

Organization and Management

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Preface

Organization and Management is a readable, research-based analysis of the management process and organizational behavior. The book provides a comprehensive and up-to-date but practical review of the subject in that applications and implications are used throughout to illustrate the practical side of organization and management. The Contingency Theme is frequently emphasized with appropriate examples. They illustrate how and why organizing and managing for innovative, entrepreneurial tasks differs fundamentally from organizing and managing for routine, mechanistic tasks. A framework begins each chapter and shows how that chapter's material relates to the rest of the book. Recent findings regarding systematic versus intuitive decision makers, dialectical planning, and double-loop learning are discussed fully in the decision-making, and planning chapters. Somewhat more advanced material regarding, for instance, linear programming, individual differences, and research methods are treated in Appendices. Realistic incidents provide lively introductions to each chapter, and all chapters have detailed summaries, discussion questions, and cases. The result is a readable, practical, yet research-based book.

* * *

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Organization and Management: A Framework

OVERVIEW

Whether the aim is to send an astronaut to the moon or to present a school play, large enterprises and small need organization and management. The tasks each individual is to do must be organized, identified, and assigned, and managers must plan what to do, hire workers to do it, and monitor and control the work's progress. The main purpose of this first chapter is to describe the evolution of management thought, and particularly the main schools or approaches that writers have used to explain what managers do and how they should do it. The main topics discussed include:

*The evolution of management thought
including the classical, behavioral, and contemporary schools of
management*

*Contemporary issues in organization and management
including the changing workforce and the need for improved pro-
ductivity*

*The plan of this book
including a brief overview of each part of the book, and the frame-
work we will use to explain how the topics we discuss in this book
relate to one another*

INTRODUCTION: ORGANIZATION AND MANAGEMENT

Organizations such as corporations, schools, and governments, which pervade almost every aspect of our lives, all have certain things in common. They are all purposeful social units and consist of people who carry out individual tasks that are coordinated to contribute to the organization's goals. Related to this, all organizations aim to accomplish through coordinated effort what the people who comprise them could not accomplish (as well) themselves. And, to ensure that this coordinated effort is attained, all organizations have managers whose functions are to *plan* the work to be done, *staff* the organization with employees, *organize* the work and tasks, *lead and direct* the work, and *control* the results by *measuring performance against plans*.

It would be impossible to imagine a modern society without organized effort or without the managers who oversee and synchronize that effort; and, in fact, the roots of both organizations and management can be traced to antiquity. Hunters banded into tribes for protection, the Egyptians required organizations to build pyramids and control the rise and fall of the Nile, and the Romans relied on organizing for building their armies and controlling their empire. And, in each case, managers—whether tribal leaders, Pharaohs, generals, or governors—were needed for planning, organizing, staffing, directing, and controlling the work of the organization and, more generally, for ensuring that the work of each member of the organization contributed in a meaningful way to the aims of the organization as a whole.

What is the best way to "organize"? What techniques can a manager use to ensure coordinated effort? What managerial tools do managers use as aids in planning and decision making? How should a person manage the conflicts that inevitably arise in organizations? How do managers improve performance and productivity in organizations? These and questions like them are the sorts of issues we address in this book.

THE EVOLUTION OF MANAGEMENT THOUGHT

Introduction: The nature of management

Most writers agree that the basic functions all managers perform are planning, organizing, staffing, leading, and controlling. In total, they represent what is often called the "management process." All managers—whether they are supervisors at IBM, city managers, school principals, or hospital directors—carry out these five basic functions. Some of the specific activities involved in each function include:

Planning. Establishing goals and standards; developing rules and procedures; developing plans; forecasting—predicting or projecting some future occurrence.

Organizing. Giving each subordinate a separate task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates.

Staffing. Determining what type of people should be hired; recruiting prospective employees; selecting employees; training and developing employees; appraising performance.

Leading. Getting others to perform their jobs; maintaining morale; motivating subordinates; establishing the right psychological climate.

Controlling. Setting standards—such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action as needed.

Evolution of management

The tools and techniques a society uses to manage its organizations tend to reflect the assumptions and values of the society itself. Thus a society like that of the ancient Greeks, which assumed that hard work was demeaning and to be carried out only by slaves, used discipline, dogma, and fear to ensure performance, rather than “job enrichment,” “supportive leadership,” and “participation.” Today, many believe that organizations owe their employees a high “quality of work life.” And, as a result, we see an increasing use of management techniques like job enrichment, flexible work hours, and participative incentive plans—techniques that are aimed at improving life at work for employees.

How did we get where we are today, in terms of our attitudes toward work and the techniques we use to manage our organizations? To gain the perspective to answer this question, we will briefly review three schools of management thought—the classical school, the behavioral school, and the contemporary school.

The classical approach to management¹

Until the late 1800s entrepreneur/managers were preoccupied with making their companies as large as possible. This was the period following the Industrial Revolution, and in America it was a time that saw innovations like the steamboat, the iron plow, the telegraph, the electric motor, and the expansion of a railroad and canal network that opened new markets for producers. In addition, it was an era during which markets were expanding rapidly, and in which entrepreneurs knew that they could partially insulate themselves from the vagaries of the market by making their companies larger. Finally, it was an age in which the Protestant Ethic of hard work prevailed. It was a “boom” period, a period of growing optimism, and it was one in which the entrepreneur/managers raced to accumulate men, machinery, and money in a quest to make their companies larger than their competitors’.

But by the late 1800s the focus was already beginning to shift from growth to efficiency. As their organizations became large and unwieldy, managers needed new ways to better utilize the resources they had accumulated. Increasingly they sought new concepts and new techniques that would enable them to cut costs and increase efficiency, and it was out of this industrial environment that the classical school of management emerged.

Frederick Winslow Taylor and Scientific Management. Frederick Taylor was one of the first of the classical management writers. His basic theme was that managers should study work scientifically to identify the “one best way” to get the job done. Taylor was an engineer, a Quaker, and a puritan, and he relentlessly pursued the idea that efficiency at work could be improved through careful, “scientific” analysis. The framework for Taylor’s scientific management can be summarized as consisting of four principles:

1. *Finding the “one best way.”* First, management—through observation and “the deliberate gathering in . . . of all the great mass of traditional knowledge, which in the past has been in the heads of the workmen . . .”—finds the “one best way” for performing each job.
2. *Scientific selection of personnel.* This next principle requires “the scientific selection and then the progressive development of the workmen.” This involves finding each worker’s limitations and “possibilities for development” and giving him the required training.
3. *Financial incentives.* Taylor knew that putting the right worker on the right job would not by itself ensure high productivity, and that some plan for motivating workers to do their best was necessary. He therefore proposed that a system of financial incentives be used, in which each worker was paid in direct proportion to how much he or she produced rather than simply according to a basic hourly wage.
4. *Functional foremanship.* Finally, Taylor called for a division of work between manager and worker such that separate managers did all planning, preparing, and inspecting while the workers did the actual work. The worker was to take orders from each of these “functional foremen”—depending upon whether the work concerned planning, machine speed, or inspecting, for example.

Henri Fayol and the Principles of Management. The work of Henri Fayol is also characteristic of the classical management writer’s approach to management and behavior at work. Fayol had been a manager for 30 years with a French iron and steel firm before writing his book *General and Industrial Management*. In it he said that managers performed five basic functions, which he called *planning, organizing, commanding, coordinating, and controlling*.

He also outlined a list of “principles” of management. He had found these useful during his years as a manager and felt that other managers should

use them in carrying out their functions of planning, organizing, commanding, coordinating, and controlling. His principles illustrate his approach to management. Some of these are as follows:

The principle of division of work: Each employee should be given a separate, specialized activity to perform.

The principle of authority and responsibility: The responsibility an employee has should be commensurate with the authority he or she is given.

The principle of unity of command: An employee should receive orders from one superior only.

The scalar chain principle: There should be a clear, unbroken chain of authority and communication ranging from the highest to the lowest positions in the organization.

Discussion: Classical Management and Behavior at Work. The classical approach to management was characterized by its almost total emphasis on the technical aspects of efficiency. To these writers an efficiently designed job and organization were of prime importance, and they focused their efforts on developing analytical tools and techniques that would better enable managers to design them. Human work behavior was not unimportant to the classical writers; instead they simply assumed its complexities away by arguing that financial incentives would suffice to ensure motivation. And, while this may seem simplistic today, it made sense at a time when belief in the hard work ethic and in man's desire to maximize his wealth made it easy to assume that man did, indeed, "live by bread alone."

As a result, intentionally or not, the classicists left the impression that workers could be treated as "givens" in the system—as little more than appendages to their machines. "Design the most highly specialized and efficient job you can" said the classicists, "and then plug in the worker who will then do your bidding if the pay is right."

Bridging the Eras. The work of two management experts—Chester Barnard and Herbert Simon—does not fit neatly into any one school of management thought. Instead, their work helped to bridge the classical, behavioral, and contemporary schools of management.

Chester Barnard has been the president of New Jersey Bell Telephone Company and at various times president of the United Service Organization (the USO of World War II), president of the Rockefeller Foundation, and chairman of the National Science Foundation. His book, *The Functions of the Executive*, "is a direct outcome of Barnard's failure to find an adequate explanation of his own executive experience in classical organization or economic theory."²

Barnard's contributions lie in three areas. First, his was the first management theory to try to explain the importance and variability of individual behavior at work. The classicists had assumed that workers would perform