

## **IV. Approaches to management (Poznań 2008)**

### **1. The enterprise vs. management**

One must take into account that the enterprise exists in an environment and can be shaped through the integrated and organised structure of various activities. First of all, there are core activities, comprising the vertical process chain aimed at creating the added value. These activities lead to the emergence of the portfolio. It is complemented by all sorts of auxiliary activities, i.e. supporting, conditioning, facilitating, supplementing, catalysing, etc. with regard to all the others. Further, there are the activities of executive and managerial drive ensuring the efficiency of the whole content and form of action, control over the enterprise and its environment. Another group of activities involves communications, producing knowledge, and its highest form - wisdom. Finally, without economising the enterprise would not survive over the long term.

### **2. The current paradigm of enterprise management**

The consistency and organisation of this paradigm was once defined by H. Koontz (1961) as the Management Theory Jungle. This condition has not changed to date, and what is more the dynamic growth of management studies had additionally clouded the picture. These days, this paradigm has distinct points of gravity. By far, the prevailing view is that normative functions prevail among the potential cognitive, axiological and normative functions of management studies. It is generally believed that management science is directive in nature, i.e. it formulates principles dictating how to manage a given social system, including the enterprise, successfully. Sometimes, management studies are denied their cognitive and axiological status<sup>[1]</sup>, by claiming that they are exclusively normative and derivative of economics.

One cannot agree with such a viewpoint, for a number of reasons, primarily because it is based on misunderstanding the nature of management itself. The above approach stems from identifying management with running a business successfully. It is a double misunderstanding. Firstly, the domain of management is being practically reduced to the so-called business activity. This would mean that the objective scope of management should exclude the vast realm of social systems of a non-profit nature. Are they not managed? Secondly, how are we to know how to manage, or run e.g. an enterprise successfully, if we do not have the scientific foundations, cognitive and axiological, concerning management? Are we to assume that economics supply those? Then why do we talk of management at all, why not stop at economising? Why did management science not develop alongside economics, but instead it originated over a hundred years later?

### **3. Premises shaping the approaches to enterprise management**

The concept promoted herein stems from the above-described understanding of every action, as an integrated structure of activities among which we can differentiate both driving behaviours (domain of management) and economising (domain of economics). In other words, any action includes the elements of management and economics related to it. The conclusion is as follows: management and economics do not exist as self-contained activities, as in that case they would not have an object of their own. They exist solely as an element of a given action, thanks to which they have their own object. As such, they can also be the object of the scientific process.

Action is an inseparable whole comprising core and supporting activities, managerial and executive driving<sup>[2]</sup>, economising and communicating. What does it mean in practice, in the above-mentioned context of changes, with regard to management?

**Firstly**, management is subordinated to the results, course and circumstances of action as a whole, and necessarily and predominantly to the core activities. This is because the latter designate the essence of a given action. The values and goals of core activities are superior to the management activities.

**Secondly**, the links between management and the other activities of every action and social system are necessary and inevitable. Of particular importance are the links between management and economy. They are bilateral and reciprocal (“managing the economy” and “economy of management” or better: “economy in management”). The highest degree of correlation takes place in enterprises (profit-oriented systems). The enterprise’s core processes are economic activities in a given field, hence these activities as well as beneficiality and economy are the superior values and goals for management. The enterprise’s manager is obliged to drive beneficial and economic activities above all others (superiority, priority), but they must also determine and shape their role among the non-economic values and goals. In non-profit or mixed systems (where some activities are oriented towards the economic surplus while others are not) economising is a necessary activity, but it is subordinated or of equal rank to other values and goals. In no acting system is economising ever a marginal activity, it is always a key one, because of the necessity for every acting system to achieve the economic surplus. In non-profit systems, repeated action or longevity are not achieved through self-supply, unlike in the case of enterprises.

Likewise, one could analyse the relationship between management and communications. Both „managing communications” and „communications for management” are possible options. Managing communications involves bringing about such communication processes and systems to convey specific messages and achieve a certain level of knowledge, whereas in turn the efficiency of management itself is strongly dependent on communication systems.

**Thirdly**, management must be sufficiently consistent and organised internally (as a complex structure of activities, a system) as well as in relation to other activities of the action and the acting system. When there is a fire, we cannot apply the democratic management style and deliberate on the methods of extinguishing it. Such an approach would be a sign of evident maladjustment and failure to subordinate managerial activities to core activities. Another example, adopting the zero-based planning model and then implementing incremental planning is an evident inconsistency. The effects of such inconsistencies are more visible in the process of human resources management: declaring that remuneration is based on the quantity and quality of work (model of motivating activity in management), while actually rewarding loyalty or seniority, may lead to tension, reducing the effectiveness or causing a breakdown of the acting system. Change of management and its system may not take place without reference to the activity that the management is related to or contrary to the principles of management cognition science.

**Finally**, the assertions of management science and economics regarding acting systems are unambiguously and organically related to the characteristics and circumstances of the actions of these systems. In other words, they are components of the system of assertions about these systems as a whole, in combination with the assertions:

- 1) about core and supporting activities and their systems;
- 2) about communication activities and their systems;
- 3) about executive driving activities and their systems.

For example, a system of such assertions about a profit-oriented social system in the conditions of self-supply would comprise the domain of enterprise studies. In terms of the spatial scope, social systems have a hierarchical structure. Going up the hierarchy, we are dealing with systems of assertions about the national, regional, international and global

economy. On the other hand, acting systems in the material sense have a sector-based/functional nature, for example the agricultural system, which also differs in terms of the attitude to economic surplus and self-supply (enterprises, non-profit systems and mixed systems). At the same time, the agricultural system may be an agricultural enterprise or an agricultural system oriented solely towards social utility[3]. This directs our attention towards acting systems as a system category as such, which we differentiate from e.g. natural systems. Assertions at the level of acting systems as a category would be the most universal, with the broadest scope of validity and highest scientific merit. This calls for considering the admissibility and scope of convergence and consilience[4].

Acting systems are capable of self-changing all their elements as well as internal and external relationships, which sets them apart from animate systems which are genetically programmed and are organic systems. Changes in the regulatory subsystems of animate systems (nervous, humoral, and others) cause somatic changes consistently and directly, and affect the effectiveness of the animate system. This takes place depending on such factors as their specific flexibility (local deformation and restoring the original state) and elasticity (speed and limits of the repertoire of responses to changes). Exceeding the response limits activates ultra-stabilisers restoring the equilibrium or damages/destroys the system.

In acting systems, the relationships between changes in the management subsystem and changes in the system as a whole are far more complex, also because the collapse of the acting system stops at the level of individuals. Individuals, through independent or collective efforts, can reconstruct the appropriate acting systems and their management subsystems, usually with at least subtle changes. The level of consistency and organisation of acting systems and their management subsystems never reaches the level of the machine, at most the imperfect forms of integration exceeding federation[5].

Actions and the acting systems implementing them are by nature imbued with chaos, paradoxicality and dialecticality. Thus, continuity and change are natural, too.

#### **4. Management in the broader sense**

Driving a given process and the acting system executing it under the conditions of continuity/change is currently identified with, let us coin the term, **management in the broader sense**. Its attributes are as follows.

1) Management is identified with the holistic structure of all the activities comprising the way that a given action is driven (management = driving).

2) The manager (driver) of the acting system is expected to make sure that the whole succeeds. Management (driving) is to take place according to specific regulations (norms), providing success. Management is omnipotentially responsible for the success of the action and the acting system.

3) Management is identified with economising, in view of the essential role of energy and resources in the success of acting systems. For the same reason, it focuses particularly on economic systems, even to the extent that management of other acting systems is negated or considered a separate research trend. On the other hand, this leads to “management” inflation – whereby nearly everything is subject to it: risk, value, relations...

4) The normative management philosophy consists in first determining the master model of action and acting system. Then, this model is realised so as to arrive at the original (an actually existing action and acting system) as close to the master model as possible. Throughout the period, the manager makes sure that the original is derivative of the master model, as close and as consistent with it as possible.

In the above approach, management does not have a sufficient cognitive foundation (the cognitive trend in enterprise studies), and it borrows it, subordinates to or identifies with particularly economics.

## 5. Management in the narrower sense

**Management in the narrower sense** has different attributes.

1) It is one of the functional components of action as a whole (driving action and acting system). All activities, including management, are inseparably integrated into a higher-order entity (action as a whole). Management does not exist as an autonomous action. Management is not omnipotentially responsible for the success of the action and acting system.

2) In this approach, management is responsible in a given action for driving behaviours of the components and the action as a whole, which always takes place through people, and effectiveness. Management has to play a driving role, because acting systems, unlike natural systems, develop through creation first, and only then through evolution.

3) The core of management is authority, that is controlling the action and acting system as well as the circumstances. Recognising the essence of driving behaviour and the nature of shaping and utilising authority is crucial to the success in management.

4) The management system is a subsystem in the acting system and influences the success of its action as a whole. This is thanks to driving behaviours involved in all the other activities as well as the action and acting system as a whole, i.e. shaping and utilising power. However, people directly using and shaping the energy and resources in core, auxiliary, communicative and economic activities (executive driving), are only more or less likely to respond to management consistently with the will and intention of the managing entities (managers). Hence, the effectiveness of management is positively correlated with the success of the action and acting systems, but it only one of the variables affecting the direction, likelihood and extent of the success.

5) The inflation of management theory stems from the prevalence of the normative approach. Nevertheless, shaping the management subsystems of acting systems in the cognitive sense, including enterprises, must not disregard the nature of the enterprise, the circumstances surrounding its operations, the stakeholders' doctrines (especially the managing entities). This also applies to the movement of acting systems between the boundaries of determinism and chaos, opposing conditions, situations and tendencies (dialectics) as well as solving intrinsically contradictory problems (paradoxes).

## 6. The relationship between the broader and narrower approach to management

In the above approach, management has its own cognitive foundation, which allows us to assess and evaluate it, as well as postulate and realise the original of management and its effectiveness. Management science is therefore complete: it generates cognitive, axiological, kind of approach to response, normative and implemental assertions.

Table 1. Scientific processes and approaches to enterprise management

| Scientific processes related to management<br>Approaches to management | Cognitive<br>(C)   | Axiological<br>(A)   | Kind of approach to response<br>(R)   | Normative<br>(N)  | Implemental<br>(I)  |
|--|--|--|---|---|---|
| 1. Management is identified with running the enterprise                | Processes producing knowledge about running the enterprise successfully (domain of enterprise studies, currently underdeveloped) | Processes producing assessments and evaluations regarding running the enterprise successfully (domain of enterprise studies, currently underdeveloped) | Processes defining problems regarding running the enterprise and rules of approaching to solving them. (domain of enterprise studies, currently underdeveloped) | Processes shaping and realising master models of running the enterprise successfully (domain of enterprise studies, currently most intensively developed) | Processes implementing and realising master models of running the enterprise (spin off them into an original successfully (domain of enterprise studies, currently most |

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|  |   |  |   |   | intensively developed)  |
| 2. Management is one of the activities comprising running the enterprise | Processes producing knowledge about the management process and shaping the management subsystem and their effectiveness in the system of running the enterprise (domain of management studies - currently underdeveloped) | Processes producing assessments and evaluations regarding management and management subsystem as well as their effectiveness in the system of running the enterprise (domain of management studies - currently underdeveloped) | Processes defining specializing management processes/shaping the management subsystem problems and rules of approaching to solving them. (domain of management studies, currently underdeveloped) | Processes shaping and realising master models of management and management subsystem as well as their effectiveness in the system of running the enterprise (domain of management studies - currently underdeveloped) | Specialized processes implementing and realising master models of the management process and shaping the management subsystem (spin off them into an original successfully (domain of management studies, currently most intensively developed) |

Source: own work

There is, however, a strong relationship between running the enterprise (management in its broader sense) and management in the narrower sense.

1) The manager is generally responsible for running the enterprise, as they are the cause and author (driving). At the same time, they are locally responsible for the effectiveness of narrowly understood managerial activities, same as the executive driving entities are separately responsible for the effectiveness of their own actions. In other words, the general responsibility of the entities running the enterprise is divided and limited among the managerial driving and executive driving. Management in the narrow scope arises out of the division of work – a manager appears when there are limitations on working on one's own, hence management means driving the behaviour of other people, and only through them - processes, objects, institutions and social arrangements of the enterprise.

2) General responsibility is linked to general causation, which in turn is attached to the entity running the enterprise. In particular, the following questions regarding the enterprise as a whole are assigned to this entity:

- a) those of the enterprise's identity by designating its status and situating the action within the environment (for example: doctrine of the action; key values and goals – directions of the action; stakeholders and satisfying their needs, portfolio of products and services oriented at satisfying certain needs);
- b) those of economising and its status among the other values and actions of the enterprise;
- c) those of causing and its nature (e.g. driving action, division of authority and responsibility among specialised managers and executors; the issue of resources - problem of ownership over things and people; the problem of informational asymmetry);
- d) those of informing, communicating and their outcomes as well as their status among the other values and actions of the enterprise;

3) In the case of sole (individual) action, characterised by the highest level of integration of the constituent activities (to paraphrase – all in one; consistency and level of organisation unachievable by acting systems), the subject of the action is responsible for everything, that is for conducting the action and the acting system. On the other hand, the division of work produces a collective manager and a collective executor – and consequently collective congruence<sup>[6]</sup> including management in the narrow sense. Management in the narrow sense must also be recognised, as its underdevelopment (independent variable) affects adversely the success of the enterprise – management in the broader sense (dependent variable).

Both approaches are historically legitimate, hence there can be no imbalance as to their development. For example, we cannot accept the imbalance involving the prevalence of

management identified with running the enterprise in the normative approach, while at the same time marginalising management in the narrow sense.

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[1] See: W. Cellary, Metodologia nauk o zarządzaniu z perspektywy inżyniera, in: M. Sławińska (ed.), Podstawy metodologiczne prac doktorskich w naukach ekonomicznych, Wydawnictwo AE w Poznaniu, Poznań 2006, pp. 18-34.

[2] To simplify, executive driving means directly affecting the object, whereas managerial driving means affecting the object via people.

[3] A non-profit-oriented agricultural system in the conditions of self-supply is not an enterprise, it is a utility-oriented system.

[4] Convergence – systems becoming alike. Consilience – unity of knowledge and bringing the principles governing systems to a level adequate to systems as a category. The latter leads to assertions valid for all systems of a lower order than the category, regardless of their characteristics.

[5] The form beyond a federation is a monocentric social system as a whole, primarily because of the management centre (sources and bodies of authority and rules), economising (investment and profit centre and economic calculation centre) and communications (producing and administering knowledge). The aforementioned real socialism was an example of failed integration of the acting system at the country-level in super-federal form. While certain enterprises, or smaller and less complex acting systems, may successfully adopt super-federal forms, yet never reaching the integration level of a machine.

[6] Congruence – mutual equivalence (adequacy, consistency, balance) of the following components of action: goals (objectives), duties, competencies (qualifications and decision-making powers - authority) and responsibility. For example, making decisions that one is not responsible for is against the principle of congruence and may lead to pathology.