



# THE EVOLUTION OF MANAGEMENT THEORIES



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## ABSTRACT

*This article provides an overview of the evolution of management theories . It examines the early philosophical viewpoints which laid the foundation for the development of management theories.*

*The central thesis of this article is analyzing evolution of the steps of management theory. Also, in the present article the results of research for analyzing of the evolution of Management are reviewed. The evaluation of the main theories of Management (Classical theory, Neo-classical theory, Modern management theory) are presented. The study suggests that these mainstream management approaches as applied in our enterprises, sometimes might not be adequate, and foreshadows the need for their improvement.*

**Keywords:** Evolution of management, Management theories.

## INTRODUCTION

It is worth mentioning that nowadays the world globalization processes reach the peak and it has a great influence on international competition, Management as a field of study was considered early 20<sup>th</sup> century. Two points are most important in the management study. First is publication of classical economic doctrines by Adam Smith and the second is industrial revolution, advent of machine power and subsequent development of infrastructural facilities. In the past several years, the management theories has undergone systematic investigation, acquired common body of knowledge, formulated various models to deal with various phenomenon like handling conflict or managing stress and thus became a formal discipline for study. The beginning of management in the organized way can be traced as back as the start of human beings. They earned their livelihood by hunting that was carried out in groups. Later possession of land mass became important hence there arose conflict between the groups. Local conflicts were resolved by power using primitive weapon system. Proper executive, judicial, and state affairs were managed in a very disciplined way. From the old time people have displayed tremendous amount of ability and skill in planning, organizing, and directing people as to what is to be done, how it is to be done and anticipating future plans. They also evolved various models of controlling the planned work being

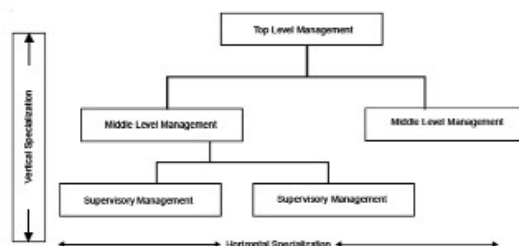
executed properly. Management of education, eradication of social evils and various religious systems are evidence of existence of proper management. Management operations were undertaken in a scientific way in the end of 17th, in early 18th century when industrial revolution took place.

## CLASSICAL THEORIES OF MANAGEMENT

### The Theory of Bureaucracy

The famous German sociologist Max Weber introduced the theory of Bureaucracy. His major contribution to the theory is the concept of authority, structure and its inter-se relationship. Weber in his model of bureaucracy stated that there are three types of authority in any organization: legal authority, Traditional authority, charismatic authority.

**Figure.1 Structure of bureaucracy**

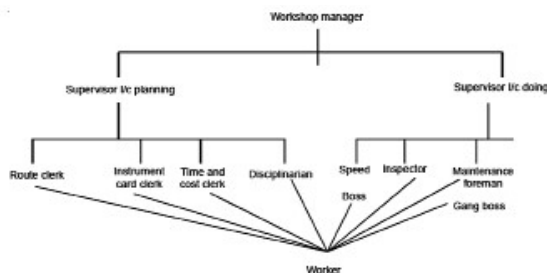


The theory is based on hard rules and regulations having no consideration for interpersonal correspondence based on emotions and human qualities. Power has been considered as the dominant factor to administer the organization leading to self-perpetuation. There are glaring drawbacks in the bureaucratic model namely rigidity, impersonal and mechanistic relationship, higher cost of control and umpire building. Lack of coordination and interpersonal communication and lastly existence of blind faith in rules and regulations. The system may work in large government organizations or the organization where there is no change anticipated.[1]

**The Scientific Management**

Fredrick Winslow Taylor (1856-1915), Frank Gilberth his wife Lillan Gilberth and Henry Gantt have done pioneering work in the field of management They evolved methods and techniques and transformed the field of management in which all works were to be done in the scientific way. Taylor’s work was so unique that he eventually came to be known as the father of scientific management. Taylor joined Midvale steel company as a worker and later he was promoted as supervisor.[2]

**Figure.2 Functional foremanship**



Taylor described scientific management as under: „Science not rule of thumb. Harmony not discord. Co-operation, not individualism. Maximum output, in place of restricted output. The development of each man to his greatest efficiency and prosperity.” Taylor’s scientific management brought revolution in higher productivity, savings in time, optimum utilization of machines, expertise, higher rate of payment and materialistic approach in the field of management. The theory was work oriented rather than human oriented.

**The Process Management Theory**

The real father of modern management theory is the French industrialist Henry Fayol. His contribution is generally termed as process management

and administrative management. Fayol looked at the problems from the top management point of view. He has used the term „administration” instead of management emphasizing, that there is unity of science of administration. Fayol found that activities of an industrial organization could be divided into six groups: Technical – relating to production and maintenance; Commercial – buying, selling and exchange; Financial – search for capital and its optimum utilization; Security – protection of property and human beings; Accounting – accounting of stores and equipment. Statistics is also covered under accounting; Managerial – activities include planning, organizing, commanding, coordinating and control.[1]

**THE NEO-CLASSICAL THEORIES**

**The Human Relations Theory**

Human relations era started in 1927 onwards. It was a movement spearheaded by Elton Mayo. The essence of the movement was the belief that the key to higher productivity was employee satisfaction, Dale Carnegie, Abraham Maslow and Douglas McGregor also made the contribution to above philosophy. In this section we will briefly study the contributions made by these scientists. Hawthorne studies were initially sponsored by National research council at the Western electric company’s Hawthorne works in Cicero, Illions in the year 1924 but eventually

expanded up to middle of 1930s, Elton Mayo who at that time was working at Harvard University as professor, joined the study group along with his team. Following studies were undertaken by him, which started in the year 1927 and lasted up to 1932.

- ❖ Redesign of jobs;
- ❖ Changes in the length of workdays and workweeks;
- ❖ Introduction of rest period;
- ❖ Individual versus group wage plan;
- ❖ Evaluation of effect of group piece incentive pay system.

Mayo Concluded that:

- ❖ Individual behaviour and sentiments are closely related;
- ❖ Group influences significantly affected individual behavior;
- ❖ Group standards established individual output;
- ❖ Money was less a factor in determining output;
- ❖ Group standards, group sentiments and security provided by the group were Responsible for higher productivity.[7]



**The Behavioural science theory**

Abraham Maslow’s first work of needs theories was undertaken with the rehabilitation of human in mind. Today, the need hierarchy theory of Maslow is often quoted and used in management to motivate workers. Maslow’s theory generally state five needs of human beings Viz, Physiological, safety, belonging, (Social) esteem and self-actualization. Maslow’s hierarchy of needs theory can be applied to the individual’s life span. In the early years of life a person is concerned about fulfillment of basic needs. But when a person takes up a job and experience independence, which is marked by crave for autonomy, he feels that he should be consulted and works to achieve recognition.

**THE MODERN MANAGEMENT THEORY**

**Steps in Re-engineering Process**

Under the re-engineering process, employees are an important element; they must understand the new way of carrying out the task.

- ❖ Mission: The first step of re-engineering is managements rethinking of identifying the basic mission of the organization and deciding what business they are in and what they want to do. This facilitates the desired approach to carry out various processes to attain mission;
- ❖ Process: Top management plays an active role in leading the process, thus ensuring the overall co-operation from the personnel;
- ❖ Creation of Sense of Urgency: An atmosphere of urgency among the personnel regarding the need for re-engineering is necessary. This will ensure commitment of efforts to the case of re-engineering;
- ❖ Identification of Customer needs: Identification of customer needs for reengineering efforts to be successful is essential. To know the customer needs and wants and then creating an organizational structure and team work providing it;
- ❖ Organizational Support: When needs have been identify an organizational support of various departments is essential so that the processes and systems are modified for higher efficiency and increased productivity. Sight of the mission and fulfillment of customer needs is the focus.[7]

**Benchmarking**

Benchmarking is the process of differentiate work and service methods against the best practices and outcomes for the purpose of identifying changes that

will result in higher quality production. Benchmarking incorporates the use of human resources techniques such as goal setting to set targets that are identified, pursued, and then used as a basis for future actions. The benchmarking process involves both inside and outside the organization for ways of improving the operation. Benchmarking offers following benefits to the organization:

Helps organization to compare themselves against the best practices available in the field; Identification of improvement strategies; Assist in learning from others; Helps organization create a need for change in work procedure and assignments.

**EMPOWERMENT**

Empowerment is exact closely tied to the learning of organizational behavior. Empowerment is the authority to make decisions within one’s area of operations without having to get approval from anyone else. There are two major characteristics of empowerment.

- ❖ Personnel are encouraged to use their initiative;
- ❖ Employees are given not just the authority but resources as well, so that they are

able to make a decision and see that it is implemented. In the highly competitive and rapidly changing environment caused due to globalization and liberalization of market economy there has been growing concern for empowerment. Those companies, which liberate themselves by empowering their people, can survive in the present habitat. It must be noted that empowerment is most effective tool of managerial effectiveness to obtain the full potential of employees. In bureaucratic form of organizational structure, there is an established hierarchy of command and the higher authority controls the subordinates down the line. But in organizations where empowerment is practiced, performance of individual is achieved. Empowerment envisages participation, innovation access to information and accountability. Maximum productivity is achieved from the front line operators supported by management in creating value. Empowering organization can be designed through the following:

Management by trust, Quality of work life and by implementing other organizational development strategies; Organizing flexible production systems rather them mass production; By introducing customized product with variations for customer needs; By reducing waste and achieving global competitiveness in price; By enhanced efforts in research and development activities.[6]

საქართველოს ეკონომისტი THE NEW ECONOMIST

**CONCLUSION**

Management theories makes a difference in how well organization serve people affected by them. Management theories helps in dealing with members with matters of time and human relationships as they come up in an organization. For time we have scientific management and for human relationships we have behaviorist thought. The Manager skills approach takes into account the knowledge and abilities that the leader has. A Manager can learn certain skills and turn himself into a remarkable one. Successful Managers are made, not born. They are self-made, through continuous and never-ending work on themselves. It should be noted that the behavioral approach has had a number of lasting effects on everyday business operations. Lots of what the early Organizational behavior advocates proposed and the conclusion from the Hawthorne studies have provided the foundation for today’s theory of motivation, leadership, group behavior and all sorts of other

behavioral approaches. A good way to think about modern management theories is that they are simply more advanced continuations of traditional management theories. The main mission of the Modern Management is, to help the organization and all its employees prosper. While traditional management theories may only work in specific situations, modern management theories could be applied to most situations as long as particular aspects have been adapted to better suit the situation, which is allowed in modern management practices. The Modern Management is based upon the behavioral approach. Nowadays nearly every company even has a human resources department, designed for addressing the needs of the employees. The lasting effects of behavioral approach can be seen in many businesses today. From the way managers organize jobs, to the way that they work with employee teams and also in the way they communicate with those teams, we see in all of this elements of the behavioral approach.

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**მენეჯმენტის თეორიების ევოლუცია**

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**ანოტაცია**

ნაშრომში სიღრმისეულად და განხილულია მენეჯმენტის თეორიების განვითარების ეტაპები. წარმოდგენილია აღნიშნული თეორიების პირვანდელი ხედვები და მოსაზრებები, რომლებმაც უაღრესად დიდი როლი ითამაშეს თანამედროვე მენეჯმენტის თეორიის განვითარებისა და სრულყოფისათვის. წინამდებარე ნაშრომის მთავარ თეზისს წარმოადგენს მენეჯმენტის თეორიების განვითარების ეტაპების შეფასება. მოცემულია ჩატარებული კვლევის შედეგები და განხორციელებულია მათი ანალიზი. შეფასებულია მენეჯმენტის ფუნდამენტალური თეორიები, როგორც არის: (მენეჯმენტის კლასიკური თეორია, მენეჯმენტის ნეო-კლასიკური თეორია, მენეჯმენტის თანამედროვე თეორია). აღწერილია რეალობა და მოცემულია მათი განვითარების პერსპექტივები. ნაშრომში აღნიშნულია, რომ მენეჯმენტის ზოგიერთი თეორია, დღევანდელ რეალობაში, რიგ შემთხვევებში ვეღარ პასუხობს წარმოებისა და თანამედროვე ბიზნესის მოთხოვნებსა, რის გამოც საჭირო ხდება მათი ახლებური ინტერპრეტირება.

**საკვანძო სიტყვები:** მენეჯმენტის ევოლუცია, მენეჯმენტის თეორია.