Organizational Resources

Management Theory and Applications

CHAPTER OBJECTIVES

After reading this chapter, readers will:

- Understand important management theories.
- Appreciate basic organizational structures and concepts.
- Apply span of control.
- Construct planning aids.

CHAPTER SUMMARY

Skill in management is an absolute requirement for success as an agency executive. Management, in one form or another, is practiced by most people in their jobs almost every day. Even those working in positions that are supervised and that require only the performance of repetitive tasks will find an understanding of management to be helpful. Knowledge of management theory and practice improves relations among the people in an organization. Most professional employees are required to perform some managerial tasks. Because management is so pervasive, improved knowledge of managerial theory and practice will lead to enhanced job satisfaction and success.

The aim of this chapter is to delineate some basic concepts of management, both in theory and in practice. This chapter presents four theoretical models relating to management and motivation. In addition, some myths of motivation are considered. Developing supervisory skills and the importance of delegating responsibility are discussed. The chapter considers the training and development

of subordinates as well as the critical issue of fairness when inter-acting with others.

CASE STUDY

Ryan was having a good day. In fact, the past 7 days had been exhilarating. A week ago, Ryan had been promoted to a first-line supervisor position. He had thought about different uses for some of his increase in pay. As he neared the office, Ryan began to have different thoughts. Could he handle the job? How would he direct his subordinates?

"Reality can be nasty," Ryan mused, "but I can do this. First, I had a management course in college. Second, the boss would not have recommended me for promotion if she thought I couldn't do the job. Still, this is scary."

What advice would you offer to Ryan? How should he prepare for his new job?

FUNDAMENTAL GOALS AND ACTIVITIES OF MANAGEMENT

Citing a classic definition, management is one of the basic tools used to achieve the mission of an organization (March and Simon 1958). One of the most fundamental aspects of any organization is its mission statement. The mission statement states why an organization exists. It delineates the activities that the organization will undertake. It provides a focus for all of the organization's activities.

Management provides the framework and basis for the system of controls needed to maintain any organization. The fundamental process of control is circular. Plans are made and elaborated. They are derived from the goals addressed in the organization's mission statement. Plans of action are devised to achieve these goals. The purpose of such plans is to translate goals into reality—to provide guidelines for the activities of an organization. Periodically, all plans should be subjected to review and audit. Were the objectives of the initial plan met? Were budgets and other

Plan ⟶ Conduct program ⟶ Audit ⟶ Plan

FIGURE 1-1 Cycle of Activities

resources sufficient? Did members of the organization work smartly and together to implement plans, or were efforts fragmented, overlapping, counterproductive, or ineffective? The results of this type of audit can be used to plan new strategies, programs, and activities or to modify existing ones. In this manner, the cycle of activities continues (see Figure 1-1).

The process and techniques of forecasting are used to translate the abstract goals from the mission statement into realistic objectives for the organization. Forecasting methods vary in their sophistication. Frequently, an educated guess or hunch provides guidance for implementing the elements of an initial plan by giving actual values to forecast numbers. All too often, the same forecasting method is used in subsequent audits and reviews.

A slightly more sophisticated approach to forecasting involves either inflating present goals by a set percentage (often 10%, because this can be done mentally) or averaging the rate of recent growth to arrive at a future goal. Computing a moving average to account for recent trends is more accurate, but this approach is less frequently used. Other methods, such as regression equations, also exist. These methods are infrequently employed by people who are not economists.

MANAGEMENT THEORIES

The most familiar form of organizational structure is the classic bureaucracy. This structure is widely used by governments, militaries, and churches, and was first systematically described by Weber (Gerth and Mills 1958). Bureaucratic theory states that regular duties are known to all; that there is a hierarchy of jobs, authority, and responsibility; and that written documents govern the conduct of an organization or institution. The advantage of a bureaucracy is that a rational code of conduct is substituted for rule by the whim of whoever is in charge. Bureaucracy ensures that jobs are more likely to be distributed to individuals having specialized competence to handle them. The so-called pecking order found in most organizations is bureaucratic in nature.

Three major theories describe the attitudes and behavior of individuals toward subordinates within an organization. A widely discussed theory of human relations within an organization was suggested by Douglas McGregor (1967). It is commonly referred to as Theory X and is a traditional view of direction and control. Theory X has three major tenets:

1. The average human being has an inherent dislike of work and will avoid it if at all possible.
2. Because of this human characteristic of disliking work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward achieving organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all other considerations.

This theory is historically consistent with the attitudes of management and the rise of unions, vis-à-vis, the existence of an adversarial state between labor and management.

To some, Theory X seemed unduly harsh. Over the past four decades, alternative methods of management have evolved. More humanistic, they have been collected into theoretical form and labeled Theory Y. This theoretical position integrates individual and organizational goals. The assumptions of Theory Y can be summarized as follows:

1. The expenditure of physical and mental effort in work is as natural as play or rest.
2. External control and the threat of punishment are not the only means for bringing about effort toward achieving organizational objectives. Individuals will exercise self-direction and self-control in the service of objectives to which they are committed.
3. Commitment to objectives is a function of the rewards associated with their achievement.
4. Under appropriate conditions, an average human being learns not only to accept but also to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.

6. Under the conditions of modern industrial life, the intellectual potential of an average individual is only partially used.

This theory reflects an attitude of trust on the part of employers. It implies that people are inherently ambitious and responsible rather than lazy and irresponsible. Theory Y has been implemented most frequently and successfully in managerial situations and in states having so-called sunshine laws that do not permit mandatory union membership as a condition of employment. Where older labor–management relationships continue, supervision using Theory Y tenets has been difficult to implement.

A recent theory of management has been imported primarily from Japan (Ouchi 1981). Theory Z has not been as completely delineated as have the older theories. It extends many of the Theory Y notions relating to the inherent worth of people. With this theory, management makes longer-term commitments to its employees. It also expects a high degree of loyalty from them. Management sponsors activities and programs extending past working hours. There is a feeling of family among all parties. In Japan, it is uncommon for workers to change employers.

In some respects, Theory Z resembles the paternalism that was common in some US companies in the mid 1800s. However, today the Theory Z approach to management is not commonly encountered in the United States, although some firms have taken steps in that direction. A number of employers now provide employees with health clubs and physical fitness programs, day care facilities, and other off-the-job activities. However, in the United States many employees frequently change jobs. One major firm that had a no-layoff policy was International Business Machines (IBM). Insiders and outside observers have both noted the strong corporate identification among workers at IBM was due, in part, to management's heightened attention to benefits for employees and their families, both on and off of the job. Competitive pressures and demands for productivity have reduced the implementation of Theory Z management in the United States.

The decline in the Japanese economy and the fall in the value of the yen have had strong impacts on Japan. Companies have started to lay off workers. The prevalence of Theory Z has been reduced as companies have reacted to competitive pressures.

John Stacey Adams (1965) proposed a theory of motivation that was based on the notion of equity. All individuals seek a fair balance between what they put into their jobs and what they get from them. Adams proposed that people form perceptions of fairness or balance by comparing their own situations with those of other colleagues. People are also influenced by partners, colleagues, or friends when they establish these benchmarks.

Inputs typically include attributes such as effort, skill, loyalty, hard work, commitment, ability, adaptability, flexibility, tolerance, determination, enthusiasm, as well as trust in one's supervisor or superiors, support of colleagues and subordinates, and personal sacrifice. Outputs usually include tangible elements such as financial rewards, benefits, perquisites and pension arrangements, and intangibles such as recognition, praise, travel, promotion, training opportunities, a sense of achievement, and simple thanks. People need to feel that there is a reasonable balance between inputs and outputs. In short, people want to be treated in a fair and equitable fashion.

If people feel that their work (inputs) are fairly and adequately rewarded (by outputs), then they will feel happy in their work and motivated to continue working (inputting) at the same level. Conversely, if people feel that their efforts outweigh the rewards, then they become unmotivated in relation to their jobs and employers. People respond to this feeling in different ways. In general, feelings of inequity are proportional to perceptions of the disparity between their efforts and expected rewards. People will undertake actions to reestablish balance and equity. Some people reduce their levels of effort. They may become inwardly disgruntled or outwardly rebellious. Others try to improve their reward by making demands for greater pay or seeking alternative employment. Equity theory can be summarized as follows:

1. Employees compare their inputs or personal values and efforts with the outcome or rewards received and mentally compute a personal effort–reward ratio that is compared with similar computations for other employees.
2. If employees perceive equity or feel that they are receiving a fair deal, they are content and may be further motivated to excel in their jobs.
3. When employees perceive inequity or injustice, they respond to the inequity by taking some action such as lowering productivity or effort, reducing quality, increasing absenteeism, or seeking a different job.

Scientific management was systematically described by Frederick Taylor (1998). The concept of the most productive use of time is central to this theory. Time is managed by measuring the length of tasks with a stopwatch and then organizing a sequence of activities so as to minimize both extraneous motion and wasted time. The pace of an assembly line and its associated tasks are frequently organized by using scientific management principles. The theory's appeal is largely intellectual: minimizing wasted time and motion. Few executive or professional jobs lend themselves to this organizational principle.

Management and motivation are intertwined. Many important theories of motivation are discussed in Chapters 3 and 11.

MANAGERIAL STRUCTURE

The bureaucratic theory of organizational behavior provides the most common model of managerial structure. Most organizations are hierarchical. Typically, several individuals report to a single supervisor. This is referred to as the *span of control*. Historically, the optimum span of control has been thought to be from three to seven individuals reporting to the same person. The advantage of this type of structure is that reporting relationships and supervisory responsibilities are clearly delineated. The disadvantages are that communications are frequently slowed, and an organization is slow in responding to changing conditions. However, in the past few years, the span of control has increased in response to cost-cutting measures imposed by senior managers. It is not uncommon to find supervisors with 20 or more subordinates reporting directly to them in many US businesses. In addition, the number of supervisory layers has also decreased.

APPLIED MANAGEMENT THEORY

The ability to delegate tasks is one of the most fundamental attributes of a successful manager. Some small organizations never grow significantly because the founder or head is unable to delegate work. Accepting this concept, it follows directly that subordinates and staff must be effectively employed. When possible, all should understand their departmental and organizational missions. Individual objectives should be aligned with larger organizational goals.

It is important to distinguish between motivation and satisfaction. The former refers to the drive and effort required to achieve a goal. The latter refers to the contentment derived when a goal has been met. The two can exist independently of each other. An effective manager understands what motivates each staff member. Then, to the extent possible within the organization, positions and tasks are structured to best use the skills and talents of individual employees.

Effective managers prepare their subordinates for promotion. Employee advancement is one indicator of managerial success. As part of the strategic planning process, many companies include succession planning for their employees. This process gathers results from individual testing and supervisor evaluations and then integrates them into the overall corporate goals.

Decision making is a key component of effective management. Although final decisions are frequently made by a single individual, input should be solicited from many sectors. It is useful to know the environment in which the decision will be made. Understanding the larger organizational milieu and culture is quite helpful. The implications of the decision must be weighed. Components to be considered may include the benefits that will be derived; economic, resource, and opportunity costs; the mechanics of implementation and obstacles that may be encountered; political fallout; and future consequences at all levels. Alternatives should be subjected to the same scrutiny before being accepted or rejected. Each decision presents an opportunity for creativity. Within a complex organization, many decisions must include compromises. Compromise optimizes all of the factors considered rather than maximizing a single aspect of the decision.

Organizations have boards that provide managerial oversight. One major responsibility of a board is supervising a chief executive officer. Other responsibilities include ensuring that adequate resources are available and used in appropriate ways, approving strategic and succession plans, and periodically auditing organizational activities. Taking on additional duties puts a board at risk of micromanagement. Employees in any type of organization rarely appreciate being subjected to micromanagement.

A health department is often, but not always, headed by a board of health. This body is responsible for and has final authority over the direction of the health department's affairs. It also has the responsibility to hire, evaluate, and discharge the health officer or health commissioner. The titles

and eligibility requirements for health department leaders (health officer or commissioners) vary from state to state. Generally, a board will limit itself to establishing policy, reviewing progress and activities, and approving plans for the future.

PLANNING AIDS AND DEVICES

The timely completion of assignments is a prime component of successful management. Managing and supervising progress are also important activities. To complete activities in a timely manner, individuals and organizations commonly use several planning aids. However, it is useful to understand planning and feedback cycles before any discussion of specific planning methods is undertaken. Detailed plans frequently are prepared on an annual basis. Many effective organizations have a 5-year strategic plan that is annually reviewed and brought up to date.

The value of extensive strategic planning was questioned in the 1980s. However, the successful organizations that exist today are generally those that did not abandon strategic planning. Annual and strategic plans should be dynamic and well-used documents. Too often, they permanently reside on shelves after they are completed.

The clarity and specificity of plans increases as their time frame nears the present. As the time horizon in a plan approaches the present, the level of detail increases. Two common units of time are the quarter and year. Financial status is reported quarterly and summarized annually. Program success or failure is often measured quarterly so that programs can be modified before significant time elapses.

The simplest pictorial representation of the components required to complete a task is a timeline (see Figure 1-2). With a timeline, the different steps of a project are written down in chronological order. A slight refinement of this approach is to divide a line into equal time intervals
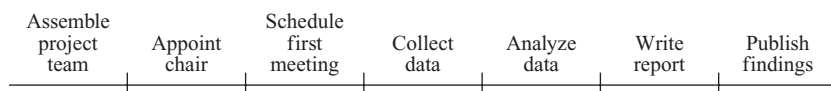
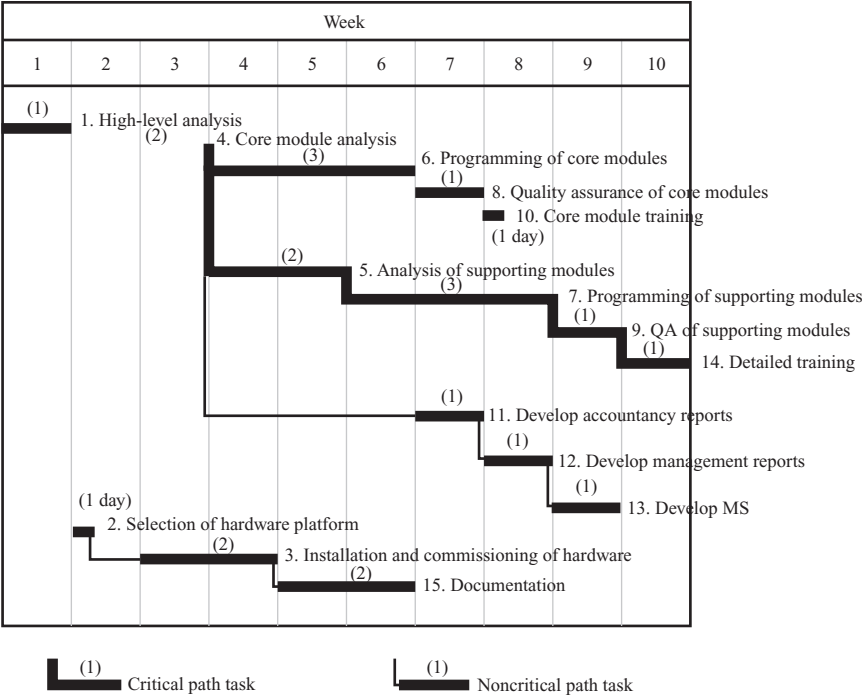| Assemble project team	Appoint chair	Schedule first meeting	Collect data	Analyze data	Write report	Publish findings

FIGURE 1-2 Timeline

FIGURE 1-3 Gantt Chart with Critical Path

and then note the events or activities on the line, with appropriately scaled space to represent the amount of time needed to complete the step. A timeline is extremely simple to construct and is unambiguous. However, it only depicts order and does not show interrelationships and simultaneously occurring steps.

Henry L. Gantt developed an early pictorial system for use in planning and task allocation in the early part of the 1900s (see Figure 1-3). Gantt recognized that overall program goals should be considered as a series of interrelated steps. He also appreciated the limitations of the timeline. A Gantt chart depicts a series of events as bars that cross equal units of time on a chart. The advantage of a Gantt chart is that a manager gains a clear understanding of the timing and interrelationship of all of the component events of a project. One disadvantage is that the chart does not show dependent relationships between different project steps. However, the Gantt chart is both easy to construct and interpret.

CONCLUSION

Management is the art of using all available resources to accomplish a given set of tasks in a timely and economical manner. A complete job description for a successful manager would include skill in diplomacy, coercion, politics, psychology, budgeting, evaluation, and a host of other attributes. Each individual manager evolves a personal style within an organizational culture. No two positions or individuals are exactly alike. A successful manager must be able to allocate resources and motivate subordinates to accomplish goals often imposed from external sources (e.g., upper management). A successful manager is one who understands the local organizational milieu as well as the larger environment in which it exists. The theories discussed in this chapter are only guidelines. Effective managers are a valuable asset to any organization in which they function.

CASE STUDY RESOLUTION

Ryan decided to read a book on management. He recognized several of the managerial theories from his college course. He reread the job description for his new position. He now realized that he had to make decisions about the type of supervisor he wanted to become. Ryan decided to take stock of his own preferences, especially as they might relate to his new job. He liked people and believed that everyone had skills and attributes that could benefit their employer. Part of his job was to match people and their skill sets with tasks over which he had responsibility.

Ryan decided that the theories of Adams and McGregor made the most sense to him. Employees would seek equity between their assigned tasks and their pay. Treating them with respect and giving them responsibility for their activities should also enhance their perception of equity.

"Okay," he thought, "if I pretend I'm back in third grade and just take things one step at a time, everything will work out. Let's start supervising." A smile returned to Ryan's face and he began a new phase in his life.

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