

An Overview of Classical Management Theories: A Review Article

Alireza Nadrifar¹, Esmat Bandani², Hakimeh Shahryari³

¹Lecturer, Development Management Phd, Azad University of Zabol, Zabol, Iran

²M. Sc Student of Management, Azad University of Zabol, Zabol, Iran

Abstract: *Undoubtedly, management is an important issue in any organization where predetermined objective cannot be accomplished without proper management. Management is the art of undertaking different tasks with the help of other people. There is a jungle of management theories divided into classical, behavioral and situational theories. The most famous three classical management theories (scientific, administrative and bureaucratic) are discussed in this article. The science of management theory (in addition to other factors) is a basic requirement for managers of any organization, so that they can deal with different challenges in order to present the science, positive and negative aspects of management theories for managers and management scientists. Common features of classical management theory are chain of commands, authoritarian management style and behavior prediction. Although these theories are obsolete, different forms of these theories are implemented in most parts of the world.*

Keywords: Classical Management; Theories; Review Article

1. Introduction

Management is the most important element of any organization. No organization can achieve goals without proper management. Therefore, management is the heart of any organization. It is essential to be aware of management theories for leadership and management success. The organizations should deal with many challenges in modern era. Schools and colleges as typical organizations should be equipped with the science of management and management theories to deal with challenges and use maximum resources and outputs in an efficient and economical manner. Classical management theories are very important among management theories. These are foundation of all theories of management. Therefore, this article discussed classical management theories. In this article, the basic science, strengths and weaknesses of classical management theories were discussed. This article is useful for young scientists in the field of management, managers and organizers by providing a brief review of classical management theory.

2. Management

The term management stems from the Latin word *Manu agree* meaning leadership by hand, which refers to giving direction. It also suggests that the leader goes where he wants to send his followers for the first time(1). Peter Drucker (1974) stated that management refers to undertaking tasks with the help of other people and resources. In other words, management represents the process of completing tasks with the help of other people. Weijrich and Koontz (1993) stated that management shows the process of planning, leading, organizing and controlling people in a group in order to achieve goals. In addition, it is essential to lead and control the activities to implement a plan. This shows the necessity of a definite plan for effective management (2). According to this definition, it can be concluded that management is a process of strategic planning, goal setting, resource management and development of necessary human and financial assets in

order to achieve goals and measured outcomes. This also includes recording facts and information for later use with respect to the needs. Management and leadership are two similar terms that confuse many people. Therefore, the term leadership should be explained(3, 4).

Leadership

Leadership refers to the process that an individual influence other people to achieve organizational goals. Grey (2005) and Shaik (2008) believed that leadership: a) is the process of social influence; b) living is impossible without leaders and their followers; c) is a voluntary action by the followers; d) changes behaviors of the followers(5).

The difference between management and leadership

Management and leadership are two overlapping terms that confuse many people. Leadership and management are complementary to each other. These are consistent with each other but with some differences. The difference between these two can be featured as follows. Management refers to planning, organizing, staffing, directing, controlling and coordinating management tasks. Managers carry out these tasks as holding official positions in the enterprise. On the other hand, leadership is responsible for inspiring and motivating other people. The leader does not necessarily hold an official position. A manager may or may not be a proper leader(6). Weijrich and Koontz (1993) and Murray (2011) believed that managers are basically executives. They make plans, set the budget and monitor progress. On the other hand, leaders change individuals and the organization. Management refers to performance (planning, organizing, controlling, directing, leading, supervising, staffing, coordinating communication, etc.) of an activity. However, leadership refers to the relationship (selecting talent, motivation, coaching and building trust, etc.) between the leader and the followers(7). Warren Bennis presented a list of these differences in the book entitled as *on becoming a leader* in 1989. (a) managers are executives while leaders are initiatives; (b) managers copy the rules and regulations while leaders develop the rules and regulations; (c) managers

preserve the system and environment while leaders develop the system and environment. These three items clearly highlight the distinction between management and leadership. Leadership is a broader term than management. The leaders influence other people through leadership skills in order to achieve goals. On the other hand, managers take advantage of their powers to undertake tasks using the subordinates)8(.

3. Classical Management Theories

Management theories can be classified into classical management theory, humanistic management theory, situational management theories, modern management theories, etc. Classical management theories are discussed in this paper. Classical management theories are developed to predict and control behaviors in the organizations. Unique features of classical management theories are as follows:

- a) Chain of command: management is divided into three levels in classical management theories.
 - Top-level management: this is generally the government (executive), which includes the board of directors, general manager in business enterprises, the president, directors, deputy of directors, heads of universities, etc. Top-level managers are responsible for development of long-term strategic goals in line with organizational goals. Planning, organizing and directing are major responsibilities of top-level managers(9)
 - Middle-level management level: this is between top-level and low-level managers. Middle-level managers are responsible for coordinating activities of the supervisors, developing and formalizing policies and plans with respect to high-level strategic policies. Middle-levels managers in the department of education are supervisor of a group, deputy and assistant of the manager, deputy and assistant of supervisor of examinations, registrar and deputy of department of education in the district, officials and teachers, deputy of director. Middle-level managers are managers (production manager, administrative managers, financial managers, etc.), deputy and assistant of managers in enterprises(10)
 - First-level Management: this includes supervisors also called supervision management. Policies and plans are implemented at this stage. Activities are monitored day by day. Teachers are first-level managers in the department of education. Foreman, supervisors, shift assigners, etc. are first-level managers in enterprises(11)
- b) Division of labor: this is the second key feature of classical management theories. Complex tasks are divided into more simple tasks that can be easily undertaken by workers
- c) One-sided Top-Down influence: There is one communicational route in classical management theories of communication. Decisions are made at top-level and sent to low-level (Wejrich And Koontz, 1993).
- d) Authoritarian leadership styles: authoritarian leadership style is another feature of classical management theories. Management was impressed by the church in older days. Therefore, authoritarian style belonged to those times and was the dominant culture. In other words, the

managers made decisions and directed (commanding and organizing) the entire management system. It was believed that the workers should be treated as machines in order to increase efficiency. The workers were strictly controlled. Three classical management theories are properly founded as scientific management theory, administrative theory and bureaucratic theory(12).

Scientific management theory

This is a well-known management theory developed by Frederick Taylor in 1911. This theory is also important due to temporal factors and purpose of the investigation. His studies were the greatest event of the nineteenth century. This theory is mainly focused on maximum productivity. This theory delivers a proper solution for problems and challenges of industrialists (9). Taylor believed that scientific management is the solution to business problems. He discussed scientific management theory in his book entitled as *Principles of Scientific Management*. He stated that certain efforts change the management system in some cases, so that interests of workers are converted into interests of management(13). In an experiment, shovellers efficiency increased from 16 to 59 tons per day, which reduced the number of yard workers from 500 to 140. He brought a revolution in the art of cutting metal and quickly doubled the speed of cutting metals. In the late nineteenth century and early twentieth century, Taylor worked on increasing efficiency using scientific methods, eliminating additional movements and transfers at workplace. He wanted to train workers for better jobs, divide the tasks between management and workers and implement scientific management style with respect to different practices and workers in action. In this method, each group make their best efforts. He introduced four principles of scientific management theory to increase productivity. He also predicted that these principles are suitable for all kinds of human activities, from an individual simple task to complex organizational activities(14).

Four management principles to increase productivity

It is essential to develop the science of working. In other words, the job should be investigated in action to find the best ways to do the job. Either scheduling or orientation method can be used for data collection. Different methods should be used to find the best method. A new method should be chosen. The workers should be selected. Scientific training should be given according to the best way of performing the job. Different workers should be selected for different jobs. Training should be given to the workers according to their position in the organization, so that each worker would be an expert in his job and perform a better job(15). Taylor's work was appreciated by the industrialists at that time. His principles are still practiced in most parts of the world. As cited earlier, workers are paid according to their productivity. Modern management theorists such as Edward Deming and Juran also follow the principles of division of labor presented by Taylor(16). Taylor's work was improved by Frank and Lillian Gilbreth who studied time and motion and divided tasks into small components by finding better methods to do each component and reorganizing every component of a scientific work(17)

Administrative management theory

Administrative management theory is another well-known classical management theory developed by Henry Fayol in 1916. Fayol was a senior manager. He has developed this theory based on personal experience. The theory encompasses business management (business) and general management. His main focus was on management. He introduced six functions and fourteen management principles in his theory. Six management functions are predicting, planning, organizing, commanding, coordinating, monitoring (11)

Fourteen principles of Management are discussed as follows.

- 1) Division of labor: Fayol believed that work specialization is the best way to use human resources. He believed that the work should be divided among individuals and groups to ensure that effort and attention are focused on specific parts of the work(18).
- 2) Authority: Fayol discussed authority as the right to give orders and the ability to exactly obey and do what was ordered. Responsibility properly models authority, which covers accountability. In other words, responsibility is a part of authority. Responsibility is allocated to an individual simultaneously with the authority(19).
- 3) Discipline: Discipline is essential for success of an organization. Workers should be fined in case of ignoring discipline in the organization. This is because success requires joint effort of all workers(16)
- 4) Unity of command: unity of command should be observed in the organization, so that the workers would be given orders just by an individual (the manager)(14)
- 5) Unity of direction: Fayol believed that unity of direction should be observed in a successful organization. In other words, the entire organization needs to move towards a common goal in a common direction.
- 6) Focusing on individual interests rather than public interests: general interests and profits of the organization should be prioritized compared with individual interests (20)
- 7) Remuneration: salaries of the workers should not be determined based on workers' productivity. Instead, salaries of the workers should be determined based on many variables such as cost of living, supply of qualified personnel, general business conditions and success in the business.
- 8) Centralization: Fayol stated that centralization or decentralization of management should be determined according to organizational requirement or culture. He defined concentration as reducing the importance of rituals. The importance of decentralization lies in escalating rituals in the organization(19).
- 9) Scalar chain (hierarchy): management hierarchy should be present in the organization. Authority should be given to the managers with regard to their ranks in the hierarchy. High-level managers should be given more authority regarding management hierarchy and vice versa. Low-level managers should always inform top-level managers of their activities(9).
- 10) Order: activities should be operated in an effective and efficient manner in the organization. All personnel and executives should hold their own position in the

organization. In other words, the individuals and agents should be at the right place at the right time(9)

- 11) Personnel rights (equity): All employees should be treated fairly and properly. This shows that basic rights, laws and regulations should be the same for all employees for success of an organization. Justice should be established within the organization. It should also be noted that equal rights and opportunities cannot be secured in the organization.
- 12) Stability of tenure of personnel: Fayol believed that salaries and other benefits should be allocated to the employees based on their length of service in a successful organization. This is because new recruitment necessitates additional costs and causes various problems.
- 13) Esprit de corps: Management should coordinate and encourage the employees, which increase productivity. It can be stated that unity is powerful(6)

This theory is very popular and is currently implemented in large organizations. This is also effective in the army force. Management functions developed by Fayol are used in all organizations and enterprises. The six functions are reduced to four, which are still running. These are planning, organizing, leading and controlling. Giving the right authority and responsibility is also practiced in the whole world. This shows the strength of administrative theory. Unfortunately, the Management Matrix ignores two principles of unity of command and unity of direction.

Management bureaucratic theory

This theory is proposed by the German sociologist Karl Emil Maximilian known as Max Weber. This is also called Weber's theory of bureaucracy. He proposed this theory in 1947. He called his work a social and economic organization theory. This theory mainly focuses on organizational structure. He focused on hierarchy and authority-control strict lines in structuring the organization into a hierarchy. He suggested that the organizations should develop precise and comprehensive operating procedures to do predefined tasks. He felt that the West is changing from Wertrational to Zweckrational(15).

Principles of bureaucratic management theory are as follows.

- 1) Formal rules and regulations: According to this theory, the best standard rules and regulations should govern the organization. These rules should be properly defined and written in the forms(21).
- 2) Working relationship system: this should be present in the organization to do the work and establish a relationship between the system and tasks in the organization.
- 3) Specialized training: the workers should be trained based on their designated tasks. Different training programs should be designed for different systems in the organization. The managers require relevant training programs based on their tasks. The workers also need training programs based on their tasks (21).

This theory is still running. Modern theories of management have used the advantages of this theory. Written rules, ideal bureaucracy, paperwork, punishment and reward systems, training of workers and managers are almost implemented all the organizations in the world. This shows that this theory has

an important role in the history of management theory(13). Theory of scientific management was presented in the United States of America to enhance productivity. Labor shortage is a major challenge in the U. S. since the Industrial Revolution. Therefore, increased productivity of workers is the only way to increase productivity. Four principles of scientific management theories are actual development of management science, scientific selection and training of workers, the right reward for quick and high-quality work and equal division of work and responsibility between workers and managers(7). Administrative management theory sought to create an organization with increased efficiency and effectiveness. This theory supports the workers in contrast with the theory of scientific management. Planning, organizing, controlling and directing are the basic functions of this theory. Unity of command, unity of structure, division of labor, justice in authority and order are the most important principles among the fourteen principles of this theory. Functions and principles of Fayol are still used for management of international organizations(19). Max Weber's theory of bureaucracy management focuses on ideal structure of an organization. This theory contains eight principles. Formal rules is the basic principle of bureaucracy. Another important principles are formulating rules, the authority to control management and balance in the reward system. Bureaucracy is still implemented in the global large companies (3). Classical theories promote managerial capability to predict and control behaviors of the workers. These theories are designed to predict and control behavior within the organization. These theories encompass communicational functions and ignore human relations in the organization. They improve and preserve communicational functions. These theories are used in simple, small and stable organizations. On the other hand, these theories cannot be implemented in large, complex and aggressive modern organizations.

References

- [1] Warden S, Carpenter JS, Brockopp DY. Nurses' beliefs about suffering and their management of pain. *International Journal of Palliative Nursing*. 1998;4(1):21-5.
- [2] Likert R. *The human organization: its management and values*. 1967.
- [3] Likert R. *New patterns of management*. 1961.
- [4] Kiani F, Rahnama M, Dadkani E, Balouchi A, Fazeli K. A Comparison of Hospital Stressors and their Related Factors: From the Perspective of the Cardiac and Internal Wards' Patients. *International Journal of Pharmaceutical and Clinical Research*. 2016;8(1):80-5.
- [5] Johnston MW, Marshall GW. *Sales force management: Leadership, innovation, technology*: Routledge; 2016.
- [6] Urby H, McEntire DA. Emergency managers as change agents: recognizing the value of management, leadership, and strategic management in the disaster profession. *Journal of emergency management (Weston, Mass)*. 2014;13(1):37-51.
- [7] Burke S, Collins KM. Gender differences in leadership styles and management skills. *Women in Management Review*. 2001;16(5):244-57.
- [8] Bass BM, Stogdill RM. *Handbook of leadership*: New York: Free Press; 1990.
- [9] Carroll SJ, Gillen DI. Are the classical management functions useful in describing managerial work? *Academy of management review*. 1987;12(1):38-51.
- [10] Mahmood Z, Basharat M, Bashir Z. Review of classical management theories. *International Journal of Social Sciences and Education*. 2012;2(1):512-5120.
- [11] Cole GA. *Management theory and practice*: Cengage Learning EMEA; 2004.
- [12] Hodgetts RM. *Management: Theory, process, and practice*: Saunders Limited.; 1979.
- [13] Mintzberg H. Policy as a field of management theory. *Academy of Management Review*. 1977;2(1):88-103.
- [14] Luthans F. Successful vs. effective real managers. *The Academy of management EXECUTIVE*. 1988;2(2):127-32.
- [15] Taylor FW. *The principles of scientific management*: Harper; 1914.
- [16] Vrijhoef R, Koskela L. The four roles of supply chain management in construction. *European Journal of Purchasing & supply management*. 2000;6(3):169-78.
- [17] Legge K. *What is human resource management?* Human Resource Management: Springer; 1995. p. 62-95.
- [18] Boehm BW, Ross R. Theory-W software project management principles and examples. *IEEE Transactions on Software Engineering*. 1989;15(7):902-16.
- [19] MacBryde J, Radnor Z, Taj S, Berro L. Application of constrained management and lean manufacturing in developing best practices for productivity improvement in an auto-assembly plant. *International Journal of Productivity and Performance Management*. 2006;55(3/4):332-45.
- [20] Florida R, Davison D. Gaining from green management: environmental management systems inside and outside the factory. *California Management Review*. 2001;43(3):64-84.
- [21] Berman SL, Wicks AC, Kotha S, Jones TM. Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management journal*. 1999;42(5):488-506.