

1.2: Different Management Theories

Learning Objectives

- Differentiate among Scientific, Administrative, and Bureaucratic Management Theories
- Differentiate among Human Relations, General, and X&Y Management Theories

During the Industrial Revolution, it became obvious that the ways companies operated their businesses had to drastically change. While many people were in agreement that change was inevitable, pioneers in management theory differed in how they believed things should change and operate. In this page, we are going to explore six different management theories, all of which helped to form the base of management as it is known today. Keep in mind as you read about each one, that while some parts of the theories may be common sense to us today, at the time they were developed, they were groundbreaking. While the Industrial Revolution sparked these new theories, even more innovation came in the decades that followed as companies changed to adapt to business needs.

Scientific Management Theory

Frederick Winslow Taylor developed and published his Scientific Management Theory in 1909. At its core, scientific management theory believes that it is vital to find the most effective way to complete each and every task, no matter how small. In the early 1900s, managers would give orders to their workers with no guidance on how to accomplish them. Managers and employees rarely, if ever, had interaction with one another. Taylor believed this was an inefficient way to operate a business and recommended some key changes.

Taylor argued each task should be completed as efficiently as possible. In addition, everyone should be assigned a particular job based on their skills and abilities and must be evaluated based on the quantity and quality of their work. Taylor did not think it was fair or cost effective to pay every employee the same amount, regardless of their output. While this may sound like common sense today, this was a groundbreaking idea in the early 1900s. Another big component of scientific management theory is the idea of training and development. Taylor argued it was extremely important to monitor and train your employees on the tasks they are assigned to. By ensuring your employees are efficient at their work, the output will be larger and of a higher quality.

One part of the scientific management theory that is not common today is the idea that managers strictly manage and employees simply work. Nowadays, most companies offer room for growth and advancement for their employees as opposed to keeping a distinct barrier between management and employees. This theory had a huge impact on the way companies operated and how they were able to create a more balanced pay system, better training, and a more efficient workforce.

Administrative Management Theory

Administrative management theory was developed by Henri Fayol in the early 1900s and is considered to be highly relevant even today. Fayol created fourteen principles which he believed outlined the basis for strong and successful companies. It is important to know that Fayol agreed with many of Taylor's ideas and ideologies, however, the main difference is that Taylor focused on the process of completing the work most effectively, and Fayol focuses on the organizational structure of a company as a whole.

Some of Fayol's principles included a clear division of labor, ensuring each employee had only one direct manager to report to, and a healthy manager-employee relationship. Another important part of Fayol's administrative management theory is the idea that everyone in a company should be aligned by organizational goals. Fayol believed that organizational structure was vital to the success and productivity of a company.

Bureaucratic Management Theory

The word bureaucracy tends to sound pejorative, or negative, by implying that a bureaucratic organization is an impersonal machine that focuses more on numbers and output than on the wellbeing of its employees. However, its intended meaning is actually quite different. At the end of the 19th century, Max Weber created the bureaucratic management theory. Unlike today's interpretation of the word, Weber believed that bureaucracy meant carefully developing and spelling out company objectives and divisions of labor. While this included developing a hierarchy of command within the company, it also included supporting and developing employees.

Weber built onto Taylor's theory by adding a few key ideas of his own. Like Taylor, Weber believed efficiency in completing tasks was a key component to success and recommended detailed record keeping at all levels to monitor efficiency as well as areas of

opportunity. He agreed that all employees need to have clear job expectations and each job should be standardized to allow for maximum productivity. The greatest difference between the scientific theory and the bureaucratic theory is that Weber believed in the importance of human emotion.

Emotion in business? This was absolutely unheard of during the Industrial Revolution. However, Weber believed the two words were closely associated. Weber argued that the increased use of technology could have a negative impact on a company's culture. Too much change can be harmful to company morale and create long lasting negative effects on company success. In addition, Weber argued it was extremely important to hire based on skill and, just as importantly, personality. To ensure the safety and longevity of a company's culture, Weber believed hiring employees based on their personality was critical.

Even in today's business world, there is an anti-bureaucratic tone. For example, the term management is often replaced with leadership. The argument for this is that management is a mundane and structured task while leadership is a unique and heroic act. With this thought process, managers are viewed in a negative light while leaders are appreciated and recognized. Although in many places managers and leaders may appear to perform their job the same way, the focus on eliminating bureaucratic tone and perceived terminology from today's workplace is evident^[1].

Practice Question

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Now that you have read about three management theories, do any of them seem familiar? Maybe you have experienced certain aspects of each of these theories first hand. During an interview process, onboarding process, or the day-to-day work environment, some parts of these theories are still active today. Try connecting some of these theories to your personal experiences as we move onto the next three theories we are going to discuss in this module: Human Relations Management Theory, General Management Theory, and X&Y Management Theory.

Human Relations Management Theory

As the title implies, Human Relations Management Theory is centered around human interactions and relationships. Elton Mayo believed that all early management theories only focused on how money affects employee performance. He believed there were more factors that influenced how employees behaved and performed at work. To test his theory, he began a study at Chicago's Western Electric Hawthorne Plant in the 1920s and 1930s and created his own management theory based on his findings which are more commonly known today as The Hawthorne Effect.

The initial goal of the The Hawthorne Study was to determine how changing the lighting would or would not affect employee productivity. They began the study with a small group of employees who they interacted with throughout the process. The study found that regardless of how they changed the lighting, productivity increased. When they were unable to make a connection as to why productivity improved, they began branching out to other departments to see if the results were similar. They realized that the lighting changes did not affect productivity but instead the daily interactions with the employees throughout the process motivated them to work more efficiently and increase their output. They allowed employees to voice their opinions, frustrations, and successes which in turn helped the employees feel more valuable. In addition, since they knew they were being monitored, they were more motivated to perform on a higher level. This was a revolutionary discovery that put the spotlight on human relations and highlighted the importance of individual and group dynamics.

General Systems Theory

In the 1940s, biologist Ludwig von Bertalanffy created his General Systems Theory. You might be wondering why a biologist would have any impact on management. Keep reading to see if you can connect the dots.

Ludwig von Bertalanffy believed that your body is the sum of all parts. For example, your nervous system works together with your digestive system, which work with each organ and muscle group to allow a person to function. If one function of the body fails to work, the body as a whole cannot effectively operate. Humans are most healthy and functional when all aspects of their being are working together effectively. He also argued that the environment can have an effect on each of the parts. A broken leg can prevent you from walking or the flu can have you bedridden for days. Each of these issues can damage the overall productivity of a person.

Ludwig von Bertalanffy's theory is still found today in many management styles and theories. His work shows that external factors can prove to be toxic to an environment. Although he was referring to the human body, the same can be said for the workplace. Negativity and other toxic outlooks can have a harmful effect on motivation and performance at all levels in an organization. And, like his theory states, even when only one component of the organization isn't executing properly, it will have an undesirable effect on the rest of the organization.

X&Y Management Theory

Based on his observations in the 1950s and 1960s, Douglas McGregor developed the X&Y Management Theory, by arguing that all managers can be grouped into two categories. The first category known as Theory X explains that managers have a negative view of their employees and believe that employees need to be forced or coaxed into working. Theory X Managers tend to micromanage with the belief that employees will not motivate themselves to complete their work. This theory can be linked back to the scientific management theory and its focus on output above employee development and input.

On the opposite side of the spectrum, Theory Y Managers believe that employees are inherently motivated to work. Theory Y managers value the importance of helping their employees to thrive by providing opportunities for learning and development. Theory Y is focused on the idea of team versus independent work. McGregor argued that a team environment paired with an emphasis on individual professional development produces better results and a healthier work environment. Theory Y continues to prove its relevance and is still present in today's business world.

Practice Question

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Now that we've discussed six different management theories, where do we go next? I'm so glad you asked! There is a very important link between management theory and organizational behavior. Although the concepts are different, these six management theories helped develop organizational behavior into its own unique field. Let's move on to learn more about how the two are connected!

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1. McCann, Leo. "From Management to Leadership." *The SAGE Sociology of Work and Employment*, edited by S Edgell, E Granter, and H Gottfried, SAGE, 2015. ↵

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