

## **Lesson Four**

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# **General Theories of Management**

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- Classical (fayol and Urwich),
- Human Relations Approach (Follett and Likert)
- Contrasting Approaches

## **What is management?**

It looks like a simple and obvious question, and you may even be expecting to find the ‘right answer’ here at the start of this unit. If you are, then an important word of warning is needed. It is actually a profoundly difficult question to answer. There is certainly no single, commonly accepted and agreed answer or definition of ‘management’.

Management means different things to different people in different circumstances and at different times. For practicing managers – rather than academics and linguists – it is also a seriously misleading question, as it assumes that there is one right definition of management and consequently one right way of being an effective and competent manager.

The real challenge for you is to develop an understanding of the different ways in which management is defined, perceived and practiced and to be able to draw on those different – and even contradictory – ideas to help you adjust your practice to be effective in different contexts and situations.

The following sections and activities will introduce some contrasting ways of thinking about management, the languages and debates about it, and issues and questions that may emerge from these differences. Exploring different perspectives on management in this will introduce you to ways of working with ideas – as a manager and as a student.

## **General theories of management – contrasting approaches**

This section provides a summary overview of two contrasting general theories of management. They are based on the writings of two management thinkers – Fayol and Urwick – who can be taken to represent the classical traditions of management theory, and two management thinkers – Follett and Likert – whose basic approach was very different and who can be taken to represent a **human relations approach**.

This following section (Section 2) summarises the ideas about management of four writers on organisations – Henri Fayol, Lyndall Urwick, Mary Follett and Rensis Likert – from the period 1900–1970. The reading presents their respective ideas as contrasting contributions to an ongoing debate about the nature of management.

Section 1.2 is a short extract from a book written by Donald Schön in the mid-1980s – *The Reflective Practitioner*. This was a study of the behaviours of people in a range of professions – doctors, architects, engineers, managers – and he explored particular features of those professions and the nature of professionalism in general. The book has become a modern classic and has been influential in setting up approaches to professional learning.

## SECTION 1

### **Classical management theory (Fayol and Urwick)**

Henri Fayol (1841–1925) is often described as the ‘father’ of modern management. He had been managing director of a large French mining company, and was concerned with efficiency at an organisational level rather than at the level of the task. Drawing on his experience of what worked well in an organisation, he developed a general theory of business administration.

#### **He first broke management down into five distinct elements:**

- forecasting and planning – looking into the future and drawing up action plans
- organising – building up the material and human structure of the undertaking
- commanding – maintaining activity amount personnel
- coordinating – unifying and harmonising activity and effort
- controlling – ensuring that things conform to rules and instructions

This is a logical, rational and normative analysis of what needs to be done. But this was not a wholly abstract piece of theorising. Fayol was writing on the basis of his own, highly practical experience of management. On the basis of the five elements of management, he then proceeded to identify what he presented as 14 principles for improving managerial effectiveness.

Interestingly, Fayol’s principles share a lot with those of Lyndall Urwick (1891–1983), an army officer turned management consultant, who combined ideas of scientific management and those of classical organisation theory in his writings. Like Fayol, he also came up with a list of general principles for managerial effectiveness. The two writers’ sets of principles are compared here.

## General principles of managerial effectiveness

### Henri Fayol (1917)

1. Division of work – specialisation encourages continuous improvement, both in terms of skill and methods.
2. **Authority** – the right to give orders and the **power** to require obedience.
3. Discipline – a successful organisation requires the shared effort of all staff. Employees must obey, but this is two-sided – they will only comply if management play their part by providing good leadership.
4. Unit of command – employees should have only one boss with no other conflicting lines of command.
5. Unity of direction – the entire organisation should be aligned and be moving towards a common goal.
6. Subordination of individual interests – individual needs and interests should be subordinate to the needs of the organisation.
7. Remuneration – payment is an important motivator, but should be fair and reward well-directed effort.
8. Centralisation – an element of centralisation must always be present and is part of the ‘natural order’ in an organisation.
9. Line of authority – a hierarchy is necessary for unity of direction.
10. Order – an organisation’s requirements must be balanced against its resources.
11. Equity – employees must be treated equally and fairly.
12. Stability of tenure of personnel –employees need a period of stability in a job to perform at their best.
13. Initiative – encouraging staff to show initiative is a source of strength in an organisation.
14. Esprit de corps – management should foster harmony, cohesion and morale among the organisation’s staff.

## Lyndall Urwick (1943)

1. The principle of the objective – the overall purpose of an organisation is its raison d'être.
2. The principle of specialisation – one group, one function.
3. The principle of coordination – the purpose of organising is to facilitate coordination or unity of effort.
4. The principle of **authority** – in every organised group, supreme authority must be located somewhere, and there should be a clear line of authority to every member of the group.
5. The principle of responsibility – a superior may be held accountable for the actions of subordinates.
6. The principle of definition – jobs, duties and relationships should be clearly defined.
7. The principle of correspondence – in every position, responsibility and authority should correspond with one another.
8. The principle of span of control – no person should supervise more than 5–6 line reports whose work is interlocked.
9. The principle of balance – it is essential that the various units of an organisation are kept in balance.
10. The principle of continuity – reorganisation is a continuous process and provision should be made for it.

### Stop and reflect

Although many of the above principles have been adopted as good practice for many years by managers in all kinds of organisation, it is less certain whether they are still relevant today given the complexity of the modern manager's role and the high-paced environment in which most managers now operate. Are the principles timeless or are they now outmoded? How do they fit with your experience or knowledge of being a manager?

## SECTION 2

# A human relations approach (Follett and Likert)

## Mary Parker Follett (1868 -1933)

In contrast to Fayol and Urwick, Mary Parker Follett (1868–1933) eschewed the scientific-cum-technical approach to management, emphasising instead the importance of manager–worker relations and the need to view management (and leadership) more holistically. Like Urwick, she was an early management consultant and organisation theorist. She also wrote on creativity; the best-known quote from her work is ‘management is the art of getting things done through other people’ (Follett, 1918). Note that she identifies management as an art – not a science. This sits at the heart of her thinking about management and her strong belief that the key task of management is to facilitate cooperation and the involvement of staff in decision making.

Her contribution to modern day thinking about management and employer– employee relations is becoming more widely known, thanks in part to the work of the Mary Parker Follett Foundation:

Follett is increasingly recognised today as the originator, at least in the 20th century, of ideas that are today commonly accepted as ‘cutting edge’ in organisational theory and public administration. These include the idea of seeking ‘win–win’ solutions, community-based solutions, strength in human diversity, **situational leadership**, and a focus on process. However, just as her ideas were advanced for her own time, and advanced when people wrote about them decades after her death, they remain too often unrealised. We recognise them as an inspirational and guiding ideal for us today, at the beginning of the 21st Century.

(Source: Mary Parker Follett Foundation, undated)

Follett’s human relations approach to the basis of effective management was echoed later by such writers as the American social psychologist Rensis Likert (1903–1981). His research was summarised by Derek Pugh as follows:

## **Rensis Likert (1903-1981)**

Likert distinguishes four systems of management.

System 1 is the exploitative authoritative type where management uses fears and threats, communication is downwards, superiors and subordinates are psychologically far apart, the bulk of decisions are taken at the top of the organisation, etc.

System 2 is the benevolent authoritative type where management uses rewards, subordinates' attitudes are subservient to superiors, information flowing upwards is restricted to what the boss wants to hear, policy decisions are taken at the top but decisions within a prescribed framework may be delegated to lower levels, etc.

System 3 is the consultative type where management uses rewards, occasional punishments and some involvement is sought; communication is both down and up but upward communication other than that which the boss wants to hear is given in limited amounts and only cautiously. In this system subordinates can have a moderate amount of **influence** on the activities of their departments as broad policy decisions are taken at the top and more specific decisions at lower levels.

System 4 is characterised by participative group management. Management give economic rewards and make full use of group participation and involvement in setting high performance goals, improving working methods, etc.; communication flows downwards, upwards and with peers and is accurate; subordinates and superiors are very close psychologically. Decision making is widely done throughout the organisation through group processes, and is integrated into the formal structure by regarding the organisation chart as a series of overlapping groups with each group linked to the rest of the organisation by means of persons who are members of more than one group. System 4 management produces high productivity, greater involvement of individuals, and better labour–management relations.

Management, according to Likert, is always a relative process. To be effective and to communicate, leaders must always adapt their behaviour to take account of the persons whom they lead. There are no specific rules which will work well within all situations, but only general



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principles which must be interpreted to take account of expectations, values and skills of those with whom the manager interacts. Sensitivity to these values and expectations is a crucial leadership skill, and organisations must create the atmosphere and conditions which encourage all managers to deal with the people they encounter in a manner fitting to their values and their expectations.

(1989, pp. 157–158)