Chapter 2
The Evolution of Management Thinking

Chapter Outline

I. Management and Organization
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Annotated Learning Objectives
After studying this chapter, students should be able to:

1. Understand 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. Identify and explain the major developments in the history of management thought.
   The three major perspectives on management that have evolved since the late 1800s are the classical, humanistic, and management science perspective.
3. **Describe the major components of the classical and humanistic management perspective.**

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

a. Scientific management emphasized 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 improving labor productivity.

b. Bureaucratic organizations emphasized 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 focused on the productivity of the total organization rather than the productivity of the individual worker.

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

The scientific management perspective is a sub field of the classical management perspective that emphasized scientifically determined changes in management practices as the solution to improving labor productivity. The basic ideas of scientific management dramatically increased productivity across all industries, and they are still important today. Under this system, workers feel exploited. Managers should develop a standard method for performing each job. They should select workers with appropriate abilities for each job. Managers should train workers in standard methods. They should support workers by planning their work and eliminating interruptions. Lastly, managers provide wage incentives to workers for increased output.

5. **Explain the major concepts of systems theory, the contingency theory, and total quality management.**

The systems theory is an extension of the human resource perspective. This theory describes organizations as open systems that are characterized by entropy, synergy, and subsystem interdependence. A system is a set of interrelated parts that function as a whole to achieve a common purpose. An open system interacts with the environment to survive. Entropy is a universal property of systems and refers to their tendency to run down and die. Synergy means the whole is greater than the sum of its parts. Subsystems are parts of a system that depend on one another for their functioning.

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 means that a manager’s response depends on identifying key contingencies in an organizational structure. 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 industry, technology, the environment, and international cultures.

Total quality management (TQM), is a concept that focuses on managing the total organization to deliver quality to customers. The approach infuses quality values throughout every activity within a company. Four significant elements of quality management are employee involvement, focus on the customer, benchmarking, and continuous improvement.

6. Describe the learning organization and the changes in structure, empowerment, and information sharing managers make to support it.

The learning organization is an organization in which everyone is engaged in identifying and solving problems, enabling the organization to continuously improve, and increase its capability. The essential idea is problem solving, in contrast to the traditional organization designed for efficiency. In the learning organization all employees look for problems, such as understanding special customer needs. Employees also solve problems, which means putting things together in unique ways to meet a customer’s needs. To develop a learning organization, managers make changes in all the subsystems of the organization.

Three important adjustments to promote continuous learning are shifting to a team-based structure, empowering employees, and sharing information. Self-directed teams are the basic building block of the structure. Although team leadership is critical, in learning organizations the traditional boss is practically eliminated. Empowerment means unleashing the power and creativity of employees by giving them the freedom, resources, information, and skills to make decisions and perform effectively. A learning organization is flooded with information. To identify needs and solve problems, people have to be aware of what’s going on. They must understand the whole organization as well as their part in it. Managers know that providing too much information is better than providing too little. Managers encourage people throughout the organization to share information.

7. Discuss the technology-driven workplace and the role of enterprise resource planning and knowledge management systems.

Our lives and organizations have been engulfed by information technology. Ideas, information, and relationships are becoming more important than production machinery, physical products, and structured jobs. Many employees perform much of their work on computers and may work in virtual teams, connected electronically to colleagues around the world. Organizations are becoming enmeshed in electronic networks. Technology provides the architecture that supports and reinforces the new workplace.

The world of e-business is booming as more and more business takes place by digital processes over a computer network rather than in physical space. E-commerce is a narrower term referring specifically to business exchanges or transitions that occur electronically. The role of enterprise resource planning systems that unite a company’s major business functions—order processing, product design, purchasing,
inventory, etc. ERP weaves together all of the company’s systems, managers anywhere in the organization can see the big picture and act quickly, based on the up-to-the-minute information. ERP prompts a new approach to management—a company wide management system in which everyone has instant access to critical information. Knowledge management refers to the efforts to systematically find, organize, and make available a company’s intellectual capital and to foster a culture of continuous learning and knowledge sharing so that a company’s activities build on what is already known. Information technology plays an important role by enabling the storage and dissemination of data and information across the organization, but technology is only one part of a larger management system. A complete knowledge management system includes not only the technology for capturing and storing knowledge for easy access, but also new management values that support risk-taking, learning, and collaboration.

Lecture Outline

Suggested Opening Remarks

Cemex has been making and delivering concrete for nearly a century and copes with unpredictable weather and traffic conditions, spontaneous labor disruptions, building permits, and government inspection of construction sites. As competition increased, managers began looking for ways to stand out from the crowd. Cemex is now thriving as a technology-driven learning organization. To compete in turbulent times, managers looked for both technological and management innovations. A core element of this new approach is a global positioning satellite system and on-board computers in all delivery trucks that are continuously fed with streams of day-to-day data on customer orders, production schedules, traffic problems, weather conditions, and so forth. Even more important are changes in how managers and employees think about and do their work. As a result, the company has a startling capacity to anticipate customer needs, solve problems, and innovate quickly.

I. MANAGEMENT AND ORGANIZATION

➢ Why is a historical perspective on management useful?

A 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 X and Generation Y employees—-young, educated, technologically adept. Career life cycles are getting shorter, with workers changing jobs every few years; there is a growing focus on work/life balance, reflected in telecommuting.

Discussion Question #2: How do societal forces influence the practice and theory of management? Do you think management techniques are a response to these forces?

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Political forces refer to the influence of political and legal institutions on people and organizations.

Political forces include basic assumptions underlying the political system such as the desirability of self-government, property rights, contract rights, and justice.

Growing anti-American sentiments in many parts of the world create challenges for United States companies and managers.

People are demanding empowerment, participation, and responsibility in all areas of their lives.

Economic forces pertain to the availability, production, and distribution of resources in a society; organizations require resources to achieve their objectives.

The economy of the United States and other developed countries is shifting with the sources of wealth, distribution and decision-making.

The new emerging economy is based largely on ideas, information, and knowledge; supply chains have been revolutionized by digital technology.

Another trend is the importance of small and mid-sized businesses.

However, a massive economic shift is not without upheavals. In 2000, stock prices fell, especially for dot.coms and lay-offs were widespread.

Management practices and perspectives vary in response to these social, political, and economic forces; during hard times, manager look for ideas to help them cope.

Discussion Question #1: Why is it important to understand the different perspectives and approaches to management theory that have evolved throughout the history of organizations?
UNLOCKING CREATIVE SOLUTIONS THROUGH TECHNOLOGY

Of Railroads and Web Sites

About 150 years ago, the railroad revolution transformed the economy. Today, the Internet revolution is doing the same thing. We all know that history doesn’t really repeat itself, but there are historical patterns that help us make sense of the present and predict that the future might be like. The railroads and the Internet serve the same basic economic function: connecting buyers and sellers. And while few seem to know how to make the Internet economically profitable, the same thing could have been said about the railroad in its infancy. Over a two-year period (1999-2000), the number of Internet IPOs grew and crashed just as quickly. If the history of the railroad is any indication, this is merely the shakeout to be expected from such a major economic transformation, and new leaders will step in to revise, strengthen, and perfect the new business models.

II. CLASSICAL PERSPECTIVE

What is meant by the classical perspective of management?

The classical perspective emerged during the nineteenth and twentieth centuries that emphasized a rational, scientific approach to the study of management. The factory system of the 1800s had challenges: tooling plants, organizing managerial structure, training non-English speaking employees, scheduling, and resolving strikes. These new problems and the development of large complex organizations demanded a new perspective on coordination and control. The perspective contained three sub fields, each with a slightly different emphasis: scientific management, bureaucratic organizations, and administrative principles.

A. Scientific Management

Frederick W. Taylor (1856-1915) developed scientific management, a subfield of the classical perspective that emphasized scientific changes in management to improve labor productivity.

Taylor suggested decisions based on rules of thumb and tradition be replaced with precise work procedures developed after careful study of the situation.

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 instead of $1.15 a day for meeting the new standard; productivity shot up.

Taylor is the father of scientific management, but Henri Gantt developed the Gantt Chart—a bar graph that measures planned and completed work.

Frank B and Lillian M. Gilbreath pioneered time and motion study, which stressed efficiency and the best way to do a job.

Frank is known for work with brick layers, but surgeons were able to save countless lives through the application of the time and motion study.

Lillian pioneered the field of industrial psychology and made substantial contributions to human resource management.

Scientific management develops standards for a job, selects workers with appropriate abilities, trains workers, supports workers and eliminates interruptions, and provides wage incentives.

Scientific management is important today, specifically the idea of arranging work based on careful analysis of tasks for maximum productivity.

Because scientific management ignored the social context and workers’ needs, it led to increased conflict and clashes between management and employees.

B. Bureaucratic Organizations

A systematic approach developed in Europe that looked at the organization as a whole is the bureaucratic organizations approach, a subfield of the classical perspective.

Max Weber (1864-1920) introduced management on an impersonal, rational basis through defined authority and responsibility, formal recordkeeping, and separation of management and ownership.

Weber’s organization was the bureaucracy: division of labor, hierarchy, rules and procedures, written decisions, promotion based on technical qualifications, separation of ownership and management.

The manager did not depend on personality for successfully giving orders but on the legal power invested in the managerial position.

The term bureaucracy has a negative meaning in today’s organizations and is associated with endless rules and red tape; however, everyone gets equal treatment.

For example, UPS has been successful because of its bureaucracy of rules and regulations, a well-defined division of labor, and technical qualification as a hiring criterion.

C. Administrative Principles

Administrative principles focused on the total organization rather than the individual worker, delineating the management functions of planning, organizing, commanding, coordinating, and controlling.

Henri Fayol (1841-1925), identified 14 principles of management such as:

- Unity of Command. Each employee should have only one boss.
• **Division of Work.** Specialized employees produce more with the same effort.

• **Unity of Direction.** Similar activities should be grouped under one manager.

• **Scalar Chain.** A chain of authority, which extends from the top of an organization to the bottom.

Fayol identified the following five basic management functions: planning, organizing, commanding, coordinating, and controlling.

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.

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.

Barnard also contributed the *acceptance theory of authority,* employees can choose to follow management orders and acceptance can be critical to success.

**Discussion Question #3:** Based on your experience at work or school, describe some ways in which the principles of scientific management and bureaucracy are still used in organizations today. Do you believe these characteristics will ever cease to be a part of organizational life? Discuss.

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III. **HUMANISTIC PERSPECTIVE**

➢ *What is meant by the humanistic perspective?*

Mary Parker Follett and Chester Barnard advocated a more *humanistic perspective* on management that emphasized:

• Importance of understanding human behaviors

• Needs and attitudes in the workplace

• Social interactions and group processes

Sub fields based on the humanistic perspective include: human relations movement, human resources perspective, and the behavioral sciences approach

A. The Human Relations Movement
The human relations school considers 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 *Hawthorne Studies* were a series of experiments on worker productivity started in 1924 at the Hawthorne plant of Western Electric Company.

The tests were to determine the effect of illumination on output; five tests pointed to the importance of factors other than illumination in affecting productivity.

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 felt when selected for the project.

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---the *Hawthorne effect.*

The *human relations movement* emphasized satisfaction of employees’ basic needs as the key to increased worker productivity.

### UNLOCKING CREATIVE SOLUTIONS THROUGH PEOPLE

*Watson Opens the Door at IBM---and Finds Happier Employees*

Most managers followed Taylor’s scientific management, but Thomas Watson, Sr. planted different ideals at IBM beginning in 1914. Watson vowed to make people the cornerstone of his corporate culture. He abolished piecework, spruced up factories, paid above average wages, and funded an in-house education program. His open-door policy encouraged employees to take a complaint directly to him. A group life insurance plan was launched in 1934 and paid vacations were soon added. The human relations approach was continued by Thomas Watson, Jr. who took over in 1956.

**Discussion Question #9:** 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.

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B. The Human Resources Perspective

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

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. See Chapter 16.

Douglas McGregor (1906-1964) developed the Theory X and Theory Y about workers.

Classical management perspective was based on Theory X and assumed workers:

- Dislike work and prefer to be directed
- Must be coerced to work
- Want to avoid responsibility and have little ambition
- Want security above everything

McGregor proposed Theory Y as a more realistic view of workers and assumed workers:

- Do not inherently dislike work
- Will achieve objectives to which he/she is committed
- Will accept and seek responsibility
- Have intellect that could be applied to organizational goals
- Intellectual potential of the average worker is only partially used

Signet Painting is on the cutting edge in creating an environment that affords workers self-esteem and significance as well as a paycheck; workers can make decisions.

C. Behavioral Sciences Approach

The behavioral sciences approach applies social science in organizational context, drawing from economics, psychology, sociology, and other disciplines.

For example, when Circuit City electronics stores train new managers in employee motivation, the theories and findings are rooted in behavioral science research.

One set of management techniques based in the behavioral sciences approach is Organizational Development (OD).

The techniques and concepts of organization development have been broadened and expanded to cope with the increasing complexity of organizations.

Other concepts that grew out of the behavioral sciences approach include matrix organizations, self-managed teams, and ideas about corporate culture.

In recent years, behavioral sciences and OD techniques have been applied to help managers build learning organizations.

The rapid pace of change and the increased pressure of global competition have spurred even greater interest in improved behavioral approaches to management.
Discussion Question #7: What is the behavioral sciences approach? How does it differ from earlier approaches to management?

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IV. MANAGEMENT SCIENCE PERSPECTIVE

The management science perspective emerged after World War II. and 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 quantitative techniques to solve manufacturing problems.

Some of the more commonly used methods are forecasting, inventory modeling, linear and nonlinear programming, queuing theory, scheduling, simulation, and breakeven analysis.

Information Technology (IT) is the most recent sub-field of the management science perspective, often reflected in management information systems.

IT has evolved to include intranets and extranets, plus software programs that help managers estimate costs, plan and track production, manager projects, and allocate resources.

Most organizations have IT departments of information technology specialists to help them apply management science techniques to complex organizational problems.

Discussion Question #11: Do you think management theory will ever be as precise as theories in the fields of physics, chemistry, or experimental psychology? Why or why not?

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V. RECENT HISTORICAL TRENDS

Do you think the three perspectives are in use today?

Each of the three management perspectives (Classical, Humanistic and Management Science) is still in use today. The most prevalent is the human resources perspective.

Major contemporary extensions of the human resource perspective include: systems theory, contingency view, and total quality management.
A. Systems Theory

A system is a set of interrelated parts that function as a whole to achieve a common purpose.

A system functions by taking inputs from the external environment, transforming them, and then discharging the transformed input back into the environment. **Systems theory** describes organizations as open systems that are characterized by entropy, synergy, and subsystem interdependence.

Components of systems theory include:

- **Inputs** the material, human, financial, or informational resources used to produce goods or services.
- **Transformation Process** is the management’s use of production technology to change inputs into outputs.
- **Outputs** include the goods or services produced.
- **Feedback** is the knowledge about the outputs that influences the selection of inputs during the next cycle of the process.
- **Environment** surrounding the organization includes the social, political, and economic forces noted earlier in this chapter.

Ideas in systems theory that have had a substantial influence on management thinking include:

- **Open systems** must interact with the external environment to survive. **Closed systems** do not.
  
  All organizations are open systems and the cost of ignoring the environment may be failure.

- **Entropy** is the tendency for a system to run down and die. Systems must receive inputs from the environment or they will cease to exist.

- **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.

- **Subsystems** are parts of a system that depend on one another.
  
  Changes in one part of an organization affect other parts as the organization must be managed as a coordinated whole.

**Discussion Question #10:** Identify the major components of systems theory. Is this perspective primarily internal or external? Explain.
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. This is the case view in which each situation is believed to be unique with are no universal principles.

One learns about management by experiencing a large number of case problem situations.

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 to include industry, technology, the environment, and international cultures.

**Discussion Question #8:** *Explain the basic idea underlying the contingency view and provide an example.*

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**C. Total Quality Management (TQM)**

*TQM* focuses on managing the total organization to deliver quality to customers.

The ideas of W. Edwards Deming, "father of the quality movement" were scoffed at in America but embraced in Japanese which became an industrial world power.

Japanese management shifted from an inspection-oriented approach to quality control emphasizing employee involvement in the prevention of quality problems.

The approach infuses quality values throughout every activity, with front-line workers intimately involved in the process. There are four significant elements:

- *Employment involvement:* TQM requires company-wide participation in quality control.
- *Focus on the customer:* TQM companies find out what the customer wants.
- *Benchmarking* is a process whereby companies find out how others do something better and imitate or improve it.
- *Continuous improvement* is the implementation of small, incremental improvements in all areas of the organization on an ongoing basis.

**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 was least important. Do you agree? Why?*
VI. NEW MANAGEMENT THINKING FOR TURBULENT TIMES  

Why are organizations experimenting with new ways of managing?

New ways of managing more adequately respond to the demands of today’s environment and customers.

Two current directions in management thinking include a shift to the learning organization and managing the technology-driven workplace.

A. The Learning Organization

In a learning organization, everyone identifies and solves problems, enabling continuous experiment, change, and improvement, thus increasing capability.

The essential idea is problem solving, as opposed to efficiency; all employees look for problems, such as understanding special customer needs.

To develop a learning organization changes on all subsystems are made.

1. Team-based structure

Self-directed teams are the fundamental unit in a learning organization.

People on the team are given the skills, information, tools, motivation, and authority central to the team’s performance and to respond creatively.

2. Employee Empowerment

Empowerment means unleashing the power and creativity of employees by giving them freedom, resources, information and skills to make decisions and perform effectively.

Empowerment may be reflected in self-directed work teams, quality circles, job enrichment, and employee participation groups.

Empowerment means decision-making authority, training, and information so that people can perform jobs without close supervision.

In a learning organization, people a manager’s primary source of strength, not a cost to be minimized.

3. Open information

A learning organization is flooded with information.

Formal data about budgets, profits, and departmental expenses are available to everyone.

Discussion Question #5: Which of the three characteristics of learning organizations do you find most appealing? Which would be hardest for you to adopt?
B. Managing the Technology-Driven workplace

The shift to the learning organization goes hand-in-hand with the current transition to a technology-driven workplace. Our lives and our organizations have been engulfed by information technology. Employees are being connected electronically, and may work in virtual teams; even in factories, machines have taken over routine work freeing workers to use their minds. Managers focus on opportunities rather than efficiencies, which requires that they be flexible, creative, and unconstrained by rigid rules and structured tasks.

1. The Shifting World of E-Business

_E-business_ refers to the work an organization does by using electronic linkages (including the Internet) with customers, partners, suppliers, employees, or other key constituents.

Organizations use the Internet or other electronic linkages to communicate with employees or customers.

_E-commerce_ is referring specifically to business exchanges or transactions that occur electronically; e-commerce replaces or enhances the exchange of money and products.

Three types of commerce are illustrated:

- **Business-to-customer:** Gateway, Amazon.com, 800-Flowers
- **Business-to-business:** Wal-Mart, GE
  Dell pioneered the use of end-to-end digital supply-chain networks to keep in touch with customers, take orders, buy components from suppliers, and ship.
- **Consumer-to-consumer:** eBay, Kazaa
  File sharing in the music, video, and software industries represents another trend.

**Discussion Question # 12:** Do economic, social, and political forces affect e-commerce organizations in the same way they affect traditional companies? Discuss.

2. Technology in the Workplace

Technology provides the architecture that supports and reinforces this new workplace.

_Enterprise resource planning (ERP)_ is an approach that unites a company’s major business functions—order processing, product design, purchasing, inventory.
Knowledge management represents the efforts to systematically find, organize, and make available a company’s intellectual capital and to foster a culture of continuous learning and knowledge sharing.

Information technology plays an important role by enabling the storage and dissemination of data and information across the organization.

A complete knowledge management system involves new management values that support risk taking, learning, and collaboration.

**Discussion Question #6:** 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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**Lecture Example File**

**TOTAL QUALITY MANAGEMENT**

A Simplified TQM Diagnostic Model

Designs for Leaders and Managers who want to:
- Repair, jump-start or diagnose problems in existing TQM initiatives, or
- Design and implement their own less expensive and culturally tuned TQM, or
- Become competent internal consultants to their company's TQM system.

**WHY LEARN A SIMPLIFIED TQM DIAGNOSTIC MODEL?**

This model can help gain confidence in making TQM decisions:
- Identify necessary elements for a successful quality management approach.
- Know how they fit together to successfully accomplish quality goals.
- Display the most options, thus helping make the right quality management choices.

This model can help integrate daily TQM tasks with strategic TQM goals:
- Learn skills to balance competitive quality strategic planning with daily operational choices.
- Learn skills to maximize human and organizational resources for daily productivity demands.

This model can help understand and enjoy team technology in the context of TQM:
- Learn how to avoid strategies that lead to the "program-of-the-month" mentality.
- Introduce how to keep management commitment for TQM at its highest level.
- Implement how to avoid employee "end-runs" around management during TQM implementation.
Successful Total Quality Management requires both behavioral and cultural change.

A successful TQM System brings two other management systems together with a behavioral and cultural commitment to customer quality.

Thus, TQM becomes a system within itself by default or by choice.

These management systems must be aligned in a successful TQM initiative:
  - OM (organizational management system),
  - HRM (human resource management systems) and
  - TQM (total quality management).

Of the preceding, the TQM approach system consumes valuable resources needed by the other systems and rejection begins to occur.

The principles of quality management are attended to as an important third system that blends, integrates, aligns and maximizes the other two systems to beat competition in world-class quality performance.

http://www.skyenet.net/~leg/tqm.htm 01-03-02

Answers to End-of-Chapter Discussion Questions

1. Why is it important to understand the different perspectives and approaches to management theory that have evolved throughout the history of organizations?

The different perspectives and approaches to management theory help managers to interpret current problems. A historical perspective gives a broader view, aids in seeing problems differently, and suggests solutions. Scientific management, the administrative principles approach, bureaucratic organizations, the human resource perspective, and the management science perspective have all been tried. These historical perspectives have both strengths and weaknesses. There is no need for managers to reinvent the wheel. Managers can learn the place of their own organizations and can draw lessons from earlier perspectives.

2. How do societal forces influence the practice and theory of management? Do you think management techniques are a response to these forces?

Societal forces represent the values and social contracts that shape human affairs. During the Great Depression, when human needs were great, the human relations approach evolved almost as a response to needs in the workplace. The emphasis on engineering and the development of manufacturing organizations during the late 1800s and early 1900s were associated with the scientific management perspective. The administrative principles approach and bureaucratic organizations were in response to the need to find ways to manage the phenomenon of large organizations in Europe. Many of these were government organizations that were not managing society’s resources efficiently, and so the new management techniques helped meet a societal need. The current emphasis on Japanese management and excellence characteristics might also be in response to international pressures for better utilization of human resources in organizations.
3. A management professor once said that for successful management, studying the present was most important, studying the past was next, and studying the future was least important. 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 professors 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, and changes occur in measurable, incremental amounts. In a world of great uncertainty and turbulence, however, 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. Thus 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.

4. Which of the six characteristics of learning organizations do you find most appealing? Which would be hardest for you to adopt?

This question is designed to stimulate student discussion, and there is no single correct answer. The most appealing of the six characteristics of a learning organization are likely to be leadership, participative forum, and a strong adaptive culture.

Leadership is the ability to influence behavior toward achieving the organization’s goals. Leadership is the only means through which a company can change into a learning organization. In learning organizations, managers learn to think in terms of “control with” rather than “control over” others. They “control with” others by building relationships based on a shared vision and shaping the culture that can help achieve it. Leaders help people see the whole system, facilitate teamwork, initiate change, and expand the capacity of people to shape the future. Leadership provides the linkage to the other five characteristics of a learning organization. Therefore, it is most appealing to the majority of students.

Another characteristic most appealing is a strong, adaptive culture. Flexibility where one can adapt to changing conditions is essential. Value-based management is a strong tie to a strong organization culture. Culture is the set of key values, beliefs, and understandings shared by members of the organization. A strong adaptive organizational culture is the foundation of a learning organization.

The hardest characteristic to adopt of a learning organization will vary from one organization to another. The most critical characteristic is a participative strategy. The rationale is the values and attitudes of management and employees. It would
take time to create an organizational development program to change existing attitudes in the organization. Depending on employee attitudes is most crucial because in some organizations it may be more difficult to implement self-managed teams, open information, or empowerment of employees.

5. Some experts believe that leadership is more important than ever in a learning organization. Do you agree? Explain.

Most people would agree the critical linkage in a learning organization is leadership. Leadership will set the tone or the philosophy of management to create a strong organization culture. Leadership is the only means through which a company can change into a learning organization. One of the most important functions of a leader in a learning organization is to create a shared vision with employees. The vision includes what the organization will look like, performance outcomes, and underlying values. A vision may be created by the leader or with employee participation, but the purpose must be widely understood and imprinted in people’s minds.

6. What is the behavioral sciences approach? How does it differ from earlier approaches to management?

The behavioral sciences approach applies social science theory and research to management, drawing from economics, psychology, sociology, anthropology, and other disciplines. It employs systematic study to provide scientific implications before practical applications are suggested. The emphasis is on understanding how organizations work, and this knowledge becomes the basis for solving management problems.

The major difference between the behavioral sciences approach and earlier approaches is the emphasis on science. For example, the human relations movement, based heavily on theoretical beliefs about people in organizations, has never been systematically studied. The Hawthorne studies used a scientific approach, but research techniques in those early days were not scientifically accurate. Administrative principles and bureaucratic organizations were based on observations of real organizations, but again the results were not the result of social science research. Scientific management was systematic in its approach, but it was based on engineering principles intended to solve technical problems rather than human problems.

7. Explain the basic idea underlying the contingency view and provide an example.

The basic ideas are universalist, case, and contingency views. The universalist view assumes that management concepts are universal: what works in one organization is expected to work in another. The administrative principles approach is based on a universalist view because unity of command, unity of direction, scalar chain, and other concepts are assumed to apply equally to all organizations. In the case view, each situation is believed to be unique, and only through long experience can
managers learn to react to each situation properly. This long experience allows managers to see enough different situations so that they can solve new problems.

The contingency view is an integration of the two perspectives. Contingency means that one thing affects another thing. 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 also will be different. The point is to tailor organization characteristics and problem solving to important contingencies. In this view, management is a search for and understanding of contingencies.

8. Contrast open and closed systems. Can you give an example of each? Can a closed system survive?

An open system must interact with the environment to survive. The system—whether it be the planet Earth, Michigan State University, or an automobile—cannot survive on its own. It must receive resources from the environment. By contrast, a closed system is self-sufficient. In theory, there is no such thing as a closed system. The planet Earth could not survive without sunlight. Michigan State would not survive without students, faculty, and financial resources from outside. An automobile would not perform without receiving gasoline and maintenance. Some systems, such as a battery-powered watch or a nuclear-powered satellite, come close to being closed because they are self-contained for a long time. But no system will last forever. The watch and the satellite will eventually run down or wear out, which is an example of entropy.

9. 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.

This question is designed to foster student discussion, and there is not a single correct answer. 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 they were conducted by Harvard professors. 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.

10. Identify the major components of systems theory. Is this perspective primarily internal or external?

A system is a set of interrelated parts that function as a whole to achieve a common
purpose. Many types of systems are in existence, including machine systems (assembly line),
biological systems (animal), and human systems (organizations). Basic concepts include
the notion of open systems, which means that they must import resources from the environment
to survive. Entropy refers to a system’s tendency to run down and decay. The system must receive
inputs and energy from the external environment. Synergy means that the whole is greater than
the sum of its parts. Organizational units and subsystems working together can accomplish
more than the same units working alone.

The five components of an organization’s system are inputs, a transformation
process, outputs, feedback, and the environment. Thus, systems theory embraces
both internal and external concerns. The notion of subsystems, synergy, and the
transformation process concerns an internal focus. The awareness of the importance
of the environment—and the need to import energy from the external environment
to prevent entropy—represents an external focus.

11. Do you think management theory will ever be as precise as theories in the fields of physics,
chemistry, or experimental psychology? Why or why not?

This question is designed to stimulate student discussion, and there is no single
correct answer. It might be argued that management theory will ultimately be as
precise as theory in other fields but that more time is needed. The study of
management is much newer than the study of physics, chemistry, and psychology,
especially laboratory experimental psychology, which studies animal behavior. The
argument is that, as the study of organizations and management matures and as more
systematic and precise techniques are adopted, the theory will become very precise.

Another argument is that management theory will never be as precise as theory in
other fields because the subject matter is different. Human organizations are
inherently more elusive, ambiguous, and complex than are the physical systems
studied in physics and chemistry or the animal systems studied in experimental
psychology. Earlier management perspectives that emphasized the logical, rational,
systematic approach did not produce satisfactory results. As a consequence, more
qualitative approaches, including Japanese management ideas, have assumed
increasing importance. The management of organizations requires more than precise
measurement. It is an art as well as a science, as discussed in Chapter 1. The human
nature of organizations means that management theory will never be as precise as
theories in other fields.

Teaching Note for Experiential Exercise

Tolerance for Ambiguity Scale
Student responses will vary for their tolerance of ambiguity. What is important is to have each student evaluate the 15 questions and score this self-examination as to whether or not they will be tolerant or intolerant in a given work situation. An important consideration in seeking a career in management is to have a high tolerance for ambiguity. That is, one is patient, deliberate, and has the ability to stay with and work with operative employees.

Management in Practice: Ethical Dilemma

The Supervisor

Both Options 1 and 2 are likely to cause hard feelings in the department. In addition, Option 1 places Karen in direct opposition to the Civil Service Board. Karen is, however, wise to consider that test scores may not be the best indicator of who can do the job. Option 3 is probably the best choice, although Karen must be careful that she does not develop a set of criteria that is designed simply to justify giving the job to Charlotte, and she may want to involve others in helping devise selection criteria. Once this is done, the job still may go to someone besides Charlotte Hines, but it takes into consideration her skills, knowledge, and experience. The selection criteria in addition to employment test should include an application, structured interview, reference check, and physical.

Surf the Net

1. **The Learning Organization.** The concept written by Peter Senge pertains to motivation and commitment of employees in a learning organization. In the new learning organization, people will aim high, will learn to create the results they desire, and will reap the bottom-line benefits necessary to sustain success in the global marketplace. Says Arie De Geus, head of planning for Royal Dutch/Shell, "The ability to learn faster than your competitors may be the only sustainable competitive advantage." The learning organization is my view of what a corporation can and should be.

2. **Culture.** While student responses may vary for option one or option two it will depend on their interpretation of the corporate culture at PeopleSoft. The majority of students will fit into the corporate culture of the company. The rationale is it is a fun place to work and it is a customer driven company. The morale is high which has a direct linkage to performance on the job.

3. **Quality.** The criteria for performance excellence provide organizations with an integrated, results-oriented framework for implementing and assessing processes for managing all operations. These Criteria are also the basis for making awards and providing feedback to applicants. The criteria consist of seven categories:
   1. **Leadership:** The company's leadership system, values, expectations, and public responsibilities.
2. **Strategic Planning**: The effectiveness of strategic and business planning and deployment of plans, with a strong focus on customer and operational performance requirements.

3. **Customer and Market Focus**: How the company determines customer and market requirements and expectations, enhances relationships with customers, and determines their satisfaction.

4. **Information and Analysis**: The effectiveness of information collection and analysis to support customer-driven performance excellence and marketplace success.

5. **Human Resource Focus**: The success of efforts to realize the full potential of the work force to create a high performance organization.

6. **Process Management**: The effectiveness of systems and processes for assuring the quality of products and services.

7. **Business Results**: Performance results, trends, and comparisons to competitors in key business areas--customer satisfaction, financial and marketplace, human resources, suppliers and partners, and operations.

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**Case for Critical Analysis Solution**

**SuperJuice**

1. *What are some of the social, political, and economic forces affecting SuperJuice and calling for a new approach to management?*

There are environmental forces impacting the success of SuperJuice. The social forces include minority managers and employees. The new CEO, Luisa de la Cruz, is a minority and has been a part of a strong organizational culture. She has in the past followed the rules and procedures in a tightly contorted bureaucratic organization. The company has been a family-run organization. It has a culture that can be characterized as diversified and operating with politeness and civility.

Social change has brought about a new era with contemporary music, unique photographs, brightly colored posters, and fanciful “dream catchers” hung from the ceiling. The two new employees worked odd hours and posted signs on their doors such as “Gone to the movies to get my creative juices flowing.” Management intervened and put a stop to this type of creativity in favor of the traditional management approach of tight control.

The political forces at work represent a closed system. Top management would not support new ideas and new products. An additional political force was the tight management control of human behavior at work.

The economic environmental forces are characterized by the fact that profits have not increased in the last four years. Competition has entered the market place, and there has been a loss of market share due to the traditional approach undertaken by
management. New product ideas and other suggestions to improve the company’s sales and profits were suppressed by top management.

If this company is to survive, Luisa must develop a new approach to management. A participative approach characterized by empowering employees in regards to new product ideas and other suggestions must be forthcoming. To gain employee loyalty and commitment, Luisa must develop and adapt a strong organizational culture—one that fosters a sense of identity, belonging, and respect for her employees.

2. What do you believe Luisa needs to do first to begin a transformation at SuperJuice?

Luisa needs to transform a traditional bureaucratic organization into a new creative learning organization. She must take on a leadership role and create an organizational culture that will reflect the attributes of a new learning organization. The organization must be restricted in a way that is built upon strategies to meet the organizations goals of increased market share and profits.

4. How would you suggest she turn SuperJuice into a learning organization? Think about specific changes she can make to get all employees thinking of new an exciting ways to revitalize the SuperJuice product line and way of doing business.

To change SuperJuice into a learning organization Luisa must be inspired to effectuate the new wave of leadership in managing people at work. She must communicate to management and employees the need for a change of employee attitude to engender creativity at work. A strong organizational culture is needed to improve upon morale and performance at work. Participation and employee empowerment must be forthcoming to develop new products and methods of operation.

Open information where Luisa creates an open door policy with employees is essential. The creation of a fun-type atmosphere where employees can come and go, generate new ideas, be involved in problem resolution, and be aware of what’s going on is essential. Finally, Luisa could create the concept of self-managed teams. Cross-functional teams could be a benefit to SuperJuice on special projects in marketing their product line to customers.

A specific change Luisa can make is the creation of an organizational culture built upon rewards. The idea of teams sharing responsibility and empowering these teams with the freedom to develop new fruit juice products is indicative of a strong culture. An open system built upon employee enthusiasm to brainstorm and come up with suggestions concerning cost effective measures shall be rewarded.

Additional Material: Part I

Video Case

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Chapter 1

Le Meridien Managers Manage by Walking Around

Le Meridien is a chain of 125 luxury hotels in 55 countries around the globe. You can find Le Meridien hotels in the United States, throughout Europe, in Africa, Australia, India, Egypt, and other locations. Premium customer service is key to the success of a hotel chain, and a manager’s skills can make or break a hotel. At Le Meridien Hotel in Boston, a manager’s work is never done. Take the typical day of Bob Van den Oord, assistant general manager of the hotel, which is part of a luxury chain owned by Great Eagle in Hong Kong and managed by Le Meridien in London.

He arrives at the hotel before 8:00 A.M. and does a walk-through of the entire hotel, inspecting empty rooms, the kitchen, dining rooms, reservations desk, front lobby, and even the laundry, to be certain that everything is running smoothly. He may meet with other managers, such as Dutch-born Michael Lugt, who runs room service and stewarding (restaurant and catering services) for the hotel, or the housekeeping or security managers if they have a specific issue to discuss. By 9:30, all managers—including Bob—are assembled for the daily operational meeting, in which everyone reports briefly on the hotel’s activities for the past 24 hours. Managers for the information technology department, reservations, housekeeping, and human resource departments give thumbnail reports on problems currently needing solutions or ones that have already been dealt with—such as a brief lack of hot water in some of the building’s guest rooms. By 9:45, the meeting is over and all managers return to their posts.

Bob Van den Oord fulfills all the four management functions every day he’s on the job. As assistant general manager, he meets with the general manager to “set the overall goals for the hotel, so I take a more strategic role and provide the tools and resources to the other managers” so they can do their jobs. He functions in an organizational role, assigning responsibility to other managers—such as the head of security—to accomplish particular tasks or assignments, such as evaluating and updating security at the hotel. He leads and motivates workers by constantly keeping in touch with them—he manages by walking around. “It’s a good tool to see what’s going on,” he says, from the kitchen to the plants out front of the building. “Ninety-percent of problems are because of management screw-ups,” he notes candidly. “I like [walking around], the staff likes it, and guests like to see management around as well.” Van Der Mer admits that he asks a lot of his managers, but he devotes a lot of himself to the job as well. “The hotel is a 24-hour operation,” he explains. “We have to be here when other people are having fun.”

Finally, he fulfills the control function by monitoring activities and making necessary corrections. His daily walk-through is a prime example of this function. “Management is about constant feedback,” Van Der den Oord comments. “It allows people to improve their performance.”

Michael Lugt, the functional manager who runs room service—which is open 24 hours a day, 7 days a week—among other food services, fully agrees with his boss’ philosophy of management. He likes to lead by example and is always ready to help out when necessary, even if it means serving coffee to guests in one of the dining rooms. He believes that people skills are vitally important in the hotel industry, not only in dealing with staff but in dealing with guests as well. He remarks that, as a young manager,
“Sometimes you have to manage people who are older than you are; that’s a massive challenge. People should realize that experience is important.” He makes a special effort to learn whatever he can from staff members who have been in the business longer than he has. “I try to be one of the gang, basically,” he says of his relationship with his staff. “We have to run, and business and things have to be done, but that doesn’t mean you have to be a tyrant.” He encourages staff members to approach him with questions and concerns whenever possible.

Le Meridien—a single hotel in a huge organization—is a complex organization itself, hosting more than 100,000 visitors each year. On any given day, Bob Van den Oord and his staff may welcome honeymooners, international tourists, business travelers, groups for conventions or conferences, and college reunions. “It’s hard work, but it’s fun,” notes Van den Oord. Of his staff he says, “We’re all in it together.” That, in a nutshell, is the new paradigm of management at Le Meridien Hotel.

Questions

1. In addition to human skills, a hotel manager needs technical skills and conceptual skills. Identify what you think some of those technical skills and conceptual skills might be, either for a general manager or for a functional manager at a hotel.

Conceptual skills include the ability to see the hotel as a whole, including its relationship with suppliers, guests, the community, and so forth. The general manager might look for ways to increase the number of local residents who visit the hotel. The housekeeping manager might look for ways to improve guests’ experience at the hotel by offering customized combinations of bedding. Technical skills involve understanding specific tasks. A general hotel manager might develop expertise in finance; the IT manager might look for ways to improve internal and external e-mail throughout the hotel.

2. Would you call Le Meridien Hotel in Boston a learning organization? Why or why not?

Students are likely to say yes because of the level of collaboration and communication across departments and hierarchical levels, because of employee empowerment, and because of the open exchange of information.

3. Describe at least one social force, political force, and economic force that may influence Le Meridien and its management practices.

Suggestions include employees’ expectations and opportunities for career advancement within the hotel; employees’ expectations to be able to balance work and family life; the sluggish economy, which may lead to fewer people staying at luxury hotels; recent terrorist events, which may cause Americans to travel abroad less and opt instead to stay at a nice hotel closer to home; these events may also cause the hotel management to evaluate and increase security measures.

Video Case

Chapter 2

In the Beginning: A Bite Taken from the Apple

[Insert Case Text from book to come]

Questions

1. From the overview presented in this case, what features of Apple’s culture are similar to learning organization? To bureaucratic organizations? What steps might Apple managers take towards creating—or strengthening—a learning organization?

Answer: Apple had a strong, adaptive culture. Both management and employees liked to foster the counterculture image. The company and its employees questioned the status quo with new product innovations and risk-taking attitudes. Yet with hiring more managers and new board directors, the company moved towards more of a traditional bureaucratic organization. Apple managers could focus on the factors such as team approach, flatter organizational structure, employee empowerment, participative strategy and open information characteristics to strengthen the learning organization.

2. Of the four management functions, which do you think Jobs excelled at? Which was his weakest? Why?

Answer: Jobs seem to excel at the planning function, given his strong vision for the company and his conceptual skills. However, his weakest area appears to be leading with his very poor human relations skills.

3. What types of roles does a person in Jobs’s position at Apple need to perform? List as many informational, interpersonal, and decisional roles that you think apply and explain why you think so.

Answer: A person in Jobs’s position at Apple need to perform all of the following ten roles, although some to a greater extent than others: Informational—monitor, disseminator, spokesperson; Interpersonal—figurehead, leader, liaison; and Decisional—entrepreneur, disturbance handler, resource allocator, and negotiator. Students should be encouraged to develop a list of as many roles (examples) as they can develop and bring to the class for discussion. One way to approach this
exercise would be to divide the students in teams and develop a master list of roles based on their individual lists.

PART I
Continuing Case

Ford Motor Company Makes History

Suggested Answers

1. How have the necessary skills for a successful manager changed at Ford over the decades?

In the early 1900s, Ford managers simply had to oversee the efficient production of autos, making sure that workers showed up on time and performed at the highest level of productivity. Today, managers must possess conceptual skills, human skills, and technical skills in order to make sure their part of the organization runs efficiently.

2. Why was it important for Ford to become a learning organization?

To compete in a fast-changing, highly competitive market, Ford needed to get rid of its bureaucratic structure and become more flexible. One way to do this is to promote the concepts behind the learning organization.

3. Do you think that Jacques Nasser was an effective manager? Why or why not?

Answers will vary, but most students will probably say he was effective in bringing the organization forward to meet the challenges of the 21st century. He certainly possessed the conceptual and technical skills, including an understanding of the importance of engineering and design as it relates to customers’ preferences and lifestyles. Students might disagree on whether he possessed the human skills to effectively work with and through other people.