

HSC Business Studies

Topic 1 – Business Management and Change

UNIT 1.2 – UNDERSTANDING BUSINESS ORGANISATIONS WITH REFERENCE TO MANAGEMENT THEORIES.

(Page 23)

[Classical Scientific Theory]

- Were the first group of early management theorists set out an idea of the framework for many of our current ideas on management.
- The **Division of Labour** was concerned with breaking the total job into small, narrow repetitive tasks.
- Focused on the functions of management which include:
 - Planning
 - Organising
 - Controlling

Planning

- Concerned with deciding what a business is to achieve in the future and how this will be done.
- Choosing from a set of alternatives
- The planning function involves managers in:
 - Business achievements – Objectives
 - Course of action – Strategies
 - Coordination of activities

Organising

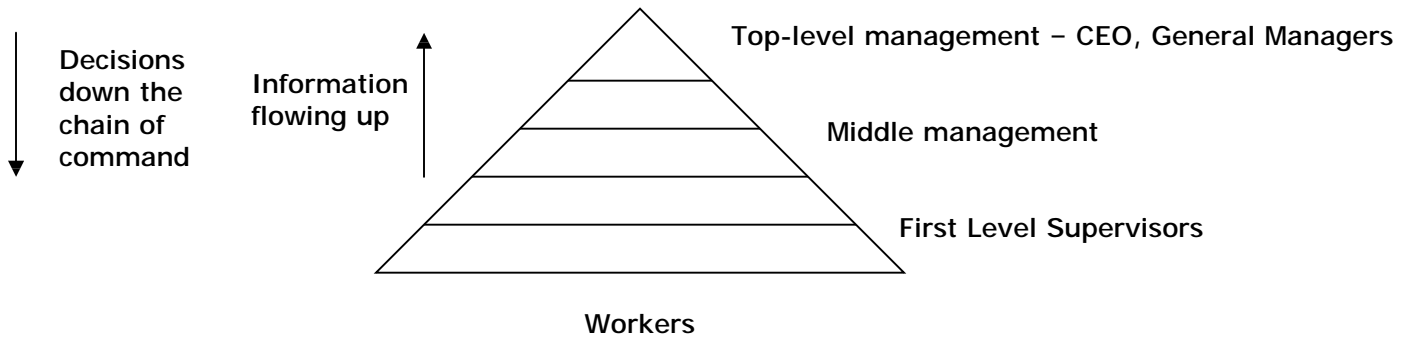
- Concerned with designing the structure or framework of a business.
- Determining tasks to be done to
 - Achieve goals
 - Allocation resources
 - Assignment of tasks.
- Involves managers making decisions about:
 - Tasks to be done
 - Who will be carrying out the tasks
 - Groupings of tasks
 - The Leaders/people w/authority

Controlling

- Measuring actual performance with what was planned.
- Controlling/planning closely related.
- Involves managers making decisions about:
 - How to effectively measure what is happening
 - Real output compared to planned output.

Hierarchical Organisational Structure Based on Division of Labour

- **Organisation Structure** is the formal way in which management sets out how the people in a business are to interact in order to achieve the goals of the business.
- Classical scientific theorists believe a pyramid structure was the most effective way to organise the structure of a businesses.



[The Traditional Pyramid Structure]

- **Chain Of Command** is the line of authority from the top to the bottom in order of who reports the decisions ...
- **Span of Control** is the jurisdiction over subordinates a specific manager has. In the diagram, top management has control over everything, middle management over first level and first level over the workers.

Autocratic Leadership Style

- The leadership style will directly influence such things as absenteeism, inefficiency and productivity – these things are closely related to worker motivation and morale.
- Classical Scientific Theorists based this on the army and decided to go for an autocratic style where workers are given little or no say in anything, they are directed in what to do.
- May be used in a business experiencing change where the workers don't want to change or in such organisations as the army.

[Behavioural Theory]

The Approach	Effect
<ul style="list-style-type: none">• Focuses on interpersonal behaviour, human relations and leadership motivation• Emphasised importance of work groups rather than simply individual importance.• Employees need to have a role in the decisions that effect their own work.• Work needs to be interesting and challenging	<ul style="list-style-type: none">• Organisations and allocation of tasks:<ul style="list-style-type: none">- Less emphasis on division of labour, more emphasis on team work- Development of human resources.• Organisational structure – More flexibility• Level of management<ul style="list-style-type: none">- Little Change• Monogamist Style<ul style="list-style-type: none">- Increasing emphasis on democratic style with more employee participation

Management as Leading, Motivating and Communicating

- Behavioural theorists put emphasis on the function of management concerned with leading, motivating, and communicating with employees.
- **Leading** involves managers directing people, motivation, communicating and resolving conflict.
- People are resistant to Change, but with these skills managers can be much more successful in creating that change.
- Motivation key focus for behavioural theorists.
 - Motivation – providing workers with the desire to do their work well.
- Strategies to motivate people that were derived include;
 - Employees in a physically attractive and safe environment
 - Involve employees in management by:
 - Fair / reasonable rewards
 - Challenging work
 - Says in decisions concerning their well being
 - Multi-skilling

Flat Organisational Structure

- Behavioural theorists had a strong understanding of the nature of workers.
- Didn't believe that so much supervision was needed.
- Argued productivity would be higher If workers had a greater responsibility and accountability of their own work.
- To do this, they 'flattened' the structure of the span of control, reducing the amount of managers.

Participative / Democratic Leadership Style

- Very different in autocratic leadership style
- Managers in this style encourage a high degree of employee participation.
- Does not involve things like workers voting, Managers still make these decisions.
- Developing groups and teams of workers.

[Political Theory]

- To gain the support of stakeholders, managers need to build their own **Power Base**.
- Managers in this theory must consider the implications of their decisions.
- Middle position of consultative style of leadership used where managers present a decision to subordinates and see their inputs.

Page 34 for Diagram on a Continuum of Leadership Styles

Legitimate Power

- Very similar to authority
- We have to accept people in certain positions have the right to do certain things
- Traffic police are an example..

Expert Power

- Power person has because they possess knowledge or the expertise that others value.
- Lawyers, accountants etc.

Referent Power

- Famous people – certain personally traits or desirable characteristics

Reward Power

- arise from the ability of some people to grant rewards.
- Managers have considerable power to grant such things as promotions, bonuses or pay rises.

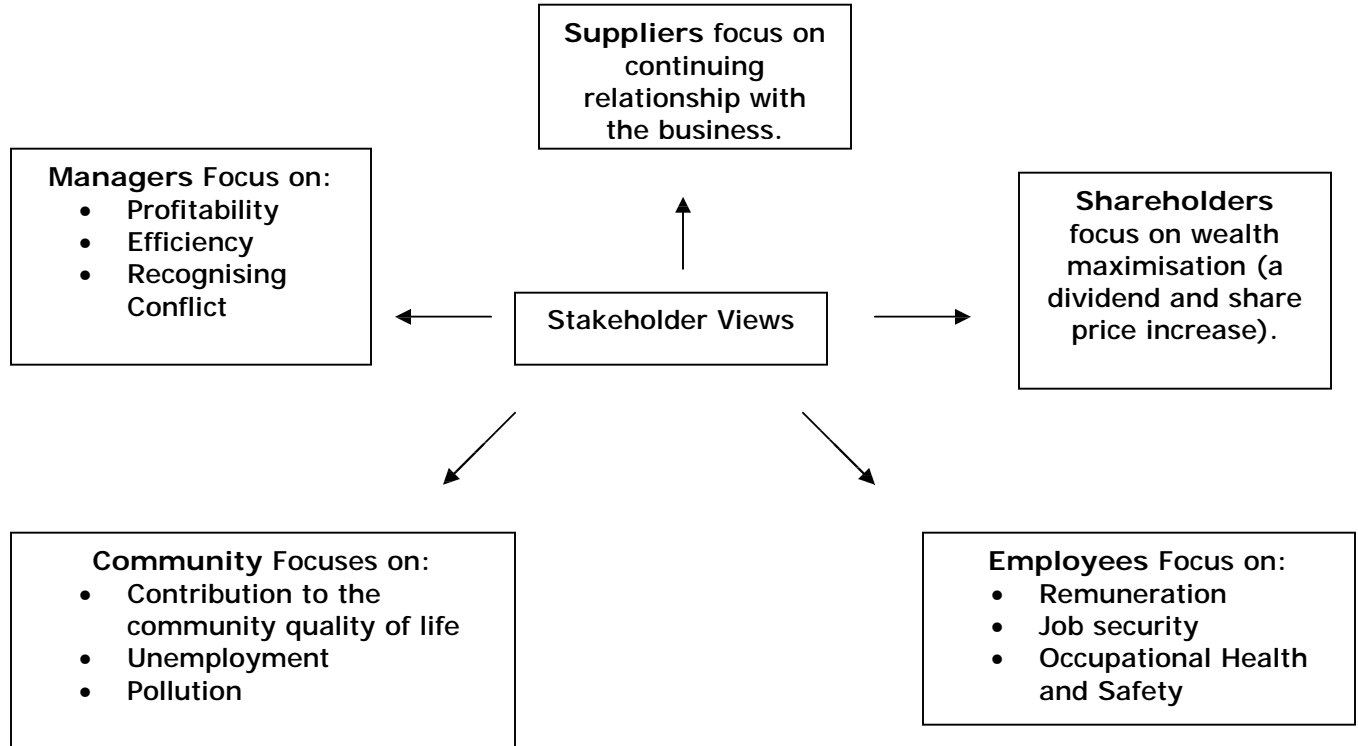
Coercive Power

- Forcing someone to do something that is against their will.

Structure as Coalitions

- Political theorists saw business as a structure of coalitions.
- Where groups of people would form a coalition by working together to achieve a common goal.

Stakeholder Views



[Strengths and weaknesses of the Management Approaches]

Classic Scientifically Management Approach

Strengths	Weaknesses
<ul style="list-style-type: none"> • Rational • Easy to understand • Clearly defined line of accountability • Emphasis on structure, Logical arrangement of tasks and control 	<ul style="list-style-type: none"> • Too simple • Inflexible • Worker resentment, monotony, high absenteeism and high staff turnover. • Not for rapidly changing dynamic environment

Behavioural Management Approach

Strengths	Weaknesses
<ul style="list-style-type: none"> • Forced managers to reassess the simple machine model • Communication • Focussed on motivating, leading and directing. 	<ul style="list-style-type: none"> • No unifying framework that described whole management process. • Communication – often so large that confusion arises.

Political Approach to Management

Strengths	Weaknesses
<ul style="list-style-type: none"> • Provided insights into power, conflict, organisational design 	<ul style="list-style-type: none"> • Only focuses on one aspect of management • Ignored internal and external variables.

Visual Diagram on Management Theories...

