

THE BUSINESS WORLD AND THE EVOLUTION OF MANAGEMENT THOUGHT*

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I. INTRODUCTION

The Business World and Its Importance

Technically speaking, the business world has been existed for a long time even before the emergence of the first civilizations in West Asia (Sumeria), South Asia (India) and the Far East (China) about five to six thousand years ago.¹ This is because man's needs and wants for his own survival must be satisfied by activities involved in providing the goods and services to himself. The fundamental needs of man, those things without which he cannot exist for long, are food, clothing, medicine, and shelter. But man no longer can get along on just these basic needs. He both needs and wants countless other things such as entertainment, transportation, communication, hospitals, schools, libraries, insurance protection, cosmetics, jewelry, and others which could be only satisfied by the activities of the business world.

The term "business" means different things to different people, however, it may be defined as all those activities involved in providing the goods and services needed or desired by people.² Business firms or organizations bring together the factors of productions in order to produce economic goods and services. From the viewpoint of society, this is the sole justification for the existence of business—that is to satisfy man's needs and wants. The main objectives of business owners, however, are profits, growth, efficiency and environmental protection. This definition of business includes both private and governmental organizations that produce goods and services for the people in the marketplace. Although govern-

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ment-operated businesses or services are not motivated by profits, they are also included in this definition of business as well.

In general, the most basic functions of the total business world are three : (1) acquiring raw materials; (2) manufacturing raw materials into products; (3) distributing products to consumers. These three basic functions of business are applied to both services as well as to material products.⁸ In addition, the total business world is also made up of many different industries, institutions, and professions which in turn are divided into ten key segments. These segments are interdependent and are needed to perform the three functions of the business in order to provide the goods and services of all types needed by the people. The ten key segments of the business world are :

- (1) Raw-material producing industries
- (2) Manufacturing and construction industries
- (3) The transportations industries
- (4) Banking and financial market services
- (5) Distribution systems
- (6) Public utilities and other power industries
- (7) The communication industries
- (8) The insurance industries
- (9) Educational institutions and professional training programs
- (10) Research and development programs⁴

From birth to death or cradle to grave, we all use goods and services of the business world in various forms and ways. The business world is completely essential to society and to all of us. In fact, no modern society can exist without business because it is the producer of the economic goods and services that allow people in any nation to survive. In addition, the healthy business world provides more income and a better standard of living for all people. Thus, it can not be denied that the business world, especially the private business firms, is the strength of our free enterprise economy the key employment and income for the people, the producers of its goods and services, and the source of its tax revenues.

The Role of Management in the Business World

As mentioned above it is evident that the business world is so important and essential to all of us that no one can really avoid dependence on it. But the question is how, or in what way, the three basic functions of those ten key segments of the business world are to be performed or carried out by hundreds of thousands of different industries, institutions, and professions in providing goods and services needed by the people at a profit. Briefly speaking, the question is how to manage the business world in order to achieve the following seven objectives.

1. To produce goods and/or services efficiently to meet the needs and desires of customers
2. To do so at a profit
3. To protect the health and well-being of employees
4. To exercise good community citizenship in relations with neighbors and community
5. To support the laws and regulations of governmental jurisdictions
6. To provide desired sound growth for the firm and its profits
7. To protect the quality of the environment through the firm's operations and community programs⁵

Thus, it is obvious that the business world, both government operated organizations and private business firms, needs good management to carry out its activities so that its goals and objectives could be achieved. And good management depends, to a large extent, on good management principles and/or theories which are in turn based on creative management ideas, thoughts, and concepts. Without management, both the business world and the human society and its members could not survive. Due to this fact, management is considered as one of the most important factors of production (land, labor, capital, and management) and one of the most important 5 M's of management itself (men, money, materials, machinery, and management) needed by any business organization in any country of the world. In short, in order to achieve its objectives, prosper, and survive, the business world must be concerned with the principles and/or theories of effective and efficient management.

What is management? For a long time a number of scholars and writers have defined the term "management" in different ways but no final one is yet officially accepted. For example, some define it mainly as "planning" while others define it as "coordinating", or "controlling," or "leading". Some scholar defines it as "getting things done through other people." The reason for this unsettled state of definition is because, as John F. Mee remarks, management is nothing else but "a way of thinking".⁶ Its performance requires a way of thinking for the process of setting and achieving objectives or desired results through people. However, management can be defined here as the utilization and coordination of the management resources to achieve the objectives of the organization. This definition assumes that there is an organization. In fact, management is a process that involves different types of activities in the operation of an organization. It is a series of actions which serve as the means to an end. The total management job includes four primary functions (planning, organizing, directing, and controlling) and one overall integrative function of coordination. In doing this, managers coordinate and direct the efforts of others. All management functions must be performed together because they are all interdependent. For example, a manager cannot plan

without also organizing, directing, and controlling his planning; nor is it possible to organize unless he plans, directs, and controls his organizing activity.

The importance of management to the business world and human society is a world wide recognition. Harbison and Myers conclude that "In the final analysis, a nation's progress depends upon its capacity to organize human activity. Organization is necessary to create a state, to build an army, to propagate ideologies and religion or to carry forward economic growth." But, however, "all organizations must be managed and the role of management is naturally related to the objectives of the organizations,"⁸

Management plays the most important role in economic development of underdeveloped countries. "If any single factor is the key for unlocking the forces for economic growth in the underdeveloped areas of the world," say Stefan H. Robock, "that factor is management."⁹ Management is also the most important factor in the economic growth of the developed countries. Today it can be said that the differences in the economic growth of the highly developed or industrialized countries, such as the United States, West European countries, and Japan, are determined by, not capital or technology, but management. In the centralized planning communistic society like the Soviet Union, this is no exception. According to a leading Soviet academic Abel Aganbegyan, who is the head of the Novosibirsk Economic Institute, recently said that to achieve the new Soviet leader Mikhail Gorbachev's call for greater efficiency, a main lever was "improving the management of the economy." He also said that too many factories were being run by old men with only basic engineering training and no understanding of sociology, psychology, or computers. Perhaps no one can describe and show us the importance of management like Claude S. George when he said :

"Management is at one and the same time the determiner of our economic progress, the employer of our educated, the amasser of our resources, the guide for our effective government, the strength of our national defense and the molder of our society. It is the central core of our national as well as personal activities, and the way we manage ourselves and our institutions reflects with alarming clarity what we and our society will become.

Despite its importance, however, management is one of the most nebulous and at the same time most ubiquitous functions in societies, being found in the home, churches, governments, and economic undertakings of all peoples. It is and always has been the strong right hand of all leaders. In fact, all the truly great leaders of history were managers—managing countries, managing explorations, managing wars, managing other men's efforts".¹¹

Although the importance of management to our well-being and development is well recognized by all of us, its development, evolution or history is difficult to reconstruct. The purpose of this paper is thus to briefly survey by tracing back, from the ancient time up to the present, the creative thoughts and concepts that have been used as the bases for management principles and theories

of the business world. In addition, attempts to predict management concepts and principle will also be made.

Due to the fact that mangement and its functions are recognized in their universality, they can be used or applied in all kinds of organization anywhere in the business world-in the West as well as in the East, in highly developed or developing countries, and in socialistic, communistic, or capitalistic countries as well. And since management is also considered and recognized as both the art and science, it can be said that management principles or theories that are based on creative ideas, thoughts, and concepts of men of all races, colors, religions, and ideologies in the past up to the present can be used effectively and efficiently provided that they are applied and adapted to suit the needs and the environment of those who applied them.

The method used in this study is documentary research and based on a single "time line" stretching from 1830 up to the present, on which the various writings and concepts are mostly located by date of publication. For purposes of exposition, the evolution of management thought of the business world can be tentatively divided into five periods as follows.

Approximate Year	Evolution of Management thought
1830 - 1880 :	Seeds of Management Thought
1880 - 1900 :	Genesis of Management Movement
1900 - 1925 :	First Stage-Scientific Management
1925 - 1940 :	Second Stage-Organization and Management (or System)
1940 - 1980 :	Third Stage-Management Process

However, these divisions are not strictly clear cut since many of these management thoughts and concepts are still developing and evolving, to a certain extent, from the time of their origination up to the present.

II. THE DEVELOPMENT OF THE MANAGEMENT CONCEPT

From the study of the history of management thought it is evident that management has been practiced by men since the prehistoric era. About 4,000 B.C. there was already a recognized need for planning, organizing and controlling. Among the firsts who contributed to the fields of management concepts were the people of Sumeria (record keeping) and Egypt (need for planning, organizing, and controlling).¹⁸

Other managerial contributions, for example, were use of staff advice (Egyptian, 2600 B.C.); use of writing for control (Babylonian-Hammurabi 1800 B.C.); recognized need for organization, planning, directing, and controlling (Chinese, 1,100

B.C.); production control and wage incentives (Babylonian, 600 B.C.); decision-making—the four noble truths (Indian—Gautama Buddha, 530 B.C.); recognized need for systems and standards, principle of specialization recognized (Chinese—Mencius, 500 B.C.); recognized need for planning, directing, and organizing (Chinese—Sun Tzu, 500 B.C.); principle of specialization (Greek—Plato, 350 B.C.); delegation of authority, logistics (Indian, 300 B.C.); unity of command, human relations (Jesus Christ, A.D. 20); double-entry book-keeping (Italian—L. Paccioli, A.D. 1340); called for specialization, decried sins of poor management and leadership (Sir Thomas More—English, A.D. 1500); reliance on mass consent principle (Niccolo Machiavelli—Italian, A.D. 1525).¹³

It is interesting to note that the majority of management thoughts, concepts, and principles from the ancient time up to the middle of the sixteenth century were originated in the Orient—Egypt, West Asia, or Near East, South Asia, and the Far East. But from the second half of the eighteenth century they were all originated in the West mainly England, France, Germany, Italy and, of course, the United States. This is not surprising at all since business, trade, and industry were first flourished in England as a result of the industrial revolution which first occurred there in 1750 and later on spread to European countries and the United States. And again from the second half of the nineteenth century up to the present time, most or nearly all of them were originated in the United States alone.¹⁴ This is because since that time the United States has been the most highly industrialized country in the world and later on from the middle of the twentieth century has become the World's first economic superpower. Only in the decade of the 1980s when Japan appears on the horizon as her business world output exploding to the level that she is now holding the rank of the Free World's second economic superpower next to the United States. The Japanese management concept and practice, widely known as Theory Z, is now emerging from the Orient for the first time several thousand years after China's and India's.

How the Management Concept Developed

William Hazlitt once said : "Great thoughts reduced to practice become great acts."¹⁵ Thus, it can be said that ideas, thoughts, and concepts are the foundation and important components of practices. According to Mee, a prerequisite to the genesis of management thought was the awareness of the need for a body of concepts so that there could be intelligent communication among those interested in the subject area. Concepts concerning management, as a distinct and identifiable mental process or way of thinking, have been the symbols for the understanding and development of management thought. Although some of the present concepts of management may now seems to be simple and obvious, their origins probably required a great deal in reflective or creative thinking by someone at some time.

The history of management thought indicates that all progress in management has been related to these intellectual discoveries of basic concepts and conceptual relationships. Without management concepts, research, experimentation, study, teaching, and practice in the field of management would be dull, routine, and limited to absorptive or retentive thinking. With precise concepts, management knowledge understanding, and progress expands at an accelerate rate. Both reasoning and creative thought can be exercised in far greater degree when concepts are available for the brain to use. Without concepts, communication in a subject area becomes limited to descriptions of things and activities. However, management thought or concept, often expressed as management philosophy or management theory, did not become a subject of scholarly interest and research until the twentieth century.¹⁶

In the United States, at the beginning of the twentieth century, the economic and educational climates were prepared for the emergence of the scientific-management movement. The cumulative forces at generated the management movement started with the creation of political and economic concepts and a scale of values that establish a fertile governmental and economic climate. This required a gestation period of about a century. In addition, there appeared intelligent individuals capable of sensing the potential national benefits to be enjoyed from a growth economy. Those individuals created the management and technological concepts that contributed to an industrial society and a dynamic economy.¹⁷

Management Thought is Related to the Economic and Industrial Climate

Conceptual frameworks for management thought originated independently by different management scholars and practitioners in different nations during the same period of historical time. The genesis and development of management thought appears to be related to the stage of economic and industrial development of the countries in which some system of management thought originated and evolved, namely England, France, the United States, and Germany.

In addition, evidence also exists to indicate a close relationship of the degree of industrial development in an economy and the degree of interest in management thought and theory. During the early part of the nineteenth century there were isolated contributions to management thought from scholars who were a mathematician (Charles Babbage) a physicist (Andrew Ure), and a militarist (Carl von Clausewitz). Their contributions to management thought seemed to have little influence at that time. A chronological and comparative study of management indicates that there was little development or influence of management thought in an economy until it became highly industrialized. It was not until a factory system and large industrial organizations developed in an economy that there also developed a need for and an interest in a system or philosophy of management thought.¹⁸

According to Mee, the most stimulating concepts for the management movement in the twentieth century probably were : (1) the division of labor; (2) the Protestant ethic; (3) Social Darwinism; (4) organized labor; (5) Hegel's dialectic; (6) personal ownership incentives; and (7) technological aids to human effort. These concepts provided some of the powerful cumulative forces that resulted in the genesis of the management movement.

The Development of Professional Manager

Another concept of management is viewed by Harbison and Myers. They propose to look at management from three different perspectives and build a threefold concept of its development in industrial society. The threefold concept of management are as follows.

1. Management as an economic resource
2. Management as a system of authority
3. Management as a class or an elite²⁰

This management concept is useful in explaining the development of the manager. As mentioned earlier in this paper, management is considered as one of the most important economic factors of production, so it will not be explained in detail here again. Under the concept of management as a system of authority, the manager is recognized as the rule maker. This kind of management requires three responses from the workers : subordination, loyalty, and productivity. We can consider the characteristics of the manager to be of two kinds : (1) the dictatorial or authoritarian management in which the manager can direct and control the organization by himself; (2) the paternalistic management in which the manager carries forward the traditions of responsibility and subordination of the master and servant. This concept can be used in the early stages of industrial development. But there are many pressures to change this concept to constitutional and democratic (or participative) management. These pressures are : (1) social values of the society; (2) pressures from individual workers; (3) government labor legislation; (4) labor organization; (5) technical factors; (6) pressures from other management.

From these pressures, the role of management deals with workers. The managers and employers have less authority and are less paternalistic. They deal with their employees and tend to function as constitutional (or democratic) managers and it brings up the development of industrialization.

Management may also be considered as a class. Under this concept management is classified into three types which points toward professional management. These three types of management are :

1. Patrimonial management
2. Political management
3. Professional management

The patrimonial management is used in the first stage of developing economy. Usually the management is run or controlled by ownership or the members of an extensive family. Management will be fruitful or not depending on the qualification of manager. The political management is less common in industrial societies. It has the characteristics of patrimonial management. It is different only in that the manager comes from the political group, and it is often commonly associated with government-owned and operated enterprises. However, the patrimonial and political management will be changed to the professional management.

In the United States H.W. Prentis, Jr., explains that four types of business managers have moved through the economy in the past century. They are : owner-managers (prior to the Civil War-1880); (2) captains of industry (1880-1905); (3) financial managers (1905-1930); (4) professional managers (from 1930 on).²¹ He describes the professional managers as those who are commonly known as career men in business : men who can never hope to own any large portion of the enterprise of which they are a part; men who realized that the bonanza days of the old captains of industry are over; men who see in business something more than the mere making of money; men who are imbued with a deep sense of social stewardship; men who are keenly aware of the fact that they are the trustees of other's people money and bear heavy responsibilities to employees and the public as well as to the stockholders; men who find deep spiritual satisfaction in the direction of their minds and energy toward the creation of a better and more abundant life for all of their fellow human beings.²²

This type of professional management demands some form of advanced training preparation as well as development on the job. A managerial philosophy is closer to this type than to the authoritarian, paternalistic, patrimonial, or political types. In industrial societies there is a trend to move away from the patrimonial and political types of management to the professional management as industrialization advances.

III. LANDMARKS OF MANAGEMENT THOUGHT

As mentioned in part I that management thought has existed since the prehistoric era or about 4000 B.C. However, due to lack of adequate record or references, management thought before 1830 will not be considered in our proposed stages of management thought. Management thought after 1830 and its key concepts in the development of management will be divided into five periods as follows.

1. Seeds of Management Thought (1830-1880)
2. Genesis of Management Movement (1880-1900)
3. First Stage : Scientific Management (1900-1925)
4. Second Stage : Organization and Management (1925-1940)
5. Third Stage : Management Process (1940-1980)

1. Seeds of Management Thought (1830-1880)

After the industrial revolution which occurred first in England in 1750, modern industry has prospered and played the most important role in changing human values. By the year 1830 the technological societies were expanded to other parts of the world. During this period seeds of management thought began to appear in France, England, and Germany. Charles Dupin gave evidence for the need to provide technological aids to human effort in his *Discours sur le sort des ouvriers*, published in 1831. In 1832 Charles Babbage described the concept of technological aids to human effort in manufacturing in his book *On The Economy of Machinery And Manufactures*. Babbage, more than any other author during this period, contributed to the initiation and development of the scientific approach to the study of management. And he is currently best known for his pioneering work in the development of the first digital computer. Carl von Clausewitz, a Prussian general, though principally concerned with the management of armies in war, considered his concepts applicable to the management of any large organization, stating that business was simply a form of human competition greatly resembling war.²³ Andrew Ure, in 1835, portrayed the first conceptual framework for the factory system in his book *The Philosophy of Manufactures*. His ideas pointed the way to such present-day multiple-management objectives as profit to owners, social obligations to society, and service to customers. In the United States Daniel C. McCallum's contribution to management includes a logical delegation of authority, the exaction of responsibility, control through a system of prompt report, and use of organization chart to show management structure.²⁴

2. Genesis of Management Movement (1880-1900)

The genesis of the management movement began when the cumulative forces in the United States formed and were recognized by intelligent political and business leaders. During this period the discipline of management emerged in the minds of men as an intellectual discovery when essential concepts and a scale of values were required for decision making.

The beginning of management movement began in the early of the 1880 s. In 1886, Henry Towne delivered his paper, "The Engineer as an Economist," to the American Society of Mechanical Engineer. This probably gave impetus to the development of management and inspired Frederick Taylor to devote his life's work to scientific management.²⁵ Towne's main contribution to management is that he set the climate and atmosphere for the later application of scientific methods.

However, while Towne was developing his ideas at Yale and Towne Manufacturing Company, Captain Henry C. Metcalfe was exploring the management labyrinth at the Frankford Arsenal. Upon taking over the managerial reins there,

he soon discovered that the traditional methods of organization and control used by industry were both wasteful and ineffective. His solution was the development in 1881 of a system of control which was so complete and thorough that even years after he left, the Arsenal continued its use. And it was a system so practical and efficient that thirty years later Taylor acknowledged his debt to it.²⁶ In 1885, four years after he introduced his system, his book, *The Cost of Manufactures and the Administration of Workshops, Public and Private*, was hailed as a pioneer work in the area of management science.²⁷ Another contribution in this period was "Rerum novarum," *The Papal Encyclicals*, by Pope Leo XIII, published in 1891. This book deals with a source of papal leadership in the Catholic world.

3. First Stage : Scientific Management (1900-1925)

Between 1900 and 1925 there were many management apostles who contributed concepts to scientific management movement. However, only two persons, Taylor and Fayol, are the real major contributors to key management concepts in this period.

Frederick W. Taylor Taylor, who is often called the "Father of Scientific Management", is familiar to scholars of management through his books *Shop Management* (1903), and *The Principles of Scientific Management* (1911). In addition, Taylor is known for his more specific writings on the art of cutting metals and his testimony before the U.S. Congress occasioned by widespread labor agitation against his time and motion studies.

Taylor's dominant concern was efficiency and he sought the best and cheapest way of accomplishing routine work, especially at the operative level of performance. His principal ideas of scientific management are (1) science, not rule of thumb; (2) harmony, not discord; (3) cooperation, not individualism; (4) put the right man in the right place with proper responsibility.²⁸ However, in later years he was accused of neglecting the human element by treating men as adjuncts to machines. In recent years the emphasis upon operations research, system design and more sophisticated forms of O&M (Organization and Methods) has focussed attention on the same kinds of problems studied by Taylor.

Henri Fayol Fayol's work, *Administration industrielle et generale*, published in France in 1916, was first ignored in the United States until published later in 1949 as *General and Industrial Administration*. His main contribution to the scientific management movement is principles (some 14 of them²⁹) for effective management addressed, primarily, to the top manager and administrator. Management (Managerial), one of the six operations in business along with technical, commercial, financial, security, and accounting activities was described as having five main aspects : to plan, to organize, to command, to coordinate, and to control.³⁰ At first this work was ignored

by American pioneers of scientific management. But now many managerial authorities are just discovering that the French had a name for it that they viewed the practice of management as something distinct from finance, production, distribution, and the other typical business functions. Fayolism was a French brand of new managerial thinking.

Other contributors in this period includes Gilbreth (Motion Study, Brick-laying System), Gantt (Work, Wages and Profits), Emerson (The Twelve Principles of Efficiency), Brandeis (Scientific Management and Railroad), Church (The Science and Practice of Management), among others. Also in period, management education, associations, and societies were prospered in the United States. Because it was recognized that management concepts could be written, taught, learned, and developed instead of mere techniques and procedures.

4. Second Stage : Organization and Management (System) (1925-1940)

During the nineteen thirties, when the professional managers made their appearance in force, management thought developed to the stage that involved the conceptual framework of organization and system. This conceptual framework required the concepts of both administration and management. Administration, represented the ownership point of view, involved the formulation of policies and the establishment of the organization. After that the organization become the machine or mechanism of management for carrying out work assignments through the "system" which was conceived of as a network of routine operating and control procedures.³¹

Among major contributors of key management concepts in this period are Mooney and Reiley, Gulick and Urwick, Davis, Barnard, Sheldon, McCormick,

In 1930 one pioneering work appeared under the title, *Onward Industry* This was reissued in 1939 as, *The Principles of Organization*, a label more appropriate to its subject matter which exemplified the same concern for universal principles found in the writings of Taylor and Fayol. Mooney and Reiley, the original authors, were General Motors' executives whose experience and study of history convinced them that coordination is the first principle of organization. "Coordination," therefore, is the orderly arrangement of group effort, to provide unity of action in the pursuit of a common purpose as coordination contains all the principles of organization, it likewise expresses all the purposes of organization, in so far as these purposes relate to its internal structure."³²

Other principles discussed by Mooney and Reiley were the scalar (hierarchical form in organization), functional (differentiation as to kinds of duties), and staff (advice or counsel as distinguished from authority or command). This latter was indicated as a phase of functionalism. After setting forth the principles

in a "logical frame" consisting of principle, process, and effect, an "historical proof" was provided as evidence of their vitality. Throughout history, the institutions of state, church, military, and industry have revealed Mooney and Reiley's principles.

Another major contributors are Gulick and Urwick (eds.) *Papers on the Science of Administration* (1937). The title indicates the disposition of the editors towards a science of administration, but the scope of the selections is broad, including "Scientific Management" thinking (Dennison) and even "Human Relations" thinking (Mayo, Follett). Gulick's "Notes on the Theory of Organization," the opening paper, postulates the functions of top executives in the coined word POSDCORB, which sums up the key activities : planning; organizing; staffing; directing; coordinating; reporting; and budgeting. This selection also includes his equally well known bases of organizing purpose, process, clientele, and place. Administrative agencies are organized essentially in one of these four ways, each of which has its advantages and disadvantages. The Gulick and Urwick volume reflects the pursuit of a scientifically grounded discipline confidently prescriptive and applicable to all forms of organization.

Other contributors of the concept "organization and management" were, for examples, Davis, who was the first American to publish a set of management functions in his book *The Principles of Business Organization and Operation* in 1935. Barnard introduced the concept of "bottom-up authority" as contrast to "top-down authority." Sheldon contributed to the popularity of the concept of organization and management in his book *The Philosophy of Management* in 1923. And McCormick introduced a new approach to managerial organization and practice in his book *Multiple Management* in 1938.

However, in the late 1930's, the organization and system concept began to be replaced by the concept of the process of management that is prevalent today as the basis for introductory management courses in schools of business and executive or management development programs. And the current concepts of professional management are related to the conceptual framework of the management process.

5. Third Stage : Management Process (1940-1980)

The general-management approach to the attainment of desired objectives characterizes the third stage in the development of management thought. During the 1940's the conceptual framework for management developed into a "process for management" that could be used for the achievement of objectives for an enterprise as a whole or any functional portion of it.

Under this concept, management is considered as the process of setting and achieving objectives or desired results in an environment by the use of people

and facilitating resources. This management as a process involves : (1) the setting of goals; (2) the formulation of policies as guides to thought and action; (3) planning to achieve goals; (4) organizing to put plans into effect; (5) directing or motivating people in the organization to carry out the plans; (6) controlling the activities in conformance to plan.⁸³ This concept provides the foundation for present day management education for managers.

Among major contributors of this concept are Fayol, Sheldon, and Davis. Fayol first presented this concept in France in 1916 by using the following management functions : planning, organizing, commanding, coordinating, and controlling. Sheldon explained the work of management in 1923 in England as determination of business policy, coordination of execution of policy, the organizing of the business, and control of the executive. Davis, in 1935, divided management functions into three related phases : planning, organizing, and controlling.⁸⁴ Other contributors to this concept of management process are, for examples, Koontz and O'Donnell *Principle of Management*, in 1955; Terry, *Principles of Organization*, in 1953; Lincoln, *Incentive Management*, in 1951.

Once the concept of the management process was created and understood, many scholars and practitioners have taught it to others. This third stage of management thought is firmly established and a fourth stage is now in the process of formation.

IV. MANAGEMENT CONCEPT IN THE FUTURE

Today the world is changing rapidly. It is changing not only in the fields of economic, social, and political but also technological. At present we have passed the stage of the first Industrial Revolution and are entering the period of the second Industrial Revolution, the beginning of which we witness at present time. The first Industrial Revolution was characterized by the fact that man had learned to replace living energy (that of animals and men) by mechanical energy (that of steam, oil, electricity, and the atom). The second Industrial Revolution is characterized by the fact that not only that living energy has been replaced by mechanical energy, but that human thought is being replaced by the thinking of machines. Cybernetics and automation make it possible to build machines that function much more precisely and much more quickly than the human brain for the purpose of answering important technical and organizational questions.

Due to the growth of science and technology, we are now beginning to enter what is known as the mechanized society or the "Dehumanized Society."⁸⁵ C.P. Snow has shown us the widening gap between the men of science who generate technological advances and the rest of us, especially the intellectuals. He believes that the lack of understanding and communication between these two groups could

be fatal to the industrial or business world. Among the questions asked by Snow, for example, is what we are doing to survive the changes and ensuing problems that are being created by the scientific revolution. He predicts that the industrial use of electronics, atomic energy, and automation are fomenting a scientific revolution that will force greater change on the world than the industrial revolution.³⁶ The changing world is so important, as Frederik R. Kappel has pointed out, because a decline in the vitality of a business is caused by the inability of managers to prepare for change and adjust to it.³⁷

Thus, management philosophy or concept for the future must evolve to accommodate the decisions and actions of managers to a changing economic, social, political, physical or natural, and technological environment. Any enduring concept of management for the future must meet the criteria of change and vitality. At present, professional managers are being challenged to use profit and technology in a proper manner to meet changing social, political and economic demands. Concepts of equality, liberty, and justice are conflicting and colliding with the concepts of the Protestant ethic and Social Darwinism that contributed to the growth of the Western, especially the American, economy. The success and progress of any business is dependent on the momentum and power that it generates in the present for future conditions of change. Any useful management concept of the future will have to provide managers with a set of concepts to cope with change and inject vitality into the animate elements of the organizations.³⁸

A Synthesis of Previous Management Concepts is Needed

Our twentieth century is indeed known philosophically as The Age of Analysis. Such scholars³⁹ as James, Dewey, Russell, Whitehead, and Santayana are among the modern philosophers who may survive the test of time. So it is not surprising that from 1900 onward a large number of management scholars, such as Taylor, Fayol, Mayo, Mooney, Davis, Barnard, Weber, and others, have pursued the function of analysis. Synthesis is rarely pursued by anyone. This function of synthesis and coordination is often neglected by the specialist because he could not see and understand the whole picture of the total complex problem. And even the business or public administrator who is trained as a generalist is sometimes not aware of this important function until he is promoted to a higher position. George W.F. Hegel is one of the scholars of the nineteenth century which has been classified for philosophical thought purposes as The Age of Ideology. He has given us some working concepts and value scales for inclusion in current theories and philosophies of management. The main feature of his philosophy was the dialectical method by which an idea (thesis) was challenged by its opposite (antithesis) and the two ultimately reconciled in a third idea (synthesis) which subsumed both.⁴⁰ This Hegelian thesis-antithesis-synthesis theory of theories model, which constitutes the formula

and secret of all development and all reality, has influenced the beliefs and behavior of businessmen and politicians after the nineteenth century. It especially provided the intellectuals with a decision-making value vehicle to influence the beliefs and sentiments of others. It is widely recognized that the genesis of management movement and its supporting management concepts are indebted to the intellectual discoveries of some of these twentieth century philosophers. The philosophical thought and concept are very important and indispensable in any kind of intellectual undertakings. As Mee has pointed out that the intellectuals of any society require conceptual tools for cerebration just as the laborers require tools to increase their physical skills.⁴¹

Since 1900, as we have seen, the management thought streams that originated from various related disciplines have developed and later converged to such a degree that can be identified and integrated with the general concept of a management process. At present, a conceptual framework for management thought can be constructed as a synthesis of the management concepts that have been created and expounded by scholars with diverse but related viewpoints. Among these are : (1) the concept of scientific management ; (2) the concept of the management process ; (3) the concept of the organizational behavior approach ; (4) The concept of decision-making approach ; (5) the concept of quantitative-analysis approach ; and (6) the concept of systems management approach.⁴² Such a variety of management thought streams which demonstrated an unusual perceptiveness of the struggle, effort, and confusion in the development of future management philosophy is called by one scholar as the management theory jungle.⁴³ So, with such synthesis, it is certain that a fourth stage of management thought is now emerging.

Fourth Stage : Total Organizational Emphasis (1980-?)

The decade of the 1980s may be used as the starting point of the fourth stage of the development of management thought. The fourth stage, as mentioned earlier, is the synthesis of the preceeding stages of management concepts and approaches. However, the variety of these management concepts and approaches from 1900 up to 1980, in essence, deal mainly with only two things or areas of concentration : (1) the study of formal organization (or the traditional-structural (mechanistic)-functional emphasis), and (2) the study of informal organization (or the behavioral-environmental emphasis). Briefly speaking, the first area of concentration is the study or analysis of "organization without people" (thesis) and the second is the study of "people without organization" (antithesis). Thus, the emerging synthesis or the subsumption of both areas of concentration will be our fourth stage of the evolution of mangement thought which emphasizes neither formal organization nor informal organization but both. And this fourth stage may be initially called the total organization emphasis.

The year 1980 was chosen as the starting point of this stage because, as mentioned earlier, the development of management thought is closely related with the rapid growth of productivity of the highly industrialized society as occurred first in England, Europe, and the United States in the past. At the beginning of the 1980s, Japan, due to her continuous and uninterrupted rapid economic growth since 1945, has become the Free World's second economic superpower next to the United States and the third in the entire world. In 1985 Japan registered about US\$ 50 billion trade surplus with the United States and about \$ 12 billion with the European Economic Community. Lawrence Krause, a leading trade analyst of the Brookings Institution in Washington, D.C., predicts that Japan, a country where people work six days a week, save a lot and take few vacations, could be the world's richest country in three to five years. The World Bank estimates the average Japanese earned \$ 10, 120 in 1983, compared with 14, 110 for the average American and 16, 290 for the average Swiss. And according to the report compiled by the Nomura Research Institute, Japan's GNP per person will double to about \$ 20,000 in the next decade, topping the estimated US figure of 18,000. The report also said that Japan's share of world GNP will jump from the current 10% to 15%, while the U.S.'s will slip from 28 to 25%. The European Community's share will go up from 17 to 20%, the Soviet Union and the East from 19 to 18% and the west Pacific region from 6 to 7%.⁴⁴ Such the miracle of Japanese economic growth will, undoubtedly, contribute, more or less, to the development of management thought at the present as well as in the near future.

Among major contributors of this concept of total organizational emphasis are William O'uchi, a professor in the Graduate School of Management at the University of California at Los Angeles, and Richard T. Pascal and Anthony G. Athos of Stanford and Harvard Universities respectively.

O'uchi, with Jerry Johnson, first presented this concept in their article in 1978 and later on in 1981.⁴⁵ Under O'uchi's concept is that trust, subtlety, and intimacy in the organization, can contribute to its productivity which in turn can achieve its desired objectives. These elements of organizational climate form the foundation for organizational practices characteristic of Japanese and Type Z companies. This type Z company is an American version of the prototypical Japanese organization (type J), to be contrasted with the more common American pattern which he calls type A. However, in the U.S., there is a number of deviant companies which have evolved Theory Z type management. An appendix of his book reprints the statements of company philosophy of Hewlett-Packard, Dayton Hudson, and Rockwell International to prove it. The phrase "GEis ME" in the front and back of General Electric worker's shirt, although rare in the U.S., is also a good example of this type Z organization.⁴⁶ In addition, he also identifies seven principal components of Japanese management style : (1) lifetime or longterm employment; (2) slow evaluation and promotion; (3) nonspecialized career paths;

(4) implicit control mechanisms; (5) collective decision making; (6) collective responsibility; and (7) wholistic concern to people. Type Z differs from type J only in the area of responsibility. Collective responsibility is employed in type J whereas individual responsibility is employed in type Z. But, however, type A is completely different and in contrast to type J as can be seen in Table I as follow.

Table I : Two Ideal Types of Organizational Control

Type A	Type Z
Short-term employment	Long-term employment
Individual decision making	Collective decision making
Individual responsibility	Individual responsibility
Frequent evaluation and promotion	Infrequent evaluation and promotion
Explicit, formalized evaluation	Implicit, informal evaluation
Specialized career paths	Nonspecialized career paths
Segmented concern for people	Wholistic concern for people

Briefly speaking, there is a general indication that type A is bureaucratic in structure, supported by individualism and competition but accompanied by alienation and lack of productivity. In contrast, type Z is more organic, cooperative, adaptive and productive.

In addition to O'uchi Pascale and Athos present their rival package concept in 1981⁴⁷ by using the cutely named Seven S's, known as the 7-S model or the 7-S "concept," Strategy, Structure, System, Staff, Skills, Style, and Superordinate Goals. This 7-S concept representing areas to which attention must be paid for an organization to be effective. In the past the first 3-S received quite enough attention (even too much) from the business organizations and schools especially in the U.S. What they do not talk enough about are Staff and Skills (the collection of willing and thinking and feeling human beings and the human capital they represent). Style (the patterns of behavior that cannot be prescribed in manuals), and Superordinate Goals (the organization's meanings and guiding concepts) So, with these management concepts, Pascale and Athos clearly share O'uchi's concern for a wholistic approach to management.

However, the Japanese management concepts and practices as mentioned above are disagreed by some business management experts. Among these are Prakash Sethi of CUNY, Nobuaki Namiki of the University of Windsor, Canada and Carl Swanson of North Texas State University. After spending 15 years comparing the activities of American and Japanese companies, they report in their book⁴⁸ that Japan's industrial success is rooted in labor policies which would be rejected in the West, the availability of cheap bank loans, little interference from shareholders and the acceptance until recently of widespread pollution. According to their findings,

Japan's industry discriminates against large parts of the Japanese population, notably women and the old. Women are paid much lower salaries than men and are denied career opportunities. Hardly any women enjoy the lifetime employment system... which anyway applies to about a third of the workers in the country. While many lifetime employees stop work at the age of 55, their retirement benefits are so meagre they have to take new jobs far less rewarding than the ones they have just left. About 45% of Japanese men over the age of 65 still work - - by far the highest figure in the industrial world.

Besides, the three authors say, social pressures demand Japanese employees express company loyalty by working longer hours than paid for and refusing to take holidays. The majority of workers toil for substandard wages, work under unsafe conditions and accounts for a great part of Japan's success. And outside the factory, an indirect consequence of postwar industrialization efforts was the considerable destruction and pollution of the physical environment. They also argue that such aspects of Japan would be politically or socially unacceptable in the West, possibly even illegal. And due to strong links between Japanese business and government, Western business and industry would not bow to the sort of planning imposed on Japanese business by civil servants in Tokyo. Finally, they say, promotion by age and not merit compares poorly with successful innovative American firms nurturing creativity and successful and aggressive young well-trained businessmen.

Though it is true, as the three authors have pointed out, that the Japanese business and industrial management concept and practice may be partially improper or even unacceptable at least under the Western standard, they are still useful and applicable in other parts of the world. This is because, as mentioned earlier, management is a way of thinking and how to get things done through other people. In addition, management is not only the science but also the art and it is also universal as well. Thus, they could, undoubtedly and unquestionably be used and applied by adapting them to suit each existing local condition and environment anywhere in the world especially in developing countries of the third world. And although the three authors, to a certain extent, disagreed with the Japanese management methods and practices they did not disagree or reject the management concept of total organizational emphasis approach employed by the Japanese businessmen. As we can see, for example, they employed this approach themselves when they suggested that what Western businessmen need to do to regain ground against Japan is not to slavishly copy the Asian giant but foresee the next changes in technology, look further to the future rather than to immediate profit and prepare their organizations for changes in manufacturing processes.

The fourth stage of the development of management thought has already been formed and started in the 1980s by synthesizing all the preceding

various management concepts and approaches. And at the same time we have also realized that management concept and philosophy in the future must be dynamic and adapted to the changing condition and environment. However, due to the accurate prediction of such change could not be made in advance, the prediction of possible elements of future management concept, philosophy, and practice then would be as follows.

1. The basic concept of a process of management will remain in use in any future management concept.

2. Profit maximization will not be the main objective of the business organizations in the future. Instead of maximizing the profit, the future business manager will "satisfice." Examples of satisficing criteria are "adequate profit," "share of the market," and "fair price."

3. Due to the increasing rate of unemployment, longterm growth-and investment-oriented, not profit-oriented, will be the basic management concept of the future managers.

4. Due to high competition among business organizations, both at national and international levels, long-term profit, not immediate profit (or Harvard Business School syndrome), will be the basic management concept of the future managers.

5. Management by objective, as contrast to activities oriented or classical management, will still be the major management concept in the future.

6. Multiple objectives of all business organizations will be chosen that are economically, socially, politically environmentally and technologically justifiable and acceptable to organized society.

7. Due to the growth of the use of computer and information technology, the number of management levels in the organization, especially the middle level, will be reduced, in effect the organization will be streamlined, lightened and be more efficient. The top management will be consisting of top managers and technologists, or some combination of the two. Collective, rather than consensus-based, decision making will be adopted by the management. And it is certain that the jobs that the top management deals with will be largely in the field of innovation and creativity.

8. The business organization in the future will be entirely managed by the professional managers and technologists.

9. Although machine is used to replace workers in some area of work, the primary importance of the individual human worker in the organization will not be overlooked or neglected.

10. Management concept in the future will be closely related with the concepts of equality, any justice for all.

Footnotes

- ¹Will Durant, *The Story of Civilization : Our Oriental Heritage Vol.1* (New York : Simon and Schuster, 1963).
- ²Dan Steinhoff, *The World of Business* (Grolier Incorporated, 1979,) p.5
- ³*Ibid.*, pp. 17-18.
- ⁴*Ibid.*, pp. 18-20.
- ⁵*Ibid.*, pp. 8.
- ⁶John F. Mee, *Management Thought in a Dynamic Economy* (New York : New York University Press, 1968), p.7. (5th printing)
- ⁷Frederick Harbison and Charles Myers, *Management in the Industrial World* (New York : McGraw-Hill, 1959), p. 3
- ⁸*Ibid.*, p. 8
- ⁹Stefan H. Robock, "Management in Underdeveloped Countries," *Advance Management and Office Executive*, January, 1962.
- ¹⁰*The Nation*, March 26, 1985, p. 26
- ¹¹Claude S. George, Jr., *The History of Management Thought* (Englewood Cliffs, N.J. : Prentice Hall, Inc., 1968), p. 1
- ¹²*Ibid.*, p. XIII, pp. 2-3
- ¹³*Ibid.*, pp. XIII-XIV. See also (1) Friedrich Heer, *Great Documents of the World* (New York : McGraw-Hill Book (2) "Ramayana," *The Concord Desk Encyclopedia*, Vol. 3 (New York : Concord Reference Books, Inc., 1982)
- ¹⁴*Ibid.*, pp. XIV-XVII.
- ¹⁵George Seldes, *The Great Quotations* (New York : Pocket Books, 1967), p. 909.
- ¹⁶Mee, *op.cit.*, pp. 6-8.
- ¹⁷*Ibid.*, pp. 29-30.
- ¹⁸*Ibid.*, pp. 25-26.
- ¹⁹*Ibid.*, pp. 15-16.
- ²⁰Harbison and Myers, *op. cit.* p. 19

- ²¹H.W. Prentis, "Liberal Education for Business and Industry," *Bulletin of the American Association of University Professors*, Vol. 38, No. 3, 1952.
- ²²Mee, *ibid.*, p. 47
- ²³George, jr., *op.cit.*, p. 71
- ²⁴*Ibid.*, p. 79
- ²⁵"Industrial Management," *The Engineering Magazine*, 1921, Vol. 61, p. 232.
- ²⁶George, Jr., *op.cit.*, p. 141
- ²⁷*Ibid.*, p. 81
- ²⁸Frederick W. Taylor, *Principles of Scientific Management* (New York : Harper & Brothers), 1911, pp. 36-37.
- ²⁹Division of work; authority; discipline; unity of command; unity of direction; subordination of individual interest to the general interest; scalar chain; order; equity, stability of tenure of personnel; initiative; esprit de corps.
- ³⁰George, Jr. *op. cit.*, pp. 107-108.
- ³¹Mee, *op. cit.*, p. 50
- ³²James D. Mooney and Alan C. Reiley, *The Principles of Organization* (New York : Harper & Brothers), 1939, pp. 5-6.
- ³³Mee, *op.cit.*, pp. 54-55.
- ³⁴Ralph C. Davis, *The Principles of Business Organization and Operation*. (Columbus : H.L. Hedrick), 1935, pp. 54-55
- ³⁵Erich From, *The Revolutionary of Hope : Toward A Humanized Technology* (New York : Bantam Books), 1968, p. 28.
- ³⁶C.P.Snow, *The Two Cultures and the Scientific Revolution* (New York : Cambridge University Press, 1961)
- ³⁷Frederik R. Kappel, *Vitality in a Business Enterprise* (New York : McGraw-Hill Book Company, Inc., 1960), pp. 10-21.
- ³⁸Mee, *op. cit.*, pp. 80-83.
- ³⁹See Will Durant, *The Story of Philosophy* (New York : Simon and Schuster, 1953).

⁴⁰*Ibid.*, pp. 221-226. See also "George W.F. Hegel." *The Concord Desk Encyclopedia, op. cit.*, Vol. 2.

⁴¹Mee, *op. cit.*, pp. 18-19.

⁴²Claude, *op. cit.*, pp. 136-159.

⁴³Harold Koontz, "The Management Theory Jungle", *Journal of the Academy of Management*, December 1961, pp. 174-188.

⁴⁴*The Bangkok Post*, November 15, 1985, p. 26; December 18, 1985, p. 30; May 1986, p. 15.

⁴⁵See (1) William O'uchi and Jerry Johnson, "Type of Organizational Control and Their Relationship to Emotional Well-Being," *Administrative Science Quarterly*, 1978. Later on Johnson has taken the name Pascale. They, however, were earlier coauthors of a very percipient comparison of Japanese and American managements in the U.S. (published in the *Harvard Business Review* in 1974). (2) William Ouchi, *Theory Z : How American Business Can Meet the Japanese Challenge* (Reading, Mass : Addison - Wesley, 1981)

⁴⁶Jeremy Main, "The Trouble With Managing Japanese-Style," *Fortune*, April 2, 1984, pp. 10-14.

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⁴⁹Will Durant, *The Story of Civilization, op.cit.*, p.934.