RELATIONSHIP BETWEEN MANAGEMENT, SERVICE MANAGEMENT AND STAKEHOLDERS: A THEORETICAL FRAMEWORK

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Abstract

Management is an activity that is used to organize everything well, so that activities can be carried out effectively and efficiently. In this modern era, management theory experienced significant changes in scientific development. Management experts from time to time such as Peter Ferdinand Drucker, Richard L. Daft, Ricky W. Griffin, Frances Hesselbein, Christian Grönroos, Patricia M. Doney, Joseph P. Cannon, R. Edward Freeman, Andrew Campbell, Max BE Clarkson, Michael Dooms has formulated management theory and

trade and its relation to other theories. The cornerstone of the theory of management and its relationship with other theories such as services and stakeholders is highly needed as a theoretical framework for researchers in the field of management. Management theory is a set of constructs or concepts, definitions, and propositions that function to see phenomena systematically, through the specification of relationships between other theory, so that it can be useful to explain and predict phenomena.

1. Introduction

In an organization or company there must be various problems that must be solved. Oftentimes the problems in an organization or company can get worse and result in the destruction of the organization or company. In organizing an organization or company to run in accordance with its objectives, this is where a management needed, then the understanding of management must be known correctly the intent and purpose. Management in an organization or company plays a role in regulating the life of an organization or company so that it can run according to a common goal. This is why management is very important in an organization or company. In this article, we will discuss the understanding of management and its functions for organizations or companies.

Management is very important for an organization or company because the work is hard and difficult to do on its own, it is necessary to divide the work, duties and responsibilities in completing it, to get good results and to increase the usability and results of all the potentials of the organization or company. Management has a very broad meaning, to understand the management concept and management relationship with service management and stakeholders, it

requires a more in-depth discussion related to the management theory itself according to experts in the field of management.

Furthermore, a theoretical framework will be explained regarding management, service management and stakeholders from experts in their respective fields. Like Peter Ferdinand Drucker, Richard L. Daft, Ricky W. Griffin, Frances Hesselbein, Christian Grönroos, Patricia M. Doney, Joseph P. Cannon, R. Edward Freeman, Andrew Campbell, Max BE Clarkson, Michael Dooms, and others.

2. Management

According to Peter Ferdinand Drucker in his book entitled The Age of Discontinuity, he explained that the present era of humans faces the age of discontinuity in the world economy and technology. They might succeed in making it an age of great economic growth too. But one thing that is certain so far is that it will be a period of change in technology and economic policy, industrial structure, theory and economic problems, and changes in the knowledge needed to regulate and manage economic activity (Drucker, 1969, p. 9). In line with Drucker, Hesselbein (2008, p. 77) stated that currently millions of people in the world in every sector of the economy are grappling with the new demands of leadership caused by the changing rules. The relationship between management and leadership in a management was expressed by Drucker "Management is doing things right; leadership is doing the right things".

Recognizing the role and importance of others is the main aspect of good management. Early twentieth-century management experts Mary Parker Follet defined management as "the art of completing work through others". A person who gives direction to their organization, gives leadership, and determines the

use of organizational resources to achieve goals called a manager. In an effort to create prosperity, Drucker (2001, p. 121) stated that a manager needs to place human resources in accordance with organizational goals. In other words, management is the art of managing all activities through the hands of others.

Other definitions reveal that management (management) is the achievement of organizational goals effectively and efficiently through planning, management, leadership, and controlling organizational resources. This definition has two important thoughts, namely: (1) the four functions of planning, management, leadership, and control, (2) the achievement of organizational goals effectively and efficiently (Daft, 2010, p. 7). Because the purpose of basic management goals is to be efficient in using resources wisely and with proportional and effective costs to make the right decisions and successfully implemented (Griffin, 2015, p. 8). Drucker (2006, p. 1) also emphasized that intelligence, imagination, and knowledge are important resources, but only the effectiveness that turns them into results.

Planning, organizing, leading, and controlling known as the "four management functions". Although some management theorists identify various other functions, such as staff division, communication, or decision making, these functions will be discussed as derivatives of the four functions above.

Planning means identifying various goals for the organization in the future and deciding the tasks and use of the resources needed to achieve them. Managerial planning determines the position of the organization in the future and how to achieve it (Daft, 2010, p. 8). Whereas Griffin (2015, p. 7) unites planning and decision making, namely setting organizational goals and choosing actions from a series of alternatives to achieve them. Therefore Drucker said that planning is not an event (planning is not an event) and formulating a plan is often misunderstood as decision making in the future, but

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decisions only exist in the present. Planning is an ongoing process to strengthen what works and ignore what is not for the organization, make risk-taking decisions with the greatest knowledge about the potential effects of the organization, determine organizational goals, assess performance and results through systematic feedback, and make continuous adjustments when conditions change (Drucker et al., 2008, p. 4).

Organizing often done after planning and reflects how the organization tries to realize planning. Management includes determining assignments, classifying tasks, delegating authority, and allocating resources throughout the organization.

Leadership or leading means using influence to motivate employees to achieve organizational goals. Leadership means creating shared values and culture, communicating goals to employees throughout the organization, and injecting enthusiasm to show the highest performance to employees. Leadership includes processes including motivating all departments and divisions, in addition to individuals who work directly with managers. In an era filled with uncertainty, global competition, and increasing diversity of workforce, the ability to shape culture, communicate goals, and motivate employees is indispensable for business success.

Controlling is the fourth function of the management process. Control means monitoring employee activity, determining whether the organization is in line with its objectives, and making corrections if needed. Managers must ensure that their organization moves towards its goals. Various trends of empowerment and employee trust have encouraged many companies to prioritize employee training to monitor and correct themselves rather than top-down controls (Daft, 2010, p. 9).

3. Service Management

At present management has been developed to regulate very complex service industry activities. The service sector has become increasingly important in the international and domestic economies and often contributes revenue to the country. Progress in the service sector resulted in deregulation and the growth of new markets (Kullvén and Jan Mattsson, 1994, p. 16). The fact is that in developed countries, goods and services are needed from thousands of organizations to meet various community needs (Perreault et al., 2011, p. 6).

Therefore, organizations need good management of services. Service management is a set of organizational capabilities that specifically provide value to customers in the form of services. The ability to take functions and processes to manage services in a cycle that focuses on strategy, design, transition, operations and continuous improvement (Perreault et al., 2011, p. 28).

Good services cannot be separated from the aspects of labor and good stakeholders, because they are often the key to good services (Doney and Cannon, 1997, p. 47). This is also confirmed by Schneider et al., Who stated that service management is a multi-disciplinary field of practice and research with regard to the quality of services and management of labor and stakeholders, including in the research fields involved in it (Schneider et al., 2004, p. 5). Even the latest marketing definitions according to Grönroos cannot be separated from organizational elements and stakeholders. As the following Grönroos (2006, p. 403) statement: "The renewed marketing definition states that marketing should lead to 'value to customers' and should 'benefit the organization and its stakeholders', while the previous one includes the phrase 'satisfy individual and organizational goals".

More specifically, Grönroos (1997, p. 7) highlighted the importance of effectively managing service employees to drive results related to customers. These principles include, giving the decision-making authority at the forefront of employees, designing a reward system that is in harmony with the quality perceived by the customer, exercising supervisory control by enabling employees and creating a supportive service culture, and the organization's focus on flexible use of resources.

4. Stakeholders

As previously explained, that "the future is discontinuity" which means the future is uncertainty. But the future, however different, can only be achieved from now. The greater the jump to the unknown, the stronger the foundation for takeoff. The time dimension provides managerial decisions with special characteristics. This is an action where managers integrate the present and the future. Because basically "management is professional" (Drucker, 2007, p. 10).

Today the organization must be managed in a professional manner and is beneficial for the organization and its stakeholders (Grönroos, 2006, p. 402). The most broad definition of stakeholder concept is found in Freeman's work. Stakeholder management is rooted in stakeholder theory, formalized by Freeman in 1984. According to this theory, profit maximization is not the sole purpose of business activity, but a balance between stakeholder expectations is identified as a necessary condition to survive and succeed from companies in the medium and long term (Pedrini and Ferri, 2019, p. 45). Where a stakeholder is any group or individual who can affect, or is affected by, the achievement of a corporation's purpose (Freeman, 1984, p. iv). Stakeholders are not entities that only operate for the benefit of their own organizations but must provide benefits to stakeholders (employees or labor, customers, suppliers,

shareholders, banks, environment, government, and other groups that can help the organization). The concept of stakeholders provides a new way of thinking about strategic management, namely how an organization can and must set and implement direction. Therefore, the existence of an organization is strongly influenced by the support provided by stakeholders to the organization.

The stakeholder theory refers to four social sciences, namely sociology, economics, politics and ethics (Mainardes, et al., 2012, p. 1862). The latest concept of stakeholders in business includes larger communities and communities (Donaldson and Freeman, 1994, p. 66). For example, Campbell (1997, p. 446) argues that providing a good deal to all suppliers, customers, and the community will ensure loyalty and lead to long-term business success. In this case, organizations not only focus on value creation and profitability but also ensure that managers think of the various communities they need to protect (Clarkson, 1995, p. 95). In addition, stakeholder networks need to be safeguarded to overcome social and environmental problems that might come later (Freeman, et al., 2018, p. 79). Even according to Dooms important attention also needs to be given to local communities and how they are represented by the organization (Dooms, 2019, p. 75).

In the case of tourism, many researchers apply stakeholder theory. For example, in the research Sheehan and Ritchie applied stakeholder theory analysis to the empirical study of the chief executive officer of a tourism destination management's organization. His research concludes with an agenda recommendation for future empirical research with special emphasis on the relationship between tourism destination management organizations and stakeholders (Sheehan and Ritchie, 2005, p. 711). Collaboration between stakeholders is a fundamental element in sustainable tourism development efforts (Sautter and Leisen, 1999, p. 312). Therefore tourism is a domain with a

large number of stakeholders (stakeholders) as well as large diversity in the types of stakeholders (Gaur, 2012, p. 186).

5. Conclusion

Based on the description above, it can be seen that management is a device to carry out the process of activities within the organization which is commonly referred to as the four management functions. This series of activities aims to achieve organizational goals. Management theory changes over time. Management theory also cannot stand alone, management theory is closely related to the emergence of other theories. As well as the relationship between management theory and service theory and stakeholders. Management, service management and stakeholders as a theoretical framework are needed in exploring the philosophy of management science. These theories have experienced significant developments based on the explanations of experts.

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