Organization and Management Past to Present: 
Applicability to Practice in the Modern Enterprise

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ABSTRACT

This article examined the historical evolution of organization and management theories and their applicability to practice in modern enterprise. Management and organizational theories each add something to the awareness of what managers ought to do. The contemporary approaches of management and organization theory draw upon the historical ideals of classical management and organization theories. Managers must, therefore, value the true concepts of contemporary organizational and management theories that frame the construct and decision-making processes of their particular organizations. Without a doubt, managers who make considerable efforts to transform these theories (classical and contemporary) into reality and practicality could increase productivity more than those who choose to ignore the value of these theories.

KEYWORDS

INTRODUCTION

Drucker (1974) defined management as a practice instead of a science alleging that it is parallel to law, medicine, and engineering. He further emphasized that the basis of management is performance rather than knowledge, the employment of common sense, and leadership. Drucker concluded that as a practice and field of study, management has a long history. Organization has been defined as an economic body that carries out a set of operations more efficiently in a chain-of-command than by market-intervened transactions among firms (Williamson, 1975). According to Jensen and Meckling (1976), organization is a network of contracts between the people in the firm. Ahlstrom (2010) made the assumption that the sole commissions of organizations are to provide jobs for employees; an assumption which has its foundations in the classical works of management (Delios, 2010).

Theories have been described as perspectives from which peoples’ world experiences make sense to them (Stoner, Freeman & Gilbert, 2003). It is more or less a systematic collection of mutually dependent concepts and principles that provide a structure to a substantial knowledge area. Homans (1958) classified theory as a group of pigeonholes or a filing cabinet wherein fact can build up. Theory, essentially, will explain relationships and offer a steady motivation for understanding experiences.
Theories of management and organization tend to give an explanation for and help understand the fast changing nature of organizational environments. In this study, I examine the historical evolution of theories in management and organization and their applicability to practice in modern enterprise. I examine the Scientific Management theory which comprises of the works of Frederick W. Taylor and Lillian Gilbreth, the Classical Organizational theory encompassing the works of Henri Fayol and Max Weber, Behavioral Management theory, and the Management Science theory. Furthermore, I also discuss contemporary management and organization theories such as Systems theory, Contingency theory, and Chaos theory.

THE EVOLUTION OF MANAGEMENT AND ORGANIZATION THEORY

The evolution of management and organization emerged around the final decades of the nineteenth century. Hatch and Cunliffe (2006) proposed that the prehistoric period of organization and management theory was formed by two fundamental thoughts namely, sociological and managerial. These two schools of thought focused respectively on the organizational formality and influence within a society as well as the viable predicaments that managers deal with within those environments. According to Perrow (1973), the distinctive interests embodied by sociological and managerial thoughts created tension in organization and management theory relative to both theory and practice. Sociological and managerial ideas represent the basis of scientific management theory.

The Work of Adam Smith

According to George (1968), the notable economist Adam Smith was one of the first to pronounce a theory that elucidates effective production in work practices that were systematically organized. Smith (1937) compared the relational performances of two dissimilar manufacturing methods and discovered that factory workers who specialized in single/distinct task or limited tasks had greater performance than those who performed multiple tasks for making a specific product (for example, pins). He recognized that higher productivity and efficiency resulted from job specialization. Job specialization denotes or mandates the division of labour among workers in order to improve work efficiency and improve organizational performance. Division of labour outlines the allocation of responsibilities and tasks in an organization (Hatch & Cunliffe, 2006). Smith concluded that organizational managers should control and organize the organization’s work process in order to capitalize on getting the most out of the advantages of division of labour as well as job specialization.

Scientific Management Theory

The first management theory is widely known as Frederick Taylor’s Scientific Management (Drury, 1915). During the late nineteenth century and near the beginning of the twentieth century, Taylor (1911a) posited that national loss in production was as a result of the awkward, unproductive, and ill-directed movements of workers. He constantly tried to replace the concept of management “by rule of thumb” with real time observations resulting in “the one best” practice. Taylor (1911b) also encouraged the systematic training of employees in “the one best practice” instead of allowing these workers individual discretion in their assignments. Additionally, he believed that the workload could possibly be equally distributed among the workers and management with management executing the science and directive and the workers carrying out the labor; hence, each group being responsible for the work that best suits the group.

Frederick Taylor adhered to the idea that the length of time and effort workers spend in producing a finished product or service could be lessened by enhancing specialization and division of labour which could result in a greater efficiency in the production process. Taylor’s concepts of scientific management were concerned with an organization’s functional type and different techniques needed for motivating employee initiatives and for enhancing work methods (Taylor, 1911a). He submitted five elements for the process of scientific management: science, not a rule-of-thumb, harmony rather
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