CHAPTER ONE

MANAGEMENT- AN OVER VIEW

1.1 Introduction

Is management necessary? Why? What does a manager actually do? What are some of the characteristics of the field of management? These are the questions that beginning student of management often asks. To answer some of these concerns, just look at yourself. You are a manager of your time, energy, and talents. The decisions you make each day in these three areas will have a far-reaching influence on your career, your life and the lives of others.

Think of your self-getting up on the morning you must decide at once: You must plan what you want to accomplish during the day, organize the resources to achieve your plan and periodically check on those activities to see if your plan is being achieved. Realizing it or not, you are performing three of the management function – planning, organizing and controlling. This is simply to show you how the task of managing is performed in our day-today life. Therefore, this chapter is designed to introduce you with the meaning, features, significance, function and roles of management in general.

Chapter Objectives

After completing the chapter, you should be able to:

- Explain the different meanings and definitions of management.
- Describe the significance of management
- Discuss why management is both an art and a science
- Identify the different classifications of management
- Identify the five basic managerial functions and describe their relationships
- Describe the roles managers play and skills they need

- Identify the difference between Administration and management

1.1.1 Definitions of Management

It is impossible to provide a single, comprehensive, universally accepted definition of management, the different orientations about the definition of management is because:

i. Management has various aspects, that all of which cannot be represented by a single definition
ii. The theorists who gave the definitions has different areas of interest or training, they all defined management form their perspective (engineering, sociology, psychology, mathematics, etc.)
iii. Management as a discipline is young and there is a lack of clarity of concepts and principle
iv. The styles, practices, and thoughts of management have been changing over times/ periods

Despite all the above reasons for different definitions, the definitions are not contradictory or mutually exclusive. Management is the synthesis of all the definitions given by different theorists.

The following are some of the different definitions given by different scholars of management:

i. Management is the art of getting things done through and with people in a formally organized group.
ii. Management is the art of knowing what you want to do in the best and cheapest way.
iii. Management is the process of planning, organizing, staffing, directing and controlling. The uses of a firm's resources to effectively and economically attain its objectives.
iv. Management may be defined as the art of securing maximum result with a minimum of efforts so as to secure maximum prosperity and

happiness for both the employer and employee and give the public the best possible service.

v. Management is the process of working with and thought others to effectively achieve the organization in a changing environment.

1.2. Feature of Management

Every field of study should have its own features those distinct from other. Management as a separate field of study has also its distinctive characteristics.

1. **Organized activity:** When a group of people come together to achieve a common objective or objectives, they need to coordinate& cooperate among each other & this is organized activity.
2. **Existence of objectives**: Without objectives no organization is complete.
3. **Relationship among resources**: Integration of various resources; money, machinery, materials & men. The most important resource is man, which can create this integration.
4. **Working with and through people:** Management involves working with people, and also commanding, directing and controlling their activities.
5. **Decision making** is one of the most important activities in management and it involves selecting the best alternative among many.

6. **Human Activity**: Managers will never be substituted by technological advancement. However the work of management is evolved through the contribution of different disciplines including psychology, sociology, law, economics, mathematics, and so on.

IMPORTANCE OF MANAGEMENT

According to Drucker, management is a dynamic and life-giving element of every business. In its absence the means of production remain merely the means and can never be the producers. We know that not only in the field of business but in other fields also management has come to occupy an important place. In this reference, it is said that "anything minus management is nothing." These are some topics, which clearly highlight the importance of management.

1. Achieving pre-determined objectives: each organization is established with certain aims. Management is the only power and medium which can help in the successful attainment of these aims. A manager with the help of his expertise and cleverness makes and assessment of the future events and finally by his corrective action makes the impossible took simple.

2. Maximum utilization of resources of production: management is that power which by establishing an effective coordination between the various resources of production makes an optimum use of these resources. Most efficient use of the limited resources is the key to the successful business and thus this fact can be converted into reality with the help of management.

3. Overcoming competition: these days business is not localized but it has assumed national or even international dimensions. Competition is increasing day by day. In these competition days only that organization can survive which can make available to its customers the best quality of goods at the cheapest rates. Only an efficient and clever manager can make it a reality and save the reputation of an organization.

4. Integration with changing environment: management is not only limited to various internal function of an organization but it has to compromise with the outer atmosphere also. So many goods having modern techniques are in the bazaar customers accept only those products which are cheap and the best. With the help of efficient and effective management a co-ordination between the new and prevalent work system and methods can be established to save the reputation of an organization.

5. Research and investigation: a recent research has brought out the fact that only those companies or business enterprises which are constantly taking interest in research activities are developing very fast.

6. Increased profits.

7. To maintain a sound organizational structure.

8. Fulfilling the social responsibility: Sound management monitors the environment of business and makes necessary changes in the business policies and practices so as to keep the consumers and workers satisfied to this way manager's help an enterprise to fulfill its obligation towards different sections of society.

9. Management minimizes risks.

10. Reduces cost of production.

11. Economic growth: Management is the catalyst of economic growth, development is a matter of human energies rather than of economic growth and generation of human energies is the task of management. Management is the mover ad development in the consequence.

12. Stability: management ensures the survival of an organization in a fast changing environment. It co-ordinates the activities of different departments in an organization and maintains team spirit amongst the personnel.

13. Human development: Management is not simply directions of things but the development of men. It improves the personality and caliber of

people to raise their efficiency and productivity. A good manager is served as a friend and guide to his subordinates.

14. Meets the challenge of change: Management is a catalytic force that enables an organization to face the challenge of change. The environment of business has become very turbulent. Managers maintain a dynamic equilibrium between an enterprise and its environment through innovation and creativity.

Universality of Management

What do we mean universal? Universality of management is the applicability of the principles of management in all types of organization and in all the different countries of the world.

I. Argument against

a. The persons arguing against the concept of universality of management say that management is culture bound. Culture means the attitudes, values, and beliefs of a society. The cultures of different societies are different and also the organizational cultures of the various organizations are not similar. When there is this difference in cultures the principles or techniques of management will not have the same result, hence, management is not universal.

   For example, in a country with strong tradition, religion and culture, introduction of modern management methods become difficult.

b. Objectives of different organizations will be different and these objectives dictate the kind of managerial practices followed in these organizations. Thus we cannot call management as universal. Ex. The objectives of the Red Cross and Bahir Dar textile factory are different and the techniques of management followed in these organizations are also different.

c. Philosophy is the attitude towards certain activity or the way one looks at life. Differences in the management philosophies have a profound impact on the managerial practices of the organization. If

the philosophy of the top management is to make as much profit as possible, then the managerial practices of the organization will be different from the organization whose philosophy is service to the society.

II. Arguments for

Researchers had conducted various studies carried out in different organization and in different countries to formulate these arguments, which support the concept of universality of management.

a) Management as a process or the various elements of management like planning, organizing, staffing, directing and controlling are common for all organizations, throughout the world.
b) Management Fundamentals and Techniques /Practices may differ from organization to organization and from country to country but the fundamental concept of management is the same throughout. Universality means that fundamentals are the same through our the world, but the techniques to achieve/fulfill this fundamental may be different

III Conclusion

Back of the management theories have come from one country, i.e. USA and have been used successfully in different countries with different cultures. This shows that management is universal when it adapts a little.

Management Level

Levels refer to hierarchical arrangement of managerial positions or persons in an organization. The number of managerial levels in an organization depends on the size of the organization. The larger the size of an organization the more will be its levels. In most organizations, however, there are three distinct levels of management as discussed below.

1. Top-Level Management

Top – Level management includes that of board of directs executive committee, and chief executive, or president, or general manger of an organization.

Function of top managements includes;

- ✓ Establishing broad objectives
- ✓ Designing major strategies
- ✓ Outlining principle policies
- ✓ Providing effective organizational structure that insures integration,
- ✓ Proving over all leadership and direction
- ✓ Making overall control of the organization
- ✓ Dealing with external parties such as the government, community, business etc, by representing the organization and
- ✓ Analyzing the change in the external environmental and response to it

2. Middle –Level Management

These managers include heads of the different functional area and their assistants: divisional heads, departmental mangers, section heads, plants mangers, branch, managers etc. Manages in this level are specialists and their activities are limited to a particular area of operation or to a section or department. Middle level managers may perform:

- ➢ Direct the activities of lower level managers and sometimes extends to supervision of operating employees.
- ➢ They balance the demand of top, managers and the capacity of lower level managers.
- ➢ Translate long term into medium-term plan
- ➢ Coordinate input, productivity and output

3. First line mangers (Lower-Level managers)

First line managers are responsible for the work of operation employees and do not supervise other managers. Their tasks include:

- planning of day to day work,
- assignment of jobs,
- keeping a watch on workers performance,
- sending reports and statements to middle level managers,
- Evaluating workers and marinating close contract with workers.

Functional and General Managers

Managers are also classified based on the scope of the activities they manage into functional and general managers.

Functional managers

Functional managers supervise with specialized skills in a single area of operation, such as accounting, personnel, finance, marketing and production. All these functions are necessary for the success of the organization.

General Managers

General Managers are responsible for the overall operation of a more complex unit, such as a company or a division. General Managers hold functional managements accountable for their specialized area as and usually coordinate two or more departments. In their jobs, general managers have to deal with major uncertainties, great diversity, and a larger volume of information.

1.5 Role and skills of Managers

What skills are necessary for managers? Ask yourself if you acquire the required skills to be managers. In a general discussion of management such as this, it is useful to describe what skills are necessary to operate successfully as a manager. Skill is the ability to do something expertly and

well. It is meant ability related to performance that is not necessarily in both but which can be developed /acquired. Managerial skills can be classified in to three distinct categories; technical, interpersonal and conceptual skills. However in practice the skills are closely related and it may be difficult to tell where one begins and the others end.

Technical Skills

Involve the ability to apply specific methods, procedures, and techniques in a specialized field. It is easy to visualize the technical skills of design engineers, market researches, accountants, musicians, and computer programmer. If the manager lacks these skills, he will not be able to make correct decisions or answer employee's questions.

Human skill (interpersonal skills)

The ability to work with employee peers; to motivate subordinate, to understand other and to be understood by others. It includes effective oral and written communication, ability to resolve compliers, development of cooperation and motivating employee. The manager should be able to resent clearly his viewpoints, extracting information from the others, and arriving at mutually acceptable agreement.

This skill is equally important to managers at all levels.

Conceptual skills

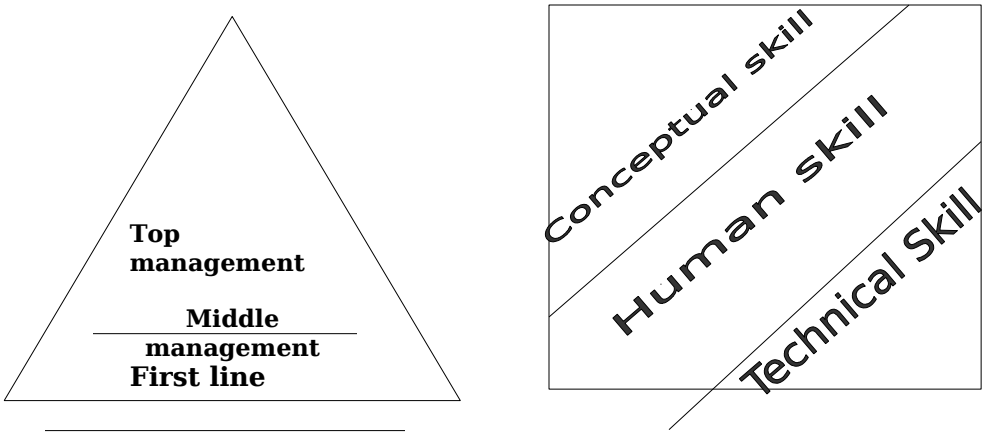
It involves the ability to view the organization as a whole and recognize its relationships to the large environment. In other words, conceptual skill involves visualizing the different parts of an organization as one big whole and or understands the wholes interaction with its relevant environment. More specifically

- How the organization's various and functional depend on each other and thus, how changes in one area can affect other areas.
- How each part contributes to the achievement of the overall organizational goal.

Managers with conceptual skill understand all activities, and interests of the organization and how they interrelate

This skill is highly important to top-level managers.

✷ The relationship between managerial levels and managerial skills



Managerial Roles

Managers perform the basic managerial functions by playing a variety of managerial roles. A role is an organization set of behavior or action expected from some position holder. Henry Mintzberg studied a verity of managerial jobs and attired at the ten most common roles of top managers.

The ten roles are classified in to three categories: Inter personal roles, information roles, and decisional roles.

1. **Inter personal roles**- refers activities that involve interacting with others who may be external or internal to the organization and at a higher or lower level than the manager.

❖ **Figurehead**-describes the formal activities in which the manager acts as a public official for the company. The manager represents the organization at the ceremonial and symbolic functions. It is the most basic and the simplest of all managerial roles. The president who greats a touring dignitary, the mayor who presents a key to the city to

a local hero, the supervisor who attends the wedding of the clerk, the sales manager who takes an important customer to lunch, all are performing ceremonial duties important to the organization's image and success. While these duties may not seem important, they are expected of managers. They symbolize management's concern for employees' customers and the community.

- **Leadership**- involves responsibility for directing and co-coordinating the activities of subordinates in order to accomplish objectives. Some aspects of the leadership role have to do with staffing hiring promoting. Other aspects involve motivating subordinates to meet the organization's needs. Still other aspects relate to creating a vision that company employees can identify with.
- **Liaison role**- The manager interacts with peers outside of the organization such as clients, government officials, customers, and suppliers. It also refers to dealing with managers in other departments, staff specialists, and other departments' employees. In the liaison role, the manger seeks support from people who can affect the department's and the organization's success. This role is therefore, composed of a network of relationships.

2. Informational Roles

Managers should first build networks of contracts for exchanging information. Many contracts made while performing figureheads and liaison roles five mangers access to a great deal of important information. Therefore, informational roles are activities that focus on obtaining and disseminating data important for the decisions the manger needs to make.

- **Monitor (Never center) -** A manager seeks information to detect problems of opportunities, build general knowledge about the work situation, and make necessary changes. While much of this information comes from formal mechanisms such as reports, news media, and public forecasts, more comes from informal conversations with both

organizational members and those external to the organization, since managers gather information, they must evaluate and decide whether to use this information.

- **Disseminator**- the manager sends information from external sources to various parts of the work group and information from internal sources to others both internal and external to the organization.

- **Spokesperson role –** the management provides information about the work group to those outside the group. The manager will provide information to public, which includes customer, suppliers, trade organizations, government agencies, consumer groups, and the press, Managers used information make decisions about when and how to commit their organization to new objectives and actions.

3. Decisional Roles

These are activities that deal primary with the allocation of resources in order to reach organizational objectives. Decisional roles are perhaps the most important of the three categories of roles.

- **Entrepreneurial Roles**: - the management acts as the initiator and designer or changes within the work group to improve organization position. These changes may be in employee skills, work redesign, information reports, and goods or services provided. Managers play this role when they initiate new projects, launce a survey, test a new marker or enter a new business.
- **Disturbance handler**: - deals with change forced on the manager by other factors. The management acts because it is –necessity a disturbance occurs and a solution must be found. There are three types of disturbances; conflicts among individuals, international difficulties between one unit and another, and conflicts over resource

losses, breaking of contracts by customers, strikes by labor and bankruptcy of major suppliers.

- **Resource allocator**: - Which both protects and uses the unit's assets: money, time material and equipment, human resources, data reputation.
- **Negotiator:** Which focuses on reaching an agreement with other outside the workgroup on work related issues or materials, such a slab our union contracts and leasing agreements concerning machinery and vehicles. This role includes agreements with other units within the organization.

1.6. Functions of Management

Have you ever confused between the function of managers and non-managers? We hope your confusion will be removed after reading and understanding this section.

Scholars in the field of management have their own classification of functions of management some scholars add few functions and delete some other function s. The important functions of management are briefly discussed below detail discussions will be made on the latter chapters.

1. **Planning**

Planning is the primary function of management. Nothing can be performed without planning. In the business world, the organization should achieve the objectives. In order to achieve objective, the organization plans what is to be done, when it is to be done, how it is to be done, and by whom it is to be done. As George R. Terry pointed out planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal.

2. **Organizing**

Organizing as a management functions is concerned with (1) assembling the resources necessary to achieve the organization's objectives and (2)

establishing the activity- authority relationship of the organization. It is function dealing about building the framework (Skeleton) of the future organization to achieve objective. Planning has established the goals of the company and how they are to be achieved; now, organizing develops the structure to reach these goals.

The activities necessary to achieve the objectives are grouped in to working divisions, department, or other identifiable units and primarily by grouping similar and related duties. The result is a network of interdependent units. Each unit or person in the unit should have clearly defined role responsibility, authority and list of duties. Authority and reporting relationship among different units and positions are clearly stated.

3. Staffing

Staffing is concerned with locating prospective employees to fill the jobs created by the organizing process. It involves the recruitment, selection, development, and retention employees with appropriate qualification for positions created. It is one of the most important duties of managers because successes of organization depend on the quality of its employees.

4. Leading /Directing

Directing is aimed at getting the members of the organization to move in the direction that will achieve its objectives. Leadership is the heart and soul of management. To be effective leaders/managers need understand individual and group behavior, techniques of motivation, and effective styles of leadership.

5. Controlling

Controlling deals with establishing standards for performance, against established standards, to determine when problems do exist, and to solve the problems that occur as quickly and effectively as possible, controlling

depends on accurate, reliable and enforceable standards and on monitoring performances by people, machines, and processes. The best control sure that work is performed to standards as planned.

1.7. Administration and Management

The terms administration and management are used synonymously. Some writers argue that both these terms have same meanings and there is no difference between these two terms. Running of a business requires skill, which is called management, and functioning of government departments and non-profit institutions requiring skill is called administration.

Some writers a argue that executive functions of business unit are referred as management and executives functions of other institutions are referee as administration In this way, administration distinguished as a top level. Function while management is a lower level function. Policy and objectives of a business are determined by the top-level executives (Administration). At the same time, the lower level people (management) work to attain the objectives of the business unit and follow the policy framed by the administrations.

As Oliver Sheldon stated, administration is he function in industry concerned with the determination of the corporate policy, the co-ordination of finance, production and distribution, the settlement of the compass (structure) of the organization under the ultimate control of the executive. However, management is industry concerned with the execution of policy within the limits set up by the administration and the employment of the organization for the particular objects set before it.