

Review of Classical Management Theories

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Abstract

No doubt management is very important thing in any organization. Organization can never achieve its objectives without proper management. Management is art of getting thing done with the help of other people. There is jungle of management theories which are categorized as Classical, Behavioral and Situational Management Theories. Three well known Classical Management Theories (Scientific, Administrative and Bureaucratic) were reviewed in this article. Knowledge of management theories (along other factors) is basic requirement for managers of any organization to meet the challenges of the organization. To provide knowledge and pros and cons of management theories to managers and management scholars, this article is written. Chain of command, autocratic management style and predicted behavior are common features of Classical Management Theories. Although these are old theories yet these are in practiced in some shape in most part of the world.

Keywords: *Management, leadership, Classical Management theories, Scientific Management Theory, Administrative Theory, Bureaucratic Theory*

Background

Management is the most important part of any organization. No any organization can achieve its objectives without proper management. So management is considered the hub of any organization. Knowledge of Management theories is essential for successful management and leadership. Organizations have to face many challenges in modern era. The same is the position in schools and collages as they are also organizations. To meet the challenges like competition, efficient and economical uses of sources and maximum output, knowledge of management and theories of management is basic requirement. Among Management Theories, Classical Management Theories are very important as they provide the basis for all other theories of management. Hence this review of Classical Management Theories was done. This article will provide the basic knowledge of Classical Management Theories as well as strengths and weaknesses of these theories. It will be beneficial for the young scholars relating to management field, managers and organizers by providing summarize review of Classical Management Theories.

Management

The term management derives from Latin word “Manu agere” which means to lead by hand. Lead by hand means, giving directions. It also implies that the leading person first goes where he/she wants to send the followers (Shied, 2010). According to Drucker (1974) Management is the activity of getting things done with the help of others peoples and resources. It means that management is a process of accomplishing work with the help of other people. According to Weijrich and Koontz (1993) “Management is process of planning, leading, organizing and controlling people within a group in order to achieve goals. It is also the guidance and control of action required to execute a program. It indicates that there should be definite plan/program for affective management (Shied, 2010).

On the basis of these definitions it can be concluded that management is a process that includes strategic planning, setting objectives, managing resources, developing the human and financial assets needed to achieve objectives and measuring results. It also includes recording facts and information for later use according to need.

Management and leadership are two similar terms which confuse many persons so it is necessary to explain the term leadership also.

Leadership

A process in which one individual influences others toward the attainment of group/organizational goals is called leadership. According to Grey (2005) and Shaik (2008) leadership:

- Is a process of social influence
- Cannot exist without a leader and some followers
- There is voluntary action by the followers
- Changes the followers’ behaviors.

The Difference between Management and Leadership

Management and leadership are two overlapping terms which confuse many people. Leadership and management are complementary for each other. Both go hand in hand. But they are not the same things. The difference between them can be expressed in the following way.

Planning, organizing, staffing, directing, controlling and coordinating are the functions of management and managers who perform these functions has formal authority in the office while inspiration and motivation is the job of leadership and formal authority is not necessary for leader. A manager may be or may not be a good leader (Shied, 2010, Murray, 2011).

According to Weijrich and Koontz (1993), Murray (2011) managers are principally administrators, they write plan, set budget and monitor the progress. In the other hand, leaders change the individual and organization. Management is a function (planning, organizing, controlling, directing, leading, monitoring, staffing, communicating and

coordinating etc.) to exercise while leadership is relationship (selecting talent, motivating, coaching and building trust etc.) between leader and followers.

In his 1989 book “On Becoming a Leader,” Warren Bennis composed a list of the differences:

1. The managers are administrator while the leaders are innovator.
2. The manager copies the rules and applies them while the leaders formulate rule and regulation.
3. The manager maintains the system and environment while the leader develops the system and environment.
4. The focus of manager is the system and structure of organization while the focus of leader is people.
5. The manager controls the system to achieve targets while the leader creates the trusts to said purpose.
6. The vision of manager is shorter than the vision of the leader.
7. The questions of manager are how and when while these are what and why in case of leader.
8. The manager follows the rule and regulation while the leader formulates rule and regulation.
9. The manager accepts the status quo while the leader challenges it.
10. The manager does things right while the leader does the right thing (Bennis, 1989).

These ten differences clearly differentiate between management and leadership. The leadership is broader term which influences other people through his leadership skills to attain goals while manager use authority to get work from subordinates.

Classical Management Theories

Management Theories can be categorized as Classical Management Theories, Humanistic Management Theories, Situational Management theories and Modern Management Theories etc. Classical Management Theories were reviewed in this research work. Classical management theories were developed to predict and control behavior in organizations.

Salient Feature of Classical Management Theories

Salient features of Classical Management Theories are as follow:

1. Chain of Command

In Classical Management Theories, management is distributed in three levels.

Top Level Management: This level of management is generally called administration. It consists on board of directors, general manager in business organizations, president, rectors, vice chanslers and Deans in universities etc. this level of management is responsible to develop long term strategic plans to meet the objectives of the organizations. Other than planning, organizing and directing are the major functions of top level management (Wejrigh and Koontz, 1993, Stoner, Freeman, & Danial, 2003).

Middle level management: This level of management falls between the top level and bottom level of management. Its responsibilities are to coordinate the activities of supervisors and to formulate the policies and plans with the line of strategic plans of top level management. In education, Head of department, deputy and assistant directors, deputy and assistant controller exams, deputy registrars, District education officers, assistant education officers and head teachers are included in this category. In business organizations, manager (production manager, office manager, finance managers etc.), deputy and assistant directors are included (Weijrich and Koontz, 1993, Stoner, Freeman, & Danial, 2003).

First level management: This level of management consists of supervisors that are why it is also called supervisory management. Policies and plans are implemented in this phase. Day to day activities are supervised. In education, teachers are included in it while in business unit, Forman, supervisor and shift in charge etc. fall in this category (Weijrich and Koontz, 1993, Stoner, Freeman, & Danial, 2003).

2. Division of Labour

Division of labour is second main characteristic of classical management theories. Complex tasks are broken down into many simple tasks which can be easily performed by workers (Weijrich and Koontz, 1993).

3. Unidirectional Downward Influence

There is one way communication in classical management theories. Decisions are made at top level and forwarded to downward. No any suggestions are taken from bottom side (Weijrich and Koontz, 1993).

4. Autocratic Leadership Style

Autocratic style of management is another characteristic of classical management theories. Management was influenced by church in those days so autocratic style was the culture of that time. It means that managers were the persons who made decisions and perform all other functions of management alone as directing, commanding and organizing. It was belief to treat the workers like machines and increase productivity. Workers were strictly controlled (Weijrich and Koontz, 1993).

5. Predicted Behavior

In classical management theories, behaviours of workers was predicted like machine. If a worker works according to prediction / set standard, he/she retains in services otherwise is replaced (Shaik, 2008 and Grey, 2005). Three well established theories of Classical Management are Scientific Management Theory, Administrative Theory and Bureaucratic Theory.

1. Scientific Management Theory

Scientific Management Theory is well known theory of management which was developed by Frederick Winslow Taylor in 1911. It is also known as time and motion study. His research was the greatest event of nineteenth century (Grey, 2005). Its main focus is maximum productivity. This theory is the solution of the problem of all industrialists' conflicts (Shaik, 2008). According to Taylor, the scientific management is the solution of the labor problem. About the Scientific Management Theory, he says in his book "Principles of Scientific Management" "A determinant effort in some way to change the system of management, so that the interests of the workmen and the management should become the same" (Taylor, 1911, pp. 52). In his experiments, he raised the productivity of shovellers from 16 to 59 tons per day and reduced the number of yard labourers from 500 to 140. He brought revolution in the art of cutting metal and doubled the speed. In late nineteenth century and early twentieth century, Taylor worked on raising productivity by using scientific technique and leaving extra movement during work. He is in favor of training of worker to perform better and to division of work between management and workers, management performing science and instruction and worker performing labor. In this way each group performs best. He has introduced four principles in his Scientific Management Theory to increase efficiency. He also predicted that these principles are applicable to all kind of human activities, from simple act of individual to complex functions of organization (Taylor, 1947).

Four Principles of Management to Increase Efficiency

1. It is needed to develop the "science of work". It means to study the job in practice now and to find the ways to do it. To collect information of each ways in shape of time and motion. Try different method to find the best method (Koontz, 1980, McNamara, 2011).
2. New method should be selected and worker should be selected and trained scientifically according to best way of performing that work. Different worker should be selected for different jobs and training should be given to them according to their positions in the organization so that they each worker may be expert in his job and can perform better (Koontz, 1980, McNamara, 2011).
3. Science of work should be matched with scientifically selected and trained worker to get maximum result. Its means that those workers should be selected whose jobs match the new rules. Payment and reward should be linked with the productivity of each labor. High incentives should be given to high achiever and vice versa (Koontz, 1980, McNamara, 2011).
4. Task and responsibility should be equally divided between the workers and the management to complete task efficiently and economically (Taylor, 1917).

The work of Taylor was appreciated by industrialists of that time. His principles are still in practiced in most part of the world. As we observe, mostly workers are paid according to their productivity. Modern management theorists such as Edward Deming and Juran also favor the principles and division of work given by Taylor (Koontz, 1980, McNamara, 2011).

There is much criticism on this theory. Labour unions thought that this theory focus more work from labor with less payment. Speedup and lack of voice during work was also condemned by labor union. The benefits of increased productivity are not shared with labour. It is also considered that total productivity decreased instead of increased when this theory is applied in industrial unit because specialized work became boring as it is nature of man. Man is treated as machine hence as his words “In the past man was first and in the future the system will be the first” proof that this theory is against the humanity (Pindur, Rogers, and Kim, 1995).

Taylor’s work of time and motion study was improved by Frank and Lillian Gilberth by breaking the tasks into small sub-components, by finding better ways to perform each component and by reorganizing each job components more scientifically (Gilbreth & Gilbreth, 1917).

Administrative Management Theory

Administrative Management Theory is another well known Classical Management Theory which was developed by Henry Fayol in 1916. It is also called Fayol Administrative Theory. Fayol was a senior manager. He developed this theory on his personal experience. This theory is about business management as well as general management. Its main focus is management. He introduced six functions and fourteen principles of management in his theory (Grey, 2005; Shaik, 2008, Onkor 2009). Primary six functions of management are as under:

Functions of Management

- Forecasting
- Planning
- Organizing
- Commanding
- Coordinating
- Monitoring (Grey, 2005; Shaik, 2008; Onkor, 2009).

Principles of Management

He proposed 14 principles of management which are as under.

Division of work: Fayol beliefs that work specialization is the best way to use human resources so he thinks that Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task (Onkar, 2009).

Authority: Fayol defined the authority as the right to give orders and the power to exact obedience. Responsibility is close term of authority which involves being accountable. It means responsibility is the part of authority. When authority is assign to any one, responsibility is also assigned to him/her (Shaik, 2008 and Grey, 2005).

Discipline: Discipline is considered essential in a successful organization. The workers should be fined in ignoring discipline in organization because the success of organization requires the common effort of all workers (Koontz, 1980, McNamara, 2011).

Unity of Command: There should be unity of command in organization so that workers should receive orders from only one person/ managers (Koontz, 1980; Onkar, 2009; McNamara, 2011).

Unity of Direction: According to Fayol, for successful organization, there should be unity of direction. It means that the entire organization should move towards a common objective in a common direction (Koontz, 1980, Shaik, 2008, McNamara, 2011).

Subordination of Individual Interests to the General Interests: General interest/ benefit of organizations should be given preference on interest/ benefit of any individuals (Shaik, 2008, Onkar, 2009 and Grey, 2005).

Remuneration: Salaries of workers should not based on productivity of workers but it should based on many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business (Onkar, 2009).

Centralization: According to Fayol, centralization or decentralization of management should be opted according to need/ culture and organization. He defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance (Cole, 2004; Grey, 2005).

Scalar Chain: there should be hierarchies of management in organization. Authority should be assigned to each manager according to the status of managers in hierarchy. Top level manager should be given most authority and vice versa. Lower level managers should always informed upper level managers about their work activities (Shaik, 2008; Onkar, 2009).

Order: There should be effective and efficient operation in organization. All personnel and materials have specific place and so should be placed in their specific place. In short people and material should be at right place at right time (Cole, 2004; Onkar, 2009).

Equity: Equity means that all employees should be treated as equally as possible. It indicates that for success of organization, basic rights, rule and regulation should be same for all workers. There should be justice within the organization. It should also be kept in mind that salaries and facilities cannot be assigned equally (Cole, 2004; Shaik, 2008).

Stability of Tenure of Personnel: Fayol believes that for successful organization, salaries and other benefits should be given according to the length of service in that organization because for new appointments there is cost of recruitment and selection. Secondly new worker requires time to be efficient in work (Onkar, 2009).

Initiative: for continuous improvement of organization, Management should encourage worker initiative. There are some workers in organization who are innovator and they take

step to perform the task with new and additional activity through self direction (Grey, 2005; Shaik, 2008; Onkar, 2009).

Espirit de Corps: It simply means that management should encourage the harmony and general good feelings among employees because harmony and good relation of workers increase productivity as it is well saying “union is strength” (Onkar, 2009).

This theory is very popular and still in practiced today especially in big organization. It is also very effective in militaries. Functions of management given by him are placed in management functions of all organizations. Later, His six functions of management are converted to four functions which are still in practiced today. These are planning, organizing, leading and controlling. Giving appropriate authority and responsibility is also in practice in the whole world. It shows the strength of administrative theory. Unfortunately, in “matrix management” his two principles (unity of command and unity of direction) are neglected (Pindur, Rogers, and Kim, 1995)

Bureaucratic Theory of Management

This theory was given by German Sociologist Karl Emil Maximilian known as “Max Weber” so this theory is also called Weber’s Theory of Bureaucracy. He formulates this theory in 1947 and named his work as Theory of Social and Economic Organization. Main focus of his theory is organizational structure. He focused on dividing organization into hierarchies and establishing strong lines of authority and control. He suggests that organization should develop comprehensive and detailed standard operating procedures to perform preplanned tasks. He felt that the western civilization was changing from “Wertrational” to “Zweckational” (McNamra, 2010 and Olum, 2004). It means value oriented thinking to technocratic thinking. He thinks that civilization was changing to seek technical result at the cost of humanistic contents. He believes that worker should respect the right of the managers to direct activities dictated by the organizational rules and regulations (Warwick, 1975; McNamra, 2010).

Principles of Bureaucratic Management Theory

1. Written Rules

According to this theory, there should be well standardized rules and regulations in organization. These rules should well defined and in written foam (McNamra, 2010 and Olum, 2004).

2. System of Task Relationship

In organization, there should be established system to achieve the task and there should be relationship between system and task of the organization (McNamra, 2010).

3. Specialized Training

Worker should be trained according to their assigned tasks. There should be different training for different system of organization. Managers’ need managerial training as per their duties and workers need work training of their job (Warwick, 1975; Olum, 2004).

4. Hierarchy of Authority

Like other Classical Theories, this theory also believes on the hierarchy of authority from top level management to bottom level management. Authority should be assigned to managers as per their positions in the firm in management pyramid. Traditional Authority, Charismatic Authority and rational Authority are three type of Legitimate Authority. Rational Authority is major focus of interest in this theory (Warwick, 1975; McNamra, 2010).

5. Clear Identified Duties

There should be clear identified duties of every worker. Every worker must know what he/she has to do whom he/she has to report (Warwick, 1975; McNamra, 2010).

6. Paper Work

Webber believes that everything in the organization should be written down. In this way, every system in the organization will run systematically (Olum, 2004; McNamra, 2010).

7. Fair Evaluation and Reward

There should be well established system of evaluation in the organization so that reward may be given to the workers according to their commitment and competency (Warwick, 1975; Olum, 2004; McNamra, 2010).

8. Maintenance of Ideal Bureaucracy

Ideal bureaucracy should be generated in organization. Ideal bureaucracy can be generated through proper training and reward system (Warwick, 1975; Cole, 2004; Olum, 2004).

This theory is still in practiced. Later theories of management have take advantages from this theory. Written rules, ideal bureaucracy, paper work, punish and reward system, workers and managers' training are part of almost all the organization of the world. It shows that this theory has big role in history of management theories (Pindur, Rogers, and Kim, 1995; Horner, 1997).

Three well-established theories of classical management are: Taylor's Theory of Scientific Management, Fayol's Administrative Theory, Weber's Theory of Bureaucracy. These theories were developed in early twentieth century (Horner, 1997; Cole, 2004; Olum, 2004).

Scientific management theory was formed in USA to increase productivity, as there were shortage of labour in USA due to industrial revolution , so it was only way to increase productivity through raising the efficiency of workers. Four principles of scientific management theory were: the development of a true science of management, the scientific selection and training of workers, proper remuneration for fast and high-quality work and equal division of work and responsibility between worker and manager (Cole, 2004; Shaik, 2008).

Ignoring human aspects are the main limitations of this theory. The employees management theory was formed in USA to increase productivity, as there were shortage of labour in USA due to industrial revolution , so it was only way to increase productivity through raising the efficiency of workers. The employees opposed it as they feared that working harder or faster would exhaust whatever work was available, causing layoffs. There was also objection to the "speed up" conditions that placed undue pressures on the worker.

They also opposed it as they feared that working harder or faster would exhaust whatever work was available, causing layoffs. There was also objection to the "speed up" conditions that placed undue pressures on the workers (Cole, 2004; Grey, 2005; Shaik, 2008).

Administrative Management Theory seeks to establish an organization which leads to efficiency and effectiveness. It respects the worker against the scientific management theory. Planning, organizing, controlling and leading are major function of this theory. Unity of command, unity of structure, division of work, authority equity and order are important principles among fourteen principles of this theory. The functions and principles given by Fayol are still in practice in the management of organization of the world (Horner, 1997; Grey, 2005; Shaik, 2008; Onkar, 2008).

Bureaucratic Management Theory of Max Webber focuses on the ideal structure of organization. It has eight principles. Written work is the major principle of bureaucracy. Other important principles are written rule, authority of manager check and balance system and reward. Bureaucracy is still in practice in the big organization of the world (Horner, 1997; Grey, 2005; Shaik, 2008; Onkar, 2008).

Classical theories enhance the management abilities to predict and control the behavior of the workers. These theories are designed to predict and control behavior in organization. These theories consider the tasks functions of communication in the organization and ignore the human relational and maintenance functions of communication. These are applied in simple, small and stable organizations while these are not applicable in big, complex and aggressive organizations of today (Pindur, Rogers and Kim, 1995; Cole, 2004; Grey, 2005).

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