

MODERN APPROACH TO MANAGEMENT

The modern management theory offers guidance on practices you can apply within your organization to lead individuals and processes effectively. This theory provides several different approaches you can use to understand your business and how it operates. When you understand these approaches, you can use them to identify and work with the varying internal and external factors that affect businesses.

Management theories represent ideas that provide recommendations for management strategies, frameworks and tools that organizations can implement to aid their workforce or culture. Leaders can use these theories as guidance to meet organizational goals or motivate employees. They can also apply ideas from different theories rather than solely relying on one management theory. Modern management theory represents one of the numerous theories used by organizations. This theory recognizes that today's organizations face rapid change and added complexities, with technology serving as both a potential cause and solution for these factors.

There are some benefits of incorporating modern management theories: boosts productivity, aids decision-making, improves employee engagement, promotes objectivity, enables adaptability.

There are several different modern management approaches that managers can implement within an organization. Managers can choose to use a combination of these approaches as guidance for leading their teams and supporting organizational objectives.

The approaches of modern management are: Quantitative Approach, System Approach, Contingency Approach and Other Approaches (Decision Approach, McKinsey's 7-s Approach etc.).

The quantitative approach (Theory of Probability, Sampling Analysis, Correlation / Regression Analysis, Time Series Analysis, Ratio Analysis, Variance Analysis, Statistical Quality Control, Linear Programming, Game Theory, Network Analysis, Break-Even Analysis, Waiting Line or Queuing Theory, Cash-Benefit Analysis, etc.) to management makes some suggestions to solve different problems facing the managers [1]. It tells the managers to solve their problems with the help of the mathematical and statistical formulas. Some special formulas have been prepared to solve managerial problems.

Depending on the business area, managers may use techniques like computer simulations or information models to assess performance. This analysis enables them to understand what is working and what is not within the business, then develop solutions to solve or improve the issues they find. Managers can also use these techniques and data to determine the benefits or risks of different ideas. This approach can help managers make objective decisions based on data and facts, rather than personal opinions or feelings, that support the business.

The systems approach of management states that organizations represent a complex collection of various components that work together to reach a common goal. An organization is made up of numerous subsystems, such as different departments. Managers using this theory examine how these subsystems interact with and affect one another, rather than analyzing them separately. They must also consider their surrounding environment and external factors that influence or affect these systems. The systems approach further defines an organization by dividing it into different components. These components demonstrate how different parts of the organization work together toward a common goal: Inputs, Transformational process, Outputs and Feedback.

The following are the chief characteristics of the System Approach: Sub-Systems (in the context of a company, all its departments (e.g. purchase, sale, finance, production, personnel, research and development) happen to be its sub-systems); Holism (it clearly means that a decision taken with regard to a particular sub-system does influence or affect the other sub-systems); Synergy (it means that the whole is greater than the sum of its parts); Open System

(an open system means a system which remains constantly in touch with its environment and is influenced by it); System Boundary (this means a certain dividing line which separates a system from its environment)[2].

The contingency management approach states that there is not just one management approach that fits every organization. It believes that the optimal management style depends on the situation. Leaders who utilize this theory do not adopt a single management style and instead must identify and use different styles for different situations.

As a result, these leaders also develop additional traits and skills that ensure they can employ various management approaches effectively. The use of diverse styles can help make these leaders more flexible and adaptable in the workplace.

The following are the main features of the contingency approach:

1. The managerial action influences the environment.
2. The managerial action changes according to the situations.
3. There is essentially coordination between the organization and environment.

It can be said that this approach advises the managers to be alert and suggests that the approach and system of work should be suitably changed in view of the situations confronting them.

The Decision Theory Approach is the approach which helps the manager to take the effective decision in order to grow his business. Decision theory approach uses logical concepts to take the decision. When managers will calculate risks and uncertainties, that time he can take the positive decision that will affect his business. The managers should take the decision on the basis of facts as well as on the pros and cons. Because the facts help the managers to understand the risks level, if the risks level is high then the manager will not take that decision, if the risks level is low then the manager can take the decision.

The following are the chief characteristics of the decision theory approach:

- Decision is the soul of management.
- The study of various factors influencing decision is management.
- This approach lays stress on taking rational decisions.
- This approach considers decision-making as the centre of the study of management.
- Decision-making is a continuous process.
- The success of the organisation depends on the quality of the decisions.
- This approach recommends the use of quantitative methods in the process of decision-making.
- According to this approach, the system of communication has a vital role to play for the success of the process of decision-making.
- According to this approach, a manager is recognised as a person known for his problem solving capability.
- This approach lays stress on the study of the economic, political, social and practical aspects in case of decision making.

Decision theory provides a formal framework for making logical choices in the face of uncertainty. Given a set of alternatives, a set of consequences, and a correspondence between those sets, decision theory offers conceptually simple procedures for choice.

In conclusion, theories of management are the concepts and guidelines that a manager can use to manage different organizations for successfully running their operations. These theories offer different ways of managing modern organizations.

References

1. BokasTutor: URL: https://bokastutor.com/theories_of_management/ (дата звернення: 07. 05. 2023).
2. Villanova University: URL: <https://www.villanovau.com/resources/leadership/an-overview-of-management-theories/> (дата звернення: 07. 05. 2023).