Chapter Two: Management theory

Model answers

Mini case 2(i): Scientific management at the Ford motor plant

Discussion point

Why was Henry Ford so blind to the negative effects of scientific management on his workforce?

The primary concern of Henry Ford was to optimize output in his factories, which explains why he was a believer in the scientific management techniques of Frederick Taylor. Ford lived in an era when concern for the human condition in the workplace was very much in its infancy. Management science was the dominant paradigm with emphasis on productivity and processes. Human relations approaches did not emerge until the 1920s when social and political change started the process of change in the working environment. By the 1930s, Ford had already realized the negative effects of scientific management, although typically it took the downturn in output to convince him of the limited long-term benefits of scientific management techniques.

Questions and task

Is it possible to adapt scientific management to deal with the needs of workers?

It is possible to adapt scientific management to deal with the worst effects of time and motion approaches to work schedules and the working environment. However, the end product would resemble something different from scientific management. Where elements of this approach still persist

today, it is evident that adaptation has been involved. Scientific management in its purest form is unlikely to be adopted in developed countries where employment laws underpin management approaches.

Highlight six physical or psychological effects of working under conditions of scientific management.

Some reported physical consequences of working under conditions of scientific management are repetitive strain injuries, tiredness, low energy levels, eye and ear problems, and respiratory problems. Psychological conditions include depression, low self-esteem, anxiety, and aggression.

What are the likely symptoms of worker discontent under scientific management?

The main symptoms of worker discontent are poor quality work, absenteeism, high levels of sick leave, conflict and tension, vandalism, sabotage, or industrial disputes.

Mini case 2(ii): Indian Administrative Service

Discussion points

Are public sector bureaucratic organisations open to corrupt practices?

There is no evidence to suggest that public sector organisations are any more susceptible to corruption than private commercial organisations. However, the size and complexity of bureaucracies and their closed type of system

means that detecting corrupt practices is more difficult. Change in bureaucratic systems is always very slow meaning that organisational culture is firmly embedded and difficult to redefine. Corrupt practices may have become the norm in such settings and, therefore, root and branch reform may be necessary. Key to the link between bureaucracies and corruption is the relationship between managers and their pay-masters, most usually the government. If corruption is evident at state level of government then some of this will filter down into the organisations that support the government apparatus. In this instance, democratic reform is necessary where issues of accountability and transparency become the priorities.

Are bureaucracies relevant in the 21st century?

Bureaucratic organisations still have a role to play in the 21st century but many of them have undertaken significant reform in order to remain relevant. For example, the chapter highlighted the reform measures taken by the UK government to introduce some of the commercial sector practices into the National Health Service. It is increasingly possible to see traditional bureaucracies being subject to change to make them leaner, more efficient, capable of innovation, and cost effective. This is an area of great contention, especially in organisations that deliver public services. The introduction of public private finance initiatives (PPF) and public private partnerships (PPP) as methods of delivering on these aspects of change have had mixed results. Bureaucracies will remain relevant into the 21st century but their nature and characteristics are likely to undergo more change from the traditional model described by the likes of Max Weber.

Questions and tasks

List six characteristics of a bureaucracy.

Authority, control, discipline, stability, rules and regulations, and formal relations.

Identify possible areas of resistance to reform at the IAS.

Bureaucratic organisations do not normally pursue change preferring stability and control as key characteristics. When change becomes necessary it requires a shift in culture among the workers. Resistance to change may come from workers who fear that they will not have the required skills or experience to cope with the demands of change. Management may resist change for the same reason. In bureaucratic organisations such as the IAS, change is usually initiated externally, most often from government, thereby placing an imperative for change on managers who may never have been exposed to such a challenge previously. Resistance may also come from factions within governing bodies who have a vested interest in maintaining the status quo. This may be for selfish reasons linked to status, promotion, corrupt practices etc. Finally, the wider public or other stakeholder groups may resist change if they perceive the services provided will be fewer and/or of poorer quality as a result of change. The financial crisis in Europe in the period since the credit crunch of 2008 has initiated huge changes in national institutions and the public sector as austerity cuts are implemented. The measures proved a catalyst for widespread social unrest in countries such as Greece and Spain as people sought to resist the changes proposed.

Identify and explain the meaning of the key elements of the reform of the IAS.

The main elements of reform at the IAS are organisational restructuring, mechanisms for ensuring accountability, capacity building, increased professionalism and modernity, implementation of a new recruitment system; and a more meritocratic performance and promotion system. The

organisational structure is to be smaller and leaner with fewer departments, facilitating greater coordination between different parts of the IAS. The restructuring is designed to improve efficiency by improving communications channels whilst ensuring that greater transparency in the activities undertaken becomes possible. The organisational change includes a greater emphasis on the use of technology to deliver e-government solutions. This allows greater capacity building but without creating ever increasing departments. Key jobs within the organisation are to be evaluated and a series of training programmes initiated to improve professionalism and standards of service delivery. This is linked into a new and fairer promotion systems based on talent rather than nepotism. New recruitment procedures will ensure wider access to jobs from the labour market as recruitment is based on merit.

What are the advantages of a bureaucratic structure?

Bureaucratic organisations still exist today because they offer stability in a world characterised by change. In some organisational settings, the need for stability is greater than that for innovation, creativity and change. This is most evident in government bodies such as the civil service where a system of welfare payments, for example, is organised, controlled and delivered to many millions of people on a regular basis. The emphasis here is on ensuring that the process delivers the intended outcome as effectively and efficiently as possible. Operations of this nature are not conducive to rapid change. Bureaucracies are designed to create an environment where the risk associated with change is minimised to ensure that outcomes are more likely to be delivered.

Mini case 2(iii) the fashion industry

Discussion point:

How easy would it be to transfer the open-minded and liberal approach of the fashion industry to that of an organisation in the manufacturing sector?

There are relatively few industry settings where an unconventional approach to management would be successful. The creative arts industry is an exception because it relies on the creativity and imagination of workers who need the freedom to find inspiration and to experiment with new ideas. Even so, there are limits to how that freedom is used, even within the arts and fashion sectors. Much depends on what the end product is and if the contributions made by workers helps the organisation achieve its goals. Some industry settings require a much more formal approach to organising and controlling workers. In the manufacturing sector a great deal of the activities undertaken are governed by the productive process and this invariably requires workers to stationed at set positions over set periods of time to undertake their tasks. So, from that perspective alone it is not easy to transfer an open-minded and liberal approach in this context. Indeed, it is likely to undermine the achievement of goals rather than aid it. Managers in a large number of industries try to strike a balance between the types of overt control mechanisms seen in call centres and fast food restaurants and the much more relaxed and liberal regimes commonly seen in the fashion industry, advertising, and the arts.

Questions and task

What, if any, management theory does the case of Diesel adhere to?

The management at Diesel pride themselves on being unique in the way in which they manage workers and stakeholders. The approach is liberal and

specifically designed to allow workers maximum freedom to express themselves. This approach (although actually not unique) does not adhere to any specific management theory as the whole purpose is to step away from the confines of a prescribed way of management.

What are the main risks associated with the 'unconventional' management approach that Diesel adopted?

A great deal of the success attributed to the Diesel approach stems from the high level of trust that is built up between workers and management. Managers do not need to constantly monitor and control activities if workers are already fully committed to the mission and vision of the organisation. Being part of what the organisation is trying to achieve is a great motivator for workers, and this allows managers the scope to concentrate on strategic issues. The main risks associated with adopting an unconventional style of management is that the trust element is not static and given. Trust is a human construct that is determined by events and experiences and is subject to constant updating by those parties involved. If a diminution of trust emerges, it has the capability of undermining the whole philosophy of management. Another risk is that workers start to develop their own agenda beyond that of the company strategy. Whilst this may reap dividends in some instances, in others it may prove costly as, for example, the marketing message gets lost in the myriad different outputs that designers are coming up with. Unconventional styles of management are only successful if imagined boundaries exist. That is, without ever tacitly explaining what the boundaries are, there needs to be a general understanding of what is permitted and what is not. Even in the most informal organisations, boundaries act as a buffer against excesses which can undermine the achievement of goals.

Research and identify another example of 'unconventional' approach to management in a formal organisational setting.

There are a number of organisations that students can research which would qualify as having unconventional management techniques. Google has often been cited as an example of an organisation that is liberal and relaxed in the scope it gives workers to arrange their work schedules. Semco in Brazil is another that is unusual in that the organisation is run by the workers rather than the management. Students can search for these or other examples to get a feel for the way that some organisations can thrive without conventional management.

Case Study questions and tasks

Is management theory of any use to the workers at Foxconn in Shenzhen?

Such are the reported working conditions at the Foxconn factory in Shenzhen that it is unlikely that any of the workers would perceive any benefits from academic theories on management. Further, it is unlikely that the vast majority of workers have received formal education beyond basic state provision. It may be argued that the development of academic theory helps managers to better understand the human condition in the workplace and improves understanding of the ways and means of improving the working environment for the benefit of both workers and the organisation. However, there appears to have been little evidence of this happening at the Foxconn factory where management failure has resulted in workers taking their own lives.

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By what criteria are management judged in a factory setting such as that of Foxconn? Does this neglect other issues?

Managers at Foxconn are generally judged on meeting the set production targets. In fact, some of the managers will be responsible for setting those targets. In an organisation that is geared only to output statistics as a measure of success, it is clear that there has been neglect of some of the human aspects of the working environment. Issues such as staff development, training, welfare and the physical working environment have all been ignored in favour of a single focus on production. It is true that the management of Foxconn reacted to the negative publicity resulting from academic research into working conditions at their factories, but the initiative implemented to deal with the worst effects of worker alienation were piecemeal in nature. Indeed, the overriding concern of management remains the productive capacity of the factories and that is the criteria that they are judged on.

Is the factory at Foxconn in Shenzhen an example of an open or closed system?

The factory at Shenzhen is an example of a closed system whereby little of the external environment permeates the wall of the factory. Everything is geared towards productive output in a closed system. It is unlikely that the workers in the factory are aware of the wider world around them when they are on the production line. In many ways the factories resemble a hermetically sealed environment where only the productive process counts.

Highlight four possible solutions to help the workers cope with the demands of the working environment at Foxconn in Shenzhen.

There are a number of initiatives that management at Foxconn can do to help workers cope with the demands of the working environment. Many of the problems stem from the sheer physical demands of working on the production line. Key problems to address include the need to standing for many hours, repetitive strain injuries, and illness due to poor ventilation, heating and lighting. These can be alleviated by allowing workers more rest breaks and providing an improved physical working environment.

Worker alienation also needs to be addressed. To do so, management could rotate jobs to make even the most mundane working days seem slightly more interesting.

In addition, workers need better facilities to recover from gruelling shift work. This may include rest and recreation facilities, opportunities for education and social gatherings. Managers may even consider a closer working relationship with workers to break down barriers and create a more cohesive organisation.

Chapter questions and task

What are the problems commonly associated with Scientific Management?

Managers often implemented only the increased output part of Taylor's plan and do not allow workers to share the benefits of increased output. Jobs become over-simplified, repetitive, and boring, and are often replaced by machinery and new technology. Moreover, workers feel exploited by scientific management.

What were the key findings of the human relations theorists?

Human relations theorists emphasise the importance of the informal organization and the complexity of the needs and motivation of organizational members.

What is the 'contingency' approach to management?

The contingency approach advocates that there is no 'one best way' to manage, as the correct approach depends on a multiplicity of factors in any given situation.

Choose a modern commercial business and explain the transformation process evident in the organisation.

Students should identify the key inputs such as raw materials, capital, finance, and intellectual and creative capacity, and then link the activities that transform them into outputs that are products, services, reputation, etc.