

# Psychology of Management

**MODULE 1.**  
**SUBJECT AND HISTORY OF**  
**PSYCHOLOGY OF MANAGEMENT**

# TOPIC 1. PSYCHOLOGY OF MANAGEMENT AS A SCIENCE

**Managerial Psychology** is one course or subdiscipline of Psychology or Management, focusing the understanding the psychological insight for the whole organization behavior from the management perspective.

**Management** is a process of affecting particular system in order to achieve certain goals.

**SYSTEM** is a group of interconnected elements forming single whole and cooperating for achieving goals.

Any system can be an object of management

**Management** in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

# Spheres of management

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graph TD; A[Spheres of management] --> B[Control of technical systems (things)]; A --> C[Control of social systems (organization, society, nation)]; A --> D[Control of biological systems (organisms)]; C --> E[Social management];
```

Control of technical systems (things)

Control of social systems (organization, society, nation)

Social management

Control of biological systems (organisms)

What does social management mean?

What are objectives of social management?

**Social management** is an influence on society for the purpose to achieve life order and certain goals.



*Objectives of social management:*

- The state
- Particular regions
- Commercial and non-profit organizations
- Units of organization
- Certain groups of people



What does organization mean?

**ORGANIZATION** is a group of people whose activity is coordinated consciously for achieving certain goals.

Requirements:

- *two* or more people consider themselves as a part of a group;
- all members of a group accept a goal or more *purposes* as common;
- members of a group work together *consciously* to achieve an important goal for everyone.

Any organization is an open system.

Open system deals with external surrounding.

There are 3 processes in any organization:

- To receive resources from external surrounding (input)
- To produce products
- To return products into external surrounding (output)

All these processes are realized by people.

**People are**

**the most valuable**

what any organization has

Person and his psyche is a **subject of psychology**:

- Behavior
- Communication
- Activity
- Individuality
- Mind and etc.

**Psychology of management** is a branch of psychology.

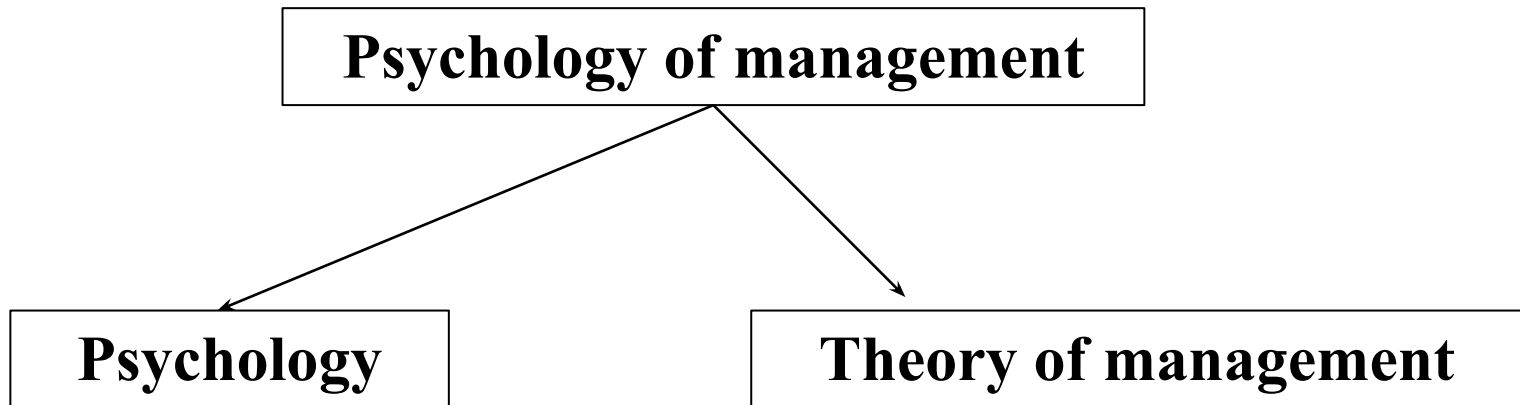
**Psychology of management** studies psychological aspects of management.

**Subject of management psychology** is a psychology phenomena in management systems and in processes of human relationships and communications.

Psychology of management studies following:

1. Psychological features of the heads and executors - their qualities and psychological characteristic of a commanding activity.
2. Various favorable or negative factors influencing a mental condition of a person.
3. Relationships between the head and executors, relationships between members of supervised collective.

**Main task of managerial psychology** is analyzing psychological conditions and characteristics of a commanding activity in order to improve efficiency and performance of a management system.



Objects of management include:

- Innovations
- Manufacturing
- Market
- Finance
- Information
- Supplies
- Personnel

Control of these processes is connected with management  
of people behavior



Major problem of managerial psychology is:

How to motivate people to achieve goals of organization?

**Two main subsystems of  
management system**

**Subsystem which  
manage**

**The head  
Manager  
Emploer  
Director**

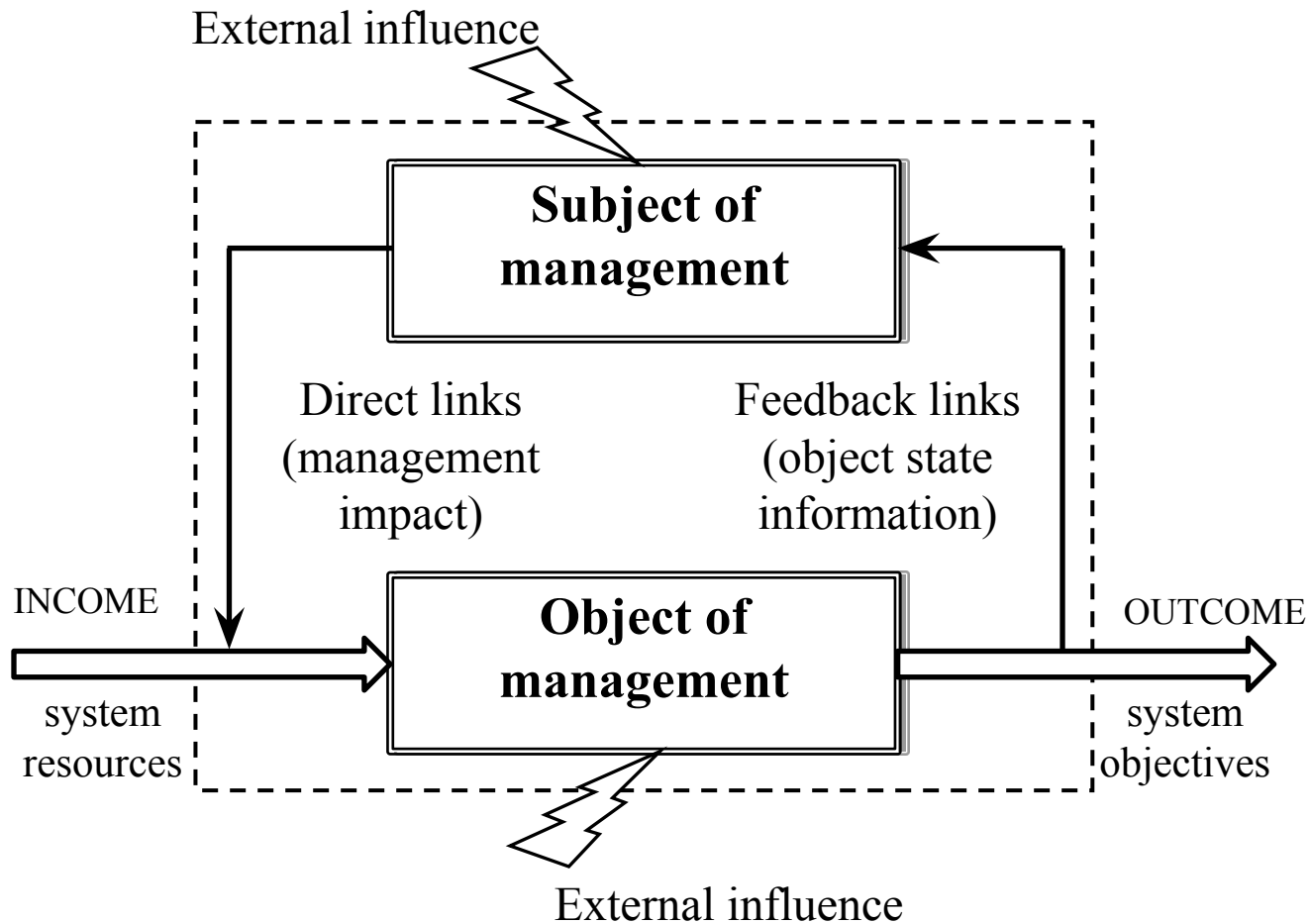
**Subject of  
management**

**Subsystem which  
are managed**

**Executers  
Workers  
Emploees  
Staff**

**Object of  
management**

# Management structure



*subject of management* is one who manages.

*object of management* is one (thing) being managed.

1. Subject of management is a manager (head) who has administrative responsibilities and performs administrative activity.

2. Object of management is workers or groups of workers who are managed by the head. Subject of management influences object of management using certain management impacts.

3. Management impacts (or management methods) means system of actions used by subject of management to influence object of management.

4. System objectives are desired future *state* of management object. They are formulated by subject of management.

Can management be **successful**?

When?

Management can be **successful** if:

1. Subject of management sets objectives of activity and it has motivation and possibility to manage.
2. Object can achieve these objectives and it has motivation and possibility to work.

**Management** is a **certain type of interaction** existing between management subject and object.

In this case:

1. Subject of management performs specific activities aimed at achieving a goal of management towards object of management.
2. Activity of managing subject includes:
  - *knowledge of capabilities of managed object*
  - *exploring external conditions* sustaining or preventing achievement of a goal by object of management
  - *making decisions by subject of management* for achieving a goal of management
3. Objects of management have built-in mechanism.

# Impact



## Managerial impacts

- change in object
- change in object behavior
- collection, transmission and processing of necessary information
- making decisions

## Disturbing impacts

- violate object behavior
- inside the object
- outside



**Direct link** means move of management impacts from subject to object of management.

**Feedback mechanism** is ability moving information about state of management object to management subject as result of management impacts.

# Systems of management

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graph TD; A[Systems of management] --> B[Open-loop control systems (no feedback)]; A --> C[Closed-loop control systems (with feedback)];
```

*Open-loop*  
control systems  
(no feedback)

*Closed-loop*  
control systems  
(with feedback )

**Management** is influence of managing system  
(subject of management) on managed system  
(object of management) for the purpose to move  
managed system in required condition.

# Levels of management

*Level of management* is a part of organization where independent decisions can be made without permission of higher or subordinate parts.

# Levels of management

Institutional  
level

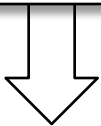
Incorporating senior management (top-management): presidents and vice presidents of companies, ministers, rectors of educational institutions etc.

Managerial  
level

Middle management: department managers, deans, divisional managers, etc.

Technical  
level

Junior management: headmen, foremen, etc.



# Management functions

**Management functions** are stable combination of specific actions performed by managers of different levels in process of their activity.

- Management functions are general for any field of activity and for any manager.
- Management functions are characterized by uniformity of objectives, actions or objects of their application.
- Management functions combination varies from different schools of sciences.

Two groups of management functions:

**General management functions** reflect content of main stages of management process at all hierarchical levels and for all management objects.

**Integrating (background) functions** include three basic types of activity which form background for realizing management process (performance of general functions) and integrate different stages of management process.

# Management functions

```
graph TD; A[Management functions] --> B[General]; A --> C[Background]; B --> B1[Setting objectives]; B --> B2[Planning]; B --> B3[Building organization structure]; B --> B4[Control]; B --> B5[Regulation]; C --> C1[Motivation]; C --> C2[Development and making decisions]; C --> C3[Setting communication];
```

## General

Setting objectives

Planning

Building organization structure

Control

Regulation

## Background

Motivation

Development and making decisions

Setting communication

MANAGEMENT SYSTEM



# **TOPIC 2. THE HISTORY OF PSYCHOLOGY OF MANAGEMENT BUILDING AND MAIN MODELS OF MANAGEMENT**

The beginning of management is considered  
the beginning and development of industrial  
manufacture

# SCHOOLS in management

## **1. *Classical school of management***

- *School of scientific management*
- *Administrative school of management*

## **2. *School of human relations***

## **3. *Quantitative school of management or school of management science***

- *Processing approach*
- *Systematic approach*
- *Situational approach*

# *Classical school of management*

## *Scientific management*

emphasis on organization of manufacture, management was considered as industrial

### Main representatives:

Frederick Winslow Taylor (1856-1915)

Henry L. Gantt

Frank and Lillian Gilbreth

## *Administrative management*

emphasis on organization as a whole

### Main representatives:

Henri Fayol (1841-1925)

Max Weber (1864-1920)

**Frederick Taylor** is the founder of the school of scientific management.

His main contribution in management science is creation of management as a scientific approach.

# ***Three main moments of scientific management school creation***

1. Rational organization of work:
  - replacement of traditional methods of work with rules based on analysis of work
  - appropriate organization of labor
  - organization of training for employees
2. Development of formal structure of enterprise
3. Differentiation of executive and administrative functions

# **The contribution of scientific management school to the theory of management**

1. Use of the scientific analysis for defining the best ways of object performance;
2. Purposeful selection of workers suitable to object performance and training of these workers;
3. Supply of workers with resources;
4. Use of material stimulation for increasing labor productivity ;
5. Appropriate distribution of responsibility between workers and managers

# ***Administrative management school***

- **Henri Fayol (1841-1925)**
  - the first who classified studying management according to its functions – forecasting, planning, organizing, commanding, coordinating and controlling
- **Harrington Emerson (1853-1931)**
  - Researches of a staff principle in management
  - Concept of productivity and efficiency
- **Max Weber (1864-1920)**
  - Rational bureaucracy

**The purpose of *administrative management school* is**

creation of universal principles of  
management  
leading to success

# **The contribution of administrative management school to the theory of management**

1. Creation of universal principles of management;
2. The description of management functions;
3. The systematized approach to management of enterprise.

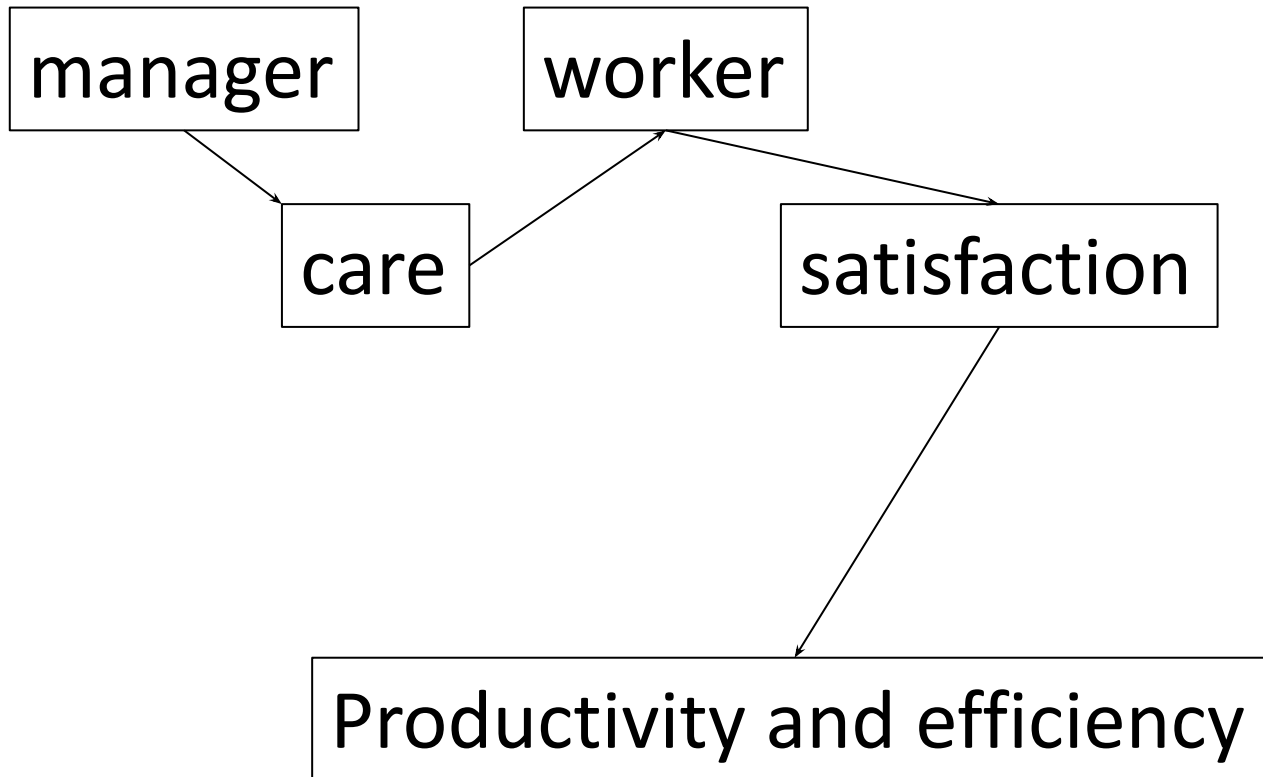


# ***School of human relations***

**Mary Parker Follett** (1868-1933) proved necessity of scientific research of psychological aspects of management. She defined management as "the art of getting things done through people“.

**Elton Mayo** (1880-1949) – the founder of school

- Hawthorne experiments (1927-1933)
- Proved value of social and psychological factors for increasing production efficiency

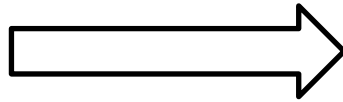


**The purpose of *human relation school* is managing enterprise influencing system of social and psychological factors.**

Human relations school is an effort of management to consider each organization as a social system.

## **The school of human relations**

- focused on adjustment of interpersonal relations



## **The school of behavioral sciences**

- focused on an employee and their efficiency increase. A basis of such increase is an opportunity to influence behavior of a person

## **The basic purpose** of behavioral science school:

1. Increase of activity of the organization efficiency by increasing efficiency of human resources;
2. Creation of all necessary conditions for realization of each employee's creative abilities for the purpose of awareness of own importance in management of organization.

Researchers of this school showed a role of a person's motives and needs for their labor activity.

**Motives** are a main parameter of the human attitude to work.

*Positive motivation* is a main factor of successful work.

## **Main representatives of behavioral science school**

**Chester Barnard (1886-1961)** - the founder of school

- problems of cooperation of human activity
- formal and informal structures of organization

**Abraham Maslow (1908-1970)**. The main work is «Motivation and the person»

**McGregor (1906-1964)**

# The basic ideas of human relations school

- Management is a social and psychological process rather than economic process;
- In a basis of management there is a person. Person is a unique individual with his(her) interests, needs and motives;
- The person is social essence submitting to laws of collective;
- The hard hierarchy of subordination and formalization of organizational processes is incompatible with human nature. Therefore it is necessary to create such methods of management which would control people's behavior in groups and in organizations and which could use worker's psychological and emotional features;
- Labor productivity is influenced by psychological and social factors rather than material factors;
- Managers should establish and develop loyal relations with informal working groups and their leaders.

# Contribution of human relations school to theory of management

- Using methods of interpersonal relation management
- Studying informal relations
- Using knowledge about human behavior



# *Quantitative school of management or school of management science*

**Purpose** is increasing rationality of made decisions

## **contribution:**

- Development and using models for making decision;
- Development and using quantitative methods at making decision in complex and crisis situations;
- Using methods of exact sciences in research of administrative activity.

# Modern approaches to management

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graph TD; A[Modern approaches to management] --> B[Processing approach]; A --> C[Systematic approach]; A --> D[Situational approach];
```

*Processing  
approach*

*Systematic  
approach*

*Situational  
approach*

# *Processing approach*

- Management is considered as a process of continuous interconnected actions (functions);
- All kinds of activity are integrated into uniform chain.

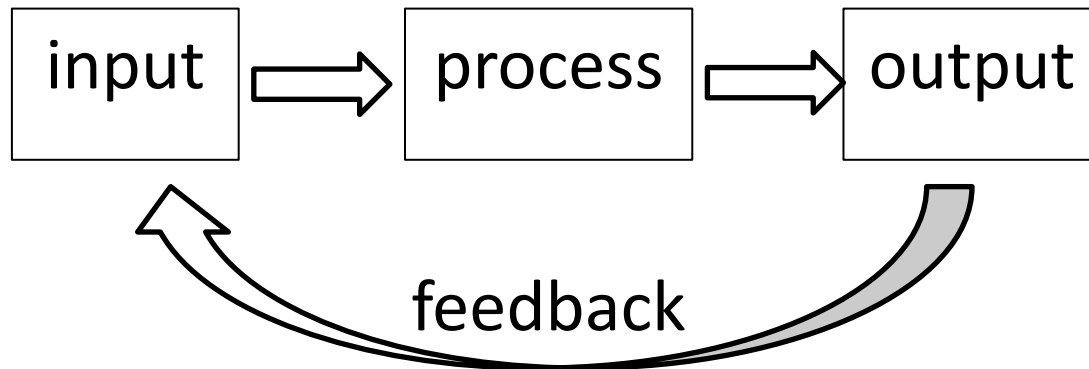
# ***Systematic approach***

- Organization is considered as complex, open, social and technical system having input, output and feedback. In system input transforms to output
- All elements of system are interconnected

# *Systematic approach*

Organization is a system:

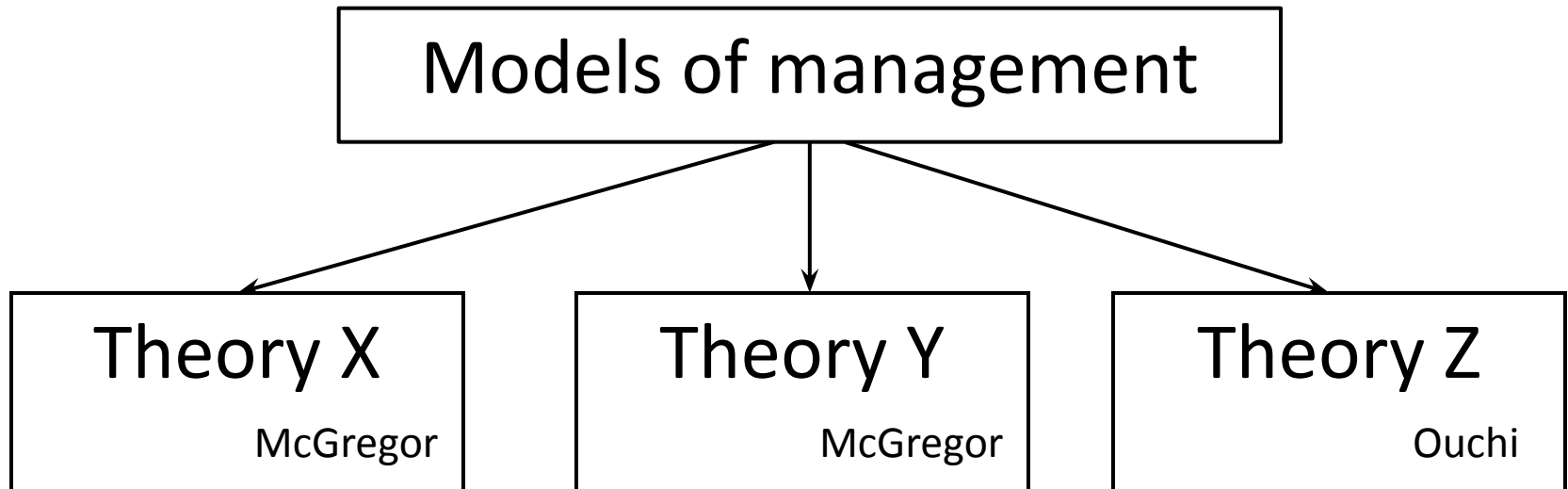
- Complex
- Open
- Social and technical



# ***Situational approach***

- Focused on situation
- Situation is particular conditions influencing organization essentially during particular time.
- Making decisions from a particular situation

# Models of management



<b>fact or</b>	<b>Japanese model (theory Y)</b>	<b>American model (theory X)</b>	<b>Model Z</b>
1.	Lifelong employment	Short-term employment	Long-term employment
2.	Making decision by principle of consensus	Individual making decision	Making decision by principle of consensus
3.	Collective responsibility for results	Individual responsibility for results	Individual responsibility for results
4.	Slow official promotion	Fast official promotion	Slow official promotion
5.	Soft not formalized control	Hard not formalized control	Soft not formalized control with help of strict formalized means
6.	Nonspecific way of professional skill improvement	Specific way of professional skill improvement	Specialized way of professional skill improvement
7.	Increased attention to person	Attention to person only as to executor	Increased attention to worker and his(her) family



## Main representatives:

1. Frederick Winslow Taylor (1856-1915)
2. Henry L. Gantt
3. Frank and Lillian Gilbreth
4. Henri Fayol (1841-1925)
5. Max Weber (1864-1920)
6. Harrington Emerson (1853-1931)
7. Mary Parker Follett (1868-1933)
8. Elton Mayo (1880-1949)
9. Chester Barnard (1886-1961)
10. Abraham Maslow (1908-1970)
11. McGregor (1906-1964) and Ouchi