

Management Theory



1. Briefly discuss how management theory evolved.

The Industrial Revolution in the eighteenth century led to a widespread growth of machinery and mass production throughout England and later in Europe and the United States. During this era, there was a change in the scale and method of production, along with logistical problems facing businesses, forcing them to adopt more systematic approaches to management. Larger quantities of raw materials and workers were gathered in one place and an excessive amount of output was produced which needed to be distributed more widely than before. Consequently, a more systematic approach to management was needed to ensure that goals and deadlines were met. From this came firstly the scientific approach to managing production processes and later the evolution of the behavioural approach to management.

2. Identify the key function of classical-scientific management theory.

The fundamental premise of classical-scientific management theory is that there is only 'one best way of doing things'. Early advocates of this theory argued that it is the fundamental job of managers to establish the tasks of workers in order to maximise productivity. Classical-scientific management is associated with job specialisation, division of labour, centralised power as well as a hierarchical organisational structure. Managers must determine the businesses objectives, formulate strategies to meet these objectives, and put together the resources, policies and procedures needed to meet the goals of the business. Managers must remain central to the tasks of comparing actual and planned results and taking corrective action where necessary.

3. Using the classical-scientific management theory, justify the use of rigid hierarchies in a business.

The classical-scientific management theory is closely associated with a pyramid hierarchical structure. Under this model controlling power is located at the top of the hierarchy with the rigid policies and procedures enacted by these governing parties flowing down through the organisation. A critical element of this structure with many levels is that there little or virtually no consultation between top management and workers as each level of the hierarchy receives instructions from the level above and issues orders to the level below. Advocates argue that clear lines of communication could provide productivity benefits when applied to industry as wasteful practices and inefficiency are minimised. This structure creates very strict lines of authority from the top down called chain of command. A long chain of command, narrow span of control and division of labour forms the foundation of classical-scientific management theory.

4. Lianne is thinking of starting up her own fashion business for women. It would employ around ten full-time designers and retail workers. Discuss two functions of management that the classical-scientific school suggests Lianne will need to perform.

Planning is the first managerial function that Lianne must consider as she sets the stage for the other functions of management. Planning involves determining the business's objectives and the strategies required to achieve its objectives. Lianne must realise that planning is crucial for the growth and success of her fashion business. After deciding her goals she must evaluate her current position, identify possible future conditions and then strategically plan which actions are most likely to accomplish her goals by choosing the best possible alternatives. Lastly, Lianne must successfully execute and implement the steps she has chosen as her plan remembering to evaluate results and revise where appropriate.

It is essential that planning is well considered and executed to allow for a solid foundation to build on in terms of other management functions such as *organising*. In organising her business, Lianne must design the business processes and structure in a way that best achieves the business's objectives. She must devote time to determine what tasks are to be done, how the tasks will be allocated and coordinated, how the results and feedback will be reported, and decide who will have authority.

5. Compare and contrast the views of the worker in both the classical-scientific and behavioural schools of management.

Under behavioural management, employees are given sufficient flexibility, greater autonomy, independence and empowerment in the decision-making process. Workers are often organised into teams in the behavioural approach and middle layers of management removed, as employees are seen to need less direct supervision. Employees' skills and capabilities are optimised and employees' feelings are acknowledged as a determinant of business success. The division of labour typically seen in the classical-scientific management theory can result in over-specialisation of workers, which may lead to worker boredom, monotony, low morale, resentment by workers, absenteeism, high worker turnover and reduced workplace flexibility. However, some employees do not like the behavioural approach to managing the organisation as they do not want to work as part of a team and they see that their chances of promotion are minimised.

6. Examine how Lianne's management functions would differ from those identified in Question 4, if you used the behavioural approach to management.

Behavioural theorists believed that leading, motivating and communicating are the key ingredients to improving worker productivity. Leadership skills are a rare quality possessed only by a few who are capable of inspiring and motivating others. They have the ability to influence a group towards the achievement of goals. Leaders must be intuitive, imaginative, bold and people-orientated, possessing strong communication skills. Hence, under this approach, Lianne must successfully motivate employees to exert high levels of effort to achieve the business's objectives. She must match individual skills and personalities to suitable jobs, set goals, provide feedback, link performance with rewards, recognise achievement and encourage success whilst remembering not to penalise failure. Lianne would recognise the fact that her employees do not just work for financial reward but also for personal satisfaction.

7. Briefly examine the role of flat organisational structures and teams in behavioural management.

The behavioural management theory supports concepts of motivation, leadership and group dynamics. Theorists believed that workers are able to undertake basic tasks without strict supervision and frequent instructions, allowing for businesses to operate with fewer managers, hence a flatter organisational structure and a wider span of control. Cohesive workplace teams emphasise the importance of working together in a cooperative and coordinated fashion. Concepts of group dynamics promote cooperation and improve employee moral. Better decisions and more innovative ideas can result from team work. Team work can increase performance by workers combining ideas to create synergy.

8. Summarise the role of politics and coalitions in a business as seen by political management theory.

Politics are activities relating to the acquisition and exercise of power, in order to achieve desired outcomes. Under the political management theory, managers impose their power and influence to manage an organisation. This theory suggests that there is inherent disagreement over goals of the organisation. Common characteristics that encourage political behaviour include the intense competition over resources, unclear rules, policies and roles. The political dimension of organisations stresses that the concept that power can be formal or informal and is not always granted through the organisational hierarchy but can also take the form of coercive, reward, referent or expert power. Managers must have sound negotiation and bargaining skills in order to appropriately manage competing interests and conflict of stakeholders. Often coalitions are formed to promote the differing view points within an organisation. Coalitions are groups united by common goals, formed with a view to commanding greater power. Advocates argue that intense competition between groups helps to foster and stimulate innovation and new ideas. However, as employees may divert their attention away from their responsibilities to engage in political infighting, this will impact on the ability of the business to meet its goals

9. Consider a large corporation such as Coles. Explain how the systems approach to management would assist in the management of this company.

A **system** is an interdependent collection of parts that function as a whole. In management, these parts are the departments or functional areas of a business. Under this approach, managers must understand that interdependent subsystems (such as marketing and finance) work towards synergy to achieve goals that would not be otherwise attainable by one subsystem. A modification to the marketing campaign of Coles, for instance, would directly impact the financial management of the business (increasing costs) and the operational requirements and production needs of Coles. Managers must anticipate that a change to one part of the system has a flow-on effect on the others. This is a particularly important tool for decision making.

10. Explain the link between the contingency theory of management and the other theories you have studied.

The contingency theory suggests that universal theories cannot be applied to organisations because each business is unique. Under this theory, it is recognised that what works well in one circumstance or situation may be inappropriate or ineffective in another. This means management styles must depend on the particular circumstance requiring managers to be flexible and have the ability to adapt to today's dynamic business environment. This model serves to integrate characteristics from other management theories such as behavioural management theory and the classical-scientific management theory. For example, leadership styles of classical-scientific management theory (autocratic leadership style) would be appropriate when immediate decisions need to be made under pressure. Contingency theory stresses there is no single 'correct' theory and implies that it is the role for managers to determine what will work in a given situation. Managers of the twenty-first century recognise that universal guidelines can be ineffective and do not fit every organisation. In today's society, organisations and their environments are not as stable and simple as they were in previous years.