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## IMPORTANCE OF CONTEMPORARY MANAGEMENT THEORIES IN MANAGING EMPLOYEES

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**Abstract:** The aim of this paper is to explore on how important are management theories in organization, and in the organizational most important asset their employees. Understanding of management theories than relates to the importance of implementing those theories in the workplace. Management theories help in increasing the level of productivity in organization, and increasing the level of motivation to employees. Contemporary management theories teach managers on how to get the most of human assets. The contemporary management theories also help in encouraging staff to have more participation in decision making and improve interpersonal relations, between employees and with supervisors. Management school emerged as early as the twentieth century, focusing on two main directions. In scientific management, this focuses on the work of the individual and in administrative management, which focuses on the organization as a whole. Political, economic, technological and social changes served as an incentive for scientists to study the causes of inefficiency and to try to find effective methods and procedures for control. Demand and supply also play an important role, increase in demand relates with productions increase and workers trained according to the appropriate management methods. The power of using modern management theories is changed and evolved during different periods, but still it showed that the use of the contemporary management theories have an important role for the effective confrontation of the competition struggle and for being successful in the market. Management is the process of deciding what to do and then getting it done through the effective use of resources. It is about what managers do to make things happen (Armstrong, 2009). Employees as one of the most important capital of the enterprise require special treatment in order to achieve the company's objectives and goals. The importance of management theories since its beginnings, and over time has continued to be studied and constructed models and mixed theories that have tried to analyze the impact of human resources on the organizational structure and increase o efficiency. In this paper we will use secondary data as well as primary data to analyze and interpret results regarding contemporary management theories and the use of them in managing employees in the organization.

**Keywords:** Contemporary, Management, Theories, Employees

### 1. INTRODUCTION

Managers are expected to organize and to be accountable for the work of other people. In this process, manager's act as employers and, as such, they create and sustain the employment relationships of their Organizations. It is one of the most important issues of mangers to develop interpersonal skills as get information's and to be able to generate trust to the employees, enthusiasm as well as fairness to them, in order to be able to achieve results through employees. According to mangers need theory in order to be able to be more effective in practice, and be able to deal with the real problems in the organization. There are several reason to study theory but Olum (2004). emphasizes three reasons: theory is important to have focus on the daily experience and it gives some criteria on what's relevant, theories also help us to communicate more efficiently therefore we can deal with complex relationships, and theories help us and makes it possible to keep learning bout the others experiences As a manager, your success depends on how effective your subordinates are at their jobs, and how effectively they work toward personal and unit goals. It is your job to define their objectives, assess their progress, and help them reach their goals. Through performance management you can assure the success of your department by improving the performance of individuals Hill (2003).

### 2. CLASSICAL MANAGEMENT THEORIES

**Scientific Management Theory** -Started with Taylor, he was the first on to study work and its efficiency; it is known that his philosophy was to simplify tasks in order to increase efficiency of the worker . It has to be acknowledged that from an economic standpoint, Taylorism was a great success. Application of his methods yielded significant improvements in productivity. Olum (2004)..

**Hierarchy of needs by Maslow** is one of the first management theories which represented the needs of the persons as following:

*Physiological needs* refer to basic bodily requirements such as nutrition, water, shelter, moderate temperatures, rest, and sleep

*Safety needs* include the desire to be safe from both physical and emotional injury. Many workers who hold dangerous jobs would be motivated by the prospects of obtaining safety.

*Social needs* are the needs for love, belonging, and affiliation with people. Managers can contribute to the satisfaction of these needs by promoting teamwork and allowing people to discuss work problems with each other.

*Esteem needs* reflect people's desire to be seen by themselves and others as a person of worth. Occupations with high status are a primary source for the satisfaction of esteem needs

*Self-actualization needs* relate to the desire to reach one's potential. They include needs for self-fulfillment and personal development.

According to DuBrin. (2011, pg395). Maslow shows why people are difficult to satisfy. Hierarchy of needs is very important since it emphasizes that people are very difficult to satisfy, it is also very applicable for these days, since workers have to worry on satisfying lower level needs, they worry about their jobs and have low benefits as healthcare, and insecure jobs. while people are constantly searching to satisfy other needs as they secure the job and necessities.

**Herzberg's. Motivation-hygiene. Theory** -This theory has been proposed by psychologist Frederick Herzberg. Given the belief that a person's relationship to the job they perform and attitude to work can determine success or failure, Herzberg studied the problem: What do people want from work? He asked many people to describe in detail situations in which they felt particularly good or bad at work. Studying the answers, it was found that situations when people felt good at work were completely different from those when they felt bad. Other factors are related to satisfaction, others to job dissatisfaction. Internal factors such as e.g. achieving the goals, the gratitude that others show us, the work itself, responsibility and progress seem to be related to job satisfaction. According to the study, those who felt comfortable with the job tended to attribute this to themselves. On the other hand, dissatisfied persons tended to attribute their dissatisfaction to external factors such as company policy, administration, supervision, human relations, working conditions, etc. (Herzberg, F. 1968).

**Theory X and Y** -Douglas McGregor (1906-1964) published his book *The Human Side Of Enterprise*. In it, he outlined two drastically different styles of management (theories X and Y). Each style is guided by a manager's perceptions of their employees. However, even Theory X assumptions may be appropriate for a given situation. From the X and Y theory came the Z theory, which was first put forward by Maslow in response to the x and y theory and later refined by William Ouchi. In principle, Z theory aims to stay in an intermediate situation between the theories x and y. (see Ouchi, 1980) According to her employees aim to create a happy working environment and personal / intimate working relationships with superiors and colleagues. They need company support and highly value a work environment in which facts such as family, culture, traditions and social institutions are as important as the work itself. These types of employees have a sense of order, discipline, a commitment to work hard and cohesion with highly-developed collaborators. These employees can perform the tasks assigned to them after using all their knowledge while waiting for the company to support and care for their well-being. Weber and his byrocratic theory is more concentrated in organizational side rather in human side of the management. The byrocratic theory of Webber 1947 as explained in Collings, According to Olum, (2004). this theory formulated by Douglas McGregor, views on the nature of employees can be grouped into two basic categories. One can incorporate the views that managers value their employees. He calls this Theory X and summarizes these assumptions, Employees do not Theory X assumes that individuals are dominated by low-level needs. While Y theory suggests that it is high-level needs that rule the individuals Mariotti, N. (2004) . Considering the Y theory as more realistic, McGregor proposes some ideas that, if implemented, can increase employee job satisfaction, such as participation in decision making, creating challenging and responsible jobs.Wood & Szamosi (2018).

**Administrative theory** - Developed by Henry Fayol is more concentrated in managerial perspective rather than in employees perspective . Fayol believed management had five key roles: planning, organizing commanding and coordinate and control and monitoring . Planning is important in the future development of organization and acting accordingly. Organizing had the meaning of developing human and material resources . Command was reassurance that organizations processes are happening . While The organization was the development of the institution, control meant that the activities were carried out in synchronization with the relevant rules and procedures. Noe and

Hollenbeck Gerhart, Wright (2015). This theory is still in practice. Later theories of management have taken advantages from this theory. Written rules, ideal bureaucracy, paper work, punish and reward system, workers and managers' training are part of almost all the organization of the world Mahmood, Basharat & Bashir (2012). Fayol published his studies at the same time as Taylor. However, if Taylor focused on managing at the grassroots level (or what we today describe as the work of a supervisor) and using scientific methods, Fayol's attention was directed to the activities of all managers and to personal experiences. Fayol described management practices as distinct from those of accounting, finance, production, distribution and other functions typical of business. He showed that management was a joint activity for all the jobs undertaken by people in business, government and even at home DeCenzo, Robbins, & Verhulst (2016).

### 3. CONTEMPORARY MANAGEMENT THEORIES

**The Systems Theory** is developed by Ludwig von Bertalanffy is very applicative these days, with tremendous changes facing organizations and how they operate, have educators and managers come to face this new way of looking at things. The systems approach defines systems as a set of interconnected and correlated parts, arranged in the title to give a unified set. The organization and its managers is a system that interacts and depends on the surrounding. In managerial terms, this relationship is called a relationship with influential people on the organization. Stakeholders is a group that is influenced by the decisions and policies of the organization, including government agencies, trade unions, competing organizations, employees, suppliers, clients, local community leaders or public interest groups.

**The Equity Theory** -Kollmann et al , 2019 argue that the equity theory need to be expanded with aging perspective in order to fully understand job satisfaction of younger versus older employees, our findings show that even long-standing, established theories of job satisfaction such as equity theory can benefit from an aging perspective, as it helps to understand the emergence of job satisfaction within different demographic groups in a more fine-grained and differentiated way.

**Human Relations Theory**-The human relations theory is developed from Elton Mayo he emphasizes praise and teamwork as motivational factors.. While emphasizing personal factors is a good idea, there can be too much of a good thing. What he observed is work conditions , lighting ,and so on regardless of the change — good or bad — worker satisfaction always increased. This led Mayo to conclude that performance was a result of the attention the researchers paid to the workers. In other words, the attention made the workers feel valuable. They realized that the lighting changes did not affect productivity but instead the daily interactions with the employees throughout the process motivated them to work more efficiently and increase their output. These findings gave rise to Mayo's Human Relations Theory, in which he states that employees are more motivated by social factors — like personal attention or being part of a group — than environmental factors, such as money and working condition.

**Chaos and Transactional Management Theory**- Chaos theorists suggest that systems naturally go to more complexity, and as they do so, they become more volatile and must, therefore, expend more energy to maintain that complexity. There is no single definition of chaos theory. The notion has been used interchangeably with such concepts as non-linear systems models, disorder theory, and dynamical complex theory (Farazmand,, 2003).. As they expend more energy, they seek more structure to maintain stability. This trend continues until the system splits, combines with another complex system or falls apart entirely. It will need an effective manager for the latter worst scenario not to happen, The founder of theory Koontz, H. (1961). defined e by many persons, including myself, may neither be representative nor adequate, Saying that “management is the art of getting things done through and with people in formally organized groups, the art of creating an environment in such an organized group where people can perform as individuals and yet cooperate toward attainment of group goals, the art of removing blocks to such performance, the art of optimizing efficiency in effectively reaching goals. If this kind of definition of the field is unsatisfactory, I suggest at least an agreement that the area should be defined to reflect the field of the practitioner and that further research and study of practice be done to this end”. According to Amanchukwu et al,(2015) Transactional/Management Theory Transactional theories, also known as management theories, focus on the role of supervision, organization and group performance and the exchanges that take place between leaders and followers. These theories base leadership on a system of rewards and punishments

**Contingency Approach** - Fred Fiedler and others conceived of Contingency Management Theory in the 1950s and 60s. Fiedler based his theories on the idea that effective leadership was directly related to the traits the leader displayed in any given situation. The contingency approach to management is based on the idea that there is no one best way to manage and that to be effective, planning, organizing, leading, and controlling must be tailored to the particular circumstances faced by an organization. Organizational size is another contingency variable thought to impact the effectiveness of different organizational forms. Small organizations can behave informally while larger

organizations tend to become more formalized. The owner of a small organization may directly control most things, but large organizations require more complex and indirect control mechanisms. Large organizations can have more specialized staff, units, and jobs. Hence, a divisional structure is not appropriate for a small organization but may be for a large organization. Helms, (2016). Contingency therefore has to be considered in a much more dynamic context than previously, which leads to the need to use more process-based models which examine the mechanisms of change and the implementation of modified forms of management and control. Otley,(2016).

**Situational Theory**-The process of influencing others to achieve goals in the organization. Resources of leadership power: Leader style and behavior are the main tasks and issues that this approach deals with. Skills Approach highlights the link between skills and experiences with hierarchical structure. someone and the competencies to accomplish a set of goals or objectives.

- Legitimate power The power that derives from positioning in the managerial hierarchy
- Rewarding Power, Powers based on the capacity to deliver valuable rewards
- Power of power, Power based on the power to punish others

How leader influence others -Sources of Leadership Power, Expert Power, Power based on possessing expertise valued by others, Information power is based on access to and control over the distribution of information, Reference power resulting from being liked, admired or by which they identify. Legitimate Power, Formal Authority Rewarding Power, Expert Power, Information Power, Reference Power. (Ramosaj,2004 )

**Organizations as Learning Systems Management Theory** is fairly new when compared to many of the other theories on this list. Organizations As Learning Systems Management Theory — sometimes called Integral Management Theory — developed as a postmodern response to many of the older management theories that are still in use today. The educational activity should balance the needs and convenience of the organization with individual learner's need in order to maximize the learning outcome. Lifelong learning activities are also designed for multiple learning styles. Experiential and applied learning as well as tutorials and self-directed content are often embraced by lifelong learners. Lifelong learning encompasses all levels of educational acquisition and in an infinite number of subjects. It includes skill training, credential requirements, as well as social interests. This education may be in the form of formal education or training that is offered both as credit and non-credit in a variety of venues. It also occurs through non-formal means such as libraries, museums, manuals and mentors.

#### 4. CONCLUSIONS

Form the above management theories we can conclude that in one way or another all of theories have their impact in employees and their day to day work. Most of the theories are still applied although in the more contemporary approach. Emphasizing the human factor, that is, pay attention to the social nature of the human need to study and research, under certain environmental conditions, the maximum degree possible to meet people's needs, to ensure that all members of the organization to work together to accomplish conscious organizational goals to contribute.

Current understanding of issues such as leadership, employee motivation, job and organization design, organizational culture, high performance groups, performance evaluations, manager training, employee participation decision making, rewarding systems based on team performance, and negotiation techniques come to a significant extent from the contributions of management theories starting with motivation theories and continuing with human relation theories, and human resources researchers. If analyze the modern management they are mainly very interrelated with the human factor as well, starting with equity theory , system theory and the latest theory on organization as learning system theory among others have very important role in employees .

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