

**MODERN MANAGEMENT THEORIES: PROMISE OR
PERIL?**

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Truth does not pay homage to any society, ancient or modern. Society has to pay homage to truth or die and we are not going to die.

—SWAMI VIVEKANANDA

The authors develop a taxonomy to classify existing management theories and analyse their normative content to discover their emphasis on 'animalistic' aspects. They compare it with an alternative post-modern thought system emphasising humanistic values, and argue for developing practice of management, particularly for developing organisations, based on theories promoting humanistic values.

OF the present-day management theories emerged as a result of intensive research in two broad situational contexts: corporations (business, government (bureaucracy)). Often corporate management theories are cited in other forms of non-profit, development-oriented organisations about questioning their assumptions and validity. Further, modern management theories are based on a particular world-view about man nature and society. Many of these theories tend to conceal their normative assumptions, leading to highly dangerous social implications. It is extremely important to trace the intellectual roots of present-day management theories to better analyse the world-views implicit in these theories.

TOWARD A TAXONOMY OF MANAGEMENT THEORIES

To understand the intellectual roots of management theories, an appropriate taxonomy must be developed. Management theories can be classified in terms of their approach to management problems as structural or cultural factors, such as a phenomenon is explained purely in terms of 'structural' view. A 'cultural' view would tend to look for explanations of a phenomenon purely in terms of cultural factors.

explained by the cultural heritage of Confucian ethics.¹ Management theories can further be classified as universal or relative, depending upon how a theory is applied. A framework for classifying management theories and illustrative examples in each of the four categories are presented in Fig. 1.

	Structural	Cultural
Relative	Contingency Theory	Japanese Management Ethics and Gandhian Thought System
Universal	Taylorism	McClelland's theory of achievement motivation

FIG. 1 A TAXONOMY OF MANAGEMENT THEORIES

Structural/Universal Theories

These theories tend to seek explanations in terms of structural/'objective' factors that are considered universal in their applications. It is the structural factors that determine the behaviour of a system. Therefore, theories focus on the structural dimensions and explain the phenomenon in terms of structural variables. Such theories tend to draw heavily from natural science approaches. Taylor's "Scientific Management" theory, best exemplified in the "Modern Times" is a good example. The 'mode of production' theories in the Marxist tradition also fall in this category.

Cultural/Universal Theories

These theories tend to emphasise cultural factors. Cultural factors are considered as main explanatory variables. Further, believers of these theories tend to universalise these theories. The illustrations include Weber's Protestant Ethics,² and McClelland's theory of achievement motivation.³ Cultural-universal theories often suffer from an ethnocentric bias and philosophical parochialism.⁴

Structural/Relative Theories

These theories also tend to seek explanations in terms of structural/objective factors. However, they recognise the specificity of the factors in different situations. Therefore, such theories assume a relativistic character.

¹Min-Hsiu Ching, *Confucian Ethics and East Asian Dynamism* (Ph.D. Dissertation), Los Angeles, University of Southern California, 1990.
²Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, New York, Charles Scribner's Sons, 1930.

Contingency theory, by focusing on the relationships between the specific variables that are relevant in a specific extent, acquires a relativistic approach.

Culture-Relative Theories:

These theories give importance to cultural factors and emphasise that civilisations differ in-terms of the emphasis they provide to different cultural values. These theories take into account the relativity of cultural values promoted by different societies. Examples of cultural-relative theories include, Japanese management, Confucian ethics, and the Gandhian thought-system.

TOWARD A TAXONOMY OF APPROACHES TO THEORY FORMULATION

While the taxonomy of management theories provided in Fig. 1 is useful, it does not identify management theories in terms of their philosophy of science or the basis of their world-view. Management theories can be further classified on the basis of their various approaches to theory formulation (philosophy of science) as reflected in the positivistic/normative tradition. Positivistic traditions are based on "what is happening now", and the normative traditions are based on "what is happening now", and the normative traditions are based on "what ought to be happening now". Theories can also be classified as paradigm bound or anomaly-oriented. When theories are formulated within the framework of a particular world-view, they can be referred to as paradigm-bound. When alternative theories are put forward to explain the anomalies within the existing world-views, the theories could be referred to as anomaly-oriented. Fig. 2 provides a taxonomy of various approaches to theory formulation based on Kuhn's formulation of paradigm shift.⁵

Approach to Theory Formulation	
Positivistic	Normative
Paradigm Bound	Normal-science (Scientists)
Anomaly Oriented (Paradigm Shift)	Great Scientists
	Ideologies (believers)
	Paradigmatic Thinkers

FIG. 2: A TAXONOMY OF APPROACHES TO THEORY FORMULATION

Kuhn introduced the concept of paradigm, a mental model to explain a phenomenon.⁶ He suggested that existing paradigms tend to bind the scientists to search for explanations of the phenomenon within the framework of current modes of thinking. Such paradigm-bound 'scientists' tend to conduct 'normal science'. 'Great scientists' identify the anomalies in the current modes of thinking and create a paradigm shift by offering completely new mode of thinking. When a 'prophet' provides a certain normative explanations for social phenomenon, a category of 'believers' emerges, who believe in a certain ideology. However, other 'prophets' see through the limitations of current normative world-views and offer a new world-view based on alternative norms. Such people are paradigmatic thinkers.⁷

Over time, positivistic theories tend to acquire normative tones. This occurs when positivistic theories become prescriptive and create their own set of believers and non-believers. Believers of such prescriptive theories attribute to themselves the responsibility of propagating such theories. Such a situation is dangerous for society, as we argue later in this article.

NORMATIVE CONTENTS OF CERTAIN POSITIVISTIC THEORIES

Most of the management theories are in the positivistic tradition, that is, they are empirically-based. While the empirical data is usually rooted in a certain socio-cultural and historical context, these theories tend to be prescriptive and acquire a normative tone, serving as a guide for social and managerial behaviour. Sometimes, the normative content of positivistic theories is not so explicit. Certain visionaries have questioned the current normative content of certain positivistic theories, extracting a completely different normative view. For example, Mahatma Gandhi, as a paradigmatic thinker, questioned the contemporary views of the society about human advancement and development and provided a completely different development model.⁸

Positivistic theories are often allowed to pass as being value-neutral. Because of their professed value-neutrality, positivistic theories are preferred by many scholars over normative theories.

A discussion on the concealed normative content in empirically-based positivistic theories is usually avoided. Table 1 identifies the normative content of certain positivistic theories.

⁵Arvind Singhal and Everett M. Rogers, *India's Information Revolution*, New Delhi, Sage, 1989.

⁶Borna Bebek, *The Third City: Philosophy at War with Positivism*, London, Routledge & Kegan Paul, 1992.

⁷See Surendra Verma, *Metaphysical Foundation of Mahatma Gandhi's Thought*, New Delhi, Orient Longman, 1970; E.F. Schumacher, *Small is Beautiful*, New York, Harper & Row, 1973; and D. ...

TABLE 1 THE CONCEALED NORMATIVE CONTENT OF CERTAIN POSITIVISTIC THEORIES

Sl. No.	Positivistic Theories	Concealed Normative Content
1.	Theory of Utility Maximisation	Greed maximisation
2.	Social Darwinism	Legitimation of power with the powerful
3.	Theory of Competition	A belief in "indirect-violence"
4.	Theory of Markets	Resource transfer from one segment of society to another, one region to another; that is tacit acceptance of inequality
5.	Theory of Hedonism	Promotion of animal instinct in Human beings

The hidden normative content of utility maximisation theory is greed maximisation. However, the term 'utility' seems to be value-free, while 'greed' is value-laden. Similarly, social Darwinism conceals the immoral machinations through which those who are already strong become stronger. Competition tends to boost the aggressive nature in human beings and, at a philosophical level, represents an indirect form of violence. The theory of markets provides legitimacy for transfer of resources from one segment of society to another, from one region to another. Hedonistic theories tend to glorify the animal nature of human beings. Most of the present-day positivistic theories of management have been glorified, and their hidden normative contents have been concealed and often ignored (sometimes deliberately).

Several of the positivistic theories discussed above form the foundation of modern management theories. Management theories, implicitly or explicitly, promote a particular view of humankind. Isn't this view of humanness based on the gospel of efficiency, greed, inequality, indirect violence, and hedonism? One can argue that the philosophical foundation of the modern management thought system is rooted in the *svava* (formula) of competition, greed and self-interest (CGS), which tends to bring out the animal instincts in humankind. If such a view of humankind represents our philosophy of life, are we not moving toward animalistic type of society, where every aspect of human life is 'transactionalised' (that is, legitimacy of human actions is sought purely in terms of 'transaction-costs')?

AN ALTERNATIVE THOUGHT SYSTEM

Modern management theories are often linked to a thought system which

in man. Man has a dual nature, a human aspect and an animal aspect. Mythology handles this duality of man's nature by depicting him/her as semi-human and semi-animal. A management theory or thought system can either seek a balance between man's dual nature or promote one aspect over another. The modern management thought system over-emphasises the philosophy of competition, greed, and self-interest, over other cherished human values. In contrast, an alternative thought system, such as the Gandhian School, normatively emphasises values of equality, non-violence, and *pyag* (sacrifice), promoting the human aspect of man's nature. Table 2 compares modern and alternative thought systems of management on six dimensions: value orientation, philosophy of life, view about knowledge, aim in life, role of the state, and ultimate effect on society. The roots of an alternative thought system can be traced to Gandhian traditions. We argue that management theories based on the alternative thought system will tend to emphasise humanistic aspects in management practices.

TABLE 2 A COMPARISON OF MODERN AND ALTERNATIVE THOUGHT SYSTEMS

Sl. No.	Dimension	Modern Thought System	Alternative Thought System
1.	Value orientation	Efficiency, competition, and hedonism.	Equality, Non-violence, and <i>Pyag</i> ('sacrifice')
2.	Philosophy of life	Positivistic	Normative
3.	View about Knowledge	Positivistic knowledge is value-neutral and therefore secular	Positivistic knowledge is value-laden
4.	Man's aim in life	Self-actualisation that is actualisation of values represented by modern thought system	Self-realisation that is realisation of the true nature of man
5.	Role of the State	To promote secular and materialistic values	To promote humanistic values of <i>Sage</i> ('Truth') and <i>Ahimsa</i> ('non-violence')
6.	Ultimate effect on the society	(a) Promotion of animal instincts ('Animalistic'), (b) Secular society and spirit of capitalism, and (c) Valuelessness and erosion of values.	(a) Promotion of human aspect of man ('Humanistic'), (b) Humanistic society and spirit of humanism, and (c) Value-based society.

and hedonism, and also a cost-benefit/transaction-cost approach to life.⁹ It views positivistic knowledge as supreme, secular, and value-neutral. It considers man's aim in life as self-actualisation, that is, realising his/her full potential for the values promoted by the modern thought system. The State is expected to promote secular values based on 'scientific materialism'. Spiritual values are suppressed so that the spirit of materialism is not dampened. In the long run, the society achieves more 'animalistic' behaviours than 'humanistic' ones.

An alternative thought system, such as the Gandhian one, is based on values of equality, non-violence, and *tyag* (sacrifice) would have a different normative world-view about the nature of society. This world-view considers man's highest aim in life as self-realisation, that is, realising that his/her true nature is human, not animal. In this thought system, the State upholds humanistic values of *Satya* (truth) and *Ahimsa* (non-violence). In the long run, this alternative thought system would result in a more humanistic society.

ORGANISATIONAL AND SOCIAL IMPLICATIONS

Most of the management theories are intellectually rooted in the modern thought system which is based on a positivistic tradition. Under the influence of the positivistic tradition, alternative thought systems have been rejected in favour of the modern thought system.¹⁰ For example, it is difficult to find organisations operating according to the Gandhian thought system. No serious attempts have been made to operationalise alternative thought system in present-day organisations.¹¹ On the other hand, the philosophy represented by the modern thought system is not just rampant in business organisations, but has also been extended to organisations operating in non-business situations.¹² The problem is compounded further when this approach (the modern thought system) becomes a universal philosophy of life and affects society as a whole. In such situations, societies overemphasise the 'animalistic' aspects of man's development ignoring other humanistic aspects. In the long run, such an approach leads to the emergence of what one might call a 'maldeveloped' society.

As different thought systems have different implications for society, it is useful to develop a taxonomy of societies based on what these thought systems implicitly emphasise. This understanding is important because managers operate in societal contexts, and they tend to glamourise a particular

world-view. Fig. 3 presents a taxonomy in which societies are classified according to their pursuit/concern for economic gains and for self-realisation (transcendental dimensions). This model is titled as the WEPT model.¹³ 'W' representing wealth, 'E' representing the ethical dimension, 'P'

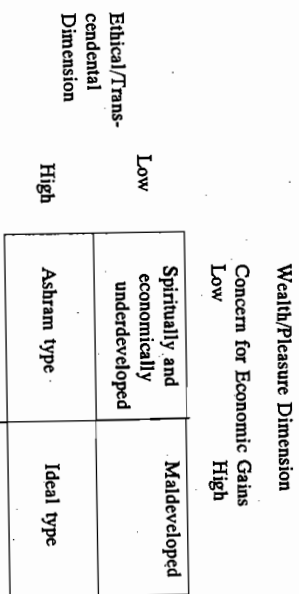


FIG. 3 A TAXONOMY OF SOCIETIES BASED ON CONCERNS FOR ECONOMIC GAINS AND TRANSCENDENTAL DIMENSIONS

representing pleasure, and 'T' representing the transcendental dimension. A society may exhibit either low or high concern for ethical and transcendental dimensions of human nature. Depending upon various combinations, societies can be classified as: (1) spiritually and economically underdeveloped, (2) 'maldeveloped', (3) 'ashram types' and (4) 'ideal types'. Societies that ignore both the spiritual advancement as well as economic advancement tend to be spiritually and economically under-developed. 'Maldeveloped' societies are societies in which pursuit of wealth and pleasure is low. It has been argued that many societies, by adopting the positivistic modern thought system, are moving towards 'maldevelopment'. The metaphor of 'Ashram' (a place for spiritual quest) may be used for those societies that have low concern for economic gains but high concern for the transcendental dimension. 'Ideal type' societies will depict a high concern for ethical and transcendental dimension as well as the economic dimension. Such societies take a balanced view of the human development.

If maldevelopment is to be avoided in societies, then appropriate mechanisms, which seek a balance between a pursuit of wealth and transcendental values, need to be identified. In general, modern management theories have tilted the balance in favour of pursuit of wealth. However, it is time to evolve appropriate management theories that would be more consistent with

⁹Paul Elkins (ed.), *Living Economy: A New Economics in Making*, London, Routledge & Kegan Paul, 1989.
¹⁰Shamsul Md. Haq, *op.cit.*
¹¹Arvind Singhal, 'Evolution of Development and Development Administration Theory', *The Indian Journal of Public Administration*, Vol. XXXV, No. 4, 1989, pp. 841-50.
¹²Subhash Sharma, 'Intellectual Traditions in Management Theory' (unpublished paper), Anand, Institute of Rural Management, 1990.

¹³Shamsul Md. Haq, *op.cit.*

an alternative thought system. The need for an alternative thought system is evident as the anomalies of modern thought system are becoming obvious. Such theories may be within the 'cultural-relative' paradigm (as previously discussed in Fig.1). Each culture should identify human concerns and values implicit in their cultural traditions, and reflect them in their management practices. In Indian context, Chakarboty¹⁴ pioneered an Indian approach to management theory and practice. Gupta¹⁵ has also stressed the need to move beyond American and Japanese models and argued for developing Indian models. Sinha¹⁶ in the specific context of OB research, has suggested the need to move towards integrative indigenisation. However, larger efforts are needed to create a shift towards 'cultural-relative' paradigm. In addition, the tilt of management theories towards CGS philosophy (that is philosophy of competition, greed and self-interest) must be examined more critically.

CONCLUSION

We argue that modern management theories tend to conceal their normative content. The hidden normative content of modern management theories is often based on values of greed and hedonism. It is suggested that alternative thought systems can provide a completely different perspective about normative values that a society may follow. Societies need to take a balanced view about human development. More so, if the emergence of one-dimensional animalistic societies is to be avoided.

¹⁴S.K. Chakarboty, *Human Response in Organisations*, Calcutta, Vivekanand Nadhi, 1985; and S.K. Chakarboty, *Managerial Effectiveness and Quality of Work Life: Indian Insights*, New Delhi, Tata Mcgraw Hill, 1988.

¹⁵Rajen K. Gupta, "Employees and Organisations in India: Need to Move Beyond American