

EARLY BEHAVIOURAL THEORISTS

Although administrative efficiency theory at first gained a wide _____ following, the limitations of scientific management soon became apparent. Both teachers and practitioners grew restless with the narrowness of the principles presented by Fayol, Gulick, and Urwick. At first, the charge was that the principles, although theoretically sound, simply did not work out in practice, but before long their theoretical validity itself was challenged. In addition, many new lines of thought were initiated that were entirely outside the framework of the efficiency theory.

These new ideas are much harder to categorise than the older ones. The new theorists did not dispute the importance of efficiency as a goal, but they held that other goals must also be considered. They suggested that previous laws and principles were false or over-simplifying and should be revised.

We might say that the second group of theorists demanded a new approach to human relations. They went further in developing attention of such basic processes as communication and decision-making, and some looked on management as a social system.

Mary Parker Follet (1926)

Mary Parker Follett was contemporary of the classical theorists, but her approach was significantly different in that she emphasised the psychological and sociological aspects of management. She viewed management as a social process and the organisation as a social system. Her ideas in such areas as the acceptance of authority, the importance of lateral co-ordination, the integration of organisational participants, and the necessity for change in a dynamic administrative process can be seen as a link between the classical administrative management theorists and the behavioural scientists.

The Law of the Situation

In classical theory, the main way of getting people to do things is by command or direction, that is, by giving orders. Such basic concepts as the unity of command, span of control, and authority are all formulated with reference to linear relationships, in which A tells B what to do.

Follett does not deny the need for giving orders. She deals at some length with how orders should be given. She said that to avoid the two extremes of too great *bossism* in giving orders versus practically no orders being given, we have to depersonalise the giving of orders, to unite all concerned in a study of the situation, to discover the law of the situation, and to obey that.

The *law of the situation* means that one person should not give orders to another person but that both should agree to take their orders from the logic of the situation. When the order integral to a particular situation is found, the subordinate can issue it to the superior as well as the superior to the subordinate.

The law holds good when both parties see the logic of the situation and try to gain a total understanding of all the factors bearing on it. In the face of the facts, conflict dissolves and orders become the combined decisions of those who give them and those who receive them. Thus, the superior may take the initiative in identifying the problem and analysing the situation and the subordinate's energies are channelled into helping to make the decision and carry it out rather than being drained away in open or suppressed resentment.

By act control, rather than personal control, the objective analysis of alternative courses of action determines what shall be done. The most effective method will then be standardised until a better method is found so that all follow standard practices rather than obey arbitrary commands.

Power, Authority, and Responsibility

Follett considered that management writers and political scientists who talked about the delegation of power or the separation, transfer, or conferring of power, were guilty of confusing power and authority.

Power is defined by Follett as *the ability to make things happen, to be a causal agent, to initiate change*. This ability gives one person influence over another and, in that sense, genuine power is capacity. It belongs to the individual, and no man can give it or take it away.

Delegation: Thus, power can neither be delegated nor conferred. It is not a pre-existing thing that can be handed out to someone or wrenched from someone. It is rather an expression of capacity.

Authority is vested power, that is, the right to develop and exercise power vested in a person or an office. It can be conferred, but to confer authority is not to delegate it. Authority should not be seen as something that flows downward like water from a tank on the roof of a building. The idea of delegating authority assumes that somehow the chief executive has the right to all the authority, but that it is useful for him to delegate some of it.

In fact, a person's authority flows from the function or job to be performed, and from the changing situations in which he finds himself. Not even the president or general manager can have any more authority than goes with his function. Therefore, you cannot delegate authority except when you are ill or take a vacation, and then you have not exactly delegated authority. Someone is doing your work, and he has therefore the authority that goes with that particular piece of work. Authority, in other words, belongs to the job and stays with the job.

Responsibility: Follett's concept of authority necessarily implies a revision of the traditional concept of responsibility. Responsibility, like authority, she says, stems from functions and situation. One should not ask *To whom is he responsible? But rather For what is he responsible?*

As the result of the diffusion of function, final or ultimate responsibility, like final authority, is partly an illusion. So many people contribute to administrative decisions before the part that the administrative head takes in them that sometimes his part is merely the promulgation of an official decision. In these circumstances, Follett considered that the concept of final responsibility is losing its force in business organisation.

Chester I. Barnard (1938)

Chester Barnard's position as a working executive shaped his approach to organisation theory. He was for a time president of the New Jersey Bell Telephone Company and was also active on many government and charitable agencies. Like Fayol, Barnard sought to provide a rounded theory of organisation and administration, and had personal experience at top management level. Barnard, however, was influenced by other fields of thought and provided concepts and formulations that have become major points of departure from classical theory.

In 1937, he gave a series of lectures on administration. Published as *The Functions of the Executive*, they became a classic in management literature.

In this book, Barnard stated that for an organisation to continue and to function effectively, the contributions and the satisfactions of participants must balance and participants must have a net gain in satisfaction for their contributions to the organisation.

Barnard stressed the importance of decision making in the managerial process and the need for good communications as an aid in decision making. He recognised the importance of the informal organisation and developed an acceptance concept of authority. We shall now deal with these in more detail.

Informal Organisation

Barnard maintained that, everywhere, informal organisations are related to formal organisations, among executives as well as among workers.

The difference between the two forms of organisation is that the formal is a system of consciously coordinated activities, whereas the informal is unconscious, indefinite, and rather structure less.

The relationship between the two forms of organisation is very close. On the one hand, informal organisations often give rise to formal organisations. On the other hand, once formal organisations are established, they inevitably create and require informal organisations, which not only condition them but also inspire them. Thus, the one can scarcely exist without the other.

At times, the informal organisations may operate against the purposes or the methods of the formal organisation. Yet only informal organisation can perform three positive functions for formal organisations:

1. Perform the communication of intangible facts, opinions, suggestions, and decisions that cannot pass through formal channels, and to do so without raising issues calling for decisions, without dissipating dignity and objective authority, and without overloading executive positions.
2. Maintain cohesiveness in formal organisation through regulating the willingness to serve and the stability of objective authority; and
3. Help maintain personal integrity, self-respect, and independent choice.

The interactions within the informal organisation are not dominated by impersonal authority, but by choice. They, therefore, help to maintain the personality of the individual against certain effects of formal organisation that tend to disintegrate it.

The Acceptance Concept of Authority

Barnard defined the concept of authority as follows:

Authority is the character of a communication, that is, an order, in a formal organisation by virtue of which it is accepted by a member of the organisation as governing what he does or is not to do in so far as the organisation is concerned.

In this view, the final decision on whether an order has authority or not rests with the people to whom it is addressed. If it is not accepted, then it is no longer authoritative, as witness the dead laws and regulations, the rules that one obeys, and the obvious disobedience that abounds in some aspects of society.

In an organisation, an order will generally be accepted only if the person to whom it is addressed:

1. Can and does understand it;
2. Is able mentally and physically to comply with it; and
3. At the time of his decision, believes that it is
 - (a) Consistent with the purpose of the organisation, and
 - (b) Compatible with his personal interests as a whole.

Zone of indifference: Most orders are, in fact, usually accepted because they comply with the above requirements but also because there exists for each person a zone of indifference within which he will accept orders without questioning their authority.

The zone of indifference varies with each person. A member of the armed forces is trained to obey all orders instantly and without question, and his zone of indifference is very wide. A teenager who resents authority and enjoys flouting it has a very narrow zone of indifference.

Experienced executives instinctively recognise this zone and give only those orders that they know will be obeyed.

Fiction of superior authority: Conformity to orders within the zone of indifference is also supported by group influence, public opinion, or feeling in the ranks because disobedience to organisational communication is a threat to the interests of all individuals who derive a net advantage from their connection with the organisation. This influence is largely a function of the informal organisation, and its formal expression is the *fiction* that authority comes down from above and proceeds from the general to the particular.

The use of this fiction enables people to delegate upwards the responsibility for the outcome of their actions, and it also underlines the fact that arbitrary or merely temperamental flouting of authority harms the organisation as a whole. Yet, this fiction of superior authority does not eliminate the underlying veto that always lies in the hands of those who receive the orders. This veto will always be exercised if those in positions of authority show ineptness or ignorance of the true conditions or fail to communicate what ought to be said.

On the other hand, people will usually grant much greater authority, far outside the usual zone of indifference, to those superiors who unite the formal authority of position with the superior ability, knowledge, and understanding that gives them also the authority of leadership. Above all, objective authority cannot be imputed to persons in organisational positions unless subjectively they are dominated by the organisation as respecting their decisions. In other words, the authority of organisational superiors is endorsed by their subordinates only if it is clear that these superiors are themselves acting responsibly towards the organisation.

Herbert Simon (1950)

Barnard's theories were taken up and expanded by a later writer, Herbert Simon, but we shall deal here only with Simon's amplification of Barnard's acceptance theory of authority. Simon's theory is as follows.

The Role of Authority

Simon defined authority as the power to make decisions that guide the actions of another. It is a relationship between superior and subordinate in which:

1. The superior frames and transmits decisions with the expectation that they will be accepted; and
2. The subordinate accepts them, and his conduct is determined by them.

The willingness of a subordinate to accept a command if given does not, however, imply that all, or even most of, his behaviour choices are governed by commands.

Some forms of influence such as suggestion or persuasion may guide actions but involve no authority relationship. *The essence of the authority relationship* is that the subordinate:

1. Accepts commands in the absence of a choice of his own,
2. Accepts commands in opposition to his own choice, or
3. Gives obedience in anticipation of command.

Acceptance of Authority

Simon then asks *why, and to what extent, will a subordinate accept the decisions of another as governing his conduct?*

The sanctions of authority can depend on several factors:

1. Custom, that is, the conduct socially expected of the role of employee. This will vary with different types of employee.
2. Social sanctions, that is, the disapproval that is evident if a person fails to conform to the role expectations of his fellows.
3. Psychological factors, such as the personality differences between leaders and followers.
4. Purpose, that is, the confidence that the order will achieve the desired purpose, or faith in the ability of the commander to fulfil the purpose.
5. Job security and the control over advancement and promotion.
6. Simple unwillingness on the part of the individual to accept the responsibility of decision making.

The limits of authority are determined by the area of acceptance established by the subordinate role. This is similar to Barnard's zone of indifference and represents the area within which the subordinate is willing to accept the decisions made for him by the superior.

The magnitude of the area is influenced by a large number of circumstances. In a voluntary organisation, it is very narrow. Professional men and skilled workmen are apt to have relatively narrow zones of acceptance, particularly in the areas of their own professional competence or skills. An army, where the customs as well as the penalties for non-observance are of extreme severity, has the broadest area of acceptance.

In the very real sense, the leader is merely a bus driver of a chartered bus whose passengers will leave him unless he takes them in the direction they wish to go. They leave him only minor discretion on the route to be followed.

As far as sanctions are concerned, Simon points out that the immediate superior rarely has power to impose sanctions and must therefore rely on incentives. The actions of those who do have power to impose sanctions will, however, strengthen or weaken the authority of the immediate superior, depending on how it is used.

REVIEW OF MANAGEMENT THEORY

You have read about several of the more well-known contributions made to management theory in the earlier part of this century. The classical, or traditional, school founded many management concepts still widely used in organisations today. The behavioural theorists stressed the importance of the human factor in applied management.

The science of management is a progressive one, and constant contributions will continue to be made in efforts to refine effective management techniques still further. You should take every opportunity to read all you can of current writings on management, in order to increase your knowledge of this inexact science.

SUMMARY

The behavioural school considered that the traditional theories of scientific management were inadequate, and introduced human relations into management theory.

Mary Parker Follett's *law of the situation* states that direct orders from manager to subordinate are best avoided where possible. Rather, the situation should be examined and discussed by both parties, and the logical action for the subordinate to follow, agreed by both.

Power is the ability to make changes happen. It is an expression of individual capacity and can neither be delegated nor conferred.

Authority is the right to develop and exercise power. It can be conferred but not delegated because it belongs to the function and stays with it.

Responsibility also stems from function and situation. There is thus no final authority or responsibility but only the interweaving of authority and responsibility beginning at the earliest stages and lower levels. This requires facilities for cross-functioning at different levels.

Informal organisation arises out of, but also creates, formal organisation. It fosters communication, creates cohesiveness, and maintains feelings of personal integrity and independent choice.

To Barnard, authority is the character of a communication (order) by virtue of which it is accepted by a member of the organisation as governing the actions he contributes.

Orders are usually accepted because they comply with the requirements of an authoritative communication and fall within the zone of indifference. This creates the fiction that authority comes down from above. The objective character of orders that induces acceptance arises when the person giving them is ruling **officially** or has authority imputed to him on the grounds of positive leadership.

In Simon's view, authority is the power to make decisions that guide the actions of another. It rests not on sanctions alone but on custom, social pressures towards role conformity, personality factors, purpose fulfilment, job security, and the dislike of the subordinate for the responsibility of decision making.

PRACTICE EXERCISE D

1. Gulick saw the chief executive as carrying out seven types of administrative activity. What are they?
2. Distinguish between *line* and *staff* functions.
3. How did Follett regard responsibility?
4. What are the three positive functions, according to Barnard, by which the informal assists the formal organisation?
5. What are the factors, according to Simon, that determine a person's willingness to accept the authority of another?

(Answers on page 29).

FUNCTIONS OF MANAGEMENT

The functions of a manager are of two kinds – technical and managerial. The purpose of the Management Diploma is to help you develop your ability to cope with the managerial functions. We must not overlook, however, the fact that the manager must be competent in the technical aspect of his work.

Technical Functions

The specialised knowledge or expertise required of a manager in his work, such as engineering, accounting, marketing, or production is essential to the success of the enterprise. It is quite separate and distinct from the managerial function that he must exercise because he is placed in charge of other people, through whom he must achieve results.

From the viewpoint of managerial studies, we shall assume that the manager already possesses technical competence. Otherwise, he would not have been appointed to his job. We can therefore turn our attention wholly to the development of his managerial function.

Managerial Functions

The overall management function is the achievement of objectives by working with and through other people. The four major areas into which this overall function may be broken down are as follows:

1. Planning,
2. Organising,
3. Leading, and
4. Controlling.

This list is given in the order in which we would expect the manager to carry them out. In practice, he may be engaged in all four functions in any order, in a very short space of time. At any moment, a manager will have several activities at various stages of completion, which call for him to be continually moving from one function to another. However, as listed, the functions from a convenient basis for teaching purposes. They provide a framework into which all management techniques and processes can be allocated.

Planning: Planning is the function that decides in advance what the organisation should be doing. It encompasses choosing the purpose and policies of the enterprise and preparing the objectives, strategies, programmes, and procedures for achieving them. Planning must start at the top, and managers at all levels must formally plan their activities to interlock with the overall objectives.

Our syllabus for this assignment requires that you understand the importance of objectives and how to prepare them. Accordingly, we shall deal later with this aspect of planning as a separate topic.

Organising: Organising involves the proper selection and placement of staff within the enterprise to effectively achieve the purpose and objectives of the enterprise. It involves the establishment of a structure or hierarchy and the assignment to managers of groups of activities, along with the authority to

carry them out. The organisation structure is not an end in itself but a tool for accomplishing the objectives of the enterprise. Staffing, which involves filling the positions provided in the structure, and keeping them filled, is another aspect of the organisation function.

Leading: Leading is one of the most complex and intangible of the managerial functions. Motivation, leadership style, group dynamics, and communications are some of the subjects that are covered by this function. Good leadership has been called “the catalyst that enables the enterprise to pull together to achieve its objectives.” The function of leading has been defined as:

The efforts of managers to integrate the needs and desires of their subordinates with the interests of the organisation, in order to achieve its objectives effectively.

A detailed study of this function is covered in lesson 6.

Controlling: The way by which a manager helps to ensure accomplishment of his planned objectives is by exercising control. Controlling is a continuous process that involves:

1. Establishing standards of performance,
2. Measuring current performance in relation to established standards, and
3. Taking corrective action where performance does not meet the standards.

Effective control requires frequent evaluation and prompt action where necessary.

SUMMARY

The functions of a manager fall into two categories – technical and managerial.

Technical competence is an important prerequisite to becoming a manager.

The overall managerial function is the achievement of objectives by working with and through people.

Management may be seen as being comprised of planning, organising, leading, and controlling.

Objectives

The Importance of Objectives

In all aspects of life, the sensible way of making progress is to set yourself goals and to work out how they may be achieved. If your ultimate goal is too remote to be achieved in one attempt, set intermediate goals or objectives that, when achieved, will lead in turn to the next one. In formulating goals, the maxim to adopt is *don't bite off more than you can chew*.

Provided your objectives are realistic and you are committed to achieving them, you should normally be successful. If, however, you fail to plan and work towards achieving objectives, you will drift through life in a haphazard way, and because your efforts will lack co-ordination, you will achieve little. The practice of setting objectives, therefore, is a vital prerequisite to achievement.

Corporate Objectives

As with one's personal life, so it is with organisations, both in the public and private sectors. Obviously, every organisation must have a purpose or it would not exist for long. Although the practice is by no means universal, top management should take the trouble to express the basic purpose of the organisation in writing. From this basic statement of purpose must stem corporate objectives, both long and short term. This planning concept:

1. Encourages management to prepare for expected and unexpected eventualities,
2. Directs the attention of management at all levels to the corporate objectives,
3. Places emphasis on the efficiency of operations, and
4. Enables control mechanisms to be established.

Managerial Objectives

Corporate policies, goals, and strategies must be established by top management before managers at lower levels can prepare their objectives. Policies are standing plans that provide guidelines for administrative action. They are relatively stable and form limits of discretion for managers.

Each manager then prepares his own objectives for a given period by relating his accountabilities to the corporate objectives for that period. He gives priority to those of his accountabilities that will contribute most towards the corporate objectives and always bears corporate policies in mind.

A good objective must be:

1. Identifiable: Specific, indicating clearly the results expected;
2. Measurable: Able clearly to be compared later with actual results achieved;
3. Relevant: In support of corporate objectives;
4. Realistic: Achievable but challenging; and
5. Flexible: Able to be adapted if conditions change.

An example of a poorly worded objective by a sales manager could be:

To increase sales in the greater Auckland area.

The following objective is more specific and is capable of being measured at the end of the period. It aims to be realistic and is also flexible.

To improve market penetration in the greater Auckland area without increasing the sales force, and produce a 20% increase in sales volume.

SUMMARY

Every organisation needs a written statement defining the purpose for which it exists.

Corporate objectives must be compatible with the statement of purpose.

Policies are standard plans that act as guidelines forming the limits of discretion for managers.

A manager prepares his objectives by relating his accountabilities to the corporate objectives and giving priority to those that make the biggest contribution.

A good objective must be identifiable, measurable, relevant, realistic, and flexible.

PRACTICE EXERCISE E

1. What are the two basic categories of a manager's overall function?
2. All managerial functions may be classified under one of four headings. Name those headings.
3. Why does an organisation need a statement of purpose?
4. State four important reasons for planning?
5. What are policies of an organisation?

(Answers on page 29).

ANSWERS TO PRACTICE EXERCISES

EXERCISE A

- Analysis of the component parts of each task;
 - Studies of the time taken by each component;
 - Elimination of false, useless, or slow movements, and possibly the development of new methods; and
 - Development of the one best way by taking the best of the methods observed or developed.
- Assign each worker to clearly defined task.
 - Provide standardised conditions and tools.
 - Give high wages for accomplishing the task.
 - Make sure that, if a workman fails, he will be a loser thereby.
- Resentment at the substitution of scientific method for rule-of-thumb judgement and acquired expertise.
- Gang boss, speed boss, repair boss, and inspector.

EXERCISE B

- A line of authority and communication.
 - Means of effecting co-ordination.
- Forecast and plan
 - Organise
 - Command
 - Co-ordinate
 - Control
- Administration alone is concerned with drawing up the broad plan of operations, assembling personnel, and co-ordinating effort. That is, it integrates the other elements of the firm.

EXERCISE C

- Authority is a formalised right to command, based on the willing compliance of subordinates who recognise and accept that right.
- Division of labour (specialisation),
 - A graded hierarchy,
 - Rules and regulations, and.
 - Impersonal relationships.
- Because it lacks the adaptability and flexibility required in the current business scene, and because of the effect of new technology on commercial and industrial organisations.

EXERCISE D

1. Planning, organising, staffing, directing, co-ordinating, reporting, and budgeting.
2. Line functions are those that are directly responsible for accomplishing the objectives of the enterprise. Staff functions are specialist functions that offer services to line functions to help them to accomplish the objectives.
3. As stemming from each function. One should not ask to whom is a person responsible, but rather for what is he responsible.
- 4
 - (a) Communication of intangible facts,
 - (b) Maintenance of cohesiveness in the formal organisation, and
 - (c) Assistance in maintaining personal integrity.
5. Custom, social sanctions, psychological factors, purpose, job security, and unwillingness to accept responsibility himself.

EXERCISE E

1. Technical and managerial.
2. Planning, organising, leading and controlling.
3. To explain the main reason for its existence, and thus to serve as guidelines for the preparation of corporate objectives.
4. Planning
 - (a) Encourages management to prepare for expected and unexpected eventualities,
 - (b) Directs the attention of management at all levels to the corporate objectives,
 - (c) Places emphasis on efficiency of operations, and
 - (d) Enables control mechanisms to be established.
5. Policies are standing plans that act as guidelines for managers. Being relatively stable, they form limits of discretion for managers.