



# *The Critical Evaluation of the Influence of Classical and Human Relations Approaches In Management Today.*

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## **1. Introduction**

According to Business Dictionary, “Management is the Organization and coordination of the activities of a business in order to achieve defined objectives”. Organizations’ accountability and profitability depends on how well the business is managed. To make the Organization profitable and accountable, effective leadership, controlling the business efficiency and develop or strategize the business are the main bridges of today`s management and those of the classical and behavioral management (Yacoub, 2016, p.2). As Yacoub delineated in its dissertation, even if there are many similarities between today`s management and management in the past centuries; globalization (competitive advantage), learning and innovation, technology encroachment and organizational arrangement require vast management approach than those of the classical and human relations approaches of the past (Yacoub, 2016, p.2).

The three major pillars which connects or familiarize the modern and post-modern management with that of the past management approaches directly or indirectly have influence on the Organization performance. As indicated by Karlof and Loevingsson, efficiency and effectiveness are core concepts for the Organizational performance. Organizational performance generates a distinctive value in a manner which the benefits of producing the value outweighs its cost. (Karlof and Loevingsson, 2005, p.6). To create a unique value of the Organization, application of management approaches matter to ensure the future success of the business. According to Rahman, improving economic competence through workers efficiency and optimum utilization of resources is a primary concern of classical and human relations management approaches in order to getting up a significance Organization dependable with the wellbeing of entrepreneurs, employees and customers at large (Rahman, 2012, p.6).

Yacoubalso depicted “the connection between worker motivations and individual/group performance” by supporting the works of (Cole and Kelly, 2016, p.16) and Mechaelson, (2005). The early theories of management regarding to human-relations theories were more concerned in the human factor at work; their center was on the individual satisfaction and motivation as much as efficient use of resources which leads to effectiveness of operations(Yacoub, 2016, p.3).

This essay critically evaluates the influence of classical and human-relations approaches adopted by Organizations specifically for the case example of Toyota Company by clearly showing how classical and human relations approaches impact on management and practice today. The essay does notcover all classical and human-relations approaches rather identify and focus on the main themes of those approaches. We assessthe relevant practices, policies and approaches of Toyota and We show how the classical and human-relations theories are reflected in the company`s policies.

## **2. Review of Classical Theories**

Most writers and researchers agreed and wrote, until the beginning of the 20<sup>th</sup> century; most of the terms and practices associated with leadership and management were not fundamentally known or defined. After the beginning of the 20<sup>th</sup> century application of science

and engineering to the management of factory work and workers started being implemented by most of the early writers. Accordingly, the question of efficient and effective use of land, labor and capital has arisen (Safferstone, 2005, p.5).

As summarized by Yacoub, those early writers were Henry Fayol, Frederick Winslow Taylor, The Gilbreths, Henry Gantt, Lyndal Urwick, Brech, Max Weber and Alvin Gouldner whom we call them as Classical Theorists (Yacoub, 2016, p.3). In addition to these pioneer theorists, Safferstone has listed some contributors who made perfection on them. For instance, The Gilbreth household's efficiency portrayed Clifton Webb and Myrna Loy in the 1950 movie *Cheaper by the Dozen* and again by Steve Martin and Bonnie Hunt in the 2003 (Safferstone, 2005, p.6).

Fayol and Taylor are regarded as the fathers of the above group during that time. Except for Max Weber whose theoretical results known "Bureaucracy Theory", Yacoub generalized the other Theoretician as a tailored copy of either one of Fayol or Taylor with some alterations inserted (Yacoub, 2016, p.3). The generalization of Yacoub was supported by Safferstone as "the initial principles and practices of scientific management were articulated by Fayol and Taylor, others perfected them" (Safferstone, 2005, p.6).

The overall and core ideas of the classical management theory were to find the "one best way" to perform and manage tasks. Due to this idea to perform and manage tasks in the best way possible, two school of thoughts emerged; Classical Scientific and Classical Administrative Management schools. While scientific management alert on the output of individuals, the classical administrative approach focuses on the whole organization. The classical administrative approach emphasis is on the improvement of managerial principles rather than work systems (CliffsNotes, n.d).

Since the classical scientific branch began because of the call for to augment productivity and efficiency the stress was on trying to discover the best way to get the most work done by groping how the work progress was actually accomplished and by inspected the skills of the workers (CliffsNotes, n.d).

The Major contributors of the classic scientific school are Frederick Taylor, Henry Gantt, and Frank and Lillian Gilbreth. In this thesis we cover only Taylor`s and Fayol`s management approach since the other approaches are built up on them with some modifications.

## 2.1 Frederick Taylor

Frederick Winslow Taylor is often called the father of Scientific Management. Like Fayol, he was a practical manager-theorist. Initially he was a shop-floor worker and later as a manager in steel companies. During his time the planning and control roles were given to employees and the top officials or the emerged after called management left “how to be done” task or the work methodology to the program of their employees which Taylor called ‘rule of thumb’. For Taylor the major problem of leaving the work method to the initiative of the employees was led to inefficient performance due to ‘rule of thumb’ and ‘soldiering’. His suggestion was segregation of duties between the management and workers. The management should take the planning and control aspects rather than leaving to the employees. Benchmarking from his experience he took a sample of especially skilled workers, noting each operation and timing it with a stopwatch (Yacoub, 2016, p.5). CliffsNotes Website summarized and noted Taylor`s analysis as follows;

*“Taylor calculated how much iron from rail cars Bethlehem Steel plant workers could be unloading if they were using the correct movements, tools, and steps. The result was an amazing 47.5 tons per day instead of the mere 12.5 tons each worker had been averaging. In addition, by redesigning the shovels the workers used, Taylor was able to increase the length of work time and therefore decrease the number of people shoveling from 500 to 140.”*(CliffsNotes, n.d).

Selecting the most skilled employees and taught to the inefficient workers in turn resulted to break the work processes in to smaller simpler tasks (Yacoub, 2016, p.5). Lastly, Taylor built up an incentive system that paid employees more money for meeting the new standard (CliffsNotes, n.d).

We can summarize Taylor's principles as;

- i. To avoid 'soldiering' which resulted from 'rule of thumb', setting scientific principles and standards for tasks.
- ii. Scientifically chooses skilled and unskilled workers and increasingly train and grow them to attain their maximum level of efficiency and success in the jobs that are required.
- iii. Assigning tasks to the workers based on the skill level of the worker.
- iv. Establish segregation of duties and responsibilities among employees and management. The management taking the planning and control aspect.
- v. Developing a spirit of cooperation between workers and management to ensure that work is carried out in accordance with devised procedures.
- vi. Reward employees who meet the minimum established standard.

Although Taylor's management approach has highly rooted and widely accepted globally, the approach was not free of criticisms from its opponents. Those criticisms were; the trust between employee and employer never existed because delaying any financial incentive plan to be ineffective since workers thought that the management was trying to pin them down, and to management's feelings that the employees had succeeded in 'pulling the wool over their eyes' On the other hand, based on low education level of employees back at Taylor's time- changed the employees to machine leaving no opportunity for employees to innovate; a ideal case for aggravation and job dissatisfaction for a professional employee. In addition, Taylor considered only the monetary type of rewarding system which results for the extrinsic part of motivation. Lastly, Taylor believes that breaking down of tasks in to smaller and simpler tasks increase the efficiency of employees by doing the same task repetitively but this idea has critically argued in a sense that work break down in to smaller and simpler tasks may result in the employee dissatisfaction and employees to be deskilled. (Yacoub, 2016, p. 6).

## **2.2 Fayol's Administrative Theory**

Henry Fayol before he became to CEO of Chamberbault in a French mining Company, he was a French Engineer (Yacoub, 2016, p. 3). Unlike Taylor's approach, Fayol's

administrative theory not focused on the individual performance of tasks rather it emphasizes on the total performance of the Organization (Abdulrahaman, Yahaya and Kabir, 2013, p.88).

Yacoub summarized Fayol's contribution to management in to three themes (Yacoub, 2016, p. 3). These three themes were; elements or functions of management, management activities, and fourteen management principles.

### **(a) Elements or Functions of Management**

According to Abdulrahaman, Yahaya and Kabir (2013) noted that Fayol observed these elements in a view point of management and found that the functions are divided in to six elements; technical, commercial, financial, security, accounting, and managerial. In Fayol believe these elements are the different parts which build up an Organization (Abdulrahaman, Yahaya and Kabir, 2013, p.88).



### **(b) Management activities**

Initiated from the above functions of the management or Organization, he focused on the five activities of the management. These activities were planning, organizing, coordination, command and control of available resources to attain a given goal. Abdulrahaman, Yahaya and Kabir (2013) noted that Fayol was the first to introduce those management activities fundamentally by referring the research of Peter, Richard and John (Abdulrahaman, Yahaya and Kabir, 2013, p.88). In addition to Fayol's idea, Urwick (1943) has modified/inserted some activities (staffing, Directing and Budgeting) and he has also given his opinion that these activities are activities every manager is performing in his day to day operation. Urwick has put the modified activities in acronym to be **(POSDCOBE)**.

### **(c) Fourteen Management Principles**

Yacoub (2016, p.4) and Abdulrahaman, Yahaya and Kabir (2013, p.90) mentioned these fourteen management principles as a guide to performing managerial functions. They are noticeably listed in the work of both Researchers; Division of work, Authority, Discipline, Unity of command, Unity of direction, Remuneration, Centralization, Scalar chain, Order, Equity, Stability of tenure of personnel, Initiative, Esprit de corps, Subordination of individual interests to general interest (Yacoub, 2016, p.4) and (Abdulrahaman, Yahaya and Kabir, 2013, p.90).

#### **2.2.1 Criticisms**

Even if he made a great contribution and influence on the today`s management his principles on the organizational effectiveness and efficiency were not free from criticisms. The first criticism is the adaptation of his principles to deal with the growing importance of technological advancement. The second criticism is increased employee participation which is participatory style of leadership in the decision-making processes of the organization and flatter organization (Yacoub, 2016, p.5). The third one is the assumption that all organization can be managed as per pre-set of principles. This does not hold true for every organization. The fifth criticism is empirical research. His principles were built based on his personal experience and limited observations and the principles by themselves contradict one another. Some principles, e.g., principle of authority, unity of direction and unity of command are not applicable in certain circumstances so they lack universality. Lastly the scalar chain principle has been criticized due the modern management need of speed of every task for efficiency since the scalar chain principle taught that communication should occur up and down from the overall executive officer to the last person on the ladder of hierarchy (Abdulrahaman, Yahaya and Kabir, 2013, p.89-92).

### **3. Review of Human-Relations Theories**

According to Safferstone (2005), After World War I Human-relations theories emerged due to the drawbacks of classical theories. The classical/scientific management approaches failed

to deliver its promises regarding to employees operating under efficient control which challenged the management at that time. The failures of classical approaches noticed by human-relation theorists that the disregarding of the well-being of employees and other motivators in addition to financial reward came to the debate of another group of theorists. Why do the classical/scientific approaches failed to increase the worker productivity? Human-relations theorists started to examine factors and conditions that motivate employees which later discovered the importance of human and social factors (Safferstone, 2005, p.5-6).

As Yacoub (2016) delineated, it was this time human-relations theorists like Mary Follett, Elton Mayo, McGregor, Herzberg, Likert, Argyris, and McClelland arose. Work atmosphere, incentives, supervision effects were their focus of investigation in the objective of discovering the drivers and sustainability of human behavior. Their question was what motivates people? (Yacoub, 2016, p.7).

Other theorists focused on the processes of motivation. ‘How motivation occurs?’ is the issue of these theorists and their theories are marked as the “process theory” of motivation (Yacoub, 2016, p.7). Between the latter group theorists the following contributors and their theories explained below;

### **3.1 Expectancy Theory- Victor Vroom**

The core idea of his theory was ‘subjective perception of the reality’ which he explains individual behavior is not formed by object reality. His driving force formula was against the theory of classical management- focuses only on financial reward- which he outlined both motivational dimensions of reward-intrinsic and extrinsic rewards. Vroom said that “intrinsic and extrinsic rewards are the driving force to encourage effort, achieve a level of performance and obtain rewards at the end as one of the three other factors; ‘instrumentality’ and ‘expectancy’”(Yacoub, 2016, p.7-8).

### **3.2 Equity Theory- John Stacey**



As noted in the Expectancy Theory, this theory also focused on people`s perceptions. Employees want to be fairly treated with the others peer group which Stacey called it ‘sense of equity or fairness’. The comparative nature of rewards matter rather than the objective situation only. As in the context of expectancy theory, valence of rewards is what workers are looking for (Yacoub, 2016, p.8).

### **3.3 Goal-Setting Theory- Edwin Locke**

In contrary to the above mentioned ones, Edwin Locke set up the “*Goal-Setting Theory*” signifying that the driving force is the goal itself not the satisfactory outcome (Yacoub, 2016, p.8).

### **3.4 Reinforcement Theory- Burrhus Skinner**

In connection with the learning theory, Skinner believed that the past rewards and punishments have direct consequences or relations with the effect of reinforcing current actions either negatively or positively. Unlike the previous theories linked to human perception, Reinforcement Theory focused on how to control behavior (Yacoub, 2016, p.8).

### **3.5 Theory Z- William Ouchi**

In combination with scientific management and behaviouralism, Ouchi tried to approach motivation by adopting Japanese practices (Yacoub, 2016, p.8).

As Yacoub (2016) outlined, overall we can also summarize the above human-relations approaches in to two categories; ‘Content Theories’ and ‘Process Theories’. Motivation affects both the acquisition and utilization of skills and abilities (Yacoub, 2016, p.8).

## **4. Contemporary Organization Example**

### **Toyota Company (The Toyota Way: 14 Management Principles)**

Toyota Company`s management consists of 14 principles that constitute the Toyota way. These principles are organized in four categories; Long term philosophy, the right process will produce the right results, add value to the Organization by developing your people, and continuously solving root problems drives Organizational learning (Liker, 2004, p.51).

In the long term philosophy category, there is only one principle states that “base your management decisions on a long-term philosophy, even at the expense of short-term financial goals” (Liker, 2004, p.51-52). This principle built up on the mission that work, grow and align the whole organization toward a common purpose. This might be correlated with the Fayol`s five management activities of planning, organizing, coordinating, command and control of available resources to attain a given goal. Fayol`s authority and responsibility reflected in value included in Toyota`s principle which says “be responsible” or “accept responsibility”.

The second category is “the right process will produce the right results”. Within this category there are seven principles- from principle 2 to 7. These principles are; create continuous process flow to bring problems to the surface, use pull systems to avoid overproduction, level out the workload (heijunka). (work like the tortoise, not the hare.), build a culture of stopping to fix problems to get quality right the first time, standardized tasks are the foundation for continuous improvement and employee empowerment, use visual control so no problems are hidden, and use only reliable, thoroughly tested technology that serves your people and processes (Liker, 2004, p.52-54). As Frederick Taylor outlined these principles are principles of efficiency and effectiveness since it highly focused on the process standardization. Taylor`s theories; avoiding the rule-of-thumb and soldiering, setting scientific principles and standards for tasks, scientifically choose skilled and unskilled workers and increasingly train and grow them to attain their maximum level of efficiency and success in the jobs that are required, assigning tasks to the workers based on the skill level of the worker, establish segregation of duties and responsibilities among employees and management, and the management taking the planning and control aspect are highly reflected on Toyota`s mentioned principles. Although from those seven principles eighth principle- using reliable, thoroughly tested technology was not addressed in the Taylor`s classical theory one of the criticisms Taylor`s classical approaches.

The third broad category which I believe it is highly founded in the Human-relations approach is “add value to the Organization by developing your people”. In this broad category three principles are included- principle 9 to 11. Among these principles, principle 9 “Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others” highly emanated from Maslow`s Hierarchy of self-actualization needs, expectancy theory of intrinsic reward- encourage effort, and attain the level of performance. Human-relations approaches are highly reflected in this principle. Principle 10 and 11- “develop exceptional people and teams who follow your company s philosophy” and “respect your extended network of partners and suppliers by challenging them and helping them improve”- satisfies Equity Theory of valence of rewards (Liker, 2004, p.54-55).This principle makes people to be comparable within them which can help in turn as a driving force to satisfy their psychological and social needs.

The last category is “continuously solving root problems drives Organizational learning”. Principle 12, 13 and 14 are included in this section. “Go and see for yourself to thoroughly understand the situation”- principle 12, “make decisions slowly by consensus, thoroughly considering all options; implement decisions rapidly (nemawashi)”- principle 13, and “become a learning organization through relentless reflection (hansei) and continuous improvement (kaizen)”- principle 14(Liker, 2004, p.55-56). These principles relatively considered and see the internal and innovation perspective. Go and see for yourself, making decisions considering all options and implementing rapidly, innovation and learning are a modern management approaches which I think the issues were not covered by any of the classical theorists. We can take these principles as an example for rapid global economy advancement tackling solutions.

## **5. Conclusion**

Although the classical and Human-relations approaches were judged becoming obsolescent we have seen their contributions and influence on today`s management. Despite the fact that they have criticisms related to their adaptation to the current rapid change of technological advancement and learning, they still reflected on most management principles of Organizations as we have seen the case example of Toyota. We can say that the classical and human-relations approaches have made a bridge to connect early philosophies of management with that of the

contemporary management approaches. Overall, the classical and human-relations approaches are highly influence and reflected on today`s management with respect to their some drawbacks.

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