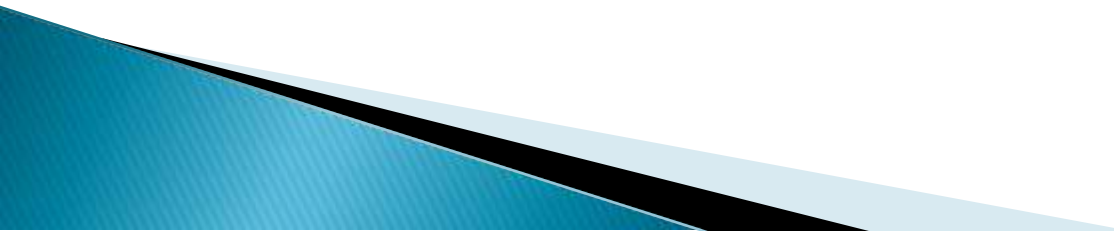


PHILOSOPHICAL ASPECTS OF MANAGEMENT

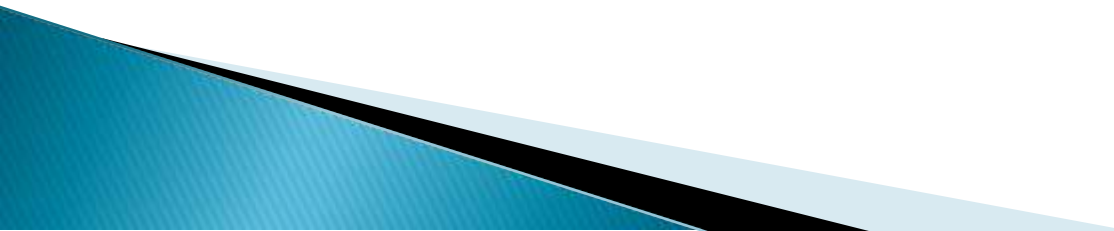
UNIT - 2



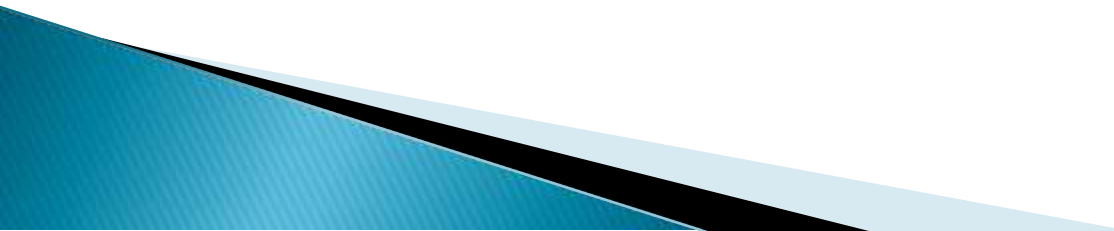
Learning Outcomes

- ▶ The classical philosophy (scientific management, administrative management and bureaucratic management)
 - ▶ Behavioral management philosophy (human relation movement and Hawthorne studies)
 - ▶ System and contingency philosophy
 - ▶ Emerging issues and challenges in Nepalese business
- 

Early Developments

- ❑ The practice of management can be tracked back to 2500 B.C. But was not given much importance until the late 1800s.
 - ❑ Formal organizations like Roman and Greek armies for the massive construction of masterpieces like Egyptian Pyramid and The Great Wall of China.
 - ❑ Industrial Revolution
- 

Management in Antiquity and Early Management Pioneers

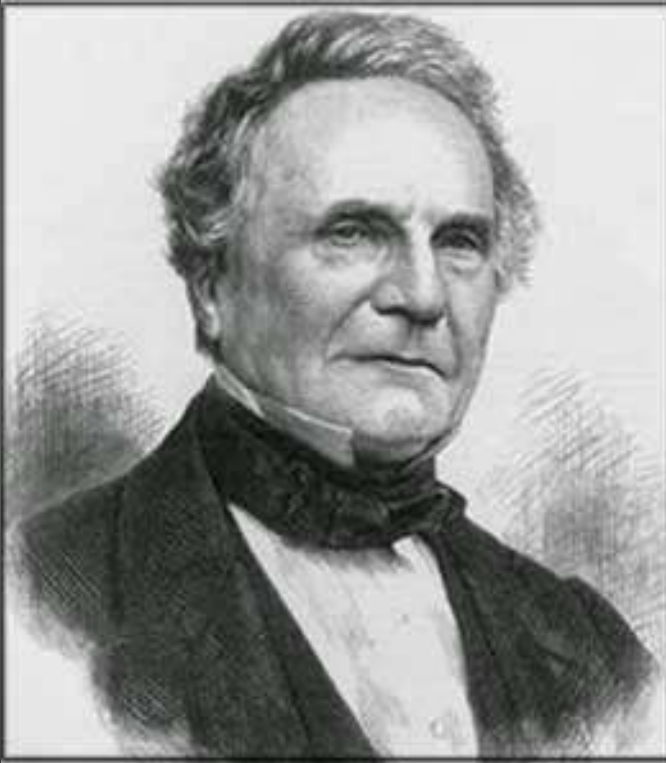


Robert Owen (1771- 1858)



- ❖ British Industrialist
- ❖ Manager of a textile mills in Scotland
- ❖ Emphasized on Cooperation between management and workers
- ❖ Contributed in HRM
- ❖ Investment in HR is profitable than physical resources
- ❖ System of feedback and motivation

Charles Babbage (1792- 1871)



- ❖ Professor of Mathematics at Cambridge University
- ❖ Pioneer of operations research and industrial engineering
- ❖ Emphasized on Profit sharing and participative decisions
- ❖ Decisions should be based upon investigation and facts rather than intuition and opinion

Henry Robinson Towne (1844- 1924)



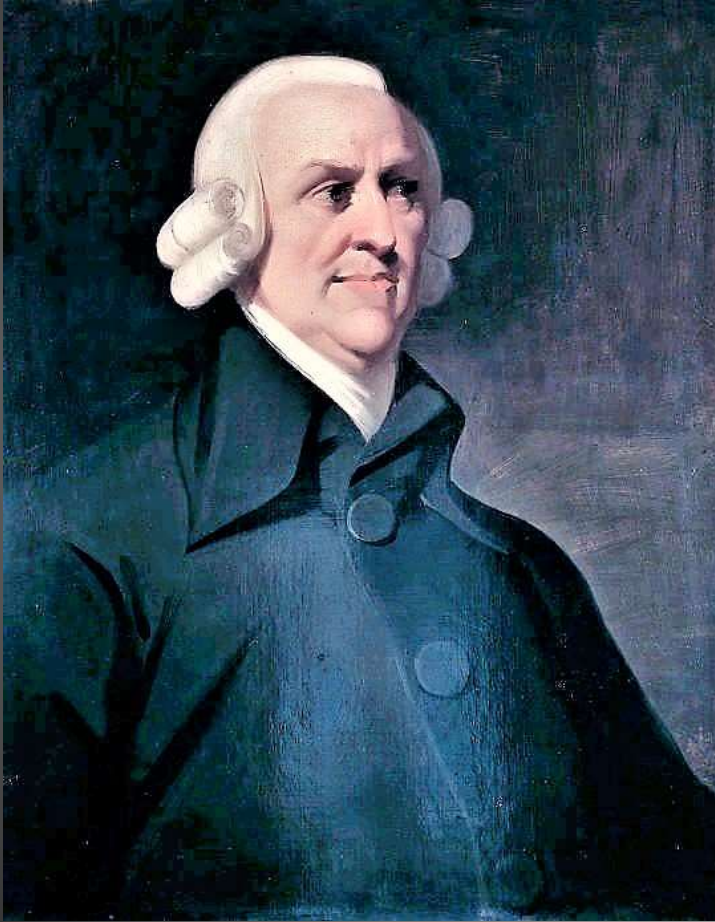
- ❖ President of 'Yale and Towne', a lock manufacturing company
- ❖ Emphasized on Better Management of Business
- ❖ Essentials of skills and qualities
- ❖ Organized effort to pool the accumulated knowledge

Captain Henry Metcalfe (1847- 1917)



- ❖ Manager of an army arsenal
- ❖ Emphasized on Improvement of administration
- ❖ Administration should be evolved from observation and experience
- ❖ Preparation, Communication and Implementation

Adam Smith (1723- 1790)



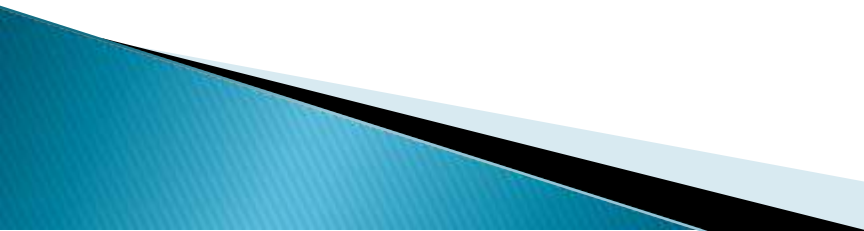
- ❖ Scottish Economist, Philosopher and Author
- ❖ The Father of Economics
- ❖ Emphasized on division of labor
- ❖ To increase productivity, save time lost in changing tasks and labor- saving inventions

Henry Ford (1863- 1947)

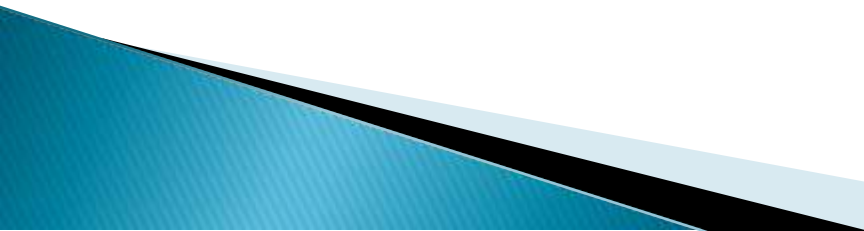


- ❖ American industrialist and the founder of Ford Motor Company
- ❖ Emphasized on mass production
- ❖ Production at a high volume and low cost
- ❖ Breaking down tasks into the smallest components

The Classical Perspective Theory

- ❑ It is the initial stage of the development of management thought.
 - ❑ It focuses on efficiency and recommends that managers continuously try to increase organizational efficiency to increase production.
 - ❑ It includes three approaches to management which are compatible and complementary to each other (**Scientific Management Theory, Administrative Management Theory and Bureaucratic Management Theory**)
- 

1. Scientific Management

- ❑ It is an attitude and philosophy that discards the traditional method of hit and miss, rule of thumb and trial and error of managing work and workers.
 - ❑ It includes research, investigation, experiment, collection of data, data analysis and formulation of certain principles to solve organizational problems for goal achievement.
 - ❑ It ensures that all the activities of an organization are performed in an economic and effective manner.
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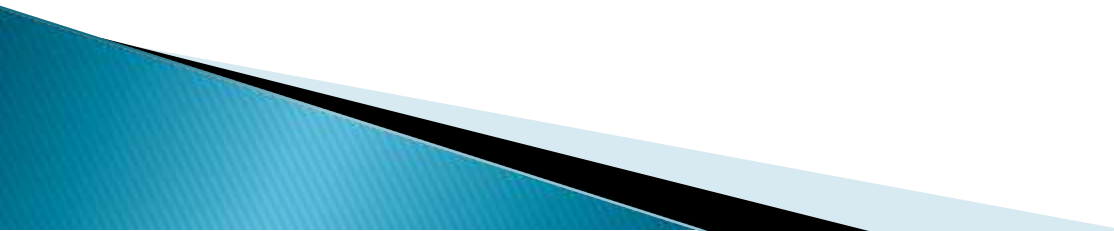


**Frederick Winslow Taylor
(1856- 1915)**

- ❑ He is also known as the 'Father of Scientific Management'.
- ❑ He published his books 'Principles of Scientific Management' in 1911 that includes his philosophies and ideas.
- ❑ He believed that there is a science for doing each job.
- ❑ He saw **productivity** as the answer to both higher wages and higher profits.
- ❑ Piece- rate system

Principles of Scientific Management

Management principles are the statements of fundamental truth, which provide guidance for management system. Scientific management is the application of scientific methods of study and analysis to solve management problems. Taylor developed a number of principles such as:



- ❖ It emphasizes on the requirement of scientific study and analysis of information before taking any decision or action.
- ❖ It involves observation and analysis of each unit of work, determination of standard of work and the assurance of work being done in the best possible way.
- ❖ Harmony focuses on the unity of action and discord means difference in approach.
- ❖ There should be absolute harmony between management and workers to maintain unity in action.
- ❖ Coordination must be developed.

1. Science, not rule of thumb

2. Harmony, not discord

- ❖ It emphasizes on the fact that organization's objectives are above an individual's personal objectives.
- ❖ The achievement of organizational objectives should fulfill the individual objectives of employees.

3. Cooperation, not individualism

- ❖ Management has to take necessary steps to develop efficiency and capabilities of workers.
- ❖ Provision of training, seminar, workshop, interaction, discussion, further education and other efficiency development activities should be made.

4. Development of each person to his maximum efficiency and prosperity

- ❖ It is essential to produce maximum output on the basis of level of capacity.
- ❖ It also ensures maximum wage to workers and maximum profit to the owners.
- ❖ It is essential for the promotion of workers, owners and also the society at large.
- ❖ Equal division of responsibility between managers and workers should be done on the basis of level assigned.
- ❖ Managers are involved in executive works and workers are involved in implementation activities.

5. Maximum output in place of restricted output

6. Equal division of responsibility

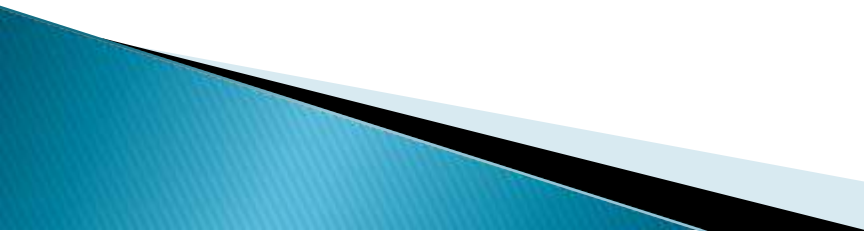
- ❖ There should be mutual support and cooperation.
- ❖ Managers and workers should value each other.
- ❖ If the relationship between managers and workers is in harmony, the working environment is identified as good

7. Mental revolution of both management and workers

Frank and Lillian Gilbreth (1868- 1924 and 1878- 1972)

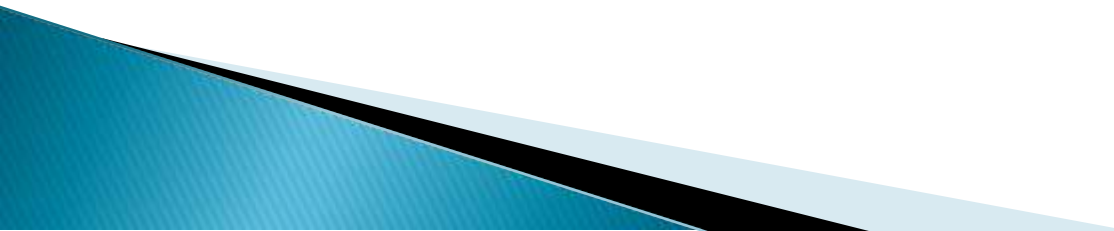
Lillian Gilbreth- First Lady of Management

Main Concern: Economy of movement

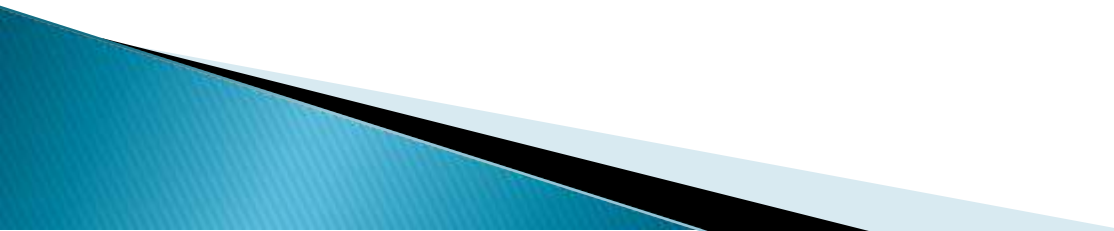
- ❑ Work simplification
 - ❑ Use of Flow Charts
 - ❑ Study of worker fatigue
 - ❑ Application of POM to improve organizational performance
- 

William H. Leffingwell (1864- 1932)

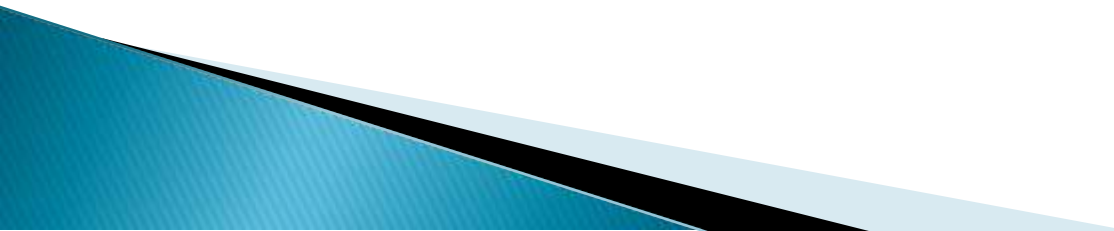
Father of Office Management

- ❑ Planning the work
 - ❑ Scheduling the work
 - ❑ Executing the work
 - ❑ Measuring the work
 - ❑ Rewarding the work
- 

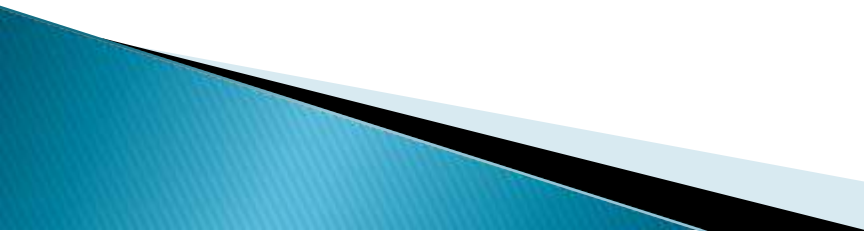
Henry L. Gantt (1861-1919)

- ❑ Guaranteed Day Rate (minimum wage)
 - ❑ Provision of bonus if task is completed beforehand
 - ❑ Use of work scheduling chart (GANTT CHART)
 - ❑ Attention to service rather than profits
- 

Contributions of Scientific Management

- ❑ Optimum use of resources
 - ❑ Minimization of cost of production
 - ❑ Develop workers' efficiency
 - ❑ Greater economic prosperity
 - ❑ Emphasis on training and development
- 

Limitations of Scientific Management

- ❑ Too much emphasis on technical aspects in comparison to human interest.
 - ❑ Workers viewed as economic beings.
 - ❑ Employees should monotonously work on the same task.
 - ❑ Workers/ Laborers are not allowed to take the initiative.
 - ❑ Psychological and sociological aspects of work are not considered.
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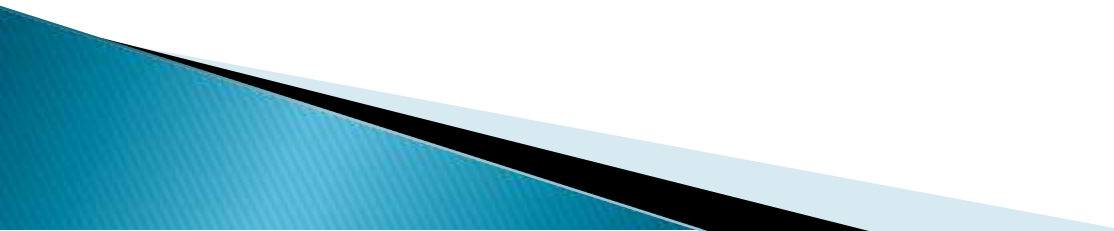
2. Administrative Management

**Henry Fayol
(1840- 1925)**



- ❑ French Industrialist and Mining Engineer.
- ❑ He developed a conceptual framework that is applicable to all the organizations.
- ❑ Unlike Taylor's theory of job design, efficiency and payment, Fayol's concept covers entire range of managerial activities.

Division of Industrial Activities

- I. Technical Activities (production, manufacturing)
 - II. Commercial Activities (buying, selling and exchange)
 - III. Financial Activities (search for and optimum use of funds)
 - IV. Security Activities (protection of property and people)
 - V. Accounting Activities (stock taking, cost statistics and balance sheet)
 - VI. Managerial Activities (planning, organizing, commanding, co-ordinating and controlling)
- 

Fayol's Fourteen Universal Principles of Management

- ❖ It is concerned with distribution of right work to the right people.
- ❖ This develops the practice of specialization among workers.
- ❖ It brings simplicity and accuracy in performance.

1. Division of Work

- ❖ It means obedience to the superiors and fulfillment of systems of the organization.
- ❖ One should follow the specified rules, regulation, working procedures and systems.
- ❖ Penalties and punishments must be impartial and equal.

2. Discipline

- ❖ A subordinate must get order and instructions from only one superior at a time and he/ she should be made accountable to the single superior only.
- ❖ Employees should not be confused or puzzled in terms of considering instruction and doing activities.

3. Unity of Command

- ❖ Authority is the power and right.
- ❖ Responsibility is the obligation to accomplish jobs.
- ❖ There must be balance between authority and responsibility.

4. Authority and Responsibility

- ❖ There must be one manager and one plan for group activities having common objectives.
- ❖ The total authority of planning and implementation should be given to the same manager which makes him/ her more responsible.

5. Unity of Direction

- ❖ The first emphasis should be given to organizational objectives rather than individual objectives.
- ❖ The achievement of organizational objectives in the long run contributes to fulfill individual objectives of the employees.

6. Subordination of individual interest to general interest

- ❖ Remuneration is the price payable to the employees for the devotion of their time and effort.
- ❖ Employees' responsibilities, cost of living and financial status of the organization must be considered.
- ❖ Problem of strike, lock-out should not arise.
- ❖ Major decision making authority should be reserved at the top level.
- ❖ Small organizations may maintain centralization and large organizations may follow the concept of decentralization on the basis of nature of work and size of the organization.

7. Remuneration of personnel

8. Centralization

- ❖ There must be unbroken chain of command ranking from top level to first line management.
- ❖ Each level of information is communicated through successive level of the chain either from lower level to top level or vice versa.
- ❖ There should be systematic arrangement of organizational resources.
- ❖ There are two types of order: material order and social order.
- ❖ Material order includes physical resources and social order includes right person for the right job.

9. Scalar Chain

10. Order

- ❖ There must be kindness and justice towards everyone in an organization.
- ❖ Nepotism, Favoritism and Partiality must be avoided.
- ❖ This brings loyalty and dedication among employees .

11. Equity

- ❖ People need time to learn their jobs.
- ❖ There should be job security of employees.
- ❖ It develops the efficiency of people.
- ❖ Job insecurity creates high labor turnover, increase cost of selection, training and supervision.

12. Stability of Tenure

- ❖ It emphasizes on freedom and preference to subordinates for planning and implementation.
- ❖ It advocates that one should be given responsibility and authority to initiate and complete his/ her task without interruption.

13. Initiative

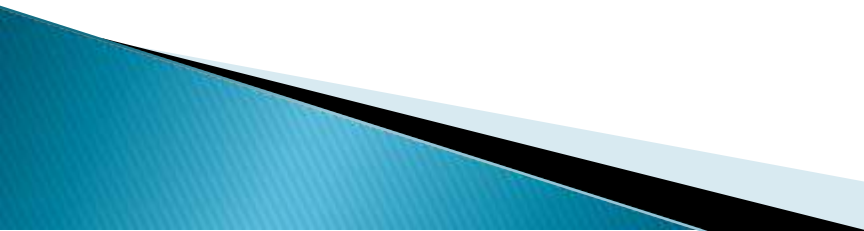
- ❖ Union is strength.
- ❖ Team effort is a must to achieve goals.
- ❖ First Concept: Divide and rule should be avoided
- ❖ Second Concept: Emphasis on verbal or close communication.

14. Esprit de Corps

Contributions of Administrative Management

- ❑ Universal principles of management
- ❑ Treats management as a separate discipline
- ❑ Developed the foundation of managerial functions

Limitations of Administrative Management

- ❑ Inattentive towards human behavior
 - ❑ Inattentive towards situational factors
 - ❑ Based on personal experience and little observation
- 

Comparison between Taylor and Fayol

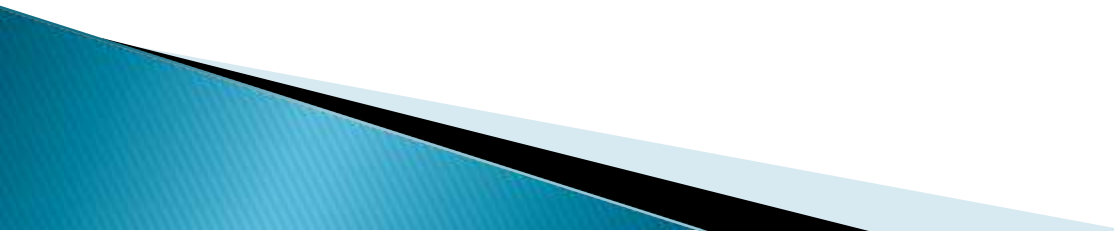
Basis of Difference	Taylor	Fayol
Human Aspect	Disregards human elements	Pays due regards on human elements (Equity, Esprit de Corps)
Status	Taylor is the Father of Scientific Management.	Fayol is the Father of Administrative Management
Stress	He provided more stress on efficiency.	He provided more stress on general management.
Approach	Micro- approach	Macro- approach
Scope of principles	It is restricted to factory only.	It is applicable in every other field of management.

3. Bureaucratic Management

Max Weber
(1864- 1920)



- ❑ German Sociologist
- ❑ Bureaucracy is an ideal form of organization whose activities and objectives are rationally thought out and whose division of labor are explicitly spelled out.
- ❑ It is most common in large organizations and government institutions.

- ❑ Continuity in administration is ensured by the emphasis on rules, or decision- making strictly within the boundary prescribed for the position.
 - ❑ There are some principles of Bureaucracy Theory that stress upon hierarchy of well- defined line of authority from top level to subordinate level.
- 

- ❖ There must be a system and procedure for the completion of defined work.
- ❖ Everyone in an organization should follow the systems and procedures prevailing in the organization.
- ❖ The placement of right person to the right job.
- ❖ The division of labor should be done on the basis of skill, knowledge, efficiency and experience.
- ❖ Effective execution of activities at minimum cost.

1. Formal Rules and Procedures

2. Functional Specialization

- ❖ It emphasizes on scalar chain of authority from top level to subordinate level.
- ❖ Unity in direction, feeling of responsibility among the employees and uniformity in organizational performance.
- ❖ Higher level authority has to supervise the subordinates to know about their achievement and problems.

3. Well- defined hierarchy of authority

4. Supervision by a higher authority

- ❖ The recruitment, selection, appointment and placement of employees are considered on the basis of technical competence.
- ❖ The arbitrary dismissal of employees must be avoided.
- ❖ The different acts, actions and decisions should be recorded in a separate book for future reference.
- ❖ It is helpful in future for taking valuable decisions.

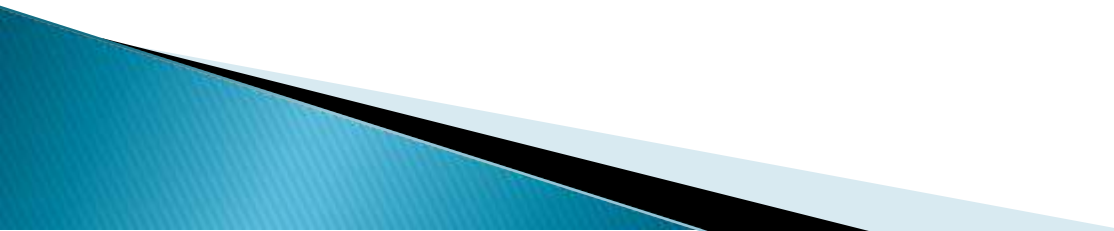
**5. Technical competence
for employment and
promotion**

**6. All decision should be
recorded**

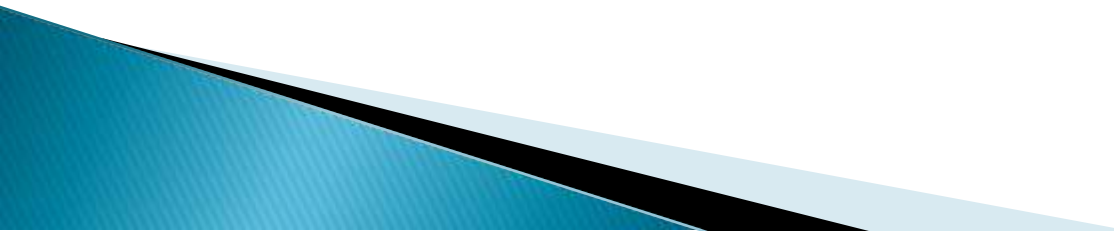
- ❖ Personal relation is not taken in consideration.
- ❖ Interpersonal relations are based on positions and not on personalities.

7. Interpersonal Relation

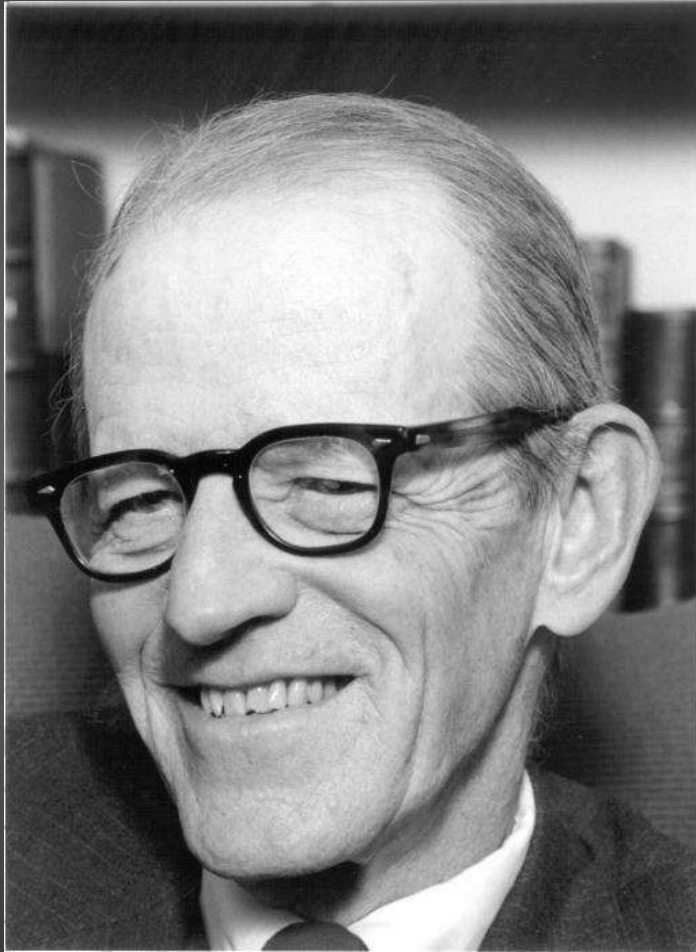
Disadvantages of Bureaucratic Theory

- ❑ Rigid Rules and Regulations
 - ❑ Ignores Innovation
 - ❑ Lack of effective communication
 - ❑ Problem of role conflict
 - ❑ Ignores informal relationship
- 

Behavioral Perspective Theory

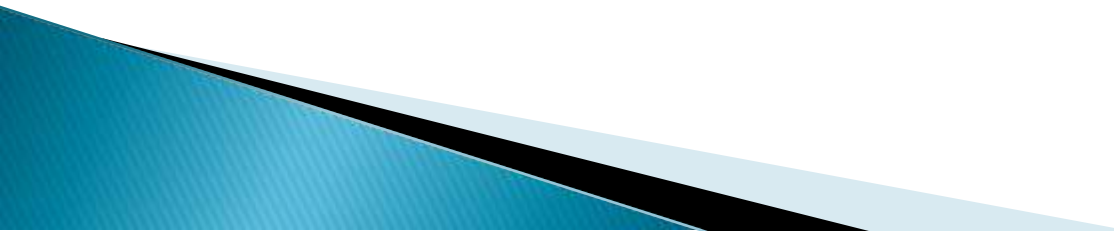
- ❑ Successful management largely depends on a manager's ability to understand and work with and through people who differ in culture, perceptions, needs and aspirations.
 - ❑ The classical theory focused on structure, order, formal organization, economic factors, work and objectives whereas behavioral theory focuses on social and psychological factors at work.
- 

Hawthorne Studies




- ❑ In the 1920s and 1930s, there emerged the idea that people are important factors of an organization.
- ❑ Hawthorne studies undertaken by Elton Mayo and his colleagues laid the foundation for human dimension in organizations.
- ❑ The study was conducted in between 1924 and 1932 among several groups at the Hawthorne plant of the Western Electric Company in Chicago.

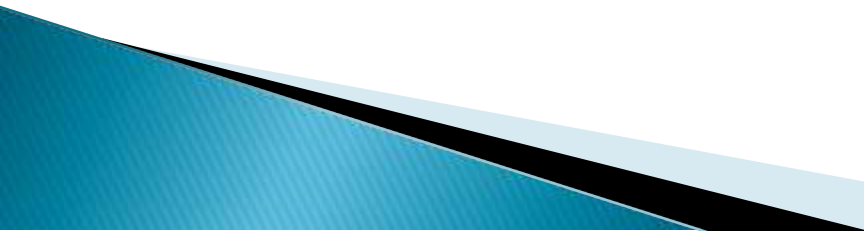
- ❑ The experiments were performed to study the effects of the physical environment, such as changes in the level of lighting in the working area upon workers.

 - ❑ The study was conducted in four phases:
 1. Illumination experiment
 2. Relay assembly test room experiment
 3. Mass interviewing program
 4. Bank wiring observation room experiment
- 

1. Illumination experiment (1924- 1927)

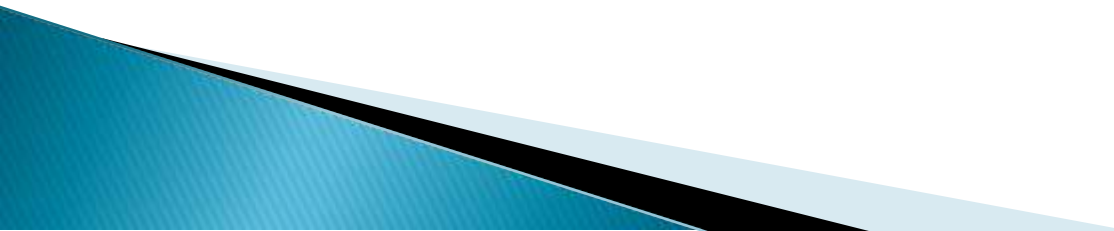
- ❑ The study was primarily conducted to study the effect of lighting on the productivity of the workers in different departments.
 - ❑ Illumination was manipulated for one group (The Experimental Group) of workers and held constant (The Control Group) in the other but productivity was increased in both the conditions.
 - ❑ Productivity increases when social relationships among workers as group members is flourished rather than physical factors.
- 

1. Relay assembly test room experiment (1927- 1928)

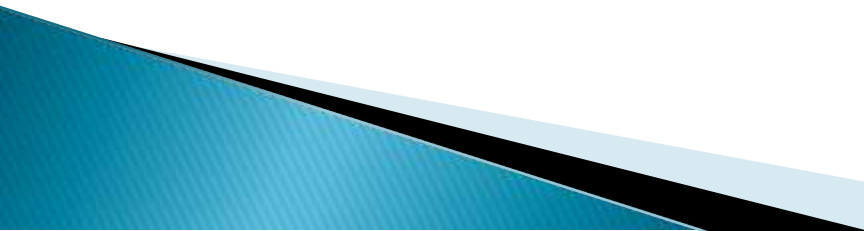
- ❑ The study was primarily conducted to study the effect of job conditions on group productivity.
 - ❑ Two groups of six female telephone relay assemblers were put in separate rooms.
 - ❑ Frequent changes like incentive system, increase in frequency of five minutes rest, early leave (4:30 P.M.), hot lunches introduced, etc.
- 

- ❑ Absenteeism was decreased
- ❑ Morale increased
- ❑ Less supervision required


As the researchers decided to revert back, productivity surprisingly increased.

- ❑ Feeling of stability
 - ❑ Sense of belongingness
 - ❑ Sense of responsibility
 - ❑ Self- discipline
- 

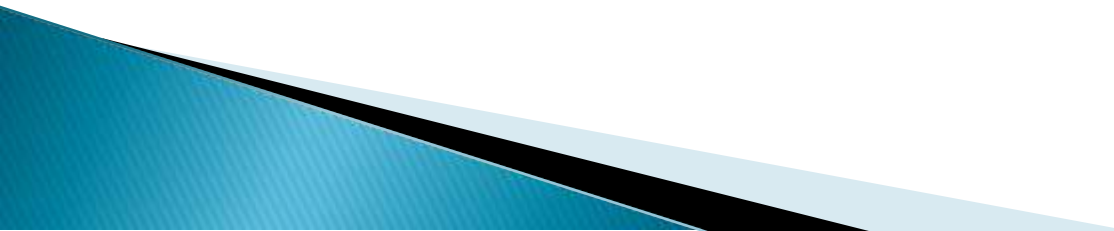
3. Mass Interviewing Programme (1928-1929)

- ❑ 20,000 Interviews regarding Human Relations
 - ❑ (Direct Question (Yes/No),
 - ❑ Indirect Method(Listen and Observe)
 - ❑ Social groups were formed informally in the organization
 - ❑ Importance of informal relations, social and psychological needs influence the workers' behavior and their productivity.
- 

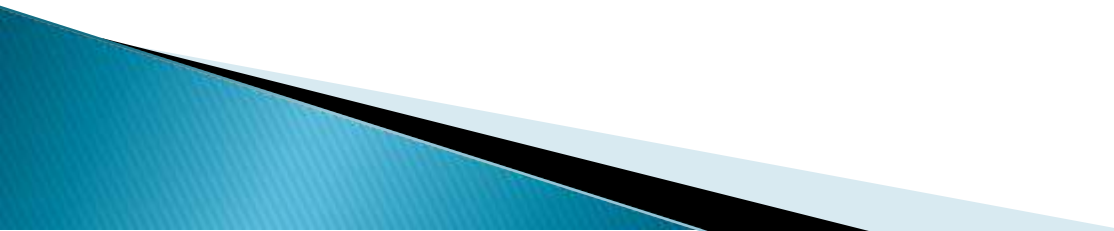
4. Bank wiring observation room experiment (1931- 1932)

- ❑ The study was primarily conducted to study the effect of small group on individual behavior.
 - ❑ 14 male workers were formed in a small group and were observed for seven months in bank wiring room.
 - ❑ Attaching wire for switches for certain equipments used in telephone exchange.
 - ❑ It was assumed that highly efficient workers would bring pressure on less efficient workers but it was found out that workers were guided by group norms rather than organizational norms.
- 

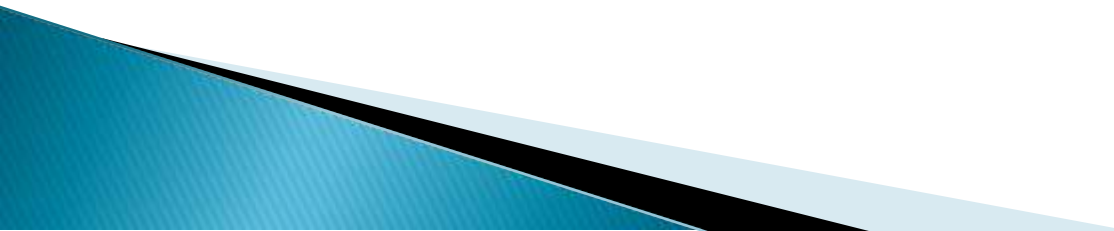
Implications of Hawthorne Studies

- ❑ Social and psychological factors are responsible for responsible for workers' productivity and job satisfaction.
 - ❑ Informal relations are influential than formal relations.
 - ❑ Participation in decision- making enhances performance.
 - ❑ Employees should be treated with respect.
 - ❑ Good communication
- 

Limitations of Hawthorne Studies

- ❑ Lacks Validity (Controlled Settings)
 - ❑ Experiments already known- results are biased
 - ❑ More focus on human aspects
 - ❑ More focus on group aspects rather than individual aspects
 - ❑ Freedom of Workers (Less focus on management)
- 

Human Relations Movement

- ❑ This theory believes that people deserve to be the central focus of organizations.
 - ❑ The behavioral scientists who have had lasting impact on management thinking and practice were Abraham Maslow, Douglas McGregor and Frederic Herzberg.
- 

Abraham Maslow

(Need Hierarchy Theory)



- ❑ Abraham Maslow, a human psychologist developed a theory of human needs in 1943.
- ❑ People always have needs and when one need is relatively fulfilled, others emerge in a predictable sequence.
- ❑ Human needs range from the most basic needs to higher level needs.

Need Hierarchy Theory



MASLOW'S HIERARCHY OF NEEDS

ABRAHAM MASLOW



MORALITY, CREATIVITY, SPONTANEITY, PROBLEM SOLVING, LACK OF PREJUDICE, ACCEPTANCE OF FACTS

SELF-ACTUALIZATION

SELF-ESTEEM, CONFIDENCE, ACHIEVEMENT, RESPECT OF OTHERS, RESPECT BY OTHERS

ESTEEM

FRIENDSHIP, FAMILY, SEXUAL INTIMACY

LOVE/BELONGING

SECURITY OF BODY, OF EMPLOYMENT, OF RESOURCES, OF MORALITY, OF THE FAMILY, OF HEALTH, OF PROPERTY

SAFETY

BREATHING, FOOD, WATER, SEX, SLEEP, HOMEOSTASIS, EXCRETION

PHYSIOLOGICAL

Abraham Harold Maslow (April 1, 1908 - June 8, 1970) was a psychologist who studied positive human qualities and the lives of exemplary people. In 1954, Maslow created the Hierarchy of Human Needs and expressed his theories in his book, Motivation and Personality.

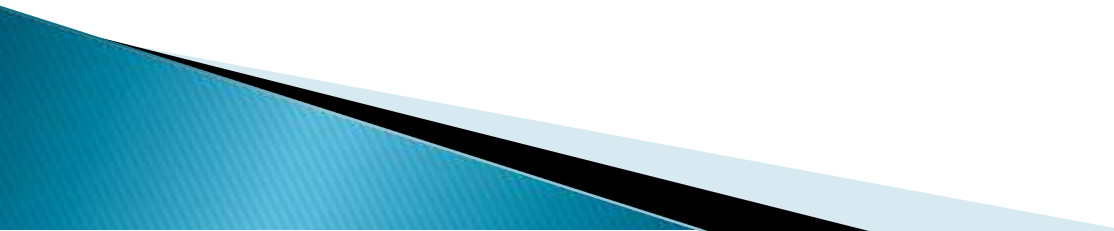
Self-Actualization - A person's motivation to reach his or her full potential. As shown in Maslow's Hierarchy of Needs, a person's basic needs must be met before self-actualization can be achieved.

Douglas McGregor (Theory X and Y)

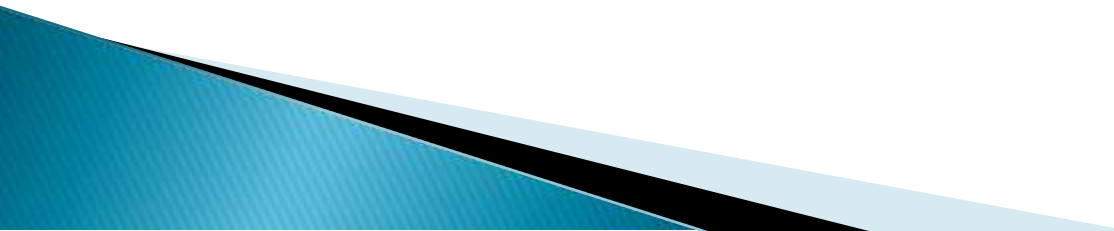


- ❑ Douglas McGregor, a professor in Management, proposed two distinct views of human beings.
- ❑ The negative one was labeled as Theory X and the positive one was labeled as Theory Y.
- ❑ He considers Theory X as a set of pessimistic assumption and Theory Y as a set of optimistic assumption of workers.

Assumptions of Theory X

- ❑ Employees dislike work and whenever possible will attempt to avoid it.
 - ❑ Employees must be corrected, controlled or threatened with punishment to achieve desired goals.
 - ❑ Employees will avoid responsibility and seek formal direction whenever possible.
 - ❑ Most workers place securities above all other factors associated with work and will display little ambition.
- 

Assumptions of Theory Y

- ❑ Work is natural activity like play and rest.
 - ❑ People will become committed to organizational objectives if they are rewarded for doing so.
 - ❑ People will exercise self- direction and self- control if they are committed to objectives.
 - ❑ The average person can learn to accept and seek responsibility.
 - ❑ Many people are genuine, original and creative.
- 

Theory X and Theory Y (Douglas McGregor)

Theory X

- Workers are motivated by money
- Workers are lazy and dislike work
- Workers are selfish, ignore the need of the organisation, avoid responsibility and lack ambition
- Workers need to be controlled and directed by management

Theory Y

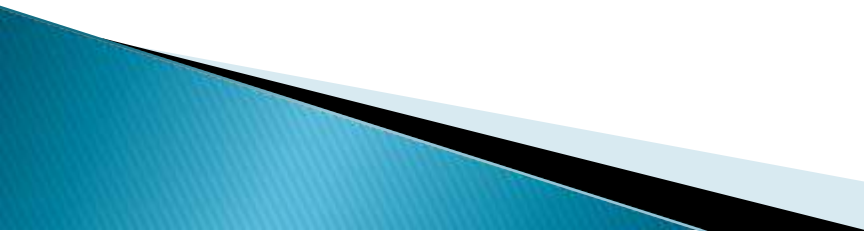
- Workers may have many different needs which motivate them
- Workers can enjoy work
- If motivated, workers can organise themselves and take responsibility
- Management should create a situation where workers can show creativity and apply knowledge to job.

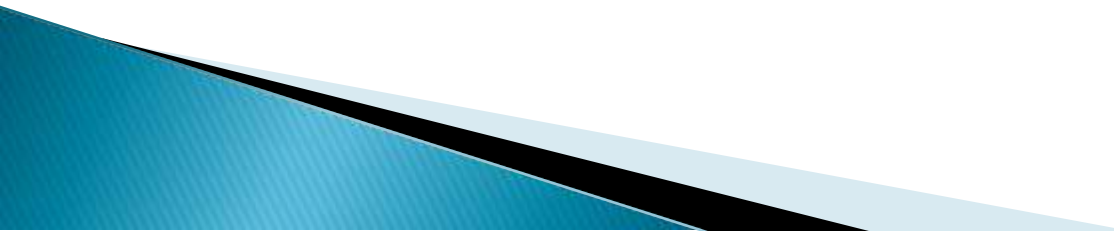
Frederick Herzberg (Two Factor Theory)



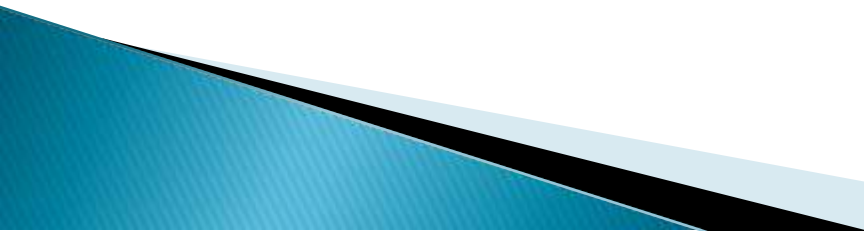
- ❑ Herzberg developed the two factor theory for motivation.
- ❑ This theory is based on the interviews conducted on 200 engineers and accountants regarding job experience.
- ❑ It was found that human behavior is affected by two factors: hygiene factor and motivating factor.

Hygiene Factors

- ❑ These factors are also called dissatisfiers or maintenance factors which are external to the job.
 - ❑ The presence of these factors do not motivate employees but the absence of these cause job dissatisfaction.
 - ❑ These factors are necessary to maintain a minimum level of need satisfaction.
- 

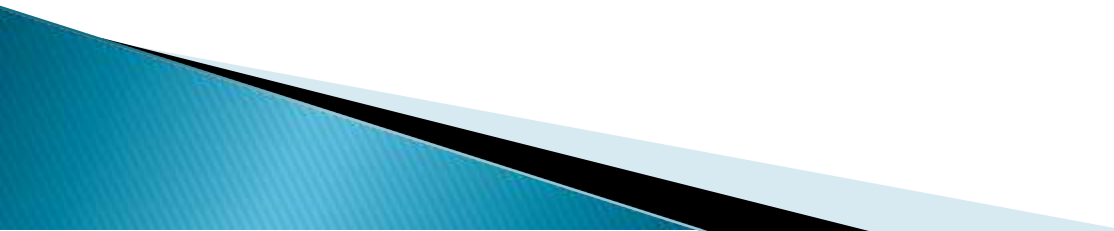
- ❖ Company policy and administration
 - ❖ Supervision
 - ❖ Relationship with supervisor
 - ❖ Relationship with peers
 - ❖ Relationship with subordinates
 - ❖ Personal life
 - ❖ Working Conditions
 - ❖ Salary
 - ❖ Job Security
 - ❖ Status
- 

Motivating Factors

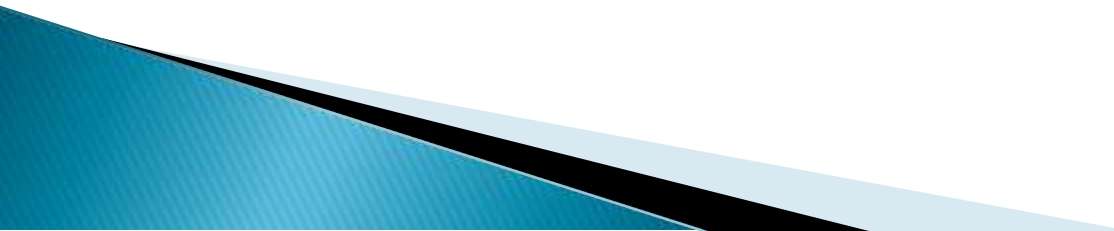
- ❑ These factors are also called motivators, satisfiers or job content factors which are directly related to the job.
 - ❑ The presence of these factors cause high level of motivation and job satisfaction whereas the absence of these do not cause high dissatisfaction.
 - ❑ Employees are motivated when he/she finds the job challenging, there is scope of innovation, freedom, growth, recognition of efforts and achievement.
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- ❖ Achievement
 - ❖ Recognition
 - ❖ Advancement
 - ❖ Work itself
 - ❖ Personal growth
 - ❖ Responsibility
- 

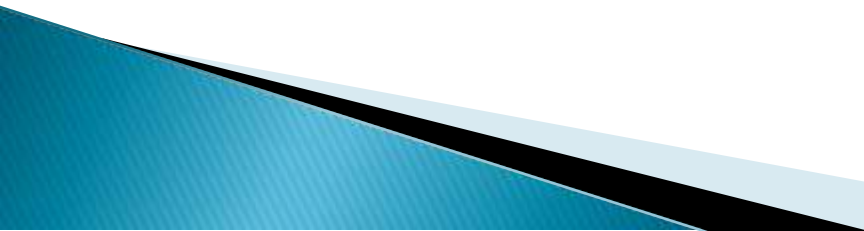
Contributions of Behavioral Theory

- ❑ This theory has identified the role of human elements in an organization.
 - ❑ It emphasizes on the role of individual psychology and group behavior for organizational effectiveness.
 - ❑ It emphasizes on non- financial rewards.
 - ❑ It emphasizes on self- direction of subordinates through workers' participation in planning and decision- making.
- 


Limitations of Behavioral Theory

- ❑ This theory fails to give a holistic view of an organization.
 - ❑ Economic rewards may equally be effective as non-economic rewards.
 - ❑ It does not consider situational variables.
 - ❑ It lacks scientific validity.
- 


Emergence of Organizational Behavior

- ❑ Organizational behavior began to emerge as a scientific discipline as a result of Hawthorne Studies.
 - ❑ Many research and studies were undertaken in areas like leadership, motivation, group performance, power and politics, communications and human resource management.
 - ❑ The studies indicated that employees' social relationships are as vital as financial incentives for employees' motivation and performance.
 - ❑ Contemporary organizational behavior describes rather than prescribe the behavioral forces.
- 


Quantitative Perspective

- ❑ Quantitative management is a result of the research conducted during World War II.
 - ❑ The quantitative approach to management involves the use of statistics, information models and computer simulations to improve decision making.
 - ❑ Management science is widely used in planning, production, operations, inventory and transportation related problems.
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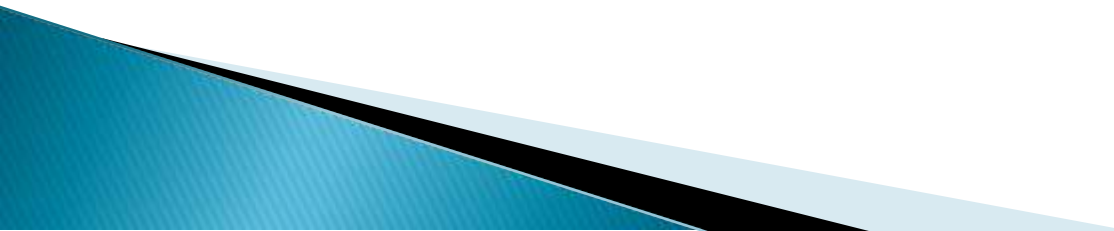
1. Management Science Theory

- ❑ It emphasizes on the application of mathematics, statistics and other tools for decision- making.
 - ❑ Linear programming, game theory, sampling theory, probability theory, simulation, etc are the techniques used.
 - ❑ It is focused on solving the technical rather than human behavior problems.
 - ❑ Computer programs are used to analyze the problems.
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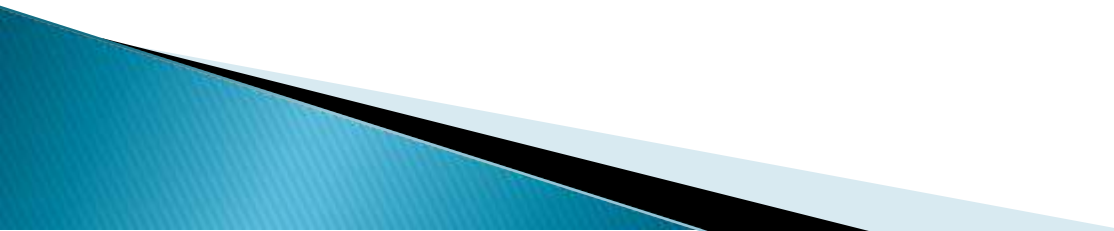
2. Operations Management Theory

- ❑ It focuses on managing the process of transforming materials, labor and capital into useful goods and services.
 - ❑ The resources include wide variety of raw materials, technologies, capital information and people needed to create finished products.
 - ❑ It pays attention to the demand of quality, customer service and competition.
- 

3. Management Information System

- ❑ It is the most recent subfield of the quantitative perspective which organizes past, present and projected data to process it into useable information.
 - ❑ Managers can identify alternatives quickly, evaluate alternatives by using spreadsheet programs, pose a series of 'what- if' questions and finally select the best alternatives.
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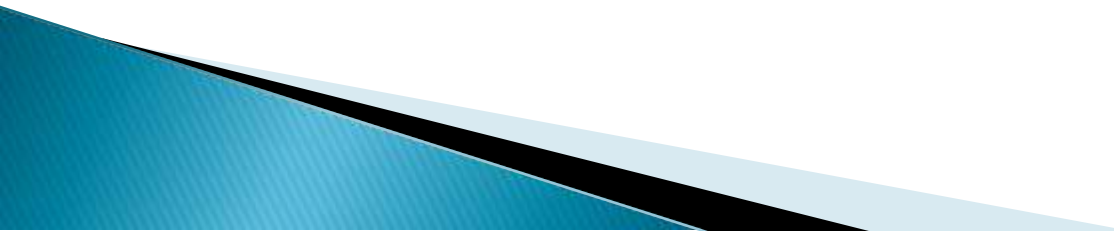
Contributions of Quantitative Perspective

- ❖ It encourages disciplined thinking.
 - ❖ Complex relations among variables can be expressed more effectively.
 - ❖ It presents management with an objective basis.
 - ❖ It emphasizes on the replacement of intuition and hunch by factual data.
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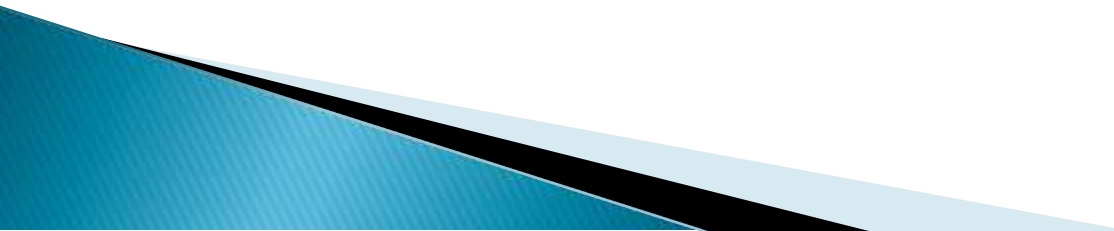
Limitations of Quantitative Perspective

- ❖ It does not deal with the people aspect of an organization.
- ❖ All the required data can not be updated and are not accurate.

Integrating Perspectives

- ❑ A collection of processes required to ensure that the various elements of the projects are properly coordinated.
 - ❑ Can be applied to any type or size of organization.
- 

Systems Perspective (Theory)

- ❑ A system is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
 - ❑ It consists of a number of subsystems which are related to one another.
 - ❑ The systems theory suggests that the managers must take an overall balanced view.
- 

EXTERNAL ENVIRONMENT

INPUTS

PROCESSING

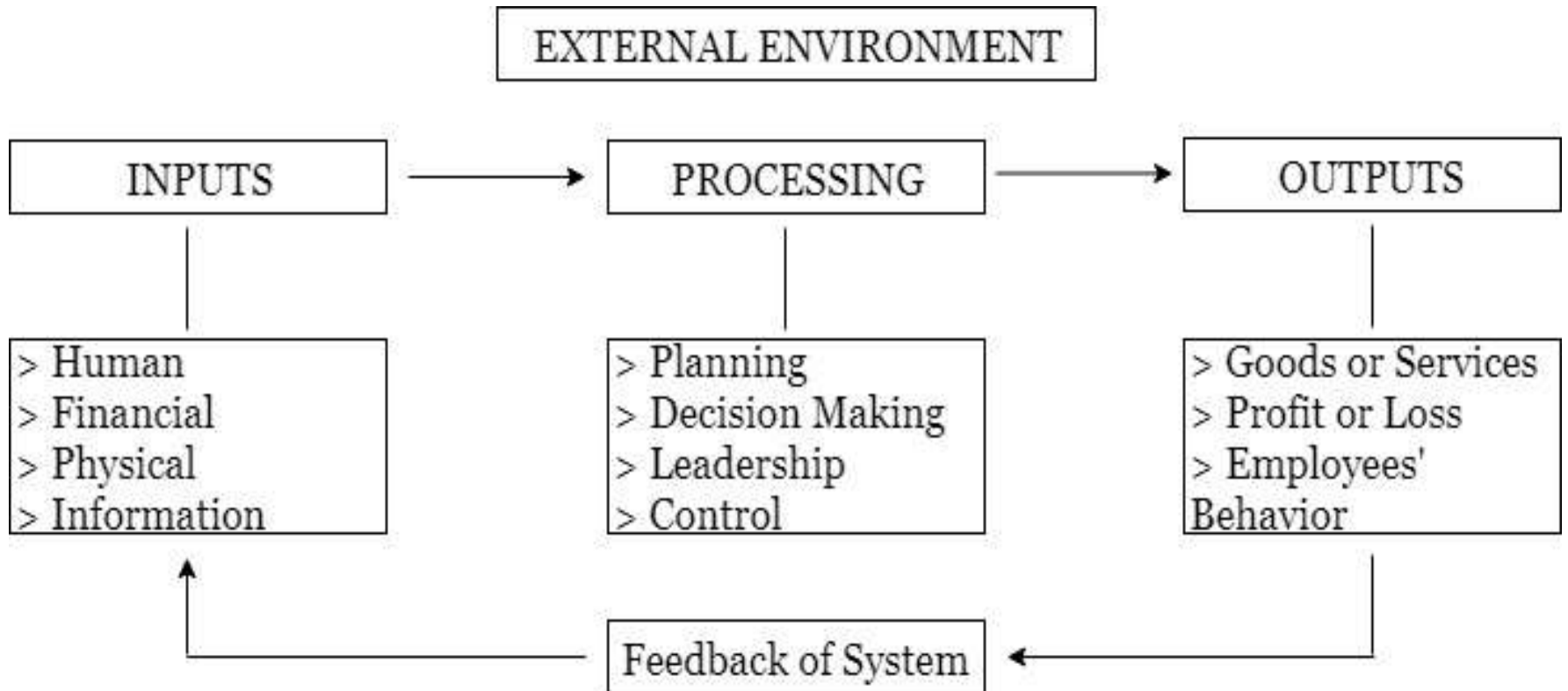
OUTPUTS

- > Human
- > Financial
- > Physical
- > Information

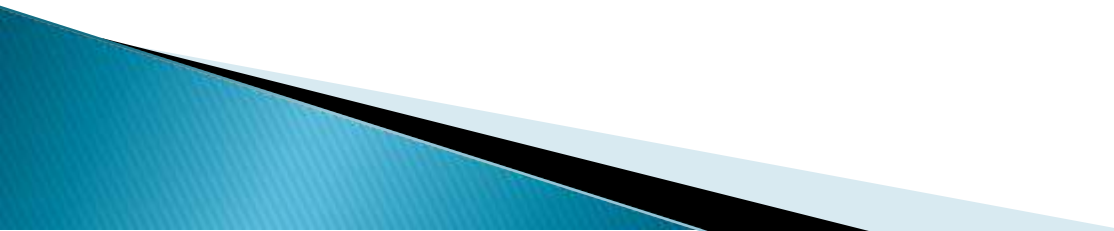
- > Planning
- > Decision Making
- > Leadership
- > Control

- > Goods or Services
- > Profit or Loss
- > Employees' Behavior

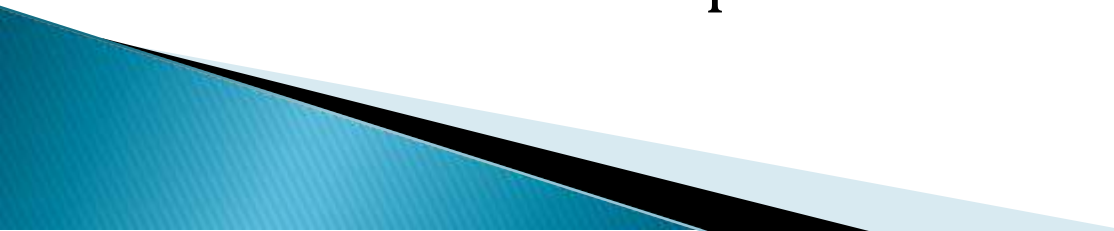
Feedback of System



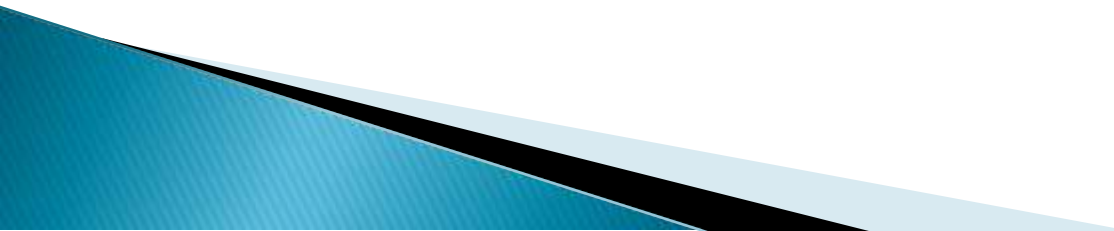
Important elements of a system

- ❖ Goal- orientation
 - ❖ Sub- systems
 - ❖ Open and closed systems
 - ❖ Synergy
 - ❖ System Boundary
 - ❖ Flow of Information
 - ❖ Feedback
- 

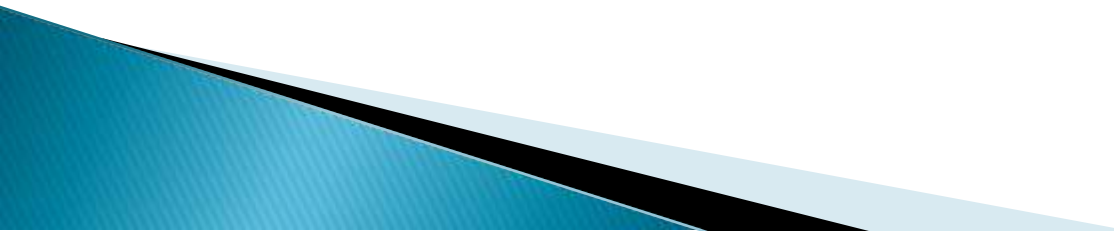
Contributions of Systems Theory

- ❖ It provides a conceptual framework for a meaningful analysis of management and organizations.
 - ❖ It guides managers to lay emphasis on interdependence and interrelations between various elements.
 - ❖ It exhorts managers to understand and analyze elements.
 - ❖ It integrates the physical, behavioral and environmental aspects.
- 

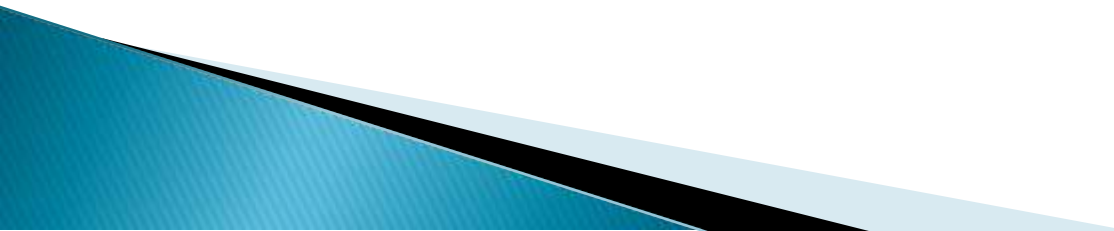
Limitations of Systems Theory

- ❖ It is too abstract and cannot be directly and easily applied to practical problems.
 - ❖ It does not offer any tools or techniques of integration.
 - ❖ It does not offer a unified body of knowledge.
- 

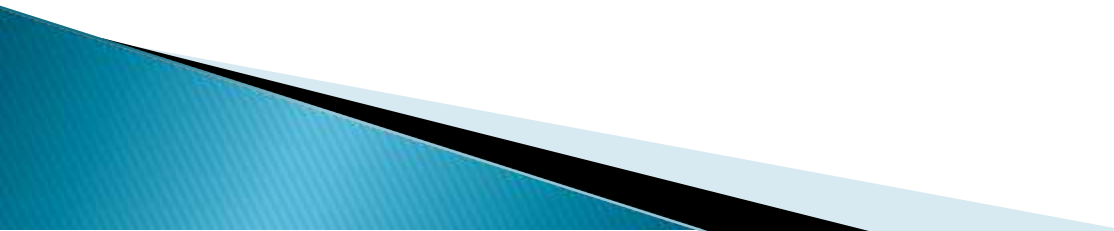
Contingency Perspective (Theory)

- ❑ This theory focuses on situational factors as every situation has its own uniqueness and complexity.
 - ❑ There are no plans, organizational structures and leadership styles or control techniques that will fit in all situations.
 - ❑ There should be a match between situation and manner of dealing.
- 

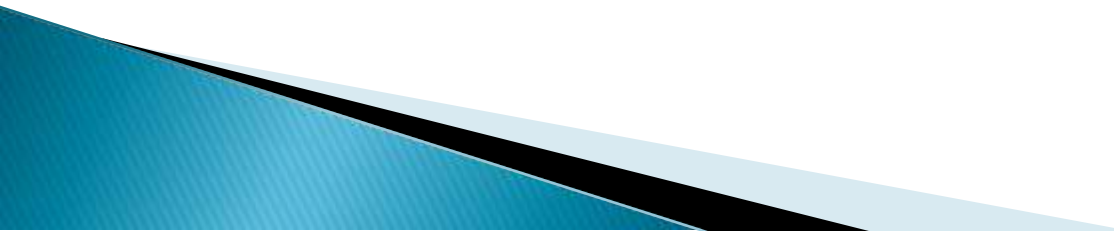
Variables/ elements of Contingency Theory

- ❖ Size of the organization
 - ❖ Task Technology
 - ❖ Environmental Uncertainty
 - ❖ Individual Differences
 - ❖ Geographical spread of the organization
 - ❖ Type of work being done
- 

Contributions of Contingency Theory

- ❖ Managers get help in innovating new and better approaches to meet complex situations.
 - ❖ It gives them the capability to think in analytical, critical and multidimensional ways.
 - ❖ Managers are given more freedom.
 - ❖ Managers become more sensitive and alert.
- 

Limitations of Contingency Theory

- ❖ It ignores the universally applicable principles.
 - ❖ It fails to enlist all contingency variables.
 - ❖ It focuses on mere situation but which tools should be used in what situation is not specified.
 - ❖ It ignores human behavior aspects.
- 

Contemporary Perspectives on Management

- ❖ Comparative analysis of a typical US firms, typical Japanese firms and Z Us firms.
- ❖ Dr. William Ouchi's so-called 'Japanese Management Style'.
- ❖ It focuses on increasing employee loyalty by providing a job for life with a strong focus on the well-being of the employee, both on the job and off the job.
- ❖ Most successful companies across America were studied by Thomas J. Peters and Robert M. Waterman.
- ❖ Eight themes:
 - ✓ A bias for action
 - ✓ Close to the customer
 - ✓ Autonomy and entrepreneurship
 - ✓ Productivity through people
 - ✓ Hands-on value driven
 - ✓ Stick to the knitting
 - ✓ Simple form, lean staff
 - ✓ Simultaneous loose-tight properties

Theory Z Model

In Search of Excellence

❖ Terrence Deal and Allan Kennedy

❖ The beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions.

❖ Peter Senge

❖ Five disciplines of a learning organization:

- ✓ Personal Responsibility, self-reliance and mastery
- ✓ Mental model
- ✓ Shared vision
- ✓ Team learning
- ✓ Systems thinking

Corporate Cultures

Learning Organization

- ❖ It describes the relationship between one party called the principal, who delegates work to another, called agent.
- ❖ It states that there will be partial goal conflict among parties.

Agency Theory

- ❖ Change is inevitable and is rarely controlled.
- ❖ While organizations grow, complexity and the possibility for susceptible events increase.

Chaos Theory

Emerging issues and challenges in Nepalese business

- 1) Increased private investment in core business
 - 2) Growing urban population
 - 3) Rise of informed and educated customers
 - 4) Changing role of the government
 - 5) Rising economic agenda
 - 6) Use of modern technologies
 - 7) Integration to the world economy
 - 8) Shifting socio-cultural values
 - 9) Shift towards service industry
 - 10) Workforce diversity
- 

Thank
you

