

Administrative Management Theory



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Introduction

The purpose of this report is to critically evaluate administrative management theories in today's modern-day organisations. Included will be information and references influenced by leading theorists. Why hierarchy is needed within the business world, and the advantages and disadvantages of theories. Also, to reflect on how well this critical thinking skills module has developed my concept of business based on what was taught throughout the module.

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The purpose of administrative management theories

Administrative management theory is used to help create and organise a productive communications structure to help within the company to enable effective communication throughout with board members, CEO's, senior managers, managers and employees.

Every individual, including the Board of Governors and the CEOs who reside at the top of the hierarchy structure have a specific job and title within the company, which involves responsibilities or duties to be completed for the company to be successful.

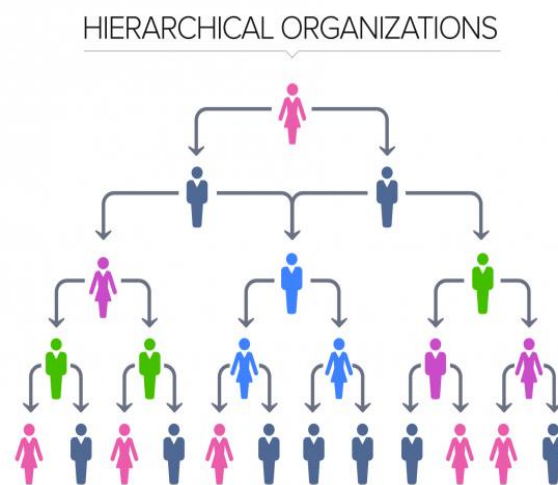
Different measures of organizational effectiveness might also result in a different perspective on leadership importance **(Day and Lord, 1988)**

Hierarchical Company Management Structure

Hierarchical Management Structure is a framework of orders conducted according to the status of authority in which an organisation/company or society members are ranked.

- Shareholder/stockholder: is a person or company that owns stocks or shares within the company; this is also known as equity, each shareholder represents a percentage of the company and is entitled to make important decisions, receives significant amounts of profits made by the company. The shareholders/stockholder are the essential owners of the company and are in the position, through voting with other board members to fire a member of the board.
- The board of directors: the board of directors are at the top of the hierarchy structure. Their job is to steer the organisation/company in the correct direction by making sure the future of the business is governed by the correct policies, conducted ethically, financially and legally to protect the shareholders of the company.
- Chief Executive Officer (CEO): has the highest commanding position in the company as a staff member, who follows instructions given by the board of directors to hand down instructions to the executive board of directors.
- Executive board of directors: each board member will be responsible for managers who operate below them.

- Managers: and the manager is responsible for administrating and controlling the staff that includes supervisors.
- Supervisor: the position of a supervisor is to observe and direct the work of the employees making sure that they are doing the work appointed to them correctly, also the employee is secure and safe in their position.
- Employees: fulfil specific jobs responsibilities or duties pointed by the manager or supervisor.



Morgan (2015)

Hierarchical relating to a system of controlling or managing a country, company, or organisation that is operated by a large number of officials **(Cambridge, 2021)**

David A. Kolb Theory model 1984

David Kolb created the Kolb reflective cycle in which learning is achieved through experience, this is referred to as “experimental learning theory (ELT)”. This involves a reflective learning Process, thinking critically by asking constructive questions about one own experience or ideas helping one become a more active learner. Kolb believed, once this action is imprinted on the conscious mind it becomes a memory of remembrance, hence gaining experience at the same time.

The advantages are, people natural learn from experience, good or bad and stand a better chance of remembering, hence the reason why this theory has a more positive successful rate being used in the field of learning and education, this in turn helps to take a deeper look at what the individual needed to help improve themselves e.g., someone with special needs, learning difficulties or dyslexia may need a special form of training or extra support.

This theory is very similar to the youth opportunities program launched in 1978. with the objective to offer 16- to 18-year-olds the opportunity to train and gain work experience within a chosen company to help increase their chance of employment, this was later changed to the youth training scheme. (Simmons, 2019).

The Kolb Learning Style Inventory differs from other tests of learning style and personality used in education by being based on a comprehensive theory of learning and development. (Kolb, 2007)

Kolb reflective cycle theory

1. **Concrete experience:** Circumstances or situation at a specific time is remembered and documented in the Conscious mind.
2. **Reflective observation:** Reflect on what has happened, a particular situation about one more experience.
3. **Abstract conceptualisation:** This involves abstract thinking, analysing the process or action of a scenario or incident and develop theories derived from these situations.
4. **Active experimentation:** Describing the theories of the situations, think of ways or strategies to improve the situation.

Experiential Learning Theory (ELT) draws on the work of prominent 20th century scholars who gave experience a central role in their theories of human learning and development (Kolb, 2007)

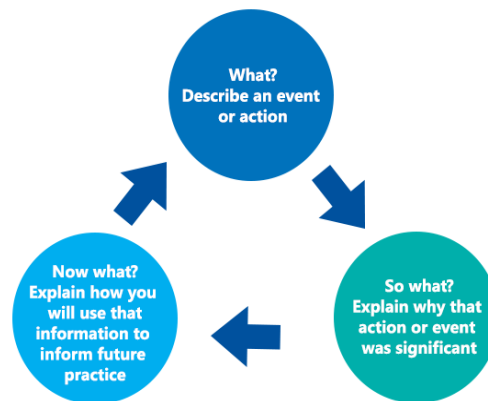
John Driscoll theory (1990)

John Driscoll's theory was developed in 1994 for healthcare practitioners. It has since been used to aid different kinds of learning in many fields of work. Driscoll's theory is a basic Model which asked three simple questions

- What? What was the experience/situation. One would describe the experience/situation, this provides us with a good understanding of what we are facing,
- So what? Reflect on the situation as a result, then begin to analyse and learn from what was experienced; everyone works towards reflecting in their own personal way as a result of experienced.
- Now what? Decide what kind of action will need to be taken after reflecting on the situation. It may be possible that no further outcome/action needs to be taken, will things change or continue as normal. that way we believe we're doing everything right.

Immediate concrete experience is the basis for observation and reflection. **(Kolb, 1976)**

Driscoll's model of reflection



We tend to assume that everyone has the psychological and even physical security of reflecting with others **(Raelin, 2001)** Reflection alone does not necessarily encourage learning, depending on the circumstance's reflecting takes practice as it is a deep form of meditation and has its advantages and disadvantages. If learning embraces and integrates, knowledge, self and action, then the means require their inclusion and integration as well. **(Brockbank and McGill, 2007)**

The Pro: a) Increases self-awareness b) Helps to improve emotional intelligence c) Develops a stronger mindset d) Encourages creative thinking

The Cons: a) Reflection is a state of mind and if you have a low level of engagement or is easily distracted, this can be a problem b) Development and change take energy, commitment and practise as well as competence c) Not everyone will understand the correct procedure reflection d) It could encourage negative responses, leaving the learner confused or unsure of themselves e) It may not be suitable enough to solve this situation.

Henri Fayol Theory 1841-1925

Henri Fayol was a French industrialist who was acknowledged as the founding father of classic management of the school of thought. Fayol spent his entire career working for one company in France directing, counseling, and advising the managers. Fayol also kept diaries and made extensive notes of his observations as a manager on a daily basis. **(Parker and Ritson, 2005)** All his theories were based solely on the knowledge and experience acquired through the company. Henri Fayol, an advocate of the experimental method, built his administrative theory from his experiences. **(Wren, 1995)** During the 2008 presentation Fayol asked the audience a central question- is there a better way to learn to manage other than by experience? **(Wren, Bedeian and Breeze, 2002)**

Although he was very successful within the company he worked for, Fayol's views have been criticised for weaknesses of analysis and assessment, for the overlap in his principles, elements and duties, for confusing structure with process, and for an over-reliance on top-down bureaucracy.

Fayol's management theories have influenced many companies and is still used by multi-million-pound industries, organisations, and lecturers all over the world **(CMI, 2012)**



CIO Wiki (2021)

1. Technical: manufacture, adaptation, engineering, production
2. Commercial: selling, buying, exchange.
3. Financial: the search for optimum use of capital.
4. Security: protection of assets and personnel.
5. Accounting: costs, stocktaking, balance sheets, statistics.
6. Managerial: planning, controlling, organising, coordinating, commanding.

William E. Deming Theory

William Deming was considered by many to be the Master of Quality improvement. Deming offered a 14-points management system to help organisations/businesses improve management and productivity. His theories shone a light on the capabilities of constant improvement towards long-term goals within the company by planning ahead and eliminating future threats. Deming's focus was on the business as a whole and not just one particular section, realising that management, employees, quality, etc are all connected and needed to be addressed equally in order for the company/organisation to be successful. Deming was a philosophical and pragmatic individual who applied the same principles to his theories. Some scholars have positioned the Deming management method as a new management theory in and of itself. (Anderson, Rungtusanatham and Schroeder, 1994)

The 14 points of the Deming management method:

1. **Create constancy of purpose** Product improvement, be competitive to stay in business, Provide jobs.
2. **Adopt the new philosophy** western management must awaken to the new economic age, learn responsibilities, Improve on leadership
3. **Cease depending on** mass inspections, incorporate quality into the product from the beginning, eliminate the need for quality inspections
4. **End the practice of** business price tags, reduce cost total, concentrate on single supplier.
5. **Improve constantly**, regularly improve production system and service, decrease costs.
6. **Institute training**, Incorporate job training for staff and managers.
7. **Institute leadership**. Mechanics readily available to fix machines and gadgets, available support when needed, overhaul supervision of management, supervision of production workers.
8. **Drive out fear** encourage efficiency and positivity within the company
9. **Break down barriers between departments**, people in research, sales, design, and production, encourage teamwork, to foresee problems of production and use that may be encountered with the product or service.
10. **Eliminate slogans**, exhortations, targets and defects within productivity.
11. **Eliminate work standards** factory floor quotas, substitute leadership, management by objective, Substitute leadership, management by numbers, numeric goals.
12. **Remove barriers** for hourly workers, change responsibility of supervisors, remove barriers in management and in engineering, abolish annual or merit rating of management by objective.
13. **Institute** education and self-improvement programme
14. **To accomplish transformation**, motivate management and staff daily (Deming, 1986)

Deming also incorporated alongside the 14-point management system “the seven deadly sins” in which he felt were the main issues why companies/organisations do not reach their highest potential. Deming's method will work anyway, it is universal. **(Walton, 1988)**

Deming's Seven deadly diseases

1. Constancy of purpose: plan product and service, provide jobs.
 2. Emphasis on short-term profits: Eliminate fear of unfriendly takeover, from bankers and owners of dividends.
 3. Evaluation of performance: annual reviews or merit rating.
 4. Mobility of management; job hopping.
 5. Management: show consideration for known and unknown figures, from management
 6. Excessive medical costs: reduce excessive medical costs for employees, reduce medical costs from suppliers.
 7. Excessive costs of liability: reduce cost of liability and contingency fees appointed by lawyers.
- (Deming, 1986)**

Joseph M. Juran theory

Joseph M. Juran was an evangelist of quality and quality management and was widely accredited for being the founder of quality management theories. Juran's theory focuses on the human dimension of business management, all levels of management had to be trained with the principles of what he thought was important, which came under the Juran trilogy, which was about quality, the emphasis was mainly on the process of quality management, just because the quality was improved does not mean that you had to stop there it was an ongoing process. Juran focused on the training of management showing how important it was to maintain, improve, and communicate between all the levels of management in a company, once this was achieved whichever company applied these principles, would always be beneficial.

To convert these amateurs into professionals is a cultural change which requires the active participation of the upper management. As a prerequisite it is necessary to explain to upper management how to think about quality and quality planning. **(Juran, 1992)**

1. Quality planning (quality by design) 2. Quality improvement (Lean six sigma) 3. Quality control (Process control and regularity)



The disadvantage of the Juran theory, he did no additional research as his theory was built completely on his own administrative experiences attained through the companies he worked for. As a result, he was unable to completely comprehend the merits and drawbacks of his theory, believing that his system solely created positive results. He similarly insisted on unity of direction that is, one had one plan for any group of activities having the same objective. **(Wood and Wood, 2002)** also, the issue of the time periods in which it was created, during Juran's time having authority and influence over employees was standard but in today's modern-day organisations he would have to rethink some of the notions used to make them more relevant in the workplace.

The relevance of theories

Peter Drucker (1909-1995) was the first known business theorist “the father of modern management theory” who believed managers should be leaders above everything else. Many have followed in Drucker's footsteps extending his theories or incorporating their version, as several models are very similar. Reality has changed but the theory of business has not changed with it. **(Drucker, 1994)** Deming, Fayol, Juran, Driscoll, and Kolb are some of the most popular models/theorists, amongst others, used in the business world, and as an example in learning to date. The tools and techniques used in process management are another similarity between Deming and Juran. **Anderson, et al. (1995)**

Business model theories are used to structure, design, and develop future ventures. It is vitally important for managers in modern-day organisations to have a good understanding of management and be able to know how to incorporate the appropriate model. There are many theories available for businesses depending on the requirements. It is essential the correct model is chosen to address aspects of the business as being unsure could be detrimental to the business. Most business theories go back over a hundred years but are still as popular with many companies and organisations today as they were back then, proving to be one of the most essential businesses tools. Theories have their advantages and disadvantages; it is always wise to choose one where the advantages outweigh the disadvantages.

The Pros of theories

- the advantages of using theory models' offers a structured approach to finding solutions, provides a useful starting point.
- it allows you to access situations at all levels
- you will know when the process is complete
- it is an ongoing process which enables you to gauge the whole situation
- You know when all stages of obvious situation have been reviewed
- creates a structure for anyone who is unsure where to start.

The Cons of theories

- Steps need to be followed in a defined manner
- Reflective practise is a continuous process
- Models are not always applicable in every situation
- It is impossible to know exactly how theories affect employees and learners during the process, people are individuals and react differently in situations.
- there is yet to see a full structured in-depth study of Scientific fact, Stating solid evidence in any of the many available theories/models.
- Can be overly bureaucratic and have a demotivating approach.

How this module helped to improve my critical thinking

Studying the critical thinking module has helped me to take an in-depth look at myself and my business requirements and how to study the elements of what is needed to succeed. Prejudices and misconceptions often undermine the quality of thought of the unreflective thinker. **Elder et al, (1996)**

I am a qualified chef who loved to cook and create dishes, along the way, I developed a large following of customers which I could no longer sustain in my home, so I decided to turn it into a business. I must admit, after starting I wasn't sure how to develop the business or understood the theory's involved in running a business; cooking in the kitchen and actually running a business are two totally different elements that do work together but should be addressed separately. unreflective thinking lack the knowledge that high-quality thinking requires regular practice in conscious taking thinking about, accurately assessing it, and actively improving it. **Elder et al, (1996)**

This module has helped me understand the critical thinking side of running the business and changed my train of thought, help me to deal with my biases, and study the consequences of my options. it has also taught me the importance of how each section of the business is connected and like a domino effect, if one section is not dressed accordingly can affect the others, forever searching in all fields of the business

When you proprietor of the business you will want everything done your way, there are times when you must deal with inevitability of excepting that you are not always correct. Critical thinking is 'thoughtful' thinking. It starts with an expectation that the received wisdom may not be correct or the only valid view. **(Moon, 2007)**

Conclusion

Administrative management theories are used to help create a productive communications structure which is the heart of the business/company, without these theories they would run less efficiently, and productivity would be poor affecting management and employees hence jeopardising the overall business itself.

The hierarchy system is needed within the business world to help maintain order and structure. Every individual, including the Board of Governors and the CEOs who reside at the top of the hierarchy structure, have a specific job to do within the company, which involves responsibilities or duties to be completed for the company to be successful.

Nearly all the theories discussed, along with many others, are from the philosophers' own experiences achieved through their work. Even so, theories have their advantages and disadvantages, can be overly bureaucratic and have a demotivating approach but they are still widely used in companies today

This module has helped me understand the critical thinking side of running the business, changed my train of thought and study the consequences of my options.

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