



# HighApproach



## NOTICE OF APPRECIATION

We, at HighApproach, extend our warmest gratitude to **Ms. Sandhya Sah** for her generous contribution of invaluable educational resources. Your efforts have significantly bolstered our goal to deliver high-quality education and support to our learners across the globe.

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## CHAPTER - 2

# PHILOSOPHICAL ASPECTS OF MANAGEMENT

### Course Outlook

- The classical philosophy (Scientific Management, administrative management & Bureaucratic management),
- Behavioural management philosophy (Human relation movement & Hawthorne studies),
- System & contingency philosophy &
- Emerging issues & challenges in Nepalese business.

### Meaning of theory:

A supposition or a system of ideas intended to explain something especially one based on general principles independent of the thing to be explained.

Management theories are the organization or system of management thoughts designed to describe any phenomenon or relation between events.

### The classical Perspectives in Management

- Classical perspectives are those which were propounded early days of management thoughts.
  - After the establishment of huge factories in Europe and the USA for the purpose of mass production of goods, industrialists & technicians were in search of special ideas & knowledge to manage those factories effectively and efficiently.
1. Scientific Management theory
  2. Administrative Management Theory



### 3. Bureaucratic Theory

#### i. Scientific Management Theory (Frederick Winslow Taylor, 1856-1915)

Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

Scientific management involves in:-

- Studying each activity to be done.
- Identifying the best way of doing things for economy & efficiency.

#### Principles of Scientific Management

- Development of a science for each work.
- Scientific selection, training & development of workers.
- Close co-operation between management & workers.
- Equal division of work & responsibility between management & workers.
- Maximum output in place of restricted output.
- Mental Revolution.

#### Contribution of Scientific Management

- Helps to increase production with adopting new machines and tools.
- Helps to minimize cost of production with close supervision, training & development of workers.
- Helps to make employees loyal & moral.



## Limitations of Scientific Management

- o Lays too much emphasis on technical aspects of job which ignores human sentiments.
- o Does not allow personal & social life.
- o Employees are forced to work speedily beyond their capacity.
- o Lack of creativity of employees as supervisors plan, instruct and guide the action of employees.

## ii. Administrative Management Theory (Henry Fayol, 1840-1925)

- o Provides a comprehensive conceptual framework and general theory of management that are applicable to all organizations.
- o Management need to involve in some administrative functions like to forecast and to plan, to organize, to command, to coordinate and to control.

## DIVISION OF WORK

### Authority and Responsibility :

Discipline

Unity of command

Unity of direction

Subordination of individual interest

Remuneration of personnel - Employee salary

### Centralization

Scalar chain

Order

Equity

Stability of Tenure

Initiative



10/11/20  
Difference:-Basis of  
DifferenceScientific  
ManagementAdministrative  
ManagementHuman  
AspectNo any consideration on  
human elements i.e.  
Sentiments.Due consideration  
on human elements  
with principles of  
initiation, *Espirit*  
*De corps*, equity etc.Efficiency &  
Administration

Stress on efficiency

Stress on  
administration

Approach

Micro-approach as  
focuses only on factoryMacro-approach  
as focuses on  
every field.Scope of  
the princi-  
plesApplicable only for  
production activities.Applicable in all  
types of organization  
and activities.



### iii. Bureaucratic Theory of Management (Max Weber 1864-1920)

- o Bureaucracy is a form of organization characterized by division of labour, a clearly defined hierarchy, detailed rules & regulations & impersonal relations.

#### Principles of Bureaucratic Theory

1. Hierarchical structure.
2. Functional speciality
3. clearly defined rules & regulations.
4. Purposely impersonal
5. Formal selection of employees
6. Career development

#### Contribution of Bureaucratic Theory

- o Useful to manage big & complex organization like government, army, multinational & global organizations.
- o Decisions can be made, rationally based on a clear rules & regulations.
- o Specialization helps to increase the organizational productivity.
- o Formal selection process of employees to ensure right person at right job.

#### Limitation of Bureaucratic Theory :-

- o Rigid system. It cannot be applicable in all organizations.
- o Low priority on human sentiments & relations.



- o Lengthy & time consuming process cannot increase productivity.
- o Rigid rules, regulation & procedures may not be practical.
- o Lacks innovations & flexibility.

## B. Human Relation & Behavioral Theory

### 1. Human Relation Approach

### 2. Behavioral Approach

- Abraham Maslow: Need Hierarchy Theory
- Douglas McGregor: Theory X & Y → Negative  
Positive
- Frederick Herzberg: Two Factor Theory

These theories stress on managerial ability to understand & work with & through people who differ in culture, perceptions, needs & aspirations.

### 1. Human Relation Approach

- o Elton Mayo & his associates conducted series of experiment during 1924-1932 at Hawthorne plant of Western Electric Company in Chicago.
- ↳ Illumination experiment 1924-1927.
- ↳ Relay assembly test room experiment
- ↳ Mass interviewing program
- ↳ Bank wiring observation room experiment
- o People i.e. workers are more crucial in organization.



They should not be considered as machine but should be treated as human asset.

## Hawthorne studies

- ↳ Elton Mayo and his research team from Harvard University conducted a series of research studies during 1922 to 1932 among several group of workers at the Hawthorne Plant of the Western Electric Company in Chicago.
- ↳ The Hawthorne studies were part of a refocus on managerial strategy incorporating the socio-psychological aspects of human behaviour in organizations.
- ↳ Illumination experiment (1924)
- ↳ Relay-assembly tests (1927-1932)
- ↳ Mass interviewing programme
- ↳ Bank wiring observation room experiment (1931-1932)

## Conclusion of Hawthorne studies

1. Social unit
2. Group influence
3. Group behaviour
4. Motivation
5. Supervision
6. Working conditions
7. Employee morale
8. Communication
9. Balanced Approach



## Contribution of Human Relation Theory:

- ↳ Personal & social factors are emphasized for employee motivation.
- ↳ Managers are encouraged to establish interpersonal & group relation on the job.
- ↳ Effective supervision helps to maintain high morale & productivity of employees.

## Limitations of Human Relation Theory :-

- ↳ Over emphasis on interpersonal & group relation lacks adequate focus on work.
- ↳ Only focus on human dimension may neglect the economic dimension of work satisfaction.
- ↳ Poor discipline is possible which may lead to poor quality, productivity & effectiveness.

## 2. Behavioral Science / Approach

- ↳ It focuses on behavioural aspects of workers & their productivity.
- ↳ It aims to mitigate the weakness of human relation theory as human relation theory has not addressed on behavioural aspect of workers.
- ↳ It is more improved version of human relation theory.
- ↳ There are main three dimensions of behavioural science as psychology, sociology & anthropology.

### i. Abraham Maslow - Need Hierarchy Theory, 1943

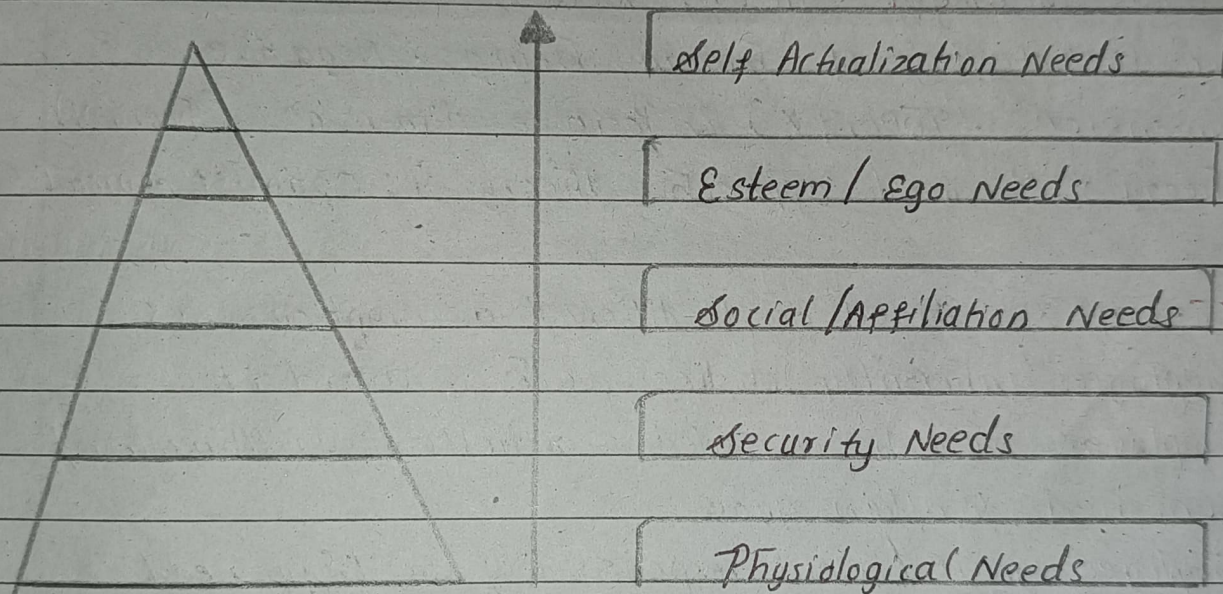
- ↳ People have complex set of needs which are basic reasons of motivation.



- ↳ Needs form a basic hierarchical pattern from most basic level to the highest level.
- ↳ Physiological needs, security needs, social needs, Esteem needs & self actualization needs.

### Hierarchy Need

Higher Order  
Needs



### Contribution of Maslow's need hierarchy theory

- ↳ Different motivational techniques can be used to motivate employees having different needs.
- ↳ Managers can work out to create new needs to motivate employees.

### Limitation of Maslow's need hierarchy theory

- ↳ Employee may have different level needs at a time.
- ↳ Without satisfying needs, job satisfaction will be low & hence employee turn over & absenteeism rate



becomes high which further decreases the motivation level.

- ↳ People have deprived lower level needs but they may have self-actualization needs in the real sense.
- ↳ This theory does not explain the direct relationship between need & behaviour of the people.

## ii. Douglas McGregor : Theory X & Y

- ↳ Two distinct views of human beings : Negative dimensions (Theory X) & Positive dimensions (Theory Y)
- ↳ Theory X: Pessimist approach Theory Y: Optimist approach
- **Theory X** : Based on traditional assumptions as
  - ↳ Employees inherently dislike work & avoid it
  - ↳ Employees must be corrected, controlled or threatened/punished to attain goals.
  - ↳ Employee ignore/avoid responsibility so they need formal direction.
  - ↳ Most workers place securities above all other factors associated with work & will display little ambition.
- **Theory Y** : Positive & intrinsic motivation assumptions.
  - ↳ People like work naturally as game or rest.
  - ↳ Employees accept & seek responsibilities
  - ↳ People have imagination, ingenuity & creativity.
  - ↳ Employees get job commitment when they get rewards.
  - ↳ Employees are self-directed & self-controlled.



### iii. Frederick Herzberg's Two Factor Theory:

- ↳ In the decade of 1950, American management expert Frederick Herzberg propounded the theory by studying what satisfies human being? And what dissatisfies the human being?
- ↳ Herzberg proposed two types of factors satisfying the employees & motivating them.

**Hygiene factors:** Satisfy employees but they don't motivate.

- ↳ In the absence of hygiene factors, employees get dissatisfied but the presence of this factor doesn't lead to motivation.
- ↳ These factors are also known as dissatisfiers.
- ↳ Hygiene factors are related to job context.

**Hygiene factor :-**

- ↳ company policy & administration
- ↳ work condition
- ↳ Relationship with peers
- ↳ Position
- ↳ Supervision
- ↳ Relationship with supervisor
- ↳ Salary
- ↳ Personal life
- ↳ Security
- ↳ Relationship with subordinates

**Motivation factors :-** Those factors which motivate employees are known as motivation factors.



- ↳ The presence of these factors provides self-satisfaction to employees & motivates them for better performance.
- ↳ These factors are related to job content.  
Motivation factors:-
  - ↳ Achievement
  - ↳ Challenging job
  - ↳ Recognition
  - ↳ Accountability
  - ↳ Advancement
  - ↳ Job growth

### Contribution of Herzberg's Two Factors Theory

- ↳ This theory stresses upon guaranteeing the hygiene factors to avoid employee dissatisfaction.
- ↳ This theory encourages managers to make the job stimulating & rewarding.
- ↳ This theory emphasize upon job-enrichment i.e. Non-financial rewards for employee motivation.
- ↳ Focusing on the motivational factors can improve work-quality.

### Limitations of Herzberg's two factors theory

- ↳ This theory overlooks situational variables.
- ↳ This theory neglects the economic dimension of job satisfaction.
- ↳ Over emphasis on behavioural science rather than management practices.
- ↳ It has low validity through research act.



## Theory Z

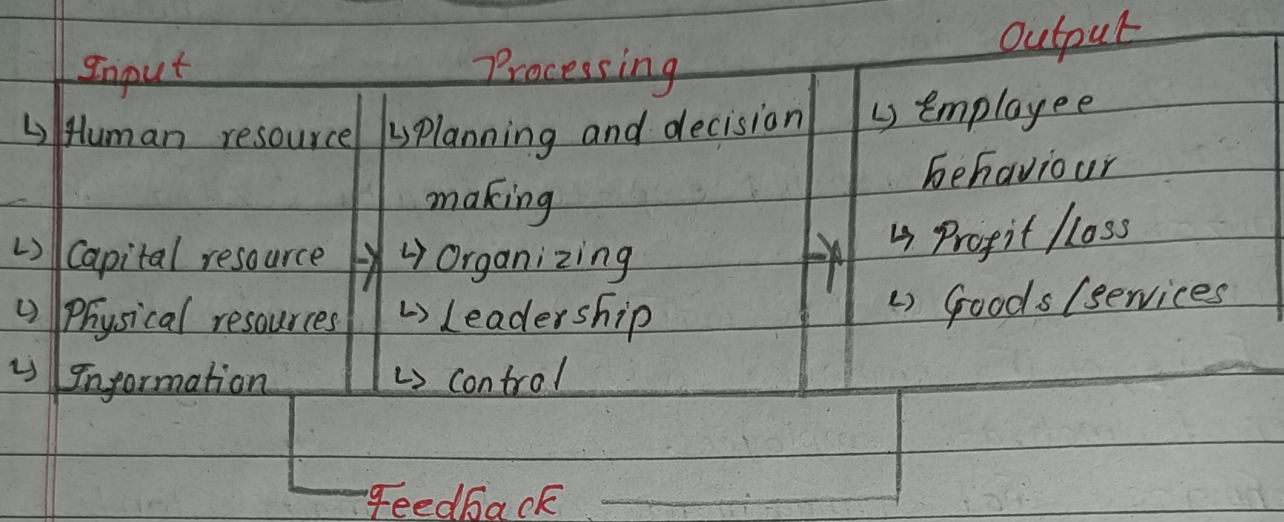
- ↳ It is the name applied to Japanese Management style (based on Edwards Deming's fourteen principles) popularized during the period of Asian economic boom of 1980s.
- ↳ It focused on increasing employee loyalty towards the organization.
- ↳ Believes on job for life with a strong focus on the well-being of the employee both on & off the job in order to motivate employees.
- ↳ Emphasizes that management must promote stable employment for high productivity, high employee morale & satisfaction.

## D. System Theory of Management

- ↳ Propounded by Ludwig von Bertalanffy, Kenneth Boulding & co-workers.
- ↳ A system is a set of interrelated & interdependent parts associated in logical manner to produce desired output.
- ↳ A system may consist of several subsystems composed to produce a complete system.
- ↳ Input - Processing - Output - Feedback mechanism surrounded by environment.



## External Environment



## External Environment

### CONTRIBUTION OF CONTINGENCY THEORY

- ↳ Managers can use better & new way of managing in complex situation.
- ↳ Managers become more innovative & creative.
- ↳ Managers can enhance capacity to think in analytical, critical & multi-dimensional ways.
- ↳ Managers become more sensitive & alert.

### LIMITATIONS OF CONTINGENCY THEORY

- ↳ Ignores the universally applicable management principles.
- ↳ More focus on situations but not on developing tools & techniques.
- ↳ Ignores human aspects.
- ↳ Suggests only few contingency variables.



## Element of system Theory

- ↳ Goal orientation
- ↳ subsystem
- ↳ synergy
- ↳ system boundary
- ↳ Flow of factors
- ↳ Feedback
- ↳ Open or closed system

## Contribution of system Theory

- ↳ Provides meaningful conceptual framework for analysis of management & organization.
- ↳ Advocates various parts of interdependent & inter-related systems to produce desired output so that managers can focus on appropriate parts.
- ↳ Provides easy way of locating problems & identifying solutions.
- ↳ Integrates human relation aspects behaviour aspect as well as environmental considerations in single approach.

## Limitations of system Theory

- ↳ Too much abstract which has no easy application.
- ↳ Does not offer any tools or techniques to integrate organization & environment.
- ↳ Lacks unified body of knowledge.

## E. Contingency Theory / Approach

- ↳ Also called situational or practical approach.



- ↳ Propounded by Paul Lawrence, Jay Lorsch, Tom Burns, John Woodard, James Thomson, ...
- ↳ Every organization is unique & way of managing should be unique.
- ↳ There is no unique solution for every problem applicable in each organization.
- ↳ The way of planning, organizing, leadership & controlling varies with situation.

### Four contingency variables

- ↳ Size of organization: Number of employees & stakeholders in organization.
- ↳ Routiness of task technology: Organizational structure, leadership style, & control system to transform input into output.
- ↳ Environment uncertainty: inflexibility of political, economic, socio-cultural & technological variables.
- ↳ Individual difference: Individual differences in desire of growth, autonomy, tolerance of ambiguity & expectation.

### Features of contingency theory

- ↳ Integrative approach of management.
- ↳ Focus on intellectual capability of managers.
- ↳ Requires high level of knowledge for environmental scanning.
- ↳ Assumes the organization to interact in open system.

(Contribution & Limitation before this page)



## Emerging Management issues in Nepalese Business.

- Workforce Diversity
- Outsourcing
- Knowledge Management
- Learning Organization
- Business Process Reengineering
- Conflict Management
- Stress Management
- Participative Management
- Green Management
- Technology Adaptation

Explain ⇒