

2.13: Modern Management Theories

Learning Outcomes

- Discuss modern management theories

Current management thinking incorporates ideas from administrative, behavioral, and scientific management, factoring in operating realities and available technology and considering not only the worker but the organization and larger operating environment. Two schools of thought that are particularly relevant to our times are the **learning organization** and **quantitative management**.



Learning Organizations

Author, MIT professor, and learning systems theorist Donald Schön developed the conceptual framework for the learning organization, stating that:

The loss of the stable state means that our society and all of its institutions are in continuous processes of transformation. We cannot expect new stable states that will endure for our own lifetimes. We must learn to understand, guide, influence and manage these transformations. We must make the capacity for undertaking them integral to ourselves and to our institutions. We must, in other words, become adept at learning. We must become able not only to transform our institutions, in response to changing situations and requirements; we must invent and develop institutions which are “learning systems,” that is to say, systems capable of bringing about their own continuing transformation.^[1]

Author, systems scientist and MIT Sloan School of Management senior lecturer Dr. Peter Senge proposed his theory of the learning organization in his 1990 classic *The Fifth Discipline*, which Harvard Business Review cited as “one of the seminal management books of the past 75 years.”^[2] Senge’s argument: “in the long run the only sustainable competitive advantage is your organization’s ability to learn faster than the competition.” To be clear, learning is not only a leader/manager priority; Senge states that “organizations need to ‘discover how to tap people’s commitment and capacity to learn at all levels.’”^[3]

For a brief synopsis of the book, watch Miles MacFarlane’s 3-Minute summary of *The Fifth Discipline*:



You can also [download a transcript of The Fifth Discipline in Three Minutes here](#).

Quantitative Management

Quantitative Management is focused on data-driven decision making. Briefly, this school of thought views management as a problem to be solved through the application of analytical tools and techniques. Developed as a technique for improving military outcomes in World War II, quantitative management uses mathematical techniques and technology—data analysis, information modeling, computer simulation—to improve decision making. The benefit of using mathematical models is the ability to systematically analyze and reduce the complexity of problems. Quantitative techniques are generally developed and used to inform management rather than as a school of management thought per se. For example, quantitative analysis can be used to identify and quantify the factors that influence decisions, providing a more informed basis for action. We'll discuss this topic further in Module 3: People Analytics and Human Capital Trends.

? Practice Question

<https://assessments.lumenlearning.co...essments/18106>

1. "[The Learning Organization: Principles, Theories, and Practice](#)." infed.org. Accessed July 29, 2019. ↵
2. "[Peter Senge and the Learning Organization](#)." infed.org. Accessed July 29, 2019. ↵
3. Ibid. ↵

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- The Fifth Discipline in Three Minutes. **Authored by:** Miles MacFarlane. **Located at:** <https://youtu.be/MQMRMAmT2gg>. **License:** *All Rights Reserved*. **License Terms:** Standard YouTube License

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