An Academic Essay

on

The Importance of People and Organisational Management Theories

and

Their Critical Appraisal vis-à-vis Key Challenges of 21st Century

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A Brief Overview Of The Development Of Management Thought (Theories And Paradigms)

Looking at the history of management as an academic discipline, there are some names which are simply unavoidable in any treatise on the topic. One such name is of Harold Koontz who is perhaps the most influential of management academics of the second half of the last century. He divided the major schools of management theory into six main groups: the management process school, the empirical school, the human behavior school, the social system school, the decision theory school, and the mathematics school (Koontz 1961). In 1980, he reevaluated the situation and determined that major schools had increased from six to at least 11, stating "the jungle appears to have become even more dense and impenetrable" (Koontz 1980, p. 175). So, it is not easy to find our way out of this jungle

Similarly, it is difficult to start any discussion, let alone writing an academic essay, on development of the thought in management discipline and different theories in the field without the use of term 'paradigm'. A paradigm is a framework of basic assumptions, theories and models that are commonly and strongly accepted and shared within a particular field of activity, at a particular point in time (Mink, 1992; Collins, 1998). Lemak (2004) in his effort at simplifying the development of management thought over the last 200 plus years has identified the above major schools of management with the three dominant management paradigms. His categorisations are: classical paradigm; behavioural paradigm; and systems paradigm.

The above paradigms were drawn based on a set of six assumptions (unit of analysis, source of motivation, human nature, focus of managerial attention, ultimate objective, and role of the manager) which summarise the core of management practice. With the above perspectives on major schools of management theory and management paradigms, the paragraphs below trace the evolution and genesis of the modern management thought.

The earliest contributors to management practice are grouped into two groups. First one is practicing managers such as Taylor (1913) and Fayol (1949) and the second one as social scientists such as Mayo (1933) and McGregor (1957). The work of practicing managers is called as "Classical "management approach. Its beginning stems from industrial revolution. This revolution brought the need for efficient planning, organizing, influencing and controlling.

The classical management movement has two fundamental thrusts – scientific management and general administrative management. Scientific management centres on ways to improve productivity. Administrative management theory examines organizations as total entities and focuses on ways to make them more effective and efficient. Taylor and Fayol are the pioneers of classical thought. These practicing managers had written their personal experiences of management and derived certain principles of management from them which can be used to achieve organizational effectiveness. They were concerned about the structuring of work and organization.

Henry L. Gantt (1973), another colleague of Taylor's at Bethlehem Steel Works, implemented a wage incentive programme considered far superior to Taylor's. Though he made many contributions to the field of management, Gantt is best known for an offshoot of his task and bonus system. The main thrust of his system was centred on the completion of a given amount of work in a given time. He developed planning and control techniques using a simple graphic bar chart, the Gantt Chart, to display relationships between planned and completed work on one axis and elapsed time on the other. A German sociologist, Max Weber (1947), had given the idea of Bureaucratic management. According to him, right people should be selected for the right job in an office based on their qualifications. Each lower office was accountable to the next higher. Promotions were designed to reward seniority, achievement or both.

Classical approach to management ignored the human aspects of business organizations. Hence the "Behavioural management" was introduced by the later researchers called social scientists. This approach emphasize on human psychology, motivation and leadership style instead of simple mechanical efficiency. The main contributors to this approach are Marry Parker Follett (quoted in Graham, 1990), Maslow (1943), Mayo (1933), and Douglas McGregor (1957). Their emphasis was as much on employee's satisfaction as on organizational effectiveness. Their primary purpose was to optimize the output of human resources by taking into consideration of human factor at work place. They emphasize on employee's motivation, interpersonal communication and leadership style. Mayo (1933) discovered from Hawthorne experiments that the relationship between supervisors, subordinates and peers had a stronger effect on productivity than either economic benefits or the organization's physical environment.

The basic idea behind the human relations approach is that the people's needs are the major factor in achieving organizational effectiveness. Maslow (1943) introduced a five tiered hierarchy of needs ranging from physiological needs (foods, house, sleep…etc) to a higher level need of self actualization. McGregor (1957) stressed the importance of understanding the relationship between motivation and human nature. He presented two theories X and Y. Theory X is termed as negative theory and according to this theory, people work only for monetary gain and they are motivated by threats and fears. Theory Y is opposite of the theory X. It says that people are capable of being responsible and mature. Both these theories had played an important role in the management of operations. Both theory X and Y are opposite poles of management style.

The other contributor to this approach was Herzberg (1959). His motivation hygiene theory is based on two factors; satisfiers and dissatisfiers. According to him, dissatisfiers include pay, working conditions, good personnel policies and procedures and supervision. Absence of these conditions can make the employee dissatisfied but presence of these conditions does not necessarily motivate the employee. Satisfiers include sense of challenge, achievement, recognition, responsibility, advancement and personal growth. Absence of these conditions may not dissatisfy the employee but presence of these conditions, motivate the employee.

Another group of management thinkers, under the influence of Bernard (Chester I. Bernard, quoted in Wolf, 1974), challenged the dominance of human relation and psychology. In their opinion, human social factors alone were not enough in achieving organizational effectiveness. They consider the organizations are part of a large environment with which they interact and are affected by technical and economic factors just as much as social ones.

There are two types of system, open and closed. Open system recognized and respond to their environment and closed systems are not influenced by and do not interact with their environment. Closed system generally deals with routine tasks, task specialization and conflict management. Open systems generally deals with non-routine task performance.

From open system approach; a new pragmatic theory came which argues that there is no one single theory which can guarantee the organizational effectiveness. Management should select a blend of theories which meet the needs of an organization and its internal and external challenges at a particular period of time. This is called contingency approach. This approach stresses the need for appraisal and analysis of the entire managerial environment within the organization.

Perhaps the last major contribution to the development of management thought was by a group of modern theorists who emphasized that the organizations must be evaluated in the context of an organization's overriding need for flexibility in responding to change in its external and internal environment, in order to meet the competing demands of all its stakeholders. This emphasis implies more than just efficiency and taking a strategic approach to management practice. This approach is concerned with decision making process and actions which determines an organization's long run performance, and incorporates business policy with heavier emphasis on environment and strategy. According to Ansoff (1957), strategy is defined as rule for decision making processes which are determined by the product and market, the growth vector, the competitive advantage and the synergy. Another definition of strategic management was introduced by Mintzberg (1972). He defined strategy as a mediating force between an organization and its environment.

A Critical Appraisal Of Management Theories And Paradigms Vis-À-Vis Challenges Of 21st Century

The advent of the 21st century has brought with it a great wave of change where the key words for the future are variety, flexibility, and customization. Indeed, a new rationale based on interaction of ICT and digital economy is emerging, with a clear shift towards information intensive rather than energy or material intensive products. Globalization has also brought with it new business opportunities, and a growing global marketplace, where information goods and capital flow freely and customer choice is expanding. Against this backdrop of change, the field of management has suffered some degree of dislocation (Collins, 1996) and I would like to argue that this introspection has resulted in a discernible evolution in traditional theoretical approaches/orientations as well as fundamentally changed organizational practices.

Functional hierarchical line management was the main management paradigm for nearly 200 years. The system was based on the theories of Taylor, Fayol and Weber as noted above. These theorists viewed the management environment as stable and as such tended to prescribe centralized decision-making processes and hierarchical communication channels. Organizations were perceived to be rational entities pursuing specific rational goals through their organization into highly formalized, differentiated and efficient structures (Turner and Keegan, 1999; Burnes, 2000; Jaffee, 2001).

The classical management paradigm was characterized by its inward focus, with special attention accorded to cutting costs, complying with rules, respecting hierarchy, and dividing labor into simple, specialized jobs. It was narrowly focused on promoting production efficiency and combating waste. Within the spirit of this overarching objective, a range of practices were prescribed and allowed to flourish, including a focus on order giving and control, enforced standardization/cooperation, and authoritarian/ disciplinarian approaches to management. This was generally associated with a mechanistic orientation to structural design, emphasizing high specialization, rigid departmentalization, clear chain of command, narrow spans of control, centralization and high formalization (Kreitner, 2002; Robbins and Coulter, 2003). The overriding concern of the classical paradigm was thus with improving the firm's productivity, and managing available resources in a static and stable technological environment (Khalil, 2000).

The classical management paradigm worked well when markets, products and technologies were slow to change (Turner and Keegan, 1999). Nevertheless, the system's revealed weaknesses and limitations have gradually been exposed with accelerating globalization and technological innovation. Therefore, a rapidly changing techno-socio-economic environment is presenting new challenges for structuring and managing organizations within the industries related to the built environment. Increasing technological complexity and the need to diffuse information and technology within the organizations are proving to be beyond the capacity of the old rigid hierarchal management system. Firms operating in the construction industry need to harness growing knowledge, technology and engineering advances and a whole range of new skills and dynamic competencies (Liyanage and Poon, 2002).

People in the construction industry perceive the old management system as under-utilizing their expertise and under-estimating their willingness to take initiative and responsibility. New attitudes towards work involve feelings of pride and ownership and employees are becoming more concerned about merit, value, worth, meaning and fulfillment (Stallings, 2000). Customers are also becoming better educated, more enlightened, more sophisticated, more inquisitive and critical – in sum more demanding in value for their money (Chapman, 2001).

Organizations have become increasingly aware that the world has turned on its axis, necessitating a fundamental re-assessment of objectives, operations and management orientation. The theories that have most widely affected contemporary management thinking include the behavioral approach, the systems theory, and the contingency approach, each of which contributed new insights to our understanding of contemporary management processes.

The behavioral approach for example turned attention to the human factor in the organization and the importance of group dynamics and complex human motivations. The systems approach alerted managers to the notions of embedded-ness and interdependencies, while the contingency approach underscored adaptability/situational appropriateness. The organizational learning approach emphasized the usefulness of carefully nurturing and cultivating the capacity to acquire new knowledge and to put it into new applications.

Inspired by these various contributions, traditional management perspectives are being transformed, and the long-held criteria for evaluating organizational and managerial effectiveness are being reinvigorated. While the changes have proved unsettling for many managers and organizations, 21st century corporations are surely charting new grounds where familiar themes and practices are being disrupted and remolded. Business discourse increasingly revolves around intelligence, information and ideas (Handy, 1989) and capitalizing on brainpower and intellectual capital to add value and sustain competitiveness.

Management in the 21st century would be increasingly founded on the ability to cope with constant change and not stability, organized around networks and not hierarchies, built on shifting partnerships and alliances and not self-sufficiency, and constructed on technological advantage and not bricks and mortar (Carnall, 2003). New organizations are networks of intricately woven webs that are based on virtual integration rather than vertical integration, interdependence rather than independence, and mass customization rather than mass production (Greenwald, 2001).

Organizations embracing the new management changes are restructuring their internal processes and management approaches around rapidly changing information and technology. This entails developing the creative potential of the organization by fostering new ideas, harnessing people's creativity and enthusiasm, tapping the innovative potential of employees, and encouraging the proliferation of autonomy and entrepreneurship (Blanchard, 1996; Kuczmarski, 1996; Boyett and Boyett, 2000; Black and Porter, 2000).

Whereas the classical paradigm considered labor a commodity to be bought, exploited to exhaustion, and discarded when convenient, a much different orientation currently prevails, requiring the careful nurturing and skillful management of human resources, with a focus on psychological commitment, empowerment, teamwork, trust, and participation. Kanter (1989, p. 20) aptly describes the revolution in management practice. She writes: "The new game of business requires faster action, more creative maneuvering, more flexibility and closer partnerships with employees and customers than was typical in the traditional corporate bureaucracy. It requires more agile, limber management that pursues opportunity without being bogged down by cumbersome structures or weighty procedures that impede action. Corporate giants, in short, must learn how to dance."

Against this backdrop of changes in organisational behaviour and learning, people, i.e. individual managers and executives are being asked to change their approach to running their operations and managing people. People in modern organizations are treated as the natural resource and capital asset of the organization and the most important source of sustainable competitive advantage. This cannot be truer about the demands in terms of managerial practice on people in my industry. The "new" managers, we are told, must learn to be coaches, team players, facilitators, process managers, human resource executives, visionary leaders, and entrepreneurs (Longenecker and Ariss, 2002). They must be more bottom-line driven, more innovative, and more focused on the human dynamics of their industry and organization (Chapman, 2001).

The 21st century managers are therefore expected to nurture a complex amalgamation of technical, functional, and socio-cultural skills to cope with the new paradigm, that has changed their responsibilities, increased their risks and weakened their control by flattening hierarchy (Nohria and Ghoshal, 1997; Pucik and Saba, 1998; Fish, 1999). They are increasingly conceived as pillars and architects of organizational competitiveness, linking people, opportunities and resources (Chapman, 2001). On the other hand, failing to live up to these expectations may limit the organization's ability to thrive in an increasingly complex and dynamic environment. (word count 2516)

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