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The Influence of Classical and Human Relations Approaches in Today's Management: Evaluation through Real-Life Examples

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Abstract:

Several decades ago, scholars developed theories to allow an effective management of organizations. As such, an organization's performance depends on the type of management approach implemented by the manager to achieve its goals. Classical management and human relations approaches, considered as old, are facing the modern management theories. Some think that those old theories should be replaced by the new ones, modern management theories, whereas others support that they do still have a positive impact within current organizations. This paper aimed then at evaluating the influence of classical and human relations approaches in today's management. To attain this goal, through appropriate literature review, we provided real-life examples which allowed us to conclude that applied singularly or in a combined way, classical management – emphasizing the organizational structuration, hierarchy and framework – and human relations approaches – emphasizing the human resource motivation – do still influence positively organization's management in today's business environment, enabling them to increase their productivity, to improve services quality, to maximize profits and ensure organizational growth.

Keywords: *Classical management, human relations theories, management influence, real-life examples, 2020*

1. Introduction

Any organizations work in order to attain their goals which are mainly the attraction of many customers, the improvement of services quality, the productivity, the increase of profits and the organizational growth. In his work, Pagheh (2016) argued that, "Human resource practices help increase the productivity and quality, and gain the competitive advantage for a workforce to strategically align with the goals and objectives of the organization." These goals are not that easy to reach, they are results of a hard work of the ones we call managers, leading people through the management as a science and an art (Kitana, 2016). That is why management is defined as the ability to achieve results through people. Scholars set some principles, called management theories that managers can implement in a singular or combined way to management people effectively. Over time, three categories or groups of management theories have been progressively developed one after another: (1) classical management, (2) human relations approaches, and (3) modern management theories (Kitana, 2016, Sinha, 2008). The type of management theory implemented by the manager can influence the inputs and affect either positively or negatively the organization's outputs accordingly (Kaur, 2013; Kitana, 2016). Lawter, Kopelman, and Prottas (2015) declared that, "Not only does managerial attitudes matter, but how managers behave towards employees affects both individual and group level performance." Through appropriate literature and cases, this paper is going to evaluate the influence of classical and human relations approaches in today's organizational management. To attain this goal, we will describe briefly some theories from both classical and human relations approaches, then we will provide some real-life examples of those theories' influence within contemporary organizations as evidences to support our statements.

2. Classical Management

2.1. Approaches Description

Three approaches characterize the classical management: (1) scientific management by Frederick Taylor, (2) administrative principles by Henri Fayol, and (3) bureaucratic organization by Max Weber (Kitana, 2016; Sinha, 2008). These approaches are developed on an assumption according to which managers believe people within the organization are rational; thus, they can fit to the organizational structure, hierarchy and can obey the norms, principles and standards of the workplace. To enlighten the foundation of classical management, Kitana (2016) reports that, "There was a rise in the problems in terms of organizing raw materials, tools, manufacturing units, employee selection and recruitment, training scheduling the operations." That means the manager who implements classical management emphasizes the organizational structure, its hierarchy and principles which must be observed and respected in the workplace. He/she focuses on organizing the framework, setting rules, roles and tasks for each position, determining procedures and course of action so as to achieve the organization's goals and purposes. The scientific management, for instance, founded by F. Taylor in 1911, brings out four principles of management (Baumgart & Neuhauser, 2009; Kitana, 2016; Sinha, 2008)

summarized as follows : (1) setting rules, standards and working conditions for each position – definition of framework, (2) hiring employees according to their abilities towards the position to fill up – a way to ensure the quality improvement, (3) training workers and providing appropriate incentives for the position occupied – this to increase their motivation, and (4) supporting employees by setting good work conditions – this allows them to do at the best their job. From his side, M. Weber has developed five characteristics defining bureaucratic organization (Kitana, 2016; Sinha, 2008) as follows : (1) clear division of labor : everyone's tasks are defined, (2) clear hierarchy : everyone knows their position and whom to report to, (3) formal rules and procedures : the way of doing job is clearly defined, (4) impersonality : the organization is characterized by fairness, and (5) careers based on merit : performance is rewarded. Despite its development since more than a century now, the classical management continues having a positive impact on outputs of plenty of organizations, well-illustrated within automotive industries that increased their productivity and decreased the production cost by implementing classical approaches.

2.2. Real-Life Example

One of the automotive companies that got positively influenced by the implementation of classical approaches is Ford Motor Company (FMC). Created in the early days of twentieth century (1903) by Henry Ford in USA (Eyewitness to History, 2005; Sinha, 2008), Ford Motor Company is one of powerful companies in the automotive market in today's world (Ford Motor Company, 2018). Its successful course started when Ford decided, in 1908, to hire F. Taylor, a management theorist, in order to improve his organization's outputs by mapping out possible solutions to the current productivity problems of the company (Eyewitness to History, 2005; Sinha, 2008). Taylor observed Ford's workers and determined the most efficient and time-saving methods for increasing the company's productivity. By implementing Taylor's observations, Ford reviewed his company's procedures and framework as follows:

(1) Laborers must remain stationary, each one in their position according to their abilities in an assembly line as the body of the car was moved through individual workstations (Eyewitness to History, 2005; The Franklin Institute, n.d.). "Eyewitness to history" (2005) reports that, "workers would pull the car, by rope, through one workstation to another, allowing each worker to perform their specified task before moving the car to the next station. This process was repeated until the car's construction was complete."

(2) Ford raised the wages of his employees from \$ 2.83 for a 9-hour day to \$ 5.00 for 8-hour day to motivate them. As result, Ford greatly improved workers' morale and further grew his potential customer base (Eyewitness to History, 2005; The Franklin Institute, n.d.).

Dividing workstations according to workers' abilities, setting rules and working conditions reflect Taylor's first principle and the first characteristic of bureaucratic organization. The fact of hiring employees according to their abilities regarding the workstation to fill up is the implementation of Taylor's second principle and the fifth characteristic of bureaucratic organization. Instead of wasting energy by going to the car one after another, it is rather the car that moves to each workstation while workers stay stationary, this is the application of Taylor's fourth principle and third characteristic of bureaucratic organization that allows workers to stay energetic and perform at the full of their capacity. Just few short years after implementing classical approaches, Ford brought the average time of a model T production down from 12 hours to 93 minutes, which took the car price really down, affordable even by its workers and he got 48% of the automotive market (Eyewitness to History, 2005; The Franklin Institute, n.d.). The work philosophy of Ford Motor Company stayed virtually the same from that time until today, which is the source of its productivity success, making Ford Motor Company the third largest automaker after General Motor and Toyota, based on worldwide vehicles sales after 115 years of existence. The company recorded \$ 160.3 billion of revenue, with about 199,000 employees worldwide and 6 million vehicles sales as of the end of 2018 fiscal year (Ford Motor Company, 2018). This production technique is nowadays broadly known as *Fordism* and applied within pretty much all of automotive industries. This demonstrates the positive influence of classical approaches within Ford Motor Company and industrywide.

3. Human Relations Approaches

3.1. Approaches Description

Alongside the classical approaches which promote the organizational structure, working conditions, rules and framework, there are human relations approaches that propose another way of managing. While classical management is developed according the assumption that people are rational, human relations approaches are built on the assumption that people within the organization are social and self-actualizing (Pagheh, 2016; Sinha, 2008). A manager who implements human relations approaches emphasizes the human resource of the organization, which means he manages to attain the organization's goals through the satisfaction of social relationships and the fulfillment of the personal desires of employees so that they may be motivated and committed to improving the organization's performance. Pagheh (2016) said, "The best practices in the management of human resources are the ones which optimize a workforce to ensure a greater level of efficiency, promptness and quality." Kaur (2013) added that, "Motivated employee is a valuable asset who creates value for an organization in strengthening the business and revenue growth." Those approaches are made of many branches among which the major ones are : (1) human needs hierarchy of A. Maslow, (2) organizations as communities by M.P. Follett, (3) Theory X and Theory Y of D. McGregor, (4) Hawthorne studies of E. Mayo, and (5) personality and organization theory of C. Argyris (Kitana, 2016; Sinha, 2008).

Developed by the famous psychologist A. Maslow in 1943, human needs theory argues that an employee is motivated by the desire of satisfying a need, but once satisfied, the need does not motivate anymore, it rather activates the next and higher level of needs. Maslow proposed a pyramidal hierarchy of human needs comprising five levels, cited from

the lowest and fundamental to the highest and most important as follows : (1) physiological needs, (2) safety needs, (3) social needs, (4) esteem needs, and (5) self-actualization needs (Kaur, 2013). According to this Maslow's theory, to achieve higher productivity and continuous performance within their organizations, managers must understand and help employees satisfy their important needs (Kaur, 2013). From his side, McGregor wanted to move managers' attention from Theory X – made of assumptions according to which managers believe employees are lazy, irresponsible, dislike their work, lack ambition, and need to be led – toward Theory Y – made of assumptions according to which managers believe employees are responsible, ambitious, like their work and are capable of self-control and self-direction by developing in 1960 the famous Theory X and Theory Y (Braha, 2018; Davison & Smothers, 2015; Lawter et al, 2015; McGregor 1960). In relation to this theory, managers who want to achieve higher performance must adopt a participative attitude, allowing employees to get more freedom and responsibilities to enable them to generate brighter ideas for the sake of the organization.

3.2. Real-Life Example

The ultimate goal, for most organizations, is to make their employees work at their fullest potential but this is not readily achievable since every individual is motivated differently. Human relations approaches are then broadly applied in today's organizations to keep employees motivated in so challenging marketplace. Lawter et al. (2015) supported that, "Yet, McGregor's (1960) assumption that employees perform better under managers who advance self-direction and self-motivation is widely accepted and espoused by managers in organizations and management writers." Their positive influence is well-demonstrated within the automotive industry as well. Created in 1937 by Kichiro Toyoda (Toyota Motor Corporation, 2009), Toyota Motor Corporation (MTC) is one of the successful automotive industries applying human relations approaches in managing and motivating its workforce. In fact, beside its desire of producing ever-better cars, Toyota Motor Corporation makes the wellness of its employees its priority, considering their human nature:

(1)It prioritizes respect for employees, allowing them to make social contributions, to realize self-actualization through their work and to exercise their ability to think, create and take action (Toyota Motor Corporation, 2017). By letting employees think, create and take action, Toyota Motor Corporation applies the McGregor's Theory Y because managers believe they like work, are ambitious, responsible, capable of self-control and self-direction. Helping employees realize self-actualization reflects the sixth and highest level of Maslow's human needs hierarchy. The CEO of the corporation argued that, "we are working to create workplaces where human resources with diverse abilities and values can thrive and each individual can achieve positive self-actualization." (Toyota Motor Corporation, 2017). Employees who go extra mile by performing spontaneous behavior which goes beyond their role prescriptions are valued by the management, according to Katz and Khan (1978) as cited in Pagheh (2016).

(2)It fosters a relationship of mutual trust and mutual responsibility between laborers and managers (Toyota Motor Corporation, 2017). This reflects the fourth level of Maslow's human needs, level of esteem needs.

(3)It introduced, in October 2016, the Free Time & Location (FTL) system to allow employees to keep on working at home while providing nursing care for a member of their family, raising children or spending time with their families (Toyota annual report, 2017). This is the reflection of the second level on Maslow's human needs hierarchy, level of safety needs. In its annual report (2017), one of Toyota Motor Corporation's employees, Shinya Mori said, "the FTL system has been greatly beneficial allowing me to maintain my output at work while increasing the time I spend with my family."

(4)It creates an atmosphere in which everyone at work is supportive for each other (Toyota annual report, 2017). Natsumi Kakiuchi, a lady working for Toyota Motor Corporation declared in the annual report (2017) that, "when someone suddenly has to take a day off, those at work will strive to do what they can, as best they can. This kind of mutual understanding and support will help women and other employees juggling home responsibilities excel."

As result of such a motivation of employees through human relations approaches, Toyota Motor Corporation has been declared the second largest automotive company in the world after General Motor and the biggest in Japan producing an estimated 8 million vehicles per year, as reported in the annual report (Toyota Motor Corporation, 2009). By March 31, 2009, Toyota Motor Corporation totalized a capital of 397.05 billion yen and despite the world financial crisis, it only announced its first annual loss after 71 years of existence, in May 2009. The number of working hours to finish up a car was reduced by 30% when producing Corolla model (Toyota Motor Corporation, 2009), which increased the productivity and reduced both the production cost and the price of a car on the market accordingly. In the end of March 2018, Toyota revealed an amazing performance: 369,124 employees across the world, 635.4 billion yen as capital, 8,964,133 vehicles produced and 8,964,394 vehicles sales during one fiscal year from April 2017 to March 2018 (Toyota Motor Corporation, 2018). Whereas, it is crucial to mention that Maslow's human needs hierarchy have some weaknesses as demonstrated by Basset-Jones and Lloyd (2004), Graham and Messner (2000), and Nadler and Lawler (1979) cited in Kaur (2013), that need to be brought out : (1) all individuals do not think in the same way, hence they cannot have the same needs, (2) there are culture differences within the organization, hence employees' needs are different from each other, and (3) it is difficult to measure scientifically the extent of employees' needs satisfaction, thus difficult for managers to get a feedback and keep on motivating blindly. But ultimately, these weaknesses do not take away the core value of Maslow's human needs hierarchy in the understanding of employees' needs by managers (Kaur, 2013).

4. Conclusion

We conclude this writing by stating that the organization's performance is the result of a strategical management. Classical approaches mainly emphasize the organizational structuration and framework to make employees work at their best under rules and principles, while human relations approaches put emphasis on the employees' motivation taking into account their human nature. This work aimed to evaluate the influence of classical and human relations approaches in

today's management. Despite their old age, both groups of approaches are still useful and broadly applied within today's organizations with a positive influence on their outputs. As demonstrated above, automotive makers succeeded and are still succeeding today through the implementation of both classical approaches to define their framework and human relations approaches to keep on motivating their workforce. An organization where employees, although highly motivated, are ignoring their tasks and the organizational hierarchy and structure will be out of order and will not perform well in such internal environment, perhaps will not perform at all. Likewise, a well-structured organization, with a well-established hierarchy will not improve its productivity and growth without an appropriate motivation system of its workforce. Both groups of approaches need to be most of the time combined and must become a part of the organizational culture to keep higher the organizational productivity, growth, quality improvement and performance in such a changing and competitive business environment.

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