CHAPTER THREE

**The History of Management**

**3.1 Describe management in the ancient world.**

**Sumer**: The earliest known civilization in southern Mesopotamia (contemporary Iraq), and one of the oldest civilizations in the world. We can track the concept of management from its development under the Sumerians. The Sumerians provided the concepts of writing and record keeping that allowed for an urban economy to develop, which in turn led to the establishment of small businesses.

* **Is there a connection between the rise of management and urban living?**
* **What other aspect of Sumerian culture may have led to the need for management?**
* **List 3 elements of the Code of Hammurabi that applied to business.**
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**Egypt:** The Egyptians helped to pioneer the ideas of specialization of labor, span of control, and hierarchy of command.

* **Overall, what are the main contributions of the Early/Ancient Origins period to the study of management?**

**Greeks and Romans:** The Greeks (800 BC–400 BC) and Romans (500 BC–476 AD) added a number of important steps in the development of management.

* **Be able to complete the following sentences:**
	+ The Greeks continued to develop the idea of \_\_\_\_\_\_\_\_\_\_\_\_ based on Plato’s recognition of human diversity.
	+ Because the Romans needed to administer a vast empire, they needed \_\_\_\_\_\_\_\_\_\_ of measures, weights, and coins.
	+ Romans also saw the birth of the \_\_\_\_\_\_\_\_\_\_, in that many Roman companies sold \_\_\_\_\_\_\_\_ to the public.

### 3.2 How did the Italian Renaissance affect the progression of management theory?

**The Renaissance:** The Crusades were a series of military conflicts in which Europeans traveled to the Middle East. These expeditions, as well as other travel, brought new knowledge from both the Muslim and Chinese societies. In addition, there was a rediscovery of trade throughout Europe. These factors led to the the Renaissance, which initially took place in Italy. The Renaissance saw a reemergence of trade, as well as a great expansion of culture and science. The Renaissance also saw the development of the idea of the corporation and double-entry accounting. In fact, some of the first multinational corporations have their genesis in the Italian Renaissance.

* Beyond the direct trade implications, the Renaissance is known mostly for its resurgence and advancement of culture and the arts.
	+ **How might that have influenced trade?**
	+ **What areas of knowledge outside of your business classes have business implications? What can we learn from subjects outside of business?**

**The printing press:** Invented by Johannes Gutenberg in about 1440, the mechanical printing press could produce up to 3,600 pages per day, compared to the previous rate of about 40 pages per day with the same workforce.

* **Why was the printing press so impactful?**
	+ **What did such a high volume of printing enable in society and in business?**
	+ **How did the printing press change social structure?**
	+ **What more recent technological advancement might be seen as having a similar affect on mankind?**

**3.3 How did the Industrial Revolution affect the progression of management theory?**

The Industrial Revolution was a product of a combination of factors, including the spread of learning from the Italian Renaissance, the improvement of transportation, the Market Revolution, and technology. In addition, scholars such as Adam Smith provided support for the ideas of division of labor, specialization, and coordination within a corporation, allowing for the development of factories. This economic shifted created the need for managers.

* **As conceived by Adam Smith, what are the three main effects of specialization?**
* **How did the change in the structure and size of factories during and after the Industrial Revolution affect management needs and approaches?**

**The industrial revolution in America:** In about 1820, the Industrial Revolution began to impact America. As in Europe, the changes affected more than one facet of production and society.

* **Briefly describe the nature of each of the following revolutions that contributed to the larger Industrial Revolution as it applied to the United States.**
	+ **The Transportation Revolution:**
	+ **The Communication (or Telegraph) Revolution:**
	+ **The Market Revolution:**

**Management issues exposed by the Industrial Revolution:** As business grew from small, localized companies to giant corporations, management issues grew. These included worker motivation, standardization and quality of work, and misunderstandings about the quantity and quality of work.

* **With the above in mind, why was the Industrial Revolution the precursor to the emergence of management as a distinct field of study?**
	1. **How did Frederick Winslow Taylor influence management theory, and how did efficiency in management affect current management theory?**

The Industrial Revolution was a revolution in its truest sense. While the Industrial Revolution created economic upheaval, the U.S. was also witnessing tremendous social changes. The working class had concerns over wages, job tenure, and workplace injustice. There was a demand for managers, but there were very few qualified people to fill this demand, as there was little training provided. The first business school, the Wharton School at University of Pennsylvania, wasn’t established until 1881.

The study of management was a key element of the second phase of the Industrial Revolution, and it began (unlike the first phase of the Industrial Revolution itself) in America. It’s founder was Frederick Winslow Taylor.

***Taylor’s story is interesting and inspiring:***

* He lived from 1865-1915.
* He was born into a wealthy family and originally destined for a Harvard law or similar degree. But he suffered an injury that prevented him from reading.
* He took a job in a friend’s factory, and was soon promoted. But while there, he saw widespread reduction of production. He even had his own tools destroyed by other workers in an effort to slow down production.
* He went to Stevens Institute of Technology to get a formal engineering degree, then applied his learnings to his work.
* **Consider some of the techniques Taylor used, and be able to describe each one:**
	+ **Incentives:**
	+ **Piecework production:**
	+ **Differential piecework compensation:**
	+ **Time management studies:**
	+ **Worker rest:**
* **Below are listed four elements of Taylor’s Scientific Management. Read through the textbook and other sources to be certain you can describe these in your own words:**
1. **A manager should develop a rule of science for each aspect of a job:**
2. **Scientifically select and train each worker:**
3. **Management and the workforce should work together to ensure that work is performed according to the principles of management:**
4. **Work and responsibility should be equally divided between management and workers:**

**Other contributors to scientific management:**

* *Carl Barth:*
	+ Studied employee fatigue
	+ Used slide rule to calculate steel quantities, reducing waste and saving money.
* *Henry Gantt:*
	+ Developed a way to keep track of what is planned versus what is done.
	+ Gantt chart visually represents a project schedule as well as the tasks to be completed within each time frame of the schedule.
* *Frank Gilbreth:*
	+ Employed rules to increase efficiency
	+ Developed motion studies that attempted to analyze and make the most of every motion/subtask of an operation.
* *Lillian Gilbreth:*
	+ Worked to understand the psychological and other elements of workers, which became important for worker selection.
	+ Eventually turned these skills toward domestic environments, and is credited with inventing the modern kitchen.

**How did these contributions relate to Taylor’s 4 principles?**

Taylor was focused on “converting” many to his approach, in which he was not successful. Most of his principles focused on front-line managers, and didn’t take strategy into account. However, the overall approach to scientific management led to the emergence of the field and laid the foundation for further improvement.

* 1. **How do bureaucratic and administrative management complement scientific management?**

Henri Fayol and Max Weber made notable contributions to the development of management thought. Fayol focused on top managers, and Weber focused on middle managers. Fayol’s administrative theory was the first general statement on management theory. He stressed the need for collective action and vision from top management. Weber developed the idea that organizations should be formalized and legalistic in their operations.

* **Taylor focused on front-line managers (those who oversee workers), while Fayol focused on top managers and Weber focused on middle managers. What is your opinion on these focuses? Is one more important than the others?**

**Fayol’s Principles/”Fayolism”:** Fayol initially laid out 3 principles of management: unity of command, social aspects of work, and fairness within an organization. These were expanded into the 14 principles of management, which are still used:

1. Division of Work
2. Authority
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of Individual Interest
7. Remuneration
8. Centralization
9. Scalar Chain
10. Order
11. Equity
12. Stability of Tenure of Personnel
13. Initiative—Employees should be given the necessary level of freedom to create and carry out plans.
14. Esprit de Corps

***The five functions of management:***

1. Planning
2. Organizing
3. Staffing
4. Controlling
5. Directing

These have evolved to some extent, but they are still essential elements of management.

**Max Weber:**

* Identified three types of leadership:
	+ Charismatic domination
	+ Traditional domination
	+ Legal domination.
* Established the importance of bureaucracies as a means to exert control.
* Emphasized legal and rule-based priorities for management.
* **Why were bureaucracies important as organizations expanded?**
* **According to Weber, what should be the basis of hiring and promotion?**
* **What downsides to Weber’ principles did Merton expose?**
	1. **How did Elton Mayo influence management theory, and how did the human relations movement affect current management theory?**

Elton Mayo noted the role of nonmonetary motivators and attitudes in terms of the workplace. Barnard developed the idea of the zone of indifference. Follett developed ways to resolve conflict without the use of compromise or domination.

* The human relations movement was a natural response to some of the issues related to scientific management and its ignoring the social aspects of work.
* The human relations movement enhanced scientific management because it acknowledged that people’s attitudes, perception, and desires play a role in their workplace performance.
* Managers soon realized that settling disputes was more difficult that applying scientific management concepts.

NOTE: Don’t confuse the human relations movement with human resources management (HRM), which is an important element of management.

The major difference between scientific management and human relations theory was that human relations theory recognized that social factors were a source of power in the workplace.

***Hawthorne Studies:***

* Elton Mayo played a role, but was *not* the originator of the studies. Rather, he was brought in to help interpret the results.
* While the results of the studies were not immediately actionable, they provided insights and set up further work.
* The main takeaways were: (1) That the worker’s life and social structure played an important role in productivity. (2) that the supervisor played an outsized role in determining worker behaviors, attitudes, and motivation. (3) Work motivation is a function of a wide variety of factors, including pay, social relationships, meaning, interests, and attitudes.

***Barnard and the Zone of Indifference:***

Chester Barnard was the president of the New Jersey Bell Telephone Company, and conducted research on executive functions, communication and incentives.

* **According to Barnard, how do executives most effectively exert authority?**

The Zone of Indifference:

* Workers do not need to agree with an order; they simply need to be indifferent to it. In other words, as long as they *don’t disagree*, most workers will comply because they tend to follow the authority of their superiors.
* **Do you believe there is a natural tendency to follow authority? What examples can you point to?**

***Follett and conflict reduction:***

Follett was a political scientist from Harvard. She used the tenets of the human relations movement to solve some of the problems with the scientific management framework. Follett’s work was largely ignored for years either because it was too original or because she was a woman.

She asked questions of management: How do we create unity of action? How do we help workers live fuller, richer lives? How do we contribute to group success? Her argument was that individual behavior is affected by and affects others in the group.

**Follett’s major contribution came in how to reduce conflict. Describe each of the methods below:**

* **Dominance:**
* **Compromise:**
* **Integration:**
	1. How did contingency and systems management transform management thought?

Beginning in the 1950’s, two new approaches emerged.

***The systems school*** stated that firms were an *open system*; a system that interacts with its environment. And managers’ actions are the products of outside factors.

***The contingency school*** proposed that there are no universal rules in management. External and internal factors create unique situations, and each situation requires a different response. One of the major theorists in this school was Joan Woodward, a British scholar.

Now that you have reached the end of the chapter on the history of management, consider what modern management includes.

**Does modern management style and theory seem to emphasize one of the historical researchers or schools of thought?**

**What are some hallmarks of modern management theory?**