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| Name             | <b>Jaskaran Singh</b>                       |
| Student ID       | <b>DE240327</b>                             |
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## Abstract

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Management theory has been built up over more than a century of both academic research and practical experience, and the result is a rich body of frameworks that try to answer a deceptively simple question: how do you run an organisation well? This report examines the main traditions in management theory — classical, behavioural, systems, contingency, and modern — and explores how they apply to the real challenges of leadership, motivation, coordination, and control in contemporary organisations. The analysis draws on both theoretical literature and real-world examples from Toyota, Google, Amazon, Unilever, Microsoft, and Spotify. The main conclusion is that no single theory provides a complete answer. The most effective managers draw on multiple frameworks, applying different tools to different situations rather than treating any one theory as a universal solution (Robbins & Coulter, 2018).

## 1. Introduction

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Anyone who has managed people — or been managed — knows that getting the best out of an organisation is harder than it looks on paper. You need a structure that enables coordination without creating bureaucratic paralysis. You need people who are motivated to do good work, not just going through the motions. You need leaders who can make good decisions under uncertainty and communicate direction clearly. And you need control systems that keep performance on track without killing the initiative and creativity that drive improvement. Management theory is essentially a collection of attempts to understand and address these challenges systematically (Daft, 2016).

The theories covered in this report span more than a hundred years of thinking about organisations and management. Classical theories from the early twentieth century focused

on efficiency and structure. Behavioural theories from the mid-century shifted attention to the human side of management — motivation, group dynamics, leadership style. Systems and contingency theories from the 1960s and 1970s introduced the idea that there is no universal best approach and that effective management depends on context. And modern theories address the specific challenges of knowledge work, digital transformation, and global complexity that define many contemporary organisations (Robbins & Coulter, 2018).

This report addresses three questions: what are the core ideas of each major theoretical tradition; how do these theories inform real management practice in areas like leadership, motivation, coordination, and control; and how relevant are they to the challenges contemporary organisations actually face?

## **2. Literature Review**

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### ***2.1 Classical Management Theories***

The classical tradition in management theory emerged in the late nineteenth and early twentieth centuries, driven largely by the challenges of managing industrial production at scale. Frederick Winslow Taylor's scientific management, set out in his 1911 book, was the most influential early contribution. Taylor argued that there was a single best way to perform any task, that finding it required systematic observation and measurement, and that workers should be trained to follow that best method and compensated based on output (Taylor, 1911). His approach generated significant productivity improvements in factory settings and introduced the idea that management could be approached scientifically, but it was also widely criticised for treating workers as interchangeable components rather than human beings with judgment and initiative (Daft, 2016).

Henri Fayol's administrative management theory, developed around the same time in France, took a broader view. Rather than focusing on individual tasks, Fayol was interested

in how organisations as a whole should be managed. He identified five management functions — planning, organising, commanding, coordinating, and controlling — that remain recognisable in management thinking today, and fourteen principles of management that covered things like division of work, unity of command, and the balance between authority and responsibility (Fayol, 1916). Max Weber's bureaucratic theory, developed in Germany, proposed a rational-legal model of organisation based on formal rules, clear hierarchy, and merit-based selection (Weber, 1922). Weber saw bureaucracy as the most technically efficient form of large-scale organisation, though he was also aware of its tendency toward rigidity and the suppression of individual discretion.

## ***2.2 Behavioural Theories***

Behavioural management theories emerged as a reaction to what many researchers saw as the dehumanising limitations of classical approaches. The pivotal moment was the Hawthorne Studies, conducted at Western Electric between the 1920s and 1930s and interpreted most influentially by Elton Mayo (1933). The studies found that worker productivity was significantly affected by social factors — the attention of researchers, the quality of relationships with supervisors, group norms — in ways that Taylor's model had not anticipated. This finding opened up a whole field of inquiry into the social and psychological dimensions of work.

Abraham Maslow's hierarchy of needs (1943) became one of the most widely known frameworks in management thinking. Maslow proposed that human needs are arranged in a progression from basic physiological needs through safety, social belonging, esteem, and self-actualisation, and that people are motivated by the lowest-level need that is not yet satisfied (Maslow, 1943). Frederick Herzberg's two-factor theory added an important nuance — distinguishing between hygiene factors, like pay and working conditions, whose absence causes dissatisfaction but whose presence does not actively motivate, and

motivators, like achievement and recognition, that genuinely drive engagement (Herzberg, 1959). Douglas McGregor's Theory X and Theory Y (1960) provided a framework for thinking about managerial assumptions: Theory X managers assume workers are lazy and need tight control; Theory Y managers assume workers are capable of self-direction and intrinsic motivation. McGregor argued that these assumptions tend to become self-fulfilling, which has important implications for how management systems are designed.

### *2.3 Systems and Contingency Thinking*

Systems theory entered management thinking through the work of Katz and Kahn (1966) and others, introducing the idea that organisations are open systems in constant exchange with their environment. They take in inputs — people, capital, materials, information — transform them through their processes, and produce outputs that feed back into the environment. This perspective shifted management attention from internal efficiency alone toward the management of environmental relationships and systemic interdependencies (Daft, 2016). One of the important implications of systems thinking is equifinality — the recognition that organisations can reach similar outcomes through different pathways — which directly challenges the 'one best way' assumptions of Taylor and the classical tradition.

Contingency theory built on systems thinking to make a more specific argument: there is no universally optimal management approach, and effectiveness depends on the fit between management practices and situational variables like environmental uncertainty, technology type, and organisational size (Lawrence & Lorsch, 1967). This idea has become so widely accepted that it is now almost taken for granted in management education, but it was a significant challenge to the universal-principle thinking of the classical tradition. For practitioners, the implication is that before adopting any management approach, they need to diagnose their situation — which is harder than it sounds, but more likely to produce

good results than applying generic best practices (Robbins & Coulter, 2018).

#### ***2.4 Modern Management Theories***

Contemporary management theory addresses a world that the classical theorists could not have imagined — global supply chains, knowledge-intensive work, digital platforms, and organisations that must innovate continuously to remain competitive. Several theoretical traditions have emerged to address these challenges. Total Quality Management (TQM), associated with Deming and Juran, focuses on continuous improvement of processes, customer orientation, and the involvement of all employees in quality management (Robbins & Coulter, 2018). Knowledge management theory, developed notably by Nonaka and Takeuchi (1995), addresses the creation, sharing, and application of organisational knowledge as a primary source of competitive advantage in economies where intellectual capital has become more valuable than physical capital.

Transformational leadership theory, building on Burns (1978) and Bass (1985), distinguishes between leaders who manage primarily through transactional exchange — reward for performance — and those who inspire followers to transcend self-interest for collective goals through vision, role modelling, and individualised consideration. The evidence base for transformational leadership is among the strongest in the leadership literature, with consistent positive associations between transformational leadership behaviours and performance outcomes at individual, team, and organisational levels (Bass, 1985). Agile management approaches, originating in software development, prioritise adaptive planning, iterative delivery, and cross-functional collaboration over rigid sequential planning, and have been adopted across many functions and sectors as organisations seek to respond faster to changing conditions (Daft, 2016).

#### ***2.5 Theories Applied to Leadership, Motivation, and Control***

Each theoretical tradition makes a distinctive contribution to the practice of leadership, motivation, and control (Robbins & Coulter, 2018). Classical theories provide the structural frameworks — hierarchy, division of labour, standardised procedures — that make coordination possible in large organisations. Behavioural theories provide the motivational tools — job design, recognition, participation, Theory Y assumptions — that help managers engage the discretionary effort of their employees. Systems and contingency theories provide the diagnostic frameworks that help managers choose appropriate structures, leadership styles, and control systems for their specific situations. And modern theories address the management challenges of knowledge work, innovation, and transformation that earlier frameworks were not designed for (Mintzberg, 2009).

## ***2.6 Criticisms and Limitations***

Each theoretical tradition has attracted significant criticism. Classical theories have been condemned for their mechanistic view of workers and their narrow focus on efficiency at the expense of wellbeing and initiative (Daft, 2016). Behavioural theories have been criticised for underemphasising structural and strategic dimensions of management. Contingency theory tells managers to fit their approach to their context without always providing specific enough guidance about what the right fit actually looks like. And modern theories, particularly around knowledge management and agile approaches, are sometimes more prescriptive than their evidential base justifies. A persistent gap across all traditions is limited attention to cross-cultural variation — most foundational management theories were developed in Anglo-American or Western European contexts and may not generalise straightforwardly to other cultural settings (Mintzberg, 2009).

## **3. Methodology**

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This report uses a systematic desk-based review methodology, drawing on peer-reviewed management literature, foundational theoretical texts, and published case studies. Search

terms included management theories, classical management, behavioural management, systems theory, contingency theory, transformational leadership, knowledge management, and agile management. Sources were selected for theoretical significance and practical relevance. Six organisational cases — Toyota, Google, Amazon, Unilever, Microsoft, and Spotify — are used to illustrate how management theories apply in practice across manufacturing, technology, retail, consumer goods, and financial services contexts. The analysis is structured around five theoretical traditions and four management functions: leadership, motivation, coordination, and control.

## 4. Findings

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### *4.1 Classical Theories in Practice — Toyota and Amazon*

Despite being over a century old, classical management theories remain highly relevant in operational contexts where scale, standardisation, and efficiency are central priorities. Toyota's production system is probably the most admired manufacturing management model in the world, and it is deeply rooted in classical principles. Task standardisation, systematic waste elimination, and precise process measurement — all core elements of Taylor's scientific management — are at the heart of how Toyota manufactures vehicles. What distinguishes Toyota from a naive application of Taylorism is the way it combines these classical efficiency principles with a genuine respect for workers' knowledge and judgment — through systems like kaizen, which invites workers at every level to contribute improvements to the processes they work within (Daft, 2016).

Amazon's warehouse operations offer a more controversial illustration of classical principles in practice. The company's fulfilment centres use task decomposition, precise performance measurement, and incentive structures that are recognisably derived from Taylor's framework, and they generate the operational efficiency that makes Amazon's

logistics model viable. But the way these systems are implemented has attracted significant criticism for their impact on worker wellbeing — a reminder that classical efficiency principles, when applied without sufficient attention to the human dimensions of work, can generate real costs that Fayol's or Taylor's frameworks did not fully account for (Robbins & Coulter, 2018).

#### ***4.2 Behavioural Theories in Practice — Google and Microsoft***

Google's Project Oxygen study provides one of the clearest empirical tests of behavioural management ideas in a contemporary setting. When Google analysed what differentiated its most effective managers from its least effective ones, it found that the top characteristics were all closely related to behavioural management concepts: being a good coach, listening and communicating well, showing genuine interest in employees' growth and wellbeing, and creating an inclusive team environment (Daft, 2016). Technical expertise — which Google had assumed would be the primary driver of managerial effectiveness — came last. This finding, generated from Google's own internal data rather than from academic research, is a powerful validation of the behavioural tradition's core insight that the social and interpersonal dimensions of management matter enormously.

Microsoft's cultural transformation under Satya Nadella illustrates how McGregor's Theory Y assumptions can be embedded at organisational scale. The shift from a stack-ranking performance system — which is quintessentially Theory X in its assumption that workers need to compete to be productive — to a growth mindset culture that rewards learning, collaboration, and constructive risk-taking, represents a large-scale application of Theory Y principles. The commercial results, including Microsoft's sustained improvement in financial performance and its successful pivot to cloud computing, suggest that the cultural shift had real strategic impact (Robbins & Coulter, 2018).

#### ***4.3 Systems and Contingency Thinking in Practice — Unilever and General Electric***

Unilever's management of its global value chain illustrates systems thinking applied at strategic scale. The company's Sustainable Living Plan explicitly models Unilever's operations as a system of interdependencies connecting raw material suppliers, manufacturing operations, distribution networks, retail partners, consumers, and natural ecosystems. Management systems and performance metrics are designed to optimise the health of this entire system, not just Unilever's own operations — a systems-level approach to management that would have been unrecognisable to classical theorists but that makes increasing sense in a world where environmental and supply chain risks are central business concerns (Daft, 2016).

Contingency thinking is most visible in organisational design decisions. The way different companies structure themselves — the balance between centralisation and decentralisation, the span of control, the choice between functional and divisional structures — reflects assessments of environmental uncertainty and operational complexity that contingency theory would predict. Companies operating in stable, predictable markets with mature technologies tend to be more centralised and formalised. Companies in fast-moving, uncertain environments tend to be more decentralised and flexible. Spotify's squad model — which organises the company into small, autonomous, cross-functional teams — is a contemporary example of a contingency-driven design choice appropriate to an environment of rapid technological change and product uncertainty (Robbins & Coulter, 2018).

#### ***4.4 Modern Theories in Practice — Microsoft and Spotify***

Transformational leadership has become one of the most studied and applied leadership frameworks in contemporary organisations, and Microsoft under Nadella provides a well-documented example of what it looks like in practice. Nadella's articulation of a compelling vision for Microsoft's future — as a cloud-first, mobile-first, growth-mindset

company — the way he modelled vulnerability and learning, and his capacity to generate genuine commitment rather than just compliance across a large and complex workforce, all reflect the core components of Bass's (1985) transformational leadership framework. The outcomes — cultural transformation, employee engagement improvement, strategic repositioning, commercial growth — demonstrate that transformational leadership is not just an inspiring concept but a practically valuable approach in the right context.

Agile management has moved well beyond its software development origins and is now applied across many organisational functions. ING Bank and Spotify are both widely cited examples of companies that have reorganised significant portions of their operations around agile principles — small, cross-functional, self-directing teams with clear missions, iterative delivery cycles, and continuous customer feedback (Daft, 2016). Both companies report improvements in speed to market, team engagement, and organisational adaptability following their agile transformations, providing real-world validation of the agile management approach's claims.

## **5. Discussion**

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The pattern that emerges across all the case studies is consistent with the contingency principle — different theories work best in different contexts. Amazon's classical efficiency approach works in high-volume, process-intensive fulfilment operations where standardisation and speed are the primary objectives. Google's behavioural approach works in knowledge-intensive, creative work where discretionary effort and collaboration are what drive performance. Toyota combines classical and systems thinking in a way that works specifically for high-quality, high-volume manufacturing. Microsoft's transformational leadership approach worked for a strategic turnaround situation that required cultural change at scale. None of these approaches would have worked as well if transplanted wholesale to a different context.

This suggests that the most practically useful thing management education can provide is not the right answer to the question of how to manage, but the analytical frameworks to diagnose the situation and select appropriate tools. Managers who understand the full range of theoretical traditions are better equipped to do this than those who have only been exposed to one approach — whether that is the latest management fashion or the theory their organisation has always used (Mintzberg, 2009).

It is also worth acknowledging that in practice, the boundaries between theories are blurry. Toyota's production system combines classical efficiency principles with behavioural respect for worker knowledge. Microsoft's transformation involved both transformational leadership and a Theory Y cultural shift. Real management practice draws on multiple traditions simultaneously, and the cleanly separated categories of the academic literature are a simplification of what effective managers actually do.

## **6. Conclusion**

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A century of management theory has produced a set of frameworks that are genuinely useful for understanding and improving how organisations function, even though no single theory provides a complete answer (Robbins & Coulter, 2018). Classical theories remain relevant for operational efficiency and structural design. Behavioural theories are essential for understanding motivation, leadership, and the human dimensions of management. Systems and contingency theories provide the diagnostic tools for adaptive, context-sensitive management. And modern theories address the challenges of knowledge work, transformation, and agility that define many contemporary organisations.

The practical recommendation for managers is to approach management theory as a toolkit rather than a doctrine — to understand multiple frameworks well enough to select and apply them appropriately in different situations, and to remain sceptical of any single theory that

claims to be the universal answer. The organisations that perform best — Toyota, Google, Microsoft, Unilever, Spotify — are all examples of coherent, context-appropriate management rather than mechanical application of any single theoretical framework (Daft, 2016). That is perhaps the most important lesson that management theory has to offer.

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## 8. Appendices

### Appendix A: Management Theories Summary

| Theory                      | Key Theorists                    | Core Ideas                                                 | Best Applied To                                    |
|-----------------------------|----------------------------------|------------------------------------------------------------|----------------------------------------------------|
| Scientific Management       | Taylor (1911)                    | One best way; task standardisation; economic motivation    | High-volume operational work; process improvement  |
| Administrative Mgmt         | Fayol (1916)                     | Five management functions; 14 management principles        | Structuring large organisations                    |
| Bureaucracy                 | Weber (1922)                     | Formal rules; hierarchy; merit-based selection             | Public sector; regulated industries                |
| Human Relations             | Mayo; Maslow; Herzberg; McGregor | Social needs; motivation hierarchy; Theory X/Y             | People management; job design; engagement          |
| Systems Theory              | Katz & Kahn (1966)               | Organisation as open system; environmental interdependence | Strategic management; supply chain; sustainability |
| Contingency Theory          | Lawrence & Lorsch                | No universal approach; fit to situation                    | Organisational design; leadership style selection  |
| Transformational Leadership | Burns; Bass (1985)               | Vision; inspiration; individual consideration              | Change management; cultural transformation         |
| Agile Management            | Multiple (2001+)                 | Iterative delivery; cross-functional teams; adaptability   | Product development; digital transformation        |

### Appendix B: Organisational Case Studies — Theory in Practice

| Organisation          | Primary Theory                 | Management Approach                               | Outcome                                                     |
|-----------------------|--------------------------------|---------------------------------------------------|-------------------------------------------------------------|
| Toyota                | Classical + Systems            | Standardisation + kaizen; TPS production system   | World-class manufacturing quality and efficiency            |
| Google                | Behavioural                    | Coaching; psychological safety; Project Oxygen    | EI ranked above technical skill in manager effectiveness    |
| Amazon (fulfilment)   | Classical                      | Task decomposition; performance tracking          | High operational efficiency; also employee relations issues |
| Unilever              | Systems Theory                 | Sustainable Living Plan; value chain systems view | Sustainability outcomes; brand differentiation              |
| Microsoft (post-2014) | Transformational + Behavioural | Growth mindset; collaboration culture             | Strategic turnaround; revenue and culture growth            |
| Spotify / ING         | Agile                          | Squad model; iterative delivery                   | Faster delivery; increased adaptability                     |