

MANAGEMENT

Is defined as the act of getting people together to accomplish desired goals, leading and organizing them.

HISTORY

Management is generally considered to be a late modern term. However, some experts detected management-like-thoughts in Sumerian traders' culture and in building the pyramids of ancient Egypt.

Since the middle of 19th century it refers to the process of running the business, leading people and organizing company.

DEVELOPMENT OF THE MANAGEMENT THEORY

CLASSICAL SCHOOL

1. **Scientific approach (Frederick Taylor)**
 - the theory deals with the environment of small manufacture
 - He measured the duration of every single operation in the production process, which enabled him to set the standards. These decreased the cost of production, motivated people to work more leading to higher productivity. However, the fight for individual wage resulted in tightening the standards. Monotonous work was also a negative effect.
2. **Administrative approach (Henri Fayol)** - French engineer, manager of a mining company
 - deals with problems on the level of large companies
 - tried to increase its productivity by improving organization and administration
 - defined 14 general conditions for efficient company as:
 - division of labour, authority and responsibility, discipline, inferiority of the workers' interests to general interest of the company

- divided the activities of the company into DEPARTMENTS , eg- financial, marketing,...
- described 5 functions of management:
 1. predicting
 2. organising
 3. directing
 4. coordination
 5. controlling

3. Bureaucratic approach (Max Weber)

- similar to administrative
- based on bureaucracy (meaning system of standards, rules and procedures)
- introduced the ideal type of organisation with principles as:
 1. division of labour
 2. rights and duties of every employee should be precisely defined
 3. system of standards required (description of activities, instructions to work)
 4. manager is responsible for discipline & functioning, achieving the goals

NEO-CLASSICAL SCHOOL (Elton Mayo)

- human-relation theory
- focuses on the human relations in the production process, cooperation, communication and motivation of people
- recommends the managers to pay attention to human needs and improve the human relations in the company

MODERN SCHOOL

- I. American School
- II. Japanese School
- III. European School

AMERICAN SCHOOL

1. Processing approach

- based on administrative and bureaucratic theories
- focused on improvement of administration and organization of a company
- defined the functions of management

2. Psycho-social approach (Abraham Maslow)

- based on human-relation theory of Elton Mayo

3. Systematic approach

- based on synergetic effect - refers to the combined effort of individuals as participants of the team
- by cooperation people achieve more than individually

4. Quantitative approach

- based on mathematical methods & operational analysis to solve the deciding situations

5. Pragmatic approach

- uses experiences of successful managers to solve problems

EUROPEAN – based on the American management

JAPANESE SCHOOL

Main features:

- I. a man is the main source of increase of quality and efficiency, every employee is able to improve his skills
- II. managers should create the conditions for employees to improve these skills
- III. management should create the conditions for better cooperation and create a "company family", worker is always a part of a team
- IV. the interest of the company is superior to the interest of a worker

THE MAIN DIFFERENCES AMERICAN VS. JAPANESE SCHOOL

AMERICAN	JAPANESE
supports internal competitiveness	supports cooperation and harmony
authoritative decision of management	participation of workers in decision-making
leadership based on formal authority	informal authority
	greater attention to quality of G&S

Implementation of management theories in practice

HENRI FORD [car company]

- used scientific approach of classical school
- improved the production by: introduction of an assembly line which enabled mass production, division of labour
- decreased the cost of production => cheap products {T-model}
- employed people with low skills (each mastered only simple operations)

TOMAS BATA [shoe company]

- produced cheap shoes for everyone
- introduced accounting within every department
- satisfying the needs of employees was important (schools, banks and houses were built for the workers)

MANAGEMENT STYLES

I. AUTHORITARIAN (autocratic) STYLE

- manager decides on his own without any discussion with his subordinates
- advantageous when leading unskilled people/ crisis management (army, police)
- requires a lot of supervision and monitoring
- demotivates skilled and intelligent people

II. PATERNALISTIC STYLE

- softer form of autocratic style
- decisions are made by management by after a discussion with subordinates
- manager explains the decisions to others
- human- relations are important
- people involved in the decision process

III. DEMOCRATIC STYLE

- employees are involved in the decision-making
- managers delegate the responsibilities to employees, listen to advice
- leaders possess good communication skills and confidence
- increases motivation of employees

IV. LIBERAL STYLE – hands-off

- weakest form of management
- manager rarely interfere in running the company
- highly motivates people

FUNCTION OF MANAGEMENT

Planning, organizing, leading, supervising

PLANNING- setting of objectives of company and defining the way of achieving it in business plan

ORGANISING- setting the hierarchy,(i.e. relations of inferiority and superiority; structure of company) represented by organizational chart

Organizational chart

1. according to the function – shows departments
2. according to the products – shows the divisions
3. according to the geographical area

2 types: tall - many levels
- takes a long time until the decision reaches the bottom

Flat - few levels
- decisions made quickly, sometime it's too fast => managers can feel overwhelmed by too many people reporting to them

3 levels of management

I. top level- appointed or made of the owners, manages the company as a whole

II. middle- management of the departments

III. first line – group leaders with direct contact to the workes

LEADING- involves deciding and motivating people; good communication skills are required

SUPERVISION – main aim is to avoid problems in the future

- comparing whether reality corresponds with the plan
- getting feedback

Personality of a manger

- communication skills
- decision-making skills
- self confidence, confidence in people
- creativity
- ability to bear risks
- assertivity