**CLASSICAL MANAGEMENT AND SCIENTIFIC MANAGEMENT THEORIES**

The classical school of management thoughts traces its ancestry to Henry Fayol. On the other hand, all the principles developed by Henry Fayol and others have their origin from the army, the church and economics. Together with the scientific management movement the classical school laid down the foundation upon which modern organization and management are built. The theorists laid down some principles of organization, and they earned the word classical largely because their principles are of comparatively long standing i.e. they are the dominant principles in the field of administration. The Classical school is also referred to as: the machine theory, mechanical theory etc. mostly because it is purely guided by rigid application of economic principles, leading to profit maximization and efficient resource utilization**.**

In the seventeenth century, concurrent with the cottage system and eventually superseding it as the dominant form of production, the factory system slowly began to take form. The industrial revolution is usually considered to have begun around 1700, and the technological progress that defines the industrial revolution provided the means for a vastly increased scale of production.

Although the industrial revolution started in Europe, the United State also participated from the beginning. While there was a rough sequence to the occurrence of the handicraft, cottage, and factory systems of production in Europe, in the United States these systems existed concurrently for a long time, with each system contributing in a major ways to the total production of goods, it was really not until the civil war that factories captured a commanding position in manufacturing.

Prior to the American civil war, the exploitation of slaves on Southern Plantations contributed to the development of trade and textile manufacturing particularly in new England. Slavery did not become an important factor in the national economy until after the invention of the cotton gin by Eli Whitney in 1793. However, with the cotton gin providing an easy technological ways to separate the cotton fiber from the seeds, producing cotton became very profitable.

Management and working conditions in the new factories were generally bad. Many of the early factories, even some in the Nineteenth century, were appropriately called sweatshops; that is, the employees worked long hours under abominable conditions, received low wages, could be fired at any time, and had to provide for their own care in case of sickness or injury.

For example, imagine that you are a factory worker back around 1820 and that you are about to begin a typical workday. You have to be up on time to be at work by sunrise. On the job, you must work steadily until lunchtime; no coffee breaks. If you damage any machinery, you have to pay for it**,** and if you are hurt on the job, the assumption is that you work at your own risk. After a lunch period of twenty minutes, you continue working until the sun sets. In the summer, however, you might have to eat dinner (brought from home by you) at the plant and then continue working until dark. Your employer may require employees to attend church, in addition to forbidding any profanity, smoking; or drinking on or off the job. Even Wednesday night prayer meetings sometimes are mandatory.

The working relationships in factories in the eighteenth and nineteenth centuries, made some people to begin thinking and analyzing the positions of both management and workers.

**Robert Owen (1771 – 1858)** one of the pioneer industrialists, and a Scottish textile manufacturer had views and practices that contrasted those of the majority of entrepreneurs in that period. He took a genuine interest in the welfare of his workers.

Owen was critical of manufacturers who were preoccupied with machines improvement, labour specialists and cost minimization while on the other hand were close-minded to understand and invest in the human element. He, therefore advised other manufacturers to devote as much attention to their vital machine (i.e. workers) as they did to their inanimate machines.

However, Owen was similar to other entrepreneurs in that he considered workers somewhat like children who must be continually trained and molded by very tight disciplines. To him the authority of the employer was supreme and the workers needed to be guided and protected like children.

**Andrew** was one of the early men who gave some thought to management of people in factories. Andrew Ure was a spokesman for the prevailing believe of members of the entrepreneurial class during the first half of the nineteenth century, that workers left to themselves were lazy and ignorant. He believed that factory employment of the industrial revolution did improve the workers‘ morale and health and gave them higher wages than could be obtained in agriculture or cottage production. This depicts his views of seeing the worker as being satisfied only by his economic needs. He, however, denounced any combination of workers (that is, unionization) as a product of agitators who caused violence and crime.

**Adam Smith** in his book the wealth of nations – 1776 emphasized that if each individual worked for his own economic self interest, the greatest good would accrue to society. This is a classical economic thinking linked with capitalism meaning the individual, being selfish in nature, would always like to maximize his efforts in order to gain much or the more gains to the worker, the more he increase his efforts. Here, there is no consideration of natural human limitations of fatigue that can halt human efforts no matter how much he can gain.

**Charles Babbage** – (1792 to 1871), in addition to Adam Smith‘s ideas, concentrated upon developing such principles of manufacturing as the division of labour. He emphasized mutuality of interests between employers and workers. He believed that hard work and high productivity were a source of good wages for the worker and high profits for the employer. He finally devised a profit sharing scheme. Like Ure, Babbage was opposed to union of working men.

**Classical Organization Theory**

Classical organization theory, as its name implies, was the first theory of its kind, is considered traditional, and continues to be the base on which other schools of organization theory have been built. Its basic tenets and assumptions, however, which were rooted in the industrial revolution of the 1700s and the professions of mechanical engineering, industrial engineering, and economics, have never changed. They were only expanded upon, refined, and made more sophisticated. Thus an understanding of classical organization theory is essential not only because of its historical interest but also, more importantly, because subsequent analyses and theories presume a knowledge of it.

The fundamental view of organization theory can be summarized as follows:

1. Organizations exist to accomplish production-related and economic goals.

2. There is one best way to organize for production, and that way can be found through systematic, scientific inquiry.

3. Production is maximized through specialization and division of labor.

4. People and organizations act in accordance with rational economic principles.

The evolution of any theory must be viewed in context. The beliefs of early management theorists about how organizations worked or should work were a direct reflection of the societal values of their times. And the times were harsh. It was well into the twentieth century before the industrial workers of the United States and Europe began to enjoy even limited "rights" as organizational citizens. Workers were not viewed as individuals but as the interchangeable parts in an industrial machine whose parts were made of flesh only when it was impractical to make them of steel.

The advent of power-driven machinery and hence the modern factory system spawned our current concepts of economic organizations and organization for production. Power-driven equipment was expensive. Production workers could not purchase and use their own equipment as they once had their own tools. The memorable phrase for being fired—"get the sack"—comes from the earliest days of the industrial revolution, when a dismissed worker literally was given a sack in which to gather up his tools. Increasingly, workers without their own tools and often without any special skills had to gather for work where the equipment was in factories. Expensive equipment had to produce enough output to justify its acquisition and maintenance costs,

Under the factory system, organizational success resulted from well-organized production systems that kept machines busy and costs under control. Industrial and mechanical engineers—and their machines—were the keys to production. Organizational structures and production systems were needed to take best advantage of the machines. Organizations, it was thought, should work like machines, using people, capital, and machines as their parts. Just as industrial engineers sought to design "the best" machines to keep factories productive, industrial and mechanical engineering-type thinking dominated theories about "the best way" to organize for production. Thus the first theories of organizations were concerned primarily with the anatomy or structure — of formal organizations. This was the setting, or the environment, the mode of thinking, that shaped and influenced the tenets of classical organization theory.

**The contribution of Henry Fayol 1841 – 1925**

He was a qualified mining engineer and managing director of large French Company. He focused attention on what should be the work of a chief executive. For this, he propounded five basic elements of management, planning, organizing, commanding, coordinating and controlling.

He equally divided activities in business organization into six groups namely:

1. Technical Operation: - total commitment of making use of machines, technology in this production activities.

2. Commercial Operation: - Concerns the marketing strategy.

3. Financial Operation: - Centered on raising money, capital and optimum use of capital resources of an organization.

4. Accounting Operations:- This is concerned with keeping records of accounts and checking frauds.

5. Security Operation:- Involves total commitment towards the protection of goods, machines and other resources belonging to organization.

6. Administration:- involves the general running of day – in day out activities of the organization. That comprises of planning, organizing, directing, coordinating and controlling the organizational resources.

According to Fayol the sixth operational activity i.e. administration is the most essential because it is through it all other five operational aspects can be effectively run. So to achieve a desired goaland objective the administration should be allowed to take control of all other five operations**.** Fayol further advanced fourteen principles to serve as a main guide to the sixth operational and administrative operation of an organization. The fourteen principles of management can be summarized as follows:

1. **Division of Work:-** Work should be split and break into small units or departments among the employees on the basis of their skill, ability and competence. This would help to carry out the job easily, it also enhance specialization among the workforce in an organization.

2. **Authority and Responsibility:** Every employee should be given a specific responsibility. And every employee (worker) must be given the authority to commensurate the responsibility, so that whatever comes up he can be held responsible of either success or failure on the said assigned responsibility.

3. **Unity of Command:** Individual employee should receive order or instruction from one source, i.e. from one supervising superior. Dual source of command produces conflicts and confusions.

4. **Order:** Ordering that everything in the organization must be organized. Everything must be placed in a proper and suitable arrangement.

5. **Unity of Direction:** Every effort must be directed towards the attainment of one goal that is the organizational goals.

6. **Hierarchy:** - The principle of hierarchy suggests the arrangement of functions in vertical order that is one employee subordinates another. Commands, order and instruction flows from the above and obedience emanating from the below upward.

7. **Remuneration:** It means the reward of the services rendered; this is about ensuring fair compensation to the individual contribution and performance. Payment should be commensurable to the work.

8. **Discipline:** - Subordination and obedience to the standardized rules of the organizational hierarchy, that is employee should respect the laid down rules of the organizational hierarchy.

9. **Scalar Chain:** - Chain of command with the formal line of authority. Unbroken chain of authority from the above to the bottom position of the organizations hierarchy.

10. **Subordination of Individual Interest to the Organization General Interest:** The interest of the organization should dominate and superseded individual employees‘ interest of the organization. Employees should surrender their personal interest so that the overall organizational interest could be achieve and realize.

11. **Equity:** - Concerns with fairness in the treatment of personnel or employees of the organization ―Justice to whom justice is due‖. Here no one single employee should suffer from any discriminate treatment. Everybody is treated equal in accordance with the laid down rules of the organization.

12. **Stability of tenure of Personnel:** The management must make deliberate attempt to discourage employees turnover tenure in a position must be guided and stabilize, else this produces general instability and lack of order within the organization.

13. **Espirit De Corp: -** That the spirit of belonging and oneness, feeling of togetherness and comradeship. Where there is Unity and cooperation, there is going to be strength. Unity is strength, united we stand. Some would feel more comfortable in the organization where they feels happier and can contribute more greatly as a result.

14. **Initiative:** Measure of freedom to do the job in the best way understood. It is an effective and efficient ways of carrying out organizational task that could enhance effective realization of an organizational goals and objectives.

Fayol therefore, emphasized on the need for an organization to incorporate and reorganize the pattern of administration with a reflection of the fourteen principles so that productivity could be increased and efficient means of achieving the objective of the organization could be realized.

**Contributions of Gulick and Urwick**

The classical theory reached its zenith in 1937 when *Papers on the Science of Administration* by Gulick and Urwick was published. These two classical thinkers further elaborated the ideas of Henry Fayol. They stressed the importance of structure of organisation in determining its functioning. Thus, they equally neglected the human factor in organisation. Urwick stated, in this context, that, "It is impossible for humanity to advance its knowledge of organisation unless the factor of structure is isolated from other considerations, however artificial such an isolation may appear." He conceived organisation mainly as a designing process and felt that lack of design is illogical, cruel, wasteful and inefficient. Hence, he observed, "For this reason the mechanistic parallel can be very helpful in discussing organisation. Another name for it is the engineering approach." Hence the general name given to the classical theory as ―the machine theory‖

Gulick and Urwick focussed their efforts on the discovery of neutral principles, based on which the structure of the organisation can be designed. They said that the principles deal with the architectonics of formal organisation and are directed at enhancing the degree of organisational efficiency.

Gulick specified the following ten principles of organization:

(i) Division of work or specialisation

(ii) Bases of departmental organizations

(iii) Coordination through hierarchy

(iv) Deliberate coordination (by ideas)

(v) Coordination through committees

(vi) Decentralisation or the holding company idea

(vii) Unity of command

(viii) Staff and line

(ix) Delegation

(x) Span of control

However, the most important principle, according to Gulick, is division of work (specialisation). Thus, he wrote, "work division is the foundation of organisation; indeed the reason for organisation. Division of work and integration are the bootstraps by which mankind lifts itself in the process of civilization."

*Gulick identified the four bases of departmental organisations as, Purpose (function), Process (skills), Persons (customers), and Place (area). He called it the* ***4P-FormuIa.***

According to Gulick, the administration consists of seven elements (functions). He coined the acronym ["POSDCORB" to define these functions. Each letter in this acronym stands for one function (element) of the administration. Thus, 'P' for Planning 'O' for Organising 'S' for Staffing 'D' for Directing 'CO' for Coordinating 'R‘ for Reporting 'B' for Budgeting

Similarly, Urwick specified eight principles of organisation:

i. Principle of objective—an organisation should have an expressed purpose.

ii. Principle of correspondence—at all levels authority and responsibility must be coterminous (having same boundaies) and coequal,

iii. Principle of responsibility—the superiors must take absolute responsibility for the work of their subordinates.

iv. Scalar principle—a pyramidical type of structure should be built in an organisation.

v. Principle of span of control—no supervisor can supervise directly the work of more than five or at the most six subordinates whose work inter-locks.

vi. Principle of specialisation—limiting one's work to a single function.

vii. Principle of coordination—harmonious functioning of different parts of the organisation,

viii. Principle of definition—clear prescription (defining in writing) of duties, authority and responsibility of each position and its relationships with other positions.

Later in 1943, Urwick published his most famous book *The Elements of Administration.* In this, he explained another set of twenty-nine principles. In doing so, he synthesised and integrated the F.W. Taylor's principles of scientific management.

Henry Fayol's fourteen principles of administration, Mooney and Reiley's principle, process and effect, and the ideas of M.P. Follet and V.A. Graicunus. These are mentioned below in alphabetical order:

1. Applicative

2. Appropriateness

3. Assignment of functions.

4. Authority

5. Centralisation

6. Command

7. Control

8. Coordination

9. Coordinative principle

10. Delegation

11. Determinative

12. Discipline

13. Equity

14. Forecasting

15. Functional Definition

16. General Interest

17. Initiative

18. Interpretative

19. Investigation

20. Leadership

21. Order

22. Organisation

23. Planning

24. Rewards and Sanctions

25. Scalar Process

26. Selection and lacements

27. Spirit

28. Stability

29. Staffing

**Contributions of Mooney and Reiley**

James D. Mooney and Alan C. Reiley were the first in USA to formulate the classical theory in 1931, when their book *Onward Industry* was published. Later, in 1939, they republished the same book under a new title *The Principles of Organisation.* They opined that the principles formed the basis for efficient functioning of organisation. They popularised organisation charts and manuals and enunciated four principles:

**1. Coordination** Mooney defined coordination as "the orderly arrangement of group effort to provide unity of action in the pursuit of a common purpose". According to him, "Coordination is the first principle of organisation and includes within itself all other principles which are subordinate to it and through which it operates." He further observed, "coordination is no less than the determining principle of organsation, the form which contains all other principles, the beginning and the end of all organised efforts.

**2. Scalar Process** Mooney and Reiley emphasised hierarchy in organisational design and called it 'scalar process'. To them, it constitutes the universal process of coordination, through which the supreme coordinating authority operates throughout the whole organisation. They stated that the scalar process hails own principle, process, and effect. These they referred to as leadership, delegation, and functional definition

**3. Functional Differentiation** Mooney and Reiley have suggested that the functional principle should be followed in organising tasks into departments. According to them, functionalism means the differentiation between kinds of duties. This is the concept of division of labour or specialisation. They explained it as follows: "The difference between generals and colonels is one of the gradation in authority and is, therefore, scalar. The difference between an officer of infantry and an officer of artillery, however, is functional, because there is distinct difference in the nature of their duties."

**4. Line and Staff** Mooney and Reiley suggested that the line management should be vested with authority to get things done. At the same time, they recognised the role of staff in providing advice and information. According to Mooney, the staff is "an expansion of the personality of the executive. It means more eyes, more ears and more hands to aid him in forming and carrying out his plans."