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THE RELATIONS BETWEEN THEORY AND PRACTICE IN IMPROVING ORGANIZATION AND MANAGEMENT IN A COMPANY

The subject of the paper is the relations between theory and practice in the domain of organization and management in a company. The distance between the theory and practice in this sphere has been pointed out. The discrepancies and comparability of science and practical solutions have been indicated. Every selected relation between theory and practice has been described in detail.

1. INTRODUCTION

The organization and management of a company is the subject of both practical activities of a numerous group of businessmen and managers and scientific research (of a diagnostic-descriptive, and also conceptual-postulative character). Both of the above-mentioned trends should mutually support each other. Practice should provide information serving to the description of reality and formulating and verifying hypotheses in the whole cycle of a research process, while theory should provide models (standards) serving the evaluation of the correctness and suitability of practical solutions, and also to determine the forecasted (including postulated ones) directions of the development of these solutions.

The co-existence and co-operation between science and practice in the area which is of our interest should be expressed, among all, by the steady increase of managerial knowledge (e.g. in post-graduate courses) of the professionals, their activity in the preparation and implementation of progressive solutions in practice, the engaging of scientists to solve concrete practical tasks etc.

All these should support keeping a little distance (partition) between the state of practical solutions in the area of organization and management of a company and the state of theoretical- methodological knowledge, which in practice should result in a positive influence of a factor which is organization and management onto the pace and the results of the economic activity of companies.

The observation of the "theatre" of practical and theoretical activities within the indicated subject scope allows the formulation of the thesis that the postulated co-operation (symbiosis, harmony) is not a widespread enough phenomenon. We can

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notice many instances indicating a very big discrepancy between the state of practical solutions and the theoretical “offer” in the area of the organization and management of a company.

The intention of this paper is to emphasize this very disadvantageous state of affairs for both theory and practice and to indicate its characteristic manifestations and consequences, and also to consider the conditions and possibilities of its reduction.

2. PROPOSALS OF A TYPOLOGY OF THEORETICAL KNOWLEDGE AND PRACTICAL SOLUTIONS

Referring to the criterion of dependency between theory and practice, or, in other words, the criterion of the “applicability” of theoretical knowledge, and then the criterion of the “orientation” of practice towards applying theoretical knowledge, we can suggest divisions and relations (presented in Figure 1) between this knowledge (science) and practical solutions within the scope of business organization and management.

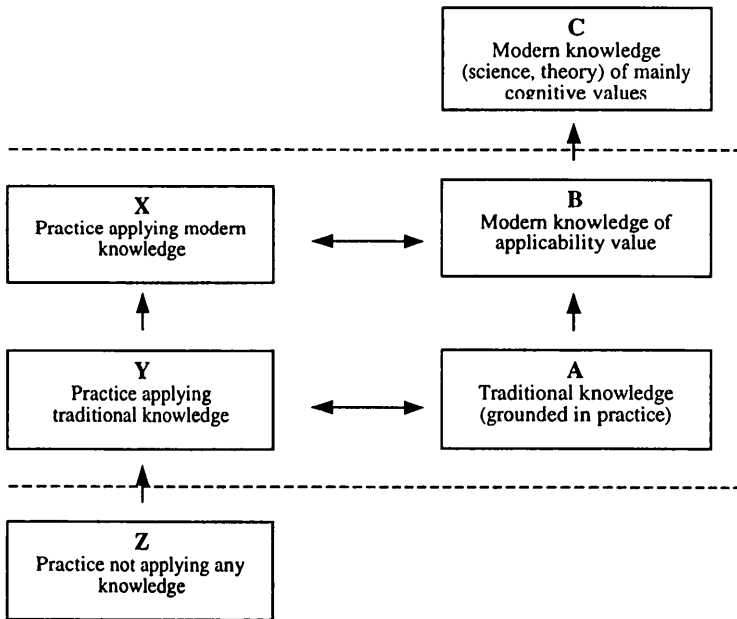


Fig. 1 Ideological scheme of the stratification of business management knowledge (science) and practice

Source: Author’s own.

Within the sphere of practical solutions this proposal considers (distinguishes) three levels, the lowest of which (Z) is characterized by the general lack of applying any scientific knowledge, and the two following levels (Y, X) are characterized by possibly the most extensive application of, respectively, traditional knowledge (Y) and modern knowledge (X).

Similar to the division to practice applying scientific knowledge, the division of this knowledge characterized by the advantage of its applicability, considers two levels: traditional knowledge (A) and modern knowledge (B). These fragments of knowledge provide the foundation for the corresponding levels of practical solutions ($A \rightarrow Y$, $B \rightarrow X$). The third, highest level includes modern knowledge which does not generally have the advantage of applicability, but which is of a cognitive value (C).

Reality is, of course, much more complex. And so, for instance, in a concrete enterprise we can meet the simultaneous co-existence of the two above distinguished levels of practical solutions. Also, concrete theoretical suggestions concerning, for example, organizational and managerial methods can include elements originating from two or even three of the above mentioned levels. Usually it is however possible to define the dominating levels, both in the sphere of practice and science.

2. 1. Traditional knowledge and its applications ($A \rightarrow Y$)

In the face of the multitude and diversity of the trends which appeared during the historical development of the knowledge of business organization and management, any attempt to present or even superficially characterize and then to evaluate from the point of view of practical (applicable) advantages, the traditional contribution of this knowledge is a very complex and controversial endeavour. Agreeing to some, unfortunately essential, simplifications we can however consider that there exists (or: is possible to form) some catalogue of rules, principles, hints, guidelines, recommendations, norms etc. of a theoretical character, which refer to the practice of an business organization and management, which are commonly accepted (established both in respect to theory and practice). The above standpoint can however be weakened in the case of contradicting rules appearing, guidelines etc., unless the contrasts refer to different conditions of functioning. But also in these cases we can search for a compromise. It is commonly believed that their practical application is equivalent to achieving a satisfactory (acceptable) level of business organization and management.

Let us assume, considering it only as an example proposal, that at the basis of an organizational structure forming the following principles should be established (most of the principles come from: Bieniok 1997, pp. 69–97):

- the principle of purposefulness,
- unity of command,
- potential span of control,
- labour division,
- correct centralization,
- well proportioned duties, rights and responsibilities,

and within the scope of managerial (regulative) and executive activities the following principles are worth applying (obeying):

- the rule of concentration and harmony of activities (functions and processes),
 - economy,
 - complexity,
 - regularity,
 - promptness,
 - continuity,
 - uniformity,
 - intensity,
 - adequacy of place, time and method,
 - preparation etc.

All the above and similar principles and also their further development including methods, techniques and tools make a contribution of traditional science which is not very internally coherent or homogenous and thus difficult to apply, however, it cannot be fundamentally denied. Years, and even centuries old experiences of initially intuitive, and later conscious and purposeful applications determine its unquestionable value.

Of course, as in any other field, when we apply here the principles, methods and tools of traditional knowledge, we can make mistakes producing diverse negative results. An example here can be applying the principle of labour division (and specialization) with the application of the function homogeneity criterion, which leads to the domination of organizational structures of a functional character. Solutions of this kind have been severely criticized over the last few years. The critics emphasize and indicate their main disadvantages, which are:

- the concentration of the economic process participants' attention on individual, separated functions instead of the whole task and process,

- big scale and complexity of accomplishing co-ordination tasks aimed at unifying partial activities into a homogenous, harmoniously realized process,
- slowing down of the pace of process' realization etc.

It is rarely and reluctantly, if ever, said that applying the above mentioned rule of labour division and specialization can also, in certain conditions, produce such positive results that its advantages outnumber and outweigh its disadvantages (e.g. high quality of function's realization in conditions of narrow specialization, high degree of applying specialist qualifications, lesser risk of organization excess occurrence etc.). It should usually serve to promote alternative, process-oriented solutions. We shall deal with this problem later in the paper. For a more versatile and objective view let us express the opinion that the main source of process course's inefficiency lies not in the essence of the principle or its operationalization, but in its inappropriate and inconsistent applications. We can also state that quitting function-oriented structures in favour of subject (product)-oriented or market-oriented structures is appropriate as a basic trend (together with the growth of activity scale); but it should be introduced gradually and judiciously.

2. 2. Modern knowledge and its practical applications (B -->X)

Differentiating and separating this part of scientific knowledge which can be described as modern and possessing the advantage of applicability (B) is not simple. It results, among other things, from the fact that innovative concepts and theoretical-methodological suggestions stem from concepts, methods and tools known and applied before, though their authors and propagators are not always eager to admit it. And so marketing as a certain concept, and simultaneously a set of methods and tools, is a tradition of a few dozen years. In all its elements we can observe occurring evolution changes which mean that it is difficult to deny the advantage of innovativeness in contemporary understanding of this concept and present methods and tools of realizing it. The feature of innovativeness and simultaneous applicability (which can be proved in practice) undoubtedly characterize the controlling method of management and instruments following it. Similar to the above mentioned suggestions, advantages (innovativeness, applicability) also characterize other concepts, like Total Quality Management, Human Resources Management, Benchmarking, Lean Management, Reengineering etc. An additional feature of all the above mentioned concepts and methods is the high degree of their universality, complexity and comprehensiveness.

These concepts are described differently, both as to their essence and detailed solutions. In literature we can find reviews of definitions or qualifications of individual concepts, e.g. marketing, controlling or logistics, which present a dozen or more approaches (see, for instance: Blaik P. 1996). Thus we deal here with ill-structured, inadequately defined, even blurred, matter. This single fact can bring about negative consequences both in cognitive and application spheres. When we involve into a discussion concerning, for instance, controlling, we cannot be sure *a priori* that we all are talking about the same thing, as our opponent can perceive the essence, scope and forms of applying this concept in a different way.

Some problem in the question discussed here of identifying individual concepts is the tendency appearing from time to time to narrow and treat them – in our conviction – in too instrumental a way.

If this what constitutes the subject of our investigation is called respectively – even on the basis of language economy – marketing, controlling, logistics etc., then it means nothing else but marketing concept (orientation) of management, controlling concept of management, logistic concept of management etc. In other words it could be described as applying (using) the conception of marketing, controlling or logistic etc. in management.

The difficulty with stating an unambiguous definition and interpretation of the concepts which are of our interest is deepened by perhaps not a very common tendency, but often appearing among their experts (representatives) to “distance themselves from the roots”. It perhaps does not apply to the modern understanding of marketing whose origin has been described broadly and reliably in literature. But in other cases it happens that any relations of a given idea with other, earlier ones are left unsaid or even denied. The phenomenon of passing over the fact that at the origins of controlling concept lies, among other things, “management by objectives” and so-called “internal economic reckoning” and many other classic principles of theory and practice of planning, or that good planning at an operational level deserves good normative basis etc. is certainly not positive. And the groundless demonstration of a concept’s originality and distinctness is undoubtedly negative and harmful.

Doubts of an interpretational kind concerning individual concepts can also be deepened by the phenomenon of their explicit diversification. If, for instance, we manage to find in the tangle of different approaches, the essence of controlling in business management, then new questions will inevitably appear if we make a division into operational and strategic

controlling (see: Osbert-Pociecha, Karaś 1996, pp. 100–108). It is the same when we distinguish “personal controlling” (see: Poczowski 1996). Should we not then also separate asset, financial etc. controlling? The question arises whether we do not create redundant, artificial, abstract beings which rather obstruct than pave the way of an individual concepts’ development in the cognitive and utilitarian aspects?

A very essential question evoked at the beginning is the problem of mutual relations between individual conceptions. It is, in my opinion, an especially important question in respect to the practical applications of this concept. The executives of an enterprise should get some indications as to the choice of directions, scope and ways of improving a management system in a situation when representatives of different conceptions promise to solve all the managerial problems, everyone of them wanting to do it using completely different ways, methods and tools. The executives face the problem of whether to choose only one concept (if so, which one) and reject the others, or to apply a couple of them simultaneously (if so, which ones) or in a given order.

The confrontation of an enterprise’s problems needing a solution with possibly the most reliable knowledge about the real consequences of applying individual conceptions, should be a basis for choosing an appropriate method. It is, as we have proved hitherto, not an easy task.

Taking into consideration this last situation, the accepted aims and capacity frames we shall refrain from profound, identification of aims supported by proper arguments and areas of application of individual concepts. We will also do so because of the conviction that proper specialists would better deal with that task.

If we, however, want to consider mutual relations between individual concepts, we have to, at least to a minimum extent, discuss the essence (aims, areas of application and influence etc.) of all these concepts. We are, of course, aware that the way of understanding them quoted below can raise controversies because of the reasons we have mentioned above.

For the marketing concept, such orientation of aims and all activities in an enterprise (not only those which directly concern the enterprise-market relationship) is characteristic, which leads to achieving as high a level of customer (client) satisfaction as possible.

The controlling concept of management comprises, in our conviction, in its essence such directing of management processes (including information process) that through rationalization of decisions and performance in all economic activity area to ensure financial benefits as high as possible.

In the logistic concept we can first of all observe directing towards the rationalization of management (control) system of material flow in an economic process of an enterprise, leading towards gaining planned efficiency of this flow at the lowest total cost (assets).

The concept of Total Quality Management (TQM) contains the explicit intention of directing the management system in such a way that the main attention of management staff and executive personnel is focused on the highest possible level of labour, process and product quality.

Human Resources Management (HRM) is a concept which regards proper shaping and broadly understood motivating, releasing preferred behaviour of the whole workforce as the main assumptions of rationalization an business management.

Two of the below mentioned conceptions have been cited here though they concern mainly preparatory process management (administration) and introducing thorough changes in business and management process itself. But simultaneously they include evident indications concerning ways of an enterprise's functioning (including business management) after introducing changes, thus they exert a modelling influence on business management system, in which they are similar to the remaining concepts mentioned above – and this fact made the basis for considering these two concepts in our discussion.

Lean management is one of these concepts. It is the concept of a "diminished" management or, in a broader sense, an enterprise's functioning. Its main assumption is removing redundant ballast, avoiding any waste and achieving rationality in all areas of enterprise activity and managing all its assets. Is it a specific philosophy of cool calculation, simplicity, and economy.

The last of the concepts mentioned, the concept of reengineering, besides offering a specific methodical approach towards preparing and introducing thorough changes in an enterprise (which is of lesser interest here), recommends accepting and applying in the course of management activity a quite rich and varied bunch of general principles (regulations) of conduct aimed at the rationalization and improvement of functional effectiveness of an enterprise, principles which is also generally recommended by other management concepts. It is difficult to indicate a specific distribution of accents here. A recommendation to consider clients' expectations as a starting point and specific priority, and to focus attention at achieving results intended in this scope not through the rational realization of separate,

specific functions, but through rationally carrying out the whole, goal-oriented process is distinctive in this case.

It is also worth mentioning that there also occur such methodological concepts which concern the way of realizing the process of preparing and introducing changes in functioning (including management) of an enterprise with which we will not deal here. An example of such a concept is benchmarking.

The attempt to compare the main goals (orientations) and areas of influence of individual conceptions at a very high level of abstraction of their characteristics leads us to the conclusion that in the majority of cases, i.e. excluding lean management and reengineering, they can and should complement one another. Marketing orientation towards customers can be accompanied by controlling orientation towards financial achievement (even if in a more detailed structure of aims and activities there may appear conflicting areas), and also by logistic orientation towards efficiency of capital assets flow, by orientation towards quality which lies at the basis of the TQM concept or orientation towards people which lies at the basis of the HRM concept.

Only in the case of intended or actual simultaneous application of more universal concepts of lean management and reengineering or one of these concepts together with any of the other ones do there appear common fields of interest and possible conflicts against the ground of alternative indications. This, however, at so general a level of our discussion, would demand determining “demarcation lines” and “buffer areas”; that is establishing the main dependencies between individual concepts, in other words, the relations of complementariness and substitution.

The area of practical applications of modern knowledge (X) is still much more humble within this scope than the accessible theoretical offer (B). It is one of the symptoms of a discrepancy (disparity, asymmetry) between theory and practice. There are numerous reasons for this circumstance. They can be found, for instance, from the side of theoretical suggestions (in their imperfection), and also from the side of managerial staff (in their lack of ability or motivation) and from the side of conditions accompanying the introduction of these suggestions.

An essential, but rarely noticed reason for the barriers and failures during implementing the group discussed above of theoretical-methodological proposals is also the seemingly low initial level of business organization and management, i.e. weaknesses in traditional knowledge application in an enterprise's practice (Y). It is difficult to efficiently implement a highly complex, formalized, demanding vast data base and effective information

flow methods and tools of management in conditions of lack of elementary organizational order which is possible to supply by means of traditional scientific contribution. Taking into consideration efficiently implementing modern scientific knowledge into practice we have thus to consider it not only in the categories of alternativeness to traditional knowledge, as it is done usually, but also, and perhaps firstly in the category of complementariness.

2. 3. Practice without knowledge (Z), science not for practice (C)

Further deepening the existing discrepancy between the conditions of practice and theory within the scope interesting to us results from two contradicting, parallely occurring processes.

One of them consists in sustaining, and even expanding in economic practice instances of limited, sometimes slight, none, or even erroneous application of scientific knowledge (Z). Numerous newly established enterprises, created and managed by people who do not possess even minimal managerial skills are especially often subject to this danger. But also in bigger and "older" enterprises there appear reasons and manifestations of sometimes drastic destruction of solutions in the area of organization and management. And so, for instance, in the 1990's in Polish enterprises:

- the system of economic planning, especially annual and operational, got basically ruined in most Polish enterprises,
- normative base (on material and labour consumption, inventories, maintenance, costs etc.), which is indispensable for planning has become out of date,
- in connection with changes of the subject and scale of activity, level of employment etc., motivation systems got drastically degraded and changes of conditions in the labour market weakened managerial staff's interest in the modernization of these systems,
- "rolling up" organizational structures of enterprises which are subject to restructurizing did not always keep up with the limitations of subject and scale of activity, property condition, the state of worker employment etc.,
- at higher managerial levels personnel changes often occurred, which negatively affected organization and management (e.g. because of the lack of professionalism of some section of staff, changeability of

concepts concerning the shape of organization and management system etc.).

The simultaneous occurrence of these and other similarly working phenomena led to a radical and difficult to reverse decrease of organization and management level in many enterprises, in other words to reaching a critical condition in this area which differs a lot from even minimum standards of acceptance in the light of the demands appearing in traditional knowledge concerning organization and management.

A second process, contrasting to the above mentioned one consists in creating and spreading widely new visions (and not concrete proposals) of business organization and management development, e.g. in the form of process management, integrated management etc. (see: Perechuda 1998).

It happens that these and similar mere theoretical-methodological ideas devoid of any applicability traits (C) are presented and recommended in such a way as if their application, especially in high-developed countries, were something real, not to say "everyday".

Combining scientific knowledge presented in such a way and possessing exclusively cognitive features within a theoretical-methodological backward practice deepens the feeling of discrepancy between theory and practice, and can evoke frustrations and discouragement towards any improving activities. This can be the result of too large a distance between the artificially and groundlessly inflated level of aspirations and the actually lowered level of possibilities.

It is not the intention of the author to discredit new ideas and concepts in science on business organization and management. The point is, however, to very carefully and realistically approach the evaluation of possibilities and demands (including effectiveness) of the practical applications of these concepts and ideas when we operate in this area or present the results of investigations.

3. CONCLUSIONS

Special care is needed when taking up the attempts to implement the most modern scientific achievements in the case of especially low initial level of business organization and management. The chances for success of these attempts are rather low. A more proper way in such cases seems to be the systematic improvement of organization and management (including managerial staff and organizational culture) based on applying a traditional contribution of science in this area. Achieving a relatively high level of practical solutions on the basis of traditional knowledge can create good conditions for implementing more modern concepts and methods.

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