

# The Systems Approach to management theory

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**The Systems Approach to management theory, commonly viewed as the foundation of organizational development, views the organization as an open system made up of interrelated and inter-dependent parts that interact as sub-systems.**



## Primary Contributors to Systems Theory

1. **Chester Bernard** introduced the concept Of Cooperative Systems in his book, **Functions of an Executive (1938)**.
2. Economist, **Herbert Simon**, introduced in his book, **Administrative Behavior (1947)**, the concept of systems process in decision-making within organizations. Notably, he introduced concepts of bounded rationality and satisfying.
3. Biologist, **Ludwig von Bertalanffy**, introduced principles of **General Systems theory in 1950**.
4. Other contributors include: **Lawrence J. Henderson, W.G. Scott, Deniel Katz, Robert L. Kahn, W. Buckley and J.D. Thompson**.

## Characteristics of System Approach

### Sub-Systems

Each organization is a system made up of a combination of many sub-systems. These sub-systems are inter-related.

### Holism

Each sub-system works together to make up a single whole system. Decisions made in any subsystem affect the entire system.

### Synergy

The collective output of the whole system is greater than the sum of output of its sub-systems.

### Closed and Open Systems

The whole organization is an open system made up of a combination of open and closed sub-systems.

### System Boundary

The organization is separate from the external environment made up of other systems.

## Component of an Organizational System

**Inputs**

**A Transformati-  
onal Process**

**Outputs**

**Feedback**

**The  
Environment**

Raw Materials,  
Human  
Resources,  
Capital,  
Information,  
Technology

Products or  
Services,  
Financial  
Results,  
Information,  
Human  
Results

Employee  
Work Activiti  
es, Managem  
ent Activities  
, Operations  
Methods.

Results from  
outputs influ  
-ence inputs.

It makes up  
internal and  
External  
factors that  
affect the  
system.

## Advantages of a Systems Approach:

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graph LR; A(Advantages of a Systems Approach:) --> B(It assists in studying the functions of complex organizations); A --> C(It is probabilistic rather than deterministic.); A --> D(It is possible to bring out the inter-relations in various functions like planning, organizing, directing and controlling.); A --> E(It has been utilized as the base for the new kinds of organizations like project management organization.);
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It assists in studying the functions of complex organizations

It is probabilistic rather than deterministic.

It is possible to bring out the inter-relations in various functions like planning, organizing, directing and controlling.

It has been utilized as the base for the new kinds of organizations like project management organization.

## **Disadvantages of a Systems Approach**

**This approach is somewhat abstract and vague.**

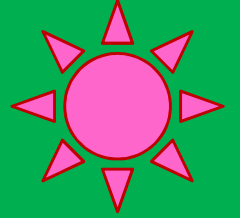
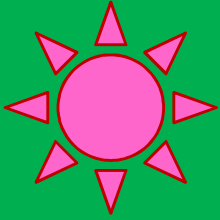
**It can be difficult to apply to large and complex organizations.**

**It does not provide any tool and technique for managers.**

**It is not a prescriptive management theory, as it does not specify tools and techniques for practicing managers**

**It does not address power and social inequalities and their causes.**

**It does not specify the nature of interactions and inter dependencies.**



**Thank You**

