



# THE NEW VISION OF MODERN MANAGEMENT THEORY



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## ABSTRACT

*The central thesis of this article is that, although some managers in different parts of the world could have achieved managerial success without having basic theoretical knowledge in management, it has to be emphasized that those managers who have mixed management theory in their day-to-day practice, have had better chances of managing their organizations more efficiently and effectively to achieve both individual and organizational objectives. Also, in the present article the results of research for analyzing of Modern Management are reviewed. The Evaluating of the Re-engineering and Bench marking Processes are presented.*

**Keywords:** Modern management, Re-engineering.

## INTRODUCTION

It is worth mentioning that nowadays the world globalization processes reach the peak and it has a great influence on international competition. Management as a field of study was considered early 20<sup>th</sup> century. Two points are most important in the management study. First is publication of classical economic doctrines by Adam Smith and the second is industrial revolution, advent of machine power and subsequent development of infrastructural facilities. Modern management is characterize by using MS/OR techniques that are used by decision makers in order to make better decisions. In agile management, decision makers need effective means for accessing these techniques, without necessarily being experts in mathematical programming, simulation and other methodologies. Managerial needs for agile management and manufacturing in complex process industries such as refineries for making sound and optimal production planning decisions constitute the main motivation for this work. Today there is developed a variety of mathematical modeling approaches for representing these systems and algorithms to solve these models with optimum results. Re-engineering as a part of the Modern Management is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contem-

porary measures of performance, such as cost, quality, service and speed. Re-engineering involves total redesign of the job. The operation of reengineering begins with a clean slate and a job is planned from beginning till end, the objective of re-engineering is to improve efficiency, performance and overall efficiency.

## STEPS IN RE-ENGINEERING PROCESS

In the re-engineering process, employees are an important element; they must understand the new way of carrying out the duty.

- ✓ Mission: The first step of re-engineering is managements rethinking of identifying the basic mission of the organization and deciding what business they are in and what they want to do. This facilitates the desired approach to carry out various processes to attain mission;
- ✓ Process: Top management plays an active role in leading the process, thus ensuring the overall co-operation from the personnel;
- ✓ Creation of Sense of Urgency: An atmosphere of urgency among the personnel regarding the need for re-engineering is necessary. This will ensure commitment of efforts to the case of re-engineering;
- ✓ Identification of Customer needs: Identification

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of customer needs for reengineering efforts to be successful is essential. To know the customer needs and wants and then creating an organizational structure and team work providing it;

- ✓ Organizational Support: When needs have been identify an organizational support of various departments is essential so that the processes and systems are modified for higher efficiency and increased productivity. Sight of the mission and fulfillment of client needs is the focus.[4]

**BENCHMARKING**

Benchmarking is the process of differentiate work and service methods against the best practices and outcomes for the purpose of identifying changes that will result in higher quality production. Benchmarking incorporates the use of human resources techniques such as goal setting to set targets that are identified, pursued, and then used as a basis for future actions. The benchmarking process involves both inside and outside the organization for ways of improving the operation. Benchmarking offers following benefits to the organization:

- Helps organization to compare themselves against the best practices available in the field;
- Identification of improvement strategies;
- Assist in learning from others;
- Helps organization create a need for change in work procedure and assignments.

**EMPOWERMENT**

Empowerment is exact closely tied to the learning of organizational behavior. Empowerment is the authority to make decisions within one’s area of operations without having to get approval from anyone else. There are two major characteristics of empowerment.

- ❖ Personnel are encouraged to use their initiative;
- ❖ Employees are given not just the authority but resources as well, so that they are

able to make a decision and see that it is implemented. In the highly competitive and rapidly changing environment caused due to globalization and liberalization of market economy there has been growing concern for empowerment. Those organizations, which liberate themselves by empowering their people, can survive in the present environment. It must be noted that empowerment is most effective tool of managerial effectiveness to obtain the full potential of employees.

In bureaucratic form of organizational structure, there is an established hierarchy of command and the higher authority controls the subordinates down the line. But in organizations where empowerment is practiced, performance of individual is achieved. Empowerment envisages participation, innovation access to information and accountability. Maximum productivity is achieved from the front line operators supported by management in creating value. Empowering organization can be designed through the following:

- Management by trust, Quality of work life and by implementing other organizational development strategies;
- Organizing flexible production systems rather than mass production;
- By introducing customized product with variations for customer needs;
- By reducing waste and achieving global competitiveness in price;
- By enhanced efforts in research and generation activities.[1]

**SYSTEMS APPROACH TO MODERN MANAGEMENT**

A program is therefore composed of several sub program and sub-sub programs. Every system or sub-system has its own objective and various processes. Personnel employed to manage the system have to play their roles and work under systems that are open. Katz and Kahn include importation of energy, throughput, output, phenomenon. Organization import resources, energy and information from environment, transform them into product and services and export it to the environment where society uses the same. Organizations do not export all that they produce but retain certain portion for its survival and growth. Organizations carry out modification and improvement based on performance feedback. Organization must also develop the ability to absorb the shocks and influences from the environment by developing inbuilt flexibility and responses. When an organization is formed, there is a technical sub-system, which is nothing but an entire formal organization. Company is structured based on technology, product and market that one is required to serve. Policies, rules and regulations are framed, span of management is created and authority and responsibilities are delegated based on need. Appropriate engineering, information technology and other considerations are laid down. The organization imports necessary resources from the environment, transform them and export the finished product/ services to the environment. In the process, decision



making, communication and control measures are implemented. Administrative system ensures balance in the organization, so that no department becomes powerful while carrying out the job. Due care is taken about the status, norms, attitudes and behavioral pattern of employees.[3]

Social Sub-System provides social security and social satisfaction to its members. Enrolment of human resources is carried out to match the requirement of job. Individuals have varying degree of interests, capabilities altitudes, beliefs, likes, dislikes. Based on these they join group of like-minded employees to meet their social aspiration even by cutting across hierarchical barriers. It has often been noticed that employees join various social organizations, groups, sports club to enhance their image in the work environment. The employees thus seek a power base to meet the social needs.

Every job is important in the organization. People have to be, not only dependent on others, but also inter-dependent so that the individual, group and ultimately the organizational objectives are met in given time. Specialization has become an important aspect in organization. Individuals display power behavior based on the ability, skill, importance of their job, the critical appointment they hold and lastly the proximity to decision making authority. Some people have more influence areas than others while those who do not care for organizational norms engage themselves in politicking and play an opportunistic games. Power sub – system take its firm root based on personality traits, dominant nature, relationship with superiors, ability to influence others, the success story and the like. Therefore the power – holders enjoy extra privileges, status and turn the situation in their own interest.

**TOTAL QUALITY MANAGEMENT**

The idea of Total Quality Management (TQM) essentially revolves around the effective use of the obtainable human resources. Hence emphasis on training and continuous personal improvement is essential. TQM means that an organization’s culture is defined by and supports the constant quest for customer satisfaction. Pioneering work in TQM was done in Japan through the efforts of Edward Deming. He stressed the need for all the individuals involved to work in a cohesive team, keeping in mind the fulfillment of the given objectives in time. Training in statistical process control techniques is necessary for all, so that quality control of the product

being manufactured is maintained in accordance with the standards laid down and corrective measures are taken while the product is being manufactured. In other words TQM is not just a technique that can be turned on when quality improvement is required. TQM is rather a philosophy that requires active participation on the part of both owner and employees. TQM is an ongoing process that is to be approached from the standpoint of continuous improvement by incremental stages. The ability to ensure the quality of a product or a service is, therefore, dependent on the quality of the working relationship between the human beings at the work place. It involves the dynamics of the behavioral processes.

Deming proposed 14 principles of TQM:

- ✓ Create consistency of objectives and plans;
- ✓ Adopt a new philosophy of quality;
- ✓ Cease dependence on mass inspections;
- ✓ End the practice of choosing supplies based solely on price;
- ✓ Improve the system constantly and continuously;
- ✓ Institute training on-the-job;
- ✓ Strengthen leadership;
- ✓ Drive out fear;
- ✓ Breakdown barriers between departments and units;
- ✓ Stop requesting improved productivity;
- ✓ Eliminate work standards that prescribe numerical quotas and quality standards;
- ✓ Remove barriers to pride in workmanship;
- ✓ Institute rigorous education and self-improvement programmes;
- ✓ Put every-day in the company to work to accomplish the transition to total quality;

One of the most important factor in TQM is leadership. What is expected of a leader is first to know his subordinates, their social background, their financial status, the number of dependents, and the level of their dependency on the employee.[3]

This will enable a leader to judge what job to assign to each individual and how much to expect from him. Secondly the leader must be professionally competent, so that subordinates can look up to him as a person who has solutions to the problems they face. He should display an ability to adjust to changing situations and to different people. A leader should be able to work effectively in adverse circumstances and not show signs of creaking up. He should display professional honesty and be known for integrity. This is essential to obtain the willing obedience of subordinates and to accomplish his mission. Hence a leader should adopt a code of conduct for him and for the organization. They

have been concerned about the nature of leadership, so as to identify the difference between leaders and non-leaders, and between successful and luckless leaders.

**CONCLUSION**

The main mission of the Modern Management is, to help the organization and all its employees prosper. While classic management theories may only work in specific situations, modern management theories could be applied to most situations as long as particular aspects have been adapted to better suit the situation, which is allowed in modern management. It should be noted that the behavioral approach has had a number of lasting effects on everyday business operations. Lots of what the early Organizational behavior advocates

proposed and the conclusion from the Hawthorne studies have provided the foundation for today's theory of motivation, leadership, group behavior and all sorts of other behavioral approaches. A good way to think about modern management theories is that they are simply more advanced continuations of traditional management theories. The Modern Management is based upon the behavioral approach. Nowadays nearly every company even has a human resources department, designed for addressing the needs of the employees. The enduring effects of behavioral approach can be seen in many company today. From the way managers organize jobs, to the way that they work with employee teams and also in the way they communicate with those teams, we see in all of this elements of the behavioral approach.

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**ანოტაცია**

ნაშრომში გადმოცემულია თანამედროვე მენეჯმენტის თეორიის ახლებური ხედვა და აღნიშნულია, რომ დღეისმდგომარეობით უდიდეს წარმატებას მხოლოდ ის მენეჯერები აღწევენ, რომლებიც კომპანიის მართვის პოლიტიკას, სწორედ თანამედროვე მენეჯმენტის თეორიის ფუნდამენტალური პრონციპების გათვალისწინებით აგებენ. განხილულია თანამედროვე მენეჯმენტის თეორიის კვლევის უახლესი შედეგები და განხორციელებულია მათი ანალიზი. წარმოდგენილია რეინჟინერინგისა და ბენჩმარკინგის პროცესების მნიშვნელოვანი შეფასებები.

**საკვანძო სიტყვები:** თანამედროვე მენეჯმენტი, რე-ინჟინერინგი.

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