

Theories of Management & Its Application

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Abstract:

Management is commonly defined as an action done by people to uphold and handle the business environment and structure. A compilation of ideas which set forth common rules on how to manage a business or organization. The contingency theory aims at integrating theory with practice in systems outline. We have also discussed the importance of contingency theory, its properties criticism it has faced, consequence it has on the manager. Two distinct sets of assumptions that managers in common have about their employees and which often turn out to be self-satisfying prophecies. In this presentation, we have also discussed the comparison of X and Y theory. Finally, this presentation deals with the application of the above two theories.

Key Words: management, business contingency theory, X & Y theory, employees

Management:

Management is the ability to get things done through and with people in formally organized groups. Management in business and organizations in the process of accomplishing goals and objectives by using available resources and efforts of people efficiently and successfully. Management is considered as a process as it involves series of interlinking functions like planning, organizing, staffing, leading or directing, and controlling an organization to achieve the goal. Management is success oriented because it gives a lot of importance to "success ". Management is also accountable for the formation and implementation of business policies and strategies. Management also makes plans, policies, and decisions according to the

circumstances. It changes its style according to the circumstances.

Management Theory:

A compilation of ideas which set forward general rules on how to manage a business or organization. Management theories are implemented to help enhance organizational efficiency and service excellence. Management theory addresses how managers and supervisors transmit to their organizations in the acquaintance of its goals, the implementation of effectual means to get the goals accomplished and how to stimulate employees to achieve the highest standard.

Contingency Management Theory

The contingency theory is based on the theory that management effectiveness

is contingent or dependent, upon the relationship between the relevance of management behaviors and specific situations. A company, according to contingency theory, should take into description all aspects of a situation when making a decision including which type of management system it chooses. For instance, a leader using contingency theory may decide an autocratic and hierarchical management system is the best. There is no one best way of organizing or leading and that an organizational or leadership style that is effective in some situations may not be successful in others. It is pragmatic in nature as a solution to every problem is found after analyzing the situation. The optimal organization or leadership style is contingent upon various internal and external constraints. It follows the procedure of multivariate analysis. The contingency theory emphasizes the importance of both the leader's personality and the situation in which that leader operates. It thinks of all possible variables or factors that affect the situation and adopts the best

Important Ideas of contingency Theory:

- There is no widespread or one best way to manage.
- Must be considered about a wide range of external and internal factors and the focal point should be on the action that best fits the given circumstances.
- Effective organizations not only have a proper fit with the environment but also between its subsystems
- The needs of an organization are better satisfied when it is properly

designed and the management style is suitable both for the tasks undertaken and the nature of the work group.

- Each manager's situation must be viewed independently
- Managers need to be developed in skills that are most useful in identifying the important situational factors.

Properties:

- Theory doesn't believe in one best way so many methods and principles may be used
- Every situation is distinctive so the manager has to be able to consider each and every situation separately.
- "An authoritarian leadership style may be more appropriate than a leadership style that tries to get workers internally motivated."
- It is adaptive in nature. It does not presume a pre-designed structure of the organization but adopts a structure that helps the organization adapt to the environment.
- Applied in activities of motivating, leading and structuring the organization.

The other potentials of application are;

A. employee development and training

B. Decision of decentralization

C. Establishment of communication and control systems

D. Planning info decision systems

Criticism:

The logical extension of the contingency approach is that all situations are distinctive. If this is true then management can be practiced only by perception and judgment thereby opposing the value of prior knowledge and wisdom. No one is ready to accept a manager who is assertive and inflexible. It does not follow the concept of 'universality of principles' which often apply to specific management situations. As there is no definite solution to a problem, managers think of alternatives to arrive at the right choice. This is costly in terms of time and money. It also does not provide a theoretical foundation upon which management principles will be based. It is not possible for managers to determine all the factors relevant to the decision-making situation. Because of constraints of time, money and ability, managers can neither collect complete information about the environment nor analyze it completely. Besides, it is not possible to establish perfect relationship amongst these factors. Application of this theory may, therefore, be a complicated task as decisions are based on limited information. These criticisms are only theoretical in nature. The theory contributes to the development

of management thought if applied rationally.

Effect on a Manager

- By applying contingency theory to the study of management, the manager will be able to categorize and to solve problems under diverse situations.
- He will be able to identify that the successful application of a technique in one situation does not assure success in another.
- Rather, he will be able to scrutinize each situation in terms of how it is affected by the relative, organizational, and human dimensions.
- As a result, the overall capability to correct problems and to become more effective as a manager will enhance.

Application of Contingency Theory

Story of a Shoe Maker

A shoe manufacturer is faced with declining profits. As a manager - time study from the conviction that the decline in profits is due to lower productivity on the part of the workers (classical management theory). The manufacturer may attempt to involve workers more fully in decisions regarding the methods to use in producing the shoes based on the principle that this will encourage workers to manufacture more (Behavioural management theory). He may establish a board of sales and production personnel to organize the production and distribution of

goods under the supposition that large inventories are responsible for the decline in profits (systems theory). Application of a contingency perception will enable the manager to look at the situation and to find out the cause of decreased profits before a new process or program is implemented. This theory is designed to afford the manager with the capabilities to observe several possible solutions to a problem.

Theory X and Theory Y

Introduction

Theory X and Theory Y are theories of human motivation created and developed by Douglas McGregor at the MIT Sloan School of Management in the year 1960. They explain two different models of employee's motivation. Theory X and Theory Y have to do with the perceptions managers to hold on their employees and not the way they generally behave. It is attitude, not attributes. Both the X and the Y theories begin with the premise that management's role is to accumulate the factors of production. Theory X and Y were being to reflect in several management applications, and it would change the way people thought about performance appraisal, organizational change, and leadership.

His work is based upon Maslow's Hierarchy of Needs where he grouped the hierarchy into lower-order needs (Theory X) and higher-order needs (Theory Y). He recommended that management could use either set of needs to motivate employees but better results would be gained by the use of Theory Y rather than Theory X. These two views theorized how people view human activities at work and organizational life.

Understanding the theories

Our management style is strongly influenced by our beliefs and assumptions about what motivates members of your team. If you believe that team members dislike work, you will have a controlling style of management. On the other hand, if you assume that employees take pride in doing a good job then you will be inclined to accept a more involvement style. The approach that you take will have a significant impact on your ability to motivate your team members. So, it's important to understand how your perceptions of what motivates them can outline your management style.

Theory X

Theory X assumes that employees are naturally unmotivated and dislike working. This encourages an authoritarian style of management. According to this view, management must actively intervene to get things done. This style of management assumes that workers: dislike working, avoid responsibility and need to be directed. Workers have to be controlled, forced and threatened to deliver what's needed. They need to be supervised at every step with controls put in place and to be enticed to produce results otherwise, they have no ambition or motivation to work. X-Type organizations tend to be top-heavy with managers and supervisors required at every step to control workers. There is a little delegation of authority and control remains centralized. McGregor recognized that X-Type workers are in fact usually the minority and yet in large-scale production environment X Theory management may be required and can be unavoidable. This style of management concludes that workers –

- Disfavour working.
- Desist responsibility and the need to be directed.
- Need to be controlled, forced, and warned to convey what's needed.
- Demand to be supervised at each and every step, with controls put in place.
- Require being concerned to produce results, else they have no objective or incentive to work.

McGregor observed that X-type workers are in fact mostly in minority, and yet in accumulation organizations, such as large-scale production environment, X Theory management may be needed and can be unavoidable.

Theory Y

Theory Y shows a participation style of management that is decentralized. It assumes that employees are happy to work are self-motivated, creative and enjoy working with greater responsibility. They take responsibility and are motivated to fulfill the goals they are given. They seek and accept responsibility and do not need many directions. They consider work as a natural part of life and solve work problems imaginatively. They believe that the satisfaction of doing a good job is a strong motivation in itself. Theory Y manager will try to remove the barriers that prevent workers from fully actualizing themselves.

It estimates that workers –

- Take responsibility willingly and are encouraged to fulfill the goals they are given.

- Explore and accept responsibility and do not need much management.
- Assume work as a natural part of life and solve work issues artistically.

This management style tends to be more widely appropriate. In Y-Type organizations, people at lower levels of the organization are involved in decision making and have more responsibility. Theory X and Theory Y relate to Maslow's hierarchy of needs in how human behavior and motivation are main priorities in the workplace in order to maximize output. In relation to Theory Y, the organization is trying to create the most symbiotic relationship between the managers and workers which relates to Maslow's needs for self-actualization and Esteem.

Comparing Theory X and Theory Y

Comparing Theory X and Theory Y, Motivation Theory X assumes that people dislike working; they want to avoid it and do not want to take responsibility. Theory Y assumes that people are self-motivated and thrive on responsibility. Management Style and Control in a Theory X organization management are authoritarian and centralized control are retained, while in Theory Y, the management style involves employees in decision making but retains the power to implement decisions.

Work Organization Theory X employees tend to have specialized and often repetitive work. In Theory Y, the work tends to be organized around wider areas of skill or knowledge; Employees are also encouraged to develop expertise and make suggestions and improvements.

Rewards Theory X organizations work on a 'carrot and stick' basis, and performance is part of the overall mechanisms of control. In Theory Y organizations, appreciation is also regular and important but is usually a separate mechanism from organizational controls. Theory Y organizations also give employees frequent opportunities for promotion. Accepting creative and innovative ideas provided by employees.

Application

Although Theory X management style is widely accepted as poor to others somehow it has its place of beneficial in large-scale production operation and unskilled production-line work.

Many of the principles of Theory Y are widely accepted by different types of organization that value and motivate active participation. Theory Y-style management is suited to knowledge work and professional services. Professional service organizations naturally evolve Theory Y-type practices by the nature of their work. Even highly structure knowledge work such as call center operations can benefit from Theory Y principles to encourage knowledge sharing and continuous improvement.

Five Important Limitations of Theory X & Theory Y:

- Theory X style of management fosters a very hostile and distrustful atmosphere
- Theory Y style of management is tough to uphold in reality
- Theory X and Theory Y is very hard to be used with each other
- Theory X and Theory Y makes employment harder
- Theory X and Theory Y work on assumptions

Conclusion

The needs of an organization are better satisfied when it is properly designed and the

Management style is appropriate both to the tasks undertaken and the nature of the work group. Understanding your assumptions about employee's motivation can help you become skilled at to managing more efficiently.

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