Participative management style flashcard

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Participative management style is also practiced by managers of small businesses. The main goal of participative management is to enhance the quality of the employees' working life and the management must be responsive to the requests of the employees (Lewis & Renn, 1992).

This style allows information sharing and involvement of employees in the decision making. Participative management is a process whereby the employees are involved in the decision-making of the organization through formal and informal means (Chan). As a small firm with small organizational structure, there is the need to focus on people issues, and trust-based relations; such a perspective neglects the probability of conflict, even in ostensibly high trust work settings (Collins & Ram, 2003). In small firms, employees are encouraged to be involved in decision making. Managers share information directly to the employees and ask inputs before making decisions about policies and processes. This type of management styles promotes and boosts the morale of employees and prevents low productivity.

According to Davidmann, smaller company is more effective when compared with larger company both in terms of both employee utilisation (turnover per employee) and capital utilisation (turnover per unit of issued share capital). The adherence to informal structure and system in small firm operation is another noticeable fact that has affected how managerial pattern is determined. According to Blackburn (2003: 12), " the relatively low use of the formal systems by small firms may also mean that a reliance on patent counts etc. is an inaccurate measurement of innovative or research activity.

Hence, there is a need to ‘ unpack’ the approaches to innovative and intellectual property management by owner-mangers”. In the same parlance, Moore (1996), cited in Blackburn (2003), opined that SMEs rely on more informal methods to protect their intellectual property, such as maintaining a lead time advantage over competitors in bringing new products to market. Also, this can come through the development of high-trust. Adaptive Management StyleKen Blanchard and Paul Hershey, renowned management gurus, created a management style that analyzes the needs of the situation a manager or a leader is dealing with, and then adopts the most appropriate style. This is ideal for small businesses since management styles are considered to be difficult due to the flexible nature of small businesses. In this view, Slatter (1992: 159) puts it that “ managing fast growth in entrepreneurial firms is one of the most difficult challenges that exist”.

“ Owners often struggle to balance the flexibility required to keep pace with customer demands, with a sense of continuity and security. Hence, management essentially comprises a careful balancing act between strong leadership and decentralized task-oriented management; entrepreneurial and professional management; and processes involving organizational cohesion and those promoting individual responsibilities” (Collins & Ram, 2003). The availability of strong leadership in small firms provides a key role in overcoming the confusion that usually accompanies growth and is necessary to build and maintain the cohesiveness of the organization. Thus, “ achieving the balancing act between stability and flexibility is difficult, but

potentially attainable through such means and a strong but democratic leadership style" (Slatter 1992: 126).

Small firms have been observed to be adapting operational plan rather than strategic plan. While strategic plan is conceived as " a written long – range plan, which includes both a corporate mission statement and a statement of organizational objectives…operational planning , on the other hand, is defined as the setting of short term objectives for specific functional areas such as finance, marketing, and personnel" (Shrader et al, 1989). The limited resources available to small firms have resulted in their continual practice of operational plans. " Strategic planning has not commonly been practiced by smaller firms because they do not have the staff or the time to engage in strategic planning. Rather, the top manager in a small firm must be concerned more with operational, day-to-day, functional area problems" (ibid).

Robinson, Logan, and Shalem, cited in Shrader et al, (1989), found that strategic planning was not related to improved financial performance of small firms, but that operational planning was positively related to performance. It is argued that small businesses do not benefit from strategic plans primarily because they do not take time or effort to formulate them. Robinson concluded that small businesses which hired outside help in strategic planning performed better than those that did not plan (ibid). Operational planning allows more flexibility on the part of the owner-cum-managers of small firms.

This type of planning allows them to be more adaptive in their management style depending on the need of the situation.