

Project stakeholder management assignment

[Business](#), [Management](#)



To Dr Alex Manzoni The evolution of management thought and it's relation to project management organisational structures. Author: Jarrod Belle

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Introduction The process of organising groups of individuals to accomplish tasks is ancient but the idea or development of management is relatively new. Management is an essential tool used to acquire, allocate or utilise human efforts and natural resources to accomplish some predetermined goals. The evolution of management can be traced back essentially to small groups of prehistoric humans beginning to communicate and organise themselves into functional groups for the purposes of increasing their hunting effectiveness.

From these humble beginning human, population numbers began to increase which facilitated the formation of more complex societal groups or communities. The result was an evolution of management and organisation which was utilised by early civilisations to accomplish astounding feats or engineering such as the Great Wall of China and the Pyramids at Giza. It wasn't until the industrial revolution of the 19th and 20th century that management theory was transformed and lead to some of the great advances in the field.

Modern management is the product on centuries of differing and varied views on management. The functions of modern management stem from many areas but in particular the classic, humanistic and scientific perspectives of management. 2. 0 - Part A - Management Perspectives 3. 1 - Preclassical period The preclassical period represents a time of early industrialisation. From Johannes Gutenberg's development of the first mechanical printing press in the fourteen hundreds, management ideas have developed to accommodate these types of information and technological advances.

James Watt was a pioneering inventor of the 1700's. Watt developed the first workable steam engine in 1765. It wasn't until his 1781 when his technological breakthrough allowed for the up and down motion of the piston to be converted into the rotary motion of an engine that the beginning of industrialisation took place. This discovery allowed for the lifting of coal from mines and eventually the steam powered locomotive to name but a few. Another major contributor to early industrialisation was Adam Smith.

Born in 1723, the Scottish political economist is credited with the birth of capitalism and modern economic thought. The wealth of nations, written by Smith in 1776, established the classical school of economics and became the foundation of liberal economics. Smith's economic theory further developed the concept of specialisation of labour being the pillar of the market mechanism. The example of how the pin making process, once broken into its elemental parts and each task allocated to individuals, greatly increased production could be found through efficiency through repetition.

Many other great pioneers made contributions to this period including Robert Owen's and his work on social conditions of the worker, Charles Babbage's and his work on specialisation and efficiency as well as Henry Towne's principle of management can all be credited with changing attitudes to labour and management. Overall the economic theories of Smith and the pioneering discoveries of Watt formed the foundational basis of the industrialisation of Britain and Europe, laying fertile ground for further management evolution to take place.

3. 2 - Classical viewpoint

The classical perspective of management comprises three main approaches including scientific management, administrative management and bureaucratic management.

3. 3. 1 - Scientific management

Fredrick Winslow Taylor can be credited with changing several aspect of management. Born in 1856, it was his time at Midvale Steel in Philadelphia where he worked through the ranks into middle management.

During this time he gained an affinity with the workers and identified several areas where he believed improvements could be made from a management perspective. Taylor saw that at times, workers would restrict output through a process of 'natural soldiering' or 'systematic soldiering'. Natural soldiering he said was the tendency of man to 'take it easy' and could be overcome through management being able to naturally inspire workers to come up to the mark. Systematic soldiering, on the other hand, came from the workers more innate tendency to conform to group output norms.

The reason for this, Taylor postulated, was that firstly they believed working faster would put other out of work; second, defective management systems

that were in place were forcing workers to slow production to protect their interests; thirdly, they would adhere to rule of thumb methods handed down through generations. Taylor also noted that during these times the workers' pay was on a daily or hourly basis for the position of the worker, not his output. This in many ways encouraged systematic soldiering.

This is because working harder would produce to further benefit for the worker and therefore it was not in his interest to do so. Finally, previous attempts by management to implement piece-rate systems of output based pay were often poorly designed. When workers earned too much, management would simply cut pay rates and workers would hide efficiency improvement to protect themselves. In the process, the workers would perceive that management had a maximum wage ceiling in place beyond which pay cuts would be enacted. Taylor's initial attempts to correct this situation resulted in difficult encounters with workers.

Attempts to train workers yielded little results and the machinists refused further training. He then trained labourers in the use of the machines but once they joined the group, resisted production increases (systemic soldiering). The next solution Taylor attempted was to cut the rate of pay for the worker to keep the same level of production. This resulted in machine sabotage by the workers. Taylor countered with a system of fines which were paid into a worker benefit fund. These early experiences of Taylor taught him against cutting rates for workers or using a system of fines.

From this experience that Taylor began the use of setting performance standards so once the workers saw that the rate was properly set and based

on facts, their motivation to soldier would be reduced. This method was later defined as the scientific fact-finding method or scientific management. This led Taylor to increasingly look at the concept of time study. It was Taylor who pioneered the analytical and construction phases to break work down into elemental tasks. Best methods of tasks were observed and timed. This allowed for considerable increases in productivity from the average worker.

Overall Taylor was a central figure in the development of management thought. His scientific management theories are considered today as some of the most influential contributions made by anyone in the 20th century. Many other classical figures such as Henry Gantt and the Gilbreth's also made significant contributions to modern management. 3. 3. 2 -

Bureaucratic management The idea of bureaucratic management can be put down to the work of Max Webber. Max Webber was a German intellectual of the first degree with far ranging interests in social, religious, political and scientific fields.

It was while Webber was working on his book on society and economics, that scientific management in a version of rationalisation and standardisation became available. It was during this period that Webber perceived the need to establish a rational basis for the organisation and management of large scale undertakings. The problem Webber faced was how you make a large organisation function more systematically. The answer Webber came up with was bureaucracy, or the management of an organisation by position (i. e. functional manager) rather than person (i. e. your boss).

Although this was ideal but not the most desirable form of management, the beaurucratic construct could form the basis or model to ease the transition from small-scale entrepreneurial firms to large-scale professional organisations. Webber stated there were three types of legitimate authority; (1) rational-legal authority or the right of those elevated to authority to issue commands; (2) traditional authority which rests on a belief the sanctity of tradition and legitimacy of the status of those exercising power or authority; or (3) charismatic authority which was based on the specific, exemplary character of an individual.

Webber believed that some form of authority must form the basis on any organisation. Of the three type of authority, Webber believe that the rational-legal authority of a vested position or rank to provide the basis for a bureaucracy since it; (1) provided a basis for continuity of the administration; (2) was rational with the individual chosen on the basis on merit; (3) provided a legal means to exercise the authority of the position and (4) clearly defined the extent of such authority. The elements of bureaucracy that Webber described include: 1.

The division of labour and authority and responsibility were clearly defined for each member. 2. Positions were organised in a hierarchy of authority resulting in a scalar chain of command. 3. Organisational member were chosen based on technical qualification through exams or training and education. 4. All officials were to be appointed, not elected. 5. Administrative officials were on fixed salaries and were career officials. 6. Administrative officials were not owners of the units they administrated. 7. Administrators

were to be subjected to strict rules, discipline and control regarding their conduct and official duties.

Overall Webber's work was instrumental in transforming the German economy at the time. In many ways he was considered the Adam Smith of Germany. Webber can also take some of the credit for the founding of organisational theory. Webbers successfully explained a rational-legal basis for large-scale organisations to orientate themselves to ensure efficiency was improved and authority maintaining in the right hands. 2. 2. 3 -

Administrative management The development of administrative management can be attributed to several men but in particular, Henri Fayol. Henri Fayol was born in Constantinople in 1841, the son of French parents who were working as a result of a deal between France and Turkey. Fayol was an engineer and began his career working for a coal mine, steadily rising through the rank until 1888 when he became the chief executive officer. At the time the company had not issued a dividend in 3 years and was in an increasing bad financial position. Fayol's first priority was to close the less productive foundries and create economies of scale. He slowly acquired new mining deposits to replace his depleted one and geographically expanded the company.

The firm was fully integrated both forward to steel smelting and coal sales as well as backward to mine operation and maintenance. He later established research alliances to advance the technological capabilities of the company and pursued acquisitions. Although Fayol was trained as an engineer, he had the perspective of a general manager of a large-scale enterprise. He

considered management less about increasing the velocity of output as much as the orderly arrangement and integration of the production, sales, finance and accounting section of the organisation.

It's said that Fayol once noticed a horse break its leg, leading to a halt in mine operations until a replacement could be found. The stable was unable to provide a replacement due as the stableman did not have the authority to issue a new horse. This incident could have formed the basis of his insight that authority to get thing done must be present at all time, otherwise disorder will follow. Fayol grouped teams of workers according to their preferences and in doing so greatly reduced the companies' turnover.

This also allows the group to become more cohesive and productive and these groups would then resist the inclusion of inferior or undesirable workers. At times Fayol also reverses the division of labour by allowing work groups to timber the mine rather than assigning specialist to completed the work. It was Fayol who first derived principle of management. The include: 1. Division of labour 2. Authority 3. Discipline 4. Unity of command 5. Unity of direction 6. Subordination of individual interests 7. Remuneration 8. Centralisation 9. Scalar chain of authority 10. Order 11. Equality 12. Stability of tenure of personnel 13. Initiative 14. Esprit de corps Fayol combined these key principles of management with his element of management including planning, organising as well as command, coordination and control. Overall, Fayol's work contributed greatly to management and his ideas are common practice even today. It was Fayol who pioneering the idea of management as

a theory which could be studied, taught and practiced. 3. 0 - Part B - Project management and organisational structure 4. 3 - Project management

Project management as a field and distinct discipline has developed uniquely over the past 50 years in particular. The rise of project management as distinct and separate from conventional management was given impetus through the work of Henry Gantt and Henri Fayol. These two men both studied the works of Frederick Taylor and his theory of scientific management. Conventional management differs from project management due to the nature of the organisation. Conventional management governs large and small organisations or company with ongoing needs.

The organisation is perpetual and its goals are to survive and prosper. Business manages the sale of products and therefore is required to coordinate, plan, organise and control the production of that product in a repetitive process. Project management utilizes those same principles but for a single product or endeavour over a finite duration. Projects are all unique and have differing requirements and goals along with variable factors including economic, technological, environmental and political to name just a few. Projects have specific constraints relating to time, cost and quality which limit the project.

These constraints along with the unique nature of projects and their variables require the integration of not just the basis planning, organising and controlling functions of management but also consideration of stakeholders. Overall, project management is application of conventional management functions and principles in a holistic integrate approach with

stakeholders to execute a specific project within predetermined constraints. In many ways it takes the organisational understanding of conventional management relating to the planning and control of workers or entities. 4. 4

- Organisational structure

The nature of organisational structure is the patterns of interaction and coordination used by organisations to link people, or groups of people to achieve goals. Organisational structure is typically used in larger organisation and typically used line diagrams to depict the outline or structure (Appendix A). The main elements of the organisational structure are the assignment of tasks and responsibilities, the grouping in hierarchal form as well as vertical and horizontal coordination. The form of the organisational structure used will depend on the type of departmentalisation they wish to employ.

Departmentalisation is the grouping of individuals into departments to help achieve some organisational targets. The four type of departmentalisation are functional, divisional, matrix and hybrid. The functional mode relates to an organisational structure which is grouped based on expertise, skills and similarity of function. The divisional mode is based on similarity of market or product. The matrix system has the horizontal divisional superimposed over the hierarchical functional structure. Finally the hybrid system incorporates elements of the functional and divisional systems. 4. 5. 3 - Case Study -

Citywide Infrastructure

Citywide is a major Australian physical services company providing civil infrastructure, open space and environmental services to government and

private enterprise. The diversified service model has underpinned the company's rapid growth since its foundation in 1995. Today it delivers integrated services to Australia's most prominent capital city governments and national corporations. Citywide has over 900 employees across its 3 main sections of Infrastructure, Open Space and Environment. Each division is based separately around Melbourne with the Headquarters located in East Melbourne.

The organisation chart provided is for the Infrastructure division located in North Melbourne. 4. 5. 4 - Analysis A close analysis of the organisational structure (Appendix A) would seem to indicate that the organisation has incorporated a divisional system. The divisional elements are clearly illustrated through the departmentalisation of, in this case, the infrastructure division. Looking at the vertical coordination of the organisation would seem to show that in this case there are fewer spans of control than in other organisations.

In addition, the decentralisation of authority due to the organisations size and geographic dispersion has resulting in increased independence for each division and further authority for divisional managers. 4. 5. 5 -

Recommendations Looking at the setup of the organisation a case could be made for the incorporation of more functional elements in the structure by adopting a hybrid system. The functional elements could be developed through the grouping of similarly trained personnel and work activities.

This would also create an adaptable and flexible system with more alignment with corporate and divisional goals. 4. 5 - Innovation and entrepreneurship

The application of a hybrid system of organisational structure incorporating both functional and divisional departmentalisation is best suited to the growth of Citywide. The implementation of the system would help to promote 4. 0 - Appendix A - Bibliography D A. Wren, 2005, History of management thought, Fifth edition, John Wiley ; Sons Inc, US. D. Sampson ; R Daft, 2000, Management, Pacific Rim Edition, Nelson, Australia