**MANAGEMENT STYLES USED IN ORGANIZATIONS**

A manager's style is determined by the situation, the needs and personalities of his or her employees, and by the culture of the organization. Organizational [restructuring](http://www.referenceforbusiness.com/knowledge/Restructuring.html) and the accompanying cultural change has caused management styles to come in and go out of fashion. There has been a move away from an authoritarian style of management in which control is a key concept, to one that favors teamwork and [empowerment](http://www.referenceforbusiness.com/knowledge/Empowerment.html). Managerial styles that focus on managers as technical experts who direct, coordinate and control the work of others have been replaced by those that focus on managers as coaches, counselors, facilitators, and team leaders.

Successful management styles involve building teams, networks of relationships, and developing and motivating others. There is a greater emphasis on participative management styles and people management skills. Management theorists have repeatedly found evidence to support the advantages of management styles such as participative management; Theory Y versus Theory X; Theory Z; Total Quality Management (TQM); Management by Walking Around; Management by Objectives; and employee empowerment.

**PARTICIPATIVE MANAGEMENT**

Participative management involves sharing information with employees and involving them in decision-making. Employees are encouraged to run their own departments and make decisions regarding policies and processes. It has often been promoted as the quick cure for poor morale and low productivity. It is not, however, appropriate in every organization and at every level.

Employees must have the skills and abilities to participate. Employees must have the technical background, communication skills, and intelligence to make decisions and communicate those decisions effectively. The organization's culture must support employee involvement and the issues in which employees get involved must be relevant to them.

Representative participation allows workers to be represented by a small group who actually participate. The goal of representative participation is to redistribute power within the organization. Employees' interests become as important as those interests of management and stockholders.

According to Stephen P. Robbins, author of *Essentials of Organizational Behavior,*the two most popular forms of representative participation are works councils and board representatives. Works councils are groups of employees who have been elected by their peers and who must be consulted by management when making personnel decisions. Board representatives are employees that sit on the board of directors and represent labor interests.

As with participative management, representative participation is a poor choice for improving performance or morale. Evidence suggests that the overall influence of representative participation is small. The employees involved in representing personnel receive more benefit than those who they represent.

**THEORY X AND THEORY Y**

Douglas McGregor's Theory X assumes that people are lazy, they don't want to work, and it is the job of the manager to force or [coerce](http://www.referenceforbusiness.com/knowledge/Coercion.html) them to work. McGregor's Theory X makes three basic assumptions: (1) The average human being dislikes work and will do anything to get out of it; (2) most people must be coerced, controlled, directed, and threatened or punished to get them to work toward organizational objectives; and (3) the average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and places job security above ambition. According to this theory, responsibility for demonstrating initiative and motivation lies with the employee and failure to perform is his or her fault. Employees are motivated by extrinsic rewards such as money, promotions, and tenure.

Theory Y suggests employees would behave differently if treated differently by managers. Theory Y assumes that higher-order needs dominate individuals. The set of assumptions for Theory Y is (1) the average human does not dislike work and it is as natural as play; (2) people will exercise [self-direction](http://www.referenceforbusiness.com/knowledge/Self_governance.html) and self-control in order to achieve objectives; (3) rewards of satisfaction and [self-actualization](http://www.referenceforbusiness.com/knowledge/Self_actualization.html) are obtained from effort put forth to achieve organizational objectives; (4) the average human being not only accepts but also seeks responsibility; (5) human beings are creative and imaginative in solving organizational problems; and (6) the intellectual potential of the average human is only partially realized. If productivity is low and employees are not motivated, then it is considered failure on the manager's part.

**THEORY Z**

[William Ouchi](http://www.referenceforbusiness.com/knowledge/William_Ouchi.html) studied management practices in the United States and Japan and developed Theory Z. Theory Z combines elements of both U.S. and Japanese management styles and is sometimes called Japanese Management. It assumes that the best management style involves employees at all levels of the organization. Specific characteristics included in Theory Z are long-term employment, less specialized career paths, informal control, group decision making, and concern for the individual rises above work-related issues. This theory satisfies both lower order and higher order needs.

Looking out for employees' well being satisfies the lower-level needs. Incorporating group processes in decision making satisfy middle-level needs and encouraging employees to take responsibility for their work and decisions satisfy higher-level needs. Many firms are increasing productivity by placing more emphasis on group decision-making and teams. Firms are also showing more concern for family-related issues like childcare, flexible work schedules, and telecommuting.

**TOTAL QUALITY MANAGEMENT**

Total Quality Management (TQM) is a management style that integrates of all functions of a business to achieve a high quality of product. The major hall-marks are customer satisfaction, quality as the responsibility of all employees, and teamwork. As an integrated method, it involves every aspect of the company. The entire workforce, from the CEO to the line worker, must be involved in a shared commitment to improving quality.

TQM encourages employees to grow and learn and to participate in improvements, so it exemplifies a participative management style. TQM also encourages an ever-changing or continuous process, and emphasizes the ideas of working constantly toward improved quality.

Americans [W. Edward Deming](http://www.referenceforbusiness.com/knowledge/W__Edwards_Deming.html) and [Joseph M. Juran](http://www.referenceforbusiness.com/knowledge/Joseph_M__Juran.html) were the pioneers of the quality movement. Both did their major work in post-World War II Japan, and are credited with the major turnaround in the quality of Japanese products by the 1970s. In the 1980s both men were highly influential in the quality management movement in the United States.

**MANAGEMENT BY WALKING AROUND**

Management by Walking Around (MBWA) is a classic technique used by good managers who are proactive listeners. Managers using this style gather as much information as possible so that a challenging situation doesn't turn into a bigger problem. Listening carefully to employees' suggestions and concerns will help evade potential crises. MBWA benefits managers by providing unfiltered, real-time information about processes and policies that is often left out of formal communication channels. By walking around, management gets an idea of the level of morale in the organization and can offer help if there is trouble.

A potential concern of MBWA is that the manager will second-guess employees' decisions. The manager must maintain his or her role as coach and counselor, not director. By leaving decision-making responsibilities with the employees, managers can be assured of the fastest possible response time.

According to Max Messmer, another mistake managers make is to inadvertently create more work for employees. By offering suggestions that may be interpreted as assignments, managers can increase the workload and slow down progress.

Messmer illustrates an example of a team working on a project that needs a supplier of plastic molding. When the manager shows up, the team has reviewed three companies and selected the best one. The manager also knows of a good company, and suggests that team members give this company a call. They may not feel comfortable in saying that the decision has already been made, and will take the extra time to call the company in order to please the manager.

**MANAGEMENT BY OBJECTIVES**

Management by Objectives (MBO) is a company-wide process in which employees actively participate in setting goals that are tangible, verifiable, and measurable. Management theorist [Peter Drucker](http://www.referenceforbusiness.com/knowledge/Peter_Drucker.html) pioneered this style in his 1954 book, *The Practice of Management.*

MBO provides a systematic method of assuring that all employees and work groups set goals that are in alignment with achieving the organization's goals. Xerox, Intel, and [Du Pont](http://www.referenceforbusiness.com/knowledge/DuPont.html) are just a few examples of companies that use MBO at all levels of the organization. Overall organizational objectives are converted into specific objectives for employees. Objectives at each level of the organization are linked together through a "bottom up" approach as well as a "top down" approach. In this manner, if each individual achieves his/her goals, then the department will achieve its goals and the organization objectives will in turn be met.

There are four steps involved in the MBO process: setting goals, participative decision-making, implementing plans, and performance feedback. Top managers work with middle managers and middle managers work with lower level managers to set goals for their departments. Each manager then works with employees in the department to set individual performance goals. The participative decision-making step allows managers and employees to jointly set goals, define responsibility for achieving those goals, and set the evaluation process.

Managers are allowed to implement their plans and control their own performance. This step of MBO utilizes every manager's expertise to benefit the organization and permits managers to continuously improve their skills.

The final step is to continuously provide feedback on performance and achievement of objectives. By periodically reviewing employees' performance goals can be modified or new goals can be set. This step complements the formal appraisal system because the continuous feedback throughout the year keeps individuals informed of their progress.

As with any other management style, the organization's culture must be conducive for MBO to work. Top management must be committed and involved in the MBO program for it to be beneficial. This management style is not without its problems. Managers often set their departmental goals and objectives too narrowly at the expense of the organization's strategic goals or objectives.

Another problem arises when managers are not flexible in setting up the goal setting and evaluation processes and employees lose the ability to respond to issues quickly. Unrealistic expectations about results are often a problem with MBO programs as well as the unwillingness of management to allocate rewards based on the accomplishment of individual goals.

**EMPLOYEE EMPOWERMENT**

Employee empowerment is a style of management that puts managers in the role of coach, adviser, sponsor, or facilitator. Decision-making is being pushed down to the lowest levels of the organization. The way work is designed and the way organizations are structured are changing.

Empowerment involves delegating the decision-making authority regarding the action to be taken on a task that is considered to be important to both the manager and employee. The main reasons for implementing an empowerment program are to provide fast solutions to business problems; to provide growth opportunities for employees and; to lower organizational costs while allowing the manager to work on multiple projects.

Employee empowerment is the most effective when management has set clear obtainable goals and defined specific accountability standards. The success of employee empowerment relies on the ability of management to provide resources such as time and money; to provide support by way of legitimacy; and to provide relevant and factual information so employees can make educated decisions. Training employees to take responsibility and make sound decisions that are supported by upper management as well as lower level managers are other areas that are important to the success of empowerment programs.

Employees benefit from empowerment because they have more responsibility in their jobs. Employee empowerment increases the level of employee involvement and therefore creates a deeper sense of satisfaction and higher levels of motivation. There are potential problems with empowerment programs that often result in unfavorable outcomes.

Many times managers delegate trivial, unimportant and boring tasks to employees and they retain the complicated and important tasks for themselves. Empowerment will not work unless the authority and decision-making tasks are perceived as meaningful by the employee.

Another problem arises when managers not only assign meaningless tasks to their employees but also then expect the employee to continuously consult them for approval. Managers must evaluate their employees' skills and abilities and determine if the organization's culture can support an empowerment program before beginning.

**SELF-MANAGED WORK TEAMS**

Employee empowerment led to the development of self-managed work teams. This management style delegates the authority to make decisions such as how to spend money, whom to hire, and what projects to undertake. Self-managed work teams are generally composed of 10 to 15 people and require minimal supervision. Xerox, General Motors, PepsiCo, Hewlett-Packard, and M&M/Mars are just a few organizations that have implemented self-managed work teams. According to Stephen P. Robbins, one in every five companies uses self-managed work teams.

Managers must select a management style that is best suited for them, their department, their subordinates, and finally the organization they work for. The situations managers encounter may require varying management styles depending on a specific assignment, the employees being managed, or the manager's personality. Management style can ultimately determine the performance outcome of employees and a company's growth depends on the management styles of its executives. Therefore, in order to determine the most appropriate management style, it is necessary to first review previous results produced as a result of a particular management approach.

Management positions require a certain degree of authority and therefore managers may often find themselves in leadership positions. However, not all leaders are managers and not all managers are leaders. Managers who possess good leadership skills influence and motivate employees to achieve organizational goals. It is therefore noteworthy to mention that certain leadership styles lend themselves to effective management styles as well.

*SEE ALSO:*[Leadership Styles and Bases of Power](http://www.referenceforbusiness.com/management/Int-Loc/Leadership-Styles-and-Bases-of-Power.html); [Leadership Theories and Studies](http://www.referenceforbusiness.com/management/Int-Loc/Leadership-Theories-and-Studies.html); [Quality and Total Quality Management](http://www.referenceforbusiness.com/management/Pr-Sa/Quality-and-Total-Quality-Management.html); [Theory X and Theory Y](http://www.referenceforbusiness.com/management/Str-Ti/Theory-X-and-Theory-Y.html); [Theory Z](http://www.referenceforbusiness.com/management/Str-Ti/Theory-Z.html)

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Read more: <http://www.referenceforbusiness.com/management/Log-Mar/Management-Styles.html#ixzz3EoVHGq1w>

**Democratic**:

In this management style, everyone is involved in the decision making process. Communication flows in a two-way direction, thereby improving job satisfaction and productivity. Employees feel they are part of the process and are motivated to live up to the company’s expectations. However, this process slows down decision-making since a consensus is usually taken from all employees. At times, therefore, managers may not be able to implement the best decisions. Therefore, as managers, one needs to have a judicious mixture of these strategies for better results.

Employees start observing a manager’s management style the moment they step in to the office. They learn the organizational culture and observe the relations between employees and managers and among employees. They also take note of company policies.

All these impact their understanding of the company and its management style. This understanding can either motivate them to play a proactive role in the organization’s advancement or make them develop a reactive attitude where they do only as they are directed to.