

MANAGEMENT IDEAS: YESTERDAY AND TODAY

The purpose of this lecture is to demonstrate that knowledge of management past history can help you better understand current management theory and practice. Thus, in order to understand the theories and practices used today, it's important for management students to look at the evolution of management thought and practices. The practice of management has always reflected historical times and societal conditions.

1. INTRODUCTION

Many current management concepts and practices can be traced to early management theories. The practice of management has always reflected the times and social conditions, so many organizations are responding to technology breakthroughs and developing Web-based operations. These new business models reflect today's reality: information can be shared and exchanged instantaneously anywhere on the planet. The purpose of this chapter is to demonstrate that knowledge of management history can help understand today's management theory and practice.

2. MANAGEMENT'S CONNECTION TO OTHER FIELDS OF STUDY

Management courses have a rich heritage from humanities and social science courses.

- A. **Anthropology**—the study of societies, which helps us learn about humans, their activities, and differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations.
- B. **Economics**—concerned with the allocation, distribution of scarce resources, and understanding the changing economy, as well as the role of competition and free markets in a global context.
- C. **Philosophy**—examines the nature of things, particularly values and ethics.
- D. **Political Science**—studies the behavior of individuals and groups within a political environment, including structuring of conflict, allocating power in an economic system, and manipulating power for individual self-interest.
- E. **Psychology**—science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
- F. **Sociology**—the study of people in relation to their fellow human beings.

3. HISTORICAL BACKGROUND OF MANAGEMENT

There are many examples from past history that illustrates how management has been practiced for thousands of years.

- A. The Egyptian pyramids and the Great Wall of China are good examples of projects of tremendous scope and magnitude that employed tens of thousands of people. How was it possible for these projects to be completed? The answer is *management*.
- B. Other examples of early management practices can be seen through assembly lines, accounting systems, and personnel functions as just a few of the processes and activities in organizations at that time that are also common to today's organizations.
- C. Adam Smith, author of the classical economics doctrine, *The Wealth of Nations*, argued brilliantly about the economic advantages that **division of labor** (the breakdown of jobs into

narrow, repetitive tasks) would bring to organizations and society.

D. The **Industrial Revolution** can be thought of as possibly the most important pre-twentieth-century influence on management. The introduction of machine powers, combined with the division of labor, made large, efficient factories possible. Planning, organizing, leading, and controlling became necessary.

i. **The birth of Early management ideas**

A. **The Evolution of Management Theories** Trying to achieve goals through the judicious use of people and resources, getting the others to work toward these goals, and keeping track of whether or not we are accomplishing what we set out to do has been around for centuries. Expressed in other terms we could say that management is a very old concept. Generally, though, we think of “modern management” and the specific identification of planning, organizing, leading, and controlling being the functions of management as having begun at the end of the 1800s. Most of the contributors we recognize today have been twentieth century people.

B. **Pre-classical Contributors** These contributors presented their ideas before the late 1800s.

1. **Robert Owen** (1771-1858) was a British factory owner who advocated concern for the working and living conditions of workers, many of them young children. Many of his contemporaries thought he was a radical for such ideas.
2. **Charles Babbage** (1792-1871) is considered to be the “father of modern computing.” He foresaw the need for work specialization involving mental work. His management ideas also anticipated the concept of profit sharing to improve productivity.
3. **Henry E. Towne** (1844-1924) called for the establishment of a science of management and the development of management principles that could be applied across management situations.
4. An assessment of the **preclassical contributors** indicates that their efforts were fragmentary. By and large they applied their efforts towards developing specific techniques or solutions. They laid the groundwork for major management theories which came later.