

The background of the cover is a black and white photograph of a construction site. In the foreground, the silhouettes of three construction workers are visible against a bright, cloudy sky. One worker is on the left, another in the center, and a third on the right, all appearing to be working on a structure. To the left of the workers, a large piece of construction equipment, possibly a crane or a hoist, is visible. The overall scene is industrial and captures a moment of active construction.

# Construction Management and Organisational Behaviour

Maureen Rhoden with Brian Cato

A red octagonal logo with a white border is located in the bottom left corner of the cover.

WILEY Blackwell

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# About the Authors

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# 1 Introduction

The theories and concepts contained within this book are relevant for the work of managers and employees within the construction sector and similar organisations. Students and professionals with experience of the construction industry will benefit from the ability to apply these concepts to other organisations within other sectors. There are a wide range of organisations including universities or colleges to sports and other recreational clubs or groups that all rely on organisational behaviour in order to function. Some organisations will be able to function well and others will do so poorly.

The study of organisational behaviour may result in changing long held views that you may have held regarding how people and organisations work in the real world. In addition, you may also gain a better understanding of questions such as what motivates people to work, what is the most appropriate leadership style and how can the structure of a company affect the performance of employees.

Studying the many theories and examples that are provided within this book should enable you to identify problems within a company or organisation and to develop solutions or, even better, improve methods that you could use to avoid problems occurring in the first place. However, you will need to understand and apply the concepts to your own particular context which should make you a more effective manager.

## Structure of the book

The remainder of this book is divided into the following chapters:

- Chapter 2 considers the development of management theories and models and how they relate to the contemporary views of how organisations should work.
- Chapter 3 explores some of the main schools of thought regarding the nature and scope of management.

- Chapter 4 discusses contemporary views regarding leadership and we examine the qualities of successful leaders.
- Chapter 5 begins with a discussion of the different types of communication that exist within organisations and their relative advantages and disadvantages. The chapter also explores the role of motivation in organisations and how managers can use motivation with their teams and individual members of staff.
- Chapter 6 will address the problems associated with managing conflict within a team and the importance of being aware of the different types of conflict that exist is discussed. The chapter also considers the role of negotiation in particular situations and the techniques that may be used by managers and individuals.
- Chapter 7 examines the different types of problems that managers may encounter within their company. While these problems can be addressed by using a variety of approaches, there are a number of advantages and disadvantages depending on the chosen solution.
- Chapter 8 focuses upon organisational change and the different ways that the process can be managed. The effect of individual and group resistance to organisational change should not be underestimated. However, managers can anticipate the problems that may arise and manage the process efficiently and effectively.
- Chapter 9 begins by focusing on the influence that entrepreneurs have in identifying opportunities and developing business ideas or innovations that are successfully brought to the market. We explore the different types of innovation and discuss the varied situations that can affect organisational creativity and innovation.
- Chapter 10 discusses how social scientists have perceived organisational culture. The overt and covert aspects of organisational culture are examined along with the varied theories. We then explore the role of globalisation and national cultures and how companies are adapting to take into account the changing needs of their employees.
- Chapter 11 recognises how important an organisational strategic approach has become and how it is used to provide a framework for the effective management of the activities within companies. The effect of the changing business environment upon the content of the strategy is considered along with the use of the market approach and the competitive advantage.
- Chapter 12 begins with a discussion of the theoretical models of organisational structure. It discusses the way that we work and the impact that organisational design can have on the levels of production and motivation within a company.

# 2

## History of Management

### Introduction

After the Industrial Revolution in Europe and the USA there grew a need for managers of the new organisations to find better ways to meet customer needs. This was a period of constant change with small workshops that had been run by skilled workers being replaced by large factories with large numbers of unskilled or semiskilled workers. The owners and managers of the new factories were unprepared for the management of their employees and the new way of working as many had come from a technical background. They therefore began to look for more effective means of managing their organisations' resources together with the need to improve the efficiency of their employee-task mix.

The different *types* of management theories that exist include (Easterby-Smith *et al.*, 2015):

- **normative** – attempts to identify what or how managers should conduct their work such as classical (dominant in the 1910s–1950s), human relations (dominant in the 1940s–1970s), competencies (dominant in the 1980s) and process theories (dominant in the 2000s)
- **descriptive** – attempts to explain what managers really do in practice such as work activity theory (dominant in the 1970s)
- **analytical** – where a particular theoretical stand is taken which focuses on some aspects of the work while ignoring others such as decision theory (dominant in the 1950s–1970s) and process theory (dominant in the 2000s)

This chapter will consider the varied management theories that exist and their impact on organisations.

### Scientific management

Frederick Taylor defined the techniques of scientific management as (George and Jones, 2012, p. 58):

....the systematic study of relationships between people and tasks for the purpose of redesigning the work process to increase efficiency.

It was considered that the amount of time and effort that employees used to complete a finished good or service could be reduced through the use of specialisation and division of labour which would result in a more effective production process.

Taylor identified four key principles to increase efficiency in the production process:

1. Study the way employees perform their tasks, gather all the informal job knowledge that employees possess and experiment with ways of improving how tasks are performed.
2. Codify the new methods of performing tasks into written rules and standard operating procedures.
3. Carefully select employees so that they possess skills and abilities that match the needs of the task and train them to perform the task according to the established rules and procedures.
4. Establish a fair or acceptable level of performance for a task and then develop a pay system that provides a reward for performance above the acceptable level.

By using the scientific management approach employers were able to make significant savings while increasing levels of output. An example of this is provided by Wren (2009) based on the Ford Motor Company where the scientific management system was introduced and resulted in the output of cars increasing from 100 cars per month to 45 cars per day. However, while this new system of management became popular many employers preferred to be selective in how they interpreted scientific management in practice. For example, some employees found that as their output increased as a result of the improved ways of working they were expected to do more for the same level of pay. In addition, many employees found the division of labour into specialised areas of work resulted in monotonous and repetitive work. Employees soon discovered that any improvement in their levels of work could result in the need for less staff and so the threat of becoming unemployed increased (Fryer, 2004).

## Classical theory

Henry Fayol, who had previously been employed as a managing director of a large mining company in France, was keen to establish how organisational effectiveness could be achieved (Fayol, 1949). Using his past experiences Fayol found that management was different from day to day organisational tasks and provided a list of five basic functions that an effective manager should follow:

- **Plan and forecast** – design strategies to enable the organisation to meet its future objectives
- **Organise** – to address Fayol's 14 principles of management (see Table 2.1)
- **Coordinate** – resources, activities and productions are coordinated to achieve desired outcomes
- **Command** – to provide guidance to employees

- **Control** – ensure that actions are not in conflict with the organisation's plan, that instructions are followed and that the 14 principles of management are adhered to

Fayol used these five functions to identify 14 principles of management effectiveness which still heavily influence the way in which many organisations manage today (see Table 2.1).

These principles have been criticised as some are not seen to fit with modern approaches to management. The unity of command where a member of staff is managed by one manager for example does not allow for the many matrix or project based organisations that now exist. In addition, the principles do not fit with modern developments in management such as flatter hierarchies, team working, professional organisations and flexible working.

Urwick (in the 1940s) used a combination of scientific management and classical theory to identify a list of general principles for effective management (see Table 2.2).

**Table 2.1** Fayol's principles of management.

Basis of many organisational structures	Basis of management functions
Division of work	Discipline
Authority and responsibility	Subordination of individual interest to general interest
Unity of command	Remuneration of personnel
Unity of direction	Equity
Centralisation	Stability
Scalar chain	Initiative
Order	Esprit de corps

Source: Adapted from Fayol (1949).

**Table 2.2** Urwick's principles of management.

The principles	Explanations
Objective	The organisation's purpose
Specialisation	A team or activity
Coordination	Ensure everyone is working to achieve the same objectives
Authority	A clear line of authority
Responsibility	Managers are held accountable for the activities of their staff
Definition	Jobs, and working relationships should be well-defined
Correspondence	All staff at all levels within the organisation should network with each other
Span of control	A manager should supervise no more than five to six members of staff
Balance	Various units within an organisation should be kept in balance
Continuity	Systems should be in place to support continuous reorganisation

## Human relations theory

The classical view of management was criticised by human relations theorists who proposed that the actual behaviour of managers was different to what they were thought to be doing. It was felt that the human element of the organisation was missing from the scientific management approach. While Taylor had not considered the importance of staff involvement in the organisation of the daily tasks, Mary Parker Follett (1918) on the other hand believed that it was important that staff were involved in job analysis and the work development process as they knew their own jobs best.

Follett focused on the importance of the managers' relations with their staff and considered that a more all-inclusive approach should be used in management. She was a management consultant who viewed management as an art not a science and is quoted as saying that 'management is the art of getting things done through other people' (Follett, 1918). She therefore considered that the easiest way for managers to achieve this would be to encourage cooperation from their staff and to involve employees in the decision making process. It was believed that managers should be coaches and facilitators to their staff and not monitors and supervisors.

The importance of self-managed teams and the empowering of employees was considered by Follett and she concluded that managers in different departments should communicate freely with each other in order to improve the decision making process. She referred to 'cross-functioning' members of departments working in cross-departmental teams to complete projects. Follett proposed that knowledge and expertise should be the drivers for determining the best leaders in the organisation and those leaders should not be based on formal authority derived from their position in the hierarchy. She felt that effective management should be based on a horizontal view of power and authority and not the typical vertical chain of command. Although

## Reflection

Within the construction sector do you think that managers are mainly viewed as coaches and facilitators or monitors and supervisors? Give your reasons why with examples.



these concepts are in common usage today they were considered to be far-reaching at that time.

Rensis Likert (Likert, 1987) identified four systems of management as follows:

1. Exploitative authoritative type
  - Fears and threats are used by management.
  - Communication is from the top down to staff.
  - Psychologically managers and their staff are far apart.
  - Most decisions are made by managers.
2. Benevolent authoritative type
  - Motivation is based on the potential for punishment and partially on rewards.
  - Lower-level employees are allowed to be involved in policy making but this is limited by the framework given to them from upper-level management.
  - Major policy decisions are still left to those at the top.
  - Mainly downward communication from supervisors to employees with little upward communication.
  - The managers at the top feel more responsibility towards organisational goals than those employees at the bottom.
  - Subordinates can become hostile towards each other because of the competition that is created between them.
  - Satisfaction among workers is low to moderately-low and productivity is measured as fair to good.
3. Consultative
  - There is some trust in staff and motivation is based on rewards in addition to limited involvement with team working and communication taking place vertically and horizontally within the company.
  - The responsibility for achieving the goals of the company is spread throughout the organisation.
4. Participative
  - Trust and confidence in employees is evident from managers.
  - Motivation is based on rewards for achievement of agreed goals.
  - Team work and communication levels are high.
  - Responsibility for achieving the goals of the organisation is spread widely throughout the hierarchy of the company (Mullins, 2013).

Likert believed that managers needed to constantly change and adapt their behaviour in order to manage their diverse staff members. He proposed that there is no right or wrong way; instead there are general principles which should take into account the expectations, values and skills of the staff. Being able to change to reflect these values and expectations is a key management skill and companies should develop the culture and environment which assists managers in dealing with their employees in a suitable manner.



## The Hawthorne studies and human relations theory

A series of studies were completed from 1924 to 1932 at the Hawthorne Works of the Western Electric Company to investigate how characteristics of the work setting could impact on the performance and fatigue levels of employees. The researchers would systematically measure the productivity of employees at various levels of illumination. The researchers found some unexpected results from their experiments as regardless of the level of illumination in the work place productivity levels increased. The only time that the levels of productivity fell was when the level of illumination was too low for the employees to be able to see to complete their tasks effectively.

Due to these confusing results, Elton Mayo was asked to join the researchers and he proposed that another series of studies should be put in place over a two year period known as the relay assembly test experiments. These experiments studied the impact of other aspects on job performance such as the number and length of rest periods and hours of work on fatigue levels and boredom.

It was found that the same result as before was achieved with increased productivity over the period of time regardless of whether the changes that were imposed were negative or positive. The researchers concluded that increased productivity was due to the increased attention that the employees received as participants in the studies and so they were attempting to produce the results that they believed the researchers wanted. Subsequently what became known as the Hawthorne effect appeared to suggest that the views that employees have towards their manager are likely to have either a negative or positive impact on their performance.

It was therefore considered that if managers could be trained to obtain positive performance from their staff, then their level of productivity would increase. The human relations approach was therefore based on managers being trained to manage their employees in order to obtain the best performance and so lead to increased productivity.

This was reinforced by further research in another series of studies called the bank wiring room experiments. In this study employees made telephone switching equipment, Elton Mayo and Fritz Roethlisberger, found that the employees had adopted a culture of restricting their output in order to ensure that their jobs would be secure and any employees that violated this unwritten rule were sanctioned by other members of staff. This research highlighted the importance of training managers to use their behaviour to elicit cooperation from their employees so that the managers and not the employees are in control of levels of performance.