

THE IMPLICATIONS OF THE SCHOOLS OF MANAGEMENT THOUGHT IN THE BUSINESS PRACTICE OF THE COMPANIES

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Abstract: *This paper aims to review the main thought movements that have consolidated the scientific status of business management. The main goal of the paper is to highlight how the principles underpinned by schools of management thought are found in the business practice of contemporary companies. The research methods used were based on the study and bibliographic documentation and on direct observation of the business practice. We believe that the results of this paper may be useful for companies seeking to find experience sources by studying fundamental issues of management theory and practice.*

Keywords: *business management, schools of management thought, scientific management, principles of business management, companies*

JEL Classification: *M10, B30*

1. Introduction

Under the circumstances of an increasingly dynamic and complex environment, no business can be designed, developed, and run without scientific management principles, laws and tools. Success in business practice is supported by how business managers know how to apply the knowledge and principles that have been the basis of scientific management over time. The scientific development of management has crystallized through the efforts of

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the scientific creation of an impressive number of specialists. Around them, thought movements, schools, and trends have been created that have consolidated the scientific status of management (Dragomir, C., 2015, p.148). With a decisive contribution to the development of science and business management practice, the following schools of management stand out: the (traditional) school of scientific management; the administrative school, the human relations school; the behavioral school; the quantitative school, systematic school. The paper attempts to be a starting point for an agenda of research into the field of schools of management thought. Therefore, in this part we considered necessary to investigate the influence exerted by the school of scientific management, the administrative school, the human relations school, and the behavioral school in the business practice of the companies. On this basis, the paper raises a number of issues that prove the importance of these movements of thought in the theoretical and practical evolution of business management. In the next studies we wish to investigate the contributions of the quantitative and systematic school of management for the business practice.

2. The school of scientific management

The school of scientific management belongs to the classical movement of leadership science formation that emerged at the beginning of the 20th century. This school laid the foundation for management as a science and promoted the pragmatic approach in close correlation with the economic efficiency that represents the basis for building and developing any business. Frederik Taylor, whose name was associated with the ideas of the traditional school of management, defined the essence of the management action as "knowing exactly what you want men to do, and then seeing that they do it in the best and cheapest way" (Taylor, F., 1919, p.8). By addressing predominantly the businesses developed in the productive area, the school of scientific management lays the foundation of what specialists call industrial management. The papers and studies developed by the representatives of this school mainly aimed to increase the efficiency of the scientific management methods of the enterprise, the substantiation of the scientific principles in work organization, the remuneration and management of human factor activity, the development of the concepts of work rationalization and the distribution of responsibilities among employees and managers. The representatives of the school of scientific management were the first to develop the concept of

corporate social responsibility, emphasizing the role of the entrepreneur in community development. The ideas supported by H.J. Gantt, O. Tead, and H. Ford were the basis of what we call corporate social responsibility in business today. In fact, the principles developed by the representatives of the classical school of management are successfully applied in contemporary enterprises (Figure 1).

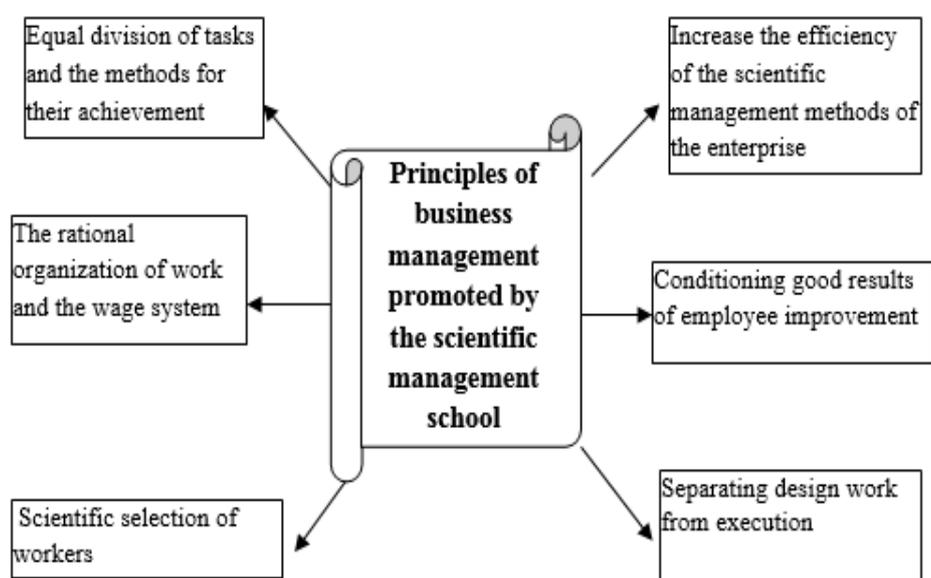


Figure 1. Principles of business management promoted by the classical school of management

The School of Scientific Management is ultimately the first direction of business management science development to achieve a certain productivity and efficiency level. Most of the ideas, principles, methods and management tools regarding the directions for increasing the efficiency of the company's activities, organizational structure rationalization and increasing the work productivity have preserved their timelessness even today.

3. The Administrative School of Management

The Administrative School of Management also falls in the classical direction of management, continuing and expanding the ideas of the school of scientific management, addressed from an institutional perspective. It has numerous and valuable contributions to widening the scientific knowledge horizon in business management. Founder of the Administrative School and continuer of the Taylorist management, Henri Fayol (1841-1925) focuses on the study of administrative issues, stating that "to manage is to forecast and plan, to organize, to command, to coordinate and to control" (Fayol, H., 1916). By defining the core functions of management, Fayol extends the research of work processes to the entire enterprise, from elements of individual productivity to production processes and social organizations (Petrescu, I., 2017, p.587). He demonstrates that management functions are found in each of the organizational levels, the employees being encouraged to develop their administrative capacity. Furthermore, Fayol is among the first thinkers who insisted on the need for administrative education and management studies in all areas of activity: "Everyone needs some concepts of management" (Fayol, H., 1916, pp. 20-41). Along with sustaining the universality of management science, Fayol develops a set of scientific-based "administrative" principles that effectively support a company management (Vagu, P., Stegăroiu, I., 2013, p, 127). They refer to: increasing the degree of specialization in the execution of the works; the correlation of the authority and responsibility concepts in the manager's activity; authority hierarchy and compliance with work discipline; subordinating the employees' individual interests to the general interests of the organization; centralizing decisions at the level at which the performer is given sufficient authority as to how to perform his / her tasks; compliance of equity in management-employee relationships; encouraging the staff stability and team spirit. Some of these are represented in Figure 2. In business practice, the classical movements of management thought schools directly refer to the leadership functions and principles, organizational factors in the coordination process, the delegation of responsibility, the status of staff, etc.

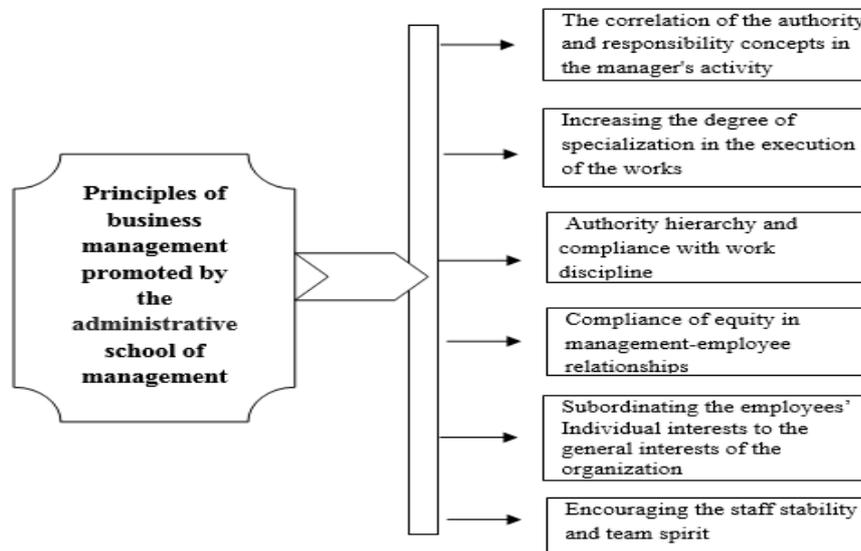


Figure 2. Principles of business management promoted by the administrative school of management

Until the middle of the 20th century, several specialists continued to develop the theories and principles of school administration. They have taken over and expanded Taylor and Fayol's ideas, developing the theoretical, methodological and applied management. It is noteworthy that among them there were a number of practical managers, representatives of successful companies such as General Motors, Ford, General Electric. In fact, most of the principles promoted by the Administrative School of Management are successfully being applied in the business management practice even nowadays.

4. Human Relations School

The Human Relations School began as a reaction to the lack of interest of the classical management school representatives for the human factor within the organizations. The representatives of the Human Relations School draw attention to the primordial role that human resources plays in an organization, focusing on aspects of organizational climate, group relationships, social

conflicts, psychosocial factors that influence work productivity. Thus, management gets for the first time a socio-humane orientation, being defined as a tool used to carry out activities involving other people (Kostenko, E.P., Mihalchina, E.V., 2014, p. 369). One of the key ideas supported by the Human Relations School refers to the necessity of replacing the authoritarian management system with the participatory one, allowing employees to be actively and responsibly involved in the organization development. The main objective of participatory management is to assist the company, on all hierarchical levels, in the decision-making process that concerns the business development. Therefore, employee involvement, including in decision-making, to resolve all issues in which they are competent and which business practice generates is essential to meeting the company's goals. The principles and ideas supported by the representatives of the Human Relations School preserve their timelessness and are still found today in the practice of business management. Some of these are represented in figure no 3.

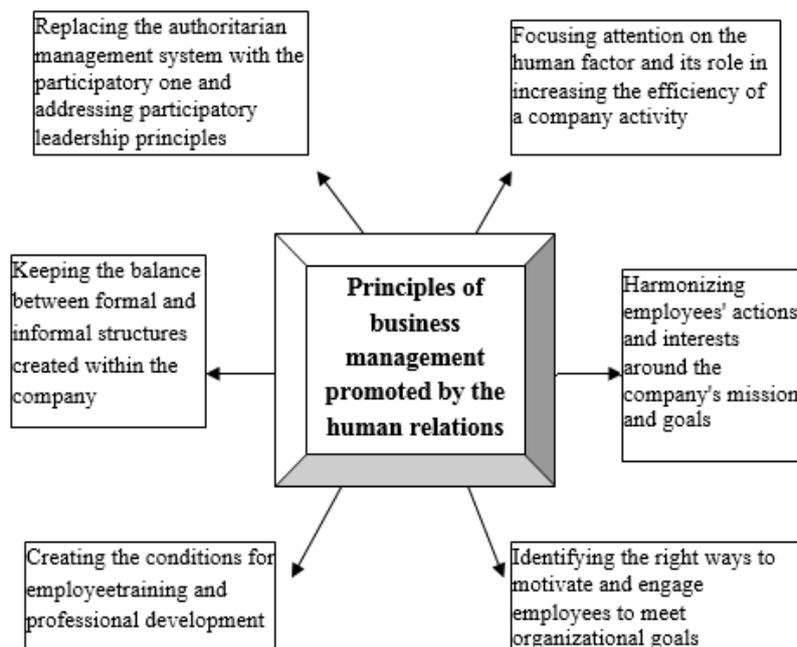


Figure 3. Principles of business management promoted by the human relations school

Over time, not all the principles promoted by the representatives of the Human Relations School have been emphasized by the representatives of this school have significantly changed the way in which the role of the human factor in the performance of the managerial processes and the achievement of the organizational objectives was perceived and understood.

5. Behavioral school

Since the second half of the 20th century, the Human Relations School is transforming and developing as behavioral school. The representatives of the behavioral school aim to adapt the principles of the Human Relations School to major changes occurred after the World War II in state economic policies and business leadership. In the context of the economic growth recorded in the mid-1950s and the interest shown towards social sciences, we are witnessing new trends in the science of leadership. They support and encourage entrepreneurship, initiative, individualism, the importance of material and moral satisfaction for each employee.

In the business practice, placing the human factor and interpersonal relationships among the central concerns of the company management and addressing them through social relations contributed substantially to the change of the management style and the way of understanding the employees' behavior from the perspective of the factors that motivate their activity within company. The representatives of the Behavioral School have brought into management practice innovative ideas and theories of motivation, seen as a determining factor for improving the personal and organizational performance of employees. Motivation guides the actions of the human factor in each concrete situation, significantly influencing the organizational behavior line. It is generated by a complex sum of needs, aspirations, desires, intentions, ideals that may vary from one individual to another. In the opinion of behavioral school representatives, any business is strongly marked by the social relations that are born in the process of its development, by the values and aspirations of the employees, the way they are stimulated and motivated to take up their responsibilities and identify their own interests with those of company.

The management system must identify and implement those elements of a material and moral-spiritual nature that meet the individual and group needs of the employees so as to maximize their involvement in the achievement of the priority company objectives. Based on the theories developed by the

representatives of the behavioral school, effective principles of organizational management were set out, principles whose validity is confirmed today in business practice (figure 4).

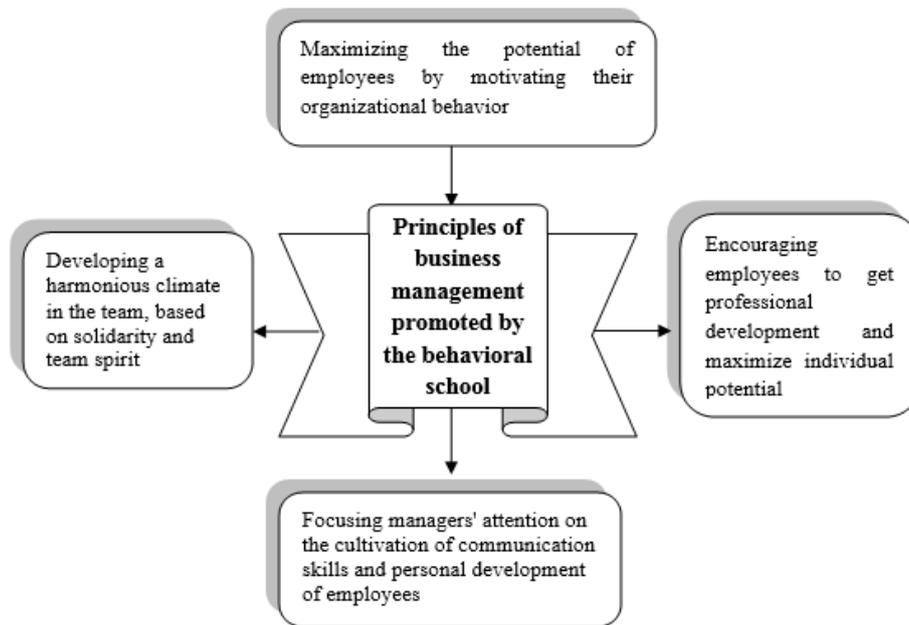


Figure 5. Principles of business management promoted by the behavioral school

Although they have attracted criticism, more or less justified, behavioral theories preserve their timelessness and importance in the practice of business management.

Conclusions

Business management involves the creative adaptation of theories, principles and methods of scientific leadership to the realities and requirements of the environment in which the company operates. Arising from movements and schools of management thought, they directly influence management actions in business practice. In this paper, the analysis was performed on school

of scientific management, administrative school, human relations school and behavioral school. The management principles promoted by these schools have not lost their theoretical and practical value yet, still proving their timelessness and usefulness to entrepreneurs who are preoccupied to scientifically substantiate the art of leading and developing business. Appropriately implemented and capitalized, these principles favorably stimulate all activities aimed at maximizing the efficiency of the proposed business objectives. In the next studies we wish to investigate the contributions of the quantitative and systematic school of management to the widening of the scientific knowledge horizon in management. These contributions are also certified in the business practice.

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