

Paper –Principles and Practice of Management

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## **Topic- Modern Management Theory**

Modern Management Theory was created in direct response to the Classical Management Theory that states employees are only motivated by money. The Modern Management Theory recognizes that workers are complex and have many reasons for wanting to succeed in their job. The Modern Management Theory also believes that rapidly changing technology can both cause and solve many problems in the workplace.

This theory combines mathematical analysis with an understanding of human emotions and motivation in order to create a working environment that is maximally productive. A manager using the Modern Management Theory will use statistics to measure employee performance and productivity and also try to understand what makes their employees satisfied at their jobs.

Modern Management Theory is actually comprised of three other management theories — Quantitative Theory, Systems Theory, and Contingency Theory.

### **Quantitative Theory**

This theory based on efficiency and mathematical equations came out of the necessity for managerial excellence in World War II. This is a simple number-based theory that relies on calculating the risks, benefits, and drawbacks of any action before it is taken. This approach applies statistics, computer simulations, information models, and other quantitative techniques to the management of a company. This theory is usually not used to manage a business on its own. Instead, the Quantitative Theory must be used with more humanistic theories, in order to run a company.