

Czech University of Life Sciences in Prague
Faculty of Economics and Management
Department of Management



Diploma thesis

Managerial Approaches in Practice

Author: Bc. Jan Snopek

Supervisor: Ing. Richard Selby, Ph. D.

© 2016 CULS Prague

DIPLOMA THESIS ASSIGNMENT

Jan Snopek

Economics and Management

Thesis title

Managerial approaches in practice

Objectives of thesis

The aim of this thesis is to define the most common features of different managerial approaches among managers of selected company and outline one general managerial approach.

A side aim is to determine whether top managers' managerial approach influences the managerial approach of their subordinates.

Methodology

A series of structured interviews will be conducted with top and middle management of the selected company.

The results of the structured interviews will be analysed and compared to company's culture as presented by the Human Resources department. In order to define the accuracy of the company culture presented by Human Resources department, an anonymous survey will be conducted among lower management and general staff.

An analysis of each department's managers' answers will be conducted as well in order to discover patterns of managerial approaches within any given department and direct chain of command.

The proposed extent of the thesis

Approx 60 pages

Keywords

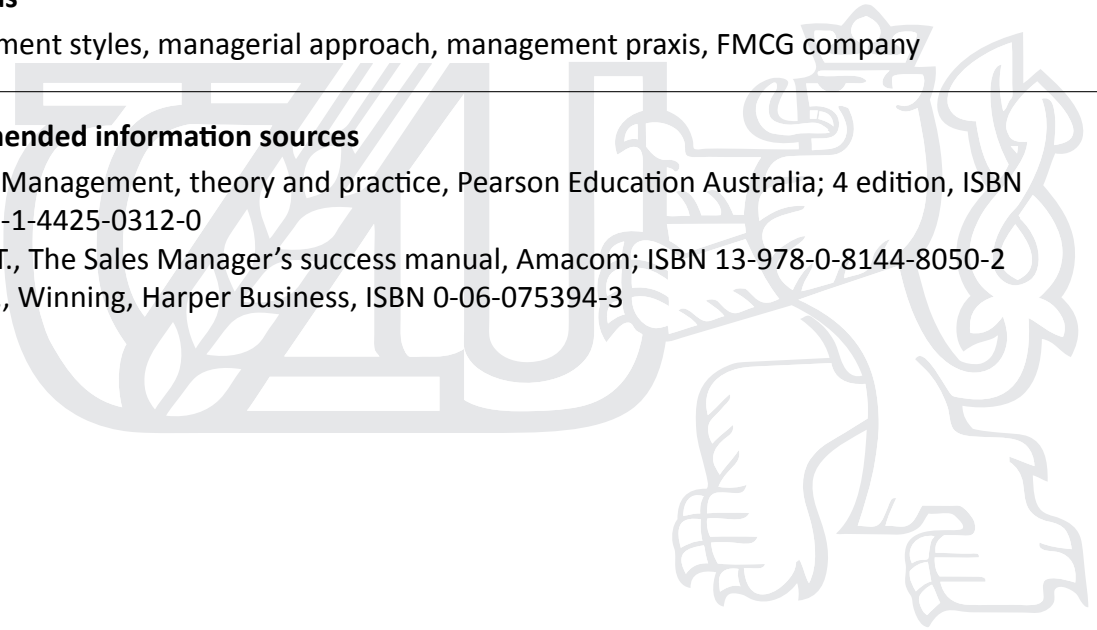
Management styles, managerial approach, management praxis, FMCG company

Recommended information sources

Cole, K., Management, theory and practice, Pearson Education Australia; 4 edition, ISBN 978-1-4425-0312-0

Wayne, T., The Sales Manager's success manual, Amacom; ISBN 13-978-0-8144-8050-2

Welch, J., Winning, Harper Business, ISBN 0-06-075394-3



Expected date of thesis defence

2015/16 SS – FEM

The Diploma Thesis Supervisor

Ing. Richard Selby, Ph.D.

Supervising department

Department of Management

Electronic approval: 12. 2. 2016

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 17. 2. 2016

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 30. 03. 2016

Declaration of integrity

I hereby declare that I have worked on my Diploma thesis titled “Managerial approaches in practice” solely and completely on my own and that I have marked all quotations in the text. The literature and other material I have used are mentioned in the References section of the Thesis.

In Prague on

Signature

Acknowledgement

I would like to thank **Richard Selby, Ph. D** for his guidance and the supervision of my diploma thesis. I would also like to thank all participants of the conducted research for their input and effort

Managerial Approaches in Practice

Summary

This thesis focuses on the differences between managerial styles in theory and in practice in a selected company. It is based on literature review and a series of structured interviews conducted among top and middle management of the selected company. It is divided into two main parts respectively.

The aims of the thesis are to identify general managerial approach practiced by the managers of the selected company and to determine whether there is a link between the managerial approach of a direct superior and subordinate.

Key words

Managerial approach, Leadership, Motivation, Managerial style, Practice of management

Manažerské přístupy v praxi

Souhrn

Tato práce je zaměřena na rozdíly mezi teorií a praxí manažerských přístupů vybrané společnosti. Práce je založena na literární rešerši a sérii strukturovaných rozhovorů se zaměstnanci vybrané firmy ve vyšších a středních manažerských pozicích. Práce je rozdělena na dvě hlavní části.

Cílem této práce je identifikace obecného manažerského přístupu praktikovaného ve vybrané společnosti a prokázat spojitost praktikovaného manažerského přístupu přímého podřízeného s přímým nadřízeným.

Klíčová slova

Manažerský přístup, Leadership, Motivace, Manažerský styl, Praxe managementu

Contents

1. Introduction.....	6
2. Aims and Methodology	8
3. Literature review	9
3.1. Origins of management	9
3.1.1. Plato	10
3.1.2. Xenophon.....	10
3.1.3. Ibn Khaldun	11
3.1.4. William Petty	11
3.1.5. Adam Smith	12
3.1.6. Karl Marx.....	12
3.1.7. Émile Durkheim	13
3.2. Management approaches	14
3.2.1. Contingency Approach	15
3.2.2. Trait theory	16
3.2.3. Behavioural Approach	18
3.2.3.1. Autocratic leader	19
3.2.3.2. Democratic leader	19
3.2.3.3. Laissez-faire leader	19
3.2.4. Socio-Technical Systems Approach	21
3.2.5. Decision Theory Approach.....	22
3.2.6. Social System Approach.....	23
3.2.7. Systems Approach	23
3.2.8. Scientific Management School	24
3.2.9. Classical Organizational Theory School.....	25

3.2.10.	Behavioural Theory School.....	27
3.3.	Leadership	28
3.3.1.	Situational Leadership	29
3.3.2.	Behavioural Theories of Leadership	31
3.3.2.1.	The Ohio State University survey	32
3.3.2.2.	The University of Michigan survey	33
3.3.3.	Transactional Leadership Theory	34
3.3.4.	Transformational Leadership Theories	35
3.4.	Motivation	36
3.4.1.	Historical motivation theories.....	36
3.4.1.1.	Frederick Winslow Taylor	36
3.4.1.2.	Elton Mayo.....	36
3.4.1.3.	Abraham Maslow	37
3.4.1.4.	Frederick Herzberg.....	38
3.4.2.	Modern motivation theories.....	40
3.4.2.1.	Equity Theory.....	40
3.4.2.2.	Expectancy Theory.....	43
3.4.2.3.	Goal setting theory	45
3.4.2.4.	Reinforcement Theory	47
4.	Practical part – analysis of conducted interviews	49
4.1.	Selected company’s hierarchical structure.....	49
4.2.	Similarities among managerial style in single chain of command.....	52
4.3.	Diversity within the management and its impact on practiced managerial styles.....	55
4.4.	Company culture	56
4.5.	Managers’ approach towards motivation	57
4.6.	Managers’ approach to development of employees.....	59

4.7. Theoretical knowledge of the managers	60
4.8. Generalisation of the managerial approach practices by the managers.	61
5. Recommendation for the Human Resources Department.....	63
6. Conclusion	64
References.....	67

1. Introduction

The topic for this thesis originated during a lecture on management in which there were several theoretical being introduced and described. Having worked in a private company at the time, I was trying to link the managers of the company to the theory provided by the lecturer. The attempt was unsuccessful as the reality of the managers behaviour I knew from experience differed from the theory. There were some typical aspects which I could correctly match with almost every top and middle manager of the company; however the practice was much more complex and there was not a single manager who would fit perfectly in any one “box”. The idea to pursue the differences between the theory and the practice emerged and it became a topic for my diploma thesis. The choice of a company on which the research would be conducted was relatively simple. The selected company is a company I have work for in the past and therefore I have asked the Humans Resources Director for permission to conduct the research and use it as a basis for my thesis. The permission was granted with condition of not naming the company which I respected during the entire process. The managers were keen on conducting the interviews as it provided them with an analysis of their own behaviour and perhaps the thesis will serve as an inspiration in future personal and professional development. The differences in theory and practice are vast across various fields and management and leadership are no different. The theory comes slowly and it does not react to current trends and changes in the world of management and leadership. This thesis will also provide the Human Resources Department with suggestions for improvement or focus. The interviews were of extraordinary value to me as I had the opportunity to talk to professional who were and still are my role models. The fact that I discovered areas in which the managers believe they are active in but actually their subordinates do not perceive it in the same way was satisfactory as perhaps for the first time I was able to provide help to people I look up to.

The selected company is extremely suitable for such research as it employs people of different nationalities and backgrounds. It was interesting to study possible links between nationality and managerial approach. A whole chapter is dedicated to diversity in the top and middle management of the company in which I describe the results of the analysis of the interviews with links to diversity. The first part of the thesis is the

theoretical part which was conducted before the interviews in order to gain some basic understanding of the historical and modern concepts and theories regarding management and leadership. The historical concepts of management are dated back to ancient Greece and further. The most obvious area to look for management was the military which was historically connected to hierarchy which is the basis for management. In this thesis I have decided to look for origins of management outside military as the military perception of management remain almost unchanged for millennia. While doing this research, motivation was often mentioned by the modern thinkers as being a key aspect of management and the overall understanding of management and leadership and the differences between the two. I have therefore decided to include motivation and leadership in the thesis alongside managerial theories. The result is a simple and clear definition of the key areas managers and leaders should focus on. After the theoretical part was finished, I conducted the series of interviews in order to receive the other side of the story, the practice. The practice was, as expected, completely different from the theory or rather a complex combination of different managerial, leadership and motivational theories which create the current status of managerial approaches occurring in the selected company. Results of the interviews were analysed and cross examined against the theory in order to attempt a formulation of a single managerial approach which would define the general management of the company. In addition to that the answers were analysed in order to identify patterns in behaviour of managers within single chain of command. The idea of this side aim came from the similarity among the perceived managerial style of the General Manager and the Financial Director who is the General Manager's direct subordinate. The analysis was conducted to identify more such similarities or to dismiss this statement as coincidence.

2. Aims and Methodology

The main aim of this thesis is to define the most common features of different managerial approaches practices by managers of selected company. The managers are not expected to completely fit into categories provided by the theory; therefore there is a need for combination of different theoretical aspects in order to describe the reality.

A side aim of the thesis is to prove dependence of manager's managerial style on managerial style of his or her direct superior. The differences in single chain of command will be analysed in order to support or disprove the statement of dependence.

A series of structured interviews was conducted with sixteen managers of the selected company. Among the interviewed managers there were members of the top management as well as the members of middle management in order to provide sufficient research in order to fulfil the aims of this thesis. The interviews were conducted within a period of two months in order to minimise most recent development in the company and its impact on managerial approaches of top and middle management. Each interview took approximately sixty minutes during which each manager was asked about the theoretical knowledge of managerial approaches and styles as well as his or her preferred tools of motivation and personal and professional development. The areas of questionings were same for all managers in order to generate consistent data without influencing the result by changing the topics. The interviews provided an overall description of the differences in the methods practiced by the managers of the selected company and were base for all conclusion of this thesis. The responses of the managers were then confirmed or commented from the direct subordinates of the interviewed managers in an anonymous discussion in order to identify areas in which the perceived status described by the manager does not reflect the perception of the subordinates.

In order to gain theoretical knowledge a literature review was conducted before the interviews. The theory helped to identify patterns in the answers and the results were analysed based on the theoretical part of the thesis. The theoretical part focuses on different managerial approaches and leadership theories as well as motivation which was identified as a critical part of managerial practice.

3. Literature review

3.1. Origins of management

Definition of management: Management can be defined as follows: The act or skill of controlling and making decisions about a business, department, sports team, etc.¹. In modern world we perceive management as strictly business related discipline. There are, however, aspects of management that most of world's population uses on everyday basis e.g. time management, motivation understanding, relationship building and learning etc. Management has been a part of human lives long before it was defined by Frederick Winslow Taylor in *The Principles of Scientific Management*. The need for management derives from need of coordination when there are too many variables in a certain project. When the Egyptians started to build the pyramids, the amount of workers was in thousands and there was a strong need for coordination in order to secure, that everyone knows what to do and how to do it most effectively.

This simple concept has survived the centuries and can be seen in modern management as well. It is best seen on the example of start-up companies. When people decide to build a business, they have no need of a manager, because they are the ones with the ideas and the resources. If the business succeeds and the company hires new employees, there must come a time, when a manager is needed in order to secure, that frontline employees² have the best possible conditions to perform their tasks effectively.

¹ WEBSTER, 2015 Miriam-Webster dictionary. Available at <http://www.merriam-webster.com/dictionary/management>: Accessed 2015-09-05.

² TJAN, A. 2012 "Listen to Your Frontline Employees" *Harvard Business Review*. Available at <https://hbr.org/2012/04/listen-to-your-frontline-emplo.html>: Accessed 2015-09-05

This phenomenon has become standard in most international companies, where the higher a person is in company's hierarchy, the less direct management is applied on that particular person.

Management is as a concept closely connected to division of labour, which some of the world's most famous thinkers presented in their literature pieces throughout history. The chronological order of pieces in which the concept of division of labour is included or mentioned is as follows:

3.1.1. Plato

In Plato's Republic³, the very foundation of a state lies in division of labour which derives from inequality of humans. Some are born into nobility and some into commoners. This division suggests need for cooperation of all the people and therefor some kind of management, probably from the nobility.

3.1.2. Xenophon

Xenophon, in the fourth century BC, makes a passing reference to division of labour in his 'Cyropaedia' (a.k.a. Education of Cyrus).

In his Cyropaedia⁴, Xenophon observes the difference in the division of labour in small and large cities. Perhaps the most interesting observation was "It is impossible for a man of

³ SILVERMINTZ, D. 2010 "Plato's Supposed Defense of the Division of Labor: A Reexamination of the Role of Job Specialization in the Republic" History of Political economy. Available at <http://hope.dukejournals.org/content/42/4/747.abstract> Accessed 2015-09-05

⁴ XENOPHON, "The Cyropaedia" Google Books. Available at: https://books.google.cz/books?id=IA4ohkXjeF4C&pg=PA244&lpg=PA244&dq=cyropaedia+xenophon+I%22in+small+towns%22&source=bl&ots=rirS1vn2bT&sig=WAizKVotZo7saTHrRQI3akwpy7s&hl=en&ei=_8Y_SvWpN4rAM5KMjKkO&sa=X&oi=book_result&ct=result&redir_esc=y#v=onepage&q=cyropaedia%20xenophon%20I%22in%20small%20towns%22&f=false Accessed 2015-09-05

many trades to do all of them well.” Where Xenophon was referring to the phenomenon of smaller cities, where one labourer would not focus on one specific activity in order to support himself and his family.

3.1.3. Ibn Khaldun⁵

In the 14th century Ibn Khaldun wrote his Muqaddimah in which he touches the subject of division of labour.

He emphasises the insufficient power of individual in order to obtain enough food for himself. The process is complex and therefore the cooperation of more individuals lead to satisfaction of greater number of persons. This is perhaps the first mentioning of “the whole is more than the sum of its parts”, which is a valid theory even nowadays.

3.1.4. William Petty

Sir William Petty was perhaps the first of the modern writers to mention division of labour. In his case it was the division of labour among builders in Dutch shipyards. Traditionally, the workers would work on only one ship and after finishing the construction, the new construction would begin. The Dutch, however, formed smaller teams which would perform the same action for all of the ships being constructed and therefore they would find new and more effective ways of performing the task, as the task was all they did.

⁵ HOZIEN, M. 2006 "Ibn Khaldun: His Life and Works" Muslim heritage Available at <http://muslimheritage.com/article/ibn-khaldun-his-life-and-works> Accessed 2015-09-05

3.1.5. Adam Smith

In *An Inquiry into the Nature and Causes of the Wealth of Nations*⁶ (1776), Adam Smith confirms the hypothesis of William Petty. The most interesting and original proposition of Adam Smith was without the doubt the idea of matching skill with equipment⁷. Each particular task requires unique skills and in many cases unique equipment as well. Smith saw it inefficient not to match the skills with equipment.

3.1.6. Karl Marx

Karl Marx was of the opinion, that increase in specialisation leads to decrease in motivation among workers with limited skillset⁸. As the task keep dividing into more specific and the amount of tasks keeps decreasing, the workers suffer from the repetition of their work and become less motivated to work and eventually become completely cut from the process of production. Other critique from Marx was regarding the development of low skilled workers as most of them specialised in one particular task and had very limited knowledge of the overall process. Marx also introduces a distinction between social and economic division of labour. Some forms of division of labour are based purely on technological necessity while others are connected to social division i.e. social hierarchy and social class and status.

⁶ SMITH, A 1776 "An Inquiry into the Nature and Causes of the Wealth of Nations" Google Books. Available at <https://books.google.cz/books?id=5hBOAAAAYAAJ&printsec=frontcover&dq=An+Inquiry+into+the+Nature+and+Causes+of+the+Wealth+of+Nations&hl=en&sa=X&ved=0ahUKEwidqp2D4OPLAhWjK5oKHeoXBG0Q6AEIJTAA#v=onepage&q=An%20Inquiry%20into%20the%20Nature%20and%20Causes%20of%20the%20Wealth%20of%20Nations&f=false> Accessed 2015-09-05.

⁸ MARX, K. 1847 "Wage Labour and Capital" Marxists. Available at <https://www.marxists.org/archive/marx/works/1847/wage-labour/ch06.htm> Accessed 2015-09-05

3.1.7. Émile Durkheim

In his work, *The Division of Labour in Society*⁹, Émile Durkheim described a connection between society's progress and division of labour. To put his idea simply, the more effective division of labour is, the faster is the growth of society's wealth. Durkheim described division of labour as a phenomenon not exclusive to humans, but also occurring in nature, therefore the division of labour was seen as a natural law.

⁹ DURKHEIM, E. 1893 "The Division of Labour in society" University of Chicago.

<http://durkheim.uchicago.edu/Summaries/dl.html> Accessed 2015-09-05

3.2. Management approaches

Management approaches are based on technique, processes, tools, responsibility and roles of the team. The approaches can be divided into three groups: classical, neo-classical and modern.

Classical approaches are defined by statement about the needs of employees, which are only economical and physical. Classical approaches are mainly focused on economic efficiency of labour, maximization of profit and decision making system. These approaches include bureaucracy, scientific and administrative management.

Modern and neo-classical approaches are aimed on input (labour, materials, capital, machinery, and information), transformation process (planning, organization, staffing, leading, controlling and technology), outputs (goods, services, profit and loss, employee, satisfaction) and also feedback. Following approaches belong partly to neo-classical and partly to modern approaches, in the next part some of them are defined and described by their main characteristics.

3.2.1. Contingency Approach

Contingency approach derives from management effectiveness which is contingent and dependent on the situation¹⁰. This management approach is influenced by specific situations or circumstances which are in this case determined by manager's behaviour and his/her reactions on every change, while proving managerial ability of adaptability to the given situation.

Effective organizations must tailor their planning, organizing, leading, and controlling to their particular needs. Managers should identify the requirements of a task, the overall conditions and people involved in any process. The leaders must then work to integrate all these facets into a solution that is most appropriate for a specific circumstance. The key assumption to the contingency approach is: There is no single correct answer to all questions, because the organisation, like people, changes over time.

The contingency theory is similar to situation theory in that there is an assumption that no simple way is always right. Situation theory, however, focuses more on the behaviours that the leader should use. The contingency theory takes a broader view that includes contingent factors about leader capability and also includes other variables within the situation.

Factors that influence the contingency theory are numerous. These include the following:

- The size of the organization
- How the firm adapts itself to its environment
- Differences among resources and operations activities
- Assumption of managers about employees
- Strategies

¹⁰ GRIMSLEY, S. 2013 "Contingency Approach of Management: Definition & Example" Study. Available at <http://durkheim.uchicago.edu/Summaries/dl.html> Accessed 2015-09-12

- Technologies being used

Contingency theory of leadership suggests that the success of a leader is determined by various tasks conducted by the leader. This theory supports a combination of any other theories as a key for success. Each task requires different approach and the ability of correctly identifying and applying the optimal style is the basis for contingency approach. The main theory of contingency approach is the Fiedler's contingency theory:

It is the most extensively researched contingency leadership theory as it was the original one. It differs from behavioural and trait theory by stating that the success of an organisation depends on three variables. Those are:

- Group atmosphere
- Task structure
- Leader's power position

3.2.2. Trait theory

The trait theory defines particular aspects, whether they are physiological, demographic or intellectual (e.g. Appearance, education, intelligence, initiative, empathy etc.) of a successful leader¹¹. The theory suggests a difference in these traits among successful and unsuccessful leaders. The traits themselves do not necessarily make anyone a good leader, however, researches conducted in this field managed to identify some core traits.

- 1) Drive – high level of energy, ambition and initiative
- 2) Leadership motivation
- 3) Honesty

¹¹ZACCARO, S.J.2007 "Trait-Based Perspectives of Leadership" Available at . <http://mydarkknight.com/wp-content/uploads/2013/04/Traits-Based-Approach-zaccaro-article.pdf> Accessed 2015-09-12

- 4) Confidence
- 5) Knowledge of business or industry in which they operate
- 6) Emotional maturity
- 7) Charisma
- 8) Creativity

Among the advantages of this theory we can list:

- 1) Natural pleasantness of the theory
- 2) Validity which has been confirmed by research
- 3) The theory offers detailed knowledge of the leader

The major disadvantages of this theory are:

- 1) The final list of trait may be extremely long and there is no weight given to any particular trait, therefore all traits are of equal importance.
- 2) Combination of physiological aspects and psychological aspects which have not been proven to be connected in business.
- 3) Complexity of the theory

The trait theory provides information about leadership at any given level in the organisation's structure. It is useful for self-evaluation of manager's position in a company and it can suggest areas of improvement. This theory provides managers with identification of their strength and more importantly their weaknesses as the goal of any leader is to constantly improve his or her skills and develop personally and professionally.

The trait theory has set itself rather difficult goal, to determine whether leader are born or made. This is yet to be confirmed one way or another as both sides have reasons to believe in their opinion to be the correct one.

3.2.3. Behavioural Approach

This approach observes the behaviour of people in an organisation and connects changes in behaviour with changes in environment. Environmental factors trigger changes in behaviour which are then studied and analysed from psychological point of view¹².

Behavioural theories in leadership focus on how leaders behave. The theory then tries to identify key behavioural characteristics common for successful leaders. How do successful leaders approach task delegation, decision making, motivation and other aspects of everyday managerial life?

The theory is based on Kurt Lewin's framework based on leader's behaviour. According to Lewin, there are three main archetypes of leaders:

¹² MCLEOD, S. 2007 "Behaviorist Approach" Simply Psychology. Available at <http://www.simplypsychology.org/behaviorism.html> Accessed 2015-09-12

3.2.3.1. Autocratic leader¹³

This type of leadership consists of a strong leader who makes all important decisions without any consultation from his or her subordinates. The advantage of this archetype is mainly the speed with which all decisions are made. The process takes very little time as there is no need for discussion or consultation. This approach is usually practiced when there are difficulties in the company and there is a strong need for change or strong leadership.

3.2.3.2. Democratic leader¹⁴

Democratic leader allows his or her subordinates to take part in the decision making process and provide input. The final decision still lies with the leader; however, the subordinates have the opportunity to convince the leader about the validity of their point of view. The major disadvantage of this approach is the difficulty to manage several different perspectives of different subordinates.

3.2.3.3. Laissez-faire leader¹⁵

This type of leader does not interfere into the decision making system. The decision and the responsibility for the outcome lie with the subordinates. This is the optimal leadership approach when the team is extremely capable and motivated and does not need direct supervision. The main complication with this leadership approach comes when the leader is distracted or lazy rather than aware of application of laissez-faire approach. The

¹³ EAGLY, ENGEN, JOHANNESSEN-SCHMIDT, 2003 "Transformational, Transactional, and Laissez-Faire Leadership Styles: A Meta-Analysis Comparing Women and Men" Communication Cache. Available at http://www.communicationcache.com/uploads/1/0/8/8/10887248/transformational_transactional_and_laissez-faire_leadership_styles-a_meta-analysis_comparing_women_and_men.pdf Accessed 2015-09-12

¹⁴ Same source

¹⁵ Same source

results need to be evaluated and commented; otherwise we cannot describe such practice as leadership nor as management.

3.2.4. Socio-Technical Systems Approach

Socio-Technical system is focused on technologies, production and all factors closed to technical systems in combination with the main social factor of labour – people¹⁶.

The system is about finding excellence in both technical performance and the quality of people's work and the optimal combination of these two factors. The term was first introduced in 1960s by Eric Trist and Fred Emery. In his book "Organization Choice" Trist suggested that the optimisation of a whole tends to be less complicated than the optimisation of all dimensions separately. Trist and Emery also introduced the term "High Performance Work Team Organisation" and also identified several key traits of such arrangement. The key traits identified by Trist and Emery for the organisations are:

- Adaptability and agility in increasingly complex environment.
- Responsible autonomy i.e. shifting workload to groups with internal leadership.
- Specification of the objective while not determining the means and ways of achievement.
- Meaningfulness of each task for every single member of a team involved in finding solution to a challenge.

The key traits for the teams are:

- Clear understanding of the mission, role and guidelines.
- High level of independence and trust.
- Effective communication and handling of differences among team members.
- The focus is to at least meet the expectations of the customer, preferably to exceed them.
- Seeking of constant improvement of their performance and coordination of their work.

¹⁶ YOONG, F. 2011 "What is the Socio-Technical System Approach?" CP Transform. Available at <https://cptransform.wordpress.com/2011/02/10/sociotechnicalsystem/> Accessed 2015-09-13

3.2.5. Decision Theory Approach

The decision theory is an interdisciplinary approach to analyse decision making. How are the decisions made in case of unknown circumstances and variables? The Decision theory connects psychology, mathematics, philosophy and statistics in order to analyse the decision making process. It is a part of Game theory and is widely used in auctions and marketing¹⁷.

Perhaps the most famous example of decision theory is the prisoner's dilemma in which two suspects of criminal offence are faced with unknown variable which is the testimony of the opposite suspect. There are four possible outcomes of the exercise.

- 1) Suspect A testifies against suspect B, while suspect B remains silent.
- 2) Both suspects testify against each other
- 3) Suspect B testifies against suspect A, while suspect A remains silent.
- 4) Both suspects remain silent

Each outcome brings different sentences for each suspect and the meaning of the exercise is to try to understand the other individual's answer as a basis for own answer. The uncertainty of the result is analysed via statistical tools and the decision is based on the statistics and the optimal solution is proposed. On the other hand the psychological approach suggests the most likely outcome.

¹⁷ NASH, J 2014 "Decision Theory" Investopedia. Available at <http://www.investopedia.com/terms/d/decision-theory.asp#>

Accessed 2015-09-13

3.2.6. Social System Approach

In this approach the management is taken as a social system. This system is composed by work of cooperating people, the cooperation of employees and the harmony between goals of the organization and the team is really necessary. The social system works on the base of cultural relationship and the behaviour of all individuals and groups¹⁸. The interest leading to the goal of the organization comes not only from the opinion of groups but should reflect the interests from all the parties. There also exists a relationship between internal and external environment of organization.

3.2.7. Systems Approach

For defying the system approach it is necessary to know what the system is. The system is a set of different parts which are in interaction and make an entire complex¹⁹. The system approach is divided as open and closed, where closed system is not affected by any environment. For open system, on the other hand, the environment is important. The reason is the system is influenced by its own environment. The system approach could give singular framework which is detailed and expansive and helps to accomplish every problem by using a combination of the tools in order to solve the problem.

¹⁸ WHITWORTH, E 2008 "The Social Systems Approach" Available at

<https://ausefulrecord.wordpress.com/2006/05/15/the-social-systems-approach/> Accessed 2015-09-13

¹⁹ CHAND, S. 2015 "System Approach to Management: Definition, Features and Evaluation" Your Article Library.

<http://www.yourarticlelibrary.com/management/system-approach-to-management-definition-features-and-evaluation/27897/> Accessed 2015-09-13

3.2.8. Scientific Management School

Frederick Taylor started the era of modern management in the late nineteenth century²⁰. Taylor constantly advocated the overthrow “Management by rule of thumb” by more scientific approach. Taylor also introduced the term “Best practice” which is nowadays popular among multinational corporations as a general term for well organised and executed task. Taylor also advocated systematic training of employees in the best practice in order to restrict them to invent new and perhaps more efficient methods of performing the task. The most controversial suggestion was the equal distribution of labour among workers and management, where each individual would perform the task he or she would be best suited for. Taylor also developed a concept of breaking down task into multiple sub-tasks and optimizing the performance of the sub-task. Scientific management met with success in era of post industrial revolution and especially in industrial sector. Application of Taylor’s methods led to immense increase in productivity of workers.

Taylor also identified four principles of management.

- 1) To replace the “rule of thumb” by science of work and to link reward to performance. In case of poor performance, the reward for the employee would decrease and likewise in case of extraordinary performance, the reward would increase.
- 2) Scientifically select and develop workers. The goal was to provide such training, that the employees would become first class experts at the selected task.
- 3) The first two points needed to come together in order to achieve optimal results.
- 4) Work and responsibilities need to be equally distributed among workers and management.

²⁰ OLUM, Y. 2004 "MODERN MANAGEMENT THEORIES AND PRACTICES" Your Article Library. loc.llas.ac.uk/lob/1510/standalone/theories.pdf Accessed 2015-09-13

3.2.9. Classical Organizational Theory School

There are two major theories which belong to the Classical Organisation Theory School²¹.

1) Max Weber's bureaucratic theory.

Max Weber supported the idea that the western civilisation is shifting from value oriented thinking to technological thinking. He believed that the society is seeking technically optimal result at the expense of humanistic content. He then developed a set of principles for an ideal bureaucracy. The principles were following:

- Fixed jurisdiction areas
- Firmly set hierarchy of super and subordination
- Management based on written records
- Expert training
- Official activity taking priority before any other activity
- Known and followed organisational rules

Weber was aware of the fact, that bureaucracy tends to depersonalise people and that the effects on personality of all workers and managers were severe.

2) Henri Fayol's administrative theory.

This theory focuses on personal duties of management rather than on workers. Fayol identified five principle roles of management

- To forecast and plan
- To organise
- To command
- To coordinate

²¹ SREE, R. 2009 "Classical Organization Theory School" Citeman. <http://www.citeman.com/5051-classical-organization-theory-school.html> Accessed 2015-09-13

Planning was perceived as the anticipation of the future and acting accordingly to the expectations. Organisation's goal was to develop all resources, human and material ones. Commanding was focused on keeping the organisation running. Co-ordination was focused on harmonisation and optimisation of the processes and finally control was to ensure that all tasks were performed accordingly to organisation's rules and policies. Fayol also developed fourteen principles of administration to compliment the management's five key roles. There principles were:

- Specialisation
- Authority with responsibility
- Discipline
- Unity of command
- Unity of direction
- Subordination of individual interest to common interest
- Remuneration of staff
- Centralisation
- Scalar chain of command
- Order
- Equity
- Stability of tenure
- Initiative
- Esprit de corps

Fayol believed in personal effort playing a key role in an ideal organisation. His five principles of management are still practiced today and from the fourteen principles of administration perhaps the most critical one is the Authority with responsibility which is also being widely practiced.

3.2.10. Behavioural Theory School

This school of managerial approaches comes from the work of Elton Mayo. The origins were the results of the Hawthorne Works Experiment²². This experiment disproved Taylor's believe, that scientific definition of the process is the key towards optimisation of work performance. The studies tested the effects of change in lighting, rest breaks, free meals and amount of working hours a day. While the correlation between light level and the productivity was not confirmed by the study, the amount of rest breaks and the change in working hours had significant impact on the productivity. Mayo concluded that the productivity of labour is largely defined by the working environment and attitude, communication in form of positive management response and encouragement. The study also dismissed Taylorism and suggested that monetary rewards do not influence productivity. This is still discussed today and it is not commonly accepted. Money is still in some theories motivation factor for enhanced performance, while in other theories it works only as a protection against decreasing performance. The results of the study were revolutionary in the field of group dynamics and its link to higher productivity. It was the foundation for the globally increasing participation of workers in defining working conditions and work environment. The study introduced terms such as group dynamics, teamwork and organisational social systems. All of these terms were from then on further developed in different managerial approaches.

²² HINDLE, T. 2008 "The Hawthorne effect" *The Economist*. Available at <http://www.economist.com/node/12510632>

Accessed 2015-09-19

3.3. Leadership

Leadership is often seen as a term interchangeable with management. There are several key differences between the two. While manager control, leader develops²³. Manager does the thing right, while the leader does the right thing. Leader leads by example, manager follows rules. Manager relies on control, leader inspires trust. Leader has a long term orientation while manager focuses on short term results. Manager imitates and the leader originates. Leaders challenge the status quo, while manager accepts it. The modern leadership theories are based on the work of Peter Drucker, who was the first to realise the importance to knowledge workers. These are the workers who do not necessarily work manually, but bring knowledge to the company. These people are very sensitive towards management as it demotivates their creativity. These workers need leaders to look up to and to inspire them.

²³ CARLYLE, T 2013 "Great Man Theory" Leadership Central. Available at <http://www.leadership-central.com/great-man-theory.html#axzz3rSfoqTrz> Accessed 2015-10-10

3.3.1. Situational Leadership

One of the most recognised leadership theories is the Situational Leadership Model developed by Dr Paul Hersey in 1960s²⁴. It is a flexible model aimed at the general public with particular usefulness for businesses and their management. The original model is based on the relationship between leaders and followers and it serves as a basis for analysis of almost every situation.

The model focuses on two major aspects of leader's life.

1) To analyse the situation leader is currently at

In this part the model determines the amount of guidance provided by the leader towards his or her followers (by followers we do not automatically count subordinates; however they are not excluded either). The amount of social or emotional support provided by the leader and finally the readiness level of followers in performing a specific task.

2) To improve four critical leadership competences

- Diagnose – Define and understand current situation leader is trying to influence.
- Adapt – Adjust leader's behaviour accordingly to the situation.
- Communicate – Interact with others in a way that is understandable and accepted.
- Advance – manage the movement

The outcome of the model is an understanding of the effective leadership style and the readiness of followers to perform given task.

The basis of Situational Leadership lies in flexibility and simplicity in execution. The main advantage of this system is the possibility of adaptation to any particular task and successful overcoming of obstacles. The simplicity of the model is described by Dr Hersey as "Organised common sense" and therefore it is relatively easy to understand and practice.

²⁴ HERSEY, P "Situational Leadership" Center for Leadership Studies. Available at <https://situational.com/the-cls-difference/situational-leadership-what-we-do/> Accessed 2015-10-10

With application across organizational leaders, first-line managers, individual contributors and even teams, Situational Leadership utilizes task specificity to serve as a mechanism through which leaders maximize their influence-related impact. We call these individuals “situational leaders” and would contend that they are critical to the success of any organization. Dr Hersey identified five key activities which should be constantly performed by the situational leaders.

- To maintain awareness of own leadership-related strengths and weaknesses and constantly working on self-development
- To conduct effective coaching conversations by understanding the correct leadership style and when to apply it.
- Knowing when to be consistent and when to be flexible.
- Create productive teams by accelerating individual development.
- To drive behaviour change and business results via leading by example.

3.3.2. Behavioural Theories of Leadership

Behavioural theories of leadership focus on studying specific behavioural aspects of a leader. For behavioural scholars a leader's behaviour is the optimal way of predicting his or her success or failure²⁵. The behavioural theorists are split in supporting or neglecting the Great Man Theory i.e. whether or not leaders are born or made. The opposite theory suggesting that leaders are made is the Trait theory. There were two major studies conducted on the subject of leadership in the USA.

²⁵ DERUE, HUMPHREY, NAHRGANG, WELLMAN, 2011 "Trait and Behavioral Theories of Leadership: An integration and meta-analytic test of their relative validity" Pennsylvania State University. Available at <http://php.scripts.psu.edu/> Accessed 2015-10-10

3.3.2.1. The Ohio State University survey

A group of researchers conducted a research in 1940s in which they had collected more than 1,800 statements regarding leadership²⁶. From these statements they developed a list of 150 statements which was aimed at measuring nine behavioural leadership dimensions. The final questionnaire is known as the LBDQ²⁷ (Leaders Behaviour Description Questionnaire). The questionnaire was administered to groups of students, military, private enterprise employees and university personnel in order to define common leadership behaviours. The study was concluded with the confirmed correlation between two groups of behaviour. The groups were defined as People Oriented Behavioural Leaders and Task Oriented Leaders.

Task oriented leaders.

These leaders focus their behaviour on the organisational structure and are keen on keeping control. They are concerned with the motivation of their staff; however it is not their major concern. Their favoured behaviours are in line with:

- Initiating
- Organising
- Clarifying
- Information gathering

²⁶ DERUE, HUMPHREY, NAHRGANG, WELLMAN, 2011 "Trait and Behavioral Theories of Leadership: An integration and meta-analytic test of their relative validity" Pennsylvania State University. Available at <http://php.scripts.psu.edu/> Accessed 2015-10-10

²⁷ "Leader Behavior Description Questionnaire (LBDQ)" Ohio State University. Available at <http://fisher.osu.edu/research/lbdq> Accessed 2015-10-10

People oriented leaders.

These leaders focus on satisfaction of inner needs of the employees. They seek to prioritise motivation of their staff through building and strengthening the human relation. They still focus on the task; however they achieve them through different means than task oriented leaders. Among the key behaviours there are:

- Encouraging
- Observing
- Listening
- Coaching and Mentoring

3.3.2.2. The University of Michigan survey

Conducted in the 1950s by organisational psychologist Dr Rensis Likert, the study identified three key aspects of effective leadership. The first two were the same as in the Ohio State University survey²⁸, however there was a third characteristic identified. It was the foundation of the participative leadership concept (democratic managerial style of the behavioural management school)

²⁸ DERUE, HUMPHREY, NAHRGANG, WELLMAN, 2011 "Trait and Behavioral Theories of Leadership: An integration and meta-analytic test of their relative validity" Pennsylvania State University. Available at <http://php.scripts.psu.edu/> Accessed 2015-10-10

3.3.3. Transactional Leadership Theory

This theory is based on punishment and reward as key motivational tools²⁹. There is a strong need for well-defined hierarchy where all parts have clear knowledge of who is in charge and who is following orders and fulfilling tasks. In case of performing any task, the hierarchy plays critical role as all are to recognise the leader and await and then execute orders. Their own input lies in execution of orders. Whether someone is capable of achieving the task is irrelevant. There is an overlap between transactional leadership and contingency leadership as in both the managerial style is dictated by the circumstances of the task.

The main critique of the transactional leadership is in its totally undemocratic hierarchical scheme. In absolute it represents totalitarian dictatorship as a manager gives orders and expects no comments or suggestions from the other party. This leadership theory comes from Maslow's hierarchy of needs; however, it presents the satisfaction of a need as a reward for performed task. Maslow identified self-actualisation as a peak of his pyramid of needs. Transactional leaders therefore use the opportunity of self-actualisation as the highest reward possible and use it as a reward or takes it away as a punishment in case of miss behaviour. The theory is based on an idea, where an individual gives up part of his or her freedom in order to gain security (in this case job security). Transactional leader is aware of this fact and uses the urge for security as a tool for limiting rights and freedom of the staff. Leaders of this school may strip away privileges of unions, dictated vacation etc.

The transactional leadership is a one way advantageous system which grants the leader all powers and as such it was mostly seen in public sector rather than private one e.g. dictators ruling developing countries.

²⁹ INGRAM, D "Transformational Leadership Vs. Transactional Leadership Definition" Chron. Available at <http://fisher.osu.edu/research/lbdq> Accessed 2015-11-14

3.3.4. Transformational Leadership Theories

The basis of Transformational Leadership is the belief that people are mostly motivated by the task they have to perform³⁰. The more challenging the task is, the greater personal satisfaction comes from completing it. According to this theory people tend to put the best interest of their company before their personal interests and therefore the wellbeing of the company is superior to the personal one. This emphasis on cooperation and collective action comes hand in hand with focus on company's long term goals. By this theory, the tasks have to be designed accordingly to the motivation, therefore the tasks have to be challenging and in line with clearly defined long term goals. The common goals are strong motivation as seen in some historical period, when they were closely connected to war.

The common objective leaves little space for individuals who wish to seize power. Once established, it is difficult to change the organisation's "mind-set" as any change deviates from the collective goal everyone is working towards. In transformational leadership every member of a company performs task for which he or she is best suited for and therefore maximising the value added towards the common goal. This principle of finding suitable position for every individual was already practiced in ancient Greece.

The optimal leader of transformational leadership has to be a good role model. He or She has to be the personification of the ideal qualities of the system. The leader also needs to make decisions quickly thus undermining the collectivism of the system; however, the leader needs to inspire followers into changing their beliefs and to set new long term goals and as such he or she is granted certain freedom in decision making as the goals should stay unchanged.

³⁰ INGRAM, D "Transformational Leadership Vs. Transactional Leadership Definition" Chron. Available at <http://fisher.osu.edu/research/lbdq> Accessed 2015-11-14

3.4. Motivation

3.4.1. Historical motivation theories

The topic of the following part of the thesis is motivation. Motivation is one of the critical pillars of management and leadership and different theoretical schools look at motivation differently and even define the motivators differently. I will describe the views of historical thinkers mentioned in the previous part of the thesis.

3.4.1.1. Frederick Winslow Taylor

Taylor assumed that the major motivation factor is money. In his scientific management theory Taylor expressed his opinion that workers do not enjoy work and therefore they need to be supervised and controlled closely. Workers should be paid based on the amount of products they managed to produce, given optimal tools and training. This theory results in pay per item produced situation, where the worker is motivated to be more productive, as he or she gets paid more. Taylor's idea was adopted by Henry Ford who used them while designing the first ever production line and thus starting the era of mass production. There was one major flaw in this theory. While the workers keep increasing their productivity in order to get more money, the companies were able to lay off some of the workers, as the overall productivity was increasing. This however has set new standards for productivity and strikes increased in number as the workers were dissatisfied.

3.4.1.2. Elton Mayo

Mayo was of the opinion that it is not money alone that motivates workers, but it is a more complex set of environmental and social factors which contributed to overall motivation and productivity. Mayo suggested that managers should spend more time taking interest in workers and listening to their opinions. Mayo also realised the importance of interaction between workers which the workers enjoy and which again motivates them. He also did not agree with Taylor's proposition that all workers were lazy and needed close supervision. From his experiment he concluded the importance of team work and suggested re-building of businesses production into team based tasks.

3.4.1.3. Abraham Maslow

Abraham Maslow focused on the psychological needs of employees. His most well-known work is the pyramid of needs³¹. He divided his pyramid into five levels. In order to satisfy any level of the pyramid, each lower level must be satisfied beforehand.

1) Physiological needs

- Air
- Water
- Nourishment
- Sleep

According to Maslow's theory if such needs are not satisfied, one's motivation will arise solely from satisfaction of these needs and no other. Higher needs such as social needs or esteem are not felt until one has satisfied the more basic needs.

2) Safety

- Living in a safe area
- Medical service
- Job security
- Financial security

Once physiological needs are met, the attention turns towards safety and security in order to avoid physical and emotional harm. Again the general rule that any higher level of need will not be felt until the need for safety is satisfied still applies

3) Social needs

- Need for friends
- Need for belonging
- Need to give and receive love

These needs are the first level of needs not necessary for survival. As humans are social animals, the need of interaction is clear.

³¹ MASLOW, A. 1943 "Transformational Leadership Vs. Transactional Leadership Definition" Psychological Review. Available at <http://psychclassics.asu.edu/Maslow/motivation.htm> Accessed 2015-11-14

4) Esteem

- Self-respect
- Achievement
- Attention
- Recognition
- Reputation

Once a person feels that he or she belongs somewhere, the need to feel important and recognised arises. Esteem may be divided into internal esteem and external esteem. Internal esteem needs are related to self-esteem and self-respect i.e. how we perceive ourselves. External esteem on the other hand reflects how we are perceived by others.

5) Self-Actualisation

The top part of the pyramid of needs is occupied by self-actualisation. It reflects the desire to reaching one's full potential as a person. This need is impossible to completely satisfy. As people grow mentally there are always new levels of opportunities and challenges to reach for.

A business should therefore be flexible in providing various motivations for different workers as each of them is at different stage of fulfilment the pyramid of needs. Managers should also accept that not all workers are motivated by exactly the same factors.

3.4.1.4. Frederick Herzberg

Frederick Herzberg's work is closely connected to Maslow. Herzberg identified two factors of motivation. He named them Motivators and Hygiene factors.

Motivators

Under this term Herzberg identified motivation factors connected to the job itself e.g. the attractiveness of the conducted work, how much responsibility is given, how much recognition and what are the possibilities for promotion.

Hygiene factors

These are the factors surrounding the job. For example the salary and the working conditions need to be reasonable in order to motivate employee to come to work. These factors will not increase employee's productivity, but rather prevent absenteeism. The idea that salary is not motivation was revolutionary as it was in clear contradiction with Taylor's theory.

Herzberg was of the opinion that businesses need to motivate their staff by practicing democratic approach to management and by improving the working conditions constantly.

3.4.2. Modern motivation theories

3.4.2.1. Equity Theory

This theory was developed in 1963 by John Stacey Adams³². The basis of the theory is the ratio between employee's input and output. If the ratio is equivalent among surrounding colleagues, they will feel that they are being treated fairly. Inputs include seniority, personal sacrifice, commitment, effort and time. Among outcomes there are benefits, job security, salary, reputation and sense of achievement. The person who receives too little or too much feels depressed. The person receiving too little feels unfair treatment or humiliation and the person receiving too much may feel ashamed or guilty.

Among inputs we can count:

- Effort
- Commitment
- Adaptability
- Time
- Loyalty
- Determination
- Enthusiasm
- Personal sacrifice
- Skill

³² BOUNDLESS, "Equity Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/equity-theory-360-3209/> Accessed 2015-11-14

Outputs include:

- Job security
- Salary
- Expenses
- Recognition
- Responsibility
- Sense of achievement
- Praise

The theory seems to be accepted as valid among businesses of today as in most companies, the salary and any information regarding salary is strictly confidential and employees are often forbidden to discuss their salaries just for that reason of possible negative influence of their motivation. For example if one employee is given smaller salary raise for exactly the same workload as a colleague who received larger raise, the first employee will evaluate this change and begin to feel mistreated. In case of proportional increase in responsibilities of the colleague, the change would be evaluated as equal i.e. more responsibilities equal larger raise.

There are several implications of the theory and three primary assumptions.

- The value of inputs varies from employee to employee.
- Workers have the opportunity to adjust outcomes according to local market conditions.
- Employee who is over-compensated may begin to feel superior towards his or her colleagues and decrease their effort.
- Employees expect a fair return for their contribution. This concept is called “Equity norm”
- Employees compare their inputs and outcomes with those of their colleagues and from this they determine equitable return. This phenomenon is called “Social Comparison”-
- Employees who see themselves in inequitable situation will reduce their input or by leaving the organisation.

This theory suggests several key findings useful to business managers to consider.

- 1) Employees are aware of the total inputs and outputs. They compare the two and therefore it is possible to negotiate lower salary for increase in flexible hours, in order to fit the current needs of the company.
- 2) Different employees give different value to inputs and outcomes, therefore two very similar employees may perceive the fairness of their deal differently.
- 3) Excessive executive pay may be demotivating for the employees as the ratio in their mind is not justifiable by seniority alone.

3.4.2.2. Expectancy Theory

Expectancy Theory explains how a person will decide to behave based on his expectations of the resulting outcomes.

The expectancy theory was firstly introduced by Victor Vroom in 1964³³ and it was based on a premise that behaviour changes with the expected outcome of action. Therefore linking rewards directly to performance while ensuring, that the rewards are desired by the potential receivers would be an optimal way of motivation. Victor Vroom discovered three variables of the expectancy theory which are being processed by individuals before making decision on what action to take. The variables are:

1) Valence

It is the value of expected reward as perceived by an individual based on his or her goals, motivation and values.

2) Expectancy

It is the belief that effort results in fulfilling one's goals. It is traditionally based on one's experience and confidence.

3) Instrumentality

It is the belief that the reward will be granted once the performance expectation is met. The form of reward may vary from increase in salary to promotion or recognition.

The expectancy theory is helpful in analysing the motivation process as understood by the employee. The model also provides managers with an understanding of the balance between inputs of an employee and the outcomes. The model is based on formula for

³³ BOUNDLESS, "Expectancy Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/expectancy-theory-361-3208/> Accessed 2016-01-02

Motivational Force (MF) where $MF = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$. The higher MF, the more likely it is for the employee to increase personal effort in conducting the task given to them.

The main criticism of this theory regards its assumption that employees will find the reward such as pay raise motivating in every scenario; however, in case of pay raise being linked to increased working hours, the generalisation is no longer valid, as some employees value their free time more than the possible increase in pay. One of the most significant critics of the theory was Edward Lawler who claimed the model was too simplistic and therefore suggested improvements to the model. Lawler based his adjustments on four claims:

- 1) In case of various outcomes, individuals usually have one which they prefer
- 2) The belief that actions taken by the person are aiming at achieving their preferred outcome
- 3) All outcomes derive from individual's behaviour
- 4) The preferred outcome defines the behavioural actions

3.4.2.3. Goal setting theory

This theory focuses on goal setting criteria management in order to increase performance of employees³⁴. Goal setting works as a specific motivation without the constant need of control employee's performance. The goals are usually long term, challenging but realistic. According to this theory the specific goal setting works better than general motivation to "do the best you can". The critical part of goal setting is the employee's contribution on selecting the goals and their depth. According to the theory there are four ways in which goal setting influences outcomes:

- 1) Choice – goal relevancy
- 2) Effort – challenging goals may increase effort
- 3) Persistence – focusing on goal achievement help employee to overcome difficulties
- 4) Cognition – change of inefficient behaviour of the employee

In order to create interest from the employee in fulfilling the goals there are six factors that need to be taken into consideration:

- 1) Importance of expected outcomes
- 2) Self-efficiency
- 3) Commitment to co-workers
- 4) Feedback
- 5) Complexity of task given
- 6) Goal motivation

It is critical to align these personal goals with the overall goals of the organisation as the positive outcomes are seen in the overall performance of the company and the employee feels his or her contribution towards common goals. This provides sense of meaningfulness and belonging which are two important motivators as stated by Maslow in his theory. Perhaps most important factor to consider by the managers is feedback.

³⁴ BOUNDLESS, "Goal Setting Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/goal-setting-theory-362-10338/> Accessed 2016-01-02

Feedback works as an intermediate reflection of employee's effort and helps to navigate and focus his or her effort in order to achieve the given goals.

The motivation by goal setting only works in case of cooperation between management and the employees in the original setting of the goals. In case of the goal being described and dictated from the management, the employee is not convinced in correctness of the goals and therefore he or she may not believe in the importance of these goals which would lead to decreased productivity and overall decrease in performance. The model only works if all parts of it are being respected. Managers cannot pick only the factor which suit them and expect motivated and committed employees.

3.4.2.4. Reinforcement Theory

According to this theory, rewarding a certain type of behaviour increases the likelihood of repetition of the behaviour. Burrhus Frederic Skinner developed this theory in 1948³⁵ and the basis of the theory lies within three possible types of responses to reinforced behaviour.

- 1) Neutral response
- 2) Reinforcers
- 3) Punishers

These three types of response are the motivators for or restrictors against certain type of behaviour. The reinforcers encourage a specific behaviour by providing pleasurable reward or by removing negative factors. The punishers on the other hand work in exactly opposite way. The idea is that when people are rewarded for performing or punished when not performing certain task will lead into repetition of the desired behaviours.

This theory was studied on rats in Skinners experiments and is vaguely based on Pavlov's experiments with dogs. The basis of the experiment was so called "Skinner Box", a device in which rats were placed in and a lever was on one side of the box. At first the rats would accidentally pull the lever and receive food as reward. The rats would soon enough learn to repeat their behaviour in order to receive more food, therefore reinforcers were discovered. The frequency of pulling the lever would increase as the reward was discovered.

The main disadvantage of practicing such theory lays with repetition of the reward and over time the decrease in motivational value of such reward. It is perhaps more suitable for removal of undesired behaviour than as a motivation for increased performance. In case of general behaviour of employees in and organisation which is not desired by the management, the reinforcement theory may be successfully applied in order to change the company culture into the desired state. This theory works best in combination with other

³⁵ MCLEOD, S. 2015 "Skinner - Operant Conditioning" Simply Psychology. Available at <http://www.simplypsychology.org/operant-conditioning.html> Accessed 2016-01-02

motivation theories and managers should be aware of the necessity to combine motivation factors and to view motivation as an individual practice. In most cases, generalisation of motivation decreases its efficiency as it only focuses on general performance and therefore it underutilizes the full potential of each employee. The approach towards motivation needs to be individualistic in order to work best.

4. Practical part – analysis of conducted interviews

4.1. Selected company's hierarchical structure

The top and middle management of the selected company consists of:

- 1) General Manager – responsible for the performance of business units in four countries in Europe, reporting to the global headquarters of the corporation
- 2) Nine Directors responsible for their respective departments
- 3) Six Senior Managers reporting directly to the directors.

Out of the total sixteen, there are eight female managers/directors and eight male managers/directors. The company practices equal opportunity policy, where the gender, religion, sexual orientation and other individual aspects do not influence the decision making process whether the candidate should get hired for the vacancy or not. The fact, that 50% of the top management are women suggests that diversity is one of the key beliefs of the company. In order to quickly and correctly adapt to the extremely dynamic environment of fast moving consumer goods, there is a strong need for a variety of suggestions and possible problem solving tactics.

There is at least one drawback in having such a diverse team, which is the different priorities of each member which will prolong the decision making process. There is therefore a strong need for a leader (preferably the general manager) who will set the course of the company in a very clear manner so that all of the managers can set the priorities and act accordingly.

Leaders should combine the managerial style in order to fit the needs of the subordinates. In this case the needs represent the best possible motivation tool or strategy.

A series of interviews with the top management of the company revealed several common traits among the managers. Going the extra mile, seek for flexibility and willingness to learn in subordinates. The prevailing believe is following: If the job is done, there is little need for control of the subordinates.

All of the managers have worked in more than one company before joining the current one and therefore their experience comes from different backgrounds. All of them believe, that every company is the same in most aspects. There are only small differences, because the main goals are the same: Growth of the top line (meaning invoiced sales), Growth of the bottom line (meaning profitability) and gain or at least keeping the same market share. These three objectives were the same in every company the managers have been working. When asked about the differences between the companies, often the answer was “people”. It was the general mind set of their co-workers which influenced most the overall atmosphere of the working place. From these statements it is possible to presume, that Human Resources department has the greatest influence on the company, as they are responsible for the qualities of candidates who get hired. This, however, is true only when the company has a strong position on the market. In case of a start-up company, the goals would probably not include profitability increase as a key goal as the start-up would be focused on entering the market and creating client base rather than being focused on maximizing profit from day one. In case of multinational corporations, the goal is simple, to stay in business and to satisfy the shareholders. Shareholders, however do not always share the same values as the company and therefore it may be difficult to persuade shareholders to reinvest the profits into the company in order to secure future growth or in order to promote sustainable entrepreneurship. This results in overall pressure towards the boards of directors from the shareholders, the board of directors then pressures the CEO, who pressures his/her vice presidents, who pressure the general manager of each country or a cluster of countries.

Company's good business performance gives managers space to implement more of their leadership style into the everyday work. If a manager believes in constant development of skills of his/her subordinates, he/she can send them to a training or a series of trainings in order to provide motivation and also in order to increase the team's performance. Some of the trainings proposed by the managers in the interviews were: Negotiation skills training, Customers' behaviour training, MS Office certification, Defensive driving lessons, Copywriting training, Focus on quality training. Constant development of ones skillset is one of the most desirable job benefit and candidates often seek this particular opportunity and give it the highest priority.³⁶ All of this is only possible to implement if the company's performance meets the expectations of the corporation headquarters. If the company's business results do not meet the targets set by the headquarters, there is a strong pressure to improve every possible Key Performance Indicator which results in a switch into more autocratic managerial styles from the top management and the overall orientation towards business results rather than focus on the wellbeing of the employees.

The managerial approach is therefore dynamic and it changes accordingly to the business performance of the company. In case of poor business results, the general managerial style shifts into autocratic and very directive sphere, where the managers set exact targets and measure all results thoroughly. When asked, whether the manager supports this shift, the most common answer was "No, I do not, but it is necessary". In case of poor business performance, there is a stronger inclination towards changes in management and therefore the current managers protect their position in the company by closely supervising and prioritising all tasks. In only one case the manager stood strongly by her direct subordinates' capabilities in case of a crisis saying she chooses her staff in order to have the best possible team which will not just follow orders, but creatively solve challenges in everyday work, therefore their productivity is the highest when left with little supervision.

³⁶ LOUCKÝ, M. 2015 "Průzkum: Za práci by šel každý druhý student kamkoli" (Every second student would move anywhere in order to find work) Prumysl. Available at <http://www.prumysl.cz/pruzkum-kvuli-praci-by-se-kazdy-druhy-student-prestehoval-kamkoli/> Accessed 2016-02-06

Apart from this one case, all of the managers admitted change in managerial approach in times of not delivering their targets.

4.2. Similarities among managerial style in single chain of command.

The responses of managers in conducted interviews clearly show the connection between managerial style of direct superior and subordinate. Especially in the finance department and the digital marketing department the matches were absolute, as the more autocratic style of the Financial Director influences the demands on his direct subordinates and reflects this style further down the chain of command and on the other hand the very laissez-faire approach of the Digital Marketing Director reflects on her direct subordinates.

The managerial approach influences proactivity of the employees heavily. All of the respondents confirmed their conviction of importance of the managerial style; however, there were two managerial approaches which prevail.

- 1) Autocratic style – practiced by financial department, human resources department, sales department, logistics department
- 2) Laissez-faire style – practiced by marketing department, digital marketing department,

Ad 1) – The identification of autocratic style being the prevailing managerial style in the human resources department was not expected as human resources are generally identified as soft skills department³⁷, where the general requirements are team work, empathy, networking, ability to provide feedback. The autocratic style suggests lack of democratic orientation from the General Manager, who imposes autocratic leadership towards the Human Resources Director who again reflects the style towards her direct subordinates. The autocratic style is generally not recommended for Human Resources as the motivation

³⁷ LAUBY, S. 2014 "10 Soft Skills Every Employee Needs to Know" HR Bartender. Available at <https://www.hrbartender.com/2014/recruiting/10-soft-skills-every-employee-needs-know/> Accessed 2016-02-06

and proactivity of the department is critical for the future wellbeing of the company. In case of Human Resources Department being restrained by the autocratic style, the fulfilment of specific day to day activities will stay in way of personal and professional development of the employees. The autocratic style is generally more suitable in two cases:

- 1) The direct subordinates are on entry levels in the company's hierarchy, as they are yet to gain the necessary skills in order to work independently and productively. One of the possible styles to apply in this situation is micromanagement³⁸.
- 2) The nature of the work is closely connected to exact figures e.g. finance or logistics. In these cases, the autocratic style is helpful in avoidance of potential collision of actions taken by employees on the same level of company's hierarchy, e.g. financial controller for the Czech Republic and financial controller of Slovakia. Both of these employees are responsible for similar tasks and there is a need for unification of actions. Therefore the Financial Director applies autocratic style, where all processes are clearly defined and controlled.

Ad 2) – The Laissez-faire managerial style identified in the Marketing departments is in line with the expected result, as marketing is soft skills oriented in nature. The Marketing Director and the Digital Marketing Director leave freedom of decision making on their subordinates, while requiring the same level of responsibility for the final product, campaign or decision. This approach is preferred among the managers as it gives more space for own input and provides them with an opportunity to develop own ideas and projects, which is a strong motivation tool.

Therefore it is safe to state, that the managerial style of the direct superior is clearly inclined towards one specific style, the more likely it is for the subordinate to adopt his/her manager's style and apply it on his/her direct subordinates further on. This observation was confirmed both by managers and the direct subordinates in the conducted interviews. The preferences toward direct superior's managerial style differ as well. On one hand the direct subordinates seeking job security rather than a possibility to prove themselves worthy of

³⁸ WEBSTER, 2015 Miriam-Webster dictionary. Available at <http://www.merriam-webster.com/dictionary/micromanagement>: Accessed 2016-02-07

promotion prefer more direct managerial style, where the demands on them are clearly defined and all tasks given to them are clearly measurable. The fulfilment of these tasks requires limited innovation and creativity from the subordinate in question. The other part of employees, which seeks promotion or personal development, is more likely to prefer Laissez-faire style of leadership as it provides them with greater liberty in choosing the way of fulfilling any given task. This approach comes hand in hand with greater responsibility of the subordinates. They are generally free to suggest any solution to any task, but the responsibility of the suggested solution's success is on them as well. This is an extremely useful tool when the subordinates are in the beginning of their careers and are seeking to prove their usefulness to the organisation, or in case of well experienced managers, who are able to identify the correct solution to most of the challenges ahead of them.

4.3. Diversity within the management and its impact on practiced managerial styles.

Diversity has become of critical interest to the multinational corporation around the world. Almost every corporation has a diversity, or equal opportunity policy which sets standards for any present and future acquisition of Human Capital. The gender and race equality became a critical pillar of human resources management and as such they are being promoted and advocated in all assessment centres and in the overall hiring process. The management of the selected company is diverse as the gender split is close to 50%.

There is no reason to believe that gender and nationality influence the managerial style in general. From the total of 16 managers, there are 8 women, and their approaches vary dramatically. There was one particular phenomenon discovered by the research, which suggests a link between one's managerial style and department in which the manager operates. Any hypotheses that gender or nationality influences managerial approach were not supported by the results of the research.

Diversity in gender, race, sexual orientation, religion, educational background, nationality and other criteria is the key towards innovation and adaptation of any company in today's world. It is the belief of the top management of the selected company that only through diversity; the company can leverage its internal resources in solving various business related problems. As the general population of any country or city is getting more and more diverse, the mirroring of this phenomenon in the company's structure is the only functional tool to understand the market transformation and new needs arising from this global phenomenon. Other significant benefit of diversifying is in sharing the best practices from countries around the world. The selected company is practicing a scheme where the employees can travel to another business unit in another country for variable period of time (from six months to three years) in order to share experience and best practices and learn new practices which may benefit the domestic business unit upon their return.

4.4. Company culture

The company culture is defined by the Human Resources department as participative, non-discriminative and generally friendly with significant accent for equal opportunity.

The conducted interviews discovered a disproportion in the participative culture claimed by the company and the managerial styles practiced by the top and middle management of the company. The autocratic style described by 5 of total 16 managers in question is in conflict with the participative culture. The main aim of the company culture definition is perhaps an ideal state in which the company would want to see itself rather than the actual state of the company culture. The initiatives of Human Resources department in the field of diversity, however, were supported by all of the interviews. As the benefits of offering a job to an applicant from within the organisation (globally) are undisputable, the overall inclination towards seeking internal candidates from various countries in which the company operates is rather significant. This creates a mixed culture teams which are able to react to global and local challenges more effectively while at the same time appealing to university absolvents who wish to gain experience in their respective fields while improving their language skills and learning from other cultures. The company culture at this level is more important for younger employees who seek more excitement and multicultural experience. The more senior managers, on the other hand, seek the opportunity to leverage their experience with minimal restrictions towards their actions and are therefore more conscious about the managerial approaches of the top management which define the company culture. This was another interesting finding of the interviews. The company culture is solely defined by the actions taken by the top and middle management, rather than any statement, credo or mission of the company. It is therefore critical to analyse the managerial approaches and continuously compare the results with the desired state. From the analysis conducted in this thesis, the company culture is far from its desired state, as the prevailing managerial style is autocratic. As such, the self-realisation of employees is limited, as the goals and the means of achieving these goals are clearly defined.

4.5. Managers' approach towards motivation

Managers of the selected company practice a variety of motivational strategies and tools. Some of them are dictated by the corporation as it has a certain standards and policies regarding motivation and compensation. The compensation system works on the basis of fix salary and variable part of salary which is dependent on the level of achievement of set goals. The goal setting process is theoretically copying the Goal setting theory of motivation where the employees take part in the selection of their personal yearly goals; however, the theory is not valid in all cases. Some of the goals are dictated by the top management and therefore it does not serve as a motivation for the employees in case of the goal being unrealistic which unfortunately happens according to the managers. The top management of the company is not completely to be blamed for this phenomenon as it comes from the very top management of the corporation which is not located in the Czech Republic and which dictates the overall yearly goals for every business unit under their control.

There was a link discovered in the interviews between the managerial style and motivation tools. The more autocratic leader is, the less he or she takes interest in motivation other than goal setting. In case of fulfilling the goals, the autocratic manager does not control or develop the subordinate. This is not necessarily a negative effect as some employees do not desire further personal and professional development and are therefore content to simply do what is required of them while maintaining more free time. The major issue of this motivation approach is in its application in a company where the majority of employees are under 35 years of age and therefore generally do wish to develop professionally and personally. This style is suitable and optimal for one department of the company where the average age of employees exceeds 45 years. It was confirmed by the employees as preferred style of management and motivation as it leaves larger freedom in personal time-management.

The more democratically or laissez-faire oriented managers use different tools of motivation such as granting permission to work on an interesting project initiated by the employee. The three departments in which this motivation tools were most frequently used were the Human Resources, Digital Marketing and Consumer Marketing.

The possibility to initiate, develop and complete own project is highly motivating especially for university absolvents who started their professional career recently as it gives them an excellent point into their curriculum vitae. One of the most interesting finding of the interviews was the fact that the top and middle management is aware of the fact that especially young employees will leave the company within four years and are therefore interested in working on different project rather than having single focus of work and increase expertise only in the single field.

The strategy of managing employees who just recently entered the job market differs among managers. Twelve of the managers perceive development of these employees as critical, as they might provide much higher value to the company once their true talent is discovered. The possibility of training in different fields and hand on experience in different departments is seen as a key competitive advantage of the company towards its competitors on the market. It is therefore critical to understand the motivation of different generations and different cultures in order to stay ahead of competition. The motivation, compensation and work environment needs to be flexible in order to satisfy all possible employees.

4.6. Managers' approach to development of employees

The company practices coaching and mentoring as two key tools for personal development of the employees. Both methods are voluntary and available to all employees of the organisation.

Coaching is internal therefore each participant may choose his or her preferred coach from within the organisation who will help with work related difficulties on regularly scheduled sessions. The goal of these sessions is to leverage the experience of the more senior employee with problem solving, presentation skills, intrapersonal relationship building and other challenges in the everyday life of the employees.

Mentoring is external as the organisation is part of national mentoring initiative which brings together professionals from different fields and companies in order to provide a point of view of an outsider who is not influenced by political or other aspects of the work of the mentee (person who initiates the sessions).

Both methods serve as a tool for professional and personal development as it enables employees with advice on how to handle challenges. The major difference is in the way of providing the advice. In case of coaching, the coach does not provide direct advice, but rather navigates the coachee to discovering the optimal way of solving the problem on him/her own. The goal is to teach the coachee how to tackle problems in general with help from someone who has most probably come over similar challenges in his/her professional life already.

Among other methods of professional development practiced by the selected company there are: training in practical skills such as time management, priority setting, courses focused on improving knowledge of software used by the company.

4.7. Theoretical knowledge of the managers

When asked about the managerial approaches theories, no manager provided clear answer in stating any single theoretical approach which he or she practices. This phenomenon may be caused by the lack of comprehensive theoretical knowledge or by the fact that the managerial approach is dynamic and it changes in one's professional life. All managers confirmed the second possibility stating that studying and blindly following the theory is not useful as the reality is not happening in ideal conditions and the managerial approach is usually build using past experience. Each manager practices a unique combination of many theoretical styles and approaches and therefor the theory is not sufficient to define own managerial approach. The vast majority (15 out of 18 managers) stated that they constantly work on their managerial skills via studying contemporary leaders and their actions. By reflecting these, the managers are trying to find the most suitable methods for their team and the company as a whole. Among the most named role models of company's management were: Richard Branson, Jeff Bezos, Larry Page and Warren Buffet. Each of these leadership icons practices different managerial approach and has different managerial style. It is the picking of the best traits of each of these leaders which influences the current state of managerial approaches practiced in the company. The constant development of world business leaders influences the development in leadership and management in the organisation as the managers are keen on learning about new and successful techniques of management and leadership. The interest in developing theoretical knowledge among managers varies. There is a correlation between the areas of development in which the managers are interested and their hierarchical level. The higher a manger is in the company structure, the more he or she focuses on mirroring the global leader's style and practices. The middle management is more concerned with their own professional development rather than their development as leaders. This correlation is logical as the top management's duties tend to be less performance oriented. The top management's priority is to set course of the company and therefore they need to be perceived as strong leaders, otherwise the employees will not follow their directions.

4.8. Generalisation of the managerial approach practices by the managers.

No manager described himself or herself as a strong advocate of any single managerial approach e.g. strategic management, human behaviour management or social system approach. This finding suggests the lack of theoretical background of managerial approaches in the management; however the practice among the managers is closest to the Human Behaviour Approach. Leadership is seen by the management as the key and correct way of management. When asked about the details of the practices leadership style, the managers were more knowledgeable about leadership theories than about managerial approaches. There were three theories mentioned by the managers.

Contingency theory

Trait Theory

Behavioural theory

These theories are very similar in their fundamentals with the management theories; therefore the difference in knowledge of these theories is surprising. The reason for the greater knowledge of leadership theories may be caused by the trendiness of leadership rather than management in today businesses. Leadership is a topic often discussed in professional magazines and other media, while management is nowadays more of a complimentary topic. Being a good leader was perceived by the questioned managers as more important than being a good manager. This statement comes with a presumption that a good leader is able to fulfil all managerial tasks with higher effectiveness and while motivating and leveraging the abilities of his/her direct subordinates' at the same time.

The practice shows that the theory of managerial and leadership styles and approaches is not the basis for the practiced style. The mixture of decisions and actions taken by the manager is defining the style and the theoretical background may be applied ex post in order to analyse the manager's style. The theory is not therefore necessary in order to define one's personal managerial or leadership style. This finding is critical for future leadership skills development as it is possible and perhaps more effective to focus on

single skill development rather than an overview of the general leadership styles. The combination of skills from different approaches, which occurs in practice very often, suggests the need for single skill development rather than generalised trainings in broader areas. The prevailing managerial style is the laissez-faire which is practiced by the majority of managers; however the higher a manager is in the company's hierarchy the more likely is he or she to practice more autocratic managerial approach. Most managers of the selected company are behaviourists even though they would not describe themselves by this term due to lack of theoretical knowledge. From the answer provided in the interview the behaviouristic tendencies were identified and also confirmed by the managers. The definition of one's managerial style was not seen as important by the managers as the majority believes that the actions taken and subordinates define one's managerial style.

The general managerial approach may be therefore described as behaviouristic, trait theory inspired and situational leadership driven approach.

5. Recommendation for the Human Resources

Department

Based on the interviews and the analysis there are several key learnings to be taken into consideration in case of hiring new middle or top manager. Firstly the candidate needs to fulfil all of the requirements e.g. praxis in the respective field, ability to lead subordinates, proven track of record of superb business results. To become a valuable asset for any company, the top management should be willing to adjust their managerial approach and style in order to fit the current needs of the business. Stubbornness is not a desired quality as it may damage the company in the least convenient time i.e. in time of crisis, when strong leadership is desired. It is difficult, however, to demonstrate such skills in the recruitment process and therefore it should be the focus of the human resources department to develop such a personality test or other method such as roleplay in order to confirm or reject the presence of flexibility.

The Human Resources Department should focus on training the top and middle management in goal setting rules and motivation as they are the most critical parts for employee performance. In case the motivation tools and goal setting processes are not unified, employees will feel mistreated as their colleagues are being evaluated on different basis from themselves which will undoubtedly lead to decrease in performance or indeed in leaving the company as a final solution to this problem. The research did not reveal need for theoretical training in managerial and leadership theories as the practice shows that the generalisation of these approaches is not suitable for the complex reality.

The management should be aware of the differences among employees in the level of independence with which the employees perform best. It is critical to approach each employee individually and to set his or her goals and means of achieving these accordingly.

6. Conclusion

Managerial approaches theories are not sufficient to describe the reality of managers' professional life. The complexity of factors influencing managerial approach of each manager vary from personality, experience, goal orientation, intrapersonal skills, emotional maturity and theoretical knowledge to desire for personal and professional development. There were; however, some theoretical aspects which were identified among majority of interviewed managers. Perhaps the most valued theory is the trait theory which suggests there are similarities among successful managers and leaders in their physiological and psychological aspects. The prevailing managerial approach of the company is behaviouristic and the managers are choosing their actions accordingly to the behaviouristic theory even though the practices do not come from the theoretical knowledge of behaviouristic approaches, but from chosen leaders of business world. It is the global leaders who influence managers in organisations such as the selected company and it is also them who choose the future actions taken by the top and middle management of such companies. In today's world of instant information, the best practices from the world of leadership and management are available instantly after the identification of success or failure of such practice. It is therefore inconvenient to wait for theorists to summarise the contemporary best practices and analyse them in order to define new managerial approaches. The fragmented way of consuming information is in line with the global trends not only in management and business but in life in general. The life in an organisation is little different from the life outside one. As the organisations are describable as living organisms, the general trends in communication and life in general are applicable in the world of business as well. The future of managerial approaches lays in adaptability and information gathering. The more knowledgeable managers are, the more likely are they to succeed in today highly competitive environment. The era of single truth is over and the time of flexibility is now reality. Only the ones who will seek for and successfully implement best practices from all over the world will achieve success.

These conclusions point towards a strong need of flexible leader in any organisation and especially in one which wishes to stay ahead of its competitors. Managers need to surround themselves with highly capable people in their respective fields. The fear

of losing one's position due to highly skilled subordinate is not justifiable as the only possible defence against such arrangement is not hiring the best possible employees which undoubtedly results in these employees being hired by competition and therefore slowing down the progress of the original company. In long term, the reluctance of hiring such an employee out of fear for own position will result in losing the position due to poor performance of the company. The fact that an employee is more capable in single field of work should be welcomed by the manager as his or her job is to lead capable team and develop their potential. The ultimate goal of a leader is to be looked upon and respected. This feeling of success grows with the success of the followers, not the leader.

The managers of the selected company are generally managers and not leaders. There are exceptions; however the vast majority is concerned about short term goals and objectives, while the long term scope is missing. As discovered by the conducted research there are times in which management is more critical than leadership; however this should not prevent leaders in inspiring their followers and motivating them in the best possible performance. The behaviouristic approach is the one most suitable to individual approach to management and therefore its practice is desirable. The managers of the selected company pay extreme attention towards work environment which is constantly being improved based on suggestions from the employees in regular surveys conducted by the Human Resources Department.

The managerial approach of a manager is influenced by the approach of his or her direct superior as the goal setting and the general views on priorities break down to the goals and responsibilities of the managers' subordinates. In case of directive approach the goals are clearly defined and the priorities are set. Other initiatives may be taken into consideration only after successful achievement of the priorities. In case of not meeting the set goals, any other initiative is rejected as not part of priorities and therefore the personal and professional development of managers and employees suffers. In case of more democratic managerial style the priorities are set as well; however there is a strong support for personal development and different projects initiated by the employees are welcome and supported. This way is more suitable for highly capable employees who might feel demotivated when restrictions towards their actions are set. It is critical for the manager to recognise the level of independence with which the employees are capable of working and to adjust the goals and the level of prioritisation accordingly.

The general managerial approach of the selected company may be described as behaviouristic, trait theory inspired and situational leadership driven approach. It is the prevailing combination of these theories occurring in the company. Any generalisation; however, reduces the accuracy of the managerial approach description. Even though similarities within single chain of command exist and the influence was supported by the results of the study, it would not be correct to describe each manager of the selected company as a person practicing this style. As it was one of the aims of this thesis to identify the general managerial approach I have defined it; however, the study unveiled the complexity of the managerial approaches and as such it should be studied without generalisation with greater focus on single trait or behaviour which needs to be improved or modified.

References

COLE, K., Management, theory and practice, Pearson Education Australia; 4 edition, ISBN 978-1-4425-0312-0

WAYNE, T., The Sales Manager's success manual, Amacom; ISBN 13-978-0-8144-8050-2

WELCH, J., Winning, Harper Business, ISBN 0-06-075394-3

BOUNDLESS, "Goal Setting Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/goal-setting-theory-362-10338/> Accessed 2016-01-02

BOUNDLESS, "Equity Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/equity-theory-360-3209/> Accessed 2015-11-14

BOUNDLESS, "Expectancy Theory" Boundless. Available at <https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/expectancy-theory-361-3208/> Accessed 2016-01-02

CARLYLE, T 2013 "Great Man Theory" Leadership Central. Available at <http://www.leadership-central.com/great-man-theory.html#axzz3rSfoqTrz> Accessed 2015-10-10

CHAND, S. 2015 "System Approach to Management: Definition, Features and Evaluation" Your Article Library. <http://www.yourarticlelibrary.com/management/system-approach-to-management-definition-features-and-evaluation/27897/> Accessed 2015-09-13

DERUE, HUMPHREY, NAHRGANG, WELLMAN, 2011 "Trait and Behavioral Theories of Leadership: An integration and meta-analytic test of their relative validity" Pennsylvania State University. Available at <http://php.scripts.psu.edu/> Accessed 2015-10-10

DURKHEIM, E. 1893 "The Division of Labour in society" University of Chicago. <http://durkheim.uchicago.edu/Summaries/dl.html> Accessed 2015-09-05

EAGLY, ENGEN, JOHANNESSEN-SCHMIDT, 2003 "Transformational, Transactional, and Laissez-Faire Leadership Styles: A Meta-Analysis Comparing Women and Men" Communication Cashe. Available at http://www.communicationcache.com/uploads/1/0/8/8/10887248/transformational_transactional_and_laissez-faire_leadership_styles_a_meta-analysis_comparing_women_and_men.pdf Accessed 2015-09-12

GRIMSLEY, S. 2013 "Contingency Approach of Management: Definition & Example" Study. Available at <http://durkheim.uchicago.edu/Summaries/dl.html> Accessed 2015-09-12

HERSEY, P "Situational Leadership" Center for Leadership Studies. Available at <https://situational.com/the-cls-difference/situational-leadership-what-we-do/> Accessed 2015-10-10

HINDLE, T. 2008 "The Hawthorne effect" The Economist. Available at <http://www.economist.com/node/12510632> Accessed 2015-09-19

HOZIEN, M. 2006 "Ibn Khaldun: His Life and Works" Muslim heritage Available at <http://muslimheritage.com/article/ibn-khaldun-his-life-and-works> Accessed 2015-09-05

INGRAM, D "Transformational Leadership Vs. Transactional Leadership Definition" Chron. Available at <http://fisher.osu.edu/research/lbdq> Accessed 2015-11-14

LAUBY, S. 2014 "10 Soft Skills Every Employee Needs to Know" HR Bartender. Available at <https://www.hrbartender.com/2014/recruiting/10-soft-skills-every-employee-needs-know/> Accessed 2016-02-06

LOUCKÝ, M. 2015 "Průzkum: Za prací by šel každý druhý student kamkoli" (Every second student would move anywhere in order to find work) Prumysl. Available at <http://www.prumysl.cz/pruzkum-kvuli-praci-by-se-kazdy-druhy-student-prestehoval-kamkoli/> Accessed 2016-02-06

MARX, K. 1847 "Wage Labour and Capital" Marxists. Available at <https://www.marxists.org/archive/marx/works/1847/wage-labour/ch06.htm> Accessed 2015-09-05

MASLOW, A. 1943 "Transformational Leadership Vs. Transactional Leadership Definition" Psychological Review. Available at <http://psychclassics.asu.edu/Maslow/motivation.htm> Accessed 2015-11-14

MCLEOD, S. 2015 "Skinner - Operant Conditioning" Simply Psychology. Available at <http://www.simplypsychology.org/operant-conditioning.html> Accessed 2016-01-02

MCLEOD, S. 2007 "Behaviorist Approach" Simply Psychology. Available at <http://www.simplypsychology.org/behaviorism.html> Accessed 2015-09-12

NASH, J 2014 "Decision Theory" Investopedia. Available at <http://www.investopedia.com/terms/d/decision-theory.asp#> Accessed 2015-09-13

OLUM, Y. 2004 "MODERN MANAGEMENT THEORIES AND PRACTICES" Your Article Library. loc.llas.ac.uk/lob/1510/standalone/theories.pdf Accessed 2015-09-13

SILVERMINTZ, D. 2010 "Plato's Supposed Defense of the Division of Labor: A Reexamination of the Role of Job Specialization in the Republic" History of Political economy. Available at <http://hope.dukejournals.org/content/42/4/747.abstract> Accessed 2015-09-05

SMITH, A 1776 "An Inquiry into the Nature and Causes of the Wealth of Nations" Google Books. Available at <https://books.google.cz/books?id=5hBOAAAAyAAJ&printsec=frontcover&dq=An+Inquiry+into+the+Nature+and+Causes+of+the+Wealth+of+Nations&hl=en&sa=X&ved=0ahUKEwidqp2D4OPLAhWjK5oKHeoXBG0Q6AEIJTAA#v=onepage&q=An%20Inquiry%20into%20the%20Nature%20and%20Causes%20of%20the%20Wealth%20of%20Nations&f=false> Accessed 2015-09-05.

SREE, R. 2009 "Classical Organization Theory School" Citeman. <http://www.citeman.com/5051-classical-organization-theory-school.html> Accessed 2015-09-13

TJAN, A. 2012 "Listen to Your Frontline Employees" Harvards Business Review. Available at <https://hbr.org/2012/04/listen-to-your-frontline-emplo.html>: Accessed 2015-09-05

WHITWORTH, E 2008 "The Social Systems Approach" Available at <https://ausefulrecord.wordpress.com/2006/05/15/the-social-systems-approach/> Accessed 2015-09-13

WEBSTER, 2015 Miriam-Webster dictionary. Available at <http://www.merriam-webster.com/dictionary/micromanagement>: Accessed 2016-02-07

WEBSTER, 2015 Miriam-Webster dictionary. Available at <http://www.merriam-webster.com/dictionary/management>: Accessed 2015-09-05.

XENOPHON, "The Cyropaedia" Google Books. Available at: https://books.google.cz/books?id=IA4ohkXjeF4C&pg=PA244&lpg=PA244&dq=cyropaedia+xenophon+I%22in+small+towns%22&source=bl&ots=rirS1vn2bT&sig=WaizKV0TZo7saTHrRQI3akwpy7s&hl=en&ei=_8Y_SvWpN4rAM5KMjKkO&sa=X&oi=book_result&ct=result&redir_esc=y#v=onepage&q=cyropaedia%20xenophon%20I%22in%20small%20towns%22&f=false Accessed 2015-09-05

YOONG, F. 2011 "What is the Socio-Technical System Approach?" CP Transform. Available at <https://cptransform.wordpress.com/2011/02/10/sociotechnicalsystem/> Accessed 2015-09-13

ZACCARO, S.J. 2007 "Trait-Based Perspectives of Leadership" Available at <http://mydarkknight.com/wp-content/uploads/2013/04/Traits-Based-Approach-zaccaro-article.pdf> Accessed 2015-09-12