

# MANAGEMENT PROFESSIONALIZATION AS CONDITION FOR MODERNIZATION OF COMPANIES' MANAGEMENT DUE TO APPLICATION OF A PARTICIPATIVE DEMOCRATIC DECISION MAKING MODEL

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**Abstract:** *The role of management professionalization process in companies as a factor of modernization and development is an inseparable part of the creative generative approach to human management. This implies problems related to the personal characteristics of managers, given the wider social factors of successful management. Although there is no consensus, neither in practice nor in theory, on a key management job, "managing human beings" is considered crucial. In social reality and in the scientific study of the specific content of the management role and management style, the study of professional activity category as a particular phenomenon is inevitable. Professional work reflects on constant criticism and the introduction of innovations, and with one's own work it accomplishes its role by applying a participative democratic decision-making model, adapting it to real development strategies.*

**Key words:** *modern society, management professionalization, participative management, development strategy, innovation.*

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## 1. INTRODUCTION

Modern societies do not only aim at efficient companies in order to increase their economic power, but also to the well-being of their members, creating an organization tailored to the needs of people and the interests of those who work in them. Specific social events in companies of modern societies are marked by the tendency for their efficiency, humanity, but also in the way of overcoming the social problems of various social actors in the process of work and their difficulties in the management process.

As an expression of these needs, the process of institutionalization of various forms of participative democracy arose. The functions of these labor democracy are different and extend to various issues from information and consultation in decision preparation, control over the implementation and results of business decisions to decision-making and long-term planning, in the production organization, working conditions and workplace safety, profit and development.

Labor sciences (including the sociology of work) have long and intensively deal with the problems of managing labor organizations. In addition to problems related to the personal characteristics of those who are in charge and the broader social factors of successful leadership are taken into account (especially from a socio-political perspective).

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In studying the specific content of the leadership role and management style, it is inevitable to study the professional activity category, which assumes a professional, cognitive, ethical and innovative approach to management, which is accomplished in one part, by the application of participatory democratic management.

By choosing a participatory democratic management model, start is made from the assumption that it will be possible to create long-term stability on the social plane, to launch more questions circle from the domain of social needs and labor and industrial relations.

## 2. MANAGEMENT PROFESSIONALIZATION

Different views on the functions of managers reflect different practical experiences and different theoretical approaches about management in organizations. The role of managers is often seen primarily from the perspective of the organization as a "closed system," so the work of managers is analyzed from the perspective of internal organizational processes and factors. There are other views on the functions of managers, bearing in mind also the attitude of the organization and its environment, because the working organization is understood as an "open system".

To consider the function of managers, consideration should be given to both approaches, because changes in the labor organization level are often the key dimension of social changes, due to which many of its dimensions change, from its global social impacts, development strategy, ways of involving individuals or group in the management process.

Neither underestimating nor overestimating the importance of managers for the performances of labor organizations, some theoreticians of the organization advise a change in

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- *Gender division of labor and its importance for the development of the local community (2014),*
- *Civil society and local self-government (2014),*
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the style of organizational work (and not just management style), as Peters<sup>200</sup> says: "Every businessman is trying to enable each employee to have the necessary authorities and information for the creative pursuit of his job. The importance of adopting specific knowledge-based management skills for the quality of corporate governance systems is also the result of recent researches in the field of management professionalization phenomenon<sup>201</sup>, emphasizing the permanent adoption and application of new knowledge as the most important features.

Labor sciences (including the sociology of work) have been long working extensively on the problems of managing work organizations and the concepts of professions and professionalism. The definitions that we find in sociology today mostly follow Parson's<sup>202</sup> basic understanding of profession as a normative universal and functionally specific activity. The most commonly mentioned and most frequently criticized is Greenwood's definition of profession<sup>203</sup>. In his opinion, professional activity is an extremely complex phenomenon in society, which contains the following elements: systemic rounded theory, expert authority, social sanctions, code of ethics and specific subculture. Within profession "innovation" is a non-routine approach in applying knowledge to diverse situations in solving a professional problem, in developing new professional insights, that is at the root of "profession" itself and "professional expertise" even when it looks like routine performance of a given work.<sup>204</sup>

One should also mention author Barber<sup>205</sup>, who also studied professional activity and his definition differs from Greenwood's in that it is somewhat more selective, and in that it less emphasizes the autonomy or authority of professional activity. Definition of professional activity given by E. A. Krause<sup>206</sup> is quite similar to Greenwood's definition. It differs from it in that they are less and less emphasized by professional autonomy and monopoly on expertise.

The professionalization of management and the chosen management model and its implications for the modernization of the management system should be researched through the distribution of power, economy efficiency degree and the humanization of production relations in the conditions of the applied different development strategies.

### **3. PARTICIPATIVE DEMOCRACY AND ITS SIGNIFICANCE IN A MODERN SOCIETY**

Different participation forms live in the vast majority of countries around the world irrespective of their socio-economic development level. The participation of representatives of executive work in the management of enterprises is realized through various types of representative bodies: workers' council, working commissions, cooperation committee, labor control and similar institutional and non-institutional forms, then through various political organizations, among which prominent place have trade unions.

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<sup>200</sup> Peters, Tom (1999), *Luda vremena zahtevaju lude organizacije*, Fineks, Beograd, str.63

<sup>201</sup> Nicolescu O. Verbancu (2014), *Professionalization of the business management in Romania*, Proceedings of the 8th international management conference, November 6th – 7th, 2014, Bucharest, Romania

<sup>202</sup> T. Parsons (1939), *The Professions and Social Structure*, *Social process* 17, May, pp. 457-467.

<sup>203</sup> Ernest Greenwood (1962), *Attributes of Profession*, pp. 207 – 218; in book: Nosow & Rorm: *Man, Work and Society*, New York, Basic Books, p. 212

<sup>204</sup> H.L. Wilensky: (1964), "The Professionalization of Everyone?"; *American Journal of Sociology* 70, September pp. 137-158.. according too Bolčić, 2003.

<sup>205</sup> B. Barber (1963), *Some Problems in the Sociology of the Professions*, *Daedalus*, 92, 4.

<sup>206</sup> Elliot Krause (1971), *The Sociology of Occupations*, Little Brown, Boston, pp. 75-79.

When discussing modern forms of participatory democracy in partnership with trade unions, one can speak about<sup>207</sup>: trade union global participation in the global standards creation within the International Labor Organization, at the national level, trade unions are involved in the creation and management of economic social policy (the Irish model) at the institutional level, trade unions manage insurance funds in the event of unemployment (Denmark, Finland, Sweden), then in the work of directors' collegiums (Germany, France, Italy) and cooperatives of producers, owners / managers, supported by the trade unions (Italy, France, Spain-Mondragon) and at the legal normative level, trade unions participate in the creation of a tripartite national collective salary agreement (Greece, Chile).

Institutional changes in the decision-making system in enterprises are necessary in order to introduce participatory democracy. The reasons are economic, social and political<sup>208</sup>. Economic: because the participative decision-making method enables the strengthening of work motivation of workers in the work and rational business of organizations. Social: because participatory democracy allows the worker to not be treated as an object and labor force, but as a subject, a partner in the decision-making process and a management process. Political: because such a system democratizes the way in which management manages the development of both enterprise and society, creates a more equitable distribution of social power and strengthens the role of representatives of executive work.

Between the three most important functions of trade unions, collective negotiating is still the most significant in the developed countries of the West.<sup>209</sup>

Collective negotiating is a mechanism by which organized groups of workers and their employers address issues related to conflicts arising out of different interests and seek to reach an agreement on the placement of proprietary interests. The process of collective negotiating usually leads to the conclusion of a collective agreement that, in a written form, and for a certain period of time, regulates the results of negotiations between the workers and the management.

Working conditions are the most important problems that can be solved by collective negotiating. Collective contracts typically address issues such as wages and benefits together with regular income, personal income way of payment, employment security, physical conditions at work, and some problems of the work of the HR and production practices in facilities, rights and responsibilities of trade unions in the management. The scope and content of the contract varies considerably from country to country and depend on the relative power of parties in the negotiations and their commitments.

One of the news in the practice of negotiating between workers and the management is interesting collective negotiating. The advantage of a new form of negotiation is that it seeks to remove traditional positioning in the negotiation process in order to increase the possibilities of easier problem solving.

A major barrier to trade unions around the world is the increasingly intensified international trade and the growing expansion of multinational corporations that are expanding the product and labor market internationally. The question arises whether any of the existing syndicate roles in companies in the world is a possible solution for strengthening trade unions as a

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<sup>207</sup><http://library.psa.org.nz/collection/other>, cit. prema: Slobodan Miladinović, (2013), *Osnovi sociologije organizacije*, FON, Beograd, str. 362

<sup>208</sup> Ljubiša Mitrović, (1999), „Društvene promene i akteri“, Centar za publikacije pravnog fakulteta, Niš, str. 251

<sup>209</sup> Adam Kuper i Džesika Kuper, (2009) *Enciklopedija društvenih nauka*, Službeni glasnik, Beograd, str. 622

participatory institutional form in the process of managing companies or seeking new forms of trade union organization. Based on past practice and theoretical considerations of trade union organization, the future may be in the role of trade unions as participants at the global level in the creation of global standards within the International Labor Organization, on a national level in the inclusion of unions in the creation and management of economic and social policy and at the legal normative level trade unions should participate in the creation of a tripartite national collective contract.

Efforts to introduce some form of participatory governance in developed and successful companies around the world have not gone smoothly, and more successful models are still being sought in line with changes in social and economic circumstances, causing, as a consequence, changes in parent company strategies. Some of the participatory models that have already been introduced suffer from changes and modifications.<sup>210</sup> The Davignon group project provided for 1/5 workers in supervisory or management bodies (or at least 2 members), but such a solution was too small for Germany, while for other countries it was too much.

#### 4. CONCLUSION

It is difficult to say what the perspectives of participation are. Some authors advocate the thesis (H. A. Clegg) about the historical defeat of the idea of direct involvement of workers in the management process. They believe that in most countries existing participatory mechanisms cannot serve as a way to realize full involvement of workers in the management process. According to them, they are also significantly contributed by the fact that these mechanisms are subordinate to the interest of maintaining a global social system. Since many issues related to the status of hired workers and working conditions have been solved, whose solution so far was solely required through the involvement of workers in management, is now constrained by the social frameworks for setting such requirements. This, however, points to only one side of the problem, and it does not need to look for the main source and basis of the movement to involve workers in management.

Kenneth Walker<sup>211</sup> believes that the labor participation will be expand into three forms: collective negotiating, integrated participatory instruments (workers' councils, workers' representatives in management boards) and participation at lower levels of decision-making and governance through increasingly significant business planning and customized work organization. This author attaches great importance to collective negotiating, which he states is growing more and more. Walker believes that the pressure to change the organizational structure of a modern industrial enterprise continues to increase in order to meet social responsibility and human problems associated with the functions of the company. Here, the main problem is that the company should be so transformed that it binds representatives of different interests who have a backbone in the company's functions (activities).

Modeling the concept of a development strategy on the concept of professionalization of management as a form of the management system modernization, is the basis for exploring a different approach to changes and development in terms of overlapping the structure of relations in the sphere of managerial and executive work, based on critical examination of

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<sup>210</sup> Tatjana Jevremović Petrović, (2007) , – Evropska kompanija u pravu EU, Institut za međunarodnu politiku i privredu, Beograd, Vol. LIX, br. 2-3, p. 400-432, Izvorni naučni rad, Avgust 2007.

<sup>211</sup> Kenneth F. Walker: *Workers' Participation in Management: an International Perspective*, Monthly Juornal of the Bureau of Public Enterprise, Ministry of Finance, New Delhi, Lok Udyog, Vol V, No 12, March 1972. p.1185.

quality and dominant forms of management by workers, discover opportunities and needs for new potential, functional, institutional and non-institutional solutions.

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