
The Role Of Management Theories In The Construction Industry

Introduction

Management theories have been used as tools to aid the function and roles of management. They are an important component that influences the performance of the construction industry and the various organisations with in it

At this essay at first part of the main body we will focus of discussion about the development of management thinking over the years. At second section we will analyse the influence of the management theories that has had on the construction industry. At the last part of the essay we will evaluate the functions of management and how they are relevant to being a successful manager in construction.

Main Body

Development of management thinking

Mass production and the Industrial Revolution brought about new requirements for managing people and processes. As companies began to grow in size and production, business owners increasingly needed managers to run their daily operations. Prior to the Industrial Revolution, only a few organizations and militaries required theories for management. As a result of expanding industry, the practice of management became a major theoretical consideration in the study of business.

Over the past 100 years, management theories have changed and improved according to the mentalities, economic and social context, and human expectations from the staff. Within a company, the leaders are people thinking in a long term view the future of the business. They set big aims and gain commitment with their staff, they also represent the inspiration of the business. They make sure orders and tasks are well executed, so they think in a more short-term view setting targets and objectives, look for maximizing resources, and help the employees to stay productive by motivating them.

Creative, dynamic management is a driving force behind the success of any business. In today's marketplace, change is rapid, and managers are expected to deal with a broad set of issues and needs. How they address those issues is very different today than it was a hundred

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years ago. Times have changed, labour has changed, and, most importantly, management philosophies have changed. The management philosophies of yesterday are valuable tools for managers to use today.

Max Weber and the bureaucracy (1864-1920)

Weber developed the concept of bureaucracy, whereby an organization is characterized as having specialized jobs, rigorous rules of behaviour, clear-cut authority and responsibility relationships, employment and promotions based upon merit and seniority, and lifelong employment.

According to the bureaucratic theory of Max Weber, three types of power can be found in organizations: traditional power, charismatic power, and legal power. He refers in his bureaucratic theory to the latter as a bureaucracy. All aspects of a democracy are organised based on rules and laws, making the principle of established jurisdiction prevail.

The following three elements support bureaucratic management:

- All regular activities within a bureaucracy can be regarded as official duties.
- Management has the authority to impose rules.
- Rules can easily be respected based on established methods.

Advantages

The great benefit of a bureaucracy is that large organisations with many hierarchical layers can become structured and work effectively. It is precisely the established rules and procedures that allows for high efficiency and consistent execution of work by all employees.

All this makes it easier for management to maintain control and make adjustments when necessary. Bureaucracy is especially inevitable in organisations where legislation plays an important role in delivering a consistent output.

Disadvantages

Bureaucracy is characterised by a large amount of red tape, paperwork, many desks, certain office culture and slow bureaucratic communication due to its many hierarchical layers. This is the system's biggest disadvantage of a bureaucratic organization. It is also unfortunate that employees remain distanced from each other and the organisation, making them less loyal.

Because employees of a bureaucratic organization have no opportunity to voice their opinion or

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influence decision making, a bureaucracy may demotivate employees in the long run.

Henry Fayol's Administrative Management (1841 – 1925)

Administrative management focuses on the process of management concerned with setting goals and planning, organizing, commanding, coordinating, and controlling activities in such a manner that organizational objectives are achieved. Fayol's most important contribution to management involved two fundamental concepts.

The first one concerned the universality of basic management principles. These principles are applicable to all forms of organized human work.

Fayol's 14 Principles of Management are listed below:

- Division of Work – When employees are specialized, output can increase because they become increasingly skilled and efficient.
- Authority – Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.
- Discipline – Discipline must be upheld in organizations, but methods for doing so can vary.
- Unity of Command – Employees should have only one direct supervisor.
- Unity of Direction – Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
- Subordination of Individual Interests to the General Interest – The interests of one employee should not be allowed to become more important than those of the group. This includes managers.
- Remuneration – Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.
- Centralization – This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
- Scalar Chain – Employees should be aware of where they stand in the organization's hierarchy, or chain of command.
- Order – The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.
- Equity – Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate
- Stability of Tenure of Personnel – Managers should strive to minimize employee turnover. Personnel planning should be a priority.
- Initiative – Employees should be given the necessary level of freedom to create and

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carry out plans.

- Esprit de Corps – Organizations should strive to promote team spirit and unity.

His second major concept was that there is a body of knowledge related to the functions of management that can, and should, be taught. This concept led to the development of a management discipline that can validly be taught at the college level. His ideas and concepts can be used as guidelines especially when using the contingency approach to management.

Fayol's Six Primary Functions of Management which go hand in hand with the Principles, are as follows:

- Forecasting.
- Planning.
- Organizing.
- Commanding.
- Coordinating.
- Controlling.

Fayol's major contribution was to identify management as a separate set of skills, or functions, performed by supervisors in organizations. He clearly delineated the difference between technical and managerial skills and noted that supervisor must be proficient in both to be successful. "Management plays a very important part in the government of undertakings: of all undertakings, large or small, industrial, commercial, political, religious or other. I intend to set forth my ideas here on the way in which that part should be played". (Fayol, 1949 p.88) Fayol wrote as a practical man of business reflecting on his long managerial career and setting down the principles he had observed. He was not attempted to develop a logical theory or a self-contained philosophy of management. His observations, however, fit amazingly well into the currently developing method of management theory.

Frederick W. Taylor and the Scientific Management (1856 – 1915)

The concept of the scientific management approach was introduced into the United States by Frederick W. Taylor considered the father of efficiency manufacturing, he developed an approach that encourages increasing production, improving employees' working conditions and increasing earnings. His main involvement was to codify some principles earlier developed and used in well-managed European factories by stating them coherently and making them available to American factory managers. The heart of Taylor's approach was to create a "mental revolution", which assumed that managers would want to increase productivity and share those gains with the workers through easier work and improve material wellbeing. Applying his philosophy on workers, he developed the following duties of professional managers:

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- To develop a science for each element of a worker's job that would replace the old rule-of-thumb method.
 - Select, train, teach, and develop workers scientifically (in the past, workers had chosen their own method of production and trained themselves as best they could)
 - Cooperate completely with employees to ensure that all work was accorded with the best available methods of operation.
 - Divide the work and responsibilities between management and workers.
 - Use incentive wages to motivate workers to produce more.

Frederick W. Taylor developed an entire production and management system that was far ahead of its time. In fact, his contributions were partially responsible for the massive production systems during World War I and II.

This approach standardized labour and training, employee hiring, and tied compensation to increased productivity. While highly successful, this approach did not take into consideration the diversity of abilities and needs within the workforce.

Mary Parker Follett (1868-1933)

A crucial shift in management philosophy came in the 1920s with a new emphasis on human behaviours, needs and attitudes in the workplace over the economy and efficiency of production. Mary Parker Follett pioneered the Humanistic Perspective that first stressed the need for employee empowerment.

Mary Follett's work referred to as administrative management, her contributions generally emphasise the need for an integrated organizational system, where people worked as a team or group! She feels that this will lead to more productivity and greater job satisfaction, rather than the 'solo worker' scientific management theory of Frederick Taylor

She advocated:

- Employee empowerment
- Flatter (horizontal) organizational structures
- Constructive use of conflict in management and staff relations

Follett believed that labour harmony could be achieved by the proper use of conflict! That there are four major ways of resolving conflict, namely:

- The voluntary submission by one party
- A victory of one party over the other

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- A compromised
 - An integration, which is finding a solution that satisfied both parties, without either a compromise or a domination!

She favoured the last method! She also believed that a leader in a group situation normally influences the group and is also influenced by the group! Mary Follett also developed the concepts such as:

- The universal goal
- The universal principle
- The law of the situation!

The universal goal of organisations is a combination of individual efforts that work towards the same goals of the organisation!

The universal principle is that there should be a circular or reciprocal response organisational activities and communications! Basically, she advocated a feedback(control) system in the organisation!

The law of the situation is there is no single best way of doing things in management, and that the particular situation will dictate what to do!

This new way of thinking led the way for the human resource perspective, which saw workers as a resource to be fully utilized, as opposed to tools from which to extract utility. It suggested that beyond the need for worker inclusion and supportive leadership, organizations should design jobs to meet the higher needs of their employees and utilize their full potential. This perspective paved the way for the role that human relations departments play in organizations today.

Whether in the factories of yesterday or the e-businesses of today, managers have had the responsibility of coordinating and motivating employees to meet the goals of an organization. As times have changed, so have the philosophies of management. Understanding the evolution of management helps current managers understand where we are today and how to improve management for the future.

Influence of the management theories that has had on the construction industry.

The contingency theory

Contingency theory in an offshoot of systems theory -- concerned with system design, began in

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the mid-60s to the 70s. Heyday in early 80's Scott (1981) says, "Contingency theory remains 'the dominant approach to organization design' as well as the most widely utilized contemporary theoretical approach to the study of organizations". But Pfeffer (1997) says, "With some notable exceptions, structural contingency theory has since virtually faded from the research and managerial literature scene." Meanwhile in strategic management, the general axiom of contingency theory is that no "strategy is universally superior, irrespective of the environmental or firm context" (Venkatraman, 1989). On the other hand, the contingency theory recognizes that there too many variables that have bearing on the organizational structure, externally and internally to the organization. Child (1975) suggested that variability in a company's environment refers to the presence of changes which are relatively difficult to predict, which involve important difference from previous conditions, and which are likely therefore to generate an amount of uncertainty.

Contingency theory is an organisational theory based around the idea that the role of a project manager is to establish the best possible fit between the organisation, its environment, and sub-systems.

It is founded on the belief that many management theories may be appropriate in a particular situation, but no single approach will work successfully in all circumstances. Instead, internal, and external situations will determine the optimal course of action. This makes it particularly appropriate for construction, which, with its typically uncertain and non-routine site environment, will typically benefit from a management model that is more adaptive and flexible.

Contingency theory encompasses the idea of open systems, i.e. systems that have external interactions - such as construction. Open systems are capable of reaching the same objective from different initial conditions and by following different paths (organisational structures). This is known as the equifinality of open systems.

Project managers must 'satisfice' (a combination of the words 'satisfy' and 'suffice'), that is, they must find a solution which is sufficient to satisfy the specific project criteria – in order to identify a route which optimises the performance of the system and sub-systems.

Functions of management and how they are relevant to being a successful manager in construction

The four basic functions of management are planning, organizing, leading, and controlling. These functions work together in the creation, execution, and realization of organizational goals. The four functions of management can be considered a process where each function builds on the previous function. To be successful, management needs to follow the four functions of management in the proper order.

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- **Planning:** Project managers and construction managers must be able to plan. By this I do not mean they should only know how to prepare and follow a construction schedule or programme. Rather, the construction manager must also be able to plan what must happen today on their project, what must happen tomorrow and how what they do today will impact what happens tomorrow. They should know what needs to happen next week and next month and how what they do today will impact whether they achieve what must be achieved next week and next month. This planning entails ensuring that the project has the required people, materials, and equipment on time. Planning is about ensuring that the work is coordinated and organised and not completed in a haphazard approach.
 - **Organizing:** Management professionals divide the construction project into departments and assign specific tasks to individual team members. An important function of construction managers is to ensure employees are assigned to departments and tasks that are best suited to them.
 - **Leading:** Construction managers train, support, and correct employees so their tasks are completed entirely and correctly.
 - **Controlling:** Construction managers make sure each department understands their role, what kind of help they can expect from each other and have clear communication about plan changes. They compare active achievements to the project plan and make adjustments to meet deadlines and objectives.

Conclusion

Management theories strongly influence today's management practices. In nowadays context, especially currently with the credit crunch, a manager not only needs to respond to his team need, but he also needs to prevent it. He does not only need to motivate them in their work, but to imply them at work as if it was in their private life; he needs to make them feel like part of the company's big family.

Every manager must think innovatively for the progress of the organization and follow the best aspects, customizing management methods to different circumstances at any given time.

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