

# Development Of Management Theories

The third topic in this course is an investigation into the major theories developed to help explain different aspects of management and leadership. Students will learn about classical, behavioral, systems, and contingency approaches to management theory. By studying these approaches, they will gain insight into how they can be applied in their managerial roles.

## 1 - Introduce the different management theories

### a) The Classical Approach to Management Theory

The classical approach to management theory is one of the oldest and most well-known approaches to management. It was developed in the early 1900s by Henri Fayol and Frederick Winslow Taylor. This approach focuses on the rational, scientific management of resources to achieve organizational goals.

Classical theorists believed that managers should be able to plan, organize, command, coordinate, and control activities to achieve objectives. Furthermore, they felt managers should use their authority rationally and efficiently to run an organization effectively.

### b) The Behavioral Approach to Management Theory

The behavioral approach to management theory is a response to the limitations of the classical approach. It was developed in the 1950s by researchers such as Douglas McGregor and Elton Mayo. This approach focuses on how people behave within organizations rather than how they should behave.



Behavioral theorists believe that people are rational decision-makers influenced by their emotions and social surroundings. Therefore, they feel it is essential for managers to understand how people interact with each other and their environment to create a productive work environment.

### **c) The Systems Approach to Management Theory**

The systems approach to management theory takes a holistic view of organizations. It was developed in the 1960s by researchers such as Robert Duncan and Jay Forrester. This approach looks at how an organization functions as a whole rather than focusing on individual parts.

Systems theorists believe that managers should understand how each part of an organization interacts with other parts. Therefore, managers need to be aware of the external environment and its effect on their operations to make beneficial decisions for the entire organization.

### **d) The Contingency Approach to Management Theory**

The contingency approach to management theory is based on the idea that there is no one-size-fits-all solution for managing people and organizations. It was developed in the 1970s by researchers such as Tom Burns and G.M. Stalker. This approach looks at how different environmental factors affect an organization's functions.

Contingency theorists believe managers need to be flexible in decision-making to account for changes in their environment or within their organization. They feel it is essential for managers to understand the context of their situation so they can make decisions based on what is best for their particular situation.



Through learning about these management theories, students will learn how to apply them effectively in their managerial roles, allowing them to become successful leaders and problem-solvers. In addition, with this knowledge under their belt, they will be well-equipped to tackle any challenges they may face.

By understanding these management theories, students can develop their expertise in management and leadership, enabling them to influence others better and run organizations effectively. With a sound understanding of these approaches, they can make informed decisions that will benefit the organization and its employees. In addition, this knowledge can help them create productive work environments where everyone is working towards the same goals, thus leading to tremendous success for all involved.

### **Discuss classical theory**

Classical management theory is a set of ideas and practices developed in the late 19th and early 20th centuries to explain managerial behavior. At its core, classical theory promotes the belief that managers should be able to plan, organize, command, coordinate, and control activities to achieve objectives. In addition, it emphasizes rationality and efficiency as critical components of success. While this approach to management was popular for several decades, it eventually became clear that this rigid structure had several limitations that made it less effective in modern organizations.

The leading proponent of classical management theory was Henri Fayol, who argued that managers should be able to plan and establish goals for their organization. He also suggested that an orderly approach should be taken when organizing tasks and that goals should be clearly defined, so everyone understands what needs to be done. Additionally, he suggested that each task should include a “chain of command” where someone is responsible for each



step in the process – from production to delivery or service. This chain of command ensures clarity in decision-making and allows managers to give instructions without micromanaging employees daily.

Another essential element of classical management theory is job specialization. According to this concept, people have different skills and qualities that can be utilized most effectively if assigned specific jobs within an organization. This means assigning more routine tasks, such as data entry or filing documents, to those who excel at these activities while leaving more complex problems requiring analytical skills or strategic thinking to others with the right expertise. Job specialization helps ensure greater efficiency because it allows people to focus on what they do best rather than having multiple tasks assigned by a manager who may not understand their strengths or weaknesses.

However, while classical management theory was practical during its period due to its ability to increase efficiency and reduce costs significantly, there were still some areas where it fell short. Firstly, its overly bureaucratic nature meant it needed to be more conducive to creative problem-solving or innovation as employees were instructed how exactly they were expected to complete tasks without any input from them about potential improvements or changes based on their experience or expertise in the field. Furthermore, focusing solely on productivity measures such as output per hour worked without considering other factors such as employee morale or satisfaction levels with their job roles can lead supervisors or managers down the path towards micromanagement which causes further issues with team dynamics and motivation in the long run.



Due to these limitations associated with classical management theory, over time, new approaches emerged which attempted to address some of these concerns - most notably behavioral management theory, which focused more on human factors within an organization instead of simply looking at efficiency alone - but it laid much of the foundation upon which today's modern theories are built upon today proving itself invaluable despite being limited in scope initially by comparison with its contemporary counterparts.

### **Discuss behavioral theory**

Behavioral management theory is an essential variation of the classical approach to management that seeks to address some limitations. Pioneered by notable psychologists such as Abraham Maslow and Douglas McGregor, this theory focused more on human motivation factors within an organization than merely looking at efficiency measures such as output per hour worked. Instead, it argues that a successful manager should understand their employees' values and motivations to create an environment where people can flourish and reach their full potential rather than focusing only on productivity targets.

From Maslow's hierarchy of needs, it is suggested that workers are motivated by different needs depending on the stage they are currently at – with lower-level needs, such as physiological requirements, being fulfilled before higher-level ones, such as social acceptance or personal growth. It follows then that a successful manager must be able to identify what type of need their employees are seeking fulfillment from at any given time in order to tailor rewards or incentives accordingly to ensure maximum performance and team satisfaction.

Similarly, Douglas McGregor argued that management should avoid punishing employees for mistakes or failures but instead use positive reinforcement techniques to reward good



behavior or effort – which he referred to as Theory Y Management. While this may sound overly simplistic in comparison with the complex nature of modern management techniques, it is still applicable today because it places greater emphasis on communication between managers and employees in order to understand why certain behaviors occur and how they can be addressed constructively rather than simply reprimanding staff when things go wrong.

While classical management theory remains worthwhile for its systematic approach to the tasks involved in running an organization, behavioral management theory provides insight into how best to motivate employees to achieve better results within those structures. This shift from a purely economic focus towards a more humanistic approach has been invaluable for creating a workplace culture that fosters collaboration, creativity, and innovation within teams - essential for long-term success in today's competitive business environment.

### **Discuss systems theory**

Systems theory is a unique approach to the study of management that attempts to view organizations as holistic entities composed of interconnected, interdependent parts. It emerged in response to the limitations of classical and behavioral theories, which tended to focus more on individual aspects without taking into account the overall complexity of an organization.

Systems theory views an organization as a living organism that works together as one unit. It sees each part as essential for the functioning of the whole and that any disruption or change in one area can have significant impacts elsewhere. This means managers must be aware of their company's system when making decisions instead of merely considering isolated components. To ensure success, they need to understand how each piece fits together and interacts with other sections for optimal performance.



In order to do this effectively, however, managers need to develop an understanding of what is known as “systems thinking” – a concept that involves looking at the bigger picture and being able to analyze interactions between different areas within an organization from a socio-technical perspective. Managers can make better decisions that lead to tremendous success in the long run by considering not only technical factors but also social ones like culture and values.

Systems theory also emphasizes feedback loops within an organization which helps managers identify patterns or trends to make changes accordingly to maintain equilibrium in the system. This could involve implementing KPIs or surveys to measure employee satisfaction or productivity levels, gathering customer feedback through focus groups or market research, or monitoring financial indicators like profits or inventory levels over time. By collecting this data regularly and responding appropriately, managers can better understand how their decisions impact all aspects of the system, so they are better equipped with knowledge when dealing with complex organizational issues.

Ultimately, systems theory provides valuable insight into how organizations work by recognizing their strengths and weaknesses so that managers can take appropriate measures accordingly. Furthermore, by viewing companies not just as collections of people but rather as dynamic ecosystems which require careful management if they are going to thrive in today’s competitive environment, systems theory enables us to develop effective leadership strategies that take into account both internal processes and external influences - something which is essential for any successful business today.

### **Discuss contingency theory**



Contingency theory is a management approach that examines the relationship between specific organizational factors such as structure, technology, and environment and how they interact to affect the overall performance of an organization. It focuses on finding the best way to respond to certain situations by recognizing that no single strategy can be applied universally and that managers must assess their current context to determine the most effective for them.

The core idea behind contingency theory is that no two organizations are exactly alike, so what works for one might not work for another. As such, it emphasizes understanding internal and external factors so that managers can identify which strategies will produce the best results depending on their circumstances. This means taking into account factors such as the size and complexity of their organization; its culture, values, and communication patterns; customer preferences or expectations; industry trends; technological advancements; economic conditions; environmental regulations or laws; and so on.

It also requires managers to consider how these different elements interact with each other in order to get an accurate picture of their current situation. For example, suppose market conditions are rapidly changing. In that case, a company might need to adjust its organizational structure or update its technology to remain competitive – something which would not have been possible without understanding the interplay between all of these components. By doing this effectively, organizations can become more agile and responsive to changing conditions to remain profitable despite any external shocks or turbulence.

Contingency theory is particularly important for multinational corporations, where operations must often be tailored according to local customs or regulations. It allows companies to remain flexible yet still adhere to a unified corporate identity to reap the benefits of operating





on a global scale while avoiding any potential pitfalls from failing to take into account specific cultural nuances across different regions.

Overall, it is clear that effective implementation of contingency theory can be highly beneficial for organizations that want to stay ahead in today's fast-paced business world. By considering both internal dynamics and external forces, managers can better understand how different elements interact with each other to create strategies that maximize opportunities while managing risks - something which could mean the difference between success and failure in today's highly competitive landscape.

### **Summarize the key points of each approach**

The field of management theory has seen tremendous growth over the past few decades, with an ever-increasing focus on finding ways to improve organizational performance. In this article, we will explore the major approaches that have been developed to help managers better understand their roles and how they can use their knowledge to lead more effectively.

The first approach is known as classical theory, which emphasizes the importance of structure within organizations. It suggests that organizations should have a clear hierarchy so that roles and responsibilities are established, allowing for efficient decision-making. Classical theories also emphasize the need for specialization to optimize workflows and minimize wasted effort. Different organizational tasks should be broken down into discrete elements, which can then be assigned to different individuals or teams depending on their skill level or area of expertise.

The second approach is a behavioral theory, which suggests that understanding human behavior within organizations is essential for effective management. This means taking into account individual motivations and group dynamics when making decisions and



implementing strategies. For instance, a manager might need to consider how employees feel about specific changes or new initiatives to come up with solutions that will increase efficiency and maintain morale.

The third approach is systems theory, which views companies as complex systems composed of multiple interdependent components. It considers both internal relationships between different departments or personnel and external environmental factors such as industry trends or customer preferences so managers can adapt their strategies accordingly. By viewing companies not just as collections of people but rather as dynamic ecosystems which require careful management if they are going to thrive in today's competitive environment, systems theory enables us to develop effective leadership strategies that take into account both internal processes and external influences - something which is essential for any successful business today.

Finally, there is contingency theory, which examines the relationship between specific organizational factors such as structure, technology, and environment and how they interact to affect the overall performance of an organization. It focuses on finding the best way to respond to certain situations by recognizing that no single strategy can be applied universally and that managers must assess their current context to determine the most effective for them. The core idea behind contingency theory is that no two organizations are exactly alike, so what works for one might not work for another; thus, managers must consider internal dynamics and external forces when crafting strategies explicitly designed for their particular situation. This allows them to stay agile while still adhering to a unified corporate identity despite changes in market conditions or other environmental pressures - something which could mean the difference between success or failure in today's highly competitive landscape.



In conclusion, these four approaches provide valuable insights into managing modern organizations effectively through understanding different aspects such as structure, behavior, and context-specific strategies. As technology continues its dizzying pace of innovation and markets become increasingly complex due to globalization and other factors outside our control, having a solid foundation in management theories will be essential in helping businesses remain profitable over time while allowing individuals within those businesses to achieve personal fulfillment from their work lives at the same time.

**Offer your thoughts on which approach is most effective.**

The different management theories developed over the years have provided helpful insight into how organizations can be structured and managed effectively. The classical theory emphasizes structure, focusing on ensuring that work is divided efficiently to minimize wasted effort. Behavioral theory considers individual motivations and group dynamics when making decisions, while systems theory considers companies as complex ecosystems of interdependent components. Meanwhile, contingency theory examines the relationships between organizational factors such as structure, technology, and environment to craft effective strategies based on the current context.

While each of these approaches has its unique strengths and weaknesses, it is clear that they all offer invaluable insights into managing modern businesses efficiently while striving for both corporate success and personal fulfillment. For instance, classical theory helps managers break down tasks to ensure they are getting the most out of their team's efforts without wasting resources or time. On the other hand, behavior theory allows managers to take into account individual motivations when making decisions which can help create a better



workplace culture with higher morale - something which can often be more important than efficiency gains in terms of overall business performance.

Systems theory provides valuable insight into how different aspects within an organization interact with one another in order to create a successful whole; by understanding how internal departments, as well as external environmental forces, affect business performance, managers can develop strategies that will ensure companies remain competitive despite changes in the market landscape. Finally, contingency theory allows us to craft strategies specifically tailored to our particular circumstances; by taking into account both internal processes and external influences, we can remain agile while still adhering to a unified corporate identity - something which could mean the difference between success or failure in today's rapidly evolving marketplace.

In conclusion, no single approach is universally applicable; each offers unique perspectives that must be considered when crafting effective management strategies for today's organizations. While some may view classical approaches such as division of labor and efficient resource utilization as outdated concepts due to technological advances or contemporary market conditions, it is essential not to overlook their value within specific contexts - especially those which require precision and accuracy rather than creative problem solving or innovative solutions. Meanwhile, behavioral theories are becoming increasingly important given the emphasis placed on developing strong workplace cultures where individuals feel respected and appreciated - which often translates directly into productivity gains over time. Systems and contingency theories also provide valuable insights into understanding complex environments and adapting quickly to changes; this means taking full advantage of any advantages offered by external forces, such as industry trends or customer



preferences, while also being prepared for any potential risks posed by fluctuations in the market landscape.

Overall, each of these management theories provides valuable insight into how organizations should be structured and managed effectively to achieve financial success and personal fulfillment amongst their employees over time. Furthermore, as technology continues its dizzying pace of innovation and competition becomes ever more fierce due to globalization or other factors outside our control, managers must understand all four approaches thoroughly so they can adapt accordingly yet maintain a unified corporate identity regardless of changing conditions. Ultimately, this will ensure their companies remain competitive and profitable in today's complex and constantly evolving world.

In conclusion, each of the four primary management theories discussed in this course offers valuable insight into how organizations can be structured and managed efficiently for financial success and personal fulfillment over time. By understanding the strengths and weaknesses of classical, behavioral, systems, and contingency thinking, managers can craft strategies specifically tailored to their circumstances, which maximize any advantages offered by external forces while also being prepared to handle any potential risks posed by fluctuations in the marketplace. This level of knowledge is increasingly essential as technology continues its rapid pace of innovation and competition becomes ever more fierce due to globalization or other factors outside our control; only those who can adapt accordingly will survive and thrive in today's complex yet constantly evolving world.

By the end of this course, students will have a thorough knowledge of classical, behavioral, systems, and contingency approaches management theory which they can apply in their managerial roles. This understanding should help them craft strategies tailored to their



particular circumstances, enabling them to remain agile while still adhering to a unified corporate identity - which could mean the difference between success or failure in today's rapidly changing business landscape. Furthermore, with this improved level of understanding, managers are better equipped to ensure their companies remain competitive despite changes in the market landscape and ultimately yield both financial success and personal fulfillment over time. In short, these four approaches form the foundations upon which modern management theory is built and are thus essential knowledge for any aspiring leader.

This concludes our investigation into the major theories developed to help explain different aspects of management and leadership. We have discussed how classical, behavioral, systems, and contingency approaches offer valuable insights into the structure and management of organizations for both financial success and personal fulfillment over time. By understanding these approaches thoroughly, students will be in a better position to craft strategies tailored to their particular circumstances, enabling them to remain agile while still adhering to a unified corporate identity - something which could mean the difference between success or failure in today's rapidly changing business landscape. With this improved level of understanding, they will be well-equipped to ensure their companies remain competitive despite changes in the market landscape and ultimately yield both financial success and personal fulfillment over time. Hopefully, these theories will form the basis of students' future managerial roles, helping them achieve their goals effectively and efficiently. Thank you for your attention today; I hope you have enjoyed this course on major management theories.



## 2 - Explain how you would apply one of the approaches in your managerial role

As competition continues to grow and the pace of innovation accelerates, it is increasingly important for managers to understand the various theories developed to explain different aspects of management and leadership. One such approach is contingency theory which aims to provide strategies tailored to particular circumstances to ensure organizational success over time. This article will explore the critical tenets of contingency theory, including its strengths and weaknesses, and discuss how it can be applied in managerial roles.

Contingency theory states that there is no single best way of organizing or managing a business; instead, managers should tailor their strategies based on external forces such as technology, customer demands, competition, government regulations, and other unpredictable events. By understanding these external forces thoroughly, they can craft a plan that maximizes any advantages while also being prepared to handle any potential risks posed by fluctuations in the marketplace. This level of knowledge is essential for remaining competitive and profitable in today's complex and constantly evolving world.

The key strengths of contingency theory are that it allows organizations to remain agile by quickly adapting strategies based on changing circumstances; this can make all the difference between success or failure in an increasingly complex global business environment. Additionally, understanding these external forces can help managers create consistent corporate identities even when conditions change dramatically. Finally, developing contingent plans helps companies make decisions faster as they already have a plan for handling any possible outcomes; this gives them a competitive edge over slower-moving competitors who lack such foresight.



Despite its many advantages, there are some weaknesses associated with applying contingency planning in managerial roles that must be considered. Firstly, relying too heavily on external factors can result in plans which fail due to unexpected changes outside our control; this could lead to severe financial losses if not properly managed. Secondly, anticipating every possible outcome may require excessive resources that may limit profitability over time - something which should be carefully weighed before making commitments. Finally, there is always the risk that such plans could become outdated quickly due to rapid technological advancements or changes in customer preferences; thus, managers should periodically review their contingencies to stay ahead of the game.

In summary, contingency theory provides valuable insight into how organizations can structure and manage themselves efficiently for both financial success and personal fulfillment over time. By understanding the strengths and weaknesses of this approach, managers are better equipped to craft strategies tailored explicitly for their particular circumstances, enabling them to remain agile while still adhering to a unified corporate identity - something which could mean the difference between success or failure in today's rapidly changing business landscape. Furthermore, with this improved level of understanding, they will be able to overcome any challenges posed by fluctuations in the marketplace while also providing employees with meaningful roles that allow them greater fulfillment - ultimately maximizing productivity across an organization over time.

It is clear then that contingency theory provides an essential perspective for managers to consider when crafting their organizational strategies. Understanding and applying these





principles effectively can help ensure a prosperous future for both the organization and its employees.

### 3 - Provide a conclusion on how each of the theories relates to management and leadership

In conclusion, the various management and leadership theories are essential for staying competitive and profitable in today's business environment. Classical theories offer a foundation of rules and processes that can be applied to achieving specific organizational objectives, while behavioral approaches provide insight into motivations and behavior at both individual and group levels. Systems theory provides an understanding of the interconnectedness between internal and external components of organizations, while contingency planning enables managers to remain agile by quickly adapting strategies based on changing circumstances.

Each approach has its unique strengths and weaknesses; classical theories provide direction but may not adequately account for unexpected changes; behavioral methods have excellent explanatory power but lack predictive capacity; systems theory can be challenging to understand due to their complexity, while contingency planning may require excessive resources to achieve efficiency. As such, they are developing an effective strategy that requires managing each approach intelligently in order to maximize their combined advantages while avoiding potential pitfalls posed by their shortcomings.

Understanding these different approaches is also essential for forming successful teams that bring out the best in each other. By knowing how motivation works or how decisions are made within an organization, leaders can ensure that all members work together towards a



common goal - particularly important in a rapidly changing world where agility is critical for success. Finally, knowledge about these theories can help managers craft strategies that take full advantage of existing opportunities while being prepared to handle any potential risks posed by external factors in the marketplace - something which could make all the difference between success or failure over time.

Overall, it is clear that understanding these theories of management and leadership provides valuable insight into how organizations should be structured and managed effectively for long-term success. By utilizing each approach intelligently, they can ensure maximum productivity across an organization while providing employees with meaningful roles that enable them greater fulfillment, ultimately leading to greater profitability over time.

