

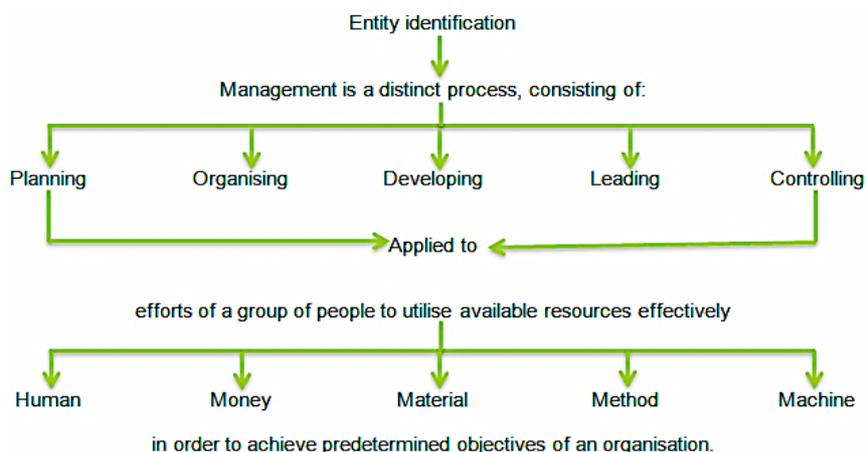
THE CONCEPT OF MANAGEMENT THEORY

Timeframe:	10 hours
Learning outcomes:	<ul style="list-style-type: none"> • Critically analyse the main management and leadership theories; • Critically examine the history and evolution of management; • Analyse the application of management theory in the workplace; • Examine the contribution of management theory to the workplace.
Recommended reading:	<ul style="list-style-type: none"> • Business Redefined: A Look at the Global Trends that are changing the World of Business (Ernst and Young, 2010) • Management in emerging versus developed countries: a comparative study from an Indian Perspective (Nigam and Su, 2011) • Socio-economic approach to management: a successful systemic approach to organisational change (Conbere and Heorhiadi, 2011) • <u>Select a Country</u> (Hofstede, 2012c)
Multimedia:	<ul style="list-style-type: none"> • Looking at 2060: a Global Vision of Long-Term Growth [Video clip] (Riley, 2012)
Section overview:	In this section, we will be discussing the theories, trends and concepts of management and managing. This is essential information as it forms the foundations of management development and management application.

Managing and Management

Management can be defined according to the key activities involved in the process of managing. Key elements of management are presented in Figure 1.

Figure 1: Management Definition



(Einstein College, n.d.)

Peter Drucker, often referred to as the father of modern management theory, divides (as illustrated in Figure 1) the activities of managers into five tasks (Murry, 2013). These are described in Table 1.

Table 1: Management Functions

Set objectives	Managers set the group's objectives and are part of the decision making of dividing the tasks between group members.
Organise	Work needs to be divided into manageable activities. Managers do this together with the description of who should complete the activity.
Motivate and communicate	They are to motivate employees towards personal and organisational goals. These goals and objectives are to be communicated regularly to ensure team members are on track.
Measure	Managers are responsible for the productivity of their teams. They are to measure this using the organisational performance management system.
Develop	Managers are responsible for the development of their teams. As the employee is the organisation's greatest asset, managers are responsible to develop that asset.

(Adapted from: Murry, 2013)

Wehrich (1993: 4) argues that managers process and maintain an environment that allows employees to work together to reach specific aims. However, this definition is dated as it only reflects the creation of profit in an organisation. It neglects to project the development of the human capital of the organisation. We shall discuss the importance of developing human capital in an organisation later in this study guide.

Managing Skills

Darr (2011: 9) suggests that managers are required to have technical, conceptual and human/interpersonal skills. The different skills that are required at different management levels are presented in **Table 2**.

Table 2: Management Skills

Technical skills	Technical skills involve the ability to use methods, processes and techniques for management. In practice, this involves the ability to plan and organise. The use of these skills decreases as managers become more senior.
Conceptual skills	These skills reflect an employee's ability to see how different factors interact and contribute to solving a problem. The consequences of decisions can be evaluated.
Human/ interpersonal skills	Interpersonal skills reflect an employee's ability to work with and motivate others, and understand how other team members operate.

(Adapted from: Darr, 2011: 9)



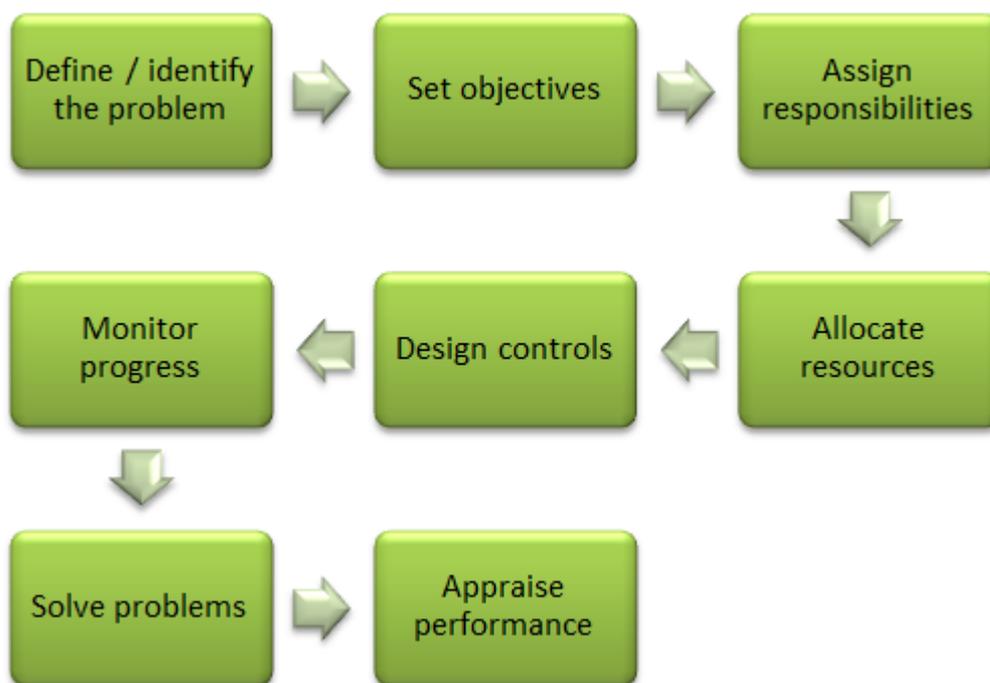
Task Question

Think of the team of which you are a part at work. How would you and your fellow team members define management?

Management Process

According to Montana and Charnov (2008: 7), the management process involves the following activities (Figure 2):

Figure 2: Management Process



(Montana and Charnov, 2008: 7)

When the process of management is identified, it is crucial that this process does not restrict managerial activity. Each problem is different and may require a unique approach to problem solving. The process however, is based on the principles of management as described by Henry Fayol (Sumon, 2010).

Principles of Management

In the 1916s, Henry Fayol outlined 14 principles of management. These principles form a part of the development of management theory and can still be used in management today (Sumon, 2010). They are briefly discussed in **Table 3** below.

Table 3: Fayol's Principles of Management

Division of work	Division of work reflects the specialisation of employees allowing for efficiency and productivity. When managers plan activities they evaluate the abilities of employees in order to divide the tasks.
Authority and responsibility	Authority reflects a manager's right to give instruction. Responsibility reflects the manager's obligation to accomplish the task.
Discipline	Each member of the organisation is obliged to honour the rules and regulations, policies and procedures, and objectives of the organisation. Employees [must] agree to uphold the rules and [understand] those penalties will be enforced when they are not.
Unity of command	One person should give instruction only. This allows unity in teams and in organisations.
Unity of direction	All team members should work together to ensure [that] organisational goals are met.
Cooperation	Cooperation refers to the drive within teams to reach goals and work together to reach such goals.
Remuneration	The principle of remuneration refers to the incentive provided by employers to motivate employees. Incentives should be specified and be both financial and non-financial.
Centralisation	A balance should be struck between the centralisation and decentralisation of power.
Scalar chain	Instructions given should be unified and remain unbroken from the most senior to junior rank.
Order	Order ensures that an organisation can run efficiently and [soundly].
Equity	All employees should be involved to achieve the organisational strategic objectives. There should be equal opportunity for everyone in an organisation and managers should embrace this.
Stability of tenure	Employees must have the chance to get used to their new environments in a secure manner.
Esprit of cooperation	An organisation needs to present and underline a culture of cooperation. The senior management of an organisation should encourage loyalty, pride and a sense of belonging.
Initiative	For an organisation to be competitive, it needs to be creative and innovative.

(Sumon, 2010)

Characteristics of Management

Aquinas (2007: 10-11) lists 17 characteristics of management. These characteristics are described in **Table 4**.

Table 4: Characteristics of Management

The aim of management is to reap results	Management is responsible to ensure productive performance through planning, directing and monitoring employees.
Skills and experience are required to get things done through people	Applying people to perform tasks described in strategic objectives is necessary for profitable return. Being able to manage a group of people is an essential function of management.
Management process	The process of management continues until objectives are met.
Universal activity	Management applies to all walks of life – it can be used in political, social, educational and religious contexts. Management takes place whenever a group works together towards a goal or objective.
Science/art of management	The art of management refers to harnessing the potential of people to achieve the desired objectives. The science of management refers to the process involved in achieving those objectives..
Management as a profession	Management can be described as a profession because it requires specialised training and is governed by an ethical code.
Management is achieved through pre-determined objectives	As management is concerned with directing and controlling activities in an organisation, it requires objectives to measure the outputs of both employee and organisation. All management activities have objectives.
Management as a group activity	One can only manage effectively when there is a group working towards a common objective. It can therefore be stated that management is always concerned with group efforts and productivity.
Management as authority	Management is concerned with formalising roles, rules and procedures to ensure compliance to organisational policies and regulations. Furthermore, it requires the ability to “extract” productivity from employees.
Management and decision making	The success of an organisation relies on the ability of its decision makers to make decisions regarding direction and quality. Informed decisions required the cooperation of managers and feedback concerning what the organisation needs and what the organisation is doing right.
Management implies leadership	Management requires the ability to influence the behaviour of team members to ensure productivity. This implies the ability to lead a group towards a common, negotiated purpose and goal.
Management is dynamic	Management as a science and art is dynamic and not static. A manager is required to adapt to changes necessitated internally and externally.
Management draws ideas from different disciplines	Management is interdisciplinary as it draws ideas and concepts from other disciplines like economics, psychology, sociology, and so on.
Management is goal orientated	All activities managed by managers are pre-determined by organisational and team goals.
Management exists on different levels	Management exist on three different levels: top level (senior management), middle level (middle management), and lower level (line management).
Management is intangible	Management is seen in the quality of outputs – profits, increased productivity, and satisfied employees.

(Adapted from: Aquinas, 2007: 10-11)