

Chapter Synopses
Part One
Early Management Thought

Chapter 1
A Prologue to the Past

The purpose of this chapter is to develop a conceptual framework and rationale for the study of management history. Key points to consider:

A. The Study of Management History

1. The practice of management is ancient, arising whenever people formed organizations (economic, social, political, religious, and so on). These organizations needed the activity of management.
2. What is the difference between historical *research* and historical *perspective*? How do our experiences such as education, and ethnicity and so forth influence our perspective?
3. The authors suggest history:
 - a. It helps us integrate our knowledge.
 - b. It provides a perspective on the past that can be used for the present.
 - c. History helps us develop alternatives because our knowledge has been broadened and deepened by an understanding of the past.

B. A Cultural Framework

1. Economic environment -- people and the resources used (physical, financial, information, etc.) to achieve goals. Some attention should be focused on Heilbroner's categories of resource allocation:
 - a. Tradition
 - b. Command
 - c. MarketHeilbroner wrote this a half-century ago---do these categories exist currently? Or, are more economies a "mix" of these?

2. Social environment -- people to people relationships. Assumptions about other people guide our behavior. Standards of conduct (values, ethics) vary over time, but we always seek to define rights and wrongs.

3. Political environment -- people and their government. What is the purpose of government? What is its source of authority? Contrast an elected government with one that rules based upon a central power figure, or group, along the dimensions of individual rights, property, redress of grievances, and contracts.

4. Technological environment--technology is defined as the art and applied science of making tools and equipment. Technology advances in spurts--what factors influence technological advancement? Does technology advance uniformly across national borders? Why or why not?

C. People, Management, and Organization -- the purpose here is to develop ideas about why organizations are formed and the role of management in organizations.

1. Humans -- individuals are the foundation of organizations and we meet our needs by working with others. Figure 1-1 provides a starting point for discussion.

2. Organizations -- it is rare to find a self-sufficient individual; most of us work together in groups to achieve goals.

a. Division (specialization) of labor emerges from our individual differences.

b. Hierarchy -- evolves to structure and integrate human efforts.

3. Management is essential to organized endeavors. Persons may be designated to manage; sometimes groups can come to agreements and manage their efforts. In either case, however, the activity of management must be present.

Chapter 2

Management before Industrialization

This chapter is intended to illustrate the practice of management in various past civilizations and to indicate the changing conditions that led to the Industrial Revolution. In the first part, the student should be looking for managerial practices such as the need for authority, planning, organizing, leading, strategy, controlling, and so forth.

A. Management in Early Civilizations

1. Hammurabi -- declared his authority came from the Sun God (who could argue with that?) Developed a Code of Laws -- see the first mention of accounting and an agency relationship.

2. See the quotes from the Christian New Testament and from the Prophet Mohammed about the importance of work. Ask the students if these statements still apply today.

3. Sun Tzu -- the importance of planning and strategy. (Students may recall the movie "Wall Street" in which Gordon Gecko, played by Michael Douglas, was fond of quoting Sun Tzu).

4. Confucius -- merit as a basis for personnel selection. Were the Chinese tests "valid" when selecting leaders based on scholarly virtues?

a. Chinese development of an early bureaucracy. Confucius wanted to develop the moral nature of people (virtue); the "legalists" wanted a system of laws.

b. Confucius provided the foundations of ethics in many Eastern nations based on "virtue." How is virtue achieved? What are other notions of how we should behave?

c. In an early Chinese workshop there is evidence of division of labor and departments to group workers.

5. Kautilya -- founder of public administration in ancient India. Note the trait approach to selecting managers; the use

of staff advisers; and his assumptions about the 'fickle-minded' humans.

6. In Egypt:

a. Joseph as vizier, from which the word supervisor is derived. Also Joseph as a planner and forecaster.

b. Span of control, the "rule of ten," appeared in this ancient civilization.

7. The Hebrews:

a. Origins of "charisma"

b. Discuss Moses and his ideas on organization, span of control, delegation, and the exception principle.

c. Other quotes suggest the Hebrews provided advice on planning, listening to advisers, and controlling.

8. Greece:

a. Socrates and the transferability of managerial skills.

b. Aristotle on the specialization of labor, departmentalization, delegation, synergy, leadership, and the scientific method.

c. Aristotelian ethics---compare with those suggested by Confucius. How do these ideas shape our modern views of ethics?

d. Xenophon and the advantages of specializing labor.

e. Plato on individual differences leading to the division of labor.

9. Rome -- the span of control in their military; Roman law became a model for later civilizations.

10. The Catholic Church demonstrates the need to "get organized" if the mission of the church was to be reached.

Papal authority may reside in a passage found in Matthew 16:18. (This is not in the text but may be of interest.) In that Biblical passage, Jesus says to Peter: "You are Peter, a stone; and upon this rock I will build my church." Since Peter was crucified and buried in Rome, some believe that the church in Rome (St. Peter's) fulfilled this prophecy.

11. Middle Ages -- it might be worthy to note that air and water pollution existed long before the Industrial Revolution. Imagine a street sweepers job in an age of horse-drawn carriages---or of life before sewage systems.

12. Revival of Commerce -- note the travels of Marco Polo to the Far East and the practice of the "rule of ten." Also:

- a. Craft guilds controlled who did the various jobs by specifying how labor would be divided. (Ask someone to compare this with a craft union of today.) If the "master" of the craft owned the tools of production, did that make him/her a "capitalist"?
- b. The domestic, or "putting out", system where work was done in the home. Pay was based on performance since you did not get paid until the work was returned to the merchant. Also note the author's comment on transaction costs--was this the beginning of transaction cost economics?
- c. Luca Pacioli and the description of double entry accounting.
- d. Saint Thomas Aquinas and his follower, Johannes Nider, on the ethics of business. Note that Aquinas' "just price" was the market price. Nider expanded on this and it might be useful to have the class examine this early code for business ethics. Could Nider's code of ethics be used today? Why? Why not?

B. The Cultural Rebirth -- traces social, political, and economic changes that preceded the Industrial Revolution in Great Britain.

1. The Protestant ethic:

- a. Max Weber developed the idea that Protestants held different attitudes toward work and that this created the spirit of capitalism that led to the Industrial Revolution. This new spirit included:
 - (1) Individual responsibility and self-control
 - (2) Work as a means to salvation
 - (3) Do not waste time or money
 - (4) Do your best in your "calling"
 - (5) Do not consume beyond your basic needs.
- b. Ask students to read Weber's distinction between the "impulse to acquisition ... the greed for gain" and capitalism as the "rational tempering" of this greed. Agree? Disagree?
- c. Tawney disagreed with Weber, suggesting that a capitalistic spirit existed before Protestantism.
- d. David McClelland (and colleagues such as John Atkinson) supported Weber by observing the influence of religion on human attitudes toward work and self-reliance. These differences were capsulized in a need for achievement. Protestants, but Jewish people to a greater extent, were reared as children to have this higher need for achievement.
- e. In discussing the Protestant ethic, it is important to note that McClelland is saying the need for achievement is not restricted to Protestants, and that there are wide variations among individuals that are influenced by the lessons they learn early in life about work, risk taking, and self-reliance.
- f. Is there a contemporary "work ethic"?

2. The Liberty ethic is presented more clearly if Locke's notion of representative government is contrasted with the ideas of Thomas Hobbes and Nicolo Machiavelli. Here we see the differing ideas of the assumptions made about the nature of people guiding the choice of leadership style. Hobbes and Machiavelli insist that humans are basically nasty so they must be governed closely. Locke's notion, on the other hand:

- a. Assumes that people have natural rights to property, contracts, a redress of grievances, and to freely choose those who are to govern.
- b. Natural rights are to be protected through civil law in order to preserve more perfectly their life, liberty, and property.
- c. Are these limited to the "West" while other cultures may not hold individual rights as being important?

3. The Market ethic case can also be studied by contrasting Adam Smith's ideas with mercantilism, that is, the government regulated the economy. Smith suggested that market forces were far more efficient in allocating resources and more "just" in rewarding individuals who produced the wealth. In addition to the market mechanism, Smith also contributed:

- a. Specialization of labor and why it was more advantageous.
- b. The disadvantage of dividing labor.
- c. Note Smith's comments about those who "managed other people's money." We will see this idea again in discussing corporate governance.

Chapter 3

The Industrial Revolution: Challenges and Perspective

A. The Industrial Revolution in Great Britain

A technological development, the steam engine, was the heart of this revolution but the political, social, and economic systems were ready for this historical watershed. Students have rarely seen a steam engine, except as a historical relic in photographs or museums. Ask them how work might have been done before the steam engine? Such as grinding grain, pumping water, and traveling. The answer will be natural sources of power in humans, animals, water, and wind. One illustration you might use (not provided in the text) is that of milling wheat into flour. A human turning a millstone can convert one-half bushel of wheat into flour in one hour; three bushels can be ground in one hour with a horse-driven mill; a steam driven mill can do 10 bushels per hour. Question: What would be the "power" rating of the steam engine in this example? (Answer: 3 1/3 horse power). Other points to consider:

1. James Watt "perfected" the steam engine, turning it into a reliable source of power for factories and transportation.
2. With a central source of power, it became more economical to bring people to the work (a factory) rather than taking the work to the people (domestic system). Perhaps a comment on transaction costs would be appropriate here.
3. As these workshops grew, management became more important. See J. B. Say's contribution of management as a fourth factor of production. Also: Note John Stuart Mill's comment on the "intelligence factor" for managers.
4. With growth in the size of the firm, management faced more problems:
 - a. Recruiting workers
 - b. Training
 - c. Discipline (in modern terms, motivation). Employees were motivated by: