



Introduction

(Chapter 1)



Origins of Management

- Approx. 2900 BC: accounting documents in temple economy
- Approx. 385 BC: Xenophon's „Oikonomikos“ focusing on managing a farm (topics such as health, negotiation management, farming skills, leadership)
- 17th and 18th century: **Management studies** become a separate discipline – practitioner driven
- Origins of cameralism in order to increase wealth of German principalities and better steering of public organizations
- Management studies become a discipline at European Universities: e.g., 1898 Vienna, 1899 St. Gallen, 1903 Zurich, 1906 Berlin, 1908 Mannheim, 1912 Bern



Key Authors of Management Science (19th and early 20th century)

- F. W. Taylor: Scientific management
Time and motion studies ⇒ Division of labor, specialization, best worker, performance-related pay
- H. Fayol: Administration theory
First systematization of management task: Planning, organization, directing, coordination, control
- M. Weber: Bureaucracy model
Rule of law and hierarchies as most efficient forms of organization



Taylorism

„Now it must be clearly understood that in these experiments we were not trying to find the maximum work that a man could do on a short spurt or for a few days, but that our endeavor was to learn what really constituted a full day's work for a first-class man; the best day's work that a man could properly do, year in and year out, and still thrive under. These men were given all kinds of tasks, which were carried out each day under the close observation of the young college man who was conducting the experiments, and who at the same time noted with a stop-watch the proper time for all of the motions that were made by the men. Every element in any way connected with the work which we believed could have a bearing on the result was carefully studied and recorded. What we hoped ultimately to determine was what fraction of a horse-power a man was able to exert, that is, how many foot-pounds of work a man could do in a day. “



Henri Fayol's General Principles of Management

1. Division of labor - In practice, employees specialize in different areas and have different skills. Different levels of expertise can be differentiated within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to Henri Fayol, specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed. The 14 principles of management are applicable to both technical and managerial activities.
2. Authority & responsibility - According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to subordinates.
3. Discipline - This principle is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions.
4. Unity of command - Every employee should receive orders from only one superior on behalf of the superior.
5. Unity of direction - Each group of organizational activities that have the same objective should be directed by one manager using one plan for the achievement of one common goal.
6. Subordination of individual interest to general interest - The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.



Henri Fayol's General Principles of Management

7. Remuneration - All workers must be paid a fair wage for their services. The wages paid must allow employees a certain standard of living; at the same time, they must be within the company's paying capacity.
8. Centralization and decentralization - This refers to the degree to which subordinates are involved in decision making.
9. Scalar chain - The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain. However, if someone needs to communicate some other person in an emergency, he/she might use the "gang plank".
10. Order - this principle refers to the systematic arrangement of workforce, machines, materials, etc. There should be a specific place for every employee in an organization: "a place for everybody and everybody in their place".
11. Equity - All employees in an organization must be treated equally, respecting the law and human dignity.
12. Stability of tenure of personnel - High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
13. Initiative - Employees who are allowed to contribute and carry out plans will be motivated to work hard.
14. Esprit de corps - Promoting team spirit builds harmony and unity within an organization.



Behavioral Science (since the 1920s)

- Hawthorne experiments (E. Mayo/ F. Roethlisberger): Significance of social relations
- Human relations movement: Social and economical efficiency are congruent
- Human resources approach: Reintegration of neglected organizational structure but adapted to the needs of human beings. Use of human resources (development, participation, trust, self control)



Typology of Management Science

General Management Science						
		Specific Management Science				
		Industry	Commerce	Banking	Public Administration	NPO
Functional Management Science	Leadership					
	Finance					
	Production					
	Marketing					
	Logistics					
	HR					
	Organization					
	R&D					



Management Tasks

Based on Luther Gullick's Analysis of Administrative Tasks of a US President (Brownlow Commission, 1937), Koontz and O'Donnell (1972) formulated the management tasks:

- Planning
- Organizing
- Staffing
- Directing
- Controlling



Management Functions have to be Separated from Role:

10 Managerial Roles by Henry Mintzberg

- Interpersonal Relations:

Figurehead

Leader

Liaison

- Communication:

Monitor

Disseminator

Spokesperson



- Decision-Making:
Entrepreneur
Disturbance handler
Resource allocator
Negotiator



Purpose of Management Science

- Practice-oriented science. Solving steering problems of organizations (comparable to engineering science);
- Transdisciplinary, normative, problem-solving
- Purpose-oriented use of resources. Application of principles of effectiveness and efficiency

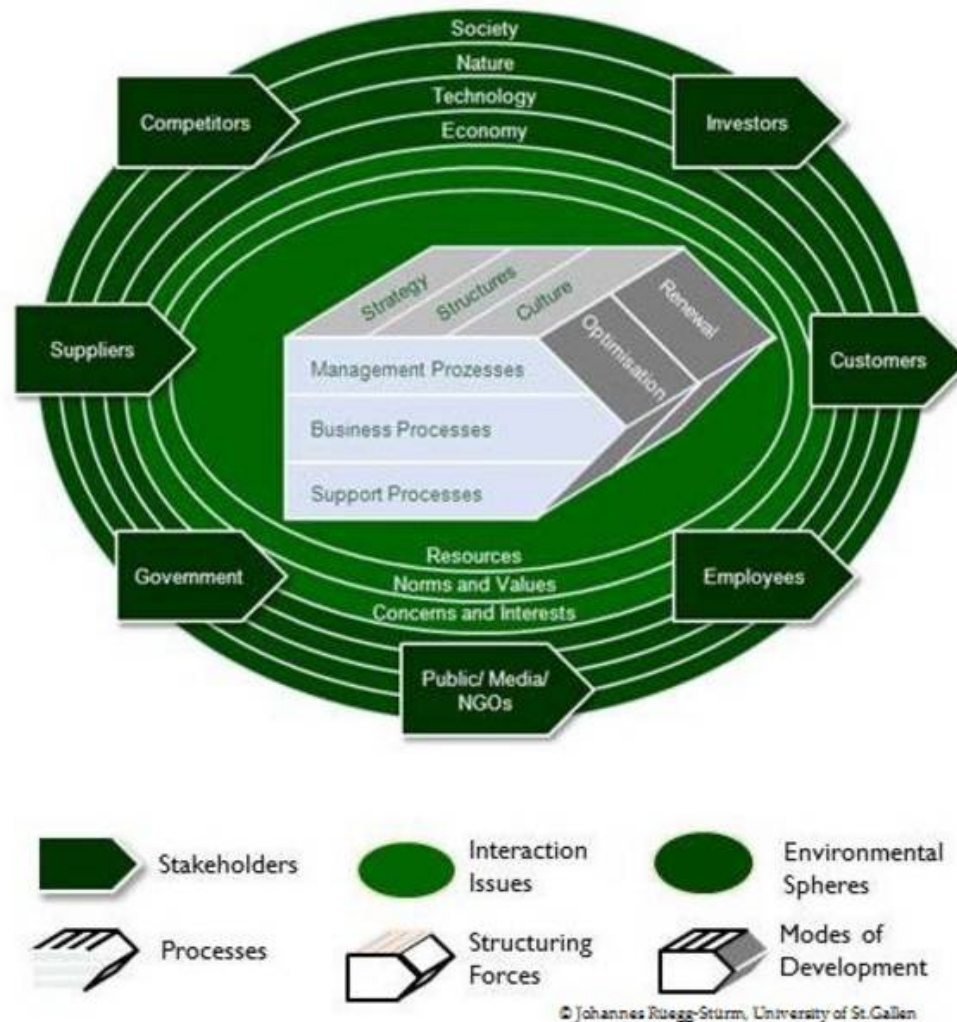


Management Models

A model forms a framework that shows interdependencies between variables and thus serves as orientation in situations of uncertainty and ambiguity.



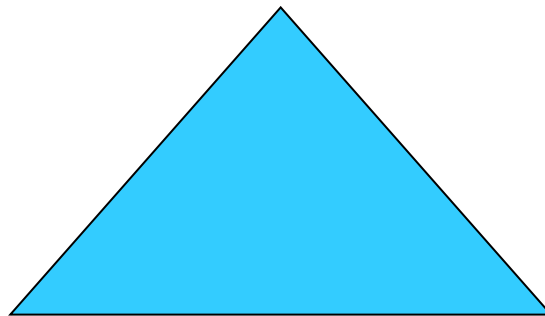
The St. Gallen Management Model as a Framework of Analysis





Ontology of an Organization

Strategy: Orientation

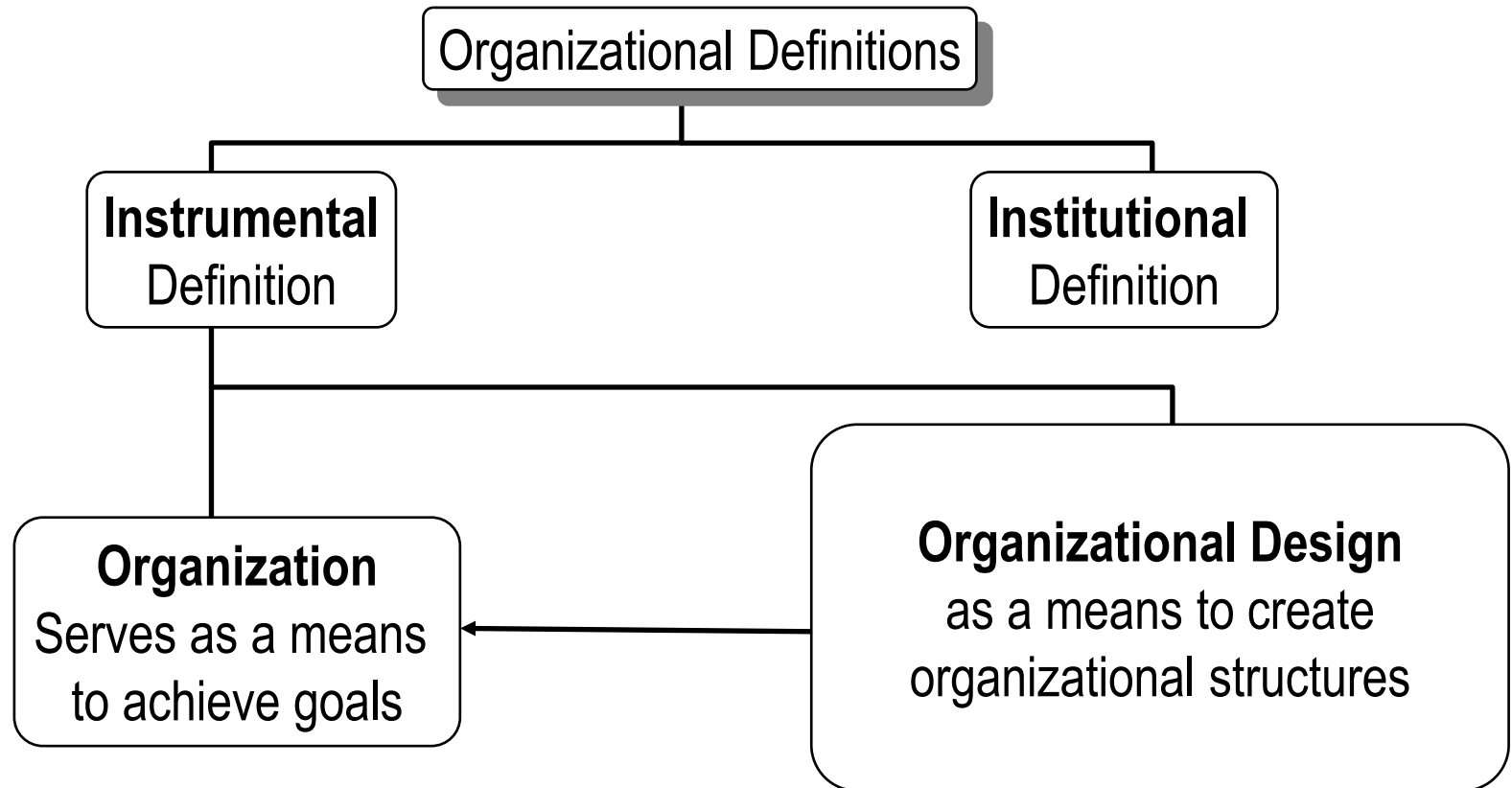


Structure:
Coordination

Culture:
Motivation



Definition of Organization





Public Management

- Public and private property follow different goals – from a financial and a performance-oriented perspective
- Public interests formulated by politically legitimized stakeholders
- Purpose of public sector: increasing public value
- Public tasks: stipulated by law (through acts of parliament, governments, and administration), provided by the public and private sectors
- Formal goals of public administration may be close to the formal goals of the private sector



Paradigms of Public Administration (since the 1970s)

	Origins of Action	Steering Instrument	Virtue	Focus of Service Provision
Procedural Governance	Law	Rules	All Are Treated Equally	For All
Corporate Governance	Management	Plans	Targets	Target Group
Market Governance	Competition	Contracts	Costs	Price
Network Governance	Culture	Co-Production	Flexibility	Customers

Source: Considine/Lewis 2003



«One best way» of organizing public administration?

Welfare Economics

Welfare economics is result-oriented and normative: perspective of the well-meaning dictator

“The most fundamental normative issue for welfare economics is (...) what should be produced, how it should be produced, for whom, and who should make the decisions” (Stiglitz 2000:57).

- Allocative efficiency, production efficiency (minimum production and organizational costs) and balanced distribution as goals if the state offers services.



Public Choice

Behavioral statements are at the heart of the public choice approach.

“The economy study of nonmarket decision making, or simply the application of economics to political science. The subject matter of public choice is the same as that of political science (...) The methodology is that of economics” (Mueller 1989:1).



A normative approach to public management: Subsidiarity as a guiding principle

Encyclical by Pope Pius XI: Quadragesimo Anno (1931): Call for horizontal and vertical subsidiarity



How Do Public Institutions Change Over Time?

(1) “An official wants to multiply subordinates, not rivals and (2) officials make work for each other” (Parkinson 1958: 5).

“Public organizations will be less sensitive to diseconomies in scale which accrue from increasing management costs” (Ostrom 1973: 213).



H1: State institutions become more similar (convergence hypothesis)

- ◆ „One best way“ leads to convergence
- ◆ Variation and selection (March/Olson): Experiments, competition and survival of the best concept
- ◆ Knowledge transfer supported by supervisory authorities, further education, media, research and consulting
- ◆ Mimetism (March/Olsen)
- ◆ Policy transfer approach (Dolowitz/Marsh; Peters)



H2: State institutions are becoming more diverse (divergence hypothesis)

- ◆ Path dependency (Pierson): History and resources
- ◆ Resource-based view approach (Hamel/Prahalad): Competitive advantage through valuable capabilities
- ◆ Public choice approach: Citizens enforce their preferences (Tiebout)



H3: State institutions converge or diverge within subgroups

- ◆ Potential subgroups (levels): cantons, municipality, financial strength, language region
- ◆ In addition, criteria-specific convergence or divergence



H4: State institutions are changing uniformly

- ◆ If all governmental organizations pursue the same objectives with comparable reform activities, it is conceivable that the organizations will develop in a uniform manner.