

EARLY AND CURRENT MANAGEMENT THEORISTS:  
A COMPARATIVE FUNCTIONAL ANALYSIS

By  
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To Carol Ann

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## CHAPTER I - INTRODUCTION

### Thesis

In the past, management theorists have developed and held divergent points of view about management, these varying with regard to its nature, its methods, its practices, and its principles. Because of these different views, there has developed a variety of schools of thought pertaining to management and its nature. Each of these schools views management as being something different from that which is seen by the others and each typically has its own approach to the study and explanations of management behavior.

Some of the more common schools of thought that have developed over the years are the operational (or management process), the human behaviorist, the empirical, the decision theory, and the social systems schools.<sup>1</sup> Each of these schools has succeeded in making important discoveries in management and has in turn made its own significant contributions to the various fields of management theory. While each has achieved some degree of popularity and general support, the operational school has perhaps been the most successful in gaining adherents. This is probably due to the systematic approach its proponents take to the analysis of management and to the discovery of principles. The operationalist views management as a process which is analytically separate and distinct from the other activities that are conducted within an organization, either business or other.

### Universal Nature of Management Principles

While the management process is a unique process, it is divisible into identifiable functions, all of which must be performed to complete the services and fulfill the responsibilities of management. These functions are typically identified as planning, organizing, staffing, directing, and controlling. While there is no universal agreement on this list of functions, this classification is representative of those that have developed and is in itself rather widely accepted with only minor deviations. Although the functions do not have to be performed by the same person or at the same time, the successful management of any single undertaking necessitates performance in all of these functional areas--and usually in the sequence in which they are presented. This functional cataloguing of management activity very greatly facilitates the classification and analysis of management data in the development of hypotheses and also in the substantiation of hypotheses for the development of principles.

While management is generally conceived by all management schools to have as its purpose the coordination of activity of other people in their combining of factors of production so as to achieve objectives efficiently, the operational school feels the process of management is necessary in all group endeavors. The management functions, in other words, are common to all managerial tasks. The same fundamental process should be pursued in any set of circumstances and at any level of the organization. This point of view toward the management process and its functions (and the principles that guide the performance of these functions), which holds them as being applicable in any endeavor regardless of circumstance or size of organization, has been labeled

the universalist theory. It is this universal label, or concept, that is of interest in this study. What needs to be determined is whether this theory is justified by the existence of principles of general applicability which are recognized and utilized in just such a universal fashion. It is accepted that every manager does not have to perform every function of the process in every endeavor, but it is generally held that every job requires that all the functions be performed by someone at some time and that managers may perform a limited number of functions because of specialization.

#### Independent Development

If the assumption of universality of management principles is true, it seems logical to assume the possibility of independent development or discovery of these principles and the systems that they constitute. This independent development should exist with respect to the environment in which the principles are developed and to the time and circumstances of discovery. If principles can be applied to any managerial situation or set of organizational circumstances, then it would seem that there is a possibility they could be discovered in any environment. The business or industry being analyzed by an interested observer would then appear to be of little or no consequence. In similar fashion, neither would the context of the economy be a particularly significant factor. Certainly it would be expected that some social, political, and possibly economic factors would have some bearing on the techniques and methods used in studying management, but these should have little effect on the ultimate findings; that is, the relationship among variables, as described generally by principles, should still be about the same.

It would also seem logical, if this universality of management has any factual basis, that these principles could be developed independent of time and place. The management process could be encountered anywhere, at any time, and be observed in its existing context and studied as if is being practiced. The concern for coordination and achievement of efficiency in production and operations could lead potentially anyone, in any country, and in almost any time period, to become involved in the study of management and management processes. This study could be expected ultimately to result in the discovery of a common body of principles of management.

#### Time Durability

Having discovered principles, it would be logical to assume that their universal nature would make them durable in a time sense; that is, they should have some ability to survive through a period of time and continue to be meaningful to managers in their practice. It would be natural to expect elaboration and further development of these principles as additional people work with them and study them further, but the principles developed by early theorists should continue to exist and it should be expected that they would be incorporated in later systems.

The purpose of this study is to determine the extent to which these premises about the universality of management principles are true; that is, to determine the extent to which selected early theorists developed common principles and the extent to which these principles currently exist in modern management systems. It is also hoped that differences may be observed and that perhaps some reason for the existence of these differences may be discovered. Through

this study it is hoped that better identification may be made of those management principles which can be reasonably classified as universal in nature.

### Scope

As is often the case, physical limitations require that the scope of the study be restricted to the ideas revealed in certain selected works. It is certainly not practical to try to include the thinking of all early theorists who were concerned with the development of principles. The history of management is long and so is its study. A very large number of people have been concerned with studying different aspects of management practice, especially since the turn of the century. Most of the earlier studies have been limited in scope to certain restricted aspects of management--such as functions, or areas of operation--and have not attempted to be all-inclusive analyses of the process itself.

The concept of management as a system of related principles is a rather recent one. The turn of the present century seems to mark the beginning of major interests in the idea of management as a system and of the study of principles within this framework. At this time, several writers started depicting management as a system in which the principles are integrated to form an entire process. The writers selected for inclusion in the present study are representative of this group and, as such, are not intended to be completely original in either their thinking or their contributions. Each of these writers, while making important original contributions to thinking in the area of management, relied in part on the contributions made by earlier

theorists. Some of their thinking was devoted to adjusting or reconciling, or incorporating the thought of earlier writers, and many of the earlier theorists' ideas were quite complimentary to the thinking of the authors studied here. Nonetheless, some of this thinking, while not in itself original, has been given additional meaning by being examined in a new context.

#### Early Theorists and Writings Included

Although the works selected for study are not the only ones the authors produced, they are their major contributions to theory and are representative of their other writings. These selected works afford a compilation of the thinking by these authors because they describe and relate to the systems which they envisioned.

Three early theorists have been selected for inclusion in this study. They are not random selections but rather were chosen for reasons to be discussed shortly. Also selected for inclusion are three modern theory books which are thought to be representative of the generally accepted modern theory with which the early thoughts may be compared. These books, too, are representative of what is available at present concerning books published, authors represented, and ideas presented.

Of the early theorists to be included in this study, one is Henry Fayol, a Frenchman born in 1841. He was educated as a mining engineer and, at age 19, went to work for the Commentry-Fourchambault Company. Fayol remained with this company throughout his career. He retired as managing director in 1918 but remained on the Board of Directors until his death in 1925. He served this company in many executive capacities during his career and accumulated a very sizable

store of personal experience and knowledge about management. He published his most famous work, General and Industrial Management, in 1916. The first English translation did not appear until 1929, and then only a few hundred copies were distributed in Great Britain. Very few, if any, of these copies made their way to the United States. No edition appeared in the United States until 1949 when the present Constance Storrs' translation was published; it is this edition that is included in this study.<sup>2</sup>

The second of the early theorists studied is Oliver Sheldon, who was an industrial consultant to firms in England where he did the bulk of his work. The major part of his thinking on management is contained in his Philosophy of Management, which was published in 1924.<sup>3</sup> Sheldon was another of the practical writers with a great deal of business experience as a background. As the title of the book suggests, Sheldon was concerned with more than just management principles. He was concerned with the social responsibilities and functions of management as well as the economic aspect of management and business in general. He held the opinion that the productivity of workers had advanced mechanically to a point where it far exceeded the efficiency of organization and that management was of great importance to human welfare because it offered an area--what he considered the most likely area--in which additional productivity gains could be realized, thus raising the standard of living. Because of his orientation toward organization, it is not difficult to see how Sheldon viewed management as a system of principles which should be developed, disseminated, and used to this end of increasing productivity and human welfare.

The third early theorist is Mary Parker Follett, an American who was born in Boston in 1868. Her contribution to management theory appears in Dynamic Administration which is a collection of her papers that were written over a considerable number of years and which were published as a book in 1940.<sup>4</sup> Miss Follett was not a practicing business manager, as were the other two writers, but she served as an advisor and consultant to many businessmen. She had a very keen interest in organization, both governmental and business, and in her study had the opportunity to examine closely a large number of businesses and to associate with many practicing managers. Her books on organization were for the most part devoted to governmental organization. Her interests in government preceded her interest in business; but, with the realization that the principles of organization and management are universal, she began studying businesses and writing about them as well. Her published works consist, as far as business is concerned, of a rather extended list of independent papers and lectures. These publications covered a time span from about 1925 to 1933; however, some of the material included in Dynamic Administration was new since it had not been published previously.

#### Criteria for Selection of Early Writers

The selection of the works representing early theorists included in this study has been based on four separate factors. One factor is that they were all produced in different environments. While the economic and cultural environments were in many ways similar, they were nevertheless as significantly dissimilar as the backgrounds of any management theorists whose works are available from earlier periods. We find very little available from countries of more diverse nature

than that which exists among the Western countries. Because of this factor of environment, each of the writers had a different situation to examine, and, to the extent that this would have a bearing on the principles that they did develop, these differences should appear in these works. This difference in background and environment is desirable for the study of the hypothesis that principles of management are universal. If the principles are universal, then it stands to reason that they could be discovered in different environments, and the selection of these three theorists should contribute representative thought from different environments.

A second reason for their selection is that all three did their writing in roughly the same time period and their writings were made public during a fairly narrow time span. During this period, all were among the first in their respective countries to conceive of management in practice as a process of functions. All three were influential in affecting the thinking of many of their contemporaries and later management theorists. The production of their works in the same time period also reduces the likelihood of their being influenced significantly by each other.

This brings to light a third reason for the selections: that neither seems to be very much influenced by the others or to know much, if anything, about the thinking of the others. Miss Follatt does, however, quote from Sheldon on occasion, but only to refute some point of concern to her. They may have had some common contacts, but they seem to work essentially independently of one another. To this extent the thinking of each was free of the influence that might have been exerted by the ideas the others were advocating. This being free of

mutual influence is also a logically desirable ingredient in the independent development of their principles. Each of the theorists may have been influenced to some extent by the writings of the same theorists from a still earlier period, but there is no way of ascertaining either the existence or extent of this mutual influence.

A fourth characteristic which makes them of interest is the condition referred to previously--each saw management as specifically a system and worked to develop principles within this framework. They were concerned with nearly all aspects of management and made observations on most of them. The fact that they saw management as a process facilitated their studies of management and this makes it easier for others to examine their thinking and to make meaningful comparisons among them.

#### Modern Theorists and Writings Included

The modern theorists that have been selected for inclusion in this study are represented in books that are primarily college textbooks for the teaching of management principles, which bring together very nicely the scope of the thinking of each author.

The first book to be included among the current theorists is Principles of Management, by Harold Koontz and Cyril O'Donnell.<sup>5</sup> The third edition is the one referred to in this study and is, in fact, the source of the outline of the study which provides the specific points of comparison used as the base of analysis of management thought. Both authors of this book are Professors in the Graduate School of Business Administration of the University of California, Los Angeles, and enjoy national reputations as experts in the field of management and education. Each of them has had comparable back-

grounds that include, in addition to education in a number of universities, experience in managerial positions in business firms and with governmental agencies. They have written extensively, both books and articles for periodicals, and have served as management consultants to many of the nation's largest business organizations. These two men are acknowledged as being outstanding management theorists and recognized proponents of the operational school of management theory.

The second book included from among current theorists is Management: Theory and Practice by Ernest Dale.<sup>6</sup> Dale is a faculty member of the Graduate School of Business, University of Virginia, and is president of Ernest Dale Associates, a management consulting firm. He too enjoys a national reputation as an educator and management theorist. He has successfully for a number of years been employed as a consultant by a large number of nationally known corporations as well as by agencies of the government. Dale is a prolific writer who has produced a large number of books and articles for professional periodicals. He is recognized as one of the foremost advocates of the empirical school of management theory, a school which supports the teaching of principles by comparative case analysis, but which is still founded in principles and management functions.

The final work is The Process of Management, by William Newman, Charles Summer, and Kirby Warren.<sup>7</sup> This book is one of principles and is therefore a treatment of the entire field of management and its principles. William H. Newman is a Samuel Bronfman Professor of Democratic Business Enterprise at the Graduate School of Business, Columbia University, and is the author of a number of books in the field of management as well as numerous professional articles for the

journals. Charles E. Summer is Professor of Management at the Graduate School of Business, Columbia University, and is equally well known for the works he has authored and co-authored in the field of management. E. Kirby Warren is Associate Professor of Management, also of the Graduate School of Business, Columbia University. Each has had considerable experience as a consultant to business.

#### Criteria for Selection of Modern Writings

One of the reasons for the selection of these books is that they are representative of what is at the present time widely accepted thought on management principles. Each is used in a great many college classes as an introductory text for students of management process.<sup>8</sup> In this respect, these books probably represent the best and most complete collection available of management principles, since they are generally accepted by modern writers and management theorists.

Another reason for the selection of these books is that the authors are well known in both the academic world and the business world as knowledgeable and competent in this field of study. While their ideas are not fully accepted by all managers, the authors are nonetheless respected as scholars and, in most cases, experienced practitioners; and the bulk of their principles would be disputed by only a relatively small portion of other management theorists. In contrast to the early theorists, they do know one another and have a good deal of access to another's thoughts.

#### Method

##### Analytical Framework

In order to provide an orderly framework for handling the data

with which this study is concerned, it has been necessary to group management principles and ideas pertinent to areas of interest according to common functions and activities. In doing this, it becomes feasible to categorize the ideas of a number of different writers in relation to the areas of management with which they deal, thus bringing these ideas into better focus so that they may be contrasted more effectively.

The construction of an analytical framework is accomplished by dividing management into the major areas of interest and study which are its constituent parts. The division itself has been performed primarily on a functional basis; that is, the division corresponds to the various functional activities which are normally associated with the management process itself. The primary division includes planning, organizing, staffing, directing, and controlling. While there is not complete agreement on this classification among students of management, or for that matter on the terminology used in it, it can be with some degree of flexibility of concepts a sufficient division embracing all of the types of managerial activities.

The secondary divisions within these areas are developed on the basis of the nature of the material that is typically found within each group. The nature of this division is mostly concerned with the how, when, where, and why of the performance of the activities within each of these groups. This type of outline provides a mechanical division in which specific points of comparison can be developed. These points of comparison can be used as a basis for relating the thinking of each individual author examined.

### Classification of Thoughts

Given this analytical framework for sorting and classifying, these selected writings may be examined and, at the same time, classified according to the thought that is revealed in each. The thinking of each author may then be extracted from his writings pertinent to each point of comparison within each area of study.

The classification of the areas of specific study will follow logically from the same organizational pattern developed for the separation of management principles into fields of interest. Having sorted the thoughts and observations of the various writers into the related areas with which they deal, it will then be possible to analyze and evaluate them on a comparative basis according to the individual areas into which the materials have been divided. For the most part the analysis can proceed from the points of comparison used for collating the ideas of the separate authors.

### Analysis by Areas

After following the analysis and classification of authors' ideas, the next step is to compare the individuals' thinking in each of the separate areas. In making such a comparison, it should be possible to identify within each area the ideas that were held in common by two or more of the authors relative to that particular point. The range of thinking by these people on any particular point should also be readily apparent by such a procedure.

A corollary to the identification of common ideas is that of identifying areas of thought and points of concentration where the authors differ in opinion. For many purposes of analysis this could potentially be as revealing as the identification of common ideas.

In such efforts as trying to determine relationships, the lack of association is often as significant as the presence of association. Identification of the fact that various authors expressed no thoughts on certain points may also be helpful. This ordering of ideas helps to indicate the completeness of the theoretical work of each and may point out ideas that were held individually. By summarization of data according to functional areas of management, the entire analysis and comparison can be carried out independently and fully within each of these separate areas.

#### Comparison With Modern Theory

After evaluating the early theorists according to the functional areas of management, the next step is to compare their ideas to the thinking of the present-day theorists. In making this comparison, both the points of similarity and the points of dissimilarity will be identified. A more complete picture can thus be obtained of the scope of management principles as conceived by the theorists, and the relative significance to theory of each managerial function and area of comparison should become more apparent in this stage of the analysis. The analysis should provide a reasonably clear picture of the extent to which the specific management principles have been carried into modern theory. This in turn should also indicate the problem areas of early theorists that have since been consolidated, modified, or discarded because of lack of contemporary relevance.

#### Application of Analysis

Having compared the early and modern theorists with one another and having identified their differences and similarities, it should be possible to explain some of the differences. In doing this, it

should be understood that complete fully acceptable explanations should not be expected for all of the differences that are found to exist. There will undoubtedly be many that will have to wait for future explanation. For present purposes, the identification of these differences is enough. The usefulness of this study lies in its serving as a foundation for explanations of deviations in theories.

A final objective, or justification, for this study is that it should serve as a base for the development of an eclectic, generally accepted theory of management. By revealing those principles and thoughts of theorists, both early and modern, which are held in common, it should become evident which areas and topics of study would need consistently to be included in such a theory, as well as some specific aspects of each. This comparative analysis should offer an opportunity to obtain a great many clues pointing to the content, structure, and general makeup of an acceptable theory of management.

In addition to explaining the differences in existing theories of management, it is believed that the comparative analysis will make it possible to examine the completeness of each of these theories. This should serve to point up the strengths and weaknesses of each theory and, in so doing, give a better indication of the contributions of each. Knowing the omissions and weaknesses of each theory would aid in establishing the efficient direction of effort toward further work and development of principles in the field of management.

### Definition of Management

Since the concern of this study is with the principles that make up a number of theories of management, it is necessary to have a clear understanding of the meaning and scope of the term management. Management is thought of as both formal and informal, and definitions range from the very short to the rather complex. An example of a shorter definition is that in which management is considered to be "Getting things done through other people."<sup>9</sup>

Various definitions indicate that management serves as a rather precise purpose--one that could be described as the attainment of efficient coordination for a group. The immediate objectives are widely variable, as are the methods used to attain them, and can include almost anything. But the purpose served by management is quite definite and quite essential.

To reduce all of this to a more workable definition and practical concept, the following definition from a contemporary book, and the definition that will be used here, is that management is the "accomplishment of desired objectives by establishing an environment favorable to performance by people operating in organized groups."<sup>10</sup> As a practical matter, this definition concerns management with anything--either tangible or intangible--that has a bearing on the attainment of group objectives, particularly the elements that affect efficient attainment of objectives.

Notes

<sup>1</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), pp. 26-33. There is a good discussion of the features of the various schools of management presented in the second chapter of this book.

<sup>2</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949).

<sup>3</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965).

<sup>4</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940).

<sup>5</sup>Koontz and O'Donnell, op. cit.

<sup>6</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965).

<sup>7</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967).

<sup>8</sup>Correspondence with Prentice-Hall reveals that Newman, Summer, and Warren's Process of Management, 2nd ed., has between 25% and 30% of the total market for basic college texts. They also estimate that Koontz and O'Donnell have 20% of the market with their book. Dale's market share has not been determined.

<sup>9</sup>Dale, op. cit., p. 4.

<sup>10</sup>Koontz and O'Donnell, op. cit., p. 1.

## CHAPTER II - PLANNING

The first managerial function to be examined is planning. It is logical to start with planning since the efficient execution of the other functions depends upon varying degrees of preliminary planning. It is often thought of as more pervasive than the other functions and as such is requisite in one form or another to them. "Not only is planning a basic function for all managers in all levels of the enterprise but the four other functions of the manager depend on it."<sup>1</sup> Thus planning may be thought of as the starting place for management endeavors.

There are a variety of different aspects of the planning function to which some attention will be devoted. The general areas of planning to be examined are the nature and purposes, the objectives sought, the premises employed, the decision-making process used, and policy making. Also included are the associated activities of participation, coordination, communication, and the general limitations and requirements that are normally associated with the process of planning. Each of these is a separate area of activity and each will be examined individually.

### Nature and Purpose

The first phase of the planning function to be discussed is that of its nature and purpose. This phase is concerned with the characteristics of the planning function and its various components, and an analysis of how these fit together. Some theorists have studied the

planning function proper and have commented on its ingredients, its nature, its relationship to efficiency, and the order they take in the planning function itself. Other theorists have been less analytical, ignoring the process and its elements entirely and acknowledging only its desirability and its essential nature. Their interest corresponds to their view of the importance and the placement of the planning function in the management process itself. Contemporary theorists are much more thorough in their discussion of planning than were the early theorists. This is understandable since it reflects the realization of its gradually increasing importance to enterprises and the tendency for production process to become much more complex. Organizations, too, have become more complicated and increasingly more difficult to coordinate and have forced managers to rely more heavily on planning prior to the undertaking of tasks.

#### Components of Planning

The expression "components of planning" means the different phases of the planning function and does not imply that they are either distinct or necessarily sequential in their order. Most of the theorists selected for this study recognize three essential components of the planning process: the selection of the objective to be attained, the development of a course of action which will result in its achievement, and the development of derivative plans which consist of the stages of action that are necessary to success and the methods or procedures to be employed. The various authors subdivide these components in different ways and, as a result of individual emphasis, advocate their own step-by-step processes for planning. These processes vary in the number of steps they contain and in the procedures followed for the execution of each on the basic components.

In viewing the authors' attitudes about the planning process, there are a number of differences that become apparent. Of the early theorists, Miss Follett had the least to say about the planning process. She acknowledged its importance to organization, but did not attempt to analyze it. Fayol and Sheldon considered it important and looked at it closely. Fayol thought it included every phase of business activity and, as a process, consisted of a series of continual reports and forecasts. Sheldon was more explicit in his thinking about the planning process, but tended to view it primarily in relation to production processes. Of the modern writers, Dale gives the process the least attention, viewing it as basically a budgeting and scheduling process complemented by related activities. The others see the process as consisting of numerous steps which can be followed systematically. Newman, Summer and Warren give the most complete examination of the process, but place their greatest emphasis on the decision-making process which is, in their opinion, the foundation of the planning function.

Planning is manifested in many different ways in business, but in Fayol's thinking the most effective instrument of planning is what he called a "plan of action." "The plan of action is at one and the same time the result envisaged, the line of action to be followed, stages to go through, and methods to use."<sup>2</sup> Before undertaking a plan of action, it is necessary to know two things: What is possible, and what is wanted? Another feature of planning seen by Fayol is that, in the final analysis, it is experience that is the real determinant of the value of any plan. The value depends on the degree to which it is effective in advancing the organization toward its preselected objectives.

Sheldon, having more of a manufacturing orientation to management, thought of planning as the "function concerned in planning the progress of work from a receipt of the customers' orders through the various processes of manufacture until ready for delivery."<sup>3</sup> To him, the planning function establishes the production system in which administration has the responsibility for operations. He believed it necessary to divide analysis of the process into two parts: (1) What is to be made?  
(2) How is it to be made?<sup>4</sup>

Miss Follett's view of planning deals with organization and the achievement of economic efficiency through better communications and human relations. She thought that these would improve the coordination of activities and enable people to perform individually at a more productive level. Because of this basic orientation, she devoted her attention to other areas of management problems and did not attempt to develop the components of planning.

The modern theorists are, as would be expected, much more concerned with the planning process as such. They consider the planning process to be a more distinct activity, one to be considered in more detail insofar as its components are concerned. Their works reflect the refinement and development of the planning process that has occurred during the time that has intervened since the writings of the early theorists.

Koontz and O'Donnell describe their view of the purpose of planning when they write ". . . Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. Planning bridges the gap from where we are to where we want to go."<sup>5</sup> This makes it possible to achieve objectives through the control of events. It is a conscious

determination of a course of action. They believe that the planning function can be performed in a series of easily distinguishable steps. These include, (1) being aware of opportunities; (2) establishing objectives; (3) premising; (4) determining alternate courses; (5) evaluating alternative courses; (6) selecting a course; and (7) formulating derivative plans.<sup>6</sup>

Dale's idea of the nature of planning is summarized: "A plan is essentially today's design for tomorrow's action, an outline of the steps to be taken during some future period; and since tomorrow's possibilities depend on the circumstances prevailing, then planning is inextricably bound up with forecasting."<sup>7</sup> This amounts to forecasting the future as well as possible and then planning a course of action subject to the expected conditions. Dale's concept of the contents of the planning process is that it consists largely of budgeting and scheduling. "One feature of a corporation's plan is likely to be a series of budgets to translate company intentions into a series of assessments and provide the money to carry them out."<sup>8</sup> The plan is also likely to include a number of schedules that specify production, starting and completing dates, market testing, marketing, sales, etc. He writes:

In scheduling any step in an overall program or job, there are three considerations: (1) What must be done before this particular phase can be started? (2) What can be done concurrently? (3) What follows in sequence; or now that we have reached this phase, what can we do to further the project?<sup>9</sup>

Newman, Summer and Warren hold the opinion that planning is a key activity for all managers. The manager hopes through planning to ". . . clarify objectives and set goals for each subdivision; to establish policies and standard methods to guide those who do the work;

and to develop programs, strategies, and schedules to keep the work moving toward the objectives."<sup>10</sup> To them, a large part of planning is made up of decision making, the steps of which are made up of the following: diagnosing problems, finding alternative solutions, projecting results of alternatives, and selecting one course of action from among them. In an organization, this process is not done by an individual but occurs through the cooperation of many people. The scale of operation may be the only significant distinction between planning and decision making. "The process of planning covers a wide range of activities, all the way from initially sensing that something needs doing to deciding firmly who does what, when, and how."<sup>11</sup> To them, the elements of the planning process are roughly the same as the steps followed in decision making.

Another component of the planning process that is discussed by some of the theorists is that it exercises control over events as they are to occur in the future. Sheldon, Follett, and Koontz and O'Donnell have this view in common and think it should be accomplished through the application of scientific methods. The scientific treatment of control of events enables planning to be used as an effective tool by managers for achievement of objectives.

According to Sheldon, planning is scientific: "The main reason for planning is . . . the necessity for the scientific treatment of control. Planning is the business of assuring systematic, complete, and detailed control of production."<sup>12</sup> This makes it necessary to divide planning into three parts: (1) Accumulation of data to show how the work is being carried out; (2) Elaboration of a plan to cover the whole process from the receipt of customers' orders to the shipment of finished goods;

(3) Establishment of administrative machinery to notify the planning department of adherence to or divergence from the plan of action.

Miss Follett emphasized the scientific approach as the best way to accomplish the improvement of communications and human relations necessary to the achievement of economic efficiency. Her idea of the scientific method consists of two parts: (1) research and (2) the organization of the knowledge obtained through research.<sup>13</sup> She was quite concerned with applying scientific methods to the analysis of executive experience. By classification and interpretation of experience, it would be possible to draw many useful conclusions about events that are either related or repetitious.

The control of events is an important aspect of planning for Koontz and O'Donnell. They think that the reliance upon a spontaneous occurrence of events is quite ineffective in achieving designated organizational objectives, and that it is necessary to have a consciously determined course of action for either efficiency or effectiveness of activities.

In addition to these components of planning that have been discussed, a number of the theorists stressed other points in regard to the planning function. Fayol, for example, thought that planning consisted largely of reports and forecasts coordinated to provide continuity and that it included: (1) Drawing up an annual, general report of the work done and results achieved. This report should be accompanied by forecasts dealing with the same subjects and should be an anticipatory summary of activities and results for the new period. Account must be taken of cooperative projects and proximate activities. Constant modification of the plan is necessary to avoid its being

overtaken by future circumstances. (2) Ten-year forecasts are made and are revised every five years. (3) Special forecasts are then prepared for activities expected to exceed ten years and for those that occur suddenly and are not provided for by the regular plan.<sup>14</sup>

Much of Sheldon's discussion of planning was centered on the activities related to the receipt, processing, and delivery of orders. His attention was thus devoted to such topics as control of material flow, recording waiting orders, and the beginning time and delivery dates of the orders. To Koontz and O'Donnell, however, it was the manager's awareness of opportunities; premises; and the determination and evaluation of alternatives that warranted additional attention, and Dale thought it important that a manager give consideration in planning to what could or should be undertaken concurrently with the plans being developed and what can be done for a follow-up to it.

Newman, Summer and Warren saw planning being done in an organization by a number of people and believe they can help planning through the performance of the following: (1) classifying the objectives; (2) drawing attention to the need for action--that is, pointing out opportunities for improvement; (3) suggesting possible alternatives; (4) gathering and analyzing facts relative to the problem; (5) helping to forecast the results of different alternatives; (6) absorbing uncertainties; (7) counseling about the relative value of the results that are forecast.<sup>15</sup> It is points number six and seven of this group of activities that are distinct when compared to the ideas of the other theorists studied. The uncertainties are not eliminated but they are considered by someone other than the decision maker, apart from the major decision involved in the problem. It would certainly be expected

that someone, probably the decision maker, would be concerned with the relative value of the results that are forecast for the alternatives being considered. Both of these features of planning would seem to be present in group planning whether intended or not. It is surprising that none but Newman, Summer and Warren pointed them out.

### Features in Planning

The features of planning presented here include those characteristics that are essential parts of the function and which are general in nature and tend to be pervasive throughout the planning function. There are a considerable number of features of planning that are deemed desirable by the theorists included in this study. The three most popular of these seem to be flexibility, continuity, and unity followed by efficiency and standardization. The theorists all agreed that planning must be flexible, coordinated, and consistent in order to be effective. The only theorist who could be considered an exception would be Miss Follett, who devoted little attention to the features of planning. She saw it as an organizational activity involving many people and many types of information, all of which were to aid the manager in making the decision demanded by the situation. This is evidenced by her statement: "By the time this has all been passed to the head, his decision is already largely predetermined."<sup>16</sup> This reflects her thinking that planning is closely related to decision making and is a group activity that must be provided for in the organization structure, but she does not specify any of the details on how it is to be accomplished.

"Unity, continuity, flexibility, precision: Such are the broad features of a good plan of action."<sup>17</sup> This is the way Fayol viewed the characteristics of the planning function. A broad interpretation

of the terms he used would make it possible to include nearly everything discussed in this area by the other theorists.

Looking first at the subject of flexibility, Fayol wrote:

The plan should be flexible enough to bend before such adjustments, as it is considered well to introduce, whether from pressure of circumstances or from any other reason. First as last, it is the law to which one bows.<sup>18</sup>

Although Sheldon considers standardization as the most important feature of planning, he does not think it is inconsistent with some degree of flexibility which is needed and obtainable through participation and discretion of the lower levels of the organization. "This still leaves to a department, however, the responsibility for carrying out its internal planning according to its central system."<sup>19</sup> While this would allow for a certain amount of flexibility, it would not seem to place a very high priority on it nor, for that matter, allow very much of it.

For Koontz and O'Donnell, the outstanding feature of the planning function is that of flexibility. "Because of future uncertainties and possible error in even the most expert forecast, the ideal of planning is to be able to change direction when indicated by unexpected events, without undue cost."<sup>20</sup> Flexibility should not only be an objective of planning, but also a major consideration in the planning process itself. The planning process should be designed to incorporate flexibility, realizing that flexibility is possible only within certain limits. Not only should flexibility be built into the plans, but it must exist in the planning process itself. The focus of this flexibility is in the management personnel, in their thinking and conduct rather than in the plans themselves.

Dale also emphasized flexibility as a feature of planning: "It could be argued that the planning function encompasses innovation since

the manager should plan not only how to adjust his organization to future conditions but how to change these conditions in order to improve the possibilities open to him."<sup>21</sup> Newman, Summer and Warren, in regard to flexibility, believe that "most of these plans will have to readjust periodically in the light of new information and changes in operating conditions."<sup>22</sup>

Unity and continuity are the two other planning features that were pointed out by Fayol and supported by the other theorists. In seeking unity in a plan, Fayol thought it necessary to have one plan at a time, since two different plans would mean confusion and disorder. A series of plans, by departments or by time, can be linked together to provide a single, integrated plan applicable to the overall situation. Continuity was thought necessary to assure continued progress toward the organizational objectives. The last feature of planning given by Fayol was that of precision which seemingly was not as popular with the other theorists as were the first three objectives. Added to the features of unity and continuity, precision constitutes approximately the same characteristics as Sheldon's concept of standardization. Fayol saw that precision of plans provides for greater accuracy, which is desirable in a plan of action.

To Sheldon, the planning function had one major characteristic above all others, and that was standardization.

Efficient planning of work depends upon analysis of the work, and the standardization which such analysis renders possible. Before control of what is done, how it is to be done, and when it is to be done can be established, there must exist some comprehensive knowledge of the detailed features of the tasks.<sup>23</sup>

Standardization is emphasized because of its relation to control; the greater the degree of standardization, the greater the degree of control

possible. This is due to the fact that standardization creates consistency, and consistency in turn allows for predictability and accuracy. These features would seem to coincide with Fayol's.

Koontz and O'Donnell give the nature of planning a number of distinct characteristics that also appear to correspond closely with Fayol's analysis.<sup>24</sup> The first of these is that every plan must contribute in a positive way to the achievement of group objectives. Next, planning is a primary requisite to all managerial functions; planning sets the objectives toward which all functions are working. The third characteristic of planning, according to Koontz and O'Donnell, is that it is pervasive among all managerial jobs. Fourth, a plan should be efficient; that is, the objective should be achieved in such a way that the gains realized are greater than the costs incurred.

Dale apparently thinks that unity is a necessary feature of planning. He maintained that while it is best to have planning start at the departmental level of an organization, all planning must be coordinated by top management, even if a planning group is used to aid in the process. In association with unity and continuity, Newman, Summer and Warren include a number of other features:

It provides for consistency of action, which is necessary in order for people both inside and outside the company to anticipate company performance; it provides for integration and coordination of company activities; and it permits considerable economy of managerial effort.<sup>25</sup>

This latter feature of economy is also pointed out by Koontz and O'Donnell who stress that it is one of the major reasons for using planning. Innovation is still another feature which Dale stresses. It is also considered a major ingredient of planning by Miss Follett, who thought innovation an important element of the process of integration.

It would seem to be a characteristic that would go a long way in helping managers in their efforts to develop alternative courses of action. Koontz and O'Donnell pointed out the pervasiveness of planning, a feature that was not mentioned by the other theorists. Pervasiveness is, however, more a factor supporting the need for planning than a characteristic of it.

### Objectives

Planning, to be meaningful to an organization, must lead to an objective. Activity must lead somewhere. In this section, the opinions of the selected theorists concerning objectives of business organization will be brought together. Both the types of objectives and the ways in which objectives are selected will be examined.

#### Types of Objectives

Since planning is undertaken with the idea that it will facilitate the attainment of the firm's objectives, it would seem that the firm's objectives and the objectives of planning are one and the same. The theorists themselves appeared to make very little distinction between the two. Some theorists, such as Fayol, concentrated their attention on planning objectives while others discussed only the firm's objectives. There is a rather wide variety of objectives firms should pursue according to these authors, but there are a number of objectives they agree upon as being especially important. Among this list of objectives are efficiency of operations, profit, efficient use of resources for satisfaction of human needs, service to the community, and improving personnel and working conditions.

For most of the theorists, profit was viewed as a measure of the efficiency and the degree of success to which satisfactory production

is achieved in meeting a need of some group of people. All, however, agreed it must be combined with the pursuit of a variety of social objectives. A clear majority thought that, in the long run, a seeking of social objectives would contribute to the profit-making capacity of a firm.

Fayol has little to say about the nature of business objectives but assumes that each firm will have, or is given, a specific economic objective to pursue. He generalized about organizations and thus never confronted the question of what objectives should be for a firm; he accepted at the outset that they could be almost anything. The specific objectives of the planning process include a number of benefits:

. . . the plan of action facilitates the utilization of the firm's resources and the choice of best methods to use for attaining the objective. It suppresses or reduces hesitancy, false steps, unwarranted changes of course, and helps to improve personnel.<sup>26</sup>

Sheldon believed industry has a responsibility shaped by the fact that it consists of human as well as material elements and that "in its relation to the community, management is representative of industry as a whole."<sup>27</sup> The nature of industry is such that it exists for the satisfaction of human needs, but this is subject to some limitations. "The object of industry is not, therefore, pure production of goods but the production of those goods which in the eyes of a part or the whole of the community have some value."<sup>28</sup> These goods must be produced at reasonable prices and be adequate to satisfy needs. "This constitutes a demand from the community for efficient production by means of efficient administration, management and organization, skilled workmanship, fair profits, and legitimate wages."<sup>29</sup> The major objective of

the planning process as seen by Sheldon are to achieve systematic, complete, and detailed control of production.<sup>30</sup>

Miss Follett does not name specific objectives for business organizations but implies that their ultimate objective is to be a service to the community. "Business is and should be considered truly a social agency."<sup>31</sup> Efficiency of operation through better coordination and individual development and realization are among her favorite topics. She saw management as that activity of business which is responsible for the accomplishment of these objectives.

Koontz and O'Donnell think it is free enterprise in the United States that is largely responsible for the attainment of social objectives which are, of course, very diverse in nature. The determination of methods for producing the goods and services that contribute to their attainment is left largely to the discretion of private enterprise. One objective common to all organizations is efficiency of operations. "But every enterprise, regardless of its nature, has an objective of efficiency, that is of obtaining the maximum of what is desired with the minimum of costs."<sup>32</sup>

Dale held the opinion that objectives are frequently not formulated clearly nor well understood in the large firm. Since organization is a means to an end, however, every organization is formed with an objective in mind which should be clearly stated and understood by departments and divisions in order to facilitate their coordination. Although economic objectives are seen as the most important by Dale, he thinks a business may have social as well as economic objectives: to pay good wages, to make plants good places to work, to provide useful products, or to operate so as not to distract from the appearance or comfort of the communities in which they are located.

Newman, Summer and Warren hold the opinion that business firms should have plural objectives, which among these is the rendering of a service to society. Profit is important,

But for survival it is also essential that a company produce goods or services customers want, that its conditions of employment continue to attract competent employees, that it be a desirable customer to the people who supply raw materials, and that it be an acceptable corporate citizen in the community in which it operates. Remove any one of these essentials, and the enterprise collapses.<sup>33</sup>

Profit was considered a necessary objective of business by the theorists, with all of them apparently recognizing its importance. Each, however, valued it a little differently relative to social objectives. Fayol does not discuss profit as an objective, but obviously accepts it as a necessary requisite to the economic well-being of the organization and the attainment of its other objectives. Sheldon and Miss Follett both seem to hold this same view of profit; they see it as flowing from efficient operations and successful satisfaction of human needs. The early theorists have never questioned the need for profit, in fact, believe it necessary to support the contention that there are other worthy, even necessary, objectives as well as profit for a business.

Koontz and O'Donnell put considerable emphasis on the profit objective but stress that it is not the only one. It is possibly the only one, however, that all business organizations have in common. They admit there are many others, but think none are as widely accepted as profit since economic necessity forces its acceptance. It would appear that up to the time of the early theorists profit has been the major objective of businesses so that it was necessary for them to point out other important objectives to businesses. With the social objectives

having received considerable emphasis during the intervening time, the contemporary theorists apparently feel compelled to re-emphasize the necessity of profit. Even granting that social objectives should be valued more highly than profit, profit is recognized as a prerequisite to their realization.

Dale thinks the highest possible profit would be the objective of business organizations. He wrote:

The highest possible profit is, however, a phrase susceptible to many definitions. It may mean the largest dollar amount, the highest profit on sales, or the greatest return on investment. The last is probably the most logical figure, though not all companies emphasize it.<sup>34</sup>

He further stresses the point that planning for profit requires planning for subsidiary goals as well. Dale places more importance on profit as an objective than do the other modern theorists. Newman, Summer and Warren, for example, discuss profit as one of a group of plural objectives, all of which are needed. They think profit is an objective of importance if the firm is to continue to attract capital and if it is to have a cushion which will enable it to meet the inherent risks of business activity,

A number of additional objectives are mentioned. In some cases, these objectives are closely related to either profit or one or another of the social objectives. Koontz and O'Donnell, as well as Dale, thought maximization of the firm's value to be an objective complementary to that of profit. Among other prominent objectives listed by Koontz and O'Donnell are maintenance of management security, freedom, power, and an adequate standard of living for employees. Newman, Summer and Warren believe a firm should be a good customer within its

industry. Both Fayol and Sheldon felt adequate planning reduced the level of hesitancy and the need for change in operations.

### Selection of Objectives

The relevant question now becomes: What are the criteria used in the selection of the objectives a firm is to pursue? There seem to be fewer points of direct agreement in this area than in others. The future environmental conditions, the state of the firm and its resources, and a positive contribution to the long-range purposes of the organization are the three points on which there was most agreement. Sheldon is silent on the matter of objective selection by organizations, and Miss Follett has very few comments on the subject. Fayol anticipates the current theorists in that he states that the firm's present and future environment is the source of the limiting factors of the selection process. A variety of environmental factors are named by the various authors and there is some mutual agreement among them, but mostly their statements seem to be illustrative rather than inclusive.

The factors considered important by Fayol to the selection of alternate courses of action (and objectives) are summed up in this statement:

The plan of action rests: (1) on the firm's resources (building, tools, raw materials, personnel, productive capacity, sales outlets, public relations, etc.); (2) on the nature and importance of work in progress; (3) on future trends which depend partly on technical, commercial, financial, and other conditions, all subject to change, whose importance and occurrence cannot be predetermined.<sup>35</sup>

Koontz and O'Donnell believe objectives must be selected on the basis of reasonable obtainability; they must also be established in the light of critical premises about future environmental conditions.

There must be an integral relationship between long- and short-range objectives if plans are to be pursued intelligently. Dale thinks that a factor that has an effect on objectives is the availability of resources, which sets limits on the specific, derived objectives that are to be a means of achieving general objectives. These conditions tend to establish limits so as to require objectives of certain types, but they do not explain the sources of all the objectives sought by firms. Dale believes that some objectives are given to organizations because the objectives are the reasons for forming the organizations in the first place. The organization is in this context a means rather than an end in itself and is derived from the objectives, as are its short-range objectives.

Newman, Summer and Warren see the selection of general objectives, or master strategy, as that of: "Focus first on the industry--growth prospects, competition, key factors required for success--then on the strengths and weaknesses of the specific company as matched against these key success factors."<sup>36</sup> They also believe the selection of general objectives should be related to the firm's future environment and the conditions which are expected to be found there. Objectives should therefore be based on forecasts of various types. They think short-run objectives should be derived from long-run objectives and should contribute to them.

There are several additional bases for the selection of objectives that are brought out by the theorists individually. Fayol thought the nature of the work in process, and its importance to the firm were significant in this regard. Miss Follett's concern for the selection of objectives was that they conform to a higher set of social

goals which she believed important. Her concept of the objectives of organizations is reflected in this statement:

Group activity, organized group activity, should aim: to incorporate and express the desires, the experience, the ideals of the individual members of the group; also to raise the ideals, broaden the experience, deepen the desires of the individual members of the group . . . .<sup>37</sup>

Koontz and O'Donnell believe objectives must be selected on the basis of their reasonable attainability. In the case of multiple objectives, it is necessary that they be consistent and coordinated to prevent their counteracting each other and slowing advancement toward their common goal. Dale was concerned with social objectives, but largely because, in some cases, social objectives may be forced on a company. There are a number of ways by which this can occur, including legislation of various governmental agencies, labor union contracts, or marketing conditions which require certain forms of behavior from a company. Newman, Sumner and Warren recognize that forecasts, which are the base of most objectives, naturally include a considerable amount of uncertainty and, as a result, necessitate reappraisal of objectives and adaptation to new conditions as they arise. They further emphasize that objectives may be idealistic or realistic and that it is very important that a given objective be identified as one which establishes a working restriction or as one whose realization can be expected.

#### Summary

From the material selected it is possible to draw some conclusions about the nature and purpose of planning as well as about its objectives. The first topic, the components of planning, reveals that all

the theorists involved in this study were very much interested in planning and thought it a very important part of management activities. From the agreement that exists among them, it can be concluded that the planning process contains basically three phases: The selection of the objective to be attained, the development of a course of action which will result in its achievement, and the development of derivative plans which are the series of actions that are necessary to execute the plan of action. While the early theorists recognized the need for planning, they did not describe it in the same detail as the contemporary theorists. With respect to the features of planning, the theorists pretty well agree that there should be a maximum of flexibility, continuity, unity, efficiency, and standardization incorporated into normal plans.

The writers make very little distinction between the objectives of the firm and the objectives of planning in their discussion. They agree that profit is a necessary objective, but in addition point out a rather extensive number of objectives, most of which could be grouped together as social objectives. They place varying degrees of emphasis on these social objectives, but all appear to think these are very important to a business. In selecting objectives, there seems to be agreement on the need to consider environmental conditions, the state of the firm and its resources, and positive contribution to the long-range purposes of the organization. The possible objectives that might be selected are so numerous that there is little agreement among them as to what specific objectives should be, apart from profit and social contributions.

The points of common agreement among the theorists indicate what are the most significant elements of planning procedure and objectives. The points of dissimilarity are of little consequence to the identification of planning characteristics, but they indicate the direction in which each theorist was drawn and thus reveal not only interesting aspects of a less significant nature about the subject, but indicate a great deal about the interests of the theorists as well as influences of the times. The emphasis on planning was too new for the early theorists to know very much about the process and there were too many other more pressing deficiencies for them to devote their time to its development. The contemporary theorists, being under less pressure to convince managers of the need for planning, were in a position to devote time to the development of the process of planning. Priorities would also seem to play a part in the discussion of objectives. The early theorists operated in an environment where profit was well accepted but social objectives were not. The contemporary theorists, because of a period of downgrading of profit, felt a need to re-emphasize it but without losing sight of the social objectives.

Notes

<sup>1</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 69.

<sup>2</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 43.

<sup>3</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 60.

<sup>4</sup>Ibid., p. 219.

<sup>5</sup>Koontz and O'Donnell, op. cit., p. 71.

<sup>6</sup>Ibid., p. 81.

<sup>7</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 348.

<sup>8</sup>Ibid., p. 366.

<sup>9</sup>Ibid., p. 370.

<sup>10</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 11.

<sup>11</sup>Ibid., p. 308.

<sup>12</sup>Sheldon, op. cit., p. 218.

<sup>13</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 125.

<sup>14</sup>Fayol, op. cit., p. 45.

<sup>15</sup>Newman, Summer, and Warren, op. cit., p. 430.

<sup>16</sup>Metcalf and Urwick, op. cit., p. 153.

<sup>17</sup>Fayol, op. cit., p. 45.

<sup>18</sup>Ibid.

<sup>19</sup>Sheldon, op. cit., p. 224.

<sup>20</sup>Koontz and O'Donnell, op. cit., p. 90.

- <sup>21</sup>Dale, op. cit., p. 7.
- <sup>22</sup>Newman, Summer, and Warren, op. cit., p. 11.
- <sup>23</sup>Sheldon, op. cit., p. 215.
- <sup>24</sup>Koontz and O'Donnell, op. cit., p. 72.
- <sup>25</sup>Newman, Summer, and Warren, op. cit., p. 429.
- <sup>26</sup>Fayol, op. cit., p. 50.
- <sup>27</sup>Sheldon, op. cit., p. 73.
- <sup>28</sup>Ibid.
- <sup>29</sup>Ibid., p. 74.
- <sup>30</sup>Ibid., p. 218.
- <sup>31</sup>Metcalf and Urwick, op. cit., p. 132.
- <sup>32</sup>Koontz and O'Donnell, op. cit., p. 96.
- <sup>33</sup>Newman, Summer, and Warren, op. cit., p. 477.
- <sup>34</sup>Dale, op. cit., pp. 351-53.
- <sup>35</sup>Fayol, op. cit., p. 43.
- <sup>36</sup>Newman, Summer, and Warren, op. cit., p. 446.
- <sup>37</sup>Metcalf and Urwick, op. cit., p. 275.

## CHAPTER III - PLANNING (CONTINUED)

### Planning Premises

This section concerns the constraints within which planning must take place and the conditions about which assumptions must be made in order to carry out effectively the planning process. In many respects, this topic parallels the previous one of selection of objectives since these constraints and assumptions about the future not only limit the means to ends but also restrict as well the range of alternative ends which are possible. Premises may be divided conveniently into two broad categories, those that exist external to the firm and those which are found internally.

#### External Premises

Forces from outside the organization that exert an influence on the firm's planning process, through their restriction on what is attainable and how it is pursued, are taken into consideration by the management through the use of external premises. Since any force external to the firm falls into this category, its coverage is obviously very wide. The discussions directed to external premises, are, as a result, quite general with the economic, business, political, and social environment as the points of common emphasis by those theorists discussing it.

The matter of external premises is not discussed by any of the early theorists beyond showing their concern for the need to make the selection of objectives consistent with the conditions that could

reasonably be expected to exist. The current writers, too, have little to say but to acknowledge the need for them; perhaps they simply take them for granted. This lack of comment is due perhaps to the endless nature of the environmental factors with direct or indirect relevance to a firm's operations and is such that any discussion of them would be almost meaningless.

Koontz and O'Donnell classify external premises, the majority of which are beyond the control of the firm, into three groups: (1) The general business environment--political, economic, social, and technological conditions. (2) The product market--the conditions influencing the demand for the firm's products. (3) The factor market--conditions relative to land, labor, location, materials, parts, and capital.<sup>1</sup> The business organization would normally be concerned with all of these external factors, but some of them would not be important to the non-business organization.

Dale comments on premises only very briefly and indirectly. He states the belief that, for a manager to be effective in planning, he must forecast the economic, social, and political conditions that are expected to exist in the environment in which his organization will be operating.<sup>2</sup>

#### Internal Premises

In contrast with the external, internal premises are made about conditions found within the organization that exert an influence on the manner in which the firm is able to undertake its desired activities. On this subject the early theorists had less to say than did the modern. Although Fayol discussed them, Sheldon and Miss Follett did not write on the use of internal premises. Fayol

approaches internal premising by pointing out the restrictions imposed on plans by the need to integrate them with each other. The modern writers are all somewhat concerned with the need for internal premises. The financial conditions of the firm were considered by three of the theorists, while the management and restrictions imposed by the short term plans on the long term were both discussed in two of the books.

. Fayol writes that the yearly plans and the ten-yearly plans which he suggests will diverge and that it is necessary to revise the ten-yearly plans to keep their objectives consistent with those of the annual plans. The present plans thus restrict the long term plans. Plans should include specific assumptions about the conditions expected in certain areas of operation with consideration being given to the nature of technical, commercial, financial, accounting, security, and management conditions.

Koontz and O'Donnell list among internal premises the following: (1) sales forecast, (2) capital investment in plant and equipment, (3) policies, (4) major plans already decided, (5) characteristics of top management, (6) anything else internal that influences or dictates the type of planning to be done.<sup>3</sup> Dale writes that, having established objectives, " . . . the planners must decide how far they can proceed toward them in view of the resources available which include money on hand, the money that sales will bring in, and the funds that may be obtained by borrowing or selling equities."<sup>4</sup>

Newman, Summer and Warren believe it is impossible in a more complex situation to gather all the necessary facts together at the same time and at the same place. For purposes of decision making,

facts are obtained by people in different places and at different times. In addition, not all decisions pertaining to the same situation can be made simultaneously. "Instead, conclusions are reached in sequence--often by different individuals and one conclusion becomes a premise for the rest."<sup>5</sup> In projecting consequences, the linking of one conclusion and another in a sequential fashion is particularly significant in two ways. (1) Careful attention must be given to the means by which each premise is set. Personal bias and faulty communication may introduce considerable error if these are not observed and accounted for. (2) Sequential analysis allows for uncertainty absorption.<sup>6</sup> At each step some uncertainties are allowed in order to limit the uncertainty that is faced by the manager in the next step of the process.

### Decision Making

Decision making has come to be considered an important, integral part of the planning process. The idea of planning emphasizes making a choice from among available alternatives. While there is no universal agreement on the ingredients of decision making, two areas in the process are nearly always essential. These are the determination and the evaluation of alternatives in order to provide a logical base for selecting from among them.

### Alternatives

The theorists do not have a great many common ideas on matters related to the selection of alternatives. Most of them attach a great deal of importance to development and selection of alternatives, but they do not see the process of doing it in the same light. An

idea about alternatives on which they tend to agree is that they are the elements of a situation that create a conflict and make a decision necessary for its resolution.

The problem of developing alternatives is given little attention by Fayol and Sheldon; they probably assumed that alternatives are available and known to the manager and that making the choice from among them is the problem of real concern. Miss Follett put considerable emphasis on the development of alternatives and believed better decisions can be made by so doing. Koontz and O'Donnell are in agreement with Miss Follett in that they stress the need for managers to develop new, constructive alternatives. The theorists each developed their own approach to decision making and the selection of alternatives which it necessitates.

Miss Follett favored dealing with the conflict by means of integrating the different points of view rather than by the more common method of choosing from among them. She believed that there are three main methods of dealing with the conflict: domination, compromise, and integration.<sup>7</sup> In domination one side or one viewpoint wins and the other simply loses. In compromise the difference is split in some fashion so that both receive a little and both lose a little. In integration a conflict is resolved such that "when two desires are integrated that means that a solution has been found in which both desires have found a place, that neither side has had to sacrifice anything."<sup>8</sup>

In achieving integration the first step is to bring the differences into the open. The next step is to break up the demands into their component parts for examination. Miss Follett wrote:

You will notice that to break up a problem into its various parts influences the examination of symbols, involves, that is, the careful scrutiny of the language used to see what it really means . . . it seems to me that this is the method which should be applied to controversy.<sup>9</sup>

An important part of this process is the anticipation of demands, of differences, and of conflicts. Since business involves a series of actions and interactions, response is involved and should be considered as either circular or linear. Linear response is the simple situation of cause and effect, whereas circular response may be preceded by a motivating event but is in turn followed by another response, then another, etc.

Koontz and O'Donnell think that the first step of decision making is to develop alternatives consistent with goals and premises. "The ability to develop alternatives is often as important as making a right decision among alternatives."<sup>10</sup> It is very rare for there to be a complete lack of alternatives. Primary attention must be given to those factors that are strategic to the decision involved. This principle lies at the base of selection for alternatives. Since limiting factors tend to change in time, it is necessary that the search for them be continuous.

Dale believes that the rational decision making process is the one frequently used by economists, consisting of "(1) first making certain assumptions in the interest of simplification so as to make the decision manageable, (2) then consider the consequences of various courses of action, (3) relax the assumptions."<sup>11</sup> Both rational factors may be identified and either altered or allowed for, if the manager knows their importance and looks for them. The irrational may be allowed for, but they are more difficult to identify

and often impossible to manage. Dale also thinks decisions can be grouped according to three general types: policy, administrative, and executive. These are usually made by the top, middle, and lower levels of management respectively.

Newman, Summer and Warren divide decision making into broad groups of activities that include: (1) Diagnosis of the problem situation. (2) The creative element which consists of looking for new ideas and alternatives. (3) Comparing courses of action. (4) The making of choice.<sup>12</sup> The two most common sources of alternatives are the manager's past experience and the practices of other managers or companies in their handling of similar situations. Imitation, however, can be hazardous and situations are seldom replicated in a given firm. Fresh ideas are usually needed, and the creative element is necessary for their development. Emphasis then needs to be put on the creative process. While there is no standard to follow, the creative process can include roughly these steps. (1) Saturation; becoming broadly familiar with the program. (2) Deliberation; mulling over and analyzing ideas. (3) Incubation; turning off the conscious and letting the subconscious mind work. (4) Illumination; hitting upon a bright idea, sensing that it may be the answer. (5) Accommodation; clarifying the idea, seeing if it fits the requirements of the problem and getting other people's reactions to it.<sup>13</sup> In combining diagnosis with creativity, it is expected that the process will be productive of practical alternatives for management consideration.

## Evaluation

Having identified the available alternatives to a given decision, it is then necessary for the manager to evaluate their relative merit. This process of evaluation was not discussed by either Fayol or Sheldon, although Fayol strongly and consistently advocates continued awareness of both the feasibility of courses of action and their resulting effect on profitability. Miss Follett took the negative point of view to discuss the obstacles to integration in a conflict situation. In doing this, she gives insight into the factors that have a bearing on the ability of managers to arrive at satisfactory solutions to conflicts. Her concept of integration is basically one of finding the best possible alternatives available in a situation of conflict. The obstacles to integration which she discusses include: (1) It requires integration perception and inventiveness. (2) Many people enjoy domination of others. (3) The matter disputed is too often theorized over instead of taken up as a proposed activity. (4) Terminology may have been inappropriately chosen. (5) The undue influence of leaders often prevents successful integration. (6) There is a lack of training for integration.<sup>14</sup> Some of these obstacles hint very strongly at the avenues of approach for evaluating alternatives.

On the surface there seems to be a considerable discrepancy between the views of the current theorists on the evaluation of alternatives. When problems of terminology, however, are considered they agree on a number of points. The process of evaluation should be rational and realistic; even Miss Follett thought disputes are too often theorized over rather than taken up as proposed activities.

Along this line, Koontz and O'Donnell stress the tangible and the intangible factors; Dale points out knowledge of the subject matter; Newman, Sumner and Warren note the need to be rational. The use of marginal analysis where possible is a point that Koontz and O'Donnell have in common with Newman, Sumner and Warren. The desirability of quantifying factors where possible to facilitate their comparison is emphasized by all the current theorists.

To Koontz and O'Donnell, additional factors for consideration in the evaluation process include changing conditions and uncertainties. If provisions can be made for changing conditions, in a dynamic business environment, then a more practical selection of alternatives can be made. Dale believes company profits and stability are the most significant criteria that are used in making most business decisions. He, too, is aware of uncertainty: "Where possible, hedging is a wise procedure in decisions in which some of the factors are impossible to obtain."<sup>15</sup> The act of decision-making is not as easy to identify as are the preliminaries of the decision making process. Dale believes

- . . . improvement in decision making can be fostered by:
- (1) Giving people more training in areas with which they are too unfamiliar to decide between conflicting views of experts.
  - (2) Changing the organization structure and giving people down the line both more authority and more clear-cut authority.
  - (3) Changing the attitude of top management, which is, of course, a feat that can usually be accomplished only by top management itself.<sup>16</sup>

Knowledge of the subject matter and the pressures imposed by superiors are more important to the manager than is knowledge of the decision making process itself. The point about superiors imposing pressures would seem to receive support from Miss Follett who wrote about undue influence by leaders.

Newman, Sumner and Warren think that, given alternatives, it is necessary to start evaluation by identifying all significant consequences related to each of these alternatives. The consequences of any given alternative will probably be both desirable and undesirable. Next it is preferable to disregard the common aspects of the alternatives being considered and focus attention on the differences that exist among them. Later, separate attention can be given to improving the common elements, and it should be. But attention should first be focused on the uncommon ones. This should be accompanied by a projection of the expected consequences of the alternatives.

To expedite getting at the chief issues of the best alternatives, they can concentrate on crucial factors. Actually, two kinds of crucial factors are helpful: requirements that must be met and major considerations.<sup>17</sup>

### Policy Making

There are other forms of formal planning, but none are used as extensively or serve the fundamental purpose of guiding planning as well as policies. They are the first step toward the attainment of objectives and establish the base upon which additional plans are constructed. Because of their importance, policies are often given special attention as planning devices. They provide the framework within which other planning must be done and operations carried out. An examination will be made of their formulation and implementation as guides in the planning process. Only two sets of authors wrote on the topics of policy formulation and evaluation.

### Formulation

All of the early theorists, and Dale, wrote nothing about formulation of policy. The points the other current authors had in

common include assuring that policies are consistent and that they make a contribution to the objectives of the firm. They think policies are for the purpose of limiting the area of decision making for a manager. They also have in common the recognition that policies are not always consciously established, that sometimes they just grow to meet the situation.

Koontz and O'Donnell view policies as a means to " . . . delimit an area within which a decision is to be made and assure that the decision will be consistent with and contributing to objectives."<sup>18</sup> Policies should affect every type of activity undertaken by the firm and are formulated from three different sources: (1) originated policy developed by top management, (2) appealed policy resulting from settlement of problems handed up through the organization, and (3) externally imposed policy resulting from factors outside the organization.

Newman, Summer and Warren consider policies to be a form of standing plan. Preparation of policies should follow the precepts of decision making in order to be useful management tools.

But in fact, standing plans are not always consciously and deliberately established. Some are like common law--that is, they are practices that just grow, become accepted behavior, and are then enforced by those in official positions.<sup>19</sup>

The purpose of standing plans is to establish some degree of consistency in behavior in order to render future behavior predictable. Policy does not tell a person what to do, but it points out to him the direction he should take.

#### Implementation

It is noted that Koontz and O'Donnell, along with Newman, Summer

and Warren, were the only theorists to discuss the implementation or evaluation of policies for the purpose of obtaining the best results from the operation of an organization. These authors present guidelines to be followed for assuring the best use of policies by managers. While these guidelines are not identical, there is considerable similarity between them. Their writing suggests a common view: that planning implementation should be done in a manner that will reflect firm objectives, be consistent, be adaptable to the conditions or alternatives of the firm, and make efforts to have all affected subordinates aware of the plans and what they entail.

Koontz and O'Donnell believe all companies have policies even though they may be poor, inadequate, or improperly used. They recommend guidelines for making policies effective by suggesting that policies should be reflective of objectives and plans, consistent, flexible, distinguished from rules and procedures placed in writing, taught and controlled. They believe that following these guidelines can help create effective implementation of existing policies by improving both the quality of the policies and their utilization.

Newman, Summer and Warren think that standing plans--of which policy is a form--should be carefully designed, logically related to objectives, based on careful analysis of alternatives, and backed by scientific evidence. To be used effectively, it is also necessary that the organization members be taught the policies and how to follow and utilize them. The major guide to evaluation seems to be how well the policy helps in guiding the conduct associated with a given activity. "The skill of a manager in using policies lies in how well he decides just what kind of guidance will be helpful."<sup>20</sup>

### Planning Action

There are a number of factors related to the planning function that require close scrutiny. These are found in areas of special consideration which are related to planning because of their special association with that activity. As aspects of planning, participation, coordination, and communication will be examined, with attention given to their nature and place in planning. Also, the theorists' ideas about the limitations and requirements of planning are of interest because they identify conditions which the theorists think should be met in order to perform the planning function properly.

### Participation

The participation of subordinates in the planning process is a subject on which all of the theorists agreed without exception. The difference in their views on the matter pertains to the degree of participation and its extent. All apparently believed managers at subordinate levels should participate, but only Sheldon and Miss Follett specifically mentioned the participation of workers. Unanimity did not, however, extend to include such things as who, how much, when, or on what matters participation should be encouraged. The more generally accepted reasons for participation include obtaining a wider span of experience to apply to plans, cooperation, and knowledge of plans. Fayol thought participation would be very desirable since it resulted in a plan being worked up through the organization to be finalized at the top:

So, having been prepared with meticulous care by each regional management, with the help of departmental management, and then revised, modified, and completed by general management and then submitted for scrutiny and approval to the Board of Directors, these forecasts become the plan which so long as no other has been put in its place, shall serve as guide, directive, and law for the whole staff.<sup>21</sup>

Koontz and O'Donnell think that the best way to assure adequate knowledge of and loyalty to plans is to have as many managers as possible participating in their preparation. On the other hand, Dale stresses that planning is done with the aid of specialists in areas such as economics, marketing research, and the like. These people usually function in a staff relationship with line managers at various levels of the organization. It is possible to have planning groups work only with the chief executive but

. . . many companies believe that it is better to allow the heads of departments and divisions to make their own plans, with only such modification at higher levels as is necessary to ensure that the plans are feasible and desirable from the viewpoint of the company as a whole.<sup>22</sup>

Newman, Summer and Warren think it best that " . . . when formulating a plan, a manager draws on the ideas of his subordinates and others who will be affected by the plan."<sup>23</sup> An executive should, however, use discretion in selecting the problems, degree, and subordinates for sharing his planning.

Sheldon and Miss Follett were both strong supporters of subordinate participation in the planning process of a firm but went further than the other theorists by suggesting that workers be allowed to participate as well as managers. This would seem to be more a matter of extent of participation, or at least one aspect of it, than simply one of participation. Sheldon held the view that workers should be allowed some degree of participation in the formulation of policy within firms on the grounds that industry is an extension of society. Since all citizens are entitled to participation in the establishment of community ideals, " . . . the worker is justified in

claiming that the principles which govern the controls of himself as a citizen shall all apply to the control of himself as a worker."<sup>24</sup> Management should also be concerned in the interpretation of local communal ideals. To aid in this enlightened interpretation and determination, management should introduce workers to some share of policy determination.

Miss Follett believed that it was not adequate to present policy to workers in such a way as to get their consent: "I agree partly with this but not wholly. The most progressive view of employment representation to-day, as of democracy, is not consent of the governed, but participation."<sup>25</sup> And what was her idea of participation? She states:

We concluded . . . , did we not, that democracy does not mean merely all taking part, that democracy should mean organization, the relating of parts, co-functioning? This should be the definition of participation. . . . participation must involve the interpenetration of ideas of the parties concerned . . . .<sup>26</sup>

Participation should not only be extensive among managers but intensive as well, in the view of Fayol:

The study of resources, future possibilities, and means to be used for attaining the objective call for contributions from all departmental heads within the framework of their mandate, each one brings to this study the contribution of his experience together with recognition of the responsibility which will fall upon him in executing the plan.<sup>27</sup>

The extent of participation, according to Koontz and O'Donnell, should be to include all areas of authority of a manager touched on by the operation of the plan in question. They write: "Participation in all planning affecting a manager's area of authority through his being informed, contributing suggestions, and being consulted, leads to good planning, loyalty, and managerial effectiveness."<sup>28</sup> Newman,

Summer and Warren agree with this point of view thinking it best " . . . that when formulating a plan, a manager draws on the ideas of his subordinates and others who will be affected by the plan."<sup>29</sup> They think varying degrees of participation are possible and the amount that is desirable depends on "(a) who initiates the ideas, (b) how completely a subordinate carries out each phase of decision making, (c) how much weight an executive attaches to the ideas he receives."<sup>30</sup> Conditions are also recognized by Newman, Summer and Warren which will help determine when participation is feasible. One of these is the time available for making the decision. Another characteristic is that motivational factors that deadlock with each other should be avoided. A third factor is the capacity and willingness of the subordinates to contribute to the plan. Finally, the extent to which it will foster voluntary cooperation and how badly this is needed should be considered.

### Coordination

On the subject of coordination of planning the authors who discussed the topic were Sheldon, Koontz and O'Donnell, and Newman, Summer and Warren. All of these seemed firmly convinced of the need for such coordination in planning. Each, however, appeared to favor different methods of achieving it. It would appear that Sheldon was concerned with the organizational structure necessary for coordination. Koontz and O'Donnell were concerned with what can be accomplished through coordination. Newman, Summer and Warren were, on the other hand, concerned with why coordination is necessary to successful planning and the particular needs it satisfies.

Sheldon observed that a committee may be necessary to accomplish coordination when the subjects are variable; where they are standard, machinery can be established to accomplish coordination. Sheldon says that ". . . for the purpose of determining a policy, coordination by committee is probably necessary, in executing that policy coordination by the establishment of the necessary machinery is more normally effective."<sup>31</sup>

Koontz and O'Donnell assert that coordination is necessary to make and keep derivative plans consistent with major plans and requires clear delegation of authority. Managers tend to forget the complexity associated with the derivation of plans. "A great advantage of some of the new planning in control systems is that they force managers to consider these intricacies."<sup>32</sup> They also advocate adequate timing, both horizontally and vertically, in the structure of plans.

Newman, Summer and Warren argue that employees should be allowed freedom to adjust to circumstances as they arise. They believe:

Consequently, in every company for large quantities of inter-related work people voluntarily coordinate their actions when necessary. Each person acting within his own areas of discretion adjusts to the needs of other workers.<sup>33</sup>

Common agreement on a set of objectives helps the process to work at its best. In their opinion, "When the significance of each task is defined in terms of clear-cut objectives, then exchanging information enables each person to fit his actions into coordinated effort."<sup>34</sup>

### Communication

Only two of the subject books present ideas on the topic of communications in planning. Koontz and O'Donnell emphasize the need for access to complete information, insofar as it is available, if

planners are to do their best job. They think that many of the problems of planning result from a lack of good communications. Newman, Summer and Warren emphasize in their writing the causes of communications problems. They observe that it is communications that provide planners with the ideas and knowledge essential to the best performance of their task. All of their observations are geared to the common belief that planners depend on the ideas and information which are provided them through the communications system.

Koontz and O'Donnell think the subordinate levels of planning suffer from a lack of adequate knowledge about objectives, premises, policies, and higher-level plans. Top management knows its objectives and workers know theirs, but there is a planning gap in the middle and upper management where managers do not know how to tie departmental objectives into those of the enterprise. This problem results from practical communications problems, lack of understanding for the need of communications, and security needs. Granted there are some natural limitations that restrict information, still it becomes apparent that: "The best planning occurs when everyone has access to complete information affecting the areas for whose planning he is responsible."<sup>35</sup>

Newman, Summer and Warren believe schemes are needed to enable the manager to benefit from the knowledge of ideas of others, since ". . . exchange of ideas in information is the typical and natural way of making decisions within organizations."<sup>36</sup> There are organizational frictions that result from the dispersion of the planning effort that reduce the effectiveness of communications. People who provide information summarize and interpret and thus color communications with their own knowledge and feelings about the subject matter. The higher

the executive the greater the incidence of screening and condensing, resulting in an increase in the amount of loss in communication. In spite of this, Newman, Summer and Warren write: "Yet, plans must be based primarily on information supplied by other people."<sup>37</sup>

### Limits and Requirements of Planning

The limits and requirements of planning are closely associated because most requirements are needed to overcome limiting factors to which planning would otherwise be subject. Some of the theorists discuss both limits and requirements, some discuss one or the other. The limitations that are discussed by more than one author include the lack of competent, conscientious personnel and internal inflexibilities or frictions that exist within the firm that can occur in a number of forms. Although Miss Follett did not write on the limitations or requirements of planning, the other theorists did, and there seems to be considerable variation in their points of view. The similarity of their observations concerned the level of competence of personnel, consistency, and predictability. These appeared in most of the writings, either directly or through some related feature.

Fayol thought the use of plans in some firms is limited because of the lack of personnel with sufficient competence. He was of the opinion that planning requires certain abilities:

The compilation of a good plan demands for the personnel in charge: (1) The art of handling men, (2) Considerable energy, (3) A measure of moral courage, (4) Some continuity of tenure, (5) A given degree of competence in the specialized requirements of the business, (6) A certain general business experience.<sup>38</sup>

These conditions presuppose experience and intelligent management.

Koontz and O'Donnell believe that limitations on planning should not bar effective planning, but they are real and should be recognized.

One limitation is accurate premising. Rapid change is a second limitation. Internal inflexibilities also limit the effectiveness of planning. For example, such things as psychological policies or procedures for capital investment. External inflexibilities offer added limits, while time and expense are still other limitations.

Newman, Summer and Warren think that one of the major areas of limitations to planning is the variety of frictions that develop when ideas of different people are brought to bear on a decision. The sources of friction which they discuss are: (1) differences in perception of objectives; (2) distortion and loss in communications; (3) the persuasive advisor who intentionally sways the decision maker; (4) unofficial influence exerted by informal groups on values, beliefs, and acceptance actions; (5) personal wants such as aspirations, needs, and biases.<sup>39</sup>

In the area of requirements of planning, there are a few more points that theorists have in common including control, consistency, allowance for change, overcoming internal inflexibilities, and participation or decentralization of authority. To safeguard against incompetence resulting from the lack of competent personnel, Fayol suggests using the following guides: "(1) A plan must be compulsory. (2) Good specimen plans must be made generally available. (3) Planning as a subject must be introduced into education."<sup>40</sup>

Sheldon believed consistency was a necessary characteristic of planning. He wrote: "Planning in fact cannot be effective unless the same system of planning applies through the whole route."<sup>41</sup> Centralization of planning would thus appear necessary to assure the achievement of good plans; he thought localized planning had distinct

drawbacks for achieving consistency. In regard to what is necessary to execute good planning, Koontz and O'Donnell feel that several positive conditions can be identified; they provide that it must: be deliberate and not be left to chance, start at the top of the organization, be organized, be definite, include awareness and acceptance of change, and integrate long range plans with short range plans.<sup>42</sup>

Dale focuses his attention more on the decision-making policies than on planning and thinks that managers must be specifically trained in areas with which they are not familiar. The delegation of authority in a clear, distinct manner enables people to know when and how they are expected to act. Fostering the development of a favorable attitude on the part of management about decision making can be very helpful. These features can be extended reasonably to apply to the planning process generally.

As far as requirements of good planning are concerned, Newman, Summer and Warren think that participation is very important because of the advantages of added experience and increased points of view it gives the decision maker. Also, getting ideas and information from as many sources as possible is desirable. Having planning spread over an adequate span of time is also essential if the planning is to be of good quality and serve its purpose.

#### Summary

Since this chapter deals with more detailed facets of planning than the previous chapter, it is not surprising to find a relatively smaller number of the theorists writing on each of the topics. There is, however, an equal amount of agreement among the theorists on the

several topics they discussed. Conclusions to be drawn about external premising are the following: (1) It should take into consideration problems and influences arising from the general economy and conditions of the business, political, and social environments. (2) The discussion of internal premising was directed at slightly less general topics and included financial conditions, quality of management, and the short term plans to which the firm is already committed. (3) Decision making necessitates selection of alternatives which are seen generally to be the conflicts of situations that make decisions necessary, and it is very desirable that managers seek out or develop alternatives to evaluate and from which to select. There was less agreement on the last point than on some of the others. It is further agreed that the evaluation of alternatives must be a rational or realistic process to be effective; also, marginal analysis should be employed where possible. Marginal analysis is aided by quantification of the factors involved, as are other methods of analysis.

On formulation and evaluation of policy, only two contemporary theorists made comments. What they agreed upon about policy formulation includes consistency, contribution to objectives, delimitation of decision areas, and frequent spontaneous growth. Their common views on evaluation and implementation suggest that policies should be chosen to reflect firm objectives, be consistent, be adaptable to conditions, and see that all subordinates are aware of them. The several planning functions examined reveal certain characteristics that should be associated with these functions in order to facilitate policy formation and utilization. All of the theorists believed in some degree of subordinate manager participation with two supporting

worker participation. This was thought to be the source of a number of advantages such as gaining use of a greater span of experience, cooperation, and knowledge of plans. Coordination of plans would seem to be a necessity, but the methods to achieve it can vary. Communications are needed to provide managers with ideas and information necessary to their planning. The limits on planning are a lack of competent or conscientious personnel and internal inflexibilities or frictions. The requirements of planning include control, consistency, allowance for change, overcoming inflexibilities, and decentralization of authority in the form of participation.

The early theorists recognized the basic need to plan. It is apparent that they gave attention to some of the problems of planning, but mostly to those that caught their eye rather than those which emerged from a detailed study of the entire procedure. This further supports the view that they were faced with priorities and simply could not deal with everything. The contemporary theorists were much more complete and detailed in their treatment of the subject, as would be expected. They have benefited from the discovery of a more complete array of problems and more extensive examination of them by other authors since the writings of the early theorists.

Notes

<sup>1</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 108.

<sup>2</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 5.

<sup>3</sup>Koontz and O'Donnell, op. cit., p. 108.

<sup>4</sup>Dale, op. cit., p. 352.

<sup>5</sup>William H. Newman, Charles E. Sumner, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 434.

<sup>6</sup>Ibid., p. 435.

<sup>7</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 31.

<sup>8</sup>Ibid., p. 32.

<sup>9</sup>Ibid., p. 41.

<sup>10</sup>Koontz and O'Donnell, op. cit., p. 136.

<sup>11</sup>Dale, op. cit., p. 565.

<sup>12</sup>Newman, Sumner, and Warren, op. cit., p. 309.

<sup>13</sup>Ibid., p. 338.

<sup>14</sup>Metcalf and Urwick, op. cit., p. 45.

<sup>15</sup>Dale, op. cit., p. 566.

<sup>16</sup>Ibid., p. 571.

<sup>17</sup>Newman, Sumner, and Warren, op. cit., p. 375.

<sup>18</sup>Koontz and O'Donnell, op. cit., p. 75.

<sup>19</sup>Newman, Sumner, and Warren, op. cit., p. 489.

<sup>20</sup>Ibid., p. 492.

<sup>21</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), pp. 48-51.

<sup>22</sup>Dale, op. cit., p. 397.

<sup>23</sup>Newman, Summer, and Warren, op. cit., p. 181.

<sup>24</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 88.

<sup>25</sup>Metcalf and Urwick, op. cit., p. 171.

<sup>26</sup>Ibid., p. 212.

<sup>27</sup>Fayol, op. cit., p. 48.

<sup>28</sup>Koontz and O'Donnell, op. cit., p. 181.

<sup>29</sup>Newman, Summer, and Warren, op. cit., p. 533.

<sup>30</sup>Ibid., p. 534.

<sup>31</sup>Sheldon, op. cit., p. 223.

<sup>32</sup>Koontz and O'Donnell, op. cit., p. 180.

<sup>33</sup>Newman, Summer, and Warren, op. cit., p. 473.

<sup>34</sup>Ibid.

<sup>35</sup>Koontz and O'Donnell, op. cit., p. 180.

<sup>36</sup>Newman, Summer, and Warren, op. cit., p. 430.

<sup>37</sup>Ibid., p. 440.

<sup>38</sup>Fayol, op. cit., p. 50.

<sup>39</sup>Newman, Summer, and Warren, op. cit., p. 439.

<sup>40</sup>Fayol, op. cit., p. 51.

<sup>41</sup>Sheldon, op. cit., p. 224.

<sup>42</sup>Koontz and O'Donnell, op. cit., p. 197.

## CHAPTER IV - ORGANIZING

The second management function is the activity, organizing. This function is concerned with the placement of elements within firms and the establishment of relationships within the framework of group endeavors. Although the ingredients of organization are not agreed upon by theorists, the importance and need for the function itself is generally recognized as an essential activity of management, and it is present in some form or other in all group activities.

### Nature and Purpose

Represented in this section is a comparison of the thoughts of the selected theorists pertaining to the nature and purpose of organization. This is undertaken to show why they viewed the process of organization as an essential management activity. In order to examine their ideas, formal and informal organizational concepts are distinguished.

### Formal

Formal organization is that which results from the conscious design of management and is the intentional grouping of activities and establishment of relationships. The theorists believed the act of structuring such relationships to necessitate consideration of a number of factors. All of them had ideas to express about organization in the formal sense, but most did not distinguish clearly between its nature and purpose. The features of organization that two or more of the theorists had in common include: provide the factors of production,

maintain unity of command and direction, provide for change, achieve maximum efficiency, create a decision-communications network, and provide for coordination.

Most of the theorists put considerable stress on organization and are concerned primarily with people in the organization, the work they do and the relationship they have with one another. This includes assignment of authority and responsibility and the development of communications necessary for making good decisions. Sheldon stressed the performance of the basic functions and also considered organizing as an activity essential but apart from management. Miss Follett, on the other hand, devoted her attention almost exclusively to the relations of people plus their determination of and participation in organizational activities.

Fayol and Sheldon both thought of organization as a means of providing the necessary factors of production and the structuring of channels through which the work of the organization could flow. Fayol thought organization to be a tool which enables management to perform its functions effectively. His attention was focused on human organization but he recognized, however, that organization deals with both people and materials. Fayol wrote:

To organize a business and to provide it with everything useful to its functioning: raw materials, tools, capital, personnel. All this may be divided into two main sections, the material organization and the human organization.<sup>1</sup>

The conduct of a given enterprise entails performance of certain activities which the management personnel should be capable of executing if given essential material resources.

Sheldon's concept of organization is that it consists of the process of combining the work individuals or groups must perform with the

necessary resources so as to provide the best channels for positive, efficient, and coordinated application of effort. He did not define management to include organization, and thought that, as an activity, organizing precedes management. He also pointed out factors excluded from organizing by writing:

It is no business of the organizer, for instance, to consider whether the product is good, fair or bad, whether the office machinery is efficient, whether the engines are old or new, whether the workers are efficient or inefficient. Those are tasks of management. The organizer must accept these as fundamental and constant.<sup>2</sup>

Although separate and distinct, it was apparent to Sheldon that the two activities of organizing and managing definitely go together and neither could function without the other.

One of the features of formal organization stressed by Fayol is that of unity of command, a matter on which he received support from Koontz and O'Donnell and Dale. This is the idea that an employee should receive orders from only one superior. A corollary to this is unity of direction, ". . . one head and one plan for a group of activities for the same objective."<sup>3</sup> Koontz and O'Donnell express the same idea by saying: "Organization should be designed to clarify the environment so that everyone knows who is to do what; to remove obstacles to performance caused by confusion and uncertainty of assignment; and to furnish a decision-making communications network reflecting enterprise objectives."<sup>4</sup> Dale thinks that the decision-making ability of people determines the effectiveness of the utilization of all resources and that their best utilization is a prime necessity. Each person must know what to do and the efforts of all must be coordinated. Dale thus concludes:

Organization as the term is used in management, then is a method of ensuring that: 1. The work necessary to achieve the goal is broken down into segments, each of which can be handled by one person. 2. There is not duplication of work. 3. All efforts are bent toward a common goal.<sup>5</sup>

Not only do these writers see unity of command and direction as important, but also the establishment of decision-communication networks by means of organization.

The ability to adjust to change as it is encountered in a dynamic economy is an important characteristic of organizations. Newman, Summer and Warren point this out along with three other basic considerations that are involved in all structural formation: "(a) the balance and emphasis we wish to give to various departments, (b) the way we overcome limits to the effective span of supervision of each executive, (c) the provision we make for dynamic change, and (d) how we manage to integrate organizing with the other phases of management."<sup>6</sup> Formal organization was considered by Miss Follett to be a changing thing, with little alterations being made each day. The whole executive force thus has an opportunity to contribute to organization, especially with authority associated more with capacity and less with position than has previously been the case.

Koontz and O'Donnell believe that the focus of organization should be on the activity-authority structure. This entails grouping activities and assigning them along with authority to a responsible person. In their opinion,

. . . organization, then, involves establishment of authority relationships with provision for coordination between them, both vertically and horizontally in the enterprise structure. Using organization as a structural system appears to the authors to be more realistic than other concepts of organization.<sup>7</sup>

Fayol also related authority to organizational structure and noted that

authority is increasingly concentrated as it is transmitted upward from one stage of the organization to the next. It becomes more diffused with its transmission downward and extends to all parts of the organization.

Another feature of concern to Fayol is the authority relationship of individuals and the route followed in the transmission of authority.

He wrote:

- . The scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed--via every link in the chain--by all communications which start from or go to the ultimate authority.<sup>6</sup>

Closely associated with authority in Fayol's view was the problem of order--both material order and social order. His idea about order was:

For social order to prevail in a concern there must, in accordance with the definition, be an appointed place for every employee and every employee be in his appointed place . . . . Social order demands precise knowledge of the human requirements and resources of the concern and a constant balance between these requirements and resources.<sup>9</sup>

Balance was also stressed by Newman, Summer and Warren.

Another feature of organization that was pointed out by several of the theorists is that the effectiveness of an organization is dependent on the quality of the personnel with which it is staffed. Fayol thought that "the general form of an organization depends almost solely on the number of its employees."<sup>10</sup> "This likeness is explained by the fact of there being identity of functions in business of the same type, or else a preponderance of similar functions in enterprises of different types."<sup>11</sup> The similarity of appearance does not necessitate the same detail of structure or the same organic quality. These are dependent upon the personal qualities of the individuals who compose

them; " . . . every intermediate executive--can and must be a generator of power and of ideas."<sup>12</sup> The quality of personnel determines the effectiveness of the organization and is a limiting factor in the growth of organizations.

Stressing that organizational quality is dependent on the personnel in it, Koontz and O'Donnell make the point that organization is not mechanistic. People are the central concern of managers; " . . . organization must be so structured that people can perform in the environment that it furnishes."<sup>13</sup> Dale, as well as Newman, Summer and Warren, emphasized the relationship between an organization and its personnel. Although they thought quality important, their major concern was with the effective utilization of personnel, including task assignment and coordination.

A number of additional aspects of formal organization were pointed out by the theorists as individual items of interest or concern. Included among these is Sheldon's belief that "the form of an organization depends upon the extent to which the basic functions of a business have been developed and distinguished by delegation."<sup>14</sup> Sheldon also identifies five basic ingredients that have to be introduced into any attempt at organization. These include (a) work to be done, (b) an objective, (c) human faculties, (d) relationships, (e) methods.<sup>15</sup> Fayol stands alone in his opinion that "the same framework is appropriate for all industrial concerns, of whatever kind, employing the same number of people."<sup>16</sup>

Miss Follett's opinion was that too much distinction was made in the business world between various functions, responsibilities, and loyalties. She thought there was too much taking of sides. She wrote:

It seems to me that the first test of business administration, of industrial organization, should be whether you have a business with all its parts so coordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking, interrelating, that they make a working unit-- that is . . . what I have called a functional whole or integrative unity.<sup>17</sup>

Integrative unity is clearly an organizational concept in which everyone in a group does what he can to facilitate attaining the objective of the group. She thought it detrimental to segment functions too much since this tends to discourage loyalties and responsibilities beyond very limited areas.

Pluralistic responsibility is another of Miss Follett's principles of organization: "Another task of organization is to join managerial capacity of worker with managerial capacity of executive. Functional authority, pluralistic responsibility, requires conference as its method."<sup>18</sup> Additional organizational considerations discussed by Miss Follett are presented in the following quotation:

Four fundamental principles of organization are: 1. Co-ordination by direct contact of the responsible people concerned. 2. Co-ordination in the early stages. 3. Co-ordination as the reciprocal relating of all the factors in a situation. 4. Co-ordination as a continuing process.<sup>19</sup>

Organization offers a freedom from problems unobtainable otherwise; freedom through organizational relations, not freedom from them should be the objective of organizational activities.

Dale recommends what he calls a comparative approach to organization. This entails a structural examination of similar firms to determine which organizational form is producing the best results from the set of circumstances facing it. This would enable organizers to draw conclusions which would not be generally applicable guides, but they would do much more than many of the present observations in helping managers solve problems.

Newman, Summer and Warren believe: "Two elements are invariably present in organizing: dividing up the work into jobs, and at the same time, making sure that these separate clusters of work are linked together into a total team effort."<sup>20</sup> Balance is thus an important factor. Two other problems of organization that they see are those of overcoming the limits to the effective span of supervision and integrating organizing with the other phases of management.

### Informal

The early theorists did not write on the nature of informal organization. It is not surprising because it was the latter 1930's before this type of relationship was generally recognized to exist within organizations. The traditional autocratic organizational practices that prevailed in the early years ignored the problems involved with informal organization because of the dependence of workers on employment. The lack of economic alternatives and the general acceptance by workers of autocratic leadership as being proper contributed to the power of the employer and his ability to overlook the various facets of informal relationships. Present labor market conditions, however, afford a sharp contrast to the conditions that existed during these earlier times. Now the employee has more than one choice of employment available to him and the pressure of economic necessity does not weight upon him as heavily as before. In addition, the ideas of authority acceptance and participation have encouraged a rejection of autocratic authority and forced managers to give consideration to the various conditions of work to which their subordinates are subjected.

The modern writers all give attention to informal organization and recognize their importance because of their influence on the formal

organization. They do not agree with the nature or extent of informal organization but do generally agree there is need to consider it and its uses. The features that were supported by all of the latter are that informal organization fosters the communication of the organization and it establishes stable patterns of behavior for the members of the organization. Koontz and O'Donnell agree with Newman, Summer and Warren that it imposes conformity within its group and that the group can be of any type. Dale, along with Koontz and O'Donnell, believes the nature of informal organization is such that it includes all group relations that are not included in the formal organization chart. Dale writes: "These deviations from the division of authority and responsibility shown on the formal chart produce the informal organization."<sup>21</sup>

Koontz and O'Donnell think by fostering better communications each person can function to make the group more effective. Desirable patterns of behavior, resulting from informal organization, may enable individuals to perform better within the group. Newman, Summer and Warren think that a pattern of common attitudes tends to evolve and that informal organization creates pressure on members to conform to group standards. "Managers should realize that, in addition to such standards of conduct, groups also provide many beliefs and values to the individual."<sup>22</sup> Conformity of one type or another is one of these behavior patterns which promotes smooth group performance. It establishes patterns which promote smooth group performance. It establishes patterns and, in many cases, serves to eliminate a variety of frictions that would otherwise develop within the group. It may, of course, have the reverse effect and thereby lead to disorganization.

Dale thinks that whether informal organization is bad depends on the group's performance and the relationship of the informal organization to this performance. Informal relationships may aid or hinder the normal operations of the group; if they do not work at cross-purposes to the formal organization they may be unimportant. Newman, Summer and Warren believe that small social groups have a significant effect on the workings of a formal organization. Small social groups form spontaneously and occur almost everywhere. They exist on common interests and exchange of ideas; leadership emerges naturally.

Dale is of the opinion that informal organization has no stability—it is constantly changing. It deals with group relationships which can be changed but cannot be eliminated. Because informal organization tends to be of a changing nature, it cannot very well be incorporated into formal organization. In contrast to this view, Newman, Summer and Warren think harmonizing formal and informal organization is necessity and can be attempted by adopting the group practices into the formal organization. Another attempt at this can be made by structuring formal organization to encourage informal groups that are inclined to support the formal organization objectives.

Dale's view that informal organization is continually changing leads him to conclude that it is impractical to attempt to do anything significant with it. Although the negative aspects should be minimized and the positive maximized, he thinks it is impractical to attempt to incorporate parts of it into the formal organization. On the other hand Newman, Summer and Warren think it desirable to try to incorporate some informal group practices into the formal organization. Koontz and O'Donnell recognize that it can be used to facilitate the easy flow of

communications and that it enables individuals to function better within the limits of the formal organization and that it should thus be used, if not encouraged.

### Span of Management

The extent of effective supervision by a manager of his subordinates is a problem that has received considerable attention in recent years. It is a problem of significant importance to a firm because it deals with the rather crucial personal relationship that exists between a supervisor and a supervisee. The personal superior-subordinate relationship serves as the basis for communications, control, and the creation of a favorable atmosphere for effective execution of both work and management activities. The extent of the span of management appears to be directly related to the quality of the superior-subordinate relations.

### Extent

Unlike current writers, none of the early theorists devote attention to the problem of span of management. The lack of attention to the span of management is probably due to the nature of early business environments and the characteristics of the businesses themselves. In the early stages of industrial development, most firms were small and created only limited problems of supervision. These firms were also single-product firms with rather standard production processes which make for relatively easy supervision. The production processes themselves were usually simple in form and, as such, were relatively easy to supervise. The current writers all recognize the existence of a practical limit to the extent of the span and agree there is no given number of subordinates that is best for all cases. The extent of the

span is dependent on a number of circumstances in the situation, such as the time and energy limitations of the supervisor, the nature of the work supervised, etc. Dale expressed a preference for a wide span of control on the grounds that the loss of supervisory efficiency was compensated for by an improvement in the communications it made possible.

Koontz and O'Donnell feel that it is necessary to consider the extent of the span in every organization. They think a wide variety of practices exist, and, because of the varying circumstances that prevail, there is no given number that is ideal in all cases. The major reasons for the wide variety of practices are simply that organizations differ so greatly in their structure and that a great difference exists within the various levels of any given organization.

Dale also agrees with the basic concept of a maximum span of control but fails to specify a particular number, which should and does vary with the situation. He seems to favor a wide span for two reasons: in one case it makes possible a shorter chain of command and in the other it prevents too close supervision.<sup>23</sup> Freedom from close supervision encourages subordinates to stand on their own feet and use their own initiative, enabling them to develop their capabilities more fully.

Newman, Summer and Warren agree that there are limits to the number of subordinates that can be supervised effectively by a single manager but acknowledge there is little agreement about how many. Leadership may become ineffective if the span is too wide. Each leader has limited time and energy, both of which are necessary for effective supervision. But they believe: "Since many of us may exhaust our nervous energy and alertness before we exhaust the time we are willing

to devote to supervision, the effective limit on our ability is energy rather than time."<sup>24</sup>

### Determining Factors

Agreement was established by the contemporary theorists that the span of management is determined by the nature of the situation, including the type of supervision required and the individual ability of the supervisor involved. In addition Koontz and O'Donnell stress the importance of the type of supervision and what it entails. Dale, with Newman, Summer and Warren, put emphasis on the ability of the executive and the supervisory restrictions this places on him. Dale in addition points out that the ability of the manager to learn and evaluate what is happening is a very real determinant of the maximum span of management. All of these seem to focus attention on the supervisor and his personal capabilities as the most significant determinant of the size of the span of management.

According to Koontz and O'Donnell, the factors which determine the proper span of management are: (1) subordinate training, (2) delegation of authority, (3) planning, (4) rate of change, (5) use of objective standards, (6) communications techniques, and (7) amount of personal contact.<sup>25</sup> Dale thinks it desirable to control the number of subordinates subject to a single span of control, but that the span may vary with individual supervisors and with the nature of the work. In diagnosing the ills of an organization, the span of each top executive especially should be examined to see that it is expanded " . . . to the point where they no longer have time to learn what is actually being done to provide the necessary direction or to evaluate what is actually

happening."<sup>26</sup> The extent to which these conditions can be maintained would seem to be Dale's idea of the determining factors for an executive span of management.

Newman, Summer and Warren maintain it is important for a firm to set upper and lower limits of acceptable spans for each administrative position in its structure. They believe that one of the most important determinants is the personal energy of an executive but that other factors are also important. These other considerations are: (1) time devoted to supervision, (2) variety and importance of activities being supervised, (3) repetitiveness of activities, (4) ability of subordinates, (5) degree of decentralization, (6) staff assistance provided.<sup>27</sup> It would thus seem that the span of supervision should be tailored to the right size for each executive position.

#### Departmentation

The concept of departmentation refers to the grouping of activities within a given organization. It has a more inclusive meaning than the formation of departmental groups and includes groupings at all levels of the organization for any purpose regardless of their manner of identification. As an activity of management, it establishes relationships within and between departments or groups to aid efficient operation. The aspects of departmentation which will be examined are the criteria used and the reasons for departmentation.

#### Criteria

Miss Follett did not discuss the subject of departmentation nor the bases for its establishment. The other theorists did take up the topic and found common ground in the causes for the grouping of activities. They all agreed that the need for departmentation was, therefore,

function and process. All of the theorists saw departmentation in a slightly different light. Fayol commented on the causes of departmentation, Sheldon on the basis for division, and Miss Follett on the essential relationship that exists between parts and the whole which they constitute. The current authors agree that traditional work division may be used profitably. Koontz and O'Donnell think, in addition, that at lower organizational levels there are good reasons for preferring the functional division of departments. Newman, Summer and Warren think there are few rules to follow in establishing departments but that identification and accommodation of the essential factors of a situation is the best approach to this problem.

That departmentation resulted from specialization was about as far as Fayol went with the subject. He wrote that "specialization belongs to the natural order . . . it is observable in human societies where the more important the body corporate the closer is the relationship between structure and function."<sup>28</sup> Specific criteria were not discussed, but he pointed out the importance of a clear demarcation between departments in order to avoid the problem of dual command.

Sheldon noted that departmentation could be based on function where the organization precedes from managers to workers according to the basic functions of production and without regard to the processes used. Another basis for departmentation is the principle of decentralization in which work is divided according to thinking and doing or advising and executing. Dale also stressed the functional base of organization, especially the three he considered the basic functions of finance, marketing, and production. He believes that the mechanics of organization are derived from what the organization is trying to do--its

objectives--and that this necessitates consideration of what work must be performed and which of these jobs can best be coordinated at the same place or by the same person.

The basis for departmentation discussed by Koontz and O'Donnell includes departmentation by simple number, enterprise function, territory, product, customer groups, and by process or equipment employed.

In their opinion,

. . . the process of selection involves a consideration of the relative advantages of each type at each level in the organization structure. In all cases the central question concerns the type of coordination that the manager wishes to achieve.<sup>29</sup>

Although they think it is hard to generalize for all levels of organizations, in primary departmentation there are strong claims for the use of the functional base as it very closely conforms to enterprise activities.

Newman, Summer and Warren include in departmentation criteria the bases of geographic, product, customer, and function for dividing work. They include in the functional method work that can be divided according to (1) a distinct guide of work, (2) any essential step in a total business process, (3) any aspects of operations or management that typically calls for technical knowledge or skill.<sup>30</sup> They think that the manner of dividing the work of an organization depends on the view taken of it; this view can be from the top management downward, from the individual operations upward, or following the flow of work throughout the organization.

Miss Follett did not discuss departmentation of an organization but did point out the importance of relationships of parts toward each other in determining the character of the whole. In Miss Follett's opinion, "they all together make a certain situation, but they

constitute that situation through their relation to one another. If you change one, usually some, if not all, of the others are changed."<sup>31</sup> This is a reality that needs consideration in all attempts to group work and people.

### Reasons

In regard to identifying the reasons for departmentation, all but Miss Follett made some observations. Most of them agreed that departmentation results from a need for specialization which in turn creates a need for coordination, although this need is present to an extent even in the absence of specialization and is related to the size of operations. Associated with this is the idea that departmentation is the means for facilitating the growth of an organization, in that it is a way to circumvent the limitation of the span of management. Newman, Summer and Warren believe stress on team work and the need to expand job scope, have, to some extent, offset the influence of specialization on the nature of departmentation.

Fayol wrote that departmentation of function produces specialization of work which avoids continual changing of tasks by workers and the disruptive adaptations which this require. Grouping skills together to meet special needs is another advantage produced by it. Fayol thinks that,

each change of work brings in its train an adaptation which reduces output. Division of work permits a reduction in the number of objects to which attention and effort must be directed and has been recognized as the best means of making use of individuals and of groups of people.<sup>32</sup>

Sheldon's thought that departmentation is based on processes rather than functions has the advantage of concentrating all functions under one head and of offering the best chance to achieve effective

coordination. Although he recognized disadvantages, Sheldon saw a big advantage:

Functional organization has, however, one great initial advantage--that the whole task of the business is grouped into logical sections, thus leaving the supreme executive free for the work of coordination alone.<sup>33</sup>

This should also facilitate growth by insuring the expansion capability of the organization. The inability of managers to handle all of the functions in a business organization is the major limitation of this form of work division.

Koontz and O'Donnell write: "Departmentation is not an end in itself but is simply a method of arranging activities to facilitate the accomplishment of the enterprise objective."<sup>34</sup> They think the need for departmentation is the result of a limited span of management and a desire for specialization. Through the use of departmentation it becomes possible to expand an organizational structure almost indefinitely. Dale, on the other hand, does not discuss departmentation as a separate or distinct topic but does discuss the problems of a functional type of organizational structure. Most problems are those growing out of the need for both specialization and coordination, and he thinks the former is the most significant cause of departmentation.

Newman, Summer and Warren believe that, in the first half of this century, the functional basis of work division predominated because of the stress placed on specialization. Two developments in recent years have tended to reduce the emphasis on functionalization of organizations. One of these is the greater emphasis placed on team work. The second development is at the operating level where it has been discovered that a greater variety of activities increases the productivity

of workers. In regards to the manner in which a firm should be organized, they offer no concrete guides:

. . . there is no magic formula for dividing up operating work. Whether he likes it or not, the manager of tomorrow will need to give original thought to how he ought to divide among his subordinates the particular activities under his direction.<sup>35</sup>

Adapting a firm to changing conditions in a dynamic economy necessitates giving attention to the structure of departments and to their modification.

#### Assignment of Activities

Given a need and criteria for departmentation, there still remains the task of assigning activities within the organizational framework. Having determined the type of departmentation is only part of the problem; it is then necessary to decide where to place each job or piece of work. There is a problem of identifying and classifying work activities and of determining the other activities with which it could be associated. Two aspects of the whole problem are examined--that of combining activities, and the guides for use in their assignment.

#### Combining Activities

Only Koontz and O'Donnell offer suggestions about the process of combining activities within the firm. They believe that, in combining activities, the first step is to recognize and identify all activities. One approach to doing this is to view the firm in terms of the employee skills required to achieve firm objectives; this requires analyzing the activities of people when performing their tasks. The other is to define the enterprise purpose and then "enumerate activities that make a net positive contribution to the production, sale, and finance

functions."<sup>36</sup> They prefer this second procedure because it can be used by both old and new firms.

### Guides

Three theorists did not offer any suggestions pertaining to guides to follow when assigning activities; these were Fayol, Miss Follett, and Dale. The others made comments on this subject and indicated agreement about some guides which include grouping according to like function, interlocking work, coordination, executive interest, and control. All the theorists discussing work assignment guides gave a group of essential factors to be considered in problems of this type. These factors are expressed in different terms, but, for the most part, they are quite similar in their intent. This is especially true for Koontz and O'Donnell and Sheldon. Newman, Summer and Warren list factors that are more general than the ones discussed by the others.

Sheldon discussed the division of work primarily on a functional basis but also presented some requirements for an ideal organization stating that their application should be local consideration. Some of these requirements seem applicable to the assignment of activities. The features he included that can be considered guides to assignment of activities are such things as scientific analysis of work, grouping like functions, interlocking work and facility, coordination, and using committees and staff to supplement executive management.<sup>37</sup> Not all of these are directly applicable to the assignment of activities, but most are clearly guides to the performance of this operation.

Koontz and O'Donnell distinguish two types of activities that should be associated when assigning work; they are tasks that are similar and tasks that are intimately associated with each other. The

latter include diverse activities that are closely related because of a mutual contribution to objectives, and can be identified by the following guides: where the activity is most used, executive interest, stimulation or suppression of competition, policy control, impossibility of separation, necessity for coordination, need to separate for control purposes, and where there is a functional interest in the activities.<sup>38</sup>

Newman, Summer and Warren believe there are key factors in almost every problem of activity assignment, the identification and utilization of which facilitate the placement of work for effective performance. These key factors which they discuss are: take advantage of specialization, facilitate control, aid coordination, secure adequate attention, reduce expenses, recognize human considerations.<sup>39</sup>

#### Line and Staff Relationships

Line and staff is a special, though generally used, form of organization which creates a large variety of organizational problems. The way in which the staff is related to the line reflects the problems that the organization considers most significant, because the two are related for the purpose of solving problems. The nature of staff relationships, functional authority, and the limitations restricting the use of staff are the management problems to be examined within this area.

#### Nature of Staff Relationships

With the exception of Miss Follett who is silent on the matter, all the theorists agree that staff assistance is necessary to a firm of any size. They also agree that a staff can be established to perform nearly any service needed by management. These services are needed to assist with carrying out essential duties of management because of

the limitations of the line management personnel. Staff activities are intended to increase the efficiency of operations, but staff men must rely on persuasion and cooperation to implement their services. The staff should serve the line in an advisory and supplementary capacity.

Sheldon maintained the difference between line and staff to be that of doing and thinking, but Koontz and O'Donnell think this distinction inadequate. They think it is the presence or absence of authority that divides them. Even where functional authority is delegated to the staff, it is still held to be only a partial authority subject to strict limitations. Additional staff features identified by more than one theorist include extending managerial personality, discovering improvements, necessitating cooperation, functioning in a non-executive capacity, and possessing no authority.

A staff performs duties that must be done in a business and, as such, is not something that can be eliminated as nonessential. Fayol wrote:

Staff work falls into four categories. (1) Diverse assistance afforded to the manager in current matters, correspondence, interviews, consideration, and preparation of records. (2) Liason and control. (3) Future projects, either drawing up plans or bringing them into line. (4) Development study.<sup>40</sup>

He thought the usual situation was that the last two of these were badly neglected in most businesses.

In Sheldon's opinion the need for a staff is based on the inability of managers to do all they need to do. "The presumption is that the executive manager . . . cannot have time or opportunity for the investigation, analysis, coordination of information, and constructive thinking which are necessary for progress."<sup>41</sup> A staff is thus

instituted to give aid. Koontz and O'Donnell stress the staff's lack of authority and their need to work for and through the line executives who have the authority. For them, it is necessary that,

[s]uperior and subordinate alike must know whether they are acting in a staff or line capacity. If in a staff capacity, their job is to advise and not command, and their line superiors must make the decisions and issue the instructions through the scalar chain.<sup>42</sup>

Dale gives support to the concept of staff assistance with the essential management duties in his statement that

. . . the line organization is made up of those whose work contributes directly to the fundamental goal . . . staff officers are those who provide supplies, transportation, and other auxillary services necessary, and those who work on strategic plans.<sup>43</sup>

Newman, Summer and Warren also view the staff as a special way of dividing up managerial work. As far as the composition of staff duties is concerned, they say: "Staff work is that part of managerial work that an executive assigns to someone outside the chain of command."<sup>44</sup> Utilization of a staff is one of the ways an executive can relieve himself of some of his administrative burden.

The concept of the use of staff as a means to extend the manager's personality is evident in Fayol's view that "[t]he staff is a group of men equipped with the strength, knowledge, and time which the general manager may lack, and is an adjunct, reinforcement and sort of extension of the manager's personality."<sup>45</sup> This idea of management extension is further supported by Newman, Summer and Warren who identified it as one of the features of successful staff relationships:

- (1) A staff man is primarily a representative of his boss.
- (2) A staff man must rely largely on persuasion to get his ideas put into effect.
- (3) A staff man must be prepared to submerge his own personality and his own desire for glory.<sup>46</sup>

The theorists had, in addition to these common points of interest, observed other features of line and staff relations that they thought important. Fayol believed one of the major objectives of staff is to discover improvements in the operation of the firm. To do this requires close cooperation of executives with their staff at all levels of management. Provision must be made for a staff to assist in the performance of managerial duties in given areas where they provide service to top management and serve as a reserve of physical and mental strength, competence, and time for managers to draw upon at will.

Sheldon's opinion of line and staff was that the staff is advisory and supplementary to the line, and in addition:

It is based upon a strict demarcation between thinking and doing; between the actual execution of production, which is the 'Line', and the business of analyzing, testing, comparing, recording, making researches, coordinating information, and advising, which is the 'Staff'.<sup>47</sup>

The function of the staff is to find the best path to efficiency for the firm, and the function of the line is to attain it. This follows from what he considers to be a profound distinction between men--some have minds of action and some have minds of thinkers.

Koontz and O'Donnell think the relationship of line and staff reduces to a matter of authority delegation: "Line and staff are distinguished by their authority relationship and not by grouping of activities."<sup>48</sup> Contrary to Sheldon's view, they think the distinction between acting and thinking is not valid for distinguishing between the two, since staff officers often assist in carrying out line functions.

Dale believes the need for utilization of staffs has grown out of the use of large scale organizations, technological developments, and

changes in the general climate of opinion. All staffs are auxillary to the main functions of a business but they may still be of different types within this framework. Often their activities cut across departmental lines; they may perform part of any or all functions.

To Newman, Summer and Warren, the clear assignment of duties to a staff is essential to its proper function:

We can define the work of a staff man in terms of both the subjects, or problems, he covers and what he does about them. Unless a staff man, his boss, and everyone he works with understand the scope of his work, his efforts may cause more trouble than help.<sup>49</sup>

They think it is necessary for a staff to provide completed work for the line so that the line manager does not have to complete it for himself before putting it to use.

#### Functional Authority

Only the contemporary theorists discussed functional authority; the early theorists did not recognize it. The features the contemporary theorists attribute to it are that it is the transference of some authority from a line officer to someone else in order to give power over an activity to another department, and that it must be a restricted authority. It also tends to violate the unity of command, but it does not necessarily destroy it. All of the current theorists discuss functional authority as a practical way to overcome some of the problems associated with the use of staff departments. It is a way to supply the needed authority for implementation of staff services without relying on the line's authority. Koontz and O'Donnell, in addition, identify it as authority extending into another department; this is necessary for the establishment of organization-wide standards which Dale thinks is the major purpose of the use of functional authority.

Newman, Summer and Warren think there is a real danger of not being specific enough in the assignment of functional authority thereby creating a problem of vagueness.

Koontz and O'Donnell write: "Functional authority gives a manager power over specified processes, practices, policies, or other matters relating to activities undertaken by personnel in departments other than his own."<sup>50</sup> They do not think it is always practical to follow the unity of command principle because circumstances may not allow the line manager to exercise his authority effectively over all of his jurisdiction. Functional authority may be exercised by either line, service, or staff department managers.

Dale discusses the use of functional authority as a means of coordinating staff operations in a multiple plant situation. He recommends it as a way to leave control of local personnel in the hands of the local manager while at the same time subjecting them to direction from higher levels of the organization on a functional basis. This makes possible the establishment of standard methods and policies throughout an organization.

Newman, Summer and Warren consider functional authority as the most extreme means of extending staff influence. When functional authority is delegated,

a staff man can give direct orders to operating personnel in his own name instead of making recommendations to his boss or to other operating executives. His instructions, then have the same force as though they came down the channel of command.<sup>51</sup>

The scope of this authority normally extends to those areas where the recipient has technical competence, an area where his opinion would likely be accepted even in the absence of authority. Because it can be

the source of problems, they believe functional authority should be used judiciously. They think that it is desirable to fulfill three conditions in the use of functional authority and that at least two of these should always be present:

1. Only a minor aspect of the total operating job is covered.
2. Technical or specialized knowledge of a type not possessed by operating executives is needed.
3. Uniformity, or at least consistency, of action in several operating units is essential.<sup>52</sup>

#### Limitations of Staff

The major limitations identified in relation to the use of staff departments include the lack of authority with which to operate effectively and the failure of firms to obtain the potential benefits of staff use. Other problems are that the staff is denied executive authority in subordinate departments but it is possible for it to undermine the authority of the line managers by usurping their authority. Fayol and Sheldon agree that staff personnel do not occupy executive positions nor do they have any authority. This position is contrary to that taken by the current theorists who think of staff as being executive and possessing some authority in certain instances. All agree that staff service is supplemental or auxiliary to the line, and, as such, it must be limited in order to prevent its interfering with line operations in any of a number of possible ways. The points made by the theorists about the limitations to the use of staff departments are not alike, but most do tend to tie their ideas in with the concept of using a staff as an aid or addition to the line management while preventing it from interfering with line operations in any way. The significant guide in this relationship seems to be that, if the two conflict, then it should be the staff that is restricted so that the line will not be hampered in the conduct of its assignments.

On the subject of authority, Fayol believed that "there are no levels of authority in it and it takes orders only from the general manager."<sup>53</sup> This condition establishes responsibility for the top manager. Sheldon also thought that the staff should not have authority: "The essential feature of the staff organization is that it is purely consultative and advisory, and exercises no direct authority over the line . . . . The staff organization is wholly supplementary in character."<sup>54</sup> Koontz and O'Donnell are somewhat less rigid on this subject but think staff authority can be a source of problems to management: "the matter of staff authority and the difficulty of understanding it lead to certain limitations."<sup>55</sup> They think the dangers of staff authority include: the undermining of line authority, lack of responsibility of staff, thinking in a vacuum (the weakness of impracticality), and management complications such as disunity of command or complicating managerial jobs with too much advice.

Dale also thinks there is an authority problem relative to the use of a staff. He believes that, to the extent that the staff makes recommendations without offering all of the alternatives available, it has the effect of shifting some decision making from the line officer to the staff officer. The staff officer tends to diminish the authority of line officers below the level to which he himself reports. Newman, Summer and Warren also see authority as a problem area and think vague definition of duty and authority is a result of the use of staff departments.

There were a variety of other limitations stressed by the theorists some of which were, as mentioned above, supported by more than one of the authors. Fayol believed the use of staff required

limitations because of the basic intent of staff to only supplement the deficiencies of the manager. He wrote: "So that they may be entirely at the manager's disposal and free of other responsibilities the members of the staff take no executive part in subordinated departments."<sup>56</sup> The employment of a staff is further limited by the fact that it is demanding of the manager's time and energy: "No part of the organic unit makes greater demand on management for attention, judgment, experience, authority, and sense of proportion."<sup>57</sup> Because it can be abused and it requires keen critical attention, all its potential services are probably not required of it.

Sheldon thought of the staff as an organization of expert knowledge designed for guidance of executives. The staff manager needs a great deal of tact and understanding and must rely on frequent conferences with line executives. In his opinion, "[t]he essence of the principle is that the work of investigation, research, and advice should be wholly distinguished from the routine of production and should be under a separate control."<sup>58</sup>

Koontz and O'Donnell think the problems resulting from the use of a staff can be overcome in part by following a few guides. The guides they recommend include: an understanding of authority relationships, making the line listen to the staff, keeping the staff informed, developing complete staff work that can be accepted or rejected, and developing understanding of the nature of staff work.

The staff frequently is not well enough informed on what is going on in the line operations, Dale believes, and, because of this, many method and policy conflicts develop between line and staff. Subordinate managers often see the staff as outsiders who impose what seems to them

to be unnecessary work. The line may also fail to make its problems clear to the staff and then not utilize their services or try to shift their responsibility to the staff. Dale encourages the development of complete staff work consisting of the study of a problem and presentation to the line manager of a proposed solution.

Newman, Summer and Warren believe there are problems the manager should watch for when using the staff. These problems fall into four common areas of trouble and include: a vague definition of duty and authority, scarcity of good staff men, a mixing of staff and operating duties, and a disregard of staff by a boss himself.<sup>59</sup>

#### Summary

Organizing is an essential activity that results in the establishment of relationships between the various components of a group which have a common objective. Organizing, which is an intentional grouping of activities, results in a formal organization structure of conscious design; the remaining relationships can be classified as informal. The process of organization should produce a structure that will provide the factors of production, maintain unity of command and direction, provide for change, achieve maximum efficiency, create a decision-communications network, and provide for coordination.

Only the contemporary theorists recognized informal organization; the early theorists were not acquainted with the concept. Although Miss Follett dealt with a number of personnel and other problems that are related to the informal organization, she did not recognize it as the source of these problems. Informal organization can be used to establish and enforce behavior patterns and to foster communications; it includes all group relations that are not included as part of the formal organization.

The span of management is also a recently discovered problem area, and the early theorists were also silent on it. The contemporary theorists indicated that its extent should be considered by managers because it has a very real span limitation which depends on the circumstances of the situation. These situational conditions include the type of supervision required and the personal ability of the individual supervisor. The type of supervision is affected by the factors relevant to the frequency and duration of contacts between the supervisor and subordinate. The need for departmentation results from the fact of specialization, making function and process the most common bases. Facilitation of organizational growth and coordination are the major factors in addition to specialization.

Having divided the activities and the organization into segments, it is then necessary to assign tasks to these divisions, but the theorists were rather noncommittal on this matter. Combining activities would seem to be based as much on expediency as anything else, keeping consistent with enterprise purposes. Some guides for assignment were offered, however, and include grouping according to: like function, interlocking work, coordination, executive interest, and control.

In line and staff relations it is most important that the staff be able to help the line carry out the essential duties of management, and it is necessary that they do this in an advisory and supplementary capacity. Other characteristics of the staff are: extending managers personality, discovering improvements, necessitating coordination, non-executive functioning, and possessing no authority. Functional authority, not recognized by the early theorists, is referred to by the contemporary writers as power over an activity in a department other

than the possessor's and must be limited in its scope. It also tends to violate the unity of command. Staff limitation would tend to relate in most cases to the lack of authority and failure to obtain potential benefits from it. In addition, a staff serves in a non-executive capacity and may undermine the authority of the line managers.

Notes

<sup>1</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 53.

<sup>2</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 107.

<sup>3</sup>Fayol, op. cit., p. 25

<sup>4</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 208.

<sup>5</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 225.

<sup>6</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 121.

<sup>7</sup>Koontz and O'Donnell, op. cit., p. 208.

<sup>8</sup>Fayol, op. cit., p. 34.

<sup>9</sup>Ibid., p. 37.

<sup>10</sup>Ibid., p. 54.

<sup>11</sup>Ibid., p. 56.

<sup>12</sup>Ibid., p. 58.

<sup>13</sup>Koontz and O'Donnell, op. cit., p. 208.

<sup>14</sup>Sheldon, op. cit., 112.

<sup>15</sup>Ibid., p. 101.

<sup>16</sup>Fayol, op. cit., p. 57.

<sup>17</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 71.

<sup>18</sup>Ibid., p. 174.

<sup>19</sup>Ibid., p. 297.

<sup>20</sup>Newman, Summer, and Warren, op. cit., p. 40.

- 21 Dale, op. cit., p. 320.
- 22 Newman, Summer, and Warren, op. cit., p. 181.
- 23 Dale, op. cit., p. 241.
- 24 Newman, Summer, and Warren, op. cit., p. 133.
- 25 Koontz and O'Donnell, op. cit., p. 222.
- 26 Dale, op. cit., p. 254.
- 27 Newman, Summer, and Warren, op. cit., p. 134.
- 28 Fayol, op. cit., p. 20.
- 29 Koontz and O'Donnell, op. cit., p. 246.
- 30 Newman, Summer, and Warren, op. cit., p. 49.
- 31 Metcalf and Urwick, op. cit., p. 193.
- 32 Fayol, op. cit., p. 20.
- 33 Sheldon, op. cit., p. 135.
- 34 Koontz and O'Donnell, op. cit., p. 246.
- 35 Newman, Summer, and Warren, op. cit., p. 52.
- 36 Koontz and O'Donnell, op. cit., p. 251.
- 37 Sheldon, op. cit., p. 143.
- 38 Koontz and O'Donnell, op. cit., p. 252.
- 39 Newman, Summer, and Warren, op. cit., p. 52.
- 40 Fayol, op. cit., p. 71.
- 41 Sheldon, op. cit., p. 114.
- 42 Koontz and O'Donnell, op. cit., p. 267.
- 43 Dale, op. cit., p. 263.
- 44 Newman, Summer, and Warren, op. cit., p. 101.
- 45 Fayol, op. cit., p. 63.
- 46 Newman, Summer, and Warren, op. cit., p. 108.
- 47 Sheldon, op. cit., p. 114.

- <sup>48</sup>Koontz and O'Donnell, op. cit., p. 264.
- <sup>49</sup>Newman, Summer, and Warren, op. cit., p. 105.
- <sup>50</sup>Koontz and O'Donnell, op. cit., p. 272.
- <sup>51</sup>Newman, Summer, and Warren, op. cit., p. 112.
- <sup>52</sup>Ibid., p. 113.
- <sup>53</sup>Fayol, op. cit., p. 63.
- <sup>54</sup>Sheldon, op. cit., p. 120.
- <sup>55</sup>Koontz and O'Donnell, op. cit., p. 290.
- <sup>56</sup>Fayol, op. cit., p. 63.
- <sup>57</sup>Ibid., p. 72.
- <sup>58</sup>Sheldon, op. cit., p. 122.
- <sup>59</sup>Newman, Summer, and Warren, op. cit., p. 114.

## CHAPTER V - ORGANIZING (CONTINUED)

### Service Department

Another form of organizational arrangement frequently utilized by firms is the service department. This segment of an organization usually consists of the activities that, like the staff, are considered auxiliary to the line activities of that firm. The duties performed in these organizational segments vary in scope but differ from the activities of the staff. A major difference between the service department and the staff is that the service department does not owe its existence to the limitations imposed by the span of management, as does the staff. The features examined are the functions of service departments, the authority granted them, and their organizational placement.

### Functions

Only two books, both of them contemporary, contained discussions of the functions of the service department. These functions were seen as clearly secondary operations within organizations and existed for the facilitation of the activities of other departments. Koontz and O'Donnell regard service departments as a means for facilitating the operations of line, staff, and other service departments and for contributing something to their efficiency of operations. In their view, "A distinction between the service department and others lies in the occasion for its appearance. Although the span of management

is the limitation that ordinarily makes departmentation necessary, such is not the case with respect to service activities."<sup>1</sup>

The major function of service departments is to provide a needed service to other segments of the firm. "Service departments would hardly exist if they were not to perform service for major divisions."<sup>2</sup> Many of their functions are not managerial, and often do not relate directly to the performance of any managerial functions.

Because they are tributary to the main stream of operations and have a tendency to complicate the organizational structure, Newman, Summer and Warren think service units should not be used unless there is a clear advantage in doing so. As they see it: "We can justify an auxiliary operating unit if it assures adequate attention to a secondary, yet significant, operation; provides technical competence outside the specialties of operating executives; or relieves busy operating executives from minor chores that otherwise would be a nuisance."<sup>3</sup> The presence of any of these conditions is justification for a separate existence for the service involved.

### Authority

Only Koontz and O'Donnell discussed the subject of the authority that should be given to service departments, and they think functional authority is generally the best for this type of activity. Functional authority gives a service department a prescriptive right over some designated activity, or of certain phases of it being performed in other departments. A problem that is associated with functional authority is that of divided loyalty; when a conflict develops between the line and staff, or service department, personnel may tend to feel an identification and loyalty to someone other than their line manager.

### Organizational Placement

Dale and the early theorists wrote nothing about the organizational considerations of service departments. The other current theorists wrote on the subject, but Newman, Summer and Warren did not discuss authority for service departments. Both they and Koontz and O'Donnell, however, were in very close accord on their opinions of the function and placement of the service department within organizations. This topic was probably not recognized by the early theorists because of the smaller size of production units that then prevailed and the general practice of either not providing services or requiring that they be performed by the production units themselves. Specialization was common for production activities early in this century but it had not been carried into the auxiliary activities to any significant extent.

Koontz and O'Donnell, along with Newman, Summer and Warren, believed the most important factor in placing a service department was consideration of the economic aspects of either centralization or decentralization, and the effect this has on the performance of managerial functions and efficiency. In addition, Koontz and O'Donnell think organizational placement becomes a problem only when it becomes economically beneficial or desirable for policy control to group service activities within an organization. They think there are no generally applicable rules to follow, but: "Recourse to the principles of intimate association will aid in differentiating between good and poor practices, in many cases."<sup>4</sup>

Newman, Summer and Warren recognize the difficulty of generalizing, but they recommend some useful guides:

1. Place auxiliary operating and staff units as close as possible to the activities they serve. 2. We may have to relax this primary guide when (a) we can obtain substantial economics by combining service work or staff work into single units for the entire company, or (b) objectivity is essential, as in the case of auditing and other controls.<sup>5</sup>

Service units should be used only to fill a real need in the organization. They suggest the use of the "skip level" concept in which the development of services or staff is prohibited in certain levels of the organization, their use being reserved for designated levels.

#### Decentralization of Authority

The location of authority in an organization is of considerable importance because it is the factor that renders decision making possible, and the location of decision making affects the efficiency of the firm's operation. Authority can be located at the top of the organization (centralized) or at the lowest levels (decentralized). The placement of authority has traditionally been at the top of the organization, or centralized. Here will be examined the theorists' ideas on moving authority down into the organization, and the extent to which and conditions whereby this can occur. The division will be according to the factors determining the degree of decentralization and the controls necessary to insure its proper operation.

#### Determining Factors

With the exception of Miss Follett, all of the authors seemed to think the problem of decentralization was one of striking a satisfactory balance between retention and delegation of authority. Another way of viewing the matter is that it reduces to the question of determining where in the organization various matters are to be decided. Miss Follett's opinion was that collective responsibility

should be the point of focus for managers rather than trying to decide between centralization and decentralization. What seems to work best as a measure of adequate decentralization is to view the results as they manifest themselves in ease of management. There are quite a few determining factors of successful decentralization and many of the same ones were recognized by most of the theorists.

The factors that received the most support by these theorists included the question of proportion, the character of the managers involved, the extension of subordinate initiative, and provision for the best possible management. Fayol wrote: "The question of centralization or decentralization is a simple question of proportion, it is a matter of finding the optimum degree for the particular concern."<sup>6</sup> He thought centralization was part of the natural order and is always present to a greater or lesser degree in any organization. He observed, because intermediaries put something of themselves into the orders of information being transmitted through the, that: "What appropriate share of initiative may be left to intermediaries depends on the personal character of the manager, on his moral worth, on the reliability of his subordinates, and also on the condition of the business . . . ."<sup>7</sup> A manager can extend or confine the extent of his subordinates' initiative through the use of delegation: "Everything which goes to increase the importance of the subordinate's role is decentralization, everything which goes to reduce it is centralization."<sup>8</sup>

Sheldon also saw the manager as a factor in decentralization:

It is essential that he should distinguish, in his mind, the different functions which he performs. Then, when delegation of functions becomes necessary, with expansion, the process

can be carried out upon lines which will hold good to whatever dimensions the business may ultimately expand.<sup>9</sup>

It is also apparent that he considered decentralization of authority to be a function of the size of an organization, with it becoming increasingly necessary as the firm expands. The guide to decentralization was, in his view, its ability to provide an organizational form that makes possible the best management. He wrote:

A form of organization has no advantages save those which accrue to management. Management must necessarily, to a great extent, adapt itself to channels which the form of organization provides, like wine pour into a bottle.<sup>10</sup>

Miss Follett believed firms should use both centralized and decentralized authority, but she focused her attention on responsibility. Her collective responsibility deserved much more attention: "I know no one who believes more strongly in decentralization than I do, but I believe that collective responsibility and decentralized responsibility must go hand in hand; more than that, I think they are parts of the same thing."<sup>11</sup> Miss Follett believed centralization and decentralization were not opposed and that business should learn this and discover the methods of its operation. To her this was important: "This is one of our gravest problems of how to foster local initiative and at the same time get the advantages of centralization."<sup>12</sup>

Koontz and O'Donnell think that decentralization requires careful selection of what to push down into the organizational structure and a consideration of the extent of delegation, of which decentralization is a fundamental phase. They also believe a major factor to be the temperament of the manager involved. Newman, Summer and Warren, on the other hand, think proportion is particularly important. To them the central issue of decentralization would seem to be, "How much of

the managerial work . . . should be done by the president himself and how much of it should he assign to executives at lower administrative levels? . . . In short, at what level should the various administrative chores actually be performed?"<sup>13</sup> To them, decentralization is not concerned with the location of work, the performance of operations, or functionalizing. The assignment of work has been done; the problem is how best to manage it.

. Because of the wide variety of factors determining decentralization noted by the theorists, there were fewer points of common agreement. Additional factors of limited agreement include the following as determinants of the degree of decentralization: large organizational size, optimum utilization of personnel, cost of decisions to be made, technology of control, and desired extent of delegation for decision making.

Sheldon associated the degree of decentralization with the form and size of an organization, the larger organizations requiring greater delegation. He wrote: "The form of an organization depends upon the extent to which the basic functions of a business have been developed and distinguished by delegation. The growth of a business involves the increasing delegation of functions."<sup>14</sup> This contrasts rather sharply with Fayol's view of decentralization. In his opinion: "The objective to pursue is the optimum utilization of all faculties of the personnel."<sup>15</sup> Miss Follett took still another point of view toward the subject. To her way of thinking there are too many different situations to be able to develop specific guides to decentralization; management should simply work day by day to develop the highest degree of collective responsibility.

In addition to how much and what to delegate and the temperament of the manager, Koontz and O'Donnell think there are a number of other considerations in the problem of decentralization. They are, however, to some degree beyond the manager's control. These other considerations include: The costliness of the decision, uniformity of policy, economy of size, history of the enterprise, management philosophy, desire for independence, availability of managers, control techniques, decentralized performance, business dynamics, and environmental influences.<sup>16</sup>

Dale thinks the problem of delegation is to determine the lowest competent level at which decisions can be made, but the rules for determining the locus of decision making cannot be exact because decisions made in one department may have a direct effect on what occurs in another. He does, however, think there are certain characteristics that mark a program of decentralization in a large firm:

1. The administrative unit that usually covers the company as a whole as well as all its plants if broken down into small administrative units . . . .
2. Provision is made for utilization of a centralized staff of specialists to aid the decentralized operations.
3. A series of general staffs may be provided for the chief executive.
4. Centralized controls are designed to ensure that the chief executive can find out how well the delegated authority and responsibility are being exercised.<sup>17</sup>

Newman, Summer and Warren believe that "decentralization is simply a matter of dividing up the managerial work and assigning specific duties to the various executive levels."<sup>18</sup> The greater the quantity of work delegated the greater the degree of decentralization. Allocation of managerial work is a very subtle aspect of organization and, as a result, the degree of decentralization varies even within a given firm. They believe there are several factors which can be used

profitably in decentralization of managerial work:

1. Who knows the facts on which the decision will be based, or who can get them together most readily?
2. Who has the capacity to make sound decisions?
3. Must speedy, on-the-spot decisions be made to meet local conditions?
4. Must the local activity be carefully coordinated with other activities?
5. How significant is the decision?
6. How busy are the executives who might be assigned planning tasks?
7. Will initiative and morale be significantly improved by decentralization?<sup>19</sup>

They think profit decentralization is of special importance to a delegation of managerial duties and can be done by making each division of an organization responsible for making its own profit or loss.

### Controls

The development and utilization of controls necessitated by decentralization was not as widely identified among the theorists as was delegation. The early theorists were the ones that were largely without comment on this subject, a condition that would suggest a lack of experience with extensive decentralization. It would seem normal that the realization of the need to decentralize should develop before an acquaintance with the problems related to it. Specific controls were generally not discussed.

The current writers indicated that the state of control techniques development was a determinant of the degree of practical decentralization and that their general purpose was to inform the chief executive of the manner of utilization of delegated authority. Newman, Summer and Warren are the only ones to discuss the nature of controls in detail. The major point of agreement between the contemporary theorists is that decentralization necessitates some form of controls. Two other points of lesser agreement included are that the superior

must know how the authority is being used and that delegation needs collective responsibility and self-coordination.

Sheldon declared that delegation involves a dual process consisting of specialization, which limits the field in which a person works, and coordination, welding together various groups to achieve a common goal. He wrote about these:

Specialization and coordination, however, are not themselves functions, but rather paths by which functions develop. They are, therefore, inherent necessities in any form or organization, and forms of organization may be judged by the degree to which these common principles are extended in them.<sup>20</sup>

Miss Follett thought delegation of both responsibility and authority must be accomplished by collective responsibility and the interpenetration of the two. She wrote: "A large part of business success depends upon how far we can, after allotting responsibility to committees or division superintendents or foremen . . . , how far we can then make these various responsibilities interpenetrate."<sup>21</sup> This concept was to her similar to a process of self-coordination by the people involved in performing the work assignments.

Koontz and O'Donnell believe control is a necessary requisite for decentralization: "One cannot expect a good manager at any level of the organization to delegate authority without some way of knowing whether it will be used properly."<sup>22</sup> The superior must be able to ascertain if something is going wrong soon enough to take corrective action, a condition which makes the state of control technology a determining factor for the extent of practical delegation.

Although he does not specify what they should be, Dale recognized the need for controls necessitated by decentralization of authority. He thinks centralized controls must be designed to insure the ability

of the chief executive to determine if the delegated authority is being used properly and in keeping with the intent of the superior.

Newman, Summer and Warren are concerned that decentralization not be accompanied by a loss of control; in order to be successful it must be accompanied by positive controls. Controls change as decentralization increases so that the manager's attention is shifted away from operating details and is focused on the results achieved. To do this the standards of measure must also change along with a change in the frequency of appraisal; reports can cover a longer time span with a greater degree of decentralization. It is also necessary, when delegating more responsibility for control to subordinates, to develop a greater degree of self-control. Order giving must be replaced by a coaching relationship between the superior and the subordinate. It is also necessary to have the right subordinates properly selected, trained, and motivated; and, the executive must be willing and able to adjust to these new conditions.

#### Committees

Another organizational form that has been used for many purposes and has attracted much attention among students of management is the use of committees. The term committee is used to include any situation where some specific managerial duty has been assigned to more than one person for performance; a number of other terms such as group, team, commission, or board are also used to cover such types of assignments in organizations. The aspects of committees examined are their functions, advantages, and disadvantages.

Functions

The use of committees seems to be feasible in a wide range of activities within the business organization; the manner in which they function, however, is somewhat more restricted. Sheldon discussed committees at some length and expressed views similar to those of current theorists. He emphasized the need for basing committees on scientific study and for the purpose of extending staff responsibilities; also, they could make decisions but not carry them out. Miss Follett devoted much less attention to committees, but thought them very important for coordinating pluralistic authority. Fayol was silent on the subject.

The current theorists were in much agreement on the nature, place, and purpose of committees in organizations. Koontz and O'Donnell, more than the others, were of the opinion that they should be non-managerial in nature. As seen by the theorists, the most important functions served by committees include: dealing with a problem by group action, offering advice and serving as an extension of staff responsibilities, making decisions, undertaking management functions, and interlocking on a cross-functional basis. Making decisions is the most commonly agreed upon function of committees.

Sheldon thought committee organization was supplementary rather than basic, but it could be used extensively since it is a method of replacing the individual by a group. In this way it could certainly make decisions: "Committees may, therefore, be determinative, coordinating, or advisory, according to the individual faculties which they replace."<sup>23</sup> Koontz and O'Donnell believe: "Most committees found in business are nonmanagerial in nature. However, there are many groups

that are given the power to make decisions and to undertake one or more of the managerial functions . . . ."24

Dale thinks committees can be either purely advisory or decision-making bodies. He writes: "A working definition of a committee is that it is a group of people (usually no more than can sit around a table) which makes decisions or presents viewpoints and whose conduct is governed by a set of rules."<sup>25</sup> Newman, Summer and Warren also see the committee as a decision-making body. Among other things, they recognize committees as a means of getting group participation and of making integrated decisions.

As would be expected, the theorists did not agree on many aspects of committees, but their general views were quite similar. Miss Follett probably held the most unique attitude toward committees. She thought they can be utilized to build an interlocking structure to solve many problems that are of a cross-functional nature, which agrees very well with the concepts of other theorists. However, she considered a committee to be a much more general coordinating force. Where pluralistic authority (or cumulative responsibility) is the dominant force in business organization, the organizational problem is how to bring these responsibilities together--and the committee is one of the best mechanisms for this.

Sheldon thought that the use of committees is based on the need to extend the staff responsibilities to as wide an area as possible for efficient management and that they tend to follow the organization of the factory in form. The formation of committees should be on a studied scientific basis: ". . . being subject to a scientific constitution, committees should only be located in an organization

where they are scientifically necessary."<sup>26</sup> Decisions could be made, but only to the extent that they were brought to the committee by executive officials; carrying out the decision was then the duty of the executive and not the committee. Sheldon expressed his feeling in this statement: "Committees, however, cannot interfere with the direct line of authority. Each departmental or functional head must still remain responsible for the work allotted to him."<sup>27</sup>

Koontz and O'Donnell believe it is the variation in authority assignment to committees that creates so many different situations and so much confusion about them. They may be managerial or non-managerial, line or staff, formal or informal, permanent or temporary. Identifying a committee would appear to be a problem, but, "although it may sometimes be difficult to draw a sharp distinction between committees and other group meetings, the essential characteristic of the committee is group action dealing with a specific problem."<sup>28</sup> Committees can be used for almost any type duty with a degree of success depending on the manner of their employment.

Dale, on the other hand, is most concerned with the use of the committee at the upper levels of organizations with the executive committee of the board of directors being the most prominent of the group. Other committees may be established to deal with problems in given areas such as finance, executive compensation, or auditing. Decisions usually must be accepted by the Board in order to receive the authority of its backing. He recognizes that committees can be and are used for many purposes and at many other levels of the organization.

Newman, Summer and Warren regard committees as a special form of staff and indicate that many of the same rules apply to their use: "Much that we have said about staff--its role as an aid to management, the need for clear definition of duties and relationships, the caution required in using it unless the task to be done is pressing--applies with equal force to committees."<sup>29</sup> It is a group assigned the duty of some managerial act and has the strengths and weaknesses that arise from assigning work in this manner rather than to individuals. On its use they write: "Where should we use committees--this unique type of staff--in an organization? Two main locations are these: (a) Where group judgment is especially valuable, and (b) where voluntary coordination needs encouragement."<sup>30</sup> Yet another reason for the use of committees is that of communications which can be facilitated greatly if the committee is properly utilized.

#### Advantages

The most important advantages of the use of a committee are its ability to provide an advisory service where needed and to facilitate the development of coordination. The next most important advantages are that committees provide a means of facilitating executive actions, education of personnel, and the uniting of desires and aims of the firm's personnel. Sheldon put emphasis on the improvement of coordination as the major benefit of committee utilization. Miss Follett was more interested in the specific advantages obtainable through coordination such as unity of desires and aims or the exchange of special knowledge. The current theorists are pretty much in agreement about its advantages and stress more the participation and motivation benefits of committee use than do the early theorists.

Sheldon named four kinds of committees and the benefits gained through their use. He identified the executive committee, which makes decisions on matters brought to it; the advisory, which exists to bring together selected individuals to provide special guidance; the educative, to introduce the staff to the larger managerial problems of the firm; and the coordinative, to bring together different functions.<sup>31</sup> A firm with a functional organizational structure especially needs committees to coordinate these functions.

Miss Follett thought conferences of workers and managers, as well as personnel from different departments, could serve the purpose of exchanging the special knowledge and experience that each possesses. This could also serve to unite their desires and aims and to prevent conflicts which might hamper the operations of the group.

In addition to satisfying the desire for group participation, Koontz and O'Donnell name a number of advantages of committees including: group judgment and deliberation, offsetting the fear of authority, representation of interested groups, coordination of plans and policies, transmission of information, coordination of authority, motivation through participation, and avoidance of action when this is desirable.<sup>32</sup> Although he identified a number of characteristics of good committees, Dale states only a few advantages of their use. He recommends their use with the Board of Directors, "[b]ecause these groups are smaller than the full board, they are able to get together more easily and perhaps transact business more quickly."<sup>33</sup> He thinks decisions made by a group are considered superior by many people to those made by an individual.

Newman, Summer and Warren think committees offer one of the best opportunities to use group judgment and develop coordination; also they provide a feasible or acceptable decision in sensitive areas of action. Still another benefit of committee use is the motivational effect on committee members. The use of committees should be subject to the same guidelines as the use of staff. In addition, the manager should question (a) "Will the use of a group rather than an individual be especially helpful?" and (b) "Will the benefits be great enough to outweigh the deficiencies?"<sup>34</sup>

#### Disadvantages

The use of committees, which is very flexible and extensive in business firms, not only has a number of advantages but, as would be expected, has a number of disadvantages as well. For the contemporary theorists, the most significant disadvantage observed was that committees entail a high expense in both time and money. Other undesirable features of committee use include compromise, indecision, and "yes man" behavior--i.e., telling a superior what he wants to hear.

Sheldon is the only one of the early theorists to discuss the disadvantages of the use of committees; he emphasized their effect on the organizational structure and the disruption of lines of authority. The contemporary theorists are in considerable agreement on the disadvantages of committee use, with Koontz and O'Donnell adding a number of ways in which committees may be misused by management.

Sheldon believed that committees are often used too extensively with the resultant danger that the form of the organization depends

on the place allotted to committees within the organization. He thought a systematic approach should be used with their employment: "The haphazard setting-up of a committee is equivalent to the haphazard appointment of a new official."<sup>35</sup> He also warned against the danger of a committee interfering with direct lines of authority because of the disruptive effect of this on an organization.

Koontz and O'Donnell recognize that committees can interfere with executive operations of an organization and can result in inaction and inefficiencies. They include as committee disadvantages: a high cost in time and money, compromise at the least common denominator, indecision, domination, "yes" men, warring camps, splitting responsibility, and minority tyranny.<sup>36</sup> These problems are further complicated by the misuse of committees such as using them in place of a manager, using them for research or study for which committees are not suited, using them for unimportant decisions, and for decisions beyond the authority of the participants, and to consolidate divided authority. They believe other mechanisms are better adapted to solving these problems than is the use of committees.

Dale points out several disadvantages of committee use, one of which is the possibility of it being used as a sounding board for a dominating personality (often the chief executive). There is also the probability of a decision being based on the lowest common denominator. But the most common complaint about committees is that they take too much time from executives; time which could better be used pursuing their managerial functions than sitting in committee meetings.

Newman, Summer and Warren think the notable disadvantages of committee use are the expensive man-hours required for meetings, the slowness of getting members to meet and reach conclusions, and the possibility of advice being cavalier because of the lack of accountability by the committee for carrying out its decision and recommendations.

### Facilitating Operations

Having looked at many aspects of organizational structure and construction, it is now desirable to see the problems encountered in the operation of organizations, as well as what can be done about them. Some knowledge in this area should aid in effective utilization of organizations as tools of management. Two aspects of facilitation are rather prominent, flexibility of organization and the development of conflicts within the organization. Each of these will be examined as a separate topic.

### Problems

In addition to inflexibility and internal conflicts, there are numerous other problems relating to the use of organizations that are identified by the theorists. Although Fayol mentioned them, the contemporary theorists are the only other ones to write about this type of management problem. Dale associates most of the organization problems with the geographic separation of units whereas Newman, Summer and Warren believe these problems result from the fact of subdividing the organization and the resulting need to fit together decisions about them. Koontz and O'Donnell think that most of the organizational problems can be adequately overcome by the use of good

planning. The source of these problems in Fayol's opinion is the relative and related use of authority and responsibility.

While there are a number of organization problems identified by more than one theorist, there are also a considerable number of problems that were listed by only one theorist. The most significant problems identified are the achievement of proper balance of authority within the organization and the maintenance of the unity of command. Other significant problems include: the relation of authority and responsibility, the problem of relationships within the organizational structure, and the use of the staff.

One of the problems Fayol recognized is the proper relationship between authority and responsibility. He thought the two should not be conceived apart: "Responsibility is a corollary of authority, it is its natural consequence and essential counterpart, and wheresoever authority is exercised responsibility arises."<sup>37</sup> Violation of the unity of command and the separation of authority and sanctions were recognized by Fayol as problems, as was the absence of a single head for establishing unity of action within an organization.

Koontz and O'Donnell suggest that if organization is to work certain common mistakes must be avoided. Some of these mistakes are: failure to plan properly, failure to clarify relationships, failure to delegate authority, failure to balance delegation, confusion of lines of authority and information, delegation of authority without responsibility, and assignment of responsibility without authority. Still other pitfalls are the mistake of careless application of the use of staff, misuse of functional authority, multiple subordination, misuse of service departments, and over-organization. They believe

the best defense against making these mistakes is proper planning: "As with the other functions of management, establishment of objective and orderly planning are necessary for good organization."<sup>38</sup>

Dale thinks most companies are forced to take into consideration the varied talents of their available personnel when organizational adjustments are made, and this has the effect of violating the rational relationships that should be the base of the ideal organization. In this regard he wrote:

Like the classical theorists, the mechanics of organization are purely rational. And although . . . an organization that is based on pure rationality ignores many facets of human nature, one must at least start by attempting to be as rational as possible.<sup>39</sup>

Some of the other problems of organization which Dale observed include: conflicting authority, regard of activity as an end in itself, failure to discuss proposed actions with everyone affected by them, difficulty of communications, and adaptation of the firm to changing conditions.

Newman, Summer and Warren consider departmentation, decentralization, delegation, and staff as the chief issues in an organization, and the big problem is how to fit together decisions about these issues into an effective total organizational structure. On this subject they wrote:

This question of overall structure involves four basic considerations: (a) the balance and emphasis we wish to give to various departments, (b) the way we overcome limits to the effective span of supervision of each executive, (c) the provision we make for dynamic change, and (d) how we manage to integrate organizing with the other phases of management.<sup>40</sup>

Each of these areas is a major problem area for the organizer and may consist of a number of problems which must be solved.

Flexibility

Flexibility is a special characteristic within the organization because it represents an ability to meet new problems successfully. The contemporary theorists discussed flexibility, but the early theorists were silent on the matter. It was recognized that this characteristic of organization is needed to meet the changes that occur both within and outside the organization. These theorists agree that the best way to achieve flexibility is through good planning of the organization.

The existence of continuous change is the source of the need for flexibility which has as its purpose the minimization of its disturbing effect on operations. In addition to these considerations, Dale identifies changes in personnel and Newman, Summer and Warren regard changes in the firm's economic function as a source of problems. The silence of the early theorists on flexibility would indicate that they had not observed so rapid a rate of change in conditions as to make flexibility important as a characteristic of organizations.

Koontz and O'Donnell believe inflexibility is a major problem of organizations: "Many firms, especially those which have been in business for many years, become too rigid to meet the first test of effective organization--adaptation to a changing environment."<sup>41</sup> They think the best way to counteract this problem is through adequate organizational planning, the major reason for reorganization. Some of the signs that inflexibility exists or is developing include: out-dated organizational patterns, organizational divisions that could be abolished, or enlarged, and too great a degree of centralization for an enlarged firm.

Dale thinks alterations in organizations are necessary to accommodate changes: "The problem is to minimize the disturbing effects of the necessary changes."<sup>42</sup> Although changes are necessary, they can be made on too large a scale or too quickly and thus cause unnecessary disruption of the organization's operations. The organizers can structure the ideal organization for a firm under its existing circumstances, but reaching this, of course, is an impossibility:

In fact, the ideal itself will not remain static; it must constantly be revised to take care of new circumstances. But if this type of continuing attention is devoted to organization problems, the necessary changes can be made so gradually that they cause a minimum of disruption.<sup>43</sup>

Newman, Summer and Warren believe organizations must be continually adjusted and that "[b]roadly speaking, we have to realign an organization structure because (a) the jobs we want done change or (b) the people who fill those jobs change."<sup>44</sup> The firm's structure should be adopted to its basic function, and any change in the function will probably require changes in the organizational structure. The personnel of the organization are another source of dynamic influence on it since their capabilities grow, change, and diminish with time. Newman, Summer and Warren think flexibility can be hampered by the problems that develop from lack of organizational planning and from the assignment of work on an individual abilities basis. Overcoming these problems helps maintain flexibility; profit decentralization may also aid in this objective.

#### Internal Conflicts

The internal conflicts of organizations as a problem area are discussed by only Koontz and O'Donnell and Dale. These authors

identify a number of causes of conflict, but they tend to focus their attention on different areas of the organization. They do agree on the fact that a major cause of conflicts stems from a situation where people do not clearly understand work assignments (theirs and that of their co-workers). Other causes of conflict exist where lines of authority and assignment of functions are not clear.

Koontz and O'Donnell think conflicts can be avoided by clarification:

A major reason why conflict develops in organizations is that people do not understand their assignment and that of their coworkers. No matter how well conceived an organization structure, people must understand it to make it work.<sup>45</sup>

Aids for the clarification and understanding of situations by the personnel include the use of: organizational charts, accurate job descriptions, carefully defined authority, informational relationships, and the introduction of specific goals used with a time element. They also think it worthwhile to teach the nature of organization and its benefits to a firm's personnel.

Dale believes that lines of authority and functions are never as clear as they seem to be on the organizational chart, and further, that it is impossible to make them so. Jobs cannot be compartmentalized completely and the people in the organization are even less subject to being compartmentalized. He sees making company and individual goals coincide as largely a problem which is unresolved and is obviously a source of conflict. Also, where people compete for advancement, there is eventually the problem of how to make it possible to obtain adequate cooperation among these persons to achieve common objectives. A different problem is how the organization can

use the nonconformist; he cannot seem to fit into the organization effectively, but it needs his ability as an innovator. Dale believes: "No form of organization that will resolve this conflict between the twin needs for innovation and reliability has yet been devised."<sup>46</sup>

### Summary

This chapter has dealt with additional organizational considerations beyond those covered in Chapter Four. These added topics include the features and problems of service departments, decentralization of authority, committees, and facilitating operations. Service departments are discussed by only some of the contemporary theorists. On the subject of service department authority only Koontz and O'Donnell make comments. It can be concluded that the functions of service departments are clearly secondary operations for the purpose of providing facilitating activities to the more basic tasks. To accomplish its assigned tasks it may be necessary to give the service department some authority. This should be restricted to functional authority. The organizational placement of service departments should consider both the economic aspects of centralization or decentralization and the effect of this on managerial functions and efficiency.

On the subject of decentralization of authority, all the theorists make observations and comments. Various degrees of decentralization are advocated and a wide variety of determining factors are identified. Proportion, character of the involved managers, subordinate initiative, and quality of management desired are the most significant factors in determining the degree of decentralization. Although the early

theorists were not quick to recognize it, decentralization does require the corresponding use of controls. It also requires that the manager be able to determine how the authority is being used and, in addition, that collective responsibility and self-coordination are needed.

Committees are adaptable to many types of activities in organizations and Fayol was the only one to avoid some discussion of them. Their use includes the functions of dealing with problems, offering advice, carrying out staff responsibility, making decisions, undertaking managerial functions, and tying together various functional activities. The ability of a committee to provide an advisory service and to facilitate coordination are their most important advantages, but others include facilitating executive action, education of personnel and unifying desires and aims of personnel. Contrasting with these advantages are the disadvantages of high cost in time and money, compromise, indecision, and telling a superior what he wants to know.

Discussion of facilitating operations for organization is almost entirely the domain of the contemporary theorists. Proper balance of authority and maintenance of the unity of command are seen as the major problems of organization; in addition, the relationship of authority with responsibility, relationships within the organizational structure, and the use of the staff are considered significant. Organizational flexibility is a characteristic which is needed to enable a firm to adapt to the changes, both internal and external. This needed flexibility is best obtained through adequate planning. Conflicts internal to the organization may result from a number of

specific causes, but the major ones are those resulting from the general situations where people do not clearly understand work assignments or where lines of authority and function are not clear.

In this chapter it is easy to observe a clear distinction between the thinking of the early theorists and the contemporary theorists, not so much in what they thought as in what they thought about. With a few exceptions the contemporary theorists wrote on all the topics covered while the early theorists wrote mainly on decentralization of authority and committees, omitting entirely service departments. The early theorists appear to have been conscious of the need for good organization but unaware of some of the directions developed, sophisticated organizations can take when fully grown. The subjects discussed and the ideas advanced by the early theorists would seem to be consistent with their acquaintance with organization in the developmental stage.

Notes

<sup>1</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 296.

<sup>2</sup>Ibid., p. 301.

<sup>3</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 126.

<sup>4</sup>Koontz and O'Donnell, op. cit., p. 303.

<sup>5</sup>Newman, Summer, and Warren, op. cit., p. 128.

<sup>6</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 33.

<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

<sup>9</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 110.

<sup>10</sup>Ibid., p. 111.

<sup>11</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 79.

<sup>12</sup>Ibid., p. 80.

<sup>13</sup>Newman, Summer, and Warren, op. cit., p. 61.

<sup>14</sup>Sheldon, op. cit., p. 112.

<sup>15</sup>Fayol, op. cit., p. 33.

<sup>16</sup>Koontz and O'Donnell, op. cit., p. 318.

<sup>17</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Company, 1965), p. 343.

<sup>18</sup>Newman, Summer, and Warren, op. cit., p. 61.

<sup>19</sup>Ibid., p. 72.

<sup>20</sup>Sheldon, op. cit., p. 113.

- 21 Metcalf and Urwick, op. cit., p. 79.
- 22 Koontz and O'Donnell, op. cit., p. 323.
- 23 Sheldon, op. cit., p. 115.
- 24 Koontz and O'Donnell, op. cit., p. 341.
- 25 Dale, op. cit., p. 302.
- 26 Sheldon, op. cit., p. 123.
- 27 Ibid., p. 122.
- 28 Koontz and O'Donnell, op. cit., p. 341.
- 29 Newman, Summer, and Warren, op. cit., p. 129.
- 30 Ibid.
- 31 Sheldon, op. cit., p. 123.
- 32 Koontz and O'Donnell, op. cit., p. 341.
- 33 Dale, op. cit., p. 91.
- 34 Newman, Summer, and Warren, op. cit., p. 130.
- 35 Sheldon, op. cit., p. 123.
- 36 Koontz and O'Donnell, op. cit., p. 346.
- 37 Fayol, op. cit., p. 21.
- 38 Koontz and O'Donnell, op. cit., p. 374.
- 39 Dale, op. cit., p. 319.
- 40 Newman, Summer, and Warren, op. cit., p. 121.
- 41 Koontz and O'Donnell, op. cit., p. 377.
- 42 Dale, op. cit., p. 324.
- 43 Ibid., p. 325.
- 44 Newman, Summer, and Warren, op. cit., p. 136.
- 45 Koontz and O'Donnell, op. cit., p. 379.
- 46 Dale, op. cit., p. 327.

## CHAPTER VI - STAFFING

If management is viewed as a process, then planning determines what is to be accomplished and organization determines the tasks necessary to the endeavor. The next step in the process is to fill the organization with people to do the required jobs. This is the objective of the staffing function. The efficiency with which this function is performed is important: "Just as quality of materials available affects the shape and strength of a building, so the quality of employees in service affects the form and value of human edifice."<sup>1</sup> Even poor planning and organizing can be, to a large extent, offset with the use of high quality personnel because it is, after all, management personnel that bring life to an inanimate organization. The proper execution of the staffing function requires that the manager know the tasks of management and what is to be required of the manager. Knowledge of the process of selection of managers, appraisal of their performance of duties, and the methods available for improvement of managerial performance are also needed.

### The Managerial Job

If the organization is to be filled with people of sufficient quality and character, it is necessary to know as much as possible about the tasks expected of them. The type of work performed determines the capabilities managers must possess for proper execution

of that work; knowing this, it is then possible to determine the qualifications needed by the manager. In addition to qualifications for work, it is necessary to look for sources of personnel to fill the positions in the organization. After solving these problems of staffing, there still remains the problem of inducing people to perform adequately while in their assigned positions; this is the problem of motivation.

### Qualifications of Managers

A very wide range of qualifications are identified by the theorists as desirable properties of managers. All the authors consider the problems of the staffing function at some length and all believe it one of the most important managerial functions. Koontz and O'Donnell think leadership is the only trait necessary for all managers. Some of the theorists devote more attention to the nature of the management task, some to personal characteristics, and others to personal capabilities, but all agree that the manager, to be successful, must have managerial ability above all else. The components of management ability are not unanimously agreed upon, but they include, as a minimum, abilities of determination, administration, service, consultation, and execution. These can be accomplished by persons with characteristics such as general knowledge, general education, knowledge of functions, intelligence, and leadership. The theorists all agree that obtaining management personnel is much more important, and entirely a different situation, than that of obtaining front line recruits.

In regard to the managerial task, Fayol pointed out that as the firm grows the managerial aspects of its operation become more

difficult and increase in their significance. This results in the manager adding staff personnel to help perform these management functions, which, when accompanied by the delegation of authority to subordinates, enables the manager to develop purely managerial skills. Associated with this line of thinking is Sheldon's identification of the five faculties of management: determinative, administrative, executive, service, and consultative.<sup>2</sup> These, combined with analysis of functions, form the ground work of an organization and give a good indication of the nature of the managerial task in the different levels and functions of the organization. Sheldon wrote of the production manager:

His primary duties may be stated briefly as follows--(a) Co-ordination of functional activities in so far as they affect his department, (b) Responsibility for producing the planned output with the maximum of efficiency, (c) Responsibility for the effective workmanship and team spirit of his workers, (d) Responsibility for the quality of the product.<sup>3</sup>

In order to perform these duties, the manager must rely on the leadership of his foremen, keeping in touch with the facts, and the utilization of a good personality.

Miss Follett regarded the manager as the person performing the managerial function:

It is good management that draws credit, that draws workers, that draws customers. Moreover, whatever changes come, whether industry is owned by individual capitalists or by the state or by the workers, it will always have to be managed. Management is a permanent function of business.<sup>4</sup>

The maintenance of functional unity is the chief task of management, and, because of this, the manager must weld together the functions of critic, judge, and participator. In contrast to this view, Koontz and O'Donnell think the managerial job is complex and

necessitates not only consideration of all the factors of a situation but evaluation of them simultaneously. The manager must, then, be an effective decision maker. To Newman, Summer and Warren, the management task involves directing the work of others rather than performance of the operations since it is only through others that operations can be affected by the manager.

While the requirements of the managerial task are closely related, they do not directly reveal the necessary qualifications a person must possess in order to develop as a manager. In this regard, Fayol wrote:

The qualities and knowledge desirable for all higher managers are as follows:

1. Health and physical fitness.
2. Intelligence and mental vigour.
3. Moral qualities . . . .
4. Sound general education.
5. Managerial ability . . . .
6. General knowledge of all the essential functions.
7. The widest possible competence in the specialized activity characterizing the concern.<sup>5</sup>

He thought that only the seventh characteristic is made up of factors that vary with the kind of business involved; the others are independent of the nature of the business.

Because he believed the manager must deal as a coordinator with all functions, Sheldon saw an urgent need for managers who are men of mature judgment and vision. It was his opinion that "intimate knowledge of how each function operates is hardly to be expected, nor would it be necessary; but knowledge of what to expect from the activities of a function, and of how to utilize the services each function provides is a primary qualification in the manager of a functional concern."<sup>6</sup> The manufacturing managers must, in addition,

have the outstanding personalities in the factory to prevent specialization from overriding coordination, since coordination is their primary duty.

Miss Follett believed that integration of parts is dependent on clarity of purpose, and the manager should be able to provide this clarity for the organization at any given time. On this matter she wrote:

- In business we are always passing from one significant moment to another significant moment, and the leader's task is pre-eminently to understand the moment of passing. This is why the leader's task is so difficult, why it requires great qualities--the most delicate and sensitive perceptions, imagination and insight, and at the same time courage and faith.<sup>7</sup>

Trying to make the next situation rather than just meeting it requires that the manager possess a vision of the future in addition to being able to draw conclusions from facts from the past. Koontz and O'Donnell, on the other hand, see management as a most difficult activity requiring effective decision making. This does not, however, reduce the manager's jobs to a standard requiring given qualities:

The essential nature of the managerial job does not vary with the type of enterprise nor with the organizational level, yet no two jobs are alike. Consequently, if one looks for a neat set of qualities which successful managers must have, he will look in vain.<sup>8</sup>

There is, however, one quality held in common by all successful managers and that is leadership. If his subordinates do not work as a team, he will have little success achieving his purpose for the organization.

Dale sees staffing as a continuous process closely related to organization because people are continually being lost, and the organization is continually changing to create new positions. He

thinks top executives tend to have above normal intelligence and more education than the general population, but these are not controlling factors and are not always present in all managers. To him, there seems to be a pattern of managerial qualities in people:

The pattern of the successful executive . . . included the following characteristics:

1. Desire for achievement.
2. Drive for mobility.
3. Acceptance of authority figures.
4. Decisiveness.
5. Assertiveness.
6. Constant fear of failure.
7. Practicality.<sup>9</sup>

In addition to these characteristics, the successful executive has usually broken the emotional ties to his parents, developed a high frustration tolerance and possesses the habit of continually questioning himself and the ability to allow others to pull apart their decisions. There is little evidence that any one trait is essential to success.

Newman, Sumner and Warren think that the personality characteristics most useful to managers of business enterprises in writing human specifications, appraising people, and planning personnel development are: "(a) knowledge, (b) decision-making power, (c) self-reliance and self-assertion, (d) regard for others and social sensitivity, and (e) emotional stability."<sup>10</sup> The decision-making talent is composed of a number of factors of a more specific nature and includes analytical ability, conceptual-logical ability, creativity, intuitive judgment, judgmental courage, and open-mindedness. Only part, rather than all, of these personality characteristics may be needed in specific jobs.

Source of Managerial Personnel

The early theorists did not deal with the subject of the source of managerial personnel, which may reflect their exposure to adequate or abundant labor markets of their time. Another factor that may have influenced them is the relatively simple state of the development of the practice of management which would allow a larger segment of the population to learn and successfully practice it. Koontz and O'Donnell, along with Dale, observe that there is a shortage of managerial manpower as well as a very important need to put the right people into positions in organizations, a need requiring the devotion of some attention to the source of managerial personnel. They believe that the manager should seriously consider the sources of promotion from within the organization, development programs for people with capabilities, and acquisition from outside the firm.

Because of a general shortage of managerial personnel, Koontz and O'Donnell think it is a mistake not to recognize and develop adequate sources of new managers. Promotion from within has a desirable effect on motivation and morale, but it restricts the firm's selection to resources already possessed and leads to inbreeding. Selection from outside the firm offers the possibility of obtaining new ideas and insights as well as new drive and stimulation of the personnel. Formalized management development programs are often used where personnel are recruited especially with the intent of developing these recruits into competent managers.

Dale sees staffing as filling the jobs of a firm with the right people, an activity which includes a number of subfunctions that indicate the major sources of managerial personnel. These subfunctions,

or sources, include:

1. Recruitment, or getting applicants for the jobs as they open up.
2. Selection of the best qualified from those who seek the jobs.
3. Transfers.
4. Promotions.
5. Training those who need further instruction to perform their work effectively or to qualify for promotion.<sup>11</sup>

Recruiting of key executives and experienced men for important jobs is different from usual recruiting because the emphasis is on non-technical abilities of the individuals in question, and these are much harder to identify and measure.

### Motivation of Managers

All of the theorists touch on the matter of motivation in its general context, but only Koontz and O'Donnell discuss the matter in relation to direct motivation of managers. To the others, motivation of employees (workers) was considered necessary, but there appears to be either an assumption that the same principles apply to managers or that managers are in effect self-motivated and do not require external motivation from their superiors. Either one or a combination of these reasons would account for their not discussing motivation of managers.

Koontz and O'Donnell think the concept of the average man obscures the fact that every individual has desires and requirements of his own. Because of this, ". . . a successful approach to motivating prospective managerial candidates must be broad enough to encompass dominant human desires and still be personal enough to cover individual needs."<sup>12</sup> In order to accomplish this a firm can take action to provide an opportunity for a progressive career, financial rewards for a higher standard of living and independence, and power to influence other people and events the way they want. Still another area of need

satisfaction that can be used for motivation is that of prestige; the desire for prestige becomes more important as the need for power diminishes.

### Selection of Managers

Knowing what is needed and expected from managers, what is prerequisite as to personality and abilities, and how it is possible to obtain the best performance are essential areas of knowledge for staffing. The first step in putting this knowledge to use is selecting people of the proper characteristics who will do the tasks expected of them. This job of selection is a special operation which management must perform in order to supply the proper personnel for the firm.

Fayol is the only one of the early theorists to express his ideas on this matter of manager selection; the contemporary theorists, however, are all concerned with it. Fayol's discussion centered around the causes of the shortage of qualified management candidates and reflected his attitude that development rather than identification was the problem. The theorists believe that the best way to be certain of the proper selection is to observe the performance of the candidate on the job. In the absence of the ability to use performance as an indicator, they believe the next best method is selection on the basis of favorable personality traits and intelligence.

Experience becomes an indicator of a manager's potential performance ability because it reveals his past performance. In writing about the selection of middle- and upper-level managers, Koontz and O'Donnell observe some distinct features: "First, the functions of managers are the same at all levels; second, all candidates for

promotion at this level have management experience behind them; and third, the most reliable forecast of a manager's future is his past accomplishment as a manager."<sup>13</sup> They further believe that there is a pronounced learning curve for managers and that the quality of the execution of present managerial functions is probably the most appropriate data for evaluation.

Dale is convinced that there is no absolutely sure way of picking the right man from among a group of candidates for a managerial position, but experience is a most significant factor. Regardless of the level of the management job, " . . . the only tools available are examination of the candidate's past record, test of actual performance in a trial situation (frequently not possible), psychological tests of various kinds, and the interview."<sup>14</sup> Newman, Summer and Warren comment that human specifications for executives and staff jobs usually contain a combination of desired work experience and personality characteristics: " . . . a solid record of experience supplemented by intuitive judgments of a person's personality may be just as reliable for predicting managerial ability as the more intricate methods of the social scientists."<sup>15</sup>

The significance of the problem of selection of managers was emphasized by Fayol who considered it to be among the most difficult and important activities of business. He thought this was due to the cost of the consequences of making a bad choice, the cost of which increases with the rank of the employee under consideration. The problem increases with the increase in the size of the organization and the expansion of the scope of the responsibility that occurs at higher levels of an organization. In substituting a larger production

unit for smaller ones and men with wider powers than previously were required, businesses that once served as training grounds are abolished and specialization makes it difficult for department heads to acquaint themselves with other departments and their activities. Under these circumstances, ". . . there can be little doubt but that concentration of industrial units augments the need for higher managers and renders their training more difficult."<sup>16</sup> He did not pursue the subject of selection except to acknowledge its importance and to observe that men capable of managing are undoubtedly rare.

It is critical to the future of the organization that potential managers be identified at all levels of the structure, Koontz and O'Donnell think, but there are problems associated with doing it. There are three general difficulties involved in judging the qualifications of candidates. One pertains to variations in the management position from low to high levels in the organization, another is the candidate's past managerial experience, and last the personality and experience of the person making the selection.

Selecting front-line supervisors is complicated by the lack of previous managerial experience among the subordinates; also, psychological tests are not discriminating enough to help in the identification process at this level. A deductive approach and a knowledge of executive functions and their environment should make the establishment of criteria possible. Koontz and O'Donnell state that: "Knowing what a front-line supervisor will be asked to do, his success, it is believed, will depend directly on the degree to which he wants to manage, his intelligence, his analytical and communication abilities, and his integrity."<sup>17</sup> As noted above, the

selection of middle- and upper-level managers is an entirely different situation, apart from its being more crucial to the firm. A candidate should be selected by the superior for whom he will work at all levels because he is generally in the best position to judge all the relevant factors pertaining to both the individual and the job itself.

Dale thinks that all that can be hoped for in the selection system is to avoid making certain errors, such as hiring a person obviously physically or mentally incapable of the satisfactory performance of the job. In addition, there is the danger of eliminating some particularly good candidates in the selection process. The selection process should put emphasis on the most important qualifications of the job and care should be taken, since it is expensive to carry out, to prevent it from becoming too greatly elaborated, especially in less important jobs.

Newman, Summer and Warren think that selection is based on human specifications which are in turn based on job specifications. In their opinion there are three approaches in the short-run to bringing about a better match of human resources and organization needs:

1. Change the job.
2. Replace the incumbent.
3. Remove the incumbent.<sup>18</sup>

Long-run manpower planning differs from short-run in that it is concerned with all future vacancies rather than existing candidates and jobs; it is concerned with the complete personnel roster and total job requirements, and it allows for long-term learning. They write that,

Three major steps are involved in the process of long-run manpower planning: (1) projecting the organization structure and the manpower that is required to operate that structure, (2) matching the projected manpower requirements with present personnel, and (3) planning for individual development so that men will be qualified when job openings occur.<sup>19</sup>

Appraisal of Managers

The manager who is given authority must use it with responsibility to justify its retention. If it then becomes necessary for the top executive to determine if subordinate managers are responsible and to what extent assigned duties are being carried out. Having made this assessment, it is possible to determine what, if any, changes need be made to pursue objectives efficiently in the future. There are two types of problems examined: methods of appraisal and manager inventory.

All of the contemporary theorists have written on the subject of appraisal of managers and the methods to be used, but Fayol was the only one of the early theorists to do so. Though Fayol discussed the characteristics by which managers should be judged, these were personal attributes, and, while they were necessary to performance ability, they were not bases of performance evaluation. The importance of proper selection of management personnel was recognized by the early theorists but not the need for appraisal of its performance. The contemporary theorists recognize the need for managerial appraisal, but all suggest different methods for its accomplishment. A rather wide variety of characteristics and methods are discussed with common agreement centering on measurement of performance and progress as well as the determination of the presence of desirable qualities and characteristics.

Fayol discussed the evaluation of managers and workers in business concerns with regard to the characteristics on which they should be judged rather than on the methods of conducting an evaluation. The characteristics were the same as the qualifications necessary for

managers; that is, health and physical fitness, moral qualities, general education, management knowledge, knowledge of the other functions, and specialized ability characteristic of the concern. These would seem to be more fitting for selection of new personnel than for appraisal of managers to determine how well they perform.

Koontz and O'Donnell distinguish between continuous and periodic appraisal of managers with the former consisting of day-by-day appraisal of what is being done. They feel that this is an absolute necessity whereas periodic appraisal is a useful addendum. Continuous appraisal implies a close contact between superior and subordinate which affords the opportunity to watch progress, to instruct, and to see to the development of the subordinate. Periodic appraisal is needed because of deficiencies of this type of appraisal, but the daily appraisal lacks summation and objectivity. In their opinion, "periodic appraisal implies an over-all evaluation of a subordinate with respect to his management ability."<sup>20</sup> It helps to judge the degree of trust that can be placed, the amount by which responsibility should be expanded, and it assists in future development and will be used in determining promotions.

One of the methods used for the periodic appraisal is called management by objectives, which means that ". . . at the start of the appraisal period, superior and subordinate agree upon specific (measurable, if possible) results to be obtained during that period."<sup>21</sup> The use of this method depends on an understanding of premises including the clarification of objectives, the order of specific goals, the delegation of authority by objectives rather than specific acts, and the ability to verify results. Other related and necessary

conditions are clear communications, the realization of shared responsibility, personal accountability, and gradually improving management ability.

When using management by objectives, it is practical to conduct an appraisal by results; that is, what managers do is measurable against what they should have done. A conference should be held between superior and subordinate for setting the results desired during the next period. At the end of the appraisal period, they meet again to measure the degree of success attained. On this Koontz and O'Donnell write:

The men will analyze in detail the instances in which targets were missed in marked degree, to determine the cause. Detailed objective consideration will reveal whether the target was attainable, whether it was carelessly fixed, or whether inadequate performance was due to uncontrollable circumstances.<sup>22</sup>

After having made these identifications it is possible to take whatever corrective action is required.

Dale thinks merit rating is common for executive appraisal and many variegated systems have been developed from it because of the complexities of executive jobs. One of these variations is appraisal by trait rating, but there are no certain traits proved essential to all executive jobs; ". . . it is often more important for a man to possess two or three desirable characteristics to a superlative degree than it is for him to exemplify some of each of the desirable qualities."<sup>23</sup> Another variation of merit rating is the use of job-oriented list of duties on which the supervisor comments on the incumbent's success in performing each. Another approach to this is to ask general questions and allow the supervisor to answer them.

An essay-type rating may also be used where the boss, with executives of his own rank, talks out the rating in a group. Still another is the forced choice where a selection is made between two alternate statements about the subordinate, the selection being based on the better of the two.

Newman, Summer and Warren discuss three types of appraisal of managers: appraisal of experience, personality appraisal, and test and clinical interviews.<sup>24</sup> Experience is easy to determine, but not all types are beneficial for purposes of appraisal: "The reliability of an appraisal based on experience depends partly on the relevance of past experience to the new job."<sup>25</sup> A method of appraisal that is very good is that of having the candidate serve in a number of different jobs within the area of responsibility of the position under consideration. Because of the problem of overlooking men of ability who may lack experience, it may be desirable to appraise their native ability and personality. For personality appraisal, managers usually have to depend on their own judgment, but:

Here are three practical rules that are applicable to large and small companies:

1. Make individual judgments on sophisticated grounds . . . .
2. Use group judgment . . . .
3. Maintain a file of key incidents in each man's performance.<sup>26</sup>

Two other devices of limited value may also be used:

. . . psychological tests and clinical interviews will probably continue to be used largely as supplements to managerial judgment. For executive posts especially, the chief value of tests lies in corroborating or questioning personal estimates.<sup>27</sup>

### Management Inventory

Koontz and O'Donnell, as well as Dale, are the only theorists to write about the use of the management inventory. The major feature

that these authors share in their thinking on the manager inventory is that it is a very helpful device to aid training and development of management personnel. It is not surprising that the early theorists did not write on this subject because it is a device of more recent origin for evaluating the management position of an organization.

The annual evaluation is viewed by Koontz and O'Donnell as the basis of the manager inventory and as a device to ". . . provide the data for the development of a manager inventory which reflects specific information about every subordinate manager in terms of his promotability."<sup>28</sup> The strengths and weaknesses of the organization should become readily apparent and plans can be made for replacements as well as for the development of personnel and the elimination of deficiencies. Anticipating needs makes satisfying them much easier.

Dale considers the manager inventory as a good device for keeping track of the backup men for each job of any importance. By keeping an orderly record of job requirements and personnel capabilities, affecting a policy of promotion from within, and planning adequate training for needed development are made easier. Another advantage is that it prevents the development of indispensable men who can leave an organization in an embarrassing position should they make excessive demands or leave the firm unexpectedly.

#### Development and Training of Managers

The traditional sources of managers have been the spontaneous growth within the firm of personnel with managerial abilities and external acquisitions. Under simple organizational circumstances and when demand was not very great relative to the supply, this may have

been adequate for most firms. But in recent years the demand for managers has increased for both quantity and quality, and these sources of personnel have proved to be increasingly inadequate. The solution, in many cases, has been to attempt to increase the capabilities of the managers they have and to develop managers from non-managerial personnel, thus increasing the available supply. This aspect of the staffing function has gradually become more important.

### First-Line Managers

Because the theorists generally recognize a significant distinction between the lowest level of managers and those at upper levels, it is useful for purposes of examination of development and training to follow this distinction. The need for manager development and training is recognized by all the theorists, but it received more emphasis from the early theorists. Their major point is that managers are not to be expected to develop spontaneously; conscious attention must be given to their training. The contemporary theorists are less concerned with stressing the need for training and more concerned with the type of training, its direction, and the methods used.

Fayol thought the efficient employee was not a spontaneous, natural product but represented training through long and laborious effort shared by the home, school, workshop, and State. In his opinion, formal education was deficient in general education offered, and far too much emphasis was placed on the study of mathematics, at least in the engineering schools where many management candidates were obtained. The education and training of all levels of management was considered by Sheldon to be of great importance. The science of business administration, the increased size of firms, and intricate

organization were, to him, the cause of increased need for training of heads of enterprises. He believed that: "Only by the more widespread teaching, learning, and application of the facts of which we are assured can management eventually come to be practiced according to commonly accepted scientific principles."<sup>29</sup>

As to training managers, Fayol thought the importance of management is such that it should be taught by the home, primary school, university, and specialized training schools. He wrote, "The family could be an excellent school for management; principles, procedures, methods, penetrating naturally into children's minds, would lay the foundation of general ideas which might be perfected and handed on later."<sup>30</sup> A good primary education, plus experience, constituted the preparation of the foreman who were " . . . former workers mostly, chosen from ability to command."<sup>31</sup> In addition, the foreman should work first as a foreman-apprentice with the employer alert to encourage and develop, reward and select constantly. An employee so trained inside is better than one introduced from outside the firm.

With regard to foremen, Sheldon thought they were assigned too many duties: "Foremanship is the supervision of work and the creation of a shop spirit as a result of an invigorating and compelling leadership."<sup>32</sup> Duties which interfere with their proper duties should be performed by someone else. The capacities requisite in the foreman which his training should develop are initiative, broadmindedness, knowledge of administrative techniques, and practical technical ability. The training should differ little in essentials from that of higher managers since some will progress to higher levels. It

should include all subjects conducive to development of broadmindedness and involve a certain amount of general education, such as history, economics, and psychology. It should include the actual techniques of management, both personal and impersonal, and training in the spirit of the business, such as its history, motives, organization, and policies. The foreman must be able to formulate a philosophy of his task, his motives, satisfactions, and the like. This could be carried out by the firm, through all the devices of education as classes, discussion groups, social groups, social functions, and so forth, as well as by individual study.

In relation to the development of functional unity, Miss Follett pointed out the problem of educating workers including managers:

The parts of modern business are so intricately interwoven that the worker, in order to have an intelligent opinion in regard to even his own problems, has not only to know something of processes, of equipment, has not only to consider the effect of the introduction of new machinery and the training of the worker; he should also understand the connection between the production and the commercial side, should know something of the effectiveness of the sales organization.<sup>33</sup>

In addition, such general matters as business and trade policy should be included in the fields of knowledge.

Koontz and O'Donnell make a clear distinction between development and training by pointing out that the firm provides training and the manager develops at least in part as a result of it. An effective training program should clarify the over-all objective and should include the creation of an opportunity to develop skills related to execution of managerial functions. The validity of the program rests on seven premises: top managers must actively support the program, top managers must be trained first, learning is voluntary, training

needs vary with manager levels, training needs determine methods, methods must work at all levels, theory and practice must go hand in hand.<sup>34</sup> Programs should be general and include all supervisors because all have a basic need for further development. On this point they write:

The manager has a moral responsibility to train, or to provide training opportunities, for every qualified subordinate, irrespective of number. Why? Because it is a national concern that every man be permitted to develop his socially approved capabilities whatever they may be. And only the enterprise can provide full opportunities for management development.<sup>35</sup>

Conscious programs for training must be developed in order to satisfy the needs of managers: "Man must be trained to develop and carry out approved programs within a budget, to obtain and use service and staff help, and to meet the requirements of their superior managers."<sup>36</sup>

In each of these categories they need additional knowledge about the firm, division, department, and section. To accomplish this, on-the-job training by the incumbent supervisor is best because he knows the job. Creating a position of assistant to the supervisor is one of the best methods to use.

Dale sees training as consisting of various forms ranging from a company-run school and on-the-job training to correspondent courses and the paying of tuition at schools with formal courses and programs. The subject matter and methods vary with the jobs. Compared to training of workers, "[s]upervisory training is much broader and in general concentrates on human relations, at least at the first step."<sup>37</sup> The supervisor usually knows the work well enough, but needs instruction on handling men, company policy, organization, work flows, scheduling, cost reduction, and other business knowledge. Training in the

provisions of the union contract is also usual. Methods vary, but the most popular is the discussion group in which case studies are used.

Newman, Summer, and Warren believe that, if given innate physical, mental, and emotional strengths, the question then remains how to improve the capacity of an individual to manage. They recommend: "A quick review of the main steps for improving any skill will suggest ways of developing managerial skill."<sup>38</sup> Normally, these steps are:

1. Analyze the action in question, and determine the best method to do it. Consciously try to follow the method, and practice it over and over.
3. Check results and see if the proper methods are being used.
4. Continue to practice until the action becomes easy, normal, and habitual.
5. Occasionally thereafter, especially if results have been poor, conscious attention is given to the operation and its improvement.

All sorts of skills are developed this way and so may be the skill of management. They do not apply this specifically to the training of foremen and supervisors.

#### Middle and Top Managers

Both the early and contemporary theorists believed that there is a distinct difference between the development and training of the manager at the supervisory level and the higher levels of the organization. At the lower level, the manager possesses technical ability and work experience but lacks the basic skills of management. At the middle and upper levels of management, the early theorists thought the greatest need of managers is for a wider scope of management experience; the contemporary theorists, on the other hand, see the need as one of management theory in all its aspects. The entire group

think that, in addition to these two areas of development, managers should receive training in technology, study of the industry, professional education, general education, and broad knowledge of the operations of the entire firm.

In keeping with the early theorists' recognition of a need for additional managerial experience for managers, Fayol thought the training of a manager should consist of an adequate amount of experience:

. College has given you no conception of management, nor of commerce, nor yet of accounting, which are requisite for a manager. Even had it given you them, you would still be lacking in what is known as practical experience, and which is acquired only by contact with men and with things.<sup>39</sup>

His discussion was aimed at making managers of young engineers who were the major source of managers in industry during his career. He observed that even a practical acquaintance with technical processes must be developed along with mature judgment.

Sheldon did not place the major emphasis of development on managerial experience, but did consider it to be a significant part of the total program of training. He wrote about the best composition of such a program:

The ideal training is probably a combination of practical experience and theoretical study. Two years of University training should immediately follow school life; a third year should be occupied in practical working experience in the factory; a fourth year should be a final course at the University again.<sup>40</sup>

In addition to practical experience, he thought the young manager should have conferences with the more intelligent workers, and discuss working difficulties with the foremen; in this manner he could perhaps benefit from the experience of these workers.

Although she was not as specific in her program for the development of managers, Miss Follett also believed experience to be a necessary part of the learning process. She thought that having gained an accepted technique, part of the training of an executive includes the acquiring of skill in its application. The manager must develop certain habits and attitudes:

And, just as in the case of manual workers, for the acquisition of these habits and attitudes three conditions must be given:

- (1) detailed information in regard to a new method; (2) the stimulus to adopt this method; and (3) the opportunity to practice it so that it may become a habit.<sup>41</sup>

She thought that gaining an accepted technique depended on the ability to organize the body of knowledge on which business management rests. Along this line, Newman, Summer and Warren think managers should be inventoried by use of "gap sheets" for training purposes according to their personal characteristics and experience. An evaluation of these criteria makes it possible to determine where deficiencies exist prior to promotion. Having identified the deficiencies in personnel, management can help the individuals develop, the best method being to provide them with needed job experience.

In contrast to the views of these theorists on the need for experience, Dale makes no particular mention of the value of providing opportunities for managers to develop through work experience. Koontz and O'Donnell do not stress training through experience either, but they do point out the value of on-the-job training. They think that, because of functional operations, managers often know little about related functions and certain types of centralized activities such as relations with the financial community, trade associations, government, and other groups. For the correction of this situation,

"the basic technique recommended is on-the-job training, supplemented by flexible variations depending upon training needs or special situations."<sup>42</sup> They believe the "assistant-to" device is also good for this type training, as is the use of special assignments.

There are, of course, many types of development and training recommended by the theorists other than that of managerial experience. Fayol emphasized some elements of human relations for development, especially the relationship between the manager and the foreman; this is partly due to the need to cooperate with him, but also to what could be learned from the foreman, and his experience and pragmatic point of view toward problems. He believed individual study in the areas of professional knowledge and general education are necessary for the manager. As to the means of its accomplishment, he wrote:

Knowledge will not come to you solely from the performance of your daily tasks; learn from books, periodicals, and personal effort, otherwise you will reap merely disappointment. Be a subscribing member of the main technical societies dealing with your specialized work, follow their meetings, and attend their conferences.<sup>43</sup>

Sheldon's ideas about development ruled out formal study and the universities since he thought they had lost the habit of concentrated study. On the other hand, he believed that the university-trained man had special abilities which business should attempt to employ more effectively. The method of education was more important to him than the subjects studied: "The important point is that the student should be enabled to use his brain more fully in observation, in reasoning, in drawing conclusions from given facts, in balancing the pros and cons of an argument, and in seizing on the vital points of strength or weakness in any situation."<sup>44</sup> Essential parts of any curriculum

were these four courses of study: (a) the science of management, (b) industrial history, (c) economics, (d) business ethics.<sup>45</sup> Technical training is much less important to a person higher in the organization. For the accomplishment of this development, he recommended reading (as a must), attending lectures, mixing with other executives from other establishments, visiting other factories, mixing with individuals (both theoretical and practical) who bring intellectual influence to bear upon industry from outside, having conferences with the more intelligent workers, and discussing difficulties with the foremen.

Miss Follett did not discuss the development of managers directly, but she did discuss the development of business management and its status. Her thinking on this subject gives strong indications of the need of individual training for managerial tasks. Management is a profession to the extent that it rests on and employs scientific methods; a proven body of knowledge is necessary for the accomplishment of this, and, in addition, so is a knowledge of it. Management must understand and learn to use this scientific method in all the technical areas of business, which it has done rather successfully, but it must also be applied to the personnel side. It has been somewhat slower in this regard.

Koontz and O'Donnell distinguish between middle and top management for training purposes. Middle managers usually have had several years of on-the-job experience; their major need is thus of management theory. Because of this situation, they write: "No longer can they rely on technical proficiency to get things done. To manage managers they particularly need an understanding of the functions of managers."<sup>46</sup> To accomplish this it is best to use the techniques used in

universities, especially those of lecture-discussions on theory and case studies. At the top level of management the personnel have had both experience and prior training and are candidates for promotion to general management positions. With this background, ". . . the problem becomes one of determining their needs for additional training and the best means of providing it."<sup>47</sup> This background serves to create an emerging maturity. A knowledge and understanding of the entire operation is necessary for managers at this level and is likely to be the location of the training problems. If there are earlier deficiencies, they should be corrected.

In contrast to Koontz and O'Donnell, Dale does not distinguish between the upper and middle levels of management for training purposes. Though management training for young college graduates is important, by far the most significant activity in this area is training of middle managers. On the nature of training he writes:

Subject matter, as in the case of the foremen, was sometimes human relations; sometimes phases of the managers' own specialties. Sometimes survey courses were given in other specialties, or in management principles, organization, or other general management subjects.<sup>48</sup>

A fairly new and popular type of management education is "sensitivity training." The most popular form of training is that of group discussion, but others used are job rotation, "assistant-to," special studies, committees, and the use of outside facilities.

Newman, Summer and Warren think the best training device, after having identified the deficiencies of management personnel, is to provide the needed experience through which they can develop. In their opinion,

Most of the individual development, however, will depend on the man himself. Probably he will not be told exactly what management plans for him, but an ambitious man will guess and will act on any suggestions about where he should try to improve.<sup>49</sup>

It would appear that their concept of training is to evaluate the abilities of personnel and provide an opportunity for the individual to overcome his weaknesses through development.

#### Summary

This chapter explored the nature of the problems faced in obtaining the managerial personnel to fill the jobs of an organizational structure and with their development and training. It is necessary to make certain that they possess the capacities necessary to perform their assigned tasks. This involves the identification of the qualifications of managers, a topic discussed by all the theorists. A wide range of characteristics was identified but all agreed that, above all, a manager must have the ability to manage. The composition of managerial ability would seem to include abilities of determination, administration, service, consultation, and execution. In addition, the manager should possess: knowledge of a broad nature, general education, knowledge of functions, intelligence, and leadership.

Only Koontz and O'Donnell and Dale concern themselves with the source of managers recognizing that there is a general shortage of managerial manpower and a great need to put the right people into an organization. They stressed promotion from within and development programs and acquisition from outside the firm. All the theorists are concerned with the general problem of motivation, but only Koontz and O'Donnell with managerial motivation. It is probably assumed

that motivation principles applied to all employees regardless of their job level.

Selection of managers is best done, it seems, by observing the performance of the candidate on the job. The next best basis for selection are favorable personality traits and intelligence. Sheldon and Miss Follett did not discuss either selection or appraisal of managers. In appraisal of managers it appears necessary to measure performance and progress as well as determine the presence of desirable qualities and characteristics. The best methods for doing this are not agreed upon. Koontz and O'Donnell and Dale were the only theorists to discuss management inventories, but they believed it important in order to keep jobs filled with capable people.

All the theorists wrote on training and development of managers and generally distinguish between the lowest level and those above since the needs of the two groups appear to be different. The early theorists were more concerned with the need for management development whereas the contemporary theorists are more concerned with its methods. At the lowest level of management the manager possesses technical ability and work experience, but he is lacking in the basic skills of management. At the middle and upper levels the manager needs to broaden the scope of his experience and learn management theory. In addition, the upper level manager needs training in technology, study of the industry, professional education, and broad knowledge of the operations of the entire enterprise.

It can be concluded from the findings of this chapter that the early theorists were concerned with what a manager should be personally and professionally and how these characteristics could be

developed in personnel. They seem to have been aware of an increasing shortage of management personnel, resulting perhaps from the developing sophistication of management that was occurring at the time. As a group they were not very concerned with motivation, selection, or appraisal of managers. There is considerable agreement among the early and contemporary theorists as far as the early theorists went in their thinking, but the contemporary theorists have developed the thought of staffing more fully. The early theorists stressed the need for the training and development of managers while the current writers emphasized the methods; they seemed to take the need for development for granted.

Notes

<sup>1</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 70.

<sup>2</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 67.

<sup>3</sup>Ibid., p. 217.

<sup>4</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 122.

<sup>5</sup>Fayol, op. cit., p. 73.

<sup>6</sup>Sheldon, op. cit., p. 238.

<sup>7</sup>Metcalf and Urwick, op. cit., p. 263.

<sup>8</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 401.

<sup>9</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 41.

<sup>10</sup>William H. Newman, Charles E. Sumner, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 264.

<sup>11</sup>Dale, op. cit., p. 400.

<sup>12</sup>Koontz and O'Donnell, op. cit., p. 406.

<sup>13</sup>Ibid., p. 421.

<sup>14</sup>Dale, op. cit., p. 404.

<sup>15</sup>Newman, Sumner, and Warren, op. cit., p. 264.

<sup>16</sup>Fayol, op. cit., p. 80.

<sup>17</sup>Koontz and O'Donnell, op. cit., p. 417.

<sup>18</sup>Newman, Sumner, and Warren, op. cit., p. 272.

<sup>19</sup>Ibid., p. 277.

<sup>20</sup>Koontz and O'Donnell, op. cit., p. 431.

<sup>21</sup>Ibid., p. 432.

- <sup>22</sup>Ibid., p. 437.
- <sup>23</sup>Dale, op. cit., p. 417.
- <sup>24</sup>Newman, Summer, and Warren, op. cit., p. 269.
- <sup>25</sup>Ibid., p. 270.
- <sup>26</sup>Ibid., p. 271.
- <sup>27</sup>Ibid., p. 272.
- <sup>28</sup>Koontz and O'Donnell, op. cit., p. 442.
- <sup>29</sup>Sheldon, op. cit., p. 249.
- <sup>30</sup>Fayol, op. cit., p. 96.
- <sup>31</sup>Ibid., p. 90.
- <sup>32</sup>Sheldon, op. cit., p. 267.
- <sup>33</sup>Metcalf and Urwick, op. cit., p. 89.
- <sup>34</sup>Koontz and O'Donnell, op. cit., p. 456.
- <sup>35</sup>Ibid., p. 460.
- <sup>36</sup>Ibid., p. 458.
- <sup>37</sup>Dale, op. cit., p. 425.
- <sup>38</sup>Newman, Summer, and Warren, op. cit., p. 14.
- <sup>39</sup>Fayol, op. cit., p. 90.
- <sup>40</sup>Sheldon, op. cit., p. 257.
- <sup>41</sup>Metcalf and Urwick, op. cit., p. 130.
- <sup>42</sup>Koontz and O'Donnell, op. cit., p. 463.
- <sup>43</sup>Fayol, op. cit., p. 92.
- <sup>44</sup>Sheldon, op. cit., p. 258.
- <sup>45</sup>Ibid., p. 258.
- <sup>46</sup>Koontz and O'Donnell, op. cit., p. 461.
- <sup>47</sup>Ibid., p. 462.
- <sup>48</sup>Dale, op. cit., p. 427.

<sup>49</sup>Newman, Summer, and Warren, op. cit., p. 280.

## CHAPTER VII - DIRECTING

Efficient performance of the previously discussed management functions is necessary to attain the objectives of an organization, but by themselves these functions are insufficient to assure attainment. Having planned, organized and staffed, it then becomes necessary for the manager to direct the activities that have been undertaken by his group. Directing consists basically of getting employees to accomplish their assigned tasks which, if not done nor done properly, will nullify the entire effort. This function is also called actuating, leading, or coordinating; but all would seem to be necessary components of the complete directing function. Koontz and O'Donnell write: "To direct subordinates, a manager must motivate, communicate, and lead them."<sup>1</sup> The performance of these activities becomes the responsibility of management as components of the directing function and as such are the topics discussed in this chapter. In addition, the relationship between the manager and his subordinates will be considered.

### Nature of Direction

The nature of the direction function is such that it involves people, especially the superior and his subordinates. The relationship exists at all levels of organizations and makes direction a problem for all managers. Because of the objectives of the directing function, it appears to involve people in the line of authority.

Thus, an important aspect of the function is that it is affected by the relationship that exists between the manager and his subordinate. Since this relationship is based on an authoritarian relation between them such that one gives instructions and task assignments to the other, problems pertaining to the issuance of orders seem relevant. Also, the extent to which this authority can or should be delegated to a subordinate is an influence on the relationship and is of interest here.

### Manager-subordinate Relations

The relationship between the manager and his subordinate is a face-to-face relationship and although it is personal it is influenced by other than personal considerations. From the discussion by the theorists, it appears that one of the most influential elements of the relationship is the presence of authority, which enables the manager to instruct the subordinate in the interest of obtaining an optimum contribution from him. Another, and nearly opposite, force affecting this relationship is the need to cooperate, that is, to share responsibility and to solve problems together--what Miss Follett called "integration." Other features that the theorists observe to be significant to the relationship of superior-subordinate include: a sense of responsibility for the welfare of the group, leadership, fellowship, development of human attributes, customs, and roles.

In relation to authority and the manager's use of it with subordinates, Fayol wrote:

The organization, having been formed, must be set going and this is the mission of command . . . . For every manager the object of command is to get the optimum return from all employees of his unit in the interest of the whole concern.<sup>2</sup>

Although he considered other aspects of this relationship, Fayol thought the manager must always keep in mind that his primary responsibility is the welfare of the entire group or firm. Koontz and O'Donneil think authority sets the manager apart from his subordinates because he has been given responsibility for integrating resources for the achievement of firm objectives; in addition, he has experience and knowledge about the firm that subordinates do not have. Both these situations require the presence and use of authority by the manager. Ultimate determinations must be made by him, but they involve the subordinate.

Dale states: "The directing phase of the management job is what many people think of as management itself: telling people what to do and seeing that they do it."<sup>3</sup> The manager must be able to compel or induce subordinates to use their capabilities: "A good deal of the ability of business managers to get the people under them to obey their orders rests on sanctions: their power to reward or punish."<sup>4</sup> Although other factors induce compliance, these have never been sufficient to induce people to their best efforts, so the problem remains of obtaining something more than just minimal performance from them.

Newman, Summer, and Warren view authority as limited by whether the workers are willing to obey, thus ". . . effective authority over people is only possible when they accept it."<sup>5</sup> They refer to direction as official instruction because it entails transmitting approved plans to those employees affected by those plans and who are responsible for their execution. Alternate methods may be used to get subordinates to obey, but these may not serve in all

cases. To accomplish this, they suggest: "Broadly speaking, firms rely on three approaches to buttress the authority of executives. These are: (1) use of power, (2) development of influence, and (3) reliance of personal leadership."<sup>6</sup> The use of these enables the manager to obtain worker cooperation in situations where it would not ordinarily be freely offered.

The other major consideration in the superior-subordinate relationship is the need for cooperation from the subordinates of a group. Sheldon observed the need of a new spirit in industrial relations; the spirit of the old system was that of the iron hand whereas that of the new was fellowship. He wrote:

It erects neither the present nor any future condition of things as an ideal, but rather argues that, if the future is to be an improvement on the present, the way to it is the highway of conciliation, fellowship, and mutual understanding. The finger-post of progress points to the path of cooperation.<sup>7</sup>

Cooperation results from the development of human attributes, that is, putting humanity before wealth.

Miss Follett believed that too much distinction was made between the interests of management and labor. Both sides should be present with their respective points of view toward the welfare of the firm, but they should not exert pressure in the exclusive interest of the different groups. They should be on a par with each other and share responsibility and solve problems together; to her this meant cooperation: "I think it a good plan moreover, whenever possible, not only that a study of the situation should be made irrespective of sides, but that it should be cooperatively undertaken . . . ."<sup>8</sup> Reducing conflict should be the objective and this can be dealt with

by either domination, compromise, or integration. The latter is much preferred: "When two desires are integrated, that means that a solution has been found in which both desires have found a place, that neither side has had to sacrifice anything."<sup>9</sup> The other two methods require a sacrifice from one or both sides of a conflict and necessitate bringing into view the whole field of desires.

Koontz and O'Donnell perceive the need for direction as the result of businesses requiring the combined services of people; cooperation is necessary to achieve ends beyond the capacity of a single person. Its objective is to get subordinates to integrate their efforts in the interest of the firm, and creating the opportunity for them to obtain essential information is a continuous necessity if this is to be realized. Direction involves the work relationships at all levels of the organization: "Governing these relationships and seeing that they are executed in the best interest of the enterprise is the scope of direction."<sup>10</sup> Dale agrees with Koontz and O'Donnell. Although he puts considerable stress on the power of sanctions, he believes that the subordinate should be allowed as much freedom in the planning and execution of their work as is possible. Participation is seen by him as an aid to coordination.

In addition to the relationships that are based on authority and cooperation, the authors identify several other aspects of the manager-subordinate relationship. Fayol, for example, thought that in his relations with subordinates, the manager should try to establish an atmosphere of equity. About this he wrote: "For personnel to be encouraged to carry out its duties with all the devotion and loyalty of which it is capable, it must be treated with

kindliness, and equity results from the combination of kindliness and justice."<sup>11</sup> He identified a number of precepts to facilitate command, three of which relate the manager to the subordinate. These include: a thorough knowledge of his personnel, elimination of the incompetent, and a thorough knowledge of agreements binding the business and its employees.<sup>12</sup> Fayol notes in this regard that adherence to agreements does not free the manager from obligations of conscience.

Sheldon believed that management was responsible for the worker on the job; but, as a part of its greater social responsibility, he must also be aware of and consider the worker's life outside the factory. He thought it was impossible to disassociate the two:

Management cannot accept responsibility for the individual as a worker, and deny its responsibility for him as a social unit. The two are inextricably intertwined. Management inevitably, therefore, is loaded with responsibilities which stretch beyond the local sphere of production . . . . The spirit which management inspires in its workers must inevitably affect their spirit as parents, voters, and citizens.<sup>13</sup>

Koontz and O'Donnell, on the other hand, think the manager is set apart from the subordinates not only by the fact of his responsibility for group objectives, but by his experience and knowledge, his being the group leader, and his having control over the careers of his subordinates.

Dale believes the manager's relation to subordinates is determined in part by his need to compel or induce them to use their capabilities. The ability to compel is due to authority, but the ability to induce is dependent on subordinate responsiveness to other factors. People tend generally to recognize a manager's right to give orders and also the fact that the absence of direction would lead to chaos. Newman,

Summer and Warren also believe customs and roles play a part in the relationship between the manager and subordinate: "Only a small fraction of our behavior is calculated and rational."<sup>14</sup> Because of custom and role, most instructions are obeyed as a matter of course; a man expects to take orders from his designated superior. They also point out that direct satisfaction of subordinate needs can be used by a manager to get the subordinate to obey.

Each of the theorists sees a very real management need for directing; efforts designed to set activities in motion and guide them toward desired objectives. Fayol called directing "command," and thought that the optimum return to the firm should be the criterion of performance. Sheldon saw welfare work as a large part of directing while Miss Follett thought sharing of responsibility and problem solving was its nature. All three of the current authors consider directing to be integration of effort. Dale's view is similar to Fayol's in that he considers directing necessary to induce people to use their capabilities and that the use of sanctions is necessary to do this. Newman, Summer and Warren think of it as being the communications of official instructions.

#### Issuing Orders

For instructions or orders to be effective, it is necessary that they be official, and regarded as coming from the head of the organization (or at least having his sanction). The theorists seem to recognize requisite conditions in their specification that orders must follow the chain of command in a direct line from the top of the organization, and that a subordinate should receive orders from one supervisor only. An additional condition which they recognize is

that orders should be enforceable or they should not be given. There should also be some way for the manager to check on and compel subordinate compliance.

Of the early writers, Fayol was concerned only with the origin of the orders being given and with little else. Miss Follett stressed the relationship of habit patterns to orders and the need to make orders consistent with them. Also, she considered depersonalizing orders and the need to follow the law of the situation as important to proper issuance of orders. Koontz and O'Donnell discuss the legal, direct-line nature of orders, their relevance and enforceability. Newman, Summer and Warren are concerned with the success of orders as a medium for the transmittal of official instructions in a clear, complete, and feasible manner.

Fayol was concerned that the issuing of orders conform to the unity of command: "For any action whatsoever, an employee should receive orders from one superior only."<sup>15</sup> This he considered an ever present necessity which yielded an influence at least equal to any other principle of management: "Should it be violated, authority is undermined, discipline is in jeopardy, order disturbed and stability threatened."<sup>16</sup> He did not discuss other aspects of issuing orders. In discussing the nature of orders, Koontz and O'Donnell observe that the right to command follows from a legally enforceable contract for personal services, and the superior alone possesses this right. A personal, direct line of command from superior to subordinate is implied; other relationships do not justify giving orders.

With respect to enforceability, Koontz and O'Donnell think the content of an order should be germane to the achievement of the firm's

objectives. There is always the implication that an order is enforceable; the superior's position would be untenable if he could not employ sanctions of some sort in conjunction with the execution of orders. Newman, Sumner and Warren also believe that there are certain necessary components of a good order if it is to be effective. In their opinion, orders should be complete, clear, and feasible. These conditions are best met through the use of two-way communication, and participation and explanation of why it is to be done this way. On the matter of enforceability they write: "A valuable check on the appropriateness and adequacy of instructions is consistent follow-up: Once an order is issued, an executive should either see that it is carried out or he should rescind it."<sup>17</sup> They think this practice has the effect of encouraging both the superior and the subordinate to do a better job of both giving and receiving orders.

Miss Follett examined closely the matter of giving orders and concluded that it was not a simple act of giving an order and being obeyed without question. She wrote: "Psychology, as well as our own observation, shows us not only that you cannot get people to do things most satisfactorily by ordering them or exhorting them; but also that even reasoning with them, even convincing them intellectually, may not be enough."<sup>18</sup> People form certain habit-patterns, and orders must fit them or the habit-pattern must be changed to fit the order.

In her opinion:

If we apply this to the subject of orders and obedience, we see that people can obey an order only if previous habit-patterns are appealed to or new ones created. When the employer is considering an order, he should also be thinking of the way to form the habits which will ensure its being carried out.<sup>19</sup>

The need to form certain habits and mental attitudes makes training very desirable as a means of preparing behavior patterns in advance. Giving and receiving orders should, then, be a matter of integration of desires through circular behavior. Often an integration must be made within the individual before one can be made between individuals.

Two problems which are related to giving orders are the extremes of being too harsh or too close to the workers; both conditions make it difficult to properly exercise duties. How can these problems be avoided? Miss Follett writes: "My solution is to depersonalize the giving of orders, to unite all concerned in a study of the situation, to discover the law of the situation and obey that."<sup>20</sup> In such a case one person does not give orders to another but both take orders from the situation that affects them; it is the situation that demands certain actions, not just the whim of another person. Another aspect of orders is that the long-distance order should be replaced with the face-to-face suggestion. Miss Follett makes three fundamental statements on the subject of orders: "(1) that the order should be the law of the situation; (2) that the situation is always evolving; (3) that orders should involve circular not linear behavior . . . ." <sup>21</sup>

Koontz and O'Donnell believe orders important in directing subordinates: "An order initiates, modifies, or stops an activity; it is the impetus by which an organization is activated or disbanded."<sup>22</sup> The techniques of giving orders necessitate considering a number of characteristics: should the order be general or specific, written or oral, formal or informal? Proper assessment of these characteristics is essential for the effective issuance of orders and directions.

Newman, Summer and Warren think orders constitute a small but important part of the communications of an organization. Consistency and compatibility are necessary for all activities and endeavors undertaken by an organization. In their opinion, "Clear transmission of official instructions is one leadership function of every executive."<sup>23</sup> As for the manner of clear and complete communication, short and simple orders may often be the best. Standard operating procedures and customs and habits are the best methods for simple handling of routine instructions. For new or unique problems, more instruction is needed, and this may be done through two-way communication involving participation and an explanation of why it is to be done in a given way.

#### Delegation

As a means of direction, delegation was discussed by several of the theorists in view of the benefits that are attainable through its use. The general thinking of the theorists seems to be that delegation is a way to obtain better worker cooperation by allowing workers to make decisions and is especially useful where results cannot be seen in advance. Delegation lessens the need for direction through personal, overt behavior on the part of the superior.

Miss Follett did not think final responsibility or ultimate authority in the usual sense were very important. To her, a decision was a result of a cumulation of events or facts from the situation involved: "An executive decision is a moment in a process."<sup>24</sup> Every man performs a function and should have just enough authority for its performance. The statement of a friend had impressed her:

But my friend recognized that authority should go with knowledge and experience; that that is where obedience is due, no matter whether it is up the line or down the line. Where knowledge and experience are located, there, he says, you have the key man to the situation.<sup>25</sup>

This allows the person performing the task the latitude needed to examine the situation, to decide what needs to be done, and to do it. This would seem to be a form of self-direction for workers as well as managers. It is, or at least accomplishes, what other authors call delegation. She denies, however, the right to delegate authority on the grounds that it belongs to the person performing the function in the first place.

Koontz and O'Donnell think of delegation of authority as a more general form of direction than the issuance of orders. Authority is usually given to act in a large area of affairs; this is particularly useful where the results cannot be anticipated or the details well known in advance. They identify the difficulties of delegation for direction: making clear and exact assignments, making clear the extent of authority, determining how detailed the grant of authority should be, the assumption of implied authority, the rigidity of the concept of authority, adequate communication, and the degree of delegation to be granted. Dale does not discuss delegation, but does conclude that some of the best results are obtained by giving the employee control over the work he does; that is, he sets his own work pace and makes his own decisions.

Newman, Sumner, and Warren imply delegation by stressing the advantages of participation which they see as producing better decisions and strengthening the motivation of those who participate. They write: "As a general proposition, the higher the degree of

participation (that is, the more the initiative, the wider the scope, and the greater the influence of a subordinate) the stronger will be the resulting inclination to cooperate with the company plans."<sup>26</sup> This, to a large extent, is what is desired through the operation of the directing function.

### Motivation

The reasons for undertaking work are many and varied. Although some people perform tasks for the satisfaction they get from the act itself, the fact remains that most people have to be persuaded in one fashion or another to work. The performance of most jobs requires that the individuals doing them give up some of their time and physical or mental effort. Thus, there is normally present in a firm the problem of how to get people to pay the personal cost of achievement and do it voluntarily so they do not require constant supervision. This is the nature of the problem of motivation. The topics to be examined in this section are those of the nature of work, the contents and benefits of a sound system of motivation, discipline, and morale.

#### Nature of Work

All of the subject theorists devote some discussion to the topic of the nature of work, which is important in that it determines the manner of execution and degree of effectiveness of motivational efforts. From their writings, it can be concluded that they believe work is generally undesirable and an activity that would not be undertaken for its own sake. Wages, the traditional inducement, do not serve as a complete means of motivation; it is necessary to relate the motivation to the needs of the worker. The needs of workers that

can be appealed to are the desire to control their own economic life to some extent, the need to feel like partners in the activities, that is, to feel important to the firm. Doing this necessitates consideration of a number of specific needs and management actions.

With regard to the nature of work, Sheldon believed it all to be distasteful to the worker, and had this to say:

The individual worker, subjected on the one hand to toil which his fundamental instincts, feelings, and mentality reject as unsatisfying; operating under conditions involving fatigue, hardship, strain, lack of interest, or monotony; yet, on the other hand, outside industry, open to influences tending to develop responsibility, self-discipline, social intercourse, or moral rectitude, conscious of capacity, fired with ideals, or imbued with ambitions which industry fails to recognize or encourage--is no longer content to be merely disappointed with the order of things.<sup>27</sup>

In his opinion, forces outside the factory in addition to the nature of work, were creating pressures in the worker that made his work more undesirable still. Although work need not be undesirable, usually it is.

Koontz and O'Donnell believe motivation to be a necessary part of management needed to induce people to do what they are able and trained to do. Although all people have some motives, these must be supplemented by management because: "For the multitude, work is often drudgery. Most men are socially prodded in some way to stay on the job."<sup>28</sup> In the same vein, Dale thinks that the nature of work itself must be the focal point of motivation. He writes: "The man cannot control his work pace; he can use no judgment; and he is in no way challenged to improve his skill after he has learned a few simple motions."<sup>29</sup> To Dale, good motivation would seem to consist of offsetting these adverse aspects of the job.

That wages are inadequate as a sole means of motivation is supported by Sheldon who thought the incentive it offered diminished as wages rose. He wrote: "The wage incentive, in fact, whilst it remains the primary bond holding the component parts of industry together, may actually retard the progress of co-operation."<sup>30</sup> If men see no moral reason to work harder, then they will not work harder regardless of the wage. Dale supports this idea with the belief that the development of the human relations approach to dealing with employees coincided with many managers' belief that money was not the principal means of inducing higher work output or improving morale.

The more positive side of motivation is that it should be directed to the needs of the individual worker so that each can be satisfied in some way through the job. In relation to this side of motivation, Fayol discussed initiative: "Thinking out a plan and ensuring its success is one of the keenest satisfactions for an intelligent man to experience. It is also one of the most powerful stimulants of human endeavor."<sup>31</sup> This requires the freedom to propose and to execute; it augments zeal and energy at all levels of the organization. But there are limits to how far it can go: "Much tact and some integrity are required to inspire and maintain everyone's initiative, within the limits imposed, by respect for authority and for discipline."<sup>32</sup> It also requires that the manager sacrifice some personal vanity and grant the satisfaction to others.

Sheldon believed that man is gregarious and must be given the opportunity to satisfy his need to have some control over his economic life. In his opinion: "The forging of the other links

whereby industry is to be bound together would then be the task of management--for co-operation will come not by management sharing in the work, but rather by the workers sharing in the management."<sup>33</sup> Society has declared the worker a man, and industry must treat him as such. This is the new spirit of management on which all employee relations must be based.

Miss Follett believed motivation of employees was best achieved by use of the principle of integrative unity whereby joint responsibility would be developed allowing employees greater satisfaction. She stated: "When you have made your employees feel that they are in some sense partners in the business, they do not improve the quality of their work, save waste in time and material, because of the Golden Rule, but because their interests are the same as yours."<sup>34</sup> This is a situation where all workers are concerned with not just doing a job, but with doing what is necessary to attain the common objectives and, as such, are willing to share in the responsibility for doing so. It is not a diffusion of responsibility but a sharing of it.

Koontz and O'Donnell pointed out that motives, to have results, must be related to needs; it is thus essential to understand the needs of subordinates. Motivation can be supplied by providing or withholding satisfaction of the needs of employees. Needs change from the physical to the higher social needs as the former are more or less satisfied: "For employed men able to satisfy their basic needs, social needs, such as group membership, self-esteem, and--to some degree--self-development come to the fore, to be partially satisfied on the job."<sup>35</sup> Closely associated informal groups may be

organized to permit satisfying the gregarious needs of people. Techniques can be developed for promotion, provision of status symbols, and delegation of authority to satisfy the self-esteem and development needs of employees.

Dale believes workers like to be listened to, be consulted, participate in actions that affect them, and, in general, be treated like an integral part of a group. He writes: "Surveys of employee opinion also confirmed the fact that the absolute amount of the paycheck was less important to many than such things as job security, a feeling of belonging, being treated like an individual."<sup>36</sup>

Newman, Sumner, and Warren discuss the problem of obtaining voluntary cooperation and stress the fact that it requires competent management. Obtaining cooperation is a function of leadership: "We cannot do a poor job of organizing, planning, and controlling, and then expect leadership to pull us out of our troubles miraculously."<sup>37</sup> Also a good management structure is a prerequisite to cooperation. The major points of structure significant to employee feelings include: on-the-job satisfaction built into jobs, men well matched with jobs, clear organization, effective communications networks, sound objectives, workable policies, methods, procedures, and balanced control systems.<sup>38</sup> Voluntary cooperation is largely a relationship between subordinate and superior, and is determined on the basis of emotion:

Psychologists tell us that in most situations our emotions dominate our attention, memory, imagination, and energy, and that thinking typically plays a minor part. . . . the act of cooperation must be emotionally attractive.<sup>39</sup>

It becomes apparent that the behavior of the executive is important

for the development of cooperation. Guides he can follow for keeping his conduct consistent with cooperation include: friendliness and trust, support of subordinates, use of participation, consistency and fairness, emphasis on desired actions, avoidance of close supervision, following the law of the situation, prompt attention to grievances, and use of two-way communications.<sup>40</sup> A general premise is that as the manager helps satisfy a man's needs the worker will more willingly cooperate.

#### Contents and Benefits of a Sound System

None of the early writers wrote about motivational systems directly, but all wrote about various factors that are part of, or related to, what is commonly called motivation. All discussed the matter in different terms, but their attitudes seemed to be very similar. They favored participation by subordinates, acceptance of motives by them, and good personal communications.

Except for Dale, each of the theorists had his own view of the problem of motivation in so far as its accomplishment is concerned. Most of them discussed common aspects of motivational systems that tended to center around two-way personal communications which contribute to an understanding of objectives, empathetic listening, and the mutual acceptance of motives and objectives. These two sides of the matter would seem to be of concern to the manager for the purpose of developing both a knowledge and ability to work toward an objective, and to develop in addition a willingness to work toward it effectively.

On the matter of communications, Fayol thought that written communications can be abusive from the motivational point of view.

It is usually simpler and quicker to deal with matters verbally and on a face-to-face basis because a better understanding can be achieved through a more complete exchange of information. Newman, Summer and Warren also stressed this point. They thought that motivation is a rather personal thing and that two-way personal communications play a particularly important part; it is the way to transmit facts and feelings as well as to convey meaning to others and should stress empathetic listening to be really effective.

The development of cooperation is dependent, in Sheldon's view, on the adoption of mutually acceptable motives for the joint endeavors undertaken. He wrote: "Without some general motive, the appeal for cooperation in industry is a voice in the wilderness. The motive for cooperation must be accepted before cooperation can become effective."<sup>41</sup> Self-interest, which has been traditionally the major source of motivational drive among men, is necessary but not adequate. If management can stand for service to the general commonality of the world, the spirit of industry may be changed and with it its effect on the people involved. This should result in a high level of efficiency and cooperation by workers due to better motive acceptance.

Miss Follett, as a requisite to integrative unity, recognized the need to obtain participation, which in turn necessitates understanding the events that are taking place in the organization. Understanding rests on openness and explicitness on the part of the manager. A leader should encourage endeavor toward a goal, but encouragement toward a goal that is not understood and accepted is likely to be futile. He should emphasize that subordinates are working toward a common purpose, which is the result of the desires

of the group: "We want to arouse not the attitudes of obedience, but the attitudes of cooperation, and we cannot do that effectively unless we are working for a common purpose understood and defined as such."<sup>42</sup>

One of the characteristics of motivation discussed by Fayol was that of equity: "Desire for equity and equality of treatment are aspirations to be taken into account in dealing with employees."<sup>43</sup> He discussed stability of tenure of personnel, but only from the firm's point of view, not the individual's. Initiative should be developed in subordinates because its exercise is a stimulant of human endeavor. Another characteristic discussed was esprit de corps: "Harmony, union among the personnel of a concern, is great strength in that concern."<sup>44</sup>

Sheldon considered motivation part of what he called welfare work, which is concerned with the conditions surrounding the personnel at work. Getting the right people in the right job is an important start toward a proper motivation system. The manager should endeavor to determine the causes of labor turnover and to remedy it; a variety of problems ranging from home difficulties to fear of old age and relations between workers can be the cause. Stimulation of interest in work is the most difficult task of welfare work, but it is equally as important as any other phase of it. Cooperation of workers is necessary to successful welfare work:

To seek to establish welfare without cooperation is to follow a path which will soon be strewn with the debris of schemes that have failed. The stimulus of welfare must be corporate, springing from a common conviction that factory life must be conducted upon a plan fitted for men to whom life may afford prospects nobler than the satisfaction of material needs.<sup>45</sup>

Koontz and O'Donnell feel that good motivation adds certain inducements to the subordinate's personal and environmental reasons for cooperation. In their opinion: "There cannot be a single source of motivation: a system of motivation is required--a coordinated set of inducements, positive and negative, available for selective application to elicit the best effort of individual managers."<sup>46</sup> It should be based on sociological principles, the practices of enterprise, and the ends of man as commonly conceived; also, it should satisfy the more common needs--basic, social, and ego--and be flexible enough to respond to individual reactions. The characteristics that a system should include are: productivity, competitiveness, comprehensiveness, and flexibility.<sup>47</sup> A good system should also offer subordinates opportunities to grow in both stature and responsibility.

Newman, Sumner and Warren observe that: "Securing voluntary cooperation . . . rests on a merging of personally satisfying experiences with the relationships arising out of tough and demanding productive activity."<sup>48</sup> This necessitates a wisely designed management structure and effective leadership as general conditions within which to operate, in addition to effective two-way communications with emphasis on listening.

#### Discipline and Morale

Not all of the authors wrote on the subject of discipline, but those that did described it as being the observation by workers of the various standing agreements between the firm and the employees. A defect in discipline is the result of poor leadership on the part of managers which results in a subordinate disregarding an agreement (rule). The theorists discussing the subject emphasize that sanctions

relating to discipline should be dispensed for failure to meet or comply with previously established rules, and that lack of discipline is a leadership fault. They also agree that rules should be clear and fair so that employees know what they are and desire to abide by them. Koontz and O'Donnell, as do Fayol, Newman, Summer and Warren, stress that discipline is for the purpose of improvement of future behavior of subordinates.

. Discipline was recognized by Fayol as a general principle of management. He thought of it as an honoring of agreements: "Discipline is in essence obedience, application, energy, behavior, and outward marks of respect observed in accordance with the standing agreements between the firm and its employees . . . ."49 Although they do not state the point as strongly, Newman, Summer and Warren assume that certain kinds of behavior are necessary for the effective functioning of an enterprise. A business can operate because most employees meet or exceed the basic requirements most of the time. Discipline, however, is necessary in those cases where the employee does not meet the basic requirements as they are understood.

In Fayol's view, defects of leadership are largely responsible for discipline problems. When a defect in discipline appears, or when superior-subordinate relations leave much to be desired, it is likely the result of ineptitude of the leaders; workers are usually obedient and loyal when ably led. Newman, Summer and Warren also thought that many minor transgressions can be corrected by positive incentives and leadership, making major violations and requiring discipline less likely to occur. Koontz and O'Donnell think that the quality of discipline depends on faith, which is the

result of the understanding of a common purpose, and on leadership. Employees not only expect discipline, they expect inferior managers to be replaced by higher management.

An additional feature of discipline that Fayol acknowledged was that it is necessary for agreements to be clear and to afford satisfaction on both sides as far as possible. "The well-being of the concern does not permit, in cases of offence against discipline, of the neglect of certain sanctions capable of preventing or minimizing their recurrence."<sup>50</sup> Experience and tact are needed by the manager for the proper choice and degree of sanctions to be used. The best ways to establish and maintain discipline are: "1. Good superiors at all levels. 2. Agreements as clear and fair as possible. 3. Sanctions (penalties) judiciously applied."<sup>51</sup> Koontz and O'Donnell also think discipline should contribute to improving subordinate behavior, and this requires a knowledge of both rules and sanctions. They write:

Subordinates need to know what behavior is expected of them and what quality and quantity of output . . . . They also need to know the negative motivations which will be applied and under exactly what circumstances each will be used.<sup>52</sup>

Newman, Summer and Warren admit that major violations require discipline; however, the penalties dealt out do not produce directly the desired behavior. As they see it,

The purpose of disciplinary action is solely to improve future behavior--the future behavior, it is hoped, of the man being disciplined, and even more importantly, the future behavior of other people in the enterprise.<sup>53</sup>

One of the guides for discipline is that prompt, objective attention should be given digressions from standards while the facts and feelings are fresh in mind. A qualification to this is justifiable in two

situations: when anger or an emotional upset requires time to cool off and when time is needed to get the full story. Another guide is that a forewarning of rules and penalties should be given. Consistent and fair application of rules is another guide, although the questions of intent, provocation, inexperience, etc., may arise. Newman, Summer and Warren state that: "When handled in a way that is generally regarded as fair, adjusting discipline to individual circumstances actually can improve the effect that it has on future behavior."<sup>54</sup>

Morale as a factor in motivation is discussed only by Koontz and O'Donnell. They see morale as a spiritual quality that reflects zeal and confidence, and is a matter of continual concern and discussion. In their opinion: "Morale will tend to exist when people see their personal needs and goals satisfied by their enterprise environment."<sup>55</sup> Research has not proved a high correlation between good morale and productivity, but this has usually been undertaken with morale defined as job satisfaction. They write:

People perform with confidence if properly trained and informed and with zeal if properly led. In this sense, there is evidence from the long experience of many managers that morale does materially influence productivity.<sup>56</sup>

### Summary

This chapter has been concerned with the managerial function of directing, its nature and its major characteristics. One of the outstanding aspects of directing is that it revolves around the personal relationship of the superior and subordinate, and is influenced greatly by the status of this relationship. The presence of authority is one of the major characteristics determining the nature of this relationship, and is accompanied by the need to

cooperate and share responsibilities. Other factors of the relationship include: a sense of responsibility for the welfare of the group, leadership, fellowship, development of human attributes, custom, and role.

Issuing orders is a part of the communications needed to carry out directing effectively. It is necessary that orders be recognized as official and legitimate; unity of command is best for the accomplishment of this. In addition, orders should be enforceable, or they should not be given. Delegation is also a useful method of direction. It is a good way to obtain the best possible degree of worker cooperation by allowing workers to make decisions within their area of activity. The best results are obtainable by this method in areas where results cannot be seen in advance.

Motivation is also a major factor in the function of directing and must consider the nature of work, the contents and benefits of a sound system, discipline, and morale. Here the most important aspect of the nature of work is that it is usually undesirable; wages are not a completely adequate method of inducing effort from workers. Appealing to the needs of workers is the best approach to motivation. They have needs to control their own economic life to some extent and must feel like partners in the firm's endeavors. There tends to be a variety of views about the content of a motivation system, but most theorists include two-way communications, empathetic listening, and mutual acceptance of motives and objectives. Discipline is the observance and enforcement of standing agreements; a defect in it results from a poor quality of leadership. The object of discipline is to attempt improvement of future behavior by employees in regard to agreements.

From the foregoing findings it can be concluded that the early theorists were generally concerned with most of the aspects of direction, but they treated lightly or ignored the subjects of delegation for direction, discipline, and morale. There is in this area of directing considerable agreement between the early and the contemporary writers on most points of comparison. The area of motivational systems seems to be the one of least agreement, but there does not exist what could be called marked disagreement. The discrepancies are largely what would be expected as a result of new findings in the field of human behavior and response to motivational efforts.

Notes

<sup>1</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 471.

<sup>2</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 97.

<sup>3</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 454.

<sup>4</sup>Ibid., p. 455.

<sup>5</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 242.

<sup>6</sup>Ibid., p. 243.

<sup>7</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 147.

<sup>8</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 75.

<sup>9</sup>Ibid., p. 32.

<sup>10</sup>Koontz and O'Donnell, op. cit., p. 473.

<sup>11</sup>Fayol, op. cit., p. 38.

<sup>12</sup>Ibid., p. 97.

<sup>13</sup>Sheldon, op. cit., p. 82.

<sup>14</sup>Newman, Summer, and Warren, op. cit., p. 175.

<sup>15</sup>Fayol, op. cit., p. 24.

<sup>16</sup>Ibid., p. 24.

<sup>17</sup>Newman, Summer, and Warren, op. cit., p. 632.

<sup>18</sup>Metcalf and Urwick, op. cit., p. 51.

<sup>19</sup>Ibid., p. 52.

<sup>20</sup>Ibid., p. 58.

- 21 Ibid., p. 66.
- 22 Koontz and O'Donnell, op. cit., p. 478.
- 23 Newman, Summer, and Warren, op. cit., p. 630.
- 24 Metcalf and Urwick, op. cit., p. 146.
- 25 Ibid., p. 148.
- 26 Newman, Summer, and Warren, op. cit., p. 602.
- 27 Sheldon, op. cit., p. 87.
- 28 Koontz and O'Donnell, op. cit., p. 486.
- 29 Dale, op. cit., p. 473.
- 30 Sheldon, op. cit., p. 197.
- 31 Fayol, op. cit., p. 39.
- 32 Ibid., p. 39.
- 33 Sheldon, op. cit., p. 197.
- 34 Metcalf and Urwick, op. cit., p. 82.
- 35 Koontz and O'Donnell, op. cit., p. 488.
- 36 Dale, op. cit., p. 465.
- 37 Newman, Summer, and Warren, op. cit., p. 597.
- 38 Ibid., p. 597.
- 39 Ibid., p. 595.
- 40 Ibid., p. 599.
- 41 Sheldon, op. cit., p. 194.
- 42 Metcalf and Urwick, op. cit., p. 262.
- 43 Fayol, op. cit., p. 38.
- 44 Ibid., p. 40.
- 45 Sheldon, op. cit., p. 177.
- 46 Koontz and O'Donnell, op. cit., p. 492.
- 47 Ibid., p. 496.

<sup>48</sup>Newman, Summer, and Warren, op. cit., p. 608.

<sup>49</sup>Fayol, op. cit., p. 22.

<sup>50</sup>Ibid., p. 23.

<sup>51</sup>Ibid., p. 24.

<sup>52</sup>Koontz and O'Donnell, op. cit., p. 500.

<sup>53</sup>Newman, Summer, and Warren, op. cit., p. 638.

<sup>54</sup>Ibid., p. 640.

<sup>55</sup>Koontz and O'Donnell, op. cit., p. 502.

<sup>56</sup>Ibid., p. 503.

## CHAPTER VIII - DIRECTING (CONTINUED)

### Communications

In a cooperative endeavor where people are working toward the same objectives, there is a great need for these people to have a knowledge of the conditions within which all are working. Extensive communications are needed in an organization because of the extent to which common knowledge is needed and must be transferred within the group. The situation is complicated by the fact that so much of this needed knowledge is initially possessed or discovered by one or a few people, a condition necessitating its transmittal to all others in the group who have need of it. Communication, as a process, is both essential and pervasive to all the other management functions, but it plays its largest role in the direction function.

### Efficiencies

Only Fayol, of the early theorists, recognized the fact that efforts must be made to improve communications. All of the contemporary theorists, however, prescribed methods of improving the efficiency of communications. Two important factors that must be considered for this purpose were first, a need to communicate verbally whenever possible so that informality can be established, and, second, enabling the communicator to ask questions so opinions may be assessed. Additional factors in overcoming communications barriers include consideration of the conditions of reception, the integrity of the organization and the communicator, and the necessity of two-way

communications. Fayol was most concerned with the effectiveness of communications from the supervisor to the subordinate. The others stressed two-way communication as well as the consideration of various factors in or about the receiver of a message. This was necessary to make him more receptive to the message by circumventing barriers that are apt to exist in his situation.

Fayol thought managers should rely more on verbal and less on written communications:

In dealing with a business matter or giving an order which requires explanation to complete it, usually it is simpler and quicker to do so verbally than in writing. Thence it follows that, wherever possible, contacts should be verbal; there is a gain in speed, clarity and harmony.<sup>1</sup>

He also suggested the use of a "gang plank," that is, allowing managers at the same level but in different departments to deal directly with each other in handling communications problems. This device is used to improve decisions that require horizontal communication of special information.

Koontz and O'Donnell believe good communications can be established by giving attention to four critical areas: ". . . message quality, conditions of reception, maintenance of integrity of organized effort, and taking advantage of information organization."<sup>2</sup> They think efficient communications are obtained by following four basic principles. The first of these is the principle of clarity. Communicate in commonly understood language. Next is the principle of attention. Give full attention to receiving communications; no message is complete unless it is understood. The third principle is that of integrity. Communications must support the organizational objectives and support the position of the subordinate managers as well. Last is

the principle of strategic use of informal organization. The informal organization can be used constructively as a means of transmitting information. For the proper implementation of these principles, consideration should be given to such factors as what to communicate, how it is to be done, by what media, and proper utilization of horizontal communications.

Dale considers it necessary to be sure that subordinates understand what the supervisor wants them to do. It is also necessary that they talk freely to him or he will be ignorant of some things and miss good ideas that should be utilized. He also related communications to motivation:

The theory behind current interest in communications is:  
 (1) Employees as well as management can prosper only if the company itself prospers. (2) If employees understood this, they would want to produce more.<sup>3</sup>

A feeling of participation and job interest are also encouraged by communications. Because of this, ". . . managers are cautioned to tell subordinates about changes in advance, to ask their opinions on various questions, to encourage suggestions, and to talk to them informally whenever possible."<sup>4</sup>

Newman, Summer and Warren put emphasis on two-way communications to effect a mutual exchange of ideas and feelings, and, in addition, stress the use of empathetic listening and the imparting of facts. By getting a subordinate to talk freely about his ideas and feelings, "The executive is simply trying to gain an insight into what is 'on the other fellow's mind' from the otherman's point of view."<sup>5</sup> The essential requirements for effective listening are time, respect for individuality, and personal discipline on the part of the executive. In the

transmission of information, there are certain conditions which should be considered, one of which is to view the world of the receiver as it is seen by him. Other considerations include: the use of words in the sense the receiver will take them, repetition, open face-to-face interchange of thoughts, time to get used to the idea, and behavior of the executive. Newman, Summer and Warren believe that for a system to be effective it needs feedback for confirmation purposes. Observation of behavior and study of reports and results help on this score, as does the listening that accompanies good leadership relations.

### Barriers

Those theorists who wrote about the barriers to effective communications pointed out a number of mechanical and psychological problems that could be present and deter efforts of communications. The factors that exert an influence which were most commonly identified include the viewpoint of the participants, the accuracy and adequacy of expressions, interpretations, and inadequate attention. The early theorists, Fayol and Miss Follett, were concerned with the need to communicate while the current authors are more concerned with reasons for the failure of communications. The theorists did not identify the same barriers in the same language, but many were the same or similar in their effect, and all had in common the retardation of the transference of an idea between people. Newman, Summer and Warren were the only ones to stress the need to transmit the feeling that accompanies the idea.

Fayol pointed out that one of the facts to be observed in a well-coordinated enterprise is that, "In each department divisions and subdivisions are precisely informed as to the share they must take in the communal task and the reciprocal aid they are to afford one

another."<sup>6</sup> He thought many managers relied too heavily on written communications putting additional distance between the communicating parties and hampering effective transmission of ideas because, ". . . it is known that differences and misunderstandings which a conversation could clear up, grow more bitter in writing."<sup>7</sup> Written communications also have the effect of creating animosity between departments and employees.

Miss Follett suggested that employee representation plans serve as a double-tract channel of communications. On this she wrote: "The managers have not known, and have had no way of knowing, enough of the desires, conditions, aspirations of the workers, and the workers have known very little, if anything, either of the purposes of the company or of its problems."<sup>8</sup> She believed that some way certainly needs to be provided whereby each party can get the view-point of the other.

Koontz and O'Donnell stress the point that communications must be understandable to the receiver: "In the broadest sense, the purpose of communications in enterprise is to effect change, to influence action."<sup>9</sup> Transmission of the appropriate information to subordinates makes it possible for them to achieve their best accomplishments. Koontz and O'Donnell think that there is no such thing as perfect communications, but that it can be improved if existing barriers are recognized. From among the many varieties possible, they identify the following: badly expressed messages, faulty translations, loss by transmission, poor retention, inattention, unclarified assumptions, insufficient adjustment periods, distrust, premature evaluation, fear, and failure to attempt to communicate.<sup>10</sup> All of these may be significant in preventing effective communications efforts.

Newman, Summer and Warren think communications should not only convey facts but should include the transmission of feelings as well. A message may convey inferred intentions, or motives may be read into words by the receiver of a message. They believe that "full communication occurs only when one person receives both the same intellectual message and the same emotion that the other person sent and felt."<sup>11</sup> It is not necessary that the receiver agree with the emotion transmitted, but he should understand it. This difference in personal view-points is one of the things that makes communication difficult. This is often reinforced by other obstacles to clear understanding which include: semantic difficulties, organizational distance, perfunctory attention, inferred meanings, time pressures, tendency to shun disagreeable facts, and lack of consideration of the source.<sup>12</sup>

### Leadership

Leadership, another method of direction, is usually described as the ability and practice of obtaining voluntary cooperation of people in helping to carry out group activities. A manager, through a number of devices, has the power to compel subordinate compliance to his directions. It is usually believed preferable to have people follow voluntarily through an attempt to satisfy personal goals than to drive them by threats of punishment. An examination will be made next of the attitudes and techniques of leadership.

### Attitudes

The purpose of leadership, as the writers see it, is to build unity and energize the subordinates so as to build a cohesive, efficient group. It is effected by the personality and status of the leader who

needs the personal qualities of empathy, objectivity, and self-knowledge. When being worked with, there is a reaction by the group that has its influence on the leader himself. There was not a great deal of specific agreement among the early theorists in their attitudes toward leadership. Fayol stressed unity and equity; Sheldon, keeping informed and providing incentives; and Miss Follett, energizing the group and organizing the group experience. Good relations with subordinates is the major factor they have in common with the current theorists. Attainment of good relations is important whether it be through satisfaction of subordinates, empathy, or employment of personality. Another common factor is that of providing motivation or the incentive to work and cooperate.

The current theorists believe certain personal characteristics are helpful but that none of these is absolutely necessary. Koontz and O'Donnell, in contrast to Miss Follett, thought leadership could not be taught. Dale thought leadership was, to a large extent, the result of the problems and people involved in the situation. Newman, Summer and Warren believed it necessary to understand feelings and problems of subordinates and that reliance on power is a mistake.

On the matter of unity, Fayol thought that one attitude is needed by a leader, that of building unity which is the basis of esprit de corps. He wrote:

There is no merit in sowing dissension among subordinates; any beginner can do it. On the contrary, real talent is needed to co-ordinate effort, encourage keenness, use each man's abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations.<sup>13</sup>

Unity is seen to take the form of coordination by Newman, Summer and Warren. They are of the opinion that two-way communications or

relationship are the best method of unity attainment. They write:

A manager 'leads,' . . . by personally and actively working with his subordinates in order (a) to guide and motivate their behavior to fit the plans and jobs that have been established, and (b) to understand the feelings of his subordinates and the problems they face as they translate plans into completed action.<sup>14</sup>

The subordinates thus have an impact on the leader; he learns from them about problems that cause him to modify his future behavior. Miss Follett also recognized that the leader is influenced by the group. It is necessary that the leader energize his group and encourage initiative. That she acknowledged unity building as a leadership responsibility is revealed in her concept of power, which she saw as changing from the traditional view to that of the combined capacities of the group.

Sheldon thought group energizing to be a necessary function of the foremen but less important to the manager at the higher levels of organization. The difference between these levels is that the foremen are already interested in their work, and leadership is needed to direct that interest. With workers the task is largely one of stimulating the interest that is needed for the best performance of the work.

Personality and status reinforce the leadership ability of the manager. Koontz and O'Donnell think that, while interpersonal relationships are the basis of leadership, leadership can be improved if the leader possesses certain attitudes. These attitudes include empathy, objectivity, and self-knowledge. They are necessary because empathy makes possible an appreciation of the subordinate's emotional position and its causes while objectivity enables unemotional observance of events, and self-knowledge enables a leader to know why he does things

and how the things he does affect others. Dale also acknowledges that both the personality and status of the individual serve to reinforce leadership ability. In addition, Newman, Summer and Warren think personal relations play a key part in managerial leadership because the manager deals with the interactions of personalities. They observe:

To improve our ability to lead, then, we have to be highly perceptive about the people involved in a specific situation. Even such an awareness, however, requires a set of attitudes that often need cultivating: empathy, self-awareness, and objectivity.<sup>15</sup>

They view leading as a never-ending, dynamic and personal process. It is important for the manager to realize that almost every action he takes has an effect on subordinates and conveys some meaning to them. His actions may also modify the formal organizational structure as well as help shape the social system that operates within it.

Among the additional attitudes that were discussed by the theorists is Fayol's idea that the establishment of a sense of equity within the business is necessary for the development of good relations. Discipline is another factor associated with leadership; it is lack of leadership that is often to blame for poor discipline: ". . . I have always found French workmen obedient and loyal provided they are ably led."<sup>16</sup> The development of initiative requires much tact and integrity, but this necessitates that the manager sacrifice some personal vanity in order to grant satisfaction to his subordinates.

Sheldon viewed leadership as working with employees that differ in terms of capacity, needs, desires, enthusiasm, etc. Dealing with these,

. . . is primarily the task of that leadership which is sympathetic, yet strong; conscious of its responsibility to the worker, yet not humanly frail, inspired by high motives,

yet not blind to everyday weaknesses; working towards an ideal, yet profoundly aware of the gulf between the actual and that ideal.<sup>17</sup>

Without such leadership, science and organization are of no avail.

Miss Follett saw an influence on leadership resulting from the trend to move away from checks and balances toward a state of greater multiple leadership and combined judgment. Still other changes in attitude involve the manager's right to veto actions and his need to make quick decisions. Leadership itself is viewed more and more as something constructive rather than just an ability for fighting or defense. To Miss Follett, many personal qualities enter into leadership, but it is not necessary that leaders be born ready to take charge of a group. Leaders can be made:

When I say that I believe that leadership can be studied, I mean that it is part of the study of organization and management. The leader must learn his place in the organization, his relation to all the other parts.<sup>18</sup>

On the other hand, Koontz and O'Donnell believe that leadership is a dynamic personal process and that "[t]he implication that leadership ability can be taught is still open to question."<sup>19</sup> Koontz and O'Donnell see two complex reasons for the need of leadership. One is that no one but the supervisor has the authority to guide group activity. The other is that people need to be reminded of group goals, the presence of a supervisor as security, and his long range view to overcome boredom and lack of vision. In addition to personal qualities, they believe that the environment has a bearing on the quality of leadership. A period of adversity, for example, may cause human relations and supervision to improve.

Although Dale acknowledges the fact that both the personality and status of the individual reinforced leadership ability, he also recognizes other factors. He wrote:

Leaving aside such factors as status (official position) and esteem because of past achievements (e.g., generals who become presidents), it is often said that the leadership mainly depends on the problems involved in the situation and the character of the group that makes up the potential followers.<sup>20</sup>

Competence in the task at hand seems to be necessary, and confidence could also be considered a trait, but it can evaporate quickly if the situation changes. Voice, appearance, and manner also have a bearing, but they are most important in making the initial choice of a leader. Very little seems to be necessary: "About the only leadership traits that have survived investigation are intelligence and confidence, and neither of these is an absolute."<sup>21</sup> Too much intelligence separates the leader from the followers, and effective direction becomes impossible.

Newman, Summer and Warren observe a significant difference between the formal and informal leaders of a group. They state:

Research on the behavior of small groups indicates 1) that those persons who emerge as informal leaders are perceived by other group members as being the best able to satisfy the group's needs, and 2) that the leaders are therefore enabled to influence the actions of other members.<sup>22</sup>

With the appointed leader authority is assigned which can be used to increase or decrease satisfaction of subordinates, and, in addition, he has a responsibility to the enterprise for achieving results that were not selected by the group. Heavy reliance on power is not effective for the leader, he must develop ease and warmth of relations similar to that of the informal leader.

#### Techniques

This phase of the examination of leadership is concerned with the

facets of developing and employing leadership. The most important areas of activities identified by the theorists were those related to efforts to achieve unity of the group and the release of energy and those related to training subordinates. Additional aspects of concern to development of leadership included: development of knowledge of the personnel of the group, encouragement of both natural and developed personal abilities, and regular communications. In this area of study, as in the case of attitudes of leadership, the theorists noted a wide variety of different features. In some instance only one of the writers discussed a feature--a reasonable expectation given the intangible and nebulous character of leadership.

The techniques of leadership that were commonly emphasized among the early theorists were those of coordination, knowledge of job, informing subordinates, and anticipation of events and problems. Fayol stressed good example and knowledge of subordinates; Sheldon, appreciation of subordinates and good organization; and Miss Follett, standard practices, sincerity, and orders that are integral to the situation. With the exception of Dale, the current theorists stress good organization, good personal relations with subordinates, and development of confidence and cooperation. Koontz and O'Donnell are, in addition, concerned with the leader's ability to implement change while Newman, Summer and Warren are concerned with the use of power and its integration with positive leadership.

Fayol believed that the manager should aim at making unity, energy, initiative, and loyalty prevail among personnel. There are many devices which aid in accomplishing these objectives, "But it must not be forgotten that the best instrument does not dispense with the

player who uses it."<sup>23</sup> The qualities in subordinates that the leader needs to foster can only be attained by continually considering the subordinate and his position relative to problems and decisions. Miss Follett also stressed unity and energy as objectives of leadership. She wrote:

I have given co-ordination, definition of purpose, and anticipation as three of the functions of the chief executive, and I have said these are the functions of the leader wherever found, whether in the president's chair or down the line.<sup>24</sup>

The leader's efforts must be directed toward these objectives; he serves to both release and unite energies, and carries out and further creates purposes. Personal qualities play a large part in this, but Miss Follett was of the opinion that ascendancy traits do not always indicate leadership ability and often militate directly against it. In addition, Newman, Summer and Warren believe that a large part of the leader's effort is directed at the development of voluntary cooperation and is part of the larger attempt to create unity of the group and its efforts.

Miss Follett saw standard practices being used in place of orders because they arise out of the work situation and subordinates contribute to them. They are simply the best ways of doing things and are made the official method until a better way is found. Under such circumstances, the foreman is in a better position of leadership and can do more toward group accomplishments than if he were directing repetitive activities. Although the foreman deals with trouble, his best effort is in forestalling it. Training subordinates was, in Miss Follett's opinion, one of the better ways of doing this:

The test of a foreman now is not how good he is at bossing, but how little bossing he has to do because of the training of his

men and the organization of their work . . . a leader not ordering his men, but serving his men.<sup>25</sup>

Sheldon thought that higher managers can, by means of leadership, direct the interests of foremen into profitable channels, and that the best method for doing this is to hold regular conferences. Leadership is aided by good organization and by open disclosure of those facts which affect the foreman's work. Knowledge of what is to be done and how it is to be done is crucial in a subordinate: "It is a maxim of leadership that a leader must have a clearly defined job and be left to do it."<sup>26</sup>

Koontz and O'Donnell acknowledge a need to train subordinates in order to facilitate leadership. Because every word and action of a manager is watched closely and interpreted by subordinates, a leader should, as a technique, build confidence in his subordinates. This depends on the subordinates' knowledge and sense of security. Zeal building is another technique and can be accomplished by inspiring subordinates and by strengthening of personal qualities of the leader.

Fayol called one feature of command the manager's good example: "Some leaders get obedience, energy, zeal, and even loyalty without apparent effort; others never succeed at it. One of the most effective methods of training is example."<sup>27</sup> A good example is contagious, but so is a bad one. A thorough knowledge of personnel is desirable because it enables the manager to know what he can expect of his subordinates and what degree of confidence to place in them. Knowledge of agreements between the business and employees is needed to overcome many human weaknesses and to protect both the business and the workers--each is open to a number of assaults. Fayol wrote:

The most dreaded from among these assaults are those deriving from the head himself, when he is forgetting that the interest of the concern as a whole should be the sole criterion of his conduct and that he should studiously avoid anything savouring of favouritism involving family, fellow-workers, or friends.<sup>28</sup>

Sheldon thought that:

Leaders of men come to light as a result of a combination of natural ability and the subsequent development of that ability. The 'born leader' has normally contributed more than native genius to his own success.<sup>29</sup>

The leadership gift must also be developed in the sphere in which it is to be exercised. Technical skill is not enough for the leader, although a minimum knowledge is required. The prime capacity requisite in the foreman is initiative, or enterprise, which is the ability to get things done. Next is the need for broad mindedness, the capacity to work with people and understand human nature. It is then necessary to have a knowledge of administrative techniques, economics, scientific methods, organization, labor management and the like. Last is the need of a practical technical ability such as either manual dexterity or specialized trade knowledge.

Miss Follett thought it erroneous to expect blind obedience. A leader is the man who can show that the order is integral to the situation and, thus, a desirable thing for the follower to do. She wrote:

The leader gets an order followed first, because men do really want to do things in the right way and he can show them that way, and secondly, because he too is obeying. Sincerity more than aggressiveness is a quality of leadership.<sup>30</sup>

Men are able to lead when they know the techniques of the job, but seeing the whole of the situation is also necessary. Most important, however, is insight into what should be there but is not and what the situation needs in the future in order to develop properly. The leader

should not dominate or arbitrate, but integrate. One of the greatest aids to leadership consists of uniting one's followers in a common purpose by making others, or allowing them to, participate in the leadership.

Koontz and O'Donnell feel that the informal organization should be used by the leader to aid in the satisfaction of subordinates' needs and to reinforce his position as leader. They state: "The existence, variety, and virility of informal organizations lead to the conclusion that they satisfy human needs in a way that formal organizations do not."<sup>31</sup> Managers are continually concerned with change and the need to overcome resistance to it. Means of implementing change is thus an area of some importance to the leader and usually centers around both allaying fears and satisfying needs. They comment on this point: "The available techniques here are communications and timing."<sup>32</sup>

According to Newman, Summer and Warren, effective development of voluntary cooperation requires of the executive certain personal qualities (empathy, self-assurance, and objectivity) and a favorable organizational structure, plus properly developed man-to-man relations. They present a series of guides for executive behavior consisting of the following: friendliness and trust, support of subordinates, use of participation, consistency and fairness, emphasis on desired actions, use of law of the situation, minimization of supervision, prompt attention to grievances, and two-way communications.<sup>33</sup> The actions of a leader need to be fitted to the individual subordinate and his needs. Although leadership should be positive, it is not possible to eliminate entirely the use of power. Some broad guides that can help alleviate this lack of harmony are:

First, a leader should not flaunt his power. Second, a manager should try to use his power impersonally. Third, a manager should employ power in a way that contributes to building a desirable pattern of behavior.<sup>34</sup>

### Summary

The aspects of directing that have appeared in this chapter are those of communications and leadership. In the area of communications, the theorists discussed a number of barriers that can serve to block or limit the effectiveness of communications efforts. The most common of these barriers are: the viewpoint of the participants, the accuracy and adequacy of expressions, interpretations, and inadequate attention.

Fayol was the only early theorist to make comments on communications efficiencies. The efficiencies that Fayol and the contemporary theorists considered most important were the need to communicate verbally, to establish informality and make possible an exchange of opinions through questioning. Added factors that are helpful include consideration of conditions of reception, the integrity of the organization, the communicator, and the necessity of two-way communications.

Leadership, another important aspect of direction, is examined in view of the attitudes associated with it and the techniques that can be employed to make it more effective. The theorists discussed a rather large number of attitudes of leadership without a great deal of overlapping. The purpose of leadership appears to be to create unity and to energize the subordinates in order to build a cohesive and efficient group. The personality and status of the leader affect the quality of leadership; the leader should possess characteristics of empathy, objectivity, and self-knowledge. Not only does the leader affect the group, but he, in turn, is affected by the group. Techniques of

leadership include those identified with the areas of achieving unity and releasing energy, and those directed at training subordinates. Additional techniques are concerned with knowledge of the personnel, encouragement of both natural and developed personal abilities, and regular communications.

Some conclusions that can be made from the material in this chapter include the fact that, basically, there is a great deal of similarity between the early and contemporary theorists about communications and leadership. A greater degree of similarity appears in the ideas of communications rather than those of leadership which includes a host of intangible, personal factors and tends to be more nebulous and diverse by nature. The early theorists tended not to cover the topics as thoroughly as the contemporary although they seemed, in most cases, to think problems of direction were important and put considerable emphasis on them. Apart from the expected differences resulting from individual viewpoints, the early theorists tend to be more problem-oriented whereas the contemporary theorists tend to be more method-oriented. All, however, recognize the problems and the absolute necessity of the manager to take some action to solve them if the organization is to function with any degree of efficiency.

Notes

<sup>1</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 40.

<sup>2</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Co., 1964), p. 509.

<sup>3</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 466.

<sup>4</sup>Ibid., p. 622.

<sup>5</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 617.

<sup>6</sup>Fayol, op. cit., p. 104.

<sup>7</sup>Ibid., p. 40.

<sup>8</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 170.

<sup>9</sup>Koontz and O'Donnell, op. cit., p. 505.

<sup>10</sup>Ibid., p. 506.

<sup>11</sup>Newman, Summer, and Warren, op. cit., p. 612.

<sup>12</sup>Ibid., p. 614.

<sup>13</sup>Fayol, op. cit., p. 40.

<sup>14</sup>Newman, Summer, and Warren, op. cit., p. 573.

<sup>15</sup>Ibid., p. 586.

<sup>16</sup>Fayol, op. cit., p. 23.

<sup>17</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 83.

<sup>18</sup>Metcalf and Urwick, op. cit., p. 260.

<sup>19</sup>Koontz and O'Donnell, op. cit., p. 518.

<sup>20</sup>Dale, op. cit., p. 461.

<sup>21</sup>Ibid., p. 464.

- <sup>22</sup>Newman, Summer, and Warren, op. cit., p. 578.
- <sup>23</sup>Fayol, op. cit., p. 103.
- <sup>24</sup>Metcalf and Urwick, op. cit., p. 266.
- <sup>25</sup>Ibid., p. 274.
- <sup>26</sup>Sheldon, op. cit., p. 244.
- <sup>27</sup>Fayol, op. cit., p. 100.
- <sup>28</sup>Ibid., p. 99.
- <sup>29</sup>Sheldon, op. cit., p. 268.
- <sup>30</sup>Metcalf and Urwick, op. cit., p. 276.
- <sup>31</sup>Koontz and O'Donnell, op. cit., p. 523.
- <sup>32</sup>Ibid., p. 525.
- <sup>33</sup>Newman, Summer, and Warren, op. cit., p. 599.
- <sup>34</sup>Ibid., p. 642.

## CHAPTER IX - CONTROL

The last function in the management process sequence is that of control. Having performed the other functions, it finally becomes necessary for the manager to take some action for the purpose of determining the effectiveness of his prior acts. Effectiveness in this context is naturally associated with both the attainment of predetermined objectives and the amount and nature of activity involved. Control, then, fundamentally involves the measurement of work done, comparison of it against standards of quantity or quality, and the correction of deviations from standards and plans in order to assure the attainment of objectives. The methods and techniques of the control process, performance control, and management quality control are the areas to be examined in this chapter.

### The Process of Control

Presumably, most aspects of a business need some type of control, but which parts of it are more important, which are crucial? Some types of controls would seem to meet different needs better than others, but there may be elements of similarity in them. Effective control may be a matter of adapting a basic control process to serve special needs. What must a control process do, what must it contain, where should it be employed? The extent and operation of control systems is examined in this section.

### Basic Control Process

Because of similar circumstances in their operations, the purpose and general application of control systems appear to have a number of common characteristics. All of the theorists discuss the problem of control and the methods of its attainment. A major consideration is that the system of control must be applied to everything in the business if it is to be effective. Another feature of a control system is that it should possess the ability to verify the degree of conformity of events with what has been planned making it possible to correct existing deviations. In addition, it should point out the errors that have occurred and the weaknesses that have developed during the course of events. A few of the theorists also believe that control systems are all basically similar, with adjustments and adaptations being made in order to fit the system to serve various purposes.

The views taken by the theorists on the matter of control seem to be pretty much the same in-so-far as the purpose of the function is concerned. Fayol thought the control process exists to point out weakness and error and to guard against surprises as far as possible. Sheldon thought they are largely to eliminate waste, and Miss Follett believed they should be based on, and lend to, an understanding of the whole organization. The modern writers regard the control process as consisting of three steps--establishment of standards, measurement, and correction. Koontz and O'Donnell stress the forward looking aspect of control, while Dale places emphasis on the need of the controller to maintain a balance within the organization.

Fayol saw control as operating on things, people, and actions. The nature of control is such that it affects everything within the

framework of an undertaking: ". . . control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established."<sup>1</sup> Complete application to the firm for verification of results was thus the objective of controls as Fayol perceived them. Sheldon, too, held this view and described control as a means of waste elimination. He described efforts at waste elimination as a form of guerilla warfare; it should go on continuously and everywhere. Miss Follett thought it necessary to at least base control on an understanding of the whole organization. She wrote: "The aim of organization engineering is control through effective unity. If, therefore, we wish to understand control, we should begin by trying to understand the nature of unities."<sup>2</sup> Koontz and O'Donnell think all control is essentially similar, and it is needed at all levels of an organization. They take the view that "The managerial function of control is the measurement and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are accomplished."<sup>3</sup>

Although he does not stress control of everything in an organization, Dale does discuss verification of results. His idea of the manager's use of the function of control is that,

In control, he determines how well the jobs have been done and what progress is being made toward the goals. He must know what is happening so that he can step in and make changes if the organization is deviating from the path he has set for it.<sup>4</sup>

Correction of discrepancies are also viewed as a necessary feature of a good control system. Newman, Summer and Warren also support the verification and correction features of control: ". . . actual results should be measured and compared against plans, and then corrective

action should be taken to bring results more nearly in line with what is desired."<sup>5</sup> Fayol wrote: "It has for object to point out weaknesses and errors in order to rectify them and prevent recurrence."<sup>6</sup> Koontz and O'Donnell believe that studying past plans, where they failed and why, is profitable to the manager, but the best control looks to the future and corrects deviations from plans before they occur. This view puts emphasis on prevention rather than the correction of activities, but it still aims at the avoidance of deviations from plans.

Some of the theorists aver that control systems generally possess common elements that make them all similar in structure. Koontz and O'Donnell wrote: "The basic control process, wherever found and whatever controlled, involves three steps: (1) establishing standards, (2) measuring performance against these standards, and (3) correcting deviations from standards and plans."<sup>7</sup> Newman, Summer and Warren also support this view by saying:

Three elements, or phases, are always present in the control process. These are:

1. Standards that represent desired performance.
2. A comparison of actual results against the standards.
3. Corrective action.<sup>8</sup>

These authors believe that these elements are always involved in a control system regardless of the nature of the control.

Some of the additional features of control processes discussed by the authors include Fayol's belief that control springs from supervision and that each department does its own supervising with higher management keeping an eye on the overall operations. As the business grows, this becomes impossible to continue. He wrote: "But when certain control operations become too numerous, or too complex, or too widespread to be carried out by ordinary employees of various departments,

recourse must be had to special people called controllers or inspectors."<sup>9</sup> This starts the specialization of the control activities. He also thought a good control system guards against undesirable surprises which are capable of degenerating into catastrophes.

Sheldon thought of control as consisting largely of the reduction of various types of waste in the factory--waste in personnel, operative methods, management, and machinery, materials, and layout. Reduction of waste should be objective and systematic: "Waste, we are coming to realize, must be combated with weapons of science. Science is organized knowledge, and in attacking inefficiency we cannot know too much of the facts."<sup>10</sup>

Miss Follett thought that control is necessary, but also offensive to the person supervised. It was the psychology of control rather than its mechanics that was of interest to her. She wrote: "After the order has been given the subordinate must obey. I certainly believe in authority--of the right kind."<sup>11</sup> But to her, part of the answer to the problem of control was to allow the employees to participate in the planning of the orders before, not after, they are given. Also, attention should be given to how orders are going to be received. In her opinion: "Control might be defined as power exercised as means toward a specific end; authority, as vested control."<sup>12</sup> It is necessary to base control on an understanding of the whole organization: "Collectively to discover and follow certain principles of action makes for individual freedom. Continuous machinery for this purpose is an essential factor in the only kind of control we can contemplate."<sup>13</sup>

One of the features of control that Dale emphasizes is speed. Information must be provided quickly in order to correct discrepancies.

Although each manager must use his own controls, the control operation is headed by a controller who designs systems and provides information to managers. This serves to balance the interests and priorities in the firm, and keeps the organization from getting out of balance, financially or otherwise.

#### Requirements of Control Systems

After having determined what can or should be accomplished, it is desirable to examine the control process to determine what characteristics control systems should have if they are to accomplish their purpose. Although a large number of characteristics were identified, the ones the theorists considered of greatest importance are: provision of information in time to allow proper corrective measures to be taken, and system objectivity. Other important characteristics that a control system should possess are: ability to increase efficiency and productivity, motivate personnel, look forward, point up exceptions, be flexible, and indicate corrective action needed.

Although Miss Follett was silent on the requirements of a good control system, Fayol identified the same basic characteristics deemed desirable by the current theorists. Sheldon placed his emphasis on needed personnel attitudes and capabilities plus systems orientation for effective operations of control processes. Dale states the importance of coordination and the exposure of the causes of deviation, along with the employment of the exception principle. Newman, Summer and Warren think a positive attitude by employees toward what they are doing and the objectives of the organization are the most important aspects of control systems.

Fayol believed that a control system could be effective only if " . . . it must be done within reasonable time and be followed up by sanctions."<sup>14</sup> Koontz and O'Donnell also think that a control system should operate to report deviations promptly. Dale, too, thinks "Good control techniques provide information quickly so that action can be taken to correct the discrepancies."<sup>15</sup>

Objectivity is the second characteristic the theorists recognized as significant to control systems. Fayol saw the necessity for making the system independent of the person being inspected because of it. Objectivity is one of the characteristics identified by Koontz and O'Donnell, and Newman, Summer and Warren revealed a strong sympathy for objectivity by identifying the need for a dispassionate view of control plus the use of fact control rather than authoritarian control.

Fayol saw one danger in control. He thought that there was a tendency for control to infiltrate the management and running of departments, necessitating positive action to prevent its occurrence. As Fayol saw it: "To offset it, powers of control must be defined at the outset as precisely as possible with indication of limits not to be exceeded, and then higher authority must watch carefully the use which control makes of its powers."<sup>16</sup>

Sheldon saw the purpose of control as the elimination of waste through efficient operations. Control systems were to increase efficiency through standardization:

Standardization . . . is the basis of scientific control. Upon standards alone may the whole task of planning the work of the factory, and combining materials and men in the performance of the common task in the most economical fashion, be built up with some prospect of success.<sup>17</sup>

He thought it necessary to keep personnel " . . . inspired by a

profound conviction that waste exists and that the actual efficiency falls far short of the best possible."<sup>18</sup> To accomplish this, some part of the organization should be devoted to research and the corporation should foster a common eagerness to know, measure facts, and get to the bottom of things. Also needed is a constructive capacity to use these facts to build a productive system capable of efficient use of all the factors of production.

Koontz and O'Donnell acknowledge that the control system must be designed for the task it is to perform if it is expected to accomplish it effectively. They discuss the requirements of an adequate control system and state that controls should: 1. reflect the nature and needs of the activity; 2. report deviations promptly; 3. be forward looking; 4. point up exceptions at strategic points; 5. be objective; 6. be flexible; 7. reflect the organization pattern; 8. be economical; 9. be understandable; 10. indicate corrective action.<sup>19</sup>

Dale thinks that control reports must produce figures that are comparable with each other between different periods of time and sections of the business. They must also be coordinated to show results and make plain the reasons performance is either bad or good. A system must give a clear overall picture of the firm's situation, form an estimate of it, and lay the groundwork for future action. He thinks it is very desirable that controls encourage management by exception, that is, by pointing out the exceptional situation from among a mass of routine details. Dale also states that: "A good control system will indicate not only when there are deviations from the plan but also when external circumstances make it advisable to change the means of gaining the objectives, or even to change the objectives themselves."<sup>20</sup>

Newman, Summer and Warren observe that most people dislike controls, but, if the manager can reduce negative attitudes toward controls, it is possible to obtain improved results. A positive desire to attain company goals improves the chances of doing so. They write:

Important among the measures managers have found helpful in eliciting a positive response to controls are the following:

1. Maintaining a dispassionate view of control.
2. Encouraging subordinates' participation in setting standards.
3. Using 'fact control' rather than executive, authoritarian control.
4. Introducing flexibility in the control system.
5. Being sensitive to personal needs and social pressures in the administration of controls.<sup>21</sup>

Some of the more common reasons for an employee to dislike controls are: a failure to accept objectives, a feeling that par is unreasonable, a belief that measurements are inaccurate, a dislike of unpleasant facts, a pressure to adjust from an "illegitimate" source, and social pressure that runs counter to company controls.

#### Control Techniques

Even if it is possible to assume a given basic nature and purpose of controls, the methods of achievement are still subject to alterations from one situation to another. Different control systems are needed to measure the various characteristics found in a number of areas within an organization. In addition to the methods used, it is also helpful to examine, as part of the techniques, the areas of their application. Technology is constantly changing the tools available for measuring and correcting, but the point of and purpose for their employment is probably just as significant to their effective use. The techniques examined will be, first, budget controls and, second, non-budget controls.

## Budget Control

None of the early theorists had anything to say about budgets being used as control devices. The modern theorists, however, recognized this use of budgets and generally agreed on the benefits and problems associated with their use. The precautions to be observed and mechanics to be employed when using a budgetary control are pointed out differently by the modern authors. However, they agree on the more significant aspects and recognize it as a way of establishing goals, measuring to see if they are being attained, and making the necessary corrections when there is a problem visible in reaching predetermined goals. The advantage of the common denominator is the feature on which they all focus attention, plus the overall control which budgets make possible.

Koontz and O'Donnell believe it is possible through budgets to correlate planning and delegate authority without the loss of control: "In other words, reduction of plans to definite numbers forces a kind of orderliness that permits the manager to see clearly what capital will be spent by whom and where and what expenses, revenue, or units of physical input or output his plans will involve."<sup>22</sup> To make them work well, managers must remember that budgets are tools that must be tailored to the job and used by management rather than by the controller. All who are expected to live under a budget should participate in its preparation, and top management should give support to subordinates in their administration. A budget must not compromise the authority of the managers who work under them. The development and use of standards is a key to making a budget work; they are needed in order to identify activities needing attention. The manager must be able to

obtain and compare information about actual and forecast performance so he can see his progress. The budget dangers that Koontz and O'Donnell observe include the problem of allowing the budget to become detailed and cumbersome, allowing budget goals to supersede firm goals thereby hiding inefficiencies, asking more than is needed for a margin of safety, and the problem of budget inflexibility.

Dale views budgets as one of the best methods of determining whether a firm is spending more or less than planned, tracing the reason for it, and making the necessary corrections. Its value lies in its ability to provide quickly information on actual expenditures to those who are responsible for them. Placing responsibility is another control aid provided by the budget when it is used properly: "It is important, however, that top management have, in all cases, a way of tracing differences between actual and budgeted costs to the man and the factors ultimately responsible."<sup>23</sup> Budget use, however, has a number of shortcomings such as being based on historic trends and being influenced by what is desired rather than reality. Also there is usually an element of self-protection built into it; cuts in expenditures may not be in the best places; and there is a tendency toward a psychological reaction by those subject to it.

Newman, Summer and Warren think that budgeting is a rather simple process:

- Basically, financial budgeting involves these three steps:
1. Expressing in dollars the results of plans anticipated in a future period.
  2. Coordinating these estimates into a well-balanced program.
  3. Comparing actual results with the program estimates that emerge from step 2.<sup>24</sup>

For efficient utilization, the budget must be fitted into the total control structure. Doing this points out a unique advantage, the fact

that it reduces everything to a single common denominator--the dollar. Another advantage is that the budget uses existing records and systems and, last, it deals directly with one of the enterprise's central objectives--making a profit. A beneficial side effect of the budget is that it stimulates good management practices. One danger involved in the use of budgets is that it will create an unbalanced emphasis on factors that are the easiest to observe; it also tends to create internal frictions and pressures between budgetary units. There is the further problem of going through the formality but doing it without the substance; managers may treat symptoms as though they were basic problems.

#### Non-budget Control

In addition to budgets a wide variety of control systems and methods were discussed by the theorists. The overlap that exists in the methods they discuss includes such things as statistical data, break-even analysis, special reports, standard costs, fact control, and personal observation. Fayol and Sheldon had no comments to make in this area of control methods.

Miss Follett was mostly concerned with the nature and effect of controls rather than the methods used. She did, however, indicate two directions being taken by methods:

Consider this matter of control in some of our best-managed industries. We notice two points; (1) control is coming more and more to mean fact-control rather than man-control; (2) central control is coming more and more to mean the correlation of many controls rather than a superimposed control.<sup>25</sup>

Because of the nature of problems, controls must be of the type that will be operating continuously. She wrote: "When we think we have solved a problem, well, by the very process of solving, new elements or

forces come into the situation and you have a new problem on your hands to be solved."<sup>26</sup> To her, the belief that we can solve problems is a drag upon our thinking; what is needed is continuing control activity for meeting problems.

Koontz and O'Donnell consider control devices that are independent of budgets, but point out that some of them can be used effectively with budget controls: "Among the more important of these are statistical data, special reports and analysis, analysis of break-even points, internal audit, and personal observation."<sup>27</sup> They consider all of these methods effective either with or without budgets. Personal observation, however, is needed because the other control devices cannot be relied upon exclusively to measure the activities of other people, which is still the basic problem of control.

Operation research methods of various types were considered by Koontz and O'Donnell to be important non-budgetary control techniques. Time-event network analyses is still another area of control systems development recognized by them. The two systems they see as most important in this area are the milestone budget and the program evaluation and review technique. Still another control is the use of a cost evaluation system which is designed to measure group performance. They believe control systems should also be used to formalize product development in such a way as to establish a systematic method to develop, produce, and market new products.

Dale discusses standard costs as an important non-budget control system. After having developed standard costs, the cause of variance from them can be determined with the objective of correcting to keep activities consistent with previous plans. Ratio analysis is another

control device and is particularly adept at pinpointing changes and identifying their causes. Administrative expense analysis is necessary because,

[a]dministrative expenses are somewhat like taxes; they creep up stealthily, and once they have risen it seems hard, almost impossible, to cut them back. And they appear to be an inevitable concomitant of growth.<sup>28</sup>

Dale suggests the use of an A/P ratio--this consists of calculating the administrative personnel as a percent of the production personnel. Breakeven analysis is also an important continuing control device because it changes as a result of the change in component costs and revenues. In the area of non-financial controls, Dale discusses the importance of various forms of product quality control, production control, appraisal of management performance, and employee attitude surveys.

Newman, Summer and Warren list among control techniques two devices they consider important: the budget and the project evaluation and review technique. They think controls should be integrated with other management processes and point out that decentralization and control are directly related so that more of the former calls for an additional amount of the latter. They observe that

[e]ach time an executive delegates work (operating or managing) to a subordinate, he creates the problem of knowing whether the work is performed satisfactorily. So delegating inevitably raises the question of control.<sup>29</sup>

Decentralization calls for such control techniques as increasing self-control, coaching more while ordering less, and shifting attention away from operating details and to results achieved.

Departmentation can be utilized to facilitate the operation of control, systems because they should revolve around the whole task in

order to obtain the best control. Newman, Summer and Warren believe that

[i]n an organization where interdependent work is combined together in a single unit, supervisory control focuses on end results. Data on in-process activities do not pass through several layers of supervision, but are fed promptly to the appropriate operating team where they serve as a basis for self-regulation.<sup>30</sup>

Operations may be enhanced by assigning certain types of control functions to the staff for execution. Their position and access to information may be helpful. Another facilitation to control is to give proper attention to the design of a communications network; a system of regular, formal reports is needed. This system should contain provisions for feedback loops, availability of relevant information, and periodic review of the reports flow.

#### Control of Over-All Performance

Since most control systems are designed for a particular purpose, they operate either in a limited area of the business or produce information of a limited nature about a single aspect of the operation. In order to obtain a good idea of the overall operation, it would seem highly desirable to have some control system, or systems, that would produce data on the combined activities being carried on simultaneously by the organization. This is necessary to ascertain the net result of the various organizational activities. The extent of agreement among the theorists on control for over-all performance is less than in the methods and areas of control. They did agree, however, that there is a reciprocal relationship among the units of an organization and this should be considered in establishing controls. One of the best measures of the over-all performance of a firm is the return on investment.

Miss Follett believed that the total organization is more than the sum of its parts. The unity is unit plus unit, but it is also the interrelation of units and their effect on each other. The result of this interaction is that, if one unit is changed, other units are also changed whether intended or not. The nature of the reciprocal relationship is the next most important consideration of control: "If we could discover that, I think we should have arrived at something very fundamental."<sup>31</sup> Newman, Summer and Warren think that the manager typically deals with problems of control as separate issues. It is however, necessary for him to consider them together; he must discover "[w]hat is the combined impact of all controls at work at the same time?"<sup>32</sup> Newman, Summer and Warren see the problem as one of determining how these different control systems fit together and what are their interdependent effects. Newman, Summer and Warren write: "The effectiveness of any one control depends in part on how many other controls are already in operation."<sup>33</sup> Any one control should be considered as part of the entire system in order that duplication and wasted effort may be kept to a minimum.

Koontz and O'Donnell think return on investment is one of the best general controls that may be used by a firm. They write: "One of the most successfully used control techniques is that of measuring both the absolute and relative success of a company or a company unit by the ratio of earnings to investment of capital."<sup>34</sup> Dale also thought this a good method of control and wrote: "Perhaps the single most important ratio is the relationship of profits after taxes to investment, the percentage return on investment."<sup>35</sup>

Another aspect of the unifying process, which Miss Follett saw as the major objective of control is that of the emergence of a synthesis, the evolving of the situation. It is the interacting, the unifying, and the emerging that constitute what she referred to as integration, and integration generates its own control. She wrote: "Let us note, too, that if control arises within the unifying process, then the most highly integrated unit you have, the more self-direction you get."<sup>36</sup>

Koontz and O'Donnell think control of over-all performance is needed because, first, over-all plans must be applied to the enterprise, second, decentralization creates semiautonomous units and it is necessary to avoid the chaos of complete autonomy, and, third, it permits measurement of a manager's total effort.<sup>37</sup> These controls are, to a large extent, financial in nature:

. . . in the environment in which it operates, the best gauge of effectiveness is the dollar. Since finance is the binding force of business, financial controls are the most important single objective gauge of the success of plans.<sup>38</sup>

One widely used control is a budget summary which is a resumé of individual budgets. This makes it possible to place each budget in its proper relationship to the others. Another general control is the profit and loss statement for the enterprise and is particularly useful because it shows the factors responsible for the success or failure of the firm for the period. Auditing, both external and internal, can be a very useful control mechanism, as can the use of a control unit to collect and summarize information in a form to be reported to the manager. Also, the establishment of key result areas enables a firm to measure achievements more accurately, and the utilization of an enterprise self-audit is still another method of over-all control.

Although Dale does not discuss over-all controls as such, he does comment on controls that fit into this category in the eyes of most theorists. One of these controls which he favors is return on investment, and in addition there are several financial measures, especially ratios, that are recommended by him. Other general controls recommended by Dale include share of the market, administrative expense to sales, input to output, and break-even analysis. Dale also gives some ratios management may use to see how well it is doing by its stockholders:

These ratios . . . are: 1. Net income per share as a percentage of investor's equity per share. 2. Percentage increase in stockholders' equity per share. 3. Ratio of earnings paid out in dividends to earnings plowed back into the business. 4. Increase in per share earnings as a percentage of the plow-back.<sup>39</sup>

Newman, Summer and Warren believe it should be considered that controls have both direct and indirect effects, and both should be determined as far as it is possible. Another general consideration related to controls is that quantity and quality are often inversely related so that, the more a control stresses the former, the more the latter suffers. For this reason, among others, controls must be designed to complement each other. Because management needs to know how well each center of activity is achieving its objectives, the overall control structure should be matched to the hierarchy of plans and objectives. Newman, Summer and Warren write:

Theoretically, a sound hierarchy of objectives, coupled with a control structure that measures the performance of each unit against its goals, provides an integrated mechanism for channeling the diverse activities of a firm toward a common set of objectives.<sup>40</sup>

Control of Management Quality

One element of a business which is of particular importance to its successful operations is the quality of its management. Because of this, some attention should be devoted to the control of management quality in order to sustain it at the highest level possible and endeavor to assure that it is employed in the most efficient manner. Sheldon, and Koontz and O'Donnell, were the only theorists to discuss the control of management quality. Dale and Newman, Summer, and Warren suggested that management quality be subjected to all the normal controls as part of regular operating activities. It seemed to be generally recognized that efficiency of operations in an organization is predicated on achieving and maintaining quality in managerial performance. Apart from the recognition of the need to control managerial quality and activities, there was little to be found in common among the theorists.

Sheldon was of the opinion that the quality of management was very important to the control of the firm and the elimination of waste in operations generally. He stated that "[i]t is as important that the procedure for the control of a shop should be 'standard' as that the actual processes in the should should be 'standard.'"<sup>41</sup> Increasing the efficiency of the personnel and methods that guide the operatives are much more productive than trying continually to increase the individual operative's productivity. The methods of accomplishing this were not part of his discussion, however.

Koontz and O'Donnell see the need for control of management quality as resulting from the influence managers have on the outcome of plans. They write: "Responsibility for unfortunate events lies with whoever

has made unfortunate decisions. Any hope of abolishing unsatisfactory results lies in changing the future actions of the responsible person . . . ."<sup>42</sup> There are two general ways of seeing that the responsible person changes his future action. One is indirect control which consists of tracing back unsatisfactory results to their source and getting a correction of practices. The other is direct control and consists of development of better managers who will follow sound principles and eliminate undesirable results from following the practice of poor management.

The cause of deviations from standards determines in part the nature of the direct controls to be used. Koontz and O'Donnell write: "Although an incorrect standard may cause deviation, if the standard is correct, plans often fail because of (1) uncertainty, and (2) lack of knowledge, experience, or judgment."<sup>43</sup> The use of the indirect approach to control is not entirely the answer to management control, however, because:

In addition to its cost, the shortcomings of indirect control rests on certain questionable assumptions; (1) that performance can be measured; (2) that personal responsibility for performance exists; (3) that the time expenditure is warranted; (4) that mistakes can be discovered in time; and (5) that the person responsible will take corrective steps.<sup>44</sup>

The desirability of direct control rests upon four valid assumptions; (1) that qualified managers make a minimum of errors, (2) that managerial performance can be measured, (3) that management principles are useful in measuring management performance, and (4) that the application of management principles can be evaluated.<sup>45</sup>

The ability of the firm to establish effective management quality controls is dependent on the extent to which these conditions can be satisfied.

Dale mentions control of the quality of management in only a casual way, indicating that it can be done and that it can be used as a control technique. He wrote: "Appraisals of managerial performance may be considered a control technique, especially when the manager and his superior set an objective and then--at the next appraisal--determine how well the objective has been met."<sup>46</sup>

Neither did Newman, Summer and Warren discuss the control of management quality, but they indicated the desirability of extending control systems to management personnel as well as to operating personnel. They stated the "[t]he purpose of controls is to guide the behavior of executives and operators toward predetermined objectives and standards."<sup>47</sup> They further stated, in this connection: "The payoff comes only when somebody--manager or operator--does his work better because the controls are in operation."<sup>48</sup>

#### Summary

The basic control process is agreed to consist, generally, of activities aimed at the verification of plans in order to insure attainment of objectives. To be effective it must be applied continuously to the entire organization and its activities. Pointing out weaknesses, guarding against surprise, eliminating of waste, anticipating the future, and maintaining a balanced organization are other important features of the control process. The requirements of a control system appear to be provision of information in time to take corrective action and objectivity of evaluation. In addition, it should increase efficiency and productivity, motivate personnel, be forward looking, point up exceptions, be flexible, and indicate corrective action. The early

theorists were silent on the subject of control techniques. One general area of control techniques is that of budgetary control. Budgets are used extensively by business for a number of purposes, but the theorists did agree that they provide the advantage of using a common denominator, which is quite significant for making comparisons and functioning as an over-all control. Non-budget controls include an extensive group of methods and tools including statistical data, break-even analysis, special reports, standard costs, fact control, and personal observation.

Over-all performance and its control also provide an area of some diverse views, but it is recognized that there is a reciprocal relationship among the units of an organization and their controls. Another feature of over-all performance control is that the best general method of measuring it is the return obtained on the investment in the firm. Koontz and O'Donnell are the only ones to discuss management quality controls, but the others agreed that it is necessary and that general controls can be applied in this area as well as in others.

It can be concluded that the early theorists were very concerned with the need for controls and the problems that are created in their absence. However, it is evident that the early theorists were not aware of as many methods and techniques of control as are the contemporary theorists and had not grasped the idea of control systems. The contemporary theorists are also aware of the need for controls and are, in addition, much more concerned with the methods used and the manner of their application than were the early theorists.

Notes

<sup>1</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 107.

<sup>2</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 184.

<sup>3</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 537.

<sup>4</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Co., 1965), p. 6.

<sup>5</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 672.

<sup>6</sup>Fayol, op. cit., p. 107.

<sup>7</sup>Koontz and O'Donnell, op. cit., p. 538.

<sup>8</sup>Newman, Summer, and Warren, op. cit., p. 675.

<sup>9</sup>Fayol, op. cit., p. 108.

<sup>10</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 231.

<sup>11</sup>Metcalf and Urwick, op. cit., p. 69.

<sup>12</sup>Ibid., p. 99.

<sup>13</sup>Ibid., p. 304.

<sup>14</sup>Fayol, op. cit., p. 108.

<sup>15</sup>Dale, op. cit., p. 512.

<sup>16</sup>Fayol, op. cit., p. 109.

<sup>17</sup>Sheldon, op. cit., p. 215.

<sup>18</sup>Ibid., p. 232.

<sup>19</sup>Koontz and O'Donnell, op. cit., p. 541.

<sup>20</sup>Dale, op. cit., p. 513.

- 21Newman, Summer, and Warren, op. cit., p. 728.
- 22Koontz and O'Donnell, op. cit., p. 547.
- 23Dale, op. cit., p. 492.
- 24Newman, Summer, and Warren, op. cit., p. 697.
- 25Metcalf and Urwick, op. cit., p. 295.
- 26Ibid., p. 304.
- 27Koontz and O'Donnell, op. cit., p. 555.
- 28Dale, op. cit., p. 503.
- 29Newman, Summer, and Warren, op. cit., p. 740.
- 30Ibid., p. 746.
- 31Metcalf and Urwick, op. cit., p. 194.
- 32Newman, Summer, and Warren, op. cit., p. 756.
- 33Ibid., p. 756.
- 34Koontz and O'Donnell, op. cit., p. 591.
- 35Dale, op. cit., p. 496.
- 36Metcalf and Urwick, op. cit., p. 205.
- 37Koontz and O'Donnell, op. cit., p. 587.
- 38Ibid., p. 588.
- 39Dale, op. cit., p. 502.
- 40Newman, Summer, and Warren, op. cit., p. 757.
- 41Sheldon, op. cit., p. 233.
- 42Koontz and O'Donnell, op. cit., p. 607.
- 43Ibid., p. 608.
- 44Ibid., p. 609.
- 45Ibid., p. 610.
- 46Dale, op. cit., p. 512.
- 47Newman, Summer, and Warren, op. cit., p. 736.

<sup>48</sup>Ibid., p. 721.

## CHAPTER X - THEORIES OF MANAGEMENT

After having examined in some detail the thinking of the selected theories on a number of points contained in the functions of management, it remains to be seen what they thought about some of the more general aspects of management. These are of a more abstract nature than the previous material dealt with since they are more in the realm of philosophy than of practical affairs; that is, the nature of what should be rather than what they are. Here will be seen their individual orientation of management which served as the basis for their respective theories. This should serve to put much of the foregoing material in a better perspective and give it more significance.

### Nature of Management

The first aspect of management presented here is its nature--what does it do and how is it carried on? Management has a place in the economic scheme of things; it has functions to perform. The nature of management determines how it performs these functions, and it also determines some of the characteristics identifiable with management. One characteristic of management which is commonly accepted by the early and current authors is that management principles are universal. This point of view of management holds that the same principles are applied in all similar situations regardless of the nature or size of the organization involved.

All of the authors agreed on the nature of management. Management could be described by all of them as a process which is continuous and dynamic, based on science but to some extent an art, and the means of achieving control through people, adjusting to changing circumstances, and absorbing innovation. All did not discuss the same things on a point-by-point basis, but apparently they had the same things in mind.

Fayol perceived management as an activity separate and distinct from the other activities with which it has been associated. It is also only one of the numerous activities of men made necessary by industrial endeavors.

All activities to which industrial undertakings give rise can be divided into the following six groups--

1. Technical activities (production, manufacture, adaptation).
2. Commercial activities (buying, selling, exchange).
3. Financial activities (search for an optimum use of capital).
4. Security activities (protection of property and persons).
5. Accounting activities (stocktaking, balance sheets, costs, statistics).
6. Managerial activities (planning, organization, command, co-ordination, control).

Be the undertaking simple or complex, big or small, these six groups of activities or essential functions are always present.<sup>1</sup>

While distinct from other activities, it nonetheless consists of a very distinct group of functions: "To manage is to forecast and plan, to organize, to command, to co-ordinate and to control."<sup>2</sup> The activity of management itself is not specifically assigned to any group or level within an organization. He wrote: "Management, thus understood, is neither an exclusive privilege nor a particular responsibility of the head or senior members of the business; it is an activity spread, like all other activities, between head and members of the body corporate."<sup>3</sup>

Sheldon viewed management in an industrial context, but perceived it as inherent to any activity process. Because it is responsible for adjustments to change, management is needed in all dynamic work situations. He wrote:

Management is as inherent in the composition of industry as Labour. By virtue of its function, moreover, it is that element in industry which, whatever changes may come, will be charged with the piloting of the ship through the waters of change.<sup>4</sup>

He saw in management the one stable element in our continuous process of evolution: "There is no conceivable structure of industry. . . where management does not fulfill approximately the same functions as under the present system in this country."<sup>5</sup> It is a stable process that performs a stable function, performed at all levels of any organization. He likened it to the helmsman. "The man at the wheel may be replaced, may be put under new authority, may be regarded differently by the crew and may work with different instruments in a different way, but the functions performed remain constant, essential under every conceivable circumstance."<sup>6</sup> To serve its purpose management should be based on scientifically determined principles forming a foundation of ultimate things to serve as a guide to daily practice.

Miss Follett conceived management as the means for achieving an integrative unity of the assorted activities engaged in by a business enterprise. She wrote:

It seems to me that the first test of business administration, of industrial organization, should be whether you have a business with all its parts so co-ordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking, interrelating, that they make a working unit--that is, not a congeries of separate pieces, but what I have called a functional whole or integrative unity.<sup>7</sup>

She thought industry was the most important field of human activity and that management is the fundamental element within it. She believed management to be the best means of achieving control as opposed to having the individual trust to chance for the proper events to occur. Management is fundamentally concerned with people and their relations: ". . . the fundamental organizational problem of any enterprise . . . is the building and maintenance of dynamic, yet harmonious, human relations for joint effort in the most effective conduct of that enterprise."<sup>8</sup> Management is a very dynamic process in which any event or action represents only a moment in a continuing process of interrelated, sequential occurrences.

Koontz and O'Donnell consider management to be a science which is not very complete or exact in which personal skills in application are required. They write:

Management, like engineering and the practice of medicine, will probably never be wholly scientific. Rather, it will remain largely an art in which the practitioner uses whatever exact knowledge is available but must supplement it with a great deal of personal judgment.<sup>9</sup>

As an activity of people, they see management as a process which is standard in its content and which is carried on continuously and repeatedly. The management function is necessary to all organizational cooperation and at all levels of the organization. Koontz and O'Donnell write: ". . . management is essentially the same process in all forms of enterprise and at all levels of organization, although the goals and environment of management may differ considerable."<sup>10</sup> It should be founded on a basis of scientific method in order to develop a body of principles and knowledge.

Dale acknowledges that job skill and knowledge may be necessary for a manager, but they are not what constitute managerial ability. He leans toward the view that management is getting things done through other people, with an accent on getting things done. He writes:

Thus the manager must not only understand how to get people to do what he wants them to do; he must also know what they should be doing--what results should be achieved, what each person and group should contribute to the common effort, and how the results can best be achieved without duplication of work or lost motion.<sup>11</sup>

This implies a large element of decision making within each of the functions of management. Management, although partly an art, is based on a growing body of knowledge which implies an interdisciplinary approach to solving the problems it faces. On this point Dale states:

There is general agreement that management is, at least at the present time, partly an art; there are no foolproof rules that do away with the need for judgment and common sense. But there is a growing body of knowledge about the field that anyone who aspires to management can learn, given intelligence and application. And regardless of his natural talent or lack of it, he will be a better manager because he has acquired this knowledge than he otherwise would be.<sup>12</sup>

Principles are applicable in all types of organizations, not just in business organizations. Newman, Summer, and Warren write that

Managing is a social process. It is a process because it comprises a series of actions that lead to the accomplishment of objectives. It is a social process, because these actions are principally concerned with relations between people.<sup>13</sup>

It is also a continuing process with new problems developing before the old ones are solved, and it is a complex process as well. It is the means of adjusting to change, but it is also a source of innovation, an exertion of positive influence to make things happen in the manner in which they are desired.

Methods

It is desirable here to look at the more general approaches management can take toward the performance of its functions. Specific methods, or techniques, vary and depend on the physical nature of operations too much to allow any meaningful discussion of them. It should be practical, however, to examine at this point the manner by which management may be used to obtain objectives.

The common features of the general methods seem to be those of attaining coordination and innovation, as well as working through and with people. Fayol also stressed flexibility whereas Sheldon and Follett emphasized the scientific method and social awareness. Dale saw interdisciplinary application of knowledge as the best approach to the performance of management. With Koontz and O'Donnell, an addition was the fact everyone should know and accept the objectives which they and the rest of the organization were working toward.

Fayol believed that nothing should be rigid or absolute in management, that everything is a matter of proportion because it is only very rarely that a principle can be applied twice in identical conditions. Principles need to be flexible and capable of adaptation, and this requires the combined use of intelligence, experience, decision, and proportion. The nature of it requires management to operate through people; it is concerned with objects and things only as they are associated with people and are acted on by them. He wrote:

The managerial function finds its only outlet through the members of the organization (body corporate). Whilst the other functions bring into play material and machines the managerial function operates only on the personnel.<sup>14</sup>

Any number of principles may be employed as long as experience confirms

their worthiness. Also, a change in the state of affairs can alter the rules by which management had been operating.

Sheldon recognized concentration efficiency as a major method to be used by management. He wrote:

It is for Management, while maintaining industry upon an economic basis, to achieve the object for which it exists by the development of efficiency--both personal or human efficiency, in the workers, in the managerial staff, and in the relations between the two, and impersonal efficiency, in the methods and material conditions of the factory.<sup>15</sup>

This is to be accomplished by two avenues: first, by treating all fields of industry by the scientific method of analysis through a synthetic use of knowledge already established; second, through the development of the human potential of all in industry, through the acceptance of a definite motive and ideal, and through pursuit of a social responsibility to the community. Efficiency of management is dependent on an organizational structure which will allow for economic practices, development, and coordination of all such activities.

Miss Follett was convinced that the major method of management was the development and utilization of people. Their participation and relationship constituted the bulk of management. She

. . . was convinced of three things; first, that all such problems, whenever they occur, are fundamentally problems in human relations; secondly, while every human being is different, there is a sufficiently large common factor in human reactions to similar situations to permit the development of principles of administration; thirdly, and in consequence, those principles must be sought and applied wherever the organization of human endeavors is required in the pursuit of a common objective.<sup>16</sup>

She believed management to be coming closer to these all the time.

In addition to having professional standards, Miss Follett thought management should be performed with style. She believed that

Style, however, is a difficult thing to define. I have seen it defined variously as adapting form to material, as calculation of means to end, as restraint, as that which is opposed to all that is sloppy and bungling, the performance of an act without waste. Others speak of style as broad design, noble proportion. A manager's job performed with style would have all these characteristics.<sup>17</sup>

This relates to the manner of execution of management functions and infers a high degree of efficiency and continuity of action which at least borders on method. She also discussed coordination as a major method for managers to use in executing their functions.

Koontz and O'Donnell believe coordination to be the essence of management and that it consists of the synchronization of individual action. This would seem to be a fundamental method because ". . . the achievement of harmony of individual effort toward the accomplishment of group goals is the purpose of management. Each of the managerial functions is an exercise in coordination."<sup>18</sup> This usually necessitates a knowledge and understanding of enterprise objectives by everyone in the organization so they can more effectively contribute to their attainment.

Dale considers management an interdisciplinary application insofar as it is scientific and can employ such analysis and knowledge. He writes: "Analysis shows that management, insofar as it can be scientific, must use what is termed as interdisciplinary approach--that is, the theories and techniques of many sciences must be used in the management job."<sup>19</sup> Innovation also plays a large part in the practice of management.

Newman, Summer, and Warren think coordination very nearly sums up the nature of management methods. They state: "A manager is a man who gets things done by working with people and other resources; in

order to reach an objective, he coordinates the activities of others rather than performs operations himself."<sup>20</sup> Objectives are reached through the effort of other people, and their efforts must be made complementary to each other. Innovation is also discussed by them as a management method. Managers ". . . initiate growth as well as adapt to dynamic forces."<sup>21</sup>

### Objectives

The next item of importance is the question of the objectives of management. What is the reason for going to all the trouble of managing? What can be expected to result if management is undertaken with a reasonable degree of proficiency? The promise of the attainment of objectives is the primary stimulus to managerial action. The nature of the objectives of management would also tend to put more or less stress on different aspects of the management functions.

There appears to be less agreement among the early authors on the objectives of management than among the current ones, but there is much agreement on many things within the group. All stressed the economic and effective performance of the management functions and most emphasized service to the community, coordination, and decision making. Miss Follett believed professional development and conduct to be important to managers and, along with Sheldon, advocated the humanization of industry. Miss Follett thought of humanization as a social service. So did Sheldon, but, in addition, he believed it to be the best way to maximize efficiency.

Fayol, in discussing industrial activities, pointed out six types: technical, commercial, financial, security, accounting, and management.

Each of these has its own purpose and its own objective. Of management he wrote:

No one of the preceding groups is concerned with drawing up the broad plan of operations of the business, with assembling personnel, co-ordinating and harmonizing effort and activity. They make up another group usually indicated by the term Management with somewhat ill-defined attributes and frontiers.<sup>22</sup>

Sheldon believed management should strive to maximize efficiency, but that this could best be done by humanizing industry. He wrote:

The aim of management must be to render industry more effectively human--more truly a corporate effort of human beings, united for a common object and moved by a common motive. The present industrial "impasse" is due to the subordination of the human to the material element.<sup>23</sup>

Both efficiency and humanization are prompted by an even higher objective which is service to the community or society by satisfying human needs. There are two aspects of management which are affected by the service motive; one is its relationship to the general community, the other is its relationship to the human element engaged in industry. In regard to service Sheldon stated:

These, then, are the three implications of the motive of service: firstly, that, in its present form, industry shall value its policies and methods by ethical as well as economic standards; secondly, that industry shall aim at a structure wherein each individual gives of his best, and is called upon to express his personality; thirdly, that industry shall so conduct its business that all engaged in it have the opportunity to devote their highest faculties to what is communally the highest.<sup>24</sup>

These conditions establish some rather clear objectives for management to use as a framework within which to operate.

Miss Follett thought the profession of management, like any other profession, was founded in science and service. This establishes both science and service as broad objectives for managers. She put greater

emphasis on service because it was less obviously a necessity than was science to the attainment of effective management practices. The service she had in mind was a reciprocal service:

Its connotation of self-sacrifice, of the recognition of other aims than private gain, makes it a high motive for individual lives and a social asset. If a man thinks of his business as a service, he will certainly not increase private profits at the expense of public good.<sup>25</sup>

She further states: "'Function' is the best word because it implies not only that you are responsible for serving your community, but that you are partly responsible for there being any community to serve."<sup>26</sup> And a profession, while it has many objectives, has one above all others, professionals have joined to better perform their function. "There are business men today who perceive that the process of production is as important for the welfare of society as the product of production."<sup>27</sup>

Koontz and O'Donnell view management as the means to create cooperation in group efforts in order to obtain maximum satisfaction with minimum expenditure of time, money, unpleasantness, or other unsought consequences. In group endeavors, coordination becomes the primary objective: "When people organize formally to attain a common goal, it is essential that there be management--the task of creating the internal environment for organized effort to accomplish group goals."<sup>28</sup> The objective of management is efficient coordination of individual effort toward the ultimate group goals.

Dale indicates that capable management is necessary if resources are to be used for the good of mankind. But apart from this he says nothing about the objective of management except that it is to carry out its seven functions (he includes innovation and representation among

the basic managerial functions which are normally performed), and to make decisions in all of these areas of activity.

Newman, Sumner and Warren see management as a crucial element in society because it makes possible cooperative endeavors. They write that: "The job of management is to make such cooperative endeavors function properly. Managers are needed to convert disorganized resources of men, machines, and money into a useful enterprise."<sup>29</sup> This is facilitated if management tries to innovate as well as adapt; by trying to control the development of situations as well as adapt to them it is possible to function in a more dynamic way. This makes possible a better social contribution on the part of management, in addition to the economic contribution expected of them. It is also possible for management to provide direct human satisfaction when properly performing its various functions.

#### Responsibilities

When accepting an objective for attainment by their group, managers, through their actions, accept as well certain restraints on what they can do. These limitations create a framework within which management must operate while trying to achieve its objectives and satisfy its obligations. It is the nature of these restrictions and obligations that will now be examined as they take the form of responsibilities.

The responsibilities of management are generally agreed on by these theorists in the broad concept of what management is to accomplish for the society in which it operates. Fayol did not address the subject of social responsibility by management, but the others did

have ideas to express along this line. Efficiency in the use of resources to satisfy consumers' needs is primary, along with the general recognition of community welfare. This idea is extended by the theorists to include employee welfare such as working conditions and standard of living. The extent to which this should be carried was not a point of common agreement among them and seemed, in fact, to be a rather open question which should be answered by judgment and circumstances.

Fayol was certain of the need for the acceptance of responsibility in management because responsibility is a corollary of authority; the question of responsibility arises wherever authority is exercised. He viewed responsibility in its relation to the individual and his use of authority and recognized the necessity of sanctions. He wrote:

The need for sanction, which has its origin in a sense of justice, is strengthened and increased by this consideration, that in the general interest useful actions have to be encouraged and their opposite discouraged. Application of sanction to acts of authority forms part of the conditions essential for good management, but it is generally difficult to effect, especially in large concerns.<sup>30</sup>

As for the nature of responsibility of management in general, he had little to say.

Sheldon considered two social aspects of management: the relationship to the community, and the relationship to those it directs. He stated that:

The responsibility of management resides in the fact that the industry which it directs is composed of human as well as material elements. Furthermore, that responsibility is enhanced by the fact that industry exists for the satisfaction of human needs. Management has, therefore, a responsibility not only to the human element within industry, but also to the human element which industry serves.<sup>31</sup>

Provision of needed goods and services to the community is the service expected of management, but it must be done efficiently: "The responsibility of management is the perfection of the machinery of production."<sup>32</sup> The concept of service to the community is one which creates not only an economic responsibility but a social one as well. He wrote: "Service to the community consists in supplying it not only with the goods it requires for material existence, but also with the citizens it requires to enable it to advance."<sup>33</sup> It is desirable that management make a social contribution to its community by creating good working conditions and by generally making each worker a good and creative citizen.

In addition to a social contribution there is the obligation to pay the highest possible wage consistent with the circumstances in order to enable the worker to be as self-reliant as possible. The attainment of the highest possible level of efficiency is a responsibility since inefficiency in either workers or managers prevents the attainment of the highest possible standard of living. Sheldon states:

It is for Management, while maintaining industry upon an economic basis, to achieve the object for which it exists by the development of efficiency--both personal or human efficiency, in the workers, in the managerial staff, and in the relations between the two, and impersonal efficiency, in the methods and material conditions of the factory.<sup>34</sup>

Efficiency, however, should not be the only concern of management because other aspects of life must receive consideration, too: "The adequate provision of leisure, however, is a necessary corollary of a high material standard, if our social development is to be intellectual as well as material."<sup>35</sup>

Miss Follett had a somewhat different idea of responsibility-- especially its origin. To her, responsibility was the outgrowth of function: "Each man performs a function or part of a function. Research and scientific study determine function in scientifically managed plants. A man should have just as much, no more and no less, responsibility as goes with his function or his task."<sup>36</sup> Responsibility does not then follow the position in the organization but corresponds to the function the individual performs. From this point of view, the concept of a final responsibility is something of an illusion. Responsibility is sometimes very hard to fix because it is the outcome of an interweaving of experiences.

Coordination is an objective of management, but it is also a responsibility. In Miss Follett's opinion:

The best method of organization is not that which works out most meticulously or most logically the place for 'finals' and 'ultimates,' but that which provides possibilities for a cumulative responsibility, which provides for gathering together all the responsibility which there actually is in the plant, which provides for making the various individual and group responsibilities more effective by the working out of a system of cross-relations.<sup>37</sup>

The drawing together of individual responsibilities into a cumulative responsibility becomes the task of management. Collective responsibility results in a decentralization of responsibility. Integrative unity results in management's responsibility for very little by itself because responsibility resides in the workers who perform the functions.

Koontz and O'Donnell view management as the mechanism which has primary responsibility for assuring the attainment of organizational goals. They think: "The over-all job of a manager is to create within the enterprise the environment which will facilitate the accomplishment

of its objective."<sup>38</sup> On a personal basis, responsibility flows downward from the top of the organization and is absolute. It is therefore impossible to delegate, and, ". . . since responsibility cannot be delegated, no superior can escape, through delegation, responsibility for the activities of subordinates, for it is he who has delegated authority and assigned duties."<sup>39</sup> An individual has absolute responsibility to his superior for the proper execution of an assignment.

Dale thinks a professional manager holds his job and receives authority because he is competent. The new manager views himself as an arbiter among interests or publics:

. . . the ethical manager is not simply a man whose main aim is to make a profit for the stockholders or himself but who refrains from unfairness to other groups because of his personal moral standards. Instead, he is responsible to these groups as well as to the owners, and he judges his performance by how he fulfills his responsibility as well as by the rate of profit.<sup>40</sup>

This involves the consideration of many interests and the pursuit of actions that will benefit the greatest number of people, other things being equal. Dale wrote about the manager: "His main consideration is to keep the organization stable and growing healthy so that all the groups affected by it may continue to receive increasing returns."<sup>41</sup>

Newman, Summer, and Warren believe individual responsibility is established by accepting an assignment:

Although agreement is usually implied rather than discussed, by accepting an assignment a subordinate in effect gives his promise to do his best in carrying out his duties. Having taken a job, he is morally bound to complete it.<sup>42</sup>

These obligations cannot be delegated without breaking the chain of command, thereby making it impossible to fix responsibility. The responsibility of management generally is rather broad and inclusive.

They observe that, "By serving as a pivotal element in the operation of business enterprise and especially by providing a dynamic force in guiding enterprises in useful activities, management makes a significant social contribution."<sup>43</sup> Management is responsible for satisfaction of economic needs of customers, and, in addition, it can provide employees with substantial personal satisfaction directly from the work it creates.

### Functions

Having looked at these other aspects of the process of management, there still remains one feature to be examined--that of its functions. The manner of dividing the management process is significant to the analysis of it. The division of the process can be influential in determining where emphasis is to be placed and what activities are to be included in each.

The contents of the management process as revealed by the various functional divisions of the authors would make it appear as if they had observed considerable differences in the makeup of the total process. They have divided the management process differently in order to analyze it better. On examination of the contents of these functions, however, it can be seen that there is a great deal of similarity in the subfunctions that are included even though these are often put together in quite different ways.

Fayol lists five functions of management as the constituent parts of the management process: planning, organizing, command, coordination, and control. These activities are quite distinct and perform management services which are not performed by any of the other industrial

activities. He wrote:

Foresight, organization, co-ordination and control undoubtedly form part of management as it is commonly understood. Should command necessarily be included? It is not obligatory: command may be treated separately.<sup>44</sup>

But he preferred to include command under management because of its relation to selection and training of personnel (which he considered management). Command and management have common principles, and it makes management more able to attract and hold public attention if they are together.

As a comprehensive division of industrial components, Sheldon distinguished between management and labor. Management is then divisible into three main parts: (1) administration,--the determination of policy, coordination of finance, production and distribution, direction of organization, and ultimate control of the executive; (2) management proper,--the execution of policy and employment of the organization; (3) organization,--combining the work to be performed with the necessary faculties so their execution provides for efficient, systematic, positive, and coordinated effort.<sup>45</sup> The financial function should be differentiated from the other functions: "It is the function primarily concerned with the provision and allocation of capital. As such, it is outside the province of management proper, and may be described as the sole function of capital in industry."<sup>46</sup> But because finance requires the attention of a portion of management for administration it cannot be omitted from consideration. Management proper is divisible into preparation, production, facilitation, and distribution functions. Within these functional categories preparation includes design (or purchasing); production is manufacturing;

facilitation includes transport, planning, comparison, and labor; distribution consists of sales planning and sales execution.

Miss Follett observed that "[t]here are two fundamental problems for business management: first, to define the essential nature of the total situation; secondly, how to pass from one total situation to another."<sup>47</sup> She thought that the first was fairly well answered but that the second was not and, as such, needed much more understanding. Management must control or coordinate a group endeavor that should take the form of an integrative unity in order to deal with the two basic problems. She considered the fundamental principles of organization to be evoking, interacting, integrating, and emerging.<sup>48</sup> To perform these, a manager needs to exercise considerable leadership and be able to provide expert advice. The exercise of organizational control, however, is more important. Evoking consists of drawing out the fullest possibilities from each employee or group of employees. Interacting is the creation of appropriate reciprocal relations and the skillful relating of them so they function effectively as a whole. Integrating is relating the experience of all and using it for a common purpose. Emerging is the evolution of one situation into the next and is a creative moment in the business process; it entails an element of control in determining what develops in the new situation.

Koontz and O'Donnell recognize that most external environmental factors are beyond the control of management, but that they can be planned for while creating the favorable internal environment that is necessary for effective goal achievement. To create the favorable internal environment, management must perform the functions of planning, organizing, staffing, directing, and control. They write:

"The manager plans the operations of his subordinates, selects and trains them, organizes task relationships, directs their work, and measures actual results."<sup>49</sup> Planning involves selection of objectives, policies, programs, and the procedures for achieving them. Organization includes determination of required activities, grouping and assigning them; delegating authority; and providing for coordination of authority. Included in staffing are the activities of defining manpower requirements, taking inventory, appraising, selecting, training, and developing of personnel (both candidates and incumbents). Direction entails guiding and supervising subordinates while control is used for compelling events to conform to plans and involves measurement of performance, correction of deviations, and assuring accomplishment of plans.

Daie recommends a functional breakdown for use in studying management: "One useful breakdown is that suggested by Luther Gulick, who coined the word POSDCORB from the initial letters of management functions: planning, organizing, staffing, directing, coordinating, reporting, and budgeting."<sup>50</sup> But the one he uses includes planning, organizing, staffing, direction, control, innovation, and representation. He acknowledges that innovation is usually included in planning but thinks it should receive more prominence. Representation serves as a link without outside groups.

Newman, Summer, and Warren think of management as a social process which is continuous in its operation so that ". . . in practice, a manager must learn to deal with a wide range of problems, each in a different stage of resolution."<sup>51</sup> The process of management is itself highly complex and far too complicated to study without systematic

partitioning of its contents for analysis. They write:

A highly useful way of dividing up the total task of management is in terms of organizing, planning leading, and controlling. Although all are closely interrelated, each of these elements of managing can be analyzed as a subprocess.<sup>52</sup>

Organization includes both task arrangement and social arrangement. The planning function is very close in content to the basic stages of the decision making process and includes: clarifying objectives; setting goals; and establishing policies, methods, programs, strategies, and schedules. In leadership an effort is made to maintain a balance between individual motivation and cooperative efficiency. Control is the process of measuring progress by comparing it to what was planned, and taking corrective action.

#### Summary

This chapter has compared the general characteristics of the theories of management represented by the theorists included in this study. The major characteristics by which they have been compared include the nature of management, methods, objectives, responsibilities, and functions. By comparing the theorists' ideas in this manner, it is possible to contrast them to obtain a better perspective and develop a clearer idea of the over-all view taken toward management by each of them.

Considerable agreement was revealed by the theorists on the nature of management. It is for the purpose of achieving control of events through utilization of other people, adjusting to changing circumstances, and innovation. As a process, management is continuous and dynamic, and its mode of application is that of an art which is based on a foundation of scientific principles and knowledge.

Concerning the methods of management, the theorists agree to the general use of coordination and innovation, as well as the skills needed to work with and through people. Added features include flexibility, the scientific method, social awareness, interdisciplinary knowledge, and common awareness and acceptance of objectives: The objectives of management is an area in which there appears to be less agreement among the theorists, but even here there is a good bit of similarity in their thinking. Economical and effective performance of management functions and the firm's activities were the areas of greatest agreement. Other objectives the group thought important were service to the community, coordination, and decision making.

In the area of management responsibility, there was more agreement. Included as significant are social responsibilities such as efficient use of resources to satisfy consumers' needs and recognition of community welfare. The fact of responsibility for employee welfare was agreed on, but there was some diversity of opinion in regard to its scope. The functions of management are the types of activities performed as an integral part of the management process. Here it appears a number of divisions of the process have been made by the theorists for the purpose of analysis, but none of them are really unique.

Although the classification and sequence of management functions is varied by the theorists, they all included the same basic activities in the management process. Thus they acknowledge a common concept of the management process. While there is considerable difference in some of the theorists' ideas of the specific features of management, when viewed in a slightly more general manner the features appear to

take on an appearance of considerable similarity. There seems to be more uniformity among the contemporary theorists and more diversity of opinion among the early ones. Most of the diverse views of the early theorists, however, seem to have been incorporated into the thinking of the contemporary theories.

Notes

<sup>1</sup>Henri Fayol, General and Industrial Management, trans. by Constance Storrs (London: Sir Isaac Pitman and Sons, Ltd., 1949), p. 3.

<sup>2</sup>Ibid., p. 5.

<sup>3</sup>Ibid., p. 6.

<sup>4</sup>Oliver Sheldon, The Philosophy of Management (New York: Pitman Publishing Corp., 1965), p. 282.

<sup>5</sup>Ibid.

<sup>6</sup>Ibid., p. 284.

<sup>7</sup>H. C. Metcalf and L. Urwick, eds., Dynamic Administration: The Collected Papers of Mary Parker Follett (New York: Harper and Brothers Publishers, 1940), p. 71.

<sup>8</sup>Ibid., p. 21.

<sup>9</sup>Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (3rd ed.; New York: McGraw-Hill Book Company, 1964), p. 2.

<sup>10</sup>Ibid., p. 4.

<sup>11</sup>Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Company, 1965), p. 4.

<sup>12</sup>Ibid.

<sup>13</sup>William H. Newman, Charles E. Summer, and E. Kirby Warren, The Process of Management (2nd ed.; Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 9.

<sup>14</sup>Fayol, op. cit., p. 19.

<sup>15</sup>Sheldon, op. cit., p. 286.

<sup>16</sup>Metcalf and Urwick, op. cit., p. 117.

<sup>17</sup>Ibid., p. 139.

<sup>18</sup>Koontz and O'Donnell, op. cit., p. 41.

<sup>19</sup>Dale, op. cit., p. 8.

<sup>20</sup>Newman, Summer, and Warren, op. cit., p. 9.

- <sup>21</sup>Ibid., p. 16.
- <sup>22</sup>Fayol, op. cit., p. 5.
- <sup>23</sup>Sheldon, op. cit., p. 28.
- <sup>24</sup>Ibid., p. 79.
- <sup>25</sup>Metcalf and Urwick, op. cit., p. 133.
- <sup>26</sup>Ibid., p. 134.
- <sup>27</sup>Ibid., p. 141.
- <sup>28</sup>Koontz and O'Donnell, op. cit., p. 4.
- <sup>29</sup>Newman, Summer, and Warren, op. cit., p. 5.
- <sup>30</sup>Fayol, op. cit., p. 21.
- <sup>31</sup>Sheldon, op. cit., p. 73.
- <sup>32</sup>Ibid., p. 81.
- <sup>33</sup>Ibid.
- <sup>34</sup>Ibid., p. 286.
- <sup>35</sup>Ibid.
- <sup>36</sup>Metcalf and Urwick, op. cit., p. 147.
- <sup>37</sup>Ibid., p. 159.
- <sup>38</sup>Koontz and O'Donnell, op. cit., p. 38.
- <sup>39</sup>Ibid., p. 65.
- <sup>40</sup>Dale, op. cit., p. 210.
- <sup>41</sup>Ibid., p. 211.
- <sup>42</sup>Newman, Summer, and Warren, op. cit., p. 88.
- <sup>43</sup>Ibid., p. 7.
- <sup>44</sup>Fayol, op. cit., p. 5.
- <sup>45</sup>Sheldon, op. cit., p. 286.
- <sup>46</sup>Ibid., p. 52.

<sup>47</sup>Metcalf and Urwick, op. cit., p. 209.

<sup>48</sup>Ibid., p. 267.

<sup>49</sup>Koontz and O'Donnell, op. cit., p. 38.

<sup>50</sup>Dale, op. cit., p. 5.

<sup>51</sup>Newman, Summer, and Warren, op. cit., p. 9.

<sup>52</sup>Ibid., p. 10.

## CHAPTER XI - CONCLUSIONS

Certain questions were raised at the outset to serve as the basic guidelines for this inquiry as well as to provide a rationale for the manner of its conduct. Based upon these questions, the investigation and analysis of selected writings have been pursued. It remains at this point to state the conclusions that can be drawn from a careful weighing and sifting of the information that has been examined.

The purpose of this study is to substantiate or refute the thesis that management principles are universal in their application--that is, that they can be applied to any management task without regard to the nature of the business or organization because they describe relationships that are fundamental and constant and therefore independent of the situation. It can be reasoned that if this is the nature of the principles of management they will possess at least three characteristics: (1) Management principles may be discovered by different people in different places and at different times. (2) Principles, once developed, can be employed with certainty of prediction in all types of situations where the related factors are found. (3) Principles, once discovered, will tend to be utilized by managers and theorists continuously through subsequent time with modification taking place only with regard to the details of their application and not to the basic relationship they describe. In order to determine the extent to which these conditions exist, this study

has been structured to compare the principles of selected management theorists. Attention has been directed to the determination of the extent to which common principles have been developed by the early theorists, who were in different countries and environments, and the extent of the use of these principles in the thinking of the modern theorists. Under these circumstances, agreement concerning the principles among the authors would support the contention of universality of management principles.

All of the authors included in this study view management as a process that can be performed by the systematic, and usually sequential execution of a series of functions. These functions in themselves are inclusive of a rather broad scope of activities, sometimes of a rather diverse nature, that often seem by themselves to be quite unrelated. This characteristic of management has in the past led to a great deal of confusion on the part of theorists due to the lack of recognition of the importance of the relationships and even on occasion the lack of identification of some of the basic activities themselves. The organic nature of management, where the parts make individual contributions which together make up the whole and determine its effectiveness, is acknowledged by all the authors.

The organic nature of management results in material and ideas being drawn from various areas of management thought. This results in an intermingling and unification of ideas and materials in a number of different possible ways so that there appears to be a different basis for each. The basic parts or functions from which management ideas are drawn to create the whole, efficient process for coordinating productive activities are identified by the subject authors as being

essentially the same. They do not all identify the functions in the same precise manner, but an examination of the contents of each of the functions which they do identify reveals, as this study has done, that the functions advanced by the various theorists are in fact indistinguishable from each other in content. The ingredients are essentially the same. The establishment of this fact goes a long way to support the contention that management is a process that is universal.

The functions that comprise the management process were seen by Fayol as: planning, organizing, command, coordination, and control. All the current theorists agreed to this grouping of the basic functions with some moderate changes in terminology and, in the case of Dale, with the inclusion of innovation and representation as additional functions. Exception could be taken with Dale on this matter, however, on the grounds that innovation and representation are both simply additional areas of activity in which management has a recognized responsibility and a resulting need for expending effort. Although innovation is frequently associated with the presence of creative ability or imagination for its development, it still remains true that the activities necessitated must be subjected to the normal sequence of management process functions if efficiency of innovation is to be realized. Representation, while not necessarily associated with the element of creativity, would appear to be in the same category as innovation in that it needs to be managed through submission to the basic functions in the same way all other activities are managed. It may also be asked whether it is necessary for all activities to be subjected to functions of innovation or representation. It would appear fairly obvious that there are many activities encountered by managers that do not require

the application of these two activities, although the number of examples would certainly be less in regard to innovation than they would be with respect to representation.

The other early theorists, in addition to Fayol, saw the need for the same basic activities, but they grouped them in a somewhat different manner and used a more distinctive terminology than did the contemporary authors. Sheldon used a grouping for activities that included administration, management proper, and organization. Miss Follett also took a different view of the functions of management and grouped the activities she believed necessary under the headings of evoking, interacting, integrating, and emerging. All the theorists, however, recognized the need for management's performing the same basic types of activities in the pursuit of objectives and the satisfaction of responsibilities.

The functions of management, although agreed upon, are quite broad and encompassing. The question still remains: did they all accept the same principles in regard to these activities? A principle is, of course, the statement of a relationship that tends to be constant between two activities or factors. These are related in their use and development to the objectives that are established for management and the methods that are used for their achievement, along with the constraints on the methods.

On the matter of objectives for management, there was a great deal of agreement, although there was some difference of opinion as to the desired emphasis. The first objective of management was agreed to be the making of a profit, the second objective was considered to be service to society. The making of profit necessitates the pursuit of a number of secondary objectives that are rather broad in the activities

they encompass, such as coordination, decision making, innovation, maximizing efficiency, and the like. The secondary social objectives are equally diverse in nature and vary from good wages and working conditions to community citizenship and individual development. The distinction that can be made between profit and social contribution is somewhat blurred by the fact that profit is essential to the provision of social contributions and these in turn are, indirectly at least, a means whereby profitability may be improved for the firm.

Profit is not only acknowledged as essential to the continued life of an economic organization, it is accepted as an incentive to and a measure of efficiency within the organization's activities. In this sense profit is a direct contribution to social objectives of many kinds. Compared to the early writers, the contemporary theorists do put relatively more emphasis on social objectives, but all of them consider the first to be profit. The principles discovered and advocated by the theorists in connection with the objectives of the organization were very similar, varying no more than the little variation that exists among the objectives themselves.

The application of principles for the attainment of objectives is dependent on the methods that are available to management. The methods, of course, are subject to constraints and these, too, are variable. The methods and the constraints on methods are dependent on technology, economic environment, resource availability, and many other things which account for a variability of methods among firms and between time periods. Within the category of methods there are activities that range from the relatively general to the very specific. There was a rather high degree of agreement among the theorists even at this level

of managerial activities, but as the methods under consideration become more specific the amount of agreement decreases. There is strong agreement on the need for methods such as the development and utilization of people, coordination, the employment of the scientific method of analysis, and innovation. There was more diversity of opinion on such matters as the specific planning methods, control devices, staffing techniques, and development of leadership. Each tended to stress his own favorite techniques for performing common or routine activities.

It is not at all surprising that a comparison of methods and techniques reveals less agreement among the authors because the methods and their constraints reflect the problems as each sees them, and certainly each recognizes some different specific problems. The only real divergence in the problem area was Miss Follett's. She differs from the others in that she sees human relations as the major concern and problem area of management while the others are production-oriented. The contemporary theorists tend to display a somewhat greater concern for human relations than do the other early authors, but theirs is still basically a production orientation. In the area of methods there is a noticeable difference between the early and the contemporary theorists. This, too, is understandable and to be expected since the world has become more complex and this complexity has had its impact on management. Also, since management is an evolving science, its methods have been growing in number and developing in sophistication since the early theorists made their contributions. The early theorists were trying to find basic solutions to simple problems and their methods revealed this, but the contemporary authors are trying to solve problems in a far more complex environment and its work situations.

In this study, in the light of these considerations, it can be said with a great deal of confidence that there is a large element of universality in the body of management principles. They can be developed or discovered in one situation but applied with confidence to other situations as well. This very definitely signifies that management principles are more than techniques of expediency and are in fact scientific in nature; that is, they set forth consistent, objective relationships. Perhaps the most significant implication of this is that management principles can be taught, as well as developed, independent of a given work environment for the purpose of developing new managers. With basic understanding of relationships managers will be able to apply relevant principles anywhere after acquainting themselves with the details and circumstances of the situation. This is the purpose stated by Fayol for the original development of his theory of management which apparently still holds true today.

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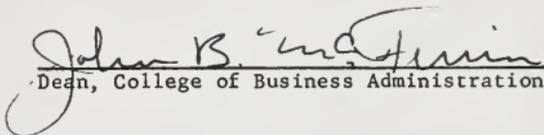
## BIOGRAPHICAL SKETCH

William S. Hart was born November 28, 1931, in Dewey, Oklahoma. In June, 1949, he was graduated from high school in Eureka, Kansas. In June, 1953, he received a Bachelor of Science in Business Education from Kansas State Teachers' College at Emporia, Kansas. In August, 1957, he received a Masters in Science from the same institution. Between these degrees he spent from October, 1953, to October, 1955, in the U. S. Army; most of this time was served in Germany. The school year of 1956-57 was spent as a teacher of business subjects in the high school of Garden City, Kansas. This was followed by a year of management training with the grocery chain of Winn-Dixie Stores, Inc., in Raleigh, North Carolina. In September, 1958, he began teaching in the School of Business at East Carolina University in Greenville, North Carolina, where he has been employed since. A leave of absence was taken by him in 1962-63 in order to enroll in the Graduate School of the University of Florida, and he has worked since that time toward the degree of Doctor of Philosophy. He expects to assume teaching duties at the University of Mississippi in September, 1969.

William S. Hart has been married to the former Carol Ann Smethers of Eureka, Kansas, since June 7, 1953. He is a member of Delta Pi Epsilon, Delta Sigma Pi, Pi Omega Pi, The Society for the Advancement of Management, The American Economic Association, The American Finance Association, and The Southern Economic Association.

This dissertation was prepared under the direction of the chairman of the candidate's supervisory committee and has been approved by all members of that committee. It was submitted to the Dean of the College of Business Administration and to the Graduate Council and was approved as partial fulfillment of the requirements for the degree of Doctor of Philosophy.

August, 1969

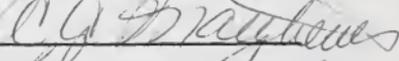
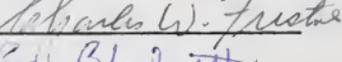
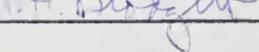
  
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