

# The Development of Management Theories from an Academic Lens: A Systematic Literature Review and Current Challenges"

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## Abstract

*This article explores the evolution of management theories from an academic perspective by comparing the major theoretical schools from classical to contemporary thought. It aims to uncover the strengths, limitations, and research gaps within the management literature, while evaluating how these theories cope with globalization, digitalization, and economic change. The analysis is supported by historical trend data and visualizations. The findings suggest that while classical and behavioral theories retain partial applicability, contingency and dynamic capability theories offer more relevant frameworks for today's organizational challenges.*

**Keywords:** management theory; globalization; digitalization; leadership; dynamic capabilities

## 1. Introduction

Management theory has undergone significant development since its emergence in the late 19th century through to the contemporary era. This evolution reflects both academic and practical responses to ongoing social, economic, and technological changes within organizational environments. It began with classical approaches that emphasized efficiency and organizational structure—as exemplified by Frederick W. Taylor’s Scientific Management—and has progressed toward more adaptive frameworks such as contingency theory and dynamic capabilities (Wren & Bedeian, 2009; Teece, 2007). Each stage of theoretical development not only mirrors the zeitgeist of its time but also signifies a transformation in how organizations understand the role of human capital, work processes, and overarching organizational goals.

In the academic domain, studying the evolution of management theories is essential for understanding how earlier conceptualizations have shaped current managerial paradigms and how contemporary challenges—such as digital disruption, global crises, and climate change—demand a reorientation of management theory and practice (Drucker, 1999; Mintzberg, 2009). The literature also reveals a persistent gap between theories developed in academic settings and the contextual, often complex, realities of managerial practice in the field (Hambrick, 2007).

This literature review aims to examine the progression of management theories from an academic perspective, highlighting the paradigmatic transformation from classical to contemporary approaches, and identifying emerging challenges and future directions. The study is vital not only for the advancement of scholarly inquiry but also for policymakers and management practitioners who require a solid theoretical foundation to navigate the complexities of modern organizational life.

## **2. Literature Review**

### **2.1 Classical Management Theory**

This theory laid the foundational basis for modern management science. Frederick W. Taylor (1911) introduced Scientific Management, which emphasized work efficiency and task standardization, while Henri Fayol (1916) proposed administrative principles such as planning, organizing, directing, and controlling. Max Weber, with his Bureaucratic Theory, also made significant contributions to the governance of formal organizations through hierarchical structures and fixed rules (Wren & Bedeian, 2009).

### **2.2 Human Relations and Organizational Behavior Theories**

During the 1930s to 1950s, the focus of management began shifting from organizational structures to the human element. Elton Mayo, through the Hawthorne Studies, highlighted the importance of social attention toward employees in enhancing productivity (Roethlisberger & Dickson, 1939). This perspective was further developed by scholars such as Abraham Maslow with his Hierarchy of Needs (1943), and Douglas McGregor, whose Theory X and Y suggested management approaches based on underlying assumptions about employee motivation.

### **2.3 Systems Theory and the Contingency Approach**

By the 1960s, organizations were increasingly viewed as open systems interacting with their external environments. Kast and Rosenzweig (1972) asserted that organizations comprise interrelated subsystems that are influenced by external conditions. The Contingency Theory, pioneered by Fiedler (1964), and further developed by Lawrence and Lorsch (1967), posits that organizational effectiveness depends heavily on the alignment between organizational structure and its environment. Thus, no single model of management is universally applicable.

### **2.4 Dynamic Capabilities Theory**

This theory represents a shift toward a more adaptive strategic paradigm, rooted in the resource-based view. Teece, Pisano, and Shuen (1997) argued that competitive advantage relies not only on the possession of resources but also on an organization's ability to integrate, build, and reconfigure internal competencies to align with environmental changes. This theory has become particularly relevant in the context of disruption and global market uncertainty (Teece, 2007).

### **2.5 Agile, Servant Leadership, and Value-Based Management Approaches**

Contemporary management increasingly emphasizes collaboration, rapid innovation, and participative leadership. Agile Management and Servant Leadership promote decentralized decision-making, positioning leaders as facilitators (Robbins & Coulter, 2020). These models are

well-suited for digital organizations and creative teams. Meanwhile, Value-Based Management integrates financial objectives with social and environmental values, aligning with the growing demand for sustainability (Schaltegger & Wagner, 2011).

## **2.6 Stakeholder and Sustainability-Oriented Management Theories**

Freeman's Stakeholder Theory (1984) asserts that modern management must account for the interests of all stakeholders, not just shareholders. This theory underpins numerous sustainability and corporate social responsibility frameworks. As attention to environmental and sustainability issues grows, this approach has become critical in framing long-term organizational strategies (Van Aken, 2005).

## **2.7 Critiques of Conventional Management Theories**

Several scholars, including Ghoshal (2005), have criticized conventional management theories for perpetuating unethical practices and undermining organizational values. These critiques underscore the urgency of developing management theories that are not only efficient but also oriented toward collective well-being and social sustainability.

## **3. Methodology**

This study employs a systematic literature review approach using a structured methodology to thoroughly and comprehensively examine a range of relevant studies on a specific topic. The objective of this method is to develop a comprehensive understanding, minimize subjective bias, and provide a clear map of knowledge development within the field. The process begins with the formulation of specific research questions, followed by the establishment of inclusion and exclusion criteria to ensure that only relevant and high-quality literature is reviewed. Subsequently, each selected article is systematically analyzed to identify recurring themes, emerging trends, and existing research gaps.

In the synthesis process, the researcher not only summarizes the content of each article but also critically compares, evaluates, and interrelates the theories and findings. The results of the review are presented in the form of a thematic narrative that illustrates the evolution of theoretical perspectives over time and highlights contemporary challenges. Validity and transparency are key principles to ensure that the outcomes of the review are accountable and replicable by other researchers. Beyond offering theoretical contributions, a systematic literature review also provides direction for future research and practical decision-making in the field of management. With its meticulous and in-depth approach, this method serves as a solid foundation for the development of high-quality academic scholarship.

## **4. Results and Discussion**

### **4.1. Result**

Through an extensive review of the literature, it becomes evident that management theory has evolved in tandem with changes in the times and organizational needs. The findings of this review suggest that management theory has not progressed along a linear path, but rather through stages that reflect broader social, technological, and economic dynamics. First, early theories such as the classical and bureaucratic approaches dominated during the early Industrial Revolution, when organizations primarily focused on efficiency, structure, and control. Over time, however, this focus gradually shifted toward approaches that emphasized the human aspect of organizations, including human relations theory and organizational behavior. Second, the emergence of systems and contingency theories introduced a new understanding—that organizations cannot be managed with a universal approach. Context plays a critical role. These approaches paved the way for greater flexibility in responding to the complexity of organizational environments.

Third, since the early 2000s, theories that emphasize adaptability, innovation, and collaborative leadership have gained prominence. Concepts such as Dynamic Capabilities and Agile Management have become increasingly influential, especially in addressing the challenges of digital disruption and globalization. Fourth, a persistent challenge in the current era is the fragmentation of management theory—there is a proliferation of approaches, yet insufficient integration. Moreover, many theoretical models remain disconnected from practical realities, particularly in the context of developing countries. For example, literature examining organizational experiences in Indonesia remains relatively limited.

As illustrated in the trend graph, classical theories are gradually being phased out, while those that highlight innovation and flexibility are gaining traction in academic literature. This reinforces the growing importance of adaptive, ethical, and collaborative theories in addressing the demands of modern workplaces.

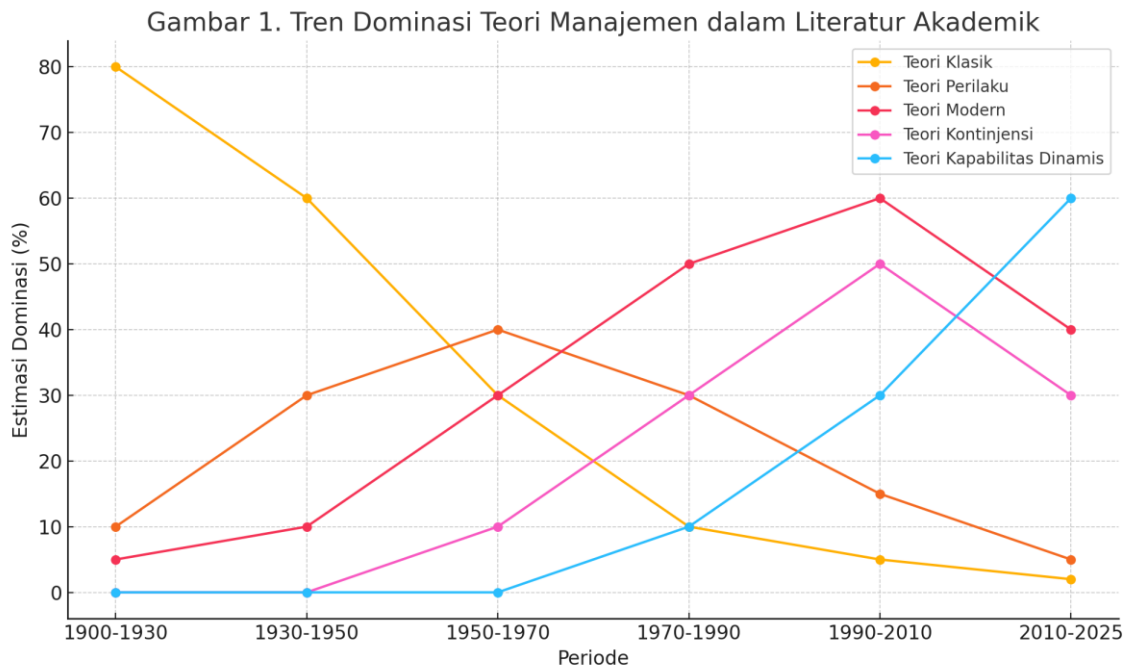


Figure 1. Trends in the Dominance of Management Theories in Academic Literature

The graph above illustrates how the dominance of various management theories in academic literature has shifted across decades. The following patterns are clearly observable:

- Classical Theory initially dominated the field but experienced a significant decline beginning in the 1970s.
- Human Relations Theory and Systems Theory rose to prominence during the mid-20th century.
- Contingency Theory gained momentum from the late 1970s through the 1990s.
- Dynamic Capabilities, along with Agile and Servant Leadership approaches, have shown a marked upward trend since the early 2000s, reflecting the growing demand in modern organizations for flexibility, innovation, and ethical leadership.

## 4.2 Discussion

### 4.2.1. From Factory to Digital Platform: The Evolution of Management Theory

Over time, management theory has undergone significant transformation. Initially, it was deeply rooted in mechanistic approaches. Frederick W. Taylor's Scientific Management and Max Weber's Bureaucratic Theory conceptualized management as a machine—structured, measurable, and hierarchical. During the early Industrial Revolution, this approach was highly relevant. At the time, productivity was the key focus, and efficiency was considered the core of organizational success (Witzel, 2012). However, as awareness grew regarding the human dimension of organizations, the focus of management began to shift. The Human Relations Movement, popularized by Elton Mayo through the Hawthorne Studies, revealed that motivation, work atmosphere, and social relationships significantly impact employee performance (Roethlisberger & Dickson, 1939). This marked a pivotal recognition that management is not only about rules and

numbers but also about people and their social dynamics. By the 1960s, the systems approach began to emerge.

Organizations were no longer viewed as closed units but as open systems interacting with their environments (Kast & Rosenzweig, 1972). This perspective was complemented by contingency theory, which posited that there is no one-size-fits-all model for management (Lawrence & Lorsch, 1967). Organizational realities were becoming increasingly complex, demanding greater flexibility in the application of theories. A major leap occurred as globalization and technological advances began to reshape the world exponentially. The Dynamic Capabilities theory introduced by Teece et al. (1997), for instance, emphasized that competitive advantage is no longer merely about resource ownership, but about the capacity to adapt and innovate. Management theory thus has become increasingly contextual, multidisciplinary, and oriented toward rapid, unpredictable changes.

#### **4.2.2. Comparing Theories: Which Ones Remain Relevant?**

Upon closer examination, each management theory reflects the spirit of its time. Classical theory, for example, remains relevant in contexts where standardization is paramount, such as manufacturing plants or public sector institutions. In contrast, startups and creative industries tend to draw more heavily from Agile Management, Servant Leadership, or Value-Based Management—approaches that are more flexible and human-centered.

The following comparative table offers a concise overview:

<b>Theory</b>	<b>Main Focus</b>	<b>Core Assumption</b>	<b>Current Relevance</b>
Classical Theory	Efficiency, structure	Humans as parts of a machine	Still applied in SOPs and manufacturing
Human Relations	Work psychology, motivation	Productivity through satisfaction	Central to HR and leadership practices
Systems Theory	Internal-external interaction	Organizations as dynamic systems	Relevant at strategic levels
Contingency Theory	Situational alignment	No universal model fits all	Suitable for managing complexity
Dynamic Capabilities	Adaptation, innovation	Transformation capabilities = advantage	Central in the digital disruption era
Agile/Servant Leadership	Collaboration, empathy	Leaders as facilitators and servants	Popular in creative and digital teams

(Source: Adapted from Teece et al., 1997; Robbins & Coulter, 2020)

#### **4.2.3. Challenges: Robust Theories, Complex Realities in Practice**

Despite the rapid advancement of management theories, several major challenges remain:

##### **a. Fragmentation of Theories**

Currently, numerous theories have developed in parallel without a coherent unifying thread. Academics often operate within their own silos—ranging from organizational theory, behavior, strategy, to leadership—lacking strong integration. As a result, practitioners find it difficult to identify which approach is most suitable for practical implementation.

##### **b. The Gap Between Academia and Practice**

Many research outcomes in management remain highly abstract or overly normative. Academic discourse often employs a language that is not easily accessible to business practitioners, thereby creating a gap between theoretical knowledge and practical needs (Romme, 2003).

##### **c. Insufficient Response to Digital Disruption**

We are living in an era where business models can change within months. Unfortunately, not all management theories are equipped to respond to such rapid transformations. There is a lack of robust theoretical frameworks that deeply engage with phenomena such as artificial intelligence (AI), hybrid work, or the platform economy (Bharadwaj et al., 2013).

##### **d. Ethical and Sustainability Issues**

There is increasing pressure for organizations to uphold sustainability and social responsibility. Profitability alone is no longer sufficient—firms are also expected to contribute to social and environmental well-being. Theories such as Stakeholder Theory (Freeman, 1984) and Sustainable Management have gained relevance, but they are not yet fully embraced by most organizations.

#### **4.2.4. The Future Direction of Management Theory**

The future of management theory appears to be more collaborative, contextual, and transdisciplinary. Emerging approaches such as design thinking, behavioral economics, and neuroscience are gaining traction in addressing organizational challenges. Academics are increasingly encouraged to produce theories that are both scientifically grounded and practically applicable.

Moreover, there is an urgent need for context-based research, especially in developing countries such as Indonesia. Presently, much of management theory is rooted in Western contexts and does not always translate effectively into local realities. It is therefore essential to develop culturally sensitive approaches that reflect local values, socio-economic conditions, and institutional structures. In doing so, management can become not only globally effective but also locally relevant.

## 6. Conclusion

Based on the preceding discussion, it can be concluded that management theory has undergone a continuous transformation—from rigid and mechanistic approaches to more flexible, responsive, and human-centered models. Today, organizations are expected not only to operate efficiently but also to adapt swiftly, foster innovation, and lead with collaborative and sustainable values.

While these developments mark significant progress, several gaps remain unaddressed. The disconnection between theory and practice, the dominance of Western literature, and the scarcity of theories emerging from local contexts present ongoing challenges that need to be tackled by the academic community—particularly in developing countries such as Indonesia.

## Recommendations

### 1. Bridge Theoretical Silos

Scholars and researchers should actively seek to identify common threads across existing theories. An integrative approach will better equip organizations to apply these theories in today's complex and dynamic environments.

### 2. Promote Local Contexts

It is time for Indonesia and other developing nations to cultivate management theories rooted in local practices and cultural values. This is essential to ensure that theories are not merely imported but also reflect the lived realities of organizations in these regions.

### 3. Address Contemporary Issues

The world has changed. Topics such as digital transformation, remote work, sustainability, and values-based leadership deserve more attention within contemporary management theory.

### 4. Strengthen Academia-Practitioner Collaboration

Academia should become more open to collaborating with practitioners. Such partnerships will result in more applicable and grounded theories, and help avoid the pitfalls of remaining isolated within the “ivory tower” of academic discourse.

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