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basics in  
90 minutes

# *Quicklook at* **Management**



## About Quicklook at Management

**M**ANAGEMENT affects us all, as employees, customers and members of the public. This book provides an up to date, thought provoking insight into how it works.

Every business or organisation needs to be run – in other words, managed. It is vital to do it well but there is no single correct approach. Everyone is different and everything that has to be managed presents its own challenges. There are a great many different ideas about management.



Quicklook at Management covers all main areas of this very important subject. Management is about people. There are varying ideas about what motivates them and the extent to which managers can and should provide leadership. There are many leadership styles. We learn about management theory and how it has been developed by leading experts, such as Jack Welch and Peter Drucker.

Management is also about organisation. Different structures are appropriate for different businesses. We examine the main alternatives. The correct application of technology and the design of systems and processes is part of a manager's responsibility in most businesses.

Nothing stands still – management is partly about dealing with changing circumstances as markets develop and businesses move into new areas.

“Culture” is important. It can vary between organisations, as well as countries. Working within the right culture, or creating the right culture, can be important to success.

Quicklook at

# *Management*

Mike Dale



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books

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# *What is management?*



**M**ANAGEMENT is something that directs group efforts towards the attainment of certain pre-determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources. It is about motivation, persuasion, direction and support. Of course, these goals and the styles and structure of management will vary from one enterprise to another.

Management has been studied, as an art and as a science, by academics, philosophers and economists for decades. Almost everyone has an idea of what management is, but ask this question of a hundred people and you will get almost as many different answers.

The Oxford English Dictionary defines a manager as “someone who takes charge, a doer, a controller, a leader.” Each of these is a part of management, but by no means the whole of the discipline.

## **Where did it come from?**

It could be argued that management dates back to our days as hunter-gatherers. After all, someone must have directed the group during the hunt; someone must have decided which area to hunt in. The builders of pyramids had to manage and direct a large and probably unmotivated workforce, so would have developed skills in those areas. And there were always, it seems, experts on hand to give their advice and opinions.

What we today regard as management – the planning and control of resource to improve the operation of an enterprise – really came to the fore during the industrial revolution of the 19th century. Life and income for many moved away from the land, manufacturing processes moved from cottage to factory and production grew from dozens to thousands of items

per day. This demanded a more structured and disciplined approach to business. Tiers of management, from supervisory to planning and strategic, became the norm.

## **Management theory**

By the turn of the Twentieth century, many writers had begun to define management theory, describing in detail elements such as quality control and accounting of cost. Of course, these had already existed operationally, in factories and even in slave plantations, but economists and scholars such as Alfred Marshall and Joseph Wharton fully documented and even ran courses on these skills.

The first really comprehensive theories of management appeared around this time, when in 1920 the Harvard Business School offered its first Master of Business Administration (MBA) course. To this day it is regarded as the gold standard of commercial management qualifications.

In 1946, as part of a study on the organisation of General Motors, Peter Drucker wrote *Concept of the Corporation*, one of the first truly comprehensive books on management theory. Drucker went on to write many more books on management and by the time of his death in 2005 was recognised as a leader in the discipline: a “guru”.

## **A Changing Science**

Over the years, management has become many things to many people. The breadth of skills required of a modern manager is far greater than those needed by the factory overseer of the 19th century. To cope with this, management theory, education, systems and philosophy have all needed to be updated constantly.

Many people with an eye on a career in management opt to study for an MBA, now offered by many institutions around the world in addition to Harvard. This is the popular indicator of senior management potential, much used in the past few decades. The qualification course gives the student a thorough grounding in a wide range of core subjects: basic management skills, finance, economics, both business and global; marketing, data analysis; people management and business strategy.

Management continues to evolve, in an effort to stay one step ahead

of the competition in the fast changing world of business. In recent years the advent of globalisation, remote working, e-commerce, and many other developments have all had an impact on the way we work and the way we must manage resource. Whatever else it may be, management can never be static.



# *Theories of management – as easy as XYZ*



**T**HERE are probably as many theories of management as there are managers in the world. However, there are a few that have withstood the test of time and are still commonly used and taught at management schools worldwide. Many, especially those dating back to the middle of the twentieth century, are based on the fundamentals of human need and behaviour. After all, management is about controlling and leading, so a clear understanding of human behaviour is essential.

## **The Hierarchy of Needs**

One of the oldest and best known theories of management is Maslow's Hierarchy of Needs. Abraham Maslow was a psychologist working on human motivation and in his book *Motivation and Personality*, published in 1954, he first described the Hierarchy of Needs. This specified five levels of need that motivated human beings. These were listed in ascending order of priority, with the first few as the most essential, and the later ones only becoming important as these were fulfilled.

- **Biological and physical** – food, shelter, warmth, sex.
- **Safety** – protection from the elements, law, stability.
- **Love and belonging** – family, workgroup, affection.
- **Esteem** – self-esteem, achievement, status, responsibility.
- **Self-actualisation** – realising potential, self-fulfilment and growth.

Maslow and his followers subsequently developed these five steps. In the 1970s two more were added:

- **Cognitive needs** – knowledge, meaning.
- **Aesthetic needs** – appreciation of beauty, form, and balance.

In the 1990s the need to help others to reach self-actualisation, a need named as Transcendence, was added to the list.

These categories perhaps reflect the periods in which they were created. However, most believe that the original list is the most important and critical in the development of modern management theories and techniques. If Maslow is correct, then some recognition of the components of this list must be included in the techniques used to manage and motivate.

## **Theory X and Theory Y**

In the mid-Sixties Douglas McGregor, working at the Sloan School of Management at MIT (“The Massachusetts Institute of Technology”) used Maslow’s hierarchy to develop two theories of workforce motivation, as he believed many companies were practising them. In their original form, they represent different, almost opposite, methods of management.

### **Theory X**

As identified by McGregor, a Theory X manager believes that workers are lazy and will avoid work whenever possible. To counter this, management structures implement close supervision and control, restricting the ability of workers to make decisions. The theory states that they will do very little to develop themselves without some form of incentive scheme and forces managers to use coercion to manage their staff. Little attention is given to skills development. Instead, managers focus on driving results through tightly managed structures.

Unsurprisingly, this theory is unproductive in practice. It leads to strife between the workforce and an over-managed, hierarchical and expensive structure.

Although, as McGregor had observed, this management style was prevalent in the early twentieth century, modern management has all but eliminated it. During the 1970s and 1980s many industrial disputes were attributed to the conflict between “workers” and “management”, a divide that had been exacerbated by the use of Theory X styles of management.

## Theory Y

McGregor divided Maslow's list into higher and lower orders. Theory Y takes those higher level needs and aspirations and uses them to create an environment structured to encourage their growth. It assumes that workers can be trusted to accept responsibility for solving problems and to accomplish tasks set for them. Managers using this style will take the view that most people want to do well at work, to enhance their status and enjoy their achievements.

In his book *The Human Side of Enterprise*, McGregor challenges managers to be more positive and open in their dealings with staff, to create an atmosphere of trust that encourages self-discipline and allows easier communication between the strata of the business.

## Theory Z – East v West

Management theory is affected by the real world. By the beginning of the 1980s, Western companies were feeling the impact of the resurgent post-war Japanese economy. In the area of manufacturing, Japanese companies seemed able to drive productivity up while maintaining high quality and a stable workforce. At that time, these were the major areas of failure in the UK and USA, leading to a lack of competitive edge. Both countries were dogged by industrial unrest, absenteeism and poor quality production.

Japanese management practice at that time was significantly different from that of the UK and USA. It was based on a consensual approach, long-term employment within a business, often for life, and responsibility of the individual within a workgroup.

It was these differences that lead William Ouchi, a professor of business management at Stanford Business School, to begin a study that led to the development and publication of *Theory Z: How American Companies Can Meet the Japanese Challenge*. Not the snappiest of titles, but the book remained on the US best seller list for more than five months.

His work revolved around the differences between American and Japanese organisations, known as Type A and Type J. Theory Z is a humanistic approach, a blend of the Japanese philosophies of management and US culture, which Ouchi believed would lead to the goals of employee satisfaction, better quality and improved financial performance. It differs from

## *About the author*

**M**IKE DALE is a freelance writer and consultant. He has over thirty years of senior business management experience, with the emphasis on services and support in the I.T. industry and a focus on continuous improvement. For a number of years he ran the outsourcing division of a large software and services company.

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Mike is the owner of *Writecompany*, a writing and consultancy business that focuses on providing high quality writing for both businesses and the media.

Mike is an experienced writer and has had articles and features published in a wide selection of printed and electronic media. His background in music and the arts, followed by senior business management, has given him the ability to write on a wide range of subjects. He now concentrates on articles for business magazines, with a particular focus on small business development and service improvement.

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## Quicklook at **Management**

This book provides an up-to-date look at something that affects us all, as employees, customers and members of the public.

Every organisation has to be run – in other words, managed. There are many different ideas about how to go about it. *Quicklook at Management* covers all the main areas of this important subject. We consider theories of management, alternative styles and techniques, different management structures, and learn about some successful managers. “Culture” is important – but what does this mean inside a business?

● Above all, management – and this book – is about people and how they deal with each other.

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## About the author

Mike Dale has over 30 years of senior business management experience, with the emphasis on services and the IT industry. His career has taken him to many parts of the world and given him a wide knowledge of management theory and practice.



Mike has run courses on management techniques for senior management teams. He now runs a consultancy business dealing with cost reduction, project management and marketing issues. He has had many articles published in business magazines.

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