in the physical production of goods and services.
- c. *Information Technology (IT)*, which is reflected in management information systems, provides relevant information to managers in a timely and cost-efficient manner.

5. *Explain the major concepts of systems thinking and, the contingency view*

Systems thinking is the ability to see both the distinct elements of a system or situation and the complex and changing interaction among those elements. A system is a set of interrelated parts that function as a whole to achieve a common purpose. Subsystems are parts of a system that depend on one another for their functioning. The organization must be managed as a coordinated whole. An important element of systems thinking is to discern circles of causality.

The contingency view is an extension of the humanistic perspective in which the successful resolution of organizational problems is thought to depend on managers' identification of key variations in the situation at hand. Certain contingencies, or variables, exist for helping management identify and understand situations. The contingency view tells us that what works in one setting might not work in another. Management's job is to search for important contingencies. When managers learn to identify important patterns and characteristics of their organizations, they can then fit solutions to those characteristics. Important contingencies that managers must understand include the industry, technology, the environment, and international cultures.

*6. Provide examples of contemporary management tools and explain why these trends change over time.*

Contemporary management tools include such things as benchmarking, strategic planning, customer segmentation, mission and vision statements, customer relationship management, supply chain management, outsourcing, total quality management, Lean Six Sigma, strategic alliances, and collaborative innovation, and online communities among others. Management trends change over time primarily as a result of changes in economic conditions, but also due to culture shifts, changes in customer needs, and the demands of the environment.

*7. Describe the management changes brought about by a technology-driven workplace, including the role of big data analytics and supply chain management*

Companies are using technology to keep in touch with customers and collaborate with other organizations on an unprecedented scale. Social media programs include company online community pages, social media sites, microblogging platforms, and company online forums. One frequent, and controversial, use of social media has been to look into the backgrounds and activities of job candidates. Other uses of social media include generating awareness about the company's products and services, sharing ideas and seeking feedback from customers and partners, strengthening relationships among employees, and selling products.

The newest business technology is big data analysis, which refers to technologies, skills, and processes for searching and examining massive, complex sets of data that traditional data processing applications cannot handle to uncover hidden patterns and correlations. Supply chain management refers to managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to consumers. Many organizations manage the supply chain with sophisticated electronic technology.

*8. Explain how organizations are implementing the ideas of bossless workplaces and employee engagement to facilitate a people-driven workplace.*

## LECTURE OUTLINE

### *ARE YOU A NEW-STYLE OR AN OLD-STYLE MANAGER?*

Management philosophies and styles change over time to meet new needs. This exercise helps students determine their primary management styles as either Theory X (old style) or Theory Y (new style).

#### I. THE HISTORICAL STRUGGLE

Exhibit 2.1

An historical perspective on management provides a context or environment in which to interpret current opportunities and problems. Studying management history is a way to achieve strategic thinking, see the big picture, and improve conceptual skills. The first step is to explain the social, political, and economic forces that have influenced organizations and the practice of management.

**Social forces** refer to those aspects of a culture that guide and influence relationships among people. What do people value? What do people need? What are the standards of behavior among people? These forces shape the *social contract*, the unwritten, common rules and perceptions about relationships among people and between employees and management. A significant social force today is the changing attitudes, ideas, and values of Generation Y employees—young, educated, technologically adept, and globally conscious. There is a growing focus on work/life balance, reflected in telecommuting and other alternative work arrangements.

**Political forces** refer to the influence of political and legal institutions on people and organizations. One significant political force is the increased role of government in business. Political forces include basic assumptions underlying the political system such as the desirability of self-government, property rights, contract rights, and justice. People are demanding empowerment, participation, and responsibility in all areas of their lives. On a global scale, growing anti-American sentiments in many parts of the world create challenges for United States companies and managers.

**Economic forces** pertain to the availability, production, and distribution of resources in a society. Companies in every industry have been affected by the recent financial crisis. Reduced consumer spending and tighter access to credit have curtailed growth and left companies scrambling to meet goals with limited resources. Another economic trend that affects managers worldwide is the growing economic power of countries such as China, India, and Brazil.

Management practices and perspectives vary in response to these social, political, and economic forces in the larger society.

#### A. The Things of Production vs. the Humanity of Production

1. One observation from looking at the timeline in Exhibit 2.1 is that there has long been a struggle within management to balance “the things of production” and “the humanity of production.”
2. A dilemma—the scientific numbers-driven push for greater productivity and profitability and the call for more humanistic, people-oriented management—has continued to the present day.

#### B. Is Social Business the Answer?

1. **Social business**, which refers to using social media technologies for interacting with and facilitating communication and collaboration among employees, customers, and other stakeholders, is one current answer to the historical struggle.
2. **Social media programs** include company online community pages, wikis for virtual collaboration, social media sites such as Facebook or LinkedIn, video channels such as YouTube, microblogging platforms such as Twitter, and company online forums.

Discussion Question #4: *A management professor once said that for successful management, studying the present was most important, studying the past was next, and studying the future should come last. Do you agree? Why?*

Discussion Question #10: *Can a manager be effective and successful today without using social media? What do you see as the most important ways for managers to use this technology?*

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## II. CLASSICAL PERSPECTIVE

The **classical perspective** emerged during the nineteenth and twentieth centuries, and emphasized a rational, scientific approach to the study of management. The factory system of the 1800s faced challenges that earlier organizations had not encountered. Problems arose in tooling plants, organizing managerial structure, training non-English speaking employees, scheduling complex manufacturing operations, and resolving strikes. These new problems and the development of large complex organizations demanded a new perspective on coordination and control. The classical perspective contains three subfields, each with a slightly different emphasis—scientific management, bureaucratic organizations, and administrative principles.

#### A. Scientific Management

Exhibit 2.2

1. Frederick W. Taylor (1856-1915) developed **scientific management**, a subfield of the classical perspective, that emphasizes scientific changes in management to improve labor productivity. However, because scientific management ignored the social context and workers’ needs, it led to increased conflict and clashes between management and employees.

- a. Taylor suggested that decisions based on rules of thumb and tradition should be replaced with precise work procedures developed after careful study of individual situations. In 1898, Taylor used the unloading of iron from rail cars and reloading finished steel to calculate the correct movements, and tools needed to increase productivity. Taylor worked out an incentive system that paid each man \$1.85 a day instead of \$1.15. and productivity shot up overnight.
2. Although Taylor is known as the *father of scientific management*, Henri Gantt, an associate of Taylor's, developed the *Gantt Chart*—a bar graph than measures planned and completed work along each stage of production by time elapsed.
3. Frank B. and Lillian M. Gilbreth pioneered *time and motion study*, which stressed efficiency and the best way to do work. Although Gilbreth is known for work with bricklayers, his work had great impact on medical surgery by drastically reducing the time that patients spent on the operating table. Lillian M. Gilbreth (1878-1972) was more interested in the human aspect of work, and pioneered in the field of industrial psychology and made substantial contributions to human resource management.
4. Scientific management that began with Taylor dramatically increased productivity across all industries, and they are still important today. To use this approach, managers should develop standard methods for doing each job, select workers with appropriate abilities, train workers in the standard methods, support workers and eliminate interruptions, and provide wage incentives. However, because scientific management ignores the social context and worker's needs, it can lead to increased conflict and clashes between managers and employees.

## B. Bureaucratic Organizations

Exhibit 2.3

1. The **bureaucratic organizations** approach is a subfield within the classical perspective that looked at the organization as a whole. Max Weber (1864-1920) introduced management on an impersonal, rational basis through clearly defined authority and responsibility, formal recordkeeping, and separation of management and ownership.
  - a. Weber's idea of organization was the *bureaucracy*: a system that incorporated division of labor, hierarchy, rules and procedures, written decisions, promotion based on technical qualifications, and separation of ownership and management. In a bureaucracy, managers do not depend on personality for successfully giving orders, but rather on the legal power invested in their managerial positions.
2. The term bureaucracy has taken a negative meaning in today's organizations and is associated with endless rules and red tape; however, ideally everyone gets equal treatment, and everyone knows what the rules are. For example, UPS has been successful because of its bureaucracy of rules and regulations, a well-defined division of labor, and technical qualifications as a primary hiring criterion.

### C. Administrative Principles

1. The **administrative principles** approach focused on the total organization rather than the individual worker. Henri Fayol (1841-1925) identified 14 principles of that include the following four.
  - a. *Unity of Command*. Each employee should have only one boss.
  - b. *Division of Work*. Specialized employees produce more with the same effort.
  - c. *Unity of Direction*. Similar activities should be grouped under one manager.
  - d. *Scalar Chain*. A chain of authority extends from the top of an organization .

Fayol felt that these principles could be applied in any organizational setting. He also identified five basic functions or elements of *management: planning, organizing, commanding, coordinating, and controlling*.

## III. HUMANISTIC PERSPECTIVE

**The humanistic perspective** on management emphasizes the importance of understanding human behaviors, needs and attitudes in the workplace, and social interactions and group processes. Subfields within the humanistic perspective include the human relations movement, the human resources perspective, and the behavioral sciences approach.

### A. Early Advocates

1. Mary Parker Follett (1868-1933) stressed the importance of people rather than engineering techniques and addressed ethics, power, and *empowerment*. Her concepts included facilitating rather than controlling employees, and allowing employees to act according to the situation.
2. Chester I. Barnard (1886-1961) contributed the concept of the *informal organization*, which occurs in all formal organizations and includes cliques and social groupings. Barnard argued that organizations were not machines and that informal relationships are powerful forces that can help the organization if properly managed. Barnard also contributed the *acceptance theory of authority*—the notion that employees have free will and can choose whether to follow management orders. Acceptance of authority can be critical to success in important situations.

**Discussion Question #3:** *Can you think of potential drawbacks to retailers using labor-waste elimination systems based on scientific management principles, as described in the text? Despite their being about 100 years old, do you believe scientific management characteristics will ever cease to be a part of organizational life? Discuss.*

Discussion Question #6: *Why do you think Mary Parker Follet's ideas tended to be popular with business people of her day, but were ignored by management scholars? Why are her ideas appreciated more today?*

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### B. Human Relations Movement

1. The **human relations movement** was based on the idea that truly effective control comes from within the individual worker rather than from strict, authoritarian control. This school of thought recognized and directly responded to social pressures for enlightened treatment of employees. The human relations movement emphasized satisfaction of employees' basic needs as the key to increased worker productivity.
2. The **Hawthorne studies** were a series of experiments on worker productivity at the Hawthorne plant of Western Electric Company, Chicago. The tests were originally designed to investigate the effects of illumination on output; however, many of the tests pointed to the importance of factors *other* than illumination in affecting productivity. The Hawthorne studies were important in shaping ideas concerning how managers should treat workers.
3. Early interpretations agreed that human relations, not money, caused increased output. Workers performed better when managers treated them positively. New data showed that money mattered, but productivity increased because of increased feelings of importance and group pride employees felt when they were selected for the project.
4. One unintended contribution of the experiments was a rethinking of field research practices. Researchers realized that the researcher could influence the outcome of an experiment by being too involved with research subjects—a phenomenon now known as the *Hawthorne effect*.

Discussion Question #8: *Why can an event such as the Hawthorne studies be a major turning point in the history of management, even if the results of the studies are later shown to be in error? Discuss.*

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### C. Human Resources Perspective

Exhibit 2.4

1. The **human resources perspective** suggests jobs should be designed to meet higher-level needs by allowing workers to use their full potential. This perspective combines prescriptions for design of job tasks with theories of motivation.

2. Abraham Maslow (1906-1970), a psychologist, suggested a hierarchy of needs because he observed that problems usually stemmed from an inability to satisfy needs. This hierarchy started with physiological needs and progressed to safety, belongingness, esteem, and self-actualization needs.
3. Douglas McGregor (1906-1964) formulated his Theory X and Theory Y about workers, believing that the classical perspective was based on Theory X, a set of assumptions about workers that suggest workers:
  - a. dislike work and prefer to be directed;
  - b. must be coerced to work;
  - c. want to avoid responsibility and have little ambition; and
  - d. want security above everything.
4. Theory Y was proposed as a more realistic view of workers, consisting of assumptions that:
  - a. they do not inherently dislike work;
  - b. they will achieve objectives to which they are committed;
  - c. they will accept and seek responsibility;
  - d. they have intellect that could be applied to organizational goals; and
  - e. the intellectual potential of the average worker is only partially used.

#### *NEW MANAGER SELF-TEST: EVOLUTION OF STYLE*

New managers view their world through one or more mental frames of reference. (1) The *structural frame* of reference sees the organization as a machine. (2) The *human resource frame* sees the organization as people. Many new managers evolve through and master each of the frames as they become more skilled and experienced.

#### D. Behavioral Sciences Approach

1. The **behavioral sciences approach** applies social science in organizational context, drawing from economics, psychology, sociology, and other disciplines. For example, when Zappos.com conducts research to determine the best set of tests, interviews, and employee profiles to use when selecting new employees, it is using behavioral science techniques.

2. One set of management techniques based in the behavioral sciences approach is *organization development* (OD). The techniques and concepts of organization development have been broadened and expanded to cope with the increasing complexity of organizations.
3. Other concepts that grew out of the behavioral sciences approach include matrix organizations, self-managed teams, ideas about corporate culture, and management by wandering around. In recent years, behavioral sciences and OD techniques have been applied to help managers build learning organizations.

Discussion Question #5: *As organizations become more technology-driven, which do you think will become more important—the management of the human element of the organization or the management of technology? Discuss.*

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#### IV. MANAGEMENT SCIENCE

The **management science**, also known as *quantitative perspective* emerged after World War II. It applied math, statistics, and other quantitative techniques to managerial problems.

*Operations research* consists of mathematical model building and other applications of **quantitative techniques** to managerial problems.

*Operations management* refers to the field of management that specializes in the physical production of goods and services using management science to solve manufacturing problems. Some of the more commonly used methods are forecasting, inventory modeling, linear and nonlinear programming, queuing theory, scheduling, simulation, and break-even analysis.

*Information Technology* (IT) is the most recent subfield of management science, often reflected in management information systems. IT has evolved to include intranets and extranets, and software programs that help managers estimate costs, plan and track production, manage projects, and allocate resources, or schedule employees. Most organizations have departments of IT specialists to help them apply quantitative techniques to complex organizational problems.

Discussion Question #2: *Big data analytics programs (analyzing massive data sets to make decisions) use gigantic computing power to quantify trends that would be beyond the grasp of human observers. As this use of this quantitative analysis increases, do you think it may decrease the “humanity of production” in organizations? Why?*

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## V. RECENT HISTORICAL TRENDS

Elements of each of the three previously discussed management perspectives are still in use today. The most prevalent of these is the human resources perspective. Major contemporary extensions of the human resource perspective include systems thinking, the contingency view, and total quality management.

### A. Systems Thinking

Exhibit 2.5

1. **Systems thinking** is the ability to see the distinct elements of a system or situation and the complex and changing interaction among those elements. A **system** is a set of interrelated parts that function as a whole to achieve a common purpose.
  - a. **Subsystems** are parts of a system that depend on one another to function. Changes in one part of the system (the organization) affect other parts. **Synergy** means that the whole is greater than the sum of its parts. Individuals, groups, and organizations can accomplish more working together than working alone.
2. It is the relationship among the parts that form a whole system that matters. Systems thinking enables managers to look for patterns of movement over time and focus on the qualities or rhythm, flow, direction, shape, and networks of relationships that accomplish the performance of the whole.
3. An important element of systems thinking is to discern circles of causality. Understanding the circles of causality enables leaders to allocate resources.

### B. Contingency View

Exhibit 2.6

1. The classical management perspective assumed a *universalist* view; concepts that would work in one organization would work in another. In business education, an alternative view exists, known as the *case* view, in which each situation is believed to be unique and there are no universal principles. One learns about management by experiencing a large number of case problem situations.
2. The **contingency view** states that the successful resolution of organizational problems depends on a manager's identification of key variations in the situation. Management's job is to search for important contingencies in their industries, technologies, environments, and international cultures. When managers learn to identify important patterns and characteristics of their organizations, they can fit solutions to those characteristics.

Discussion Question #7: Explain the basic idea underlying the contingency view. How would you go about identifying the key contingencies facing an organization?

Discussion Question #9: *How would you apply systemic thinking to a problem such as poor performance in your current academic studies? To a problem with a romantic partner or family member? Try to identify all the elements and their interdependencies.*

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## VI. INNOVATIVE MANAGEMENT THINKING INTO THE FUTURE

### A. Contemporary Management Tools

1. Managers tend to look for fresh ideas to help them cope during difficult times. Recent challenges have left today's executives searching for any management tool that can help them get the most out of limited resources.
  - a. In the 2013 Bain survey, the majority of executives said that they are concerned about the slow economic recovery so they are looking for new and creative approaches that can help them both cut costs and have more money to invest in innovation for the future.
  - b. Other top concerns of managers as revealed in the survey include rising health care costs, decreasing customer loyalty, the growing potential for cyber attacks against organizations, and the demands of younger employees for changes in workplace cultures and practices

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### B. Managing the Technology-Driven Workplace

1. Many of today's popular techniques are related to the transition to a technology-driven workplace. Two popular contemporary tools are big data analytics and supply chain management
    - a. **Big data analytics**, which refers to technologies, skills, and processes for searching and examining massive, complex sets of data that traditional data processing applications cannot handle to uncover hidden patterns and correlations
- Exhibit 2.7
- b. **Supply chain management** refers to managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to consumers. A supply chain is a network of multiple businesses and individuals that are connected through the flow of products or services.

### C. Managing the People-Driven Workplace

Organizations are undergoing tremendous changes. Some are related to new technology, whereas others are brought about because of shifting needs of people. Two responses to these issues are the bossless workplace and a renewed emphasis on employee engagement.

#### 1. The Bossless Workplace

- a. A **bossless** work environment has become a real trend in recent years. How and where work gets done has shifted because many people work from home or other locations outside a regular office.

#### 2. Employee Engagement

- a. Employee **engagement** means that people are emotionally involved in their jobs and are satisfied with their work conditions, contribute enthusiastically to meeting team and organizational goals, and feel a sense of belonging and commitment to the organization and its mission.

Discussion Question #1: *How would you feel about working in a bossless organization? What might be your role as a “manager” in such an environment? Do you think this is a trend that will continue to grow or fade away? Why?*

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### Suggested Answers to End-Of-Chapter Discussion Questions

1. *How would you feel about working in a bossless organization? What might be your role as a “manager” in such an environment? Do you think this is a trend that will continue to grow or fade away? Why?*

Students can share their thoughts on and experiences in working in a bossless organization. When everyone has access to the information they need and the training to make good decisions, having layers of managers just eats up costs and slows down response time. Many bossless companies operate in technology-related industries, but diverse companies from aviation manufacturing to supermarkets have succeeded for years with bossless structures.

2. *Big data analytics programs (analyzing massive data sets to make decisions) use gigantic computing power to quantify trends that would be beyond the grasp of human observers. As*

*this use of this quantitative analysis increases, do you think it may decrease the “humanity of production” in organizations? Why?*

This question can provide for a lively debate among students. Big data analytics uncovers hidden patterns and correlations. For example the professional networking site LinkedIn will plumb the depths of its huge data mines and provide a list of perfect candidates for a company’s job openings. Predictions get better every time an individual responds to or ignores a recommendation. Big data analytics can be thought of as a direct descendant of Frederick Winslow Taylor’s scientific management and the most recent iteration of the quantitative approach to management. Since big data is used in organizations for activities involving individuals, students may argue that it will not decrease the “humanity of production” in organizations.

3. *Can you think of potential drawbacks to retailers using labor waste elimination systems based on scientific management principles, as described in the text? Despite their being about 100 years old, do you believe scientific management characteristics will ever cease to be a part of organizational life since they are now about 100 years old? Discuss.*

Labor waste elimination systems ignore social context and workers’ needs, and can lead to increased conflict between managers and employees. Workers often feel exploited by such systems, in direct contrast to the harmony and cooperation envisioned by Taylor and his followers.

The ideas of scientific management increased productivity across all industries and are still important today. The idea of engineering work for greater productivity has enjoyed a renaissance in the retail industry. The ideas of creating systems for maximum efficiency and organizing work for maximum productivity are deeply embedded in our organizations. The characteristics of scientific management and bureaucracy will continue to be a part of organizational life, as they have enabled organizations to become extremely efficient.

4. *A management professor once said that for successful management, studying the present was most important, studying the past was next, and studying the future should come last. Do you agree? Why?*

The management professor was arguing the opposite of what most managers and management professors believe is the greatest concern, namely the future. The professor’s line of reasoning might go something like this: it is easier to predict the future and prepare for it when the environment is fairly stable, when changes occur in measurable, incremental amounts, and when you understand how changes have affected organizations in the past.

In a world of great uncertainty and turbulence, the future is hard to predict and impossible to control. Estimates that go beyond one year are often wrong. A better idea in this case is to concentrate first on the present. If a company can do really well at this moment in meeting customers’ needs, for example, and can continue doing so, the future will take care of itself. Being able to adapt to changing environmental needs as they occur reduces the need to predict and control the future. Moreover, studying the past provides the best information for how to

manage the present. The mistakes and successes of the past indicate lessons about how to organize and manage present relationships with customers or employees.

Given the above, focusing attention on doing the right thing in the present, followed by understanding the past, are the two most important sources of knowledge for success, especially in a turbulent environment. The emphasis on studying the future to the exclusion of the past and present often is misplaced

5. *As organizations become more technology-driven, which do you think will become more important—the management of the human element of the organization or the management of technology? Discuss.*

Organizations will always need people to manage the technology. Managing the human element of the organization to make the best use of technology will be critical to increased productivity and performance.

6. *Why do you think Mary Parker Follet's ideas tended to be popular with business people of her day, but were ignored by management scholars? Why are her ideas appreciated more today?*

Mary Parker Follet's ideas were probably popular with business people of her day because they recognized that they could reduce conflict and improve productivity by involving employees to a greater extent and showing concern for their needs. Management scholars at that time were still focused on work efficiency studies and had not yet begun to understand the importance of social factors and human relations in the workplace. That would not come until later, as a result of the Hawthorne studies.

Follet's ideas are appreciated today because her work provides insights that can help managers deal with the rapid changes in today's global environment. In addition, she emphasized issues such as ethics and power, issues that have become very important in recent years with the collapse of Enron and other corporate scandals.

7. *Explain the basic idea underlying the contingency view. How would you go about identifying the key contingencies facing an organization?*

The contingency view is an extension of the humanistic perspective in which the successful resolution of organizational problems is thought to depend on managers' identification of key variations in the situation at hand. Managers are encouraged to look for contingencies such as the nature of the environment, the size of the organization, the nature of the production technology, or corporate cultures, and to interpret problems based on these contingencies. Thus, the organization structure, motivation system, reward system, control system, and management style will be correct if they fit these contingencies. If other organizations have similar contingencies, then the structure and systems may be the same, but for organizations that have dramatically different contingencies, the organization structure, systems, and management style will be different. The point is to tailor organizational characteristics and problem solving to important contingencies.

8. *Why can an event such as the Hawthorne studies be a major turning point in the history of management even if the idea is later shown to be in error? Discuss.*

One point that could be made is that social science is not perfect. Another is that the findings from the Hawthorne studies had legitimacy because Harvard professors conducted them. Moreover, if findings meet a need for society—that is, if they seem like a good idea—they can be rapidly adopted and believed. In this case, the idea that treating people well will make more productive employees was important because employees had been treated as if they were machinery for many years. Interestingly, although the scientific studies did not necessarily prove the accuracy of the idea, it may still be valid. The idea was widely adopted, and many organizations came to believe that productivity was associated with employee treatment. Even the most recent thinking, as reflected in the Japanese management and achieving excellence perspectives, supports good treatment of employees as a way to assure a productive organization. Thus, the idea may have been correct and fit the needs of the time, and those things were more important than the scientific basis for the findings.

9. *How would you apply systems thinking to a problem such as poor performance in your current academic studies? To a problem with a romantic partner or family member? Try to identify all the elements and their interdependencies.*

Applying systems thinking to the problem of poor performance in academic studies might involve an analysis of one's learning styles, study habits, time management practices, and activities that detract from studies, as well as the ways in which each of those things affects the others. For example, if one is a visual learner but studies by reading and spends too much time in recreational activities, that person is unlikely to perform well in academic studies.

Applying systems thinking about problems with romantic partners or family members would involve considering the individual aspects of those relationships as well as how those factors interact with each other to impact the relationship itself.

10. *Can a manager be effective and successful today without using social media? What do you see as the most important ways for managers to use this technology?*

A manager cannot be effective and successful today with using social media. Social media technology can improve efficiency, increase productivity, and facilitate faster and smoother operations by improving communication and collaboration within and across firms. Social media can also improve the human aspect of organizations by facilitating communication, collaboration, and knowledge sharing to tap into employee capabilities and create a competitive advantage. In addition, social media technology is being used by managers to build trusting relationships with employees and customers

## **Apply Your Skills: Experiential Exercise**

### **Security or Autonomy**

A large, bureaucratic organization provides security, benefits, and certainty compared to smaller or entrepreneurial firms where freedom and autonomy are greater. This exercise helps students determine whether their styles and wishes would be compatible with a large, formal company.

## Apply Your Skills: Small Group Breakout

### Turning Points on the Road to Management

Students conduct interviews with managers, asking about turning points in their lives that led them to become managers. The goal is for students to learn the specifics about how each turning point led to the person's current position in life. Then, students consider turning points in their own lives. Finally, they look for patterns and themes in turning points, as well as lessons to be learned from their analyses.

## Apply Your Skills: Ethical Dilemma

### The New Test

1. *Ignore the test. Sheryl has proved herself via work experience and deserves the job.*

Option 1 is likely to cause hard feelings in the department. In addition, Option 1 places Maxine in direct opposition to the Civil Service Board. Maxine is however wise to consider that test scores may not be the best indicator of who can do the job.

2. *Give the job to the candidate with the highest score. You don't need to make enemies on the Civil Service Board, and, although, it is a bureaucratic procedure, the test is an objective way to select a permanent placement.*

Options 1 and 2 both are likely to cause hard feelings in the department. Considering that Maxine has the final say with regard to the opening, she should be sure if the test really assesses fairly the right person for the position.

3. *Press the board to devise a more comprehensive set of selection criteria—including test results as well as supervisory experience, ability to motivate employees, and knowledge of agency procedures—that can be explained and justified to the board and to employees.*

Option 3 is probably the best choice, although Maxine must be careful that she does not develop a set of criteria that is designed simply to justify giving the job to Sheryl, and she may want to involve others in helping devise selection criteria. The job still may go to someone besides Sheryl Hines, but this option takes into consideration her skills, knowledge, and experience. The selection criteria, in addition to the employment test, should include an application, structured interview, reference check.

## Apply Your Skills: Case for Critical Analysis

### More Hassle from HR?

1. *Are Connie and her staff on the right track to avoid manager mishaps by defining a new set of leader rules and core values and imposing it by fiat from the top down?*

Managers should treat their employees well because their acceptance of authority may be critical to organization success in important situations. When managers think systematically and understand sub-system interdependence and synergy, they can get a better handle on managing in a complex environment.

It appears from the conversation between Gary and Vitorio that Connie and her staff are not on the right track to avoid manager mishaps. The new set of leader rules and core values appears to be from business school text books according to Gary and Vitorio. It would be better to involve people from middle management rather than the top-down approach in this case. Also a more participative and interactive session with the middle management is required.

2. *Do you think a more participative and open culture can be imposed on managers with value statements and training sessions? Why?*

A more participative and open culture can be imposed on managers with value statements and training sessions so that employees utilize their full potential. There is also a sense of involvement in participative and open culture for managers.

3. *Why do you think Vitorio and Gary are on the defensive? Might the defensive on core leadership behaviors be handled in a different way? What do you suggest?*

Vitorio and Gary are on the defensive because the company fired a few of their employees and they have been called for a meeting on new policies about leader competencies. The defensive on core leadership should be handled in a different way. It should be more interactive and participative. Connie should allow Gary and Vitorio to express their views and suggestions they have for the company's new set of leader rules and core values.

## **On the Job Video Case Answers**

### **Barcelona Restaurant Group**

1. In what ways is Barcelona's management approach consistent with modern developments in management thinking?

Barcelona's management approach is consistent with the humanistic perspective's concept of employee empowerment and rejection of authoritarian-style micromanagement. The restaurant's approach also draws from Total Quality Management, especially in the areas of employee involvement, focus on customers, and continuous improvement.

According to COO Scott Lawton, many restaurant chains attempt to make daily operations "idiot proof" by creating systematized formulaic work processes—an approach similar to scientific management. In contrast, Barcelona Restaurant Group wants individual employees

to create a personalized dining experience by applying their individual skills and personalities. Even so, the customer is always the primary concern within Barcelona's business model. Pforzheimer and Lawton care about employees, but if wait staff are not focused on providing the best possible service and food to customers, they're not doing their job.

2. In what ways does Barcelona's management approach run counter to contemporary developments in management thinking?

While some contemporary management approaches place heavy emphasis on the happiness and psychological needs of workers, Barcelona Restaurant Group adopts an unapologetic focus on customers. Barcelona makes customer satisfaction an esteemed prize that wait staff should seek to achieve above all else—a common philosophy in high-end service industries. In the video, Barcelona CEO Andy Pforzheimer argues that some management trends “fetishize the relationship with the employee,” and he offers a straight-talking counter-perspective: “We're here for the customer experience and everything else is secondary to that. If it makes the manager's life miserable, I don't care, if it makes the waiter's life miserable, I don't care, makes the chef miserable, I don't care, makes me miserable, I don't care—our job is to have a bad time so that other people can have a good time. It's nice when it's not mutually exclusive, but sometimes it is.”

3. What aspects of restaurant work are especially challenging to wait staff, and how does Barcelona's approach to management help employees overcome the downsides of the job?

In the video, Andy Pforzheimer identifies the challenging aspects of restaurant life: “It is work sometimes to smile. It is work to have somebody yelling at you because they weren't seated fast enough or their steak was cooked wrong, and you must pat them on the back and say, ‘You know, it was our fault, I'll do everything I can’—yeah, that's work, and it's not always fun.”

Barcelona's leadership team believes such challenging aspects of restaurant work can be managed best when employees are given significant responsibility over the restaurant and its success. New hires learn at the outset that the restaurant is their responsibility, and if the place does well, the members of the wait staff get all the credit.