7.1 Introduction

Management has been practised for thousands of years. The great pyramids of Giza in Egypt, for example, represent the combined efforts of more than 100 000 individuals who worked on the project over a 20-year period. This remarkable achievement was the result of well-coordinated management practices.

FIGURE 7.1 Effective management practices were applied to building the pyramids of Egypt.

The development of management as a body of knowledge and a subject in its own right is much more recent. The Industrial Revolution of the late 1700s, which encouraged the growth of factories, acted as a catalyst for developing management approaches (theories). As the number of factories increased, there was a need to coordinate the efforts of many people in the continual production of goods and services.

A number of people began thinking and writing about ways of running factories more efficiently. These individuals were the first to develop approaches to management and paved the way for the many management theorists who followed.
These approaches, or theories, outline the main functions of management including planning, organising, leading, motivating, communicating, negotiating and controlling a group of individuals in an attempt to achieve specific goals. To a large extent, management approaches have tended to reflect the customs and traditions of the society at the time. Consequently, as social and economic conditions changed new approaches were developed. However, no single approach to management is universally accepted today. Rather, each approach offers something of value for today’s managers.

The management approach adopted by a business will have an enormous impact on all aspects of the business’s operation. In particular, management approaches influence:
• the organisation and allocation of tasks to staff
• the organisational structure
• levels of management
• management styles.

Summary
• Knowledge about management today is the result of a long and continuing innovative process as ideas evolved over time.
• The business’s management approach will have an enormous impact on all aspects of the business’s operations.

7.2 Classical approach to management

The Industrial Revolution began with the invention of reliable steam-powered machines. For the first time, businesses could mass-produce goods in factories that operated year-round. This posed challenges that earlier businesses had not previously faced. Problems arose in training employees, organising the managerial structure, scheduling complex manufacturing processes and dealing with worker dissatisfaction. Business owners now had to plan, organise, direct, control and staff many different types of operation.

In response to these many complex problems, managers developed and tested solutions with the focus on finding ‘one best way’ to perform and manage tasks. The evolution of modern management, called the classical approach, had begun.

As the Industrial Revolution continued, this approach generated two perspectives, each with a slightly different emphasis. First came the classical scientific approach, which focused on how best to organise workers and production methods on the factory floor. Then came the classical bureaucratic approach, which emphasised how businesses should be organised or structured.

Classical–scientific approach

One significant management approach that emerged during the nineteenth century was that of Frederick W Taylor (1856–1915). Taylor (figure 7.2) was an advocate of the production line method of manufacturing, which he viewed as the most efficient form of production. This production system was used in the industrialised countries of the world until the early 1970s and was based mainly on Taylor’s scientific management ideas.

Taylor, to assist his analysis, developed the principles of scientific management: an approach that studies a job in great detail to discover the best way to perform it.

BizFACT
The factory system radically altered how goods were made. Previously, most production was on a small-scale basis that was carried out in the home. The Industrial Revolution resulted in large groups of semi-skilled workers using machines located in big factories.

BizWORD
Mass production is the process of manufacturing standardised goods on a huge scale by automation.

BizWORD
The classical approach to management stresses how best to manage and organise workers so as to improve productivity (output).

BizWORD
Scientific management is an approach that studies a job in great detail to discover the best way to perform it.
Taylor’s four principles of scientific management are as follows:
1. Scientifically examine each part of a task to determine the most efficient method for performing the task.
2. Select suitable workers and train them to use the scientifically developed work methods.
3. Cooperate with workers to guarantee they use the scientific methods.
4. Divide work and responsibility so that management is responsible for planning, organising and controlling the scientific work methods, and workers are responsible for carrying out the work as planned.

To improve efficiency, Taylor attempted to systematise the way a job was done. He believed that a poorly skilled workforce could be trained to perform simple repetitive tasks effectively. He used time and motion studies to analyse the performance of a particular task, with the objective of reducing a task to an effective minimum standard. As well as reducing routine tasks into their most simple format, Taylor advocated the division of labour into function-related units; that is, tasks were divided into small, specialised activities.

Taylor also believed that employees follow their own self-interest and display a natural desire to avoid work. Such a situation, he argued, required tight control by supervisors and managers. He believed in the need for management to control workers and ensure they followed instructions by rigid rules and regulations based on a hierarchy of authority.

One notable student of classical–scientific theory was Henry Ford. Being familiar with Taylor’s work, Ford became an enthusiastic believer in scientific management and the use of machines. By combining these ideas, Ford developed his famous mechanised assembly line in 1913.

This approach to car assembly involved a chassis moving down an assembly line on a conveyor belt. A small team of workers would move with the car, fitting the various components that had been carefully set out along the production line. The end result was to reduce the hours spent on the assembly of a car from 728 hours to just 1.5!
McDonald’s is another business that uses Taylor’s scientific management approach in the preparation of its food. For example, a Big Mac is produced according to a set number of steps. The burger takes a predetermined number of seconds to cook, fixed amounts of lettuce, cheese and other ingredients are added precisely at the correct time and in exactly the same way. However, McDonald’s adopts other management approaches when dealing with its employees; approaches that emphasise the ‘human relations’ aspect.

Of course, the initial ideas of the classical–scientific theorists have been modified over time. However, modern managers realise that without motivated and committed employees, empowered to analyse their own work habits and take responsibility for what they do, productivity will not improve.

Classical–bureaucratic approach

The classical–bureaucratic approach was pioneered by Max Weber and Henri Fayol. According to Weber, a bureaucracy is the most efficient form of organisation and should have:

- a strict hierarchical organisational structure
- clear lines of communication and responsibility
- jobs broken down into simple tasks; specialisation
- rules and procedures
- impersonal evaluation of employee performance to avoid favouritism and bias.

Today, the term ‘bureaucracy’ is sometimes associated with controversy. People talk about bureaucracy as if it is self-serving and uncaring, but Weber described it positively. He believed that it contributed to a rational and more efficient organisation, because everyone knew their status and position in the organisation.

Fayol identified a number of management functions, including planning, organising and controlling (figure 7.4). His explanation of the functional approach to management provided a type of ‘job description’ for managers.

Fayol’s explanation of the functions of management was so concise and easy to understand that it formed the foundation of most management courses offered during the twentieth century. His explanation was often used as a definition of management itself.
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**FIGURE 7.4** The main functions of management, according to Henri Fayol

<table>
<thead>
<tr>
<th>Management function</th>
<th>Definition</th>
<th>Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Planning</td>
<td>The process of setting goals and deciding on the methods to achieve them</td>
<td>Planning the tasks that need to be performed</td>
</tr>
<tr>
<td>2. Organising</td>
<td>The process of arranging the resources of the business to achieve the goals</td>
<td>Organising the work and workplace in such a way as to maximise productivity and efficiency</td>
</tr>
<tr>
<td>3. Controlling</td>
<td>The process of evaluating and modifying tasks to ensure that the set goals are being achieved</td>
<td>Changing production procedures if goals are not being achieved</td>
</tr>
</tbody>
</table>

Fayol also developed a number of principles to assist managers, including:
- discipline as a feature of leadership
- the organisation’s goals should take precedence over an employee’s individual interests
- rewards for effort should be fair
- security of employment is essential
- teamwork should be encouraged.

In the nineteenth century, management models were based on a hierarchical system of authority similar to the layered and somewhat rigid organisational structure of the major churches, educational institutions and the army. Such techniques were viewed as appropriate for the production line because they ensured effective control of the workforce.

**Summary**

- A classical–scientific approach to management, pioneered by Frederick Taylor, studies a job in great detail to discover the best way to perform it.
- The classical–scientific approach led to the development of assembly line, mass-production techniques.
- A classical–bureaucratic approach to management, pioneered by Max Weber and Henri Fayol, advocated:
  - that a bureaucracy is the most efficient form of organisation
  - the main function of management is planning, organising and controlling.
- The main features of classical–scientific and classical–bureaucratic management approaches include:
  - time and motion studies used to reduce inefficiencies
  - production line methods
  - hierarchical organisational structure (bureaucracy)
  - clear lines of authority (chain of command)
  - discipline as a feature of leadership
  - autocratic leadership style
  - rules and procedures.
Revision

1. Clarify why the practice of management is not considered a recent invention.
2. State how the Industrial Revolution acted as a catalyst for developing management approaches.
3. Recall two challenges the Industrial Revolution posed for businesses.
4. Outline the impact the Industrial Revolution had on the development of management approaches.
5. Define the term ‘classical approach’ to management.
6. Identify the two perspectives of the classical approach to management.
7. Summarise Taylor’s principles of scientific management.
8. State the main purpose of time and motion studies.
9. Demonstrate the link between Ford cars and McDonald’s hamburgers.
10. Identify the main bureaucratic features Max Weber believed needed to exist in a business for it to operate efficiently.
11. Apply the correct definition to the terms underneath the grid.

<table>
<thead>
<tr>
<th></th>
<th>planning</th>
<th>organising</th>
<th>controlling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The process of evaluating and modifying tasks to ensure that the set goals are being achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>The process of arranging the resources of the business to achieve the goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>The process of setting goals and deciding on the methods to achieve them</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Compare and contrast Frederick Taylor’s ideas on how to improve productivity with the ideas of Henri Fayol. You might like to present your information in the form of a Venn diagram, as shown in figure 7.5.

FIGURE 7.5 A Venn diagram is used to compare and contrast information. Points of difference are recorded in the outer parts of the circle and similarities are placed in the area where the two circles intersect.

Extension

1. In small groups, create a list of advantages and disadvantages of a modern business adopting a purely classical–scientific management approach. Share your research with the class as either a written or oral presentation.
2. Examine how the classical approach to management helped Henry Ford build the Ford Motor Company. Evaluate the criticisms that have been made of automated production line methods of manufacturing. Use the bio.true story weblink in your eBookPLUS to access a biography of Henry Ford and the working conditions in the early Ford factories.
3. Determine why supporters of the scientific management approach established bureaucracies within their businesses.
4. ‘Classical management thinkers looked for the best way to do everything. Their tools were time and motion study, and a scientific approach to studying work and workflow.’ Discuss.
Management as planning

Planning is often referred to as the primary management function. It provides the key to both the short-term and long-term success of a business. Effective planning provides a vision and goals for a business, strategies to achieve the vision and goals, and anticipation of future directions for change.

The ability of a manager to develop, implement and monitor plans will directly affect a business’s success.

Planning is the preparation of a predetermined course of action for a business. It involves showing how the business will achieve its stated mission and business goals.

Levels of planning — strategic, tactical and operational planning

Once the business goals have been determined, decisions have to be made about how they will be achieved. This requires detailed plans for activities at all levels of the business. There are three different types of plans.

1. **Strategic (long-term) planning** is planning for the following three to five years. This level of planning will assist in determining where in the market the business wants to be, and what the business wants to achieve in relation to its competitors.

2. **Tactical (medium-term) planning** is flexible, adaptable planning, usually over one to two years, that assists in implementing the strategic plan. Tactical planning allows the business to respond quickly to changes. The emphasis is on how the goals will be achieved through the allocation of resources.

3. **Operational (short-term) planning** provides specific details about the way in which the business will operate in the short term. Management controls the day-to-day operations that contribute to achieving short-term actions and goals. Examples of operational plans are daily and weekly production schedules.

**BizWORD**

Planning is the preparation of a predetermined course of action for a business.

**BizWORD**

Strategic planning is planning for the following three to five years. This level of planning will assist in determining where in the market the business wants to be, and what the business wants to achieve in relation to its competitors.

Tactical planning is flexible, adaptable planning, usually over one to two years, that assists in implementing the strategic plan.

Operational planning provides specific details about the way in which the business will operate in the short term.

**FIGURE 7.6** It is often said that ‘failing to plan is planning to fail’.
Management as organising

Organising is the next part of the process when management puts into practice the goals that were determined in the planning stage. Organising is determining what is to be done, who is to do it and how it is to be done. It is organising the financial, human and material resources to achieve the goals of the business.

Management has to coordinate activities to translate plans into reality — that is, to ensure that the goals of the strategic, tactical and operational plans are achieved.

The organisation process

The organisation process is the range of activities that translate the goals of a business into reality. These activities include the following three steps:
1. Determining the work activities. The work activities required to achieve management objectives must be determined. Work activities are then usually broken down into smaller steps.
2. Classifying and grouping activities. Once the work activities of a business have been broken down into smaller steps, similar activities can be grouped together. This improves efficiency by enabling the most appropriate allocation of resources. For example, it is common practice to group activities into departments or sections and allocate employees and supervisors to each section or department.
3. Assigning work and delegating authority. The next step in the organisation process is to determine who is to carry out the work, and who has the responsibility to ensure that the work is carried out. Delegation also involves ensuring that the person who has been given responsibility does carry out the processes.

Management as controlling

Controlling is the process management goes through when it attempts to evaluate performance and take corrective action to ensure that objectives are being achieved.

Controlling compares what was intended to happen with what has actually occurred. If there is a discrepancy between performance and goals, changes and improvements can be made.

Control processes

There are three steps in the control process (see figure 7.7).

THE CONTROL PROCESS

1. Establish standards in line with the firm’s goals and influences from employees, management, industry and government.
2. Measure performance and determine how comparisons will be made against standards or benchmarks.
3. Take corrective action — changing activities, processes and personnel to ensure that the goals of the business have been met.

**BizWORD**

Organising is the structuring of the organisation to translate plans and goals into action.

The organisation process is the range of activities that translate the goals of a business into reality.

**BizFACT**

The way that management views its employees will determine the level of responsibility and authority given to individuals for the purpose of achieving business goals.

**BizWORD**

Controlling is the process of evaluating performance and taking corrective action to ensure that the set objectives are being achieved.

The control process involves establishing standards in line with the goals of the business, measuring the performance of the business against those standards or benchmarks, and making changes where necessary to ensure that the goals of the business have been met.
Hierarchical organisational structure

The organisational structure of a business is the way in which its parts have been organised, so that the business can achieve its objectives. An organisation’s structure is usually represented diagrammatically in an organisational chart. The chart shows the key positions of responsibility and accountability, and lines of communication.

Think of a business as a three-storey pyramid (figure 7.9). This type of management structure is found in many businesses and is based on the traditional managerial hierarchy. Management hierarchy is the arrangement that provides increasing authority at higher levels of the hierarchy. This means that senior managers have greater accountability, responsibility and power compared to those at lower levels of the pyramid. They can be visualised as a pyramid, as shown in figure 7.9.

### BizWORD

Management hierarchy is the arrangement that provides increasing authority at higher levels of the hierarchy.
The primary characteristic of traditional hierarchical organisational structures has been the grouping of people according to the specialised functions they perform (see figure 7.10). These may include marketing, finance, human resources and operations. Even within each of these functional areas, tasks are further subdivided into specialised jobs. People within the operations division, for example, have specialised tasks to perform, such as warehouse manager, clerks, packers, process employees and storeperson. The same principle applies to sporting teams. For example, a hockey team has members who specialise in certain positions, such as coach, captain, winger, goalie or centre. The team is organised in this way to offer the best combination of people’s talents to achieve productivity. In this case, the team is performing its best.

Characteristics of the pyramid-shaped organisational structure include:
- rigid lines of communication
- numerous levels of management, from managing director to supervisors
- clearly distinguishable organisational positions, roles and responsibilities
- hierarchical, linear flows of information and direction, with a large amount of information directed downwards
- specialisation of labour resulting in tasks being divided into separate jobs
- a chain of command that shows who is responsible to whom
- centralised control with all strategic decisions made by senior management.

**BizWORD**

Specialisation of labour refers to the degree to which tasks are divided into separate jobs.

A chain of command is a system that determines responsibility, supervision and accountability of members of the organisation.

**Summary**

- Management functions include:
  - planning: a predetermined course of action. This involves strategic, tactical and operational planning.
  - organising: a range of activities that translate goals into reality.
  - controlling: compares what was intended to happen with what has actually occurred.
- Management hierarchy is the arrangement that provides increasing authority at higher levels of the hierarchy.
- Senior managers have greater accountability, responsibility and power compared to lower-level managers of the organisation.
- The traditional hierarchical organisational structure has people grouped according to the specialised functions they perform.

**Leadership styles**

The important task faced by all managers is how best to achieve their business’s goals. This task can be accomplished only by working with and through other
people, so managers must select a leadership style appropriate to the environment in which they operate.

A manager’s leadership style is essentially their way of doing things — their behaviour and attitude. Leadership styles can be placed on a continuum (see figure 7.11) with the autocratic manager at one end through to the participative/democratic manager at the other.

An autocratic or authoritarian manager would be one who makes the decisions and tells employees what tasks to do and how to do them. A participative or democratic management style presents problems, asks for suggestions and works together to make a decision. The assumption is that all types of leaders would appear somewhere on that continuum.

Recent theories indicate that managers bring a range of styles to their leadership position that may change according to the situation. Most managers typically have a dominant style that they frequently adopt, and one or two ‘backup’ styles.

**FIGURE 7.11 One theory of leadership style — the continuum**

The two main types of leadership approaches and their characteristics are shown in table 7.1.

**TABLE 7.1 Characteristics of the two main leadership styles**

<table>
<thead>
<tr>
<th>Key feature</th>
<th>Autocratic or authoritarian manager</th>
<th>Participative or democratic manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making</td>
<td>Makes all decisions and informs employees</td>
<td>Consults with employees, asks for suggestions then decides</td>
</tr>
<tr>
<td>Control</td>
<td>Centralised — controls all activities</td>
<td>Shares decision making with employees</td>
</tr>
<tr>
<td>Staff participation</td>
<td>Expects employees to follow orders</td>
<td>High level of employee empowerment</td>
</tr>
<tr>
<td>Communication</td>
<td>Top–down</td>
<td>Two-way</td>
</tr>
<tr>
<td>Motivation methods</td>
<td>External — rewards (carrot) and sanctions (stick)</td>
<td>Internal — sense of fulfilment, satisfaction</td>
</tr>
<tr>
<td>Workplace example</td>
<td>Military officer during wartime; time of crisis</td>
<td>Professional organisations — intellectual abilities of employees are similar or complementary</td>
</tr>
</tbody>
</table>
Autocratic leadership style

Managers who adopt a strict classical–scientific approach usually display an autocratic leadership style. A manager using an autocratic leadership style tends to make all the decisions, dictates work methods, limits worker knowledge about what needs to be done to the next step to be performed, frequently checks employee performance and sometimes gives punitive feedback.

The autocratic manager generally provides clear directives by telling employees what to do, without listening to or permitting any employee input. This style of manager controls the people in the business closely and motivates through threats and disciplinary action. Autocratic managers expect compliance and obedience, they are controlling, and they give more negative and personalised feedback.

The autocratic style of leading can be effective in a time of crisis when immediate compliance with rules or procedure is needed, or in meeting an unexpected deadline when speed is important. An army officer, for example, would adopt this management style during military exercises. This approach is also effective when individuals lack skills and knowledge. A McDonald’s crew trainer, for example, may adopt this style when supervising new employees. It is generally accepted, however, that this style does not encourage the best performance from employees.

The main advantages of the autocratic leadership style include the following.

• Directions and procedures are clearly defined and there is less chance of uncertainty.
• Employees’ roles and expectations are set out plainly, so management can monitor their performance.
• A hierarchical structure provides a stable and consistent environment in which the outcomes almost always match management objectives.
• Control is centralised at top-level management, so time is used efficiently and problems are dealt with quickly because there is no discussion or consultation.

BizWORD

A manager using an autocratic leadership style tends to make all the decisions, dictates work methods, limits worker knowledge about what needs to be done to the next step to be performed, frequently checks employee performance and sometimes gives feedback that is punitive.

FIGURE 7.12 Gordon Ramsay displays many of the characteristics of an autocratic manager. He is tough and communicates exactly what he expects from staff.

Weblink

Use the Autocratic leadership weblink in your eBookPLUS to learn more about autocratic leadership styles and examples.
The main disadvantages include the following.

- No employee input allowed, so ideas are not encouraged or shared. This means employees do not get the chance to develop their skills or to feel valued in the organisation.
- It ignores the importance of employee morale and motivation. When no responsibility is given to lower level staff, job satisfaction decreases, which ultimately affects issues such as absenteeism and staff turnover.
- Conflict, or potential for conflict, increases. Often workers are competing for the approval of managers, which can lead to tension between employees.
- An ‘us and them’ mentality may develop in the workplace as a result of the lack of employee input.

**Summary**

- The two main types of leadership style are:
  - autocratic or authoritarian — strong, centralised control
  - participative or democratic — authority and power are decentralised.
- A manager using an autocratic leadership style tends to make all the decisions and frequently checks employee performance.
- Managers should bring a range of leadership styles to their positions that can change according to the situation.
- Most managers typically have a dominant style.

**Revision**

1. Define the term ‘planning’.
2. Explain why planning is considered to be the primary management function.
3. Complete the following table by identifying whether the planning activities are strategic, tactical or operational. The first one has been completed for you.

<table>
<thead>
<tr>
<th>Planning activity</th>
<th>Type of planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An organisation plans to build a new warehouse.</td>
<td>Tactical</td>
</tr>
<tr>
<td>2. A supervisor wants to have regular weekly production meetings.</td>
<td></td>
</tr>
<tr>
<td>3. A marketing department is to relocate to a new site in another city.</td>
<td></td>
</tr>
<tr>
<td>4. A government department decides to undertake planning to fully privatise during the next four years.</td>
<td></td>
</tr>
<tr>
<td>5. A stocktake needs to be completed tomorrow.</td>
<td></td>
</tr>
<tr>
<td>6. A team leader decides to monitor the team’s performance over a two-month period.</td>
<td></td>
</tr>
<tr>
<td>7. A new computer system is to be installed.</td>
<td></td>
</tr>
<tr>
<td>8. A large-scale business operating in five countries decides to undertake an extensive restructure of its entire organisation.</td>
<td></td>
</tr>
<tr>
<td>9. A department sales manager requires the sales team to increase sales by 10 per cent over the next six months.</td>
<td></td>
</tr>
<tr>
<td>10. An engineering business wants to develop new production facilities in three countries.</td>
<td></td>
</tr>
</tbody>
</table>

4. Explain why the organising function is important to a business.
5. Summarise the three steps involved in the organisation process.
6. Define the term ‘controlling’.
7 Examine figure 7.7 on page 171. **Identify** the correct terms to complete the following steps in the control process.

<table>
<thead>
<tr>
<th>Step</th>
<th>Establish</th>
<th>Measure</th>
<th>Take corrective action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8 **Discuss** why the controlling function is important.

9 **Define** the term ‘management hierarchy’. 

10 **Identify** the three main levels of management.

11 (a) **Construct** an organisational chart of your school.
    (b) **Classify**, by highlighting in a different colour, the senior, middle and frontline management divisions.
    (c) **Deduce** why the school’s organisational chart is hierarchical.

12 **Contrast** an autocratic leadership style with a participative one.

13 **Identify** the leadership style of each of the following managers.
    (a) The manager sets high standards of performance and has little sympathy for those who do not meet the standards.
    (b) The manager takes care to explain why something must be done in a certain way.
    (c) The manager expects his or her orders to be unquestionably followed.
    (d) The manager believes that developing close personal relationships with staff is the mark of a good manager.
    (e) The manager persuades the employees to do their best.

14 **Describe** a situation when an autocratic management style would be appropriate.

15 **Justify** whether you believe the advantages of the autocratic leadership style outweigh the disadvantages.

**Extension**

1 ‘The three levels of planning — strategic, tactical and operational — correspond to the three levels of management — top, middle and frontline.’ **Explain** the relationship between the level of planning and the level of management.

2 **Account** for the relationship between an organisational chart and an organisation’s chain of command. If you were new to a business, explain how an organisational chart would help you become oriented.

3 ‘Managers who adopt a strict autocratic management style normally organise their business along traditional hierarchical lines.’ **Evaluate**.

4 **Determine** how autocratic managers motivate their staff to get things done. **Assess** whether their style is successful.

5 Ask your teacher for permission to complete the following activity in class time. The aim of this activity is to put your theoretical understanding of Business Studies into practical use as you solve problems, plan and make management decisions.

**Materials required:** paper, tape measure, markers (such as flags or witches hats)

**Paper plane business — instructions**

You are about to embark on your latest venture . . . running a rather large paper plane business. Your team’s task is to construct the ultimate paper plane.

1 Arrange your class into groups of three or four. Each of these teams will become a business. Organise for some of the students in the class to be observers.

2 Your business has 30 minutes in which to produce the paper plane that travels the longest distance (you could also have a competition for the best looking plane or most innovative design).

3 As a team, **determine** what the goals for your business will be. Write down an action plan for your business (your strategies). List the key performance indicators (KPIs) that will show whether or not you have met your goals.
4. Establish your management structure (who is going to complete the various activities that need to occur for your business to achieve its objectives). Your teacher will explain the responsibility of each position. You would definitely need a managing director. Make sure each team member’s task is clear. Each team member should probably take responsibility for a particular goal.

5. Discuss a design for your plane and then produce it, making sure that you do your very best to meet all of your goals.

6. Find a safe place to test your planes. Use the tape measure to determine distance. Make sure you record these measurements.

7. The winner will be the group whose paper plane travelled furthest. Alternatively, the winner could also be the team with the best looking plane, the most innovative design etc.

8. The observers should next report to the class. What did they see happening as groups were planning, organising and controlling? Did any leaders emerge during the activity?

9. After finishing the paper plane activity, list your group’s goals. Assess how well you planned to achieve these goals. Identify the KPIs you planned to use to measure whether or not you met the goals.

10. Outline the role that you played in your business. For example, if you were the production manager, outline how you were involved in planning, organising and controlling your business.

11. Using the information from the observers, discuss whether anyone emerged as a leader in your group.

12. Evaluate how your group performed in terms of meeting its KPIs.

13. After finishing the paper plane activity, complete the following table to summarise the role of each member of your business. The first entry has been started for you.

<table>
<thead>
<tr>
<th>Manager</th>
<th>Planning</th>
<th>Organising</th>
<th>Controlling</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Determined objectives for group</td>
<td>Delegated responsibilities to members of group</td>
<td>Compared planned performance with actual performance</td>
</tr>
<tr>
<td>GM</td>
<td></td>
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</tr>
</tbody>
</table>

14. Benchmark your performance against other groups in your class (that is, compare the results to the other results). Recommend how you could improve.

7.3 Behavioural approach to management

Scientific management principles did not always lead to increased productivity due to the repetitive and boring nature of many jobs and the dehumanising structure of the workplace. Approximately 50 years after the emergence of scientific management ideas, behavioural, or ‘human relations’, approaches surfaced. The behavioural school recognised that to make substantial productivity gains, worker participation in the production process was required. It acknowledged the workers’ contribution to output.

Advocates of the behavioural approach to management stress that people (employees) should be the main focus of the way in which the business is organised. They believe that successful management depends largely on the manager’s ability to understand and work with people who have a variety of diverse backgrounds,
hopes, desires and expectations. The development of this humanistic approach has greatly influenced management theory and practice.

One major contributor to behavioural management theories was Elton Mayo (1880–1949). Mayo (see figure 7.13), is considered the founder of industrial psychology. Through his revolutionary experiments, conducted at the Western Electric Hawthorne Company in Chicago, he discovered what became known as the ‘Hawthorne effect’, which demonstrates that meeting people’s social needs has a significant impact on productivity (see the following Snapshot). Two significant results from the research were that:

• worker satisfaction to a large extent is non-economic; that is, workers have social needs in addition to economic needs
• being made to feel part of a team increases job satisfaction and output.

SNAPSHOT

Elton Mayo — the Hawthorne studies (1927–1932)

The Western Electric Company’s Hawthorne factory manufactured a range of electrical components such as relay assemblies. Mayo wanted to find out what effect fatigue and monotony had on employee productivity. He selected six female employees from the assembly line, segregated them from the rest of the factory and placed them under the control of a supportive supervisor. The team was involved in assembling telephone relays. Mayo made frequent changes to their working conditions, always discussing and explaining the changes in advance.

To his amazement, Mayo realised that productivity had increased completely independent of any of the changes he made. The six individual employees had become a team and together eagerly participated in the experiment. They were happy knowing that they were working without coercion from senior managers or limitations from the workplace structure. They felt they were working under less pressure, not being pushed or bossed around by anyone. Under these conditions, they developed an increased sense of responsibility, with discipline coming from within the team.

Mayo’s findings were at odds with F W Taylor’s theory, which stated that workers are only motivated by self-interest. If Taylor was correct, the women’s productivity should have decreased when Mayo returned them to longer working hours. However, Mayo realised that the women had formed a harmonious team and felt happier at work, which raised their self-esteem. The women talked, joked and began to meet socially outside of work. Mayo had discovered an elementary concept that seems obvious today: workplaces are social environments and employees are often motivated by much more than self-interest.

The section of the Hawthorne studies that examined the beneficial effects of positive and supportive supervision, and the impact of teamwork became known as the Hawthorne effect.

Snapshot questions

1. According to Elton Mayo’s research, explain why productivity increased even after the original working conditions were reintroduced.
2. Outline what is meant by the Hawthorne effect.
3. Imagine you are a manager for a small business. Discuss what impact Mayo’s research would have on:
   (a) how you organise your workplace
   (b) the management practices you would use.

Weblink

Use the Hawthorne studies weblink in your eBookPLUS to discover more about the history and timeline of these studies.
Many large businesses recognise the importance of being socially responsible, not just to their external customers but to their internal customers — their employees. It is in the business’s best interests to provide for and look after their employees. Some businesses do this by providing extra facilities for their workers such as good canteen facilities, child-minding facilities, access to counselling and so on. Others provide flexible working conditions.

A different value system emerged from the contributions of the behavioural theorists. Managers were now required to meet the social needs of their employees in addition to production efficiency. Skills in communication, social motivation and democratic leadership were quickly acquired.

**Summary**
- The behavioural approach to management, pioneered by Elton Mayo, stresses that people (employees) should be the main focus of the way in which the business is organised.
- The main features of behavioural management approach include:
  - humanistic approach: employees are the most important resource
  - economic and social needs of employees should be satisfied
  - employee participation in decision making
  - team-based structure
  - managers need good interpersonal skills
  - democratic leadership style emerging.

**Management as leading**

**Leading** occurs when managers endeavour to influence or motivate people in the business to work to achieve the business’s objectives. The type of leadership in a business depends on the attitudes and assumptions that managers have about people in the business.
To act as a leader, a manager should display empathy and possess good listening skills. A leader will have high expectations of employees’ abilities to initiate and implement ideas. He or she will concentrate on the needs of their employees, building high-performance teams that attain their objectives. Less effective managers tend to focus on tasks and are more concerned with meeting deadlines — that is, they display the natural characteristics of a manager, not a leader. A leader, however, wants to empower (see the following Snapshot).

**Managers control; leaders empower**

Managers generally think in terms of controlling the elements of an organisation’s culture, strategy and all the other variables that fall within their domain. To control, they assume, is to maximise. When it comes to people, the manager assumes that people also need to be controlled. Control, managers feel, will help people attain the cooperation that the organisation requires. In the manager’s mind, if you can’t control it, you can’t manage it.

Leaders, in sharp contrast, would rather empower organisations and people. To their way of thinking, empowerment can unleash the energy necessary to take the organisation beyond its current position. Only by giving people the freedom and resources to act can you expect them to go above and beyond the call of duty. Leaders empower people, systems, structures, strategies, and other variables by opening the way for their expansion, enhancement and evolution. The leader’s soul says, ‘If you can’t empower, you can’t lead’.  


**Snapshot questions**

1. According to Hickman, identify one of the main differences between a manager and a leader.
2. Propose reasons why a manager would want to ‘control’, whereas a leader wishes to ‘empower’. Share your answer with the rest of the class.

Added to these qualities, a successful leader is someone who:

- keeps an open mind, seeks out new ideas and freely shares information
- shows confidence in people, shares credit and recognition
- builds and communicates a clear vision
- sets an example and earns the respect of employees
- delegates tasks to suitable employees
- conveys the goals of the business to workers and motivates them
- demonstrates flexibility in dealing with situations
- understands the technical aspects of the industry or business.

Being an effective leader is not an easy task. There may be temporary setbacks, particularly during periods of negotiation. In the end, leadership may still fail. However, not displaying leadership is inviting a greater possibility of failure.

Numerous books have been written about what makes a good leader. Some people believe that good leaders are ‘born’ rather than ‘made’. They argue that the characteristics needed to be a good leader are part of an individual’s unique personality and cannot be learnt from textbooks. Other people, however, argue that with appropriate training and coaching, the skills of leadership can be learned. Whichever the case, managers who display ‘daring leadership’ are best able to inspire their employees.

**BizFACT**

‘You don’t manage people, you manage things. You lead people.’

Grace Hopper, Admiral, United States Navy.

**BizFACT**

One contemporary, and somewhat controversial, viewpoint on the much-debated topic of effective leadership is that of Robert K. Greenleaf. In the Reflections on leadership and Insights on leadership series, he argues that a truly effective leader is a manager who serves. He outlines a practical philosophy of ‘servant leadership’, which holds that people who choose to first serve, and then to lead, make the most effective leaders, because they expand services to others. Servant-leaders encourage cooperation, trust, listening, foresight and ethical use of power.

**BizWORD**

Delegation is the handing over of certain tasks or responsibilities to an employee who is suitably capable and qualified to carry them out.
Business management

Management as motivating

As explained in chapter 6, motivation is the individual, internal process that energises, directs and sustains an individual’s behaviour. It is the personal force that causes a person to behave in a particular way.

Some people work harder than others. An employee with outstanding abilities may constantly be outperformed by someone with average skills. The difference between the two employees is their level of motivation. Motivated workers will always perform at a higher level than unmotivated workers. To some extent, a high level of employee motivation is determined by management practices. Efficient managers need to put in place work practices that motivate their employees; they must be aware of the human factor involved in the business organisation.

Elton Mayo’s Hawthorne studies (see page 179) highlighted the importance of the human factor in employee performance. Merely asking employees to participate in the research gave them a sense of involvement in their jobs. These employees — perhaps for the first time — felt as though they were of value and importance to the business. It was this sense of importance that acted as the motivating force that improved employee productivity.

Leadership recognition is fundamental to increasing staff morale and motivation. Recognition might just be a pat on the back for a job well done. Some businesses, however, have formal recognition programs so that employees who perform well are rewarded and encouraged to continue the good work.
The Hawthorne studies revealed that such human factors as recognition, self-worth and positive reinforcement are at least as important to motivation as external factors such as pay rates and working conditions. In some cases they may be more important. From this initial research came a flood of other behavioural management approaches focusing on the area of motivation. Overwhelmingly, the research highlights the fact that management would do best to provide a work environment that maximises employee satisfaction. Good managers, therefore, should also be good motivators, encouraging employees and using positive reinforcement to influence behaviour.

How then does a manager go about the task of motivating the business's employees? This question is often asked and has resulted in a wide variety of answers. Numerous studies have identified such diverse factors as trust, respect for the individual, positive reinforcement, empowerment, enhancing self-esteem, employee participation, rewarding team performance, employee encouragement and so on. Managers can use a variety of techniques to improve employee motivation. However, what the majority of these motivation techniques have in common is the need to develop a workplace culture that fosters employee participation.

**Management as communicating**

As outlined in chapter 5, one of the most difficult challenges for managers is getting employees to understand and want to achieve the business's goals. Effective communication is at the heart of meeting this challenge.

Communication is one of the easiest and, at the same time, most difficult of management activities. This is because of the complex nature of communication. Unless managers are effective communicators and able to share their thoughts and plans, they will find it difficult to influence others.

Effective communication is a crucial part of every manager's job. It encompasses every management function and role. Without effective communication, the most carefully detailed plans and brilliant strategies will most probably fail. Many studies have shown that the performance of both individuals and businesses improves when managerial communication is effective. This is especially so when open communication is used to motivate employees by providing them with information

**BizFACT**

‘If employees feel a real attachment to the business: it is part of their lives, then they will be much more motivated.’

Adam Bartlett, Strategic Facilities Manager.
regarding the business’s goals, plans and overall financial results. Whenever a manager operates on the communication principle of ‘tell the employees only what they need to know and nothing else’, then the workers will not be motivated to achieve common goals because they do not know what the goals are.

**Summary**

- According to the behavioural management approach, the main management functions are:
  - **Leading**: having a vision of where the business should be in the long and short term
  - **Motivating**: energising and encouraging employees to achieve the business’s goals
  - **Communicating**: exchanging information between people; the sending and receiving of messages.

**Revision**

1. **Define** the term ‘behavioural approach’ to management.
2. According to the behavioural management approach, **identify** what was required to improve worker productivity.
3. **Recall** the two significant results of Elton Mayo’s Hawthorne studies.
4. **Identify** five characteristics a manager should display in order to be a leader.
5. **Calculate** whether the following statements are true or false.

   | (a) Leading and managing are much the same thing. | True | False |
   | (b) Good leaders are important for businesses. | True | False |
   | (c) To be a good leader, you must be authoritarian. | True | False |
   | (d) Before you lead you must learn to follow. | True | False |
   | (e) Leaders should have only one concern: the task. | True | False |
   | (f) To be an effective leader you must be a skilled communicator. | True | False |
   | (g) A person’s leadership style should be fixed and unchangeable. | True | False |
   | (h) Leadership skills can be learned. | True | False |

6. **Recall** the meaning of the term ‘motivation’.
7. **State** what the Hawthorne studies revealed about employee motivation.
8. **Identify** four factors a manager can use to motivate the business’s employees.
9. When talking about motivation, the carrot (reward) and stick (punishment) approach is sometimes mentioned. **Explain** why giving someone a reward or punishment might motivate them to act.
10. ‘For a business to succeed, effective communication is vital.’ **Discuss**.
11. **Draw a table** similar to the one following to **summarise** details of management skills in this section. The first one has been completed for you.

<table>
<thead>
<tr>
<th>Skill</th>
<th>Definition</th>
<th>Characteristics</th>
<th>Application to the workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating</td>
<td>The ability to transfer information</td>
<td>Communication can be verbal (emails, meetings and face-to-face conversations) and non-verbal (body language, visual).</td>
<td>Managers use it to explain a vision, to instigate change, to answer questions and to listen.</td>
</tr>
<tr>
<td>Leading</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motivating</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Extension

1 Determine why employees would favour the behavioural approach to management over the classical–scientific approach.

2 Propose why the development of behavioural management approaches would be called a significant turning point in the evolution of management approaches.

3 ‘Leaders know the best course of action, whereas managers know only the best way to follow it.’ Evaluate this statement.

Teams

A not-so-quiet revolution is rapidly transforming workplace cultures, practices, operations and productivity levels. Many businesses are starting to realise that a team approach can be the catalyst for superior performance. **Teamwork** involves people who interact regularly and coordinate their work towards a common goal.

Understanding how such teams function — that is, understanding the group dynamics of teams and teamwork, is vital for managers operating in the modern workplace. It is essential that managers foster a sense of cohesion between team members, otherwise the team is no more than a group of individuals all working separately. Such teams have no common purpose and therefore lack any sense of belonging to the organisation. In such cases, it is quite common for conflict to develop between team members. Ultimately, the team’s effectiveness will be diminished.

These self-directed work teams alter some of the traditional roles of management. One obvious change is that managers have to work more closely with people over whom they have no apparent authority. They are required to adopt a team approach, negotiating consensus decisions rather than imposing demands.

Another significant impact of a team approach is the breaking down of the traditional pyramid-shaped hierarchical organisational structure. Hierarchical boundaries are disappearing as people and functions mix together to create much
Flatter organisational structures. Firms that adopt a flatter management structure reduce the number of levels of management, giving greater responsibility to individuals in the business (see figure 7.19).

**FIGURE 7.19** Flatter management structure — a typical organisation chart. The span of control is wider and management has more direct contact with employees.

The role of managers is therefore changing from controller to facilitator. Without being able to impose their authority, managers have to achieve their aims by balancing the needs of the team with those of the business. This can be accomplished by the manager attempting to understand the views of others, handling disagreements honestly and directly, and persuading others to adopt new ideas. Above all else, the manager must build a sense of trust, teamwork’s key ingredient, and develop a common goal (see the following Snapshot). To achieve this, it requires a move away from an autocratic leadership style to one that is more participative or democratic.

**SNAPSHOT**

**What is a team?**

In 1972 a group of rugby players, their friends and families left on a flight for Chile from Uruguay. The plane crashed into the snow-covered mountainside, killing 13 of the 45 passengers onboard the aircraft. The outside world thought that all 45 people onboard had disappeared.

Without any provisions, some of those left alive resorted to devouring the dead. Those who refused to eat the human flesh died of starvation. After 70 days in the mountains, 16 survivors were rescued and taken home. In the most gruesome manner, a group of people banded together as a team with a singular goal of survival.
Without any provisions, some of those left alive resorted to devouring the dead.

What makes for a team when there is no sense of threat? Teams will form around a common goal that provides them individually and collectively, a challenge that they take responsibility for and that can give them increased self esteem. For example, assume your goal is to increase repeat business from 10 per cent of turnover to 15 per cent of turnover in six months, as you know the selling cost to repeat customers is one tenth the selling cost to new customers and the margin on repeat customers is 25 per cent higher as they require fewer discounts. To have a higher probability of success, this clear and simple goal needs to connect with all staff so that they are motivated to achieve it.

The goals should tell a story of:
- the increased customer satisfaction that drives increased repeat sales
- the easier selling process with repeat customers
- the reduced need to deal with customer complaints, the increased security of employment, the increased ability for the organisation to grow and employ more people, the increased opportunities for promotion and more responsibility in a growing organisation
- the increased ability of the organisation to contribute to the local community and indirectly help the families who have people working in the company.

Explained this way, each single contribution to delivering the goal is seen as doing much more than reaching a corporate goal. Contributing as a team has a multiplier effect. The whole becomes clearly more than the sum of the parts.

Snapshot questions
1. Recall what causes teams to form.
2. Identify the common goal of the 1972 group of rugby players.
3. Explain why it is important to clearly communicate to employees the goals the business wants to achieve.
4. ‘Contributing as a team has a multiplier effect. The whole becomes clearly more than the sum of the parts.’ Evaluate the accuracy of this statement.

Summary
- Teamwork involves people who interact regularly and coordinate their work towards a common goal.
- Well functioning teams can produce superior performance.
- Managers require a good understanding of team/group dynamics.
- The development of work teams has resulted in flatter organisational structures.
- The role of managers is changing from controller to facilitator.
- Businesses are adopting flatter management structures which results in:
  - ‘de-layering’ of traditional hierarchical structure
  - establishment of market-focused work teams
  - each work team responsible for a wide range of production functions.
- Reducing the levels of management gives greater responsibility to individuals in the business.

Participative or democratic leadership style
A manager who implemented a classical–scientific approach would normally adopt an autocratic leadership style; a manager who practised a behavioural approach would tend to use a more participative or democratic leadership style (refer to figure 7.11 on page 174).

A participative or democratic leader is one who asks employees for their suggestions and then seriously considers those suggestions when making decisions. In this sense they share their decision-making authority with their subordinates.

BizWORD
A participative or democratic leadership style is one in which the manager consults with employees to ask their suggestions and then seriously considers those suggestions when making decisions.
The degree of sharing can range from the manager outlining a solution, with the possibility of changes being suggested, to allowing the team to participate in the initial decision making.

Sometimes referred to as the ‘we’ approach, participative or democratic managers recognise the strengths and abilities of employees and actively involve them in the decision-making process. This style is frequently practised in those businesses that have flatter management structures and work teams, and is especially effective in situations where there are diverse groups to be coordinated. The contribution of employees is valued, and employees assist in the decision-making process through regular meetings. Employees have a commitment to the business’s goals because of their own input into the firm. This style of leadership is most effective when a business is operating in an environment undergoing rapid change. Individual employees accept responsibility and can implement changes themselves, making the business more responsive to change. Through activities such as brainstorming, a diverse range of opinions and ideas can be generated resulting in improved decision making.

The main advantages of the participative or democratic management style include the following:

- Communication is a two-way process.
- Employer/employee relations are positive and there is reduced likelihood of industrial disputes because employees are more likely to accept management decisions.
- Motivation and job satisfaction are optimal as employees feel they have played an active role in allocating tasks and implementing actions to meet objectives.
- Employees have a greater opportunity to acquire more skills.
- Power sharing encourages the development of work teams, and employees display high levels of commitment.
- There is a high level of trust, often resulting in improved employee performance.
The main disadvantages include the following:

- Reaching decisions and introducing tasks can be time consuming with differing views having to be considered. The quality of decisions may also suffer because compromises are made rather than decisive, clear directions given.
- The role of management, and the control of the manager, may be weakened and undermined, with employees given too much power in some cases.
- Internal conflict can arise with so many views and opinions being shared. More involvement may actually bring about disagreement.
- The importance of the organisational structure may be minimised, leading to an informal system that could result in a complete collapse in management.
- Not all employees want to contribute.

There is no simple answer to the question: ‘What leadership style does a good manager possess?’ Management is an art, not a science. This means that no simple management formula can be applied to deal effectively with all workplace situations.

**Richard Branson — leadership style**

Richard Branson, the founder of the Virgin Group, is widely respected as an excellent communicator. He is not always the most fluent of speakers, and will avoid public speaking if he has to. He constantly says ‘um’ and ‘you know’ when interviewed. When he speaks, however, he is passionate and enthusiastic. You may have seen him in the media, launching new Virgin businesses.

Branson is committed to his staff and has endeavoured to create an atmosphere that is fun and open to suggestions, gripes and innovation. He encourages staff input and prefers them to work in teams to produce the best ideas. Virgin does not have many layers of management and Branson considers that all of the companies that make up Virgin are part of a family, not a hierarchy (a structure where everyone in the business reports to someone above them). He actively listens to staff and customers, carrying a notebook with him everywhere and writing down what he sees and hears, and then following it up. ‘When things start going wrong, it’s often because staff members feel they are being ignored and good ideas are not bubbling to the top,’ Branson says. Branson prefers to talk with people directly, and tries to keep email and phone calls brief and to the point. He maintains a blog on the Virgin website and responds online to questions from people. He shares Virgin’s future plans with his staff in monthly newsletters. According to Branson, ‘the best-designed business plan will come to nothing if it is not carried out by an enthusiastic and passionate staff.’

**Snapshot questions**

1. **Demonstrate** how Richard Branson adopts a behavioural approach to management.
2. **Predict** the impact his management style would have on his employees.

**Summary**

- A manager who adopts a behavioural approach will tend to use a participative or democratic leadership style.
- Participative or democratic leaders share their decision-making authority with their subordinates.
- This style of leadership is most effective when a business is operating in an environment undergoing rapid change.
7.4 Contingency approach to management

While the classical and behavioural management approaches continue to provide important lessons for managers, other ideas have also emerged during the last couple of decades (see figure 7.22). These contemporary management approaches represent major innovations in ways of thinking about management and appropriate management practices. One of the most important contemporary viewpoints is the **contingency approach** to management. It stresses the need for flexibility and the adaptation of management practices and ideas to suit changing circumstances.

**BizWORD**

**Contingency approach** stresses the need for flexibility and adaptation of management practices and ideas to suit changing circumstances.

---

**Adapting to changing circumstances**

Contingency theorists point out to managers that no two situations are absolutely identical. Each situation, therefore, requires its own unique solution. For example, you may have used a particular strategy to complete a task for assessment. Although this strategy may have been quite successful for that particular task, another assessable task may well require a completely different approach.

Contingency theorists stress that the traditional classical approach to management was not necessarily wrong, but is no longer adequate for our needs today. They also urge managers to borrow and blend from a wide range of management approaches and practices.

Above all, advocates of the contingency approach believe that managers need to be adaptable and flexible in their technique to solving problems. Because management is a discipline that is continually evolving, it frequently produces new ideas and theories, each with some relevance to practitioners.

The contingency approach, therefore, advocates that managers extract the most useful ideas and practices from a wide range to best suit their business’s present requirements. It stresses that an appropriate management response to one set of circumstances may be quite inappropriate to another. To adopt this approach, managers must sample all the past and present ideas on offer; some refer to this as the ‘smorgasbord’ approach.
A manager adopting this approach will obviously need to apply the ‘10 commandments for the modern manager’ (see figure 7.24).

**THE 10 COMMANDMENTS FOR THE MODERN MANAGER**

1. Share your vision with all relevant stakeholders.
2. Manage the relationships and the coalitions, not the employees.
3. Manage your own emotions and help others in the business to maintain an emotional balance.
5. Cultivate the ability to adapt to changing circumstances.
6. Cultivate the ability to adapt to changing circumstances.
7. Learn how to access and use appropriate information and manage this knowledge effectively.
8. Be aware of how developments in technology can improve your effectiveness and efficiency.
9. Recognise and use the experiences and expertise of all employees.
10. Encourage ethical behaviour in order to promote pride and commitment in employees.

**FIGURE 7.24** The 10 commandments for the modern manager

**Summary**

- The contingency management approach stresses the need for flexibility and adaptation of management practices and ideas to suit a particular situation.
- Due to the unstable business environment, managers need to be flexible and borrow and blend from a wide range of management approaches.
7.5 Comparing management approaches

Many managers may not have studied management in any formal way. However, most of them will have a management approach that reflects one of the management theories and management styles summarised in Table 7.2 below.

**TABLE 7.2 Summary and comparison of management approaches**

<table>
<thead>
<tr>
<th>Management theory</th>
<th>Organisation and allocation of tasks to staff</th>
<th>Organisational structure</th>
<th>Levels of management</th>
<th>Management styles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classical approach</td>
<td>Based on ‘scientific’ analysis of work processes</td>
<td>Hierarchical pyramid structure reflecting strata in church, army and school</td>
<td>Many management and supervisory levels with clearly distinguishable and segmented organisational positions, responsibilities and roles</td>
<td>Autocratic</td>
</tr>
<tr>
<td></td>
<td>Highly programmed staff performing simple, repetitive tasks — single skilling, task specialisation</td>
<td>Hierarchical, linear flow of information, with a large amount of communication directed downwards</td>
<td>Course of action decided by management with little or no consultation with workforce</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time and motion studies used to reduce inefficiencies</td>
<td>Strict channels of responsibility from the top down and grouping into specialised activities based on function, product or process with considerable management and supervisory control at each level</td>
<td>Bureaucratic management of authority believed to be the most effective means of controlling the workforce and ensuring that instructions are followed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Division of labour into function-related units, employees strictly controlled with tasks rigidly divided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prescribed limits on individual discretion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appraisal, reward and sanction of individuals based on achievement of production standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioural approach</td>
<td>Recognition that workers have social needs in addition to economic needs</td>
<td>Hierarchical pyramid structure</td>
<td>Many management and supervisory levels</td>
<td>More participative or democratic aspects emerging</td>
</tr>
<tr>
<td></td>
<td>Teamwork and informal work groups important for productivity</td>
<td>More consultation with workforce but still not full participative partnership</td>
<td>Development of people management skills, particularly communication and social motivation skills</td>
<td></td>
</tr>
<tr>
<td>Contingency approach</td>
<td>Flexibility and adaptation of a variety of ideas and principles from a range of theories mean that a range of options may be pursued to suit the business’s requirements</td>
<td>May be pyramid, flat or decentralised organisational structure, depending on the business’s requirements</td>
<td>Depends on the business’s requirements; that is, the nature of the operation and abilities of employees</td>
<td>Depends on the requirements of the business</td>
</tr>
</tbody>
</table>

**Revision**

1. State why work teams are becoming more common in today’s businesses.
2. State what impact the development of work teams has on a business’s organisational structure.
3. Draw a hierarchical and a flat organisational structure. Contrast the two diagrams by listing their differences.
4 Outline in what ways self-directed work teams alter some of the traditional functions of management.

5 You have been appointed team leader of a new work group. Describe some of the strategies you could use to develop a sense of cohesion within the group.

6 Outline the main characteristics of the participative or democratic leadership style.

7 Describe a situation where the participative or democratic leadership style would be appropriate.

8 Identify what you consider to be the most important (i) advantage and (ii) disadvantage of the participative/democratic management style. Justify your answer.

9 Deduce the important lessons the contingency approach teaches managers.

**Extension**

1 Reflect upon what you have learned from this chapter. Determine which leadership style you would prefer to adopt if you were a senior manager. Determine what style of leadership would best suit you as an employee. Present your answers as an oral report to the class.

2 ‘At TechVision Limited we do not rely on lists of rules and management authority. We believe our employees understand the link between productivity and profit, and act on it.’ Nadall Behling, Managing Director.
   (a) Identify what evidence there is that Nadall Behling adopts a participative or democratic leadership style.
   (b) Predict the likely outcome if either your sports coach or your school principal adopted this leadership style.

3 Discuss the meaning of ‘organisation’ within the management process. Construct a typical organisational structure based on the classical management approach. Construct another organisational structure, this time based on the behavioural approach. Determine the strengths and weaknesses of the two approaches.

4 ‘The contingency approach is centred on two basic questions: (1) What is the level of environmental uncertainty? (2) What type of organisational structure is most suitable?’ Predict how a business should best respond to these questions.