

EMERGING MANAGEMENT THEORIES: AN ANALYSIS

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ABSTRACT

The second half of the twentieth century will be remembered for the reconstruction and establishment of new global economy. This new global economy is based on the principle of equality of all nations and inspired by the objective of peace and welfare of all humanity. The national boundaries of trade have been relaxed; this has led to a rapid growth in trade volume and increased competition. Developing countries have tried to achieve high rate of growth during this period. To achieve high growth rate, it is necessary to adopt efficient management style and techniques by business enterprises. There has also been a continuous change in the style of management at different times. The journey of systematic study of management thought starts classical approach and it is changing as per need of time and culture. The purpose of this paper is to review the evolution of management styles/theories in the world.

Keywords: *Collectivistic, Individualistic, Classical Approach, Behavioral, Management Style, Theory Z.*

Introduction

The first half of the twentieth century was blameworthy for colonialism and two world wars, in which the entire world suffered terrible destruction, while latter will be remembered for the reconstruction and establishment of new global economy. This new global economy, which is based on the principle of equality of all nations and inspired by the objective of peace and welfare of all humanity, has been in the long run from the first 'United Nations Conference on Trade and Development' in 1964 to 'World Trade Organization.' The national boundaries of trade have been relaxed; this has led to a rapid increase in trade competition. Developing countries have tried to achieve high rate of growth during this period. To achieve high growth rate, it is necessary to adopt efficient management style and techniques by business enterprises.

Globally, individualistic or collectivistic culture is being adopted in management by business ventures. There has also been a continuous change in the style of management at different times.

Objectives of Study

The present research work is an attempt:

- To review the evolution of management styles/theories in the world.
- To compare different management styles
- To examine the interrelationship among contemporary thoughts

Review of Literature

Kenge (2019) has centered his work on assessment of management styles practiced in Indian organizations and management type's deployment at different departments in respective organizations. He found that there are two distinct types of management styles practiced by Indian managers namely- Krishna Style and Rama style. Shukla, Rishi P., Dr Balaji D. and Rani, Ridhi (2015) observed that all

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countries have their own perspective, views and culture of their management style in respect of decision making, leadership, approach to change, timelines and priorities. He found that India focuses on seniority and relationship. Richard L. Draft (2004) centered his research work on Theory Z. He found that American Management Models were losing ground by 1970s and the Japanese Management style was attracting the attention of Western management scholars and managers. Theory Z started a trend that is not over and has contributed to the sharply higher quality and productivity of American business. Chapagain Dinesh P. () made an overview on Japanese style management and found that specific feature of this style have been developed as a result of the socio-cultural characteristics of Japanese society, which has largely contributed to built-up competitiveness of the Japanese companies leading to make Japan a super-economic power in the world. Maharjan and Sekiguchi (2017) has centered their research to explore and explain the human resource practices of Japanese multinational companies operating in India. They found that respective HR practices are differently influenced by culture and institutional factors. Evolving labour market, unique social context and cultural similarity plays a significant role in shaping the HR practices of Japanese multinational companies in Indian context. Tewari (2002) highlighted the contribution of Zen style of management in the economic progress of Japan. He found that the Japanese management style established industrial peace, raised the morale of the personnel and achieved the goal of inventory cost control, quality improvement with the important suggestions of the workers.

Evolution of Management Thought

Managers are people who get things done through others. A manager can't depend solely on his own efforts for getting the job done. New managerial skills are necessary for managers to plan the work for each people to do and set the standards for their performance. Although men have been involved in management functions in some form or the other since the dawn of the civilization, the systematic study of management is a recent phenomenon. Basic schools of management thoughts are classical, behavioral and contemporary.

Classical Approach to Management

Until the late 1800s entrepreneur-managers were preoccupied with making their companies as large as possible. But by the late 1800s the focus of corporate managers was already started to shift from growth to efficiency. Since the business entities became large and ponderous, managers needed new ideas to better utilize the resources they had accumulated. Frederick Winslow Taylor, Henry Fayol were the pioneer of classical approach to management.

Henry Fayol (1841-1925) was a French industrialist who won considerable fame and popularity due to his entrepreneurial success. Fayol found some thumb rule of management and felt that other managers should use them in carrying out their functions of planning, organizing, commanding, coordinating and controlling. Breach and Urwick also contributed to administrative theory of management. Lyndall F. Urwick produced a list of ten principles on objective, specialization, coordination, authority, responsibility, definition, correspondence, span of control, organizational balance and continuity. In comparison of Fayol's Principles of Management, Urwick's list is less concerned with issues of pay and morale. Its emphasis is much more on getting the organizational mechanism right. E.F.L. Brech saw management as a social process for planning and regulating the operations towards some agreed objective. Brech's own contribution is that of a thoughtful management consultant aiming to improve management practice rather than a research work.

F.W.Taylor (1856-1917) was an engineer and he pursued the idea that efficiency at work could be improved through careful scientific analysis. Views of Fayol and Taylor can be summarized as Exhibit 1.

Exhibit 1: Views of Taylor and Fayol

Henry Fayol (Administrative Management)	F.W. Taylor (Scientific Management)
<ul style="list-style-type: none"> • Division of work – separate and specialized • Authority and responsibility – commensurate each other • Unity of command – only one superior • Scaler chain – unbroken chain of authority and communication 	<ul style="list-style-type: none"> • One best way – for each job (analysis of work procedure) • Scientific selection of worker- training • Financial incentive for high productivity • Functional foremanship – division work between manager and worker

Gilbreths, Gantt etc. carried forward the ideology of scientific management. The husband and wife team of Frank and Lillian Gilbreth laid down systematic rules and procedures for the efficient operation of the work, and insisted that these be kept to. Employees were also paid higher rates than competitors' rates. Gilbreths used innovative recording techniques viz. therbligs and process charting. Henry Gantt (at Bethlehem Steel Company) introduced moderate scientific management and an incentive wages plan. Gantt did not believe that there was a 'one best way,' but only a way which seems to be best at the moment. Gantt's approach left some discretion and initiative to the worker.

Max Weber (1864-1920), a sociologist gave importance to bureaucratic structure of organization. He considered that power develops compliance with an order by the authority which guides followers to stick to rules. Weber described three type of legitimate authority viz- Traditional (acceptance arises from tradition), Charismatic (acceptance arises from loyalty to, and confidence in, the personal qualities of the ruler) and legal (acceptance arises out of the person in authority as bounded by the rules and procedures). Weber describe the legal authority as bureaucracy.

The classical approach to management was characterized by its total emphasis on the technical aspects of efficiency. This approach believed in the hard work ethics and the desire of man to maximize his income and wealth.

Behavioral Approach to Management

In the 1920s, economic, social and demographic changes started rapidly in the whole world including Europe and America. The increasing specialized jobs in business enterprises made workers dependent on each other, social movements developed democratic values, the popularity of trade unions established the idea of minimum wage. As a result of all these changes, the importance of human behavior and human relations increased in management. The Hawthorn studies provided the foundation for behavioral approach of management by analyzing the impact of changes in various working conditions / facilities at the workplace on human behavior and productivity. After 1930s, the new emphasis on research, development and product diversification demanded creativity and autonomy on the part of workers. These new demands combined with the new social values and findings of Hawthorne studies resulted in a new behavioral approach of management. Douglas McGregor propounded Theory X (most people dislike work and responsibility and prefer to be directed, closely supervised) and Theory Y (people enjoyed the work and exercise substantial self control over performance).

The behavioral approach differs from classical approach in many aspects. Classical Approach belief that worker can be hire and motivated by the money. Main stress given on efficiency of worker at job and worker came second. On the other hand, Behavioral Approach has main focus on worker. In it, managers stressed the importance and complexity of motivating employees and of building organization and designing jobs for that purpose. Classical approach prescribed highly specialized jobs while behavioral approach prescribed enriched, enlarged, multitasking jobs.

Contemporary Management Thoughts

In the mid of 20th century, managerial decisions became more complex due to changes (large organizations, product diversification, technological advancement, computerization, improved communication etc.) in the business environment. It led to the emergence of the new approaches to management. Churchman C West, in the system approach advocates believe that looking an organization as a system helps a manager to remember that the different departments, elements, components or subsystems of the organization are interrelated. All these interrelated subsystems must contribute to the organizational goal in prevailing environment. Churchman advocated using quantitative techniques or operations research for analyzing organizational problems and arriving at optimal decision.

British researcher Burns and Stalker illustrated Contingency Approach in his research work. They found that none of the classical (mechanistic) or behavioral (organic) approach can be used in every situation. Efficiency oriented classical (mechanistic) approach was appropriate where the task was routine and unchanging. On the other hand behavioral (organic) approach was appropriate where entrepreneurial and innovative activities were important.

Participative Management Approach

Japan, which occupied a very small geographical area and famous as land of rising sun, was defeated in World War II and had to face great destruction. It started its development journey after the World War II. In 1947, the Showa Constitution came into force in place of the Meiji Constitution in Japan under American occupation and reconstruction work began under the American umbrella. American occupation ended in 1952 and Japan stepped on the path of progress as an independent nation. It was

only in the next 30 years that Japan stood in the line of developed nations and Japanese companies began to challenge American companies in the global market. Along with many other factors responsible for the progress of Japan, there was also a special contribution of the specific management style of that country.

Japanese Management Style (Zen Style)

William Ouchi mentioned seven pillars of Japanese management viz.- long term employment, collective decision-making, collective responsibility, implicit control system, non-specialized career path, seniority based salary and promotion, holistic concern.

In Japan, under long-term planning, employees were selected directly from schools instead of the labour market. The purpose of the lifelong employment and retirement plan 'KOGAI' was to prepare all-rounder employee 'TANOKO'. The employees were given lifelong training as per the specific requirement of the company. By rotating jobs and transferring to different responsibilities within the enterprise, they were made all-rounder employees with a nonspecific career path. 'Tanoko' employees have a deep commitment to the organization due to long-term training, and are able to adjust better with the management. Apart from this, the production system becomes more elastic due to tanoko.

In this style, the performance appraisal is the basis for the amount of half-yearly bonus and promotion of the employees. This evaluation also takes into account the employee's ability to collaborate and seek cooperation with colleagues and the ability to train junior workers.

The family system in Japan contributed to the formation of new type of cooperation among the people and development of so called paternalistic relationship between employers and workers which was a characteristic feature of Japanese industrial relations. Japanese companies expressed interest in each employee's complete life which yielded greater employee satisfaction. Being a company based labour union, the possibility of external interference was less and industrial peace was generally maintained.

In the Japanese style, collective decisions were taken by inviting suggestions from the employees regarding the development and modernization of the manufacturing unit or establishment of new project; and after a thorough discussion on them. This process delayed the decision-making but made the implementation faster. In a Japanese company, everyone in the unit was considered in charge because the decision normally made by group. Responsibility of the task was also on everyone's shoulders.

Japanese style of management was very successful in 1980s but in American companies it couldn't be implemented as it is. Therefore William Ouchi recommended important modified elements of the Japanese management that he believed would work in American companies together with traditional American management. Theory Z is the blend of traditional American and Japanese management thoughts. A comparison between traditional American, Japanese and Z theories has been given in EXHIBIT 2 .

Exhibit 2: Comparison between American, Japanese and Z Theory of Management

Element	American	Japanese	Theory Z
• Employment	• Short-term	• Long-term	• Long-term
• Decision-making	• Individual	• Collective, consensus	• Collective, consensus
• Responsibility	• Individual	• Collective	• Individual
• Evaluation	• Rapid	• Slow	• Slow
• Control	• Explicit, formalized	• Implicit, informal	• Implicit with formal measures
• Career path	• Specialized	• Non-specialized	• Moderately specialized
• Relations	• Segmented	• Holistic	• Holistic including family

In the 1990s, Japanese magic faded because American companies overcame the Japanese challenge and discovered their ability to efficiently produce goods of world-class quality. Even then, Theory Z remained valid in America as a source of managerial ideas. It opened the door to American managers on more participative management philosophy.

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