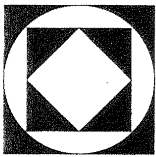


# Management Theory: A Pediatric Note

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This article argues that the considerable benefits that might be derived from management theory have been stifled due to uncertainty regarding its aims and directions. According to this author, much of the problem is due to terminological conflict and lack of a proper framework, and must be resolved before substantial progress can occur.

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SINCE THE BEGINNING of "modern" management at the turn of this century there have been pleas from management practitioners and academicians alike to solidify the underlying foundation upon which it is based. However, until the field of management can boast of an all inclusive and unified body of management theory, it will continue to remain without such a needed and desired framework. As Dalton E. McFarland, a past president of the Academy of Management, has noted:

Management appears to be a discipline of broad scope comprehending wide-range research interests, but its aims and directions are uncertain. Its identity is vague, its boundaries undefined. Worst of all, *conceptual clarity is seriously lacking*. [1]

During the past half century of management development, researchers have employed differing methods of experimentation, observation, and theorization to overcome the myriad of problems that prevent the development of a universal theory of management. Yet, despite such efforts, it must be realized that a general theory of management still does *not* exist.

In answering the important question of what this means to management, Frederick comments:

It means there is no general agreement about what management is. It means further, there is no coherent and consistent body of scientific principles which can constitute the basis for a management science. It means also there are no clear-cut grounds for declaring management to be a profession as is true of doctors, lawyers, and others. Finally, it means there are only the sketchiest guide lines for collegiate business schools in educating for management and for company training directors in encouraging executive development. After a half century of management science this seems disappointing and frustrating. But it is, unfortunately, true. [2]

## Confusion and Controversy

Confusion, controversy, and disagreement are traditionally characteristic of a new and growing field of study. The field of management is no exception. [3] The past two decades have found scholars from a host of disciplines entering into the debate surrounding the development of a basic management theory. In retrospect their efforts have produced disappointing

results. At times it has seemed almost impossible to locate two theoreticians who hold the same general views. In the words of one writer, "disagreement and controversy have almost reached the point where any theoretical light that has been generated has been overwhelmed by emotional heat." [4]

A large extent of the basic controversy and confusion associated with management thought can be attributed to disagreement over concepts and terminology. It is the purpose of this article to briefly comment upon this disagreement and the role of theory in management. Thus, this article will briefly discuss—(1) the structure of theory; (2) the rules of theory-building; (3) the dimensions and levels of management theory; (4) the criteria for evaluating a theory, and; (5) the importance of management theory. Following this discussion, related remarks will be made concerning the role of terminology in the development of a theoretical management framework.

### The Structure of Theory

In beginning a discussion of the structure of theory, it should be made clear that theory is not something apart from the practical, but rather, it is a foundation for the practical. Psychologist Melvin M. Marx has emphasized this point well by noting that theory serves both as a tool and as a goal. The tool function of theory "is evident in the generally accepted proposition that theories guide research by generating *new* predictions not otherwise likely to occur." [5] As a goal, theory is often an end in itself, providing "an economical and efficient means of abstracting, codifying, summarizing, integrating, and storing information."

Derived from the Greek word *Oewpia*, meaning "contemplation," theory may be more generally defined as the "knowledge of principles." [6] The word principle, meaning a statement of fundamental truth, is derived from the Latin *principium* for "beginning." Descartes referred to principles as the "first causes (or source), of all that can be in the world. . . ." [7] Being such, principles are often phrased in the form of casual relationships that attempt to explain phenomena. In reference to the field of management, "if certain conditions are held to be true and . . . new phenomena are in accordance with those which the principle covers, then knowledge of the

principle will make it possible to predict the behavior of factors in the new situation." [8]

Principles or "first causes" are derived from hypotheses. Regarded as "the very essence of scientific method," [9] hypotheses are untested propositions regarding relationships that *possibly* exist among observed phenomena. [10] Thus, a group of inter-related principles derived from hypotheses and dealing simultaneously with the same theme is said to comprise a theory. Vital to the continued evolution of knowledge in all disciplines, theory is a basic requirement for the ultimate development of management as a science. [11] As sociologist Talcott Parsons has noted, "the most important index of the maturity of a science is the state of its systematic theory." [12]

### Rules of Theory-Building

Developmental efforts in any field of knowledge are greatly aided by the formation of practical rules of theory-building. The field of management is no exception. Drawing from the experiences of the older sciences, social theorist George C. Homans expressed these rules exceptionally well when he wrote:

1. Look first at the obvious, the familiar, the common. In a science that has not established its foundations, these are the things that best repay study.
2. State the obvious in its full generality. Science is an economy of thought only if its hypotheses sum up in a simpler form a large number of facts.
3. Talk about one thing at a time. That is, in choosing your words (or, more pedantically, concepts) see that they refer not to several classes of fact at the same time but to one and one only. Corollary: Once you have chosen your words, always use the same words when referring to the same thing.
4. Cut down as far as you dare the number of things you are talking about. "As few as you may; as many as you must," is a rule governing the number of classes of fact you take into account.
5. Once you have started to talk, do not stop until you have finished. That is, describe systematically the relationships between the facts designated by your words.
6. Recognize that your analysis must be abstract, because it deals with only a few elements of the concrete situation. Admit the dangers of abstraction, especially when action is required, but do not be afraid of abstraction. [13]

### Dimensions of Management Theory

Management theory may be characterized as either prescriptive or descriptive. Prescriptive theory, also called normative theory, is evaluative in form and deals with "what ought to be" or with "what should be." Prescriptive theory is designed for observation and prediction. Because it involves value judgments, it is often moralistic in nature. [14]

Descriptive theory, contrary to prescriptive theory, describes and explains "what is" rather than "what should be." Descriptive theory is also called positive theory. According to Shull, it is "designed to enhance research, description, and measurement." [15]

In the past, some dissension has centered around the prescriptive role of management, [16] but it now appears evident that future management will be both prescriptive and descriptive. [17] Management theory will not only be required to explain *what*, *why* and *how* something happens (descriptive), but it will also be called upon to determine the single best way for it to happen (prescriptive). [18]

### Levels of Management Theory

A survey of business literature conducted by R. William Millman has revealed that it is possible to describe three separate levels of theoretical management understanding. The first and most fundamental level is the level of the phenomenon. "A general theory at this level . . . explain(s) the nature of a single phenomenon, the situation under which it occurs, the casual factors, and the way in which the given phenomenon is an effect of these casual factors." [19] In alternate terms, understanding at this level deals with a single or very *limited* number of principles attempting to explain their associated source hypotheses.

The second level of theory is concerned with a class or set of phenomena. "Here the researcher identifies a homogenous group of phenomena and seeks to explain their operational aspects, individually and collectively." [19, p. 190] Clearly, this level of theory is the most prominent level in the field of management. Within this level, the operational aspects of associated principles are interrelated and formed into coherent wholes. Examples of scholarly efforts at this level of theory are Pffner and Sherwood's

*Administrative Organization* [20] and McGuire's *Theories of Business Behavior*. [21]

The highest and most complex level of theory is the *level of grand* (general) *theory*. "It is at this level that the grandiose claims for the universal theory occur. The theorist suggests that he has formulated the total explanation for a whole family of phenomena, a complex of sets of phenomena, all carefully linked together to provide 'the complete analysis.'" [19, pp. 190-191] While an accepted "general" theory of management still does not exist, a number of attempts at such an accomplishment have been made, e.g., Veblen's *The Theory of Business Enterprise* [22] and March and Simon's *Organizations*. [23]

Presently, the field of management is far from the goal of accomplishing a "general theory." It is suffering from what McFarland has termed a severe case of "malnutrition." [24] Because it has been unable to develop its own body of theory, management has been severely handicapped by a lack of speculative strength. According to Forrester, management still does not even possess the underlying structure that is vital to the thorough understanding of the management process. [25]

#### Criteria for the Acceptability of a Theory

Having thus far discussed the structure of theory, the rules of theory building, and the dimensions and the levels of management theory, it is now appropriate to discuss the criteria for the acceptability of a theory. According to Filley and House, a sound theory should meet five criteria:

A sound theory should first have *internal consistency*; that is, its propositions should be free from contradiction.

Second, a theory should have *external consistency*; that is, it should be consistent with observations and measures of real life. This criteria of theory is called the test of *empirical reference*.

Third, it must be possible to prove a theory or its predictions wrong. If a theory is not stated so that its predictions can be verified, it may carry unintended bias or error. A theory is said to be *operational* when its formulation permits evaluation of its major premises or predictions.

Fourth, a theory should have the characteristic of *generality*, in order to pro-

vide a wide range of application and an extension of the field of knowledge. That is, a theory should be capable of explaining more than isolated, specific incidents. It must posit a set of relationships within a well-defined class of events, and these relationships must explain *all* of the events that fall within the defined class.

Finally, a practical theory should have the attribute of *scientific parsimony*. If two theories both accurately predict the outcome of events and are equally supported by evidence, the least complex of the theories—that is, the one involving the lesser number of hypotheses—should be selected. [26]

#### The Importance of Theory

At present, the field of management is beginning to move away from a reliance upon rules and procedures and towards a fuller utilization of theory. [27] To the practicing manager, the value of theory is immeasurable. The importance of theory is expressed well by Richard F. Neuschel, a director of McKinsey and Company, Incorporated, who said: "Theory is the constant but unseen companion of management. No manager can function long without it." [28] The late Douglas McGregor also recognized the importance of theory. In a discussion on "Management and Scientific Knowledge," he expressed the belief that "every managerial act rests on . . . theory" and that "theory and practice are inseparable." [29]

#### Terminological Conflict

It has been noted that efforts designed to reduce the confusion and controversy in management theory have made only limited progress. Much of this limited progress can be attributed to the failure on management's part to develop clear terminological and conceptual understanding. McFarland, in his 1965 presidential address before the Academy of Management, noted this by declaring: "Management theory has not successfully grappled with its terminological and conceptual difficulties, even at their grossest level." [24, p. 7] As a result, management theory suffers severely from a dullness of focus and a lack of harmony. This type of situation has been diagnosed well by Willard V. Quine:

The less a science has advanced, the more its *terminology* tends to rest on an uncritical assumption of mutual understanding. With increase of rigor this basis is replaced piecemeal by the introduction of definitions. [30]

In an early attempt at the development of a general theory of administrative action, the late Edward H. Litchfield commented on this problem by remarking that "our confusion of terminology makes it difficult to speak accurately to one another within any one field, let alone across fields and cultures." [31] While there are many reasons for this confusion, Koontz has noted the following major causes—(1) The semantics jungle; (2) differences in definition of management as a body of knowledge; (3) the misunderstanding of principles, and; (4) the inability or unwillingness of management theorists to understand each other." [32]

An ancient Chinese proverb states that "the beginning of wisdom is calling things by their correct name." The field of management has not yet reached this stage in its evolutionary development. Managerial terms are frequently used to mean different things and, consequently, semantic difficulties exist. An even greater awareness of this problem must be forthcoming. The development of an agreed-upon management vocabulary with agreed-upon meaning is a requirement for communication as well as for the development of management as a discipline. [33]

#### Conclusion

It is again mentioned that management evolution is unconditionally dependent upon the continual development of theory. Theory provides a scheme for studying, predicting and controlling the managerial environment. [34] It is basic to the actions of all practicing managers. A more complete understanding of the knowledge that theory has to offer is at least partially dependent upon the clarification of the terminological conflict that exists within the field of management. A management terminology that is both useful and objective must be developed. [35]

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6. W. Stanley Jevons, *Elementary Lessons in Logic* (New York: Macmillan Company, 1882), p. 340.
7. Rene Descartes, *Discourse on Method*, trans. by John Veitch (Chicago: Open Court Publishing Company, 1899), p. 68. Written in 1637.
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21. Joseph W. McGuire, *Theories of Business Behavior* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1964).
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