CHAPTER ONE
AN OVERVIEW OF THE NATURE OF MANAGEMENT

Introduction

The knowledge of management is vital everywhere in all areas where people are working in group. It is important in families, social life, politics, public sectors, manufacturing or services rendering organizations, as well as for individuals/ personal life. It enables managers to create conducive working environment in which the resource are effectively utilized for the attainment of objectives.

Management is a key to the success of all sectors. The importance of management is highly understood by developed countries than underdeveloped ones. The main cause for the difference between developed (wealthy) and an underdeveloped (poor) country is the way they use of the knowledge of management.

The famous management expert Peter Drucker said" There are no underdeveloped countries as such but under managed only."

The tasks of management are performed in our day to day activities. Everybody is a manager of him/her self. He/she manages his/her time, energy, talents and makes decisions every day that influences his/her life and the lives of others.

For instance, when you get up in the morning, you make decisions about the day.

- You plan what to do during the day
- You organize the resources to accomplish the plan
- Periodically check the activities of the plan to be implemented.

Therefore, as seen above realizing or not, during the day you are at least performing three management functions, namely, planning, organizing and controlling.

In general, basic knowledge of management is vital for our life and organizations as well as crucial for business students.

1.1 MEANING AND DEFINITION OF MANAGEMENT

Giving precise definition of management is not so simple because the term management is used in a variety of ways. Being a new discipline it has drawn concepts and principles from a number of disciplines such as Sociology, Eco nomics, Psychology, Statistics, Anthropology and so on.

Many definitions were given by various contributors; one popular definition is given by Mary Parker Follet. According to Follet management is '**the art of getting things done through people**'. This definition clearly distinguishes between manager and other personnel of the organization. A manager is a person who contributes to the organization's goal indirectly by directing the efforts of others, not by performing the task by him. A person who is not a manager makes his contribution to the organization's goal directly by performing the tasks by him. Sometimes a person may play both roles simultaneously. For example, a sales manager plays managerial role by directing the sales force to meet the organization's goal and plays non-managerial role by contacting an important customer and negotiating deal with him.

There are two weaknesses of this definition.

- The first weakness is that the definition states that management is an art. Art deals with application of knowledge. But management is not merely application of knowledge. It also involves acquisition of knowledge i.e., Science. Managing using intuition or thumb rule is not correct management.
- The second weakness of this definition is that it does not explain the various functions of management.

A better definition is given by George R Terry who defines management as "a process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources". According to him, management is a process-a systematic way of doing thing using four managerial functions namely planning, organizing, actuating and controlling.

- Planning means thinking of the manager's action in advance. The actions of the managers are based on logic, plan or some method rather than hunch.
- Organizing means coordinating machines, materials and human resources of the organization.
- Actuating means motivating, directing the subordinates.

- Controlling means that manager must ensure that there is no deviations from plans.

This definition also indicates that managers use people, materials and other resources to accomplish the organizations objectives. Whatever may be the objectives of the organization management is a process by which the objectives are achieved.

There are four views of management:

a) Management is a process
b) Management is a discipline
c) Management is a human activity
d) Management is a career

Management is a process: A process is defined as systematic method of handling activities. Often we hear the statements “that company is well managed” or “the company is miss-managed”. These statements imply that management is some type of work or set of activities, these activities sometimes performed quite well and sometimes not so well. These statements imply that management is a process involving certain functions and activities that managers perform.

Management is a discipline: Discipline refers to the field of study having well defined concepts and principles. Classifying management as discipline implies that it is an accumulated body of knowledge that can be learnt. Thus, management is a subject with principles and concepts. The purpose of studying management is to learn how to apply these principles and concepts at right circumstances at the right time to produce desired result.

Management is a human activity: If you say that “the restaurant has an entirely new management” or “He is the best manager I have worked for”, you are referring to the people who guide, direct and thus manage organizations. The word ‘management ’used here refers to the people who engage in the process of management. Managers are responsible for seeing that work gets done in organization.

Management is a career: Today management is developed as a career focused on specialization. Marketing management, finance management, personnel management ,Industrial management, production management, and quality management are some of the specializations in management. Specialists are appointed at various positions of the organizational hierarchy. Hence, management is career.

Management has been given various but mutually supportive definitions by different authors and scholars. Therefore, some of the definitions of management are:

- According to Ralph C Devis, “Management is the executive leadership anywhere”.
- According to William Spriegal, “Management is that function of an enterprise which concerns itself with the direction and control of various activities to attain business activities”.
- Ross Moore states “Management means decision-making”.
- According to Donald J Clough, “Management is the art and science of decision making and leadership”.
- Joseph L Massie defines as “Management is the process by which a cooperative group directs actions towards common goals”.
- According to F.W. Taylor, “Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way”.
- John F Mee states “Management is the art of securing maximum results with minimum efforts so as to secure maximum prosperity for employer and employee and give the public the best possible service”.
- According to Koontz and O’Donnel, “Management is the direction and maintenance of an internal environment in an enterprise where individuals working in groups can perform efficiently and effectively towards the attainment of group goals”. It is the art of getting the work done through and with people in formally organized groups.

1.2 SIGNIFICANCE OF MANAGEMENT

Management is indispensable in all organizations. Some of the importance of Management are given below:

1. *Scientific Management only can meet the challenges and complexities of modern business.*
2. *Efficient Management can effectively utilize the available resources in the enterprise.*
3. *Management creates teamwork and coordination among employees.*
4. *Management directs and controls the organization to achieve the desired goal.*
5. *Management provides stability in organization.*
6. *Management provides new ideas, imagination and vision for better and greater performance.*
7. *Good management serve as a friend, philosopher and guide in tackling business problems.*
8. *Management is a tool of personality development of the people and attempts to raise their efficiency and productivity.*
9. *Management is equally important at the national level. It is an agent of change and economic development.*

1.3 MANAGEMENT FUNCTIONS OR THE PROCESS OF MANAGEMENT

A function is a group of similar activities. There is divergence of view on "What functions are undertaken by managers in organizations?"
The list of management functions is too long. However it can be shortened by combining some functions into one. For example, leading, motivating, communicating and commanding may be combined into a single function namely directing .For our purpose we shall designate the following five as the functions of the manager.

PLANNING
Planning is the primary function of management. It is looking ahead and preparing for the future. It determines in advance what should be done. It is conscious determination of future course of action. This involves determining why to take action? What action? How to take action? When to take action? Planning involves determination of specific objectives, programs, setting policies, strategies, rules and procedures and preparing budgets. Planning is a function which is performed by managers at all levels – top, middle and supervisory. Plans made by top management for the organization as a whole may cover periods as long as five to ten years, whereas plans made by low level managers cover much shorter periods.

ORGANIZING
Organizing is the distribution of work in group-wise or section wise for effective performance. Once the managers have established objectives and developed plans to achieve them, they must design and develop a human organization that will be able to carry out those plans successfully. Organizing involves dividing work into convenient tasks or duties, grouping of such duties in the form of positions, grouping of various positions into departments and sections, assigning duties to individual positions and delegating authority to each position so that the work is carried out as planned.
According to KoonzO'Donnel, "**Organization consists of conscious coordination of people towards a desired goal**". One has to note that different objectives require different kinds of organization to achieve them. For example, an organization for scientific research will have to be very different from one manufacturing automobiles.

STAFFING
Staffing involves managing various positions of the organizational structure. It involves selecting and placing the right person at the right position.

Staffing includes identifying the gap between manpower required and available, identifying the sources from where people will be selected, selecting people, training them, fixing the financial compensation and appraising them periodically.
The success of the organization depends upon the successful performance of staffing function.

DIRECTING

Planning, organizing and staffing functions are concerned with the preliminary work for the achievement of organizational objectives. The actual performance of the task starts with the function of direction. This function can be called by various names namely “leading”, “directing”, “motivating”, “activating” and so on.
Directing involves these sub functions:

- **Communicating:** It is the process of passing information from one person to another.
- **Leading:** It is a process by which a manager guides and influences the work of his subordinates.
- **Motivating:** It is arousing desire in the minds of workers to give their best to the enterprise.

CONTROLLING

Planning, organizing, staffing and directing are required to realize organizational objectives. To ensure that the achieved objectives confirm to the preplanned objectives controlling function is necessary. Controlling is the process of checking to determine whether or not proper progress is being made towards the objectives and goals and acting if necessary to correct any deviations. Controlling involves three elements:

- Establishing standards of performance.
- Measuring current performance and comparing it against the established standard
- Taking action to correct any performance that does not meet those standards.

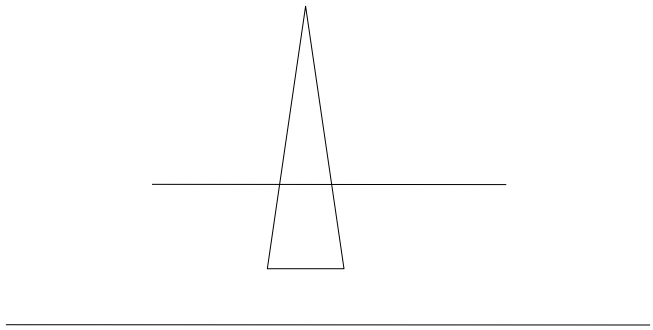
1.4 LEVELS OF MANAGEMENT AND TYPES OF MANAGERS

Levels here refer to hierarchical arrangement of managerial positions in an organization. The number of levels of management, among other things, depends on the size of the organization. In general, there are three managerial levels. These are listed below and presented graphically in figure.

a) Top level management
b) Middle level management

c) First level (operating level) management

Top level management



Middle level management

Operating level management

Top level management

In typical organization, top level management includes that of board of directors, executive committee, and chief executive, or president, or general manager, etc, of an organization. Functions of top level management include:

- Establishing broad objectives
- Designing major strategies
- Outlining principal policies
- Providing effective organizational structure that insures integration
- Providing overall leadership and direction
- Making overall control of the organization
- Dealing with external parties such as the government, community, business etc by representing the organization
- Analyzing the changes in the external environment and responding to it.

Middle level management

Middle level management includes heads of the different functional areas and their assistants: divisional heads, department managers, section heads, plant managers, branch managements, etc. managers in this level are specialists and their activities are limited to a particular area of operation or to a section or department. The major functions of middle level management are:

- Acting as intermediary between top and operating level management
- Translating long-term plans of top management into medium range plans
- Developing specific targets in their areas of responsibility
- Developing specific schedules to guide actions and facilities control

- Coordinating inputs, productivity and outputs of operating level management

Operating (first) level management

This is the last step of the ladder in the hierarchy of management. The subordinates of operating level managers are non-management workers. Operating level managers direct a small team of workers and keep a check on their performance so that short-term production and work targets are achieved. The typical titles in this level are section chief, office manager, foreman, supervisor, etc.

The major functions of operating level management are:

- Planning daily and weekly activities and accomplishments based on the monthly, quarterly, and yearly plans
- Assigning operating employees to specific tasks
- Issuing instructions at the work place, following-up, motivating, and evaluating workers and reporting to their superiors.

TYPES OF MANAGERS

Managers are also classified based on the scope of activities they manage as Functional Managers and General Managers.

Functional managers

The 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 operations of a more complex unit, such as a company, or division. General Managers hold functional managements accountable for their specialized areas and usually coordinate two or more departments. In their jobs, general managers have to deal with major uncertainties, great diversity, and a large volume of information.

1.5 MANAGERIAL ROLES AND SKILLS

A manager performs planning, organizing, directing and controlling to achieve the organizational objectives. It has been questioned whether these

functions provide an adequate description of the management process. As against these management functions Henry Mintzberg has defined the role of managers to identify what managers do in the organizations. Mintzberg has identified ten roles of manager which are classified into three broad categories.

INTERPERSONAL ROLE

This role is concerned with his interacting with people both organizational members and outsiders. There are three types of interpersonal roles:

a) **Figure head role:** In this role manager has to perform duties of ceremonial nature such as attending social functions of employees, taking an important customer to lunch and so on.
b) **Leader role:** Manager's leader role involves leading the subordinates, motivating and encouraging them.
c) **Liaison:** In liaison role manager serves as a connecting link between his organization and outsiders. Managers must cultivate contacts outside his vertical chain to collect information useful for his organization.

INFORMATIONAL ROLES

It involves communication. There are three types of informational roles:

a. **Monitor:** The monitor role involves seeking out, receiving, and screening information. Just as a radar unit scans the environment, managers scan their environments for information that may affect their organization. Since much of the information received is oral (from gossip and hearsay, as well as formal meeting), managers must evaluate and decide whether to use this information.
b. **Disseminator:** In the disseminator role, the manager shares information with subordinates and other members of the organization. Sometimes the manager passes along special or "privileged" information to certain subordinates who would not originally have access to it and who can be trusted not to let it go further. In practice passing information along to subordinates is often difficult and time consuming. Therefore, the manager must decide which and how much information will be useful.
c. **Spokesperson:** As a spokesperson manager represents his organization while interacting with outsiders like customers, suppliers, financers, government and other agencies of the society.

DECISIONAL ROLES

Decisional role involves choosing most appropriate alternative among all so that organizational objectives are achieved in an efficient manner. In his decisional role manager perform four roles:

a. **Entrepreneurial role:** This role involves designing and initiating planned change in order to improve the organization's position. Managers play this role when they initiate new projects, launch a survey, test a new market, or enter a new business.
b. **Disturbance handler role:** managers play the disturbance handler role when dealing with problems and changes beyond their immediate control. Typical problem include strikes by labor, bankruptcy of major suppliers, or breaking of contracts by customers. Sometimes disturbance may arise because a poor manager ignores the situation until it becomes a crisis. However, even good managers can't possibly anticipate all the consequences of their decisions or control the actions of others.
c. **Resource-allocator role:** this role involves choosing among competing demands for money, equipment, personnel, and other's demands on manager's time. What portion of the budget should be earmarked for advertising and what portion for improving an existing product line?
d. **Negotiator:** closely linked to the resource allocator role is negotiator role. In this role managers meet and discuss their differences with individuals or groups for the purpose of reaching an agreement. Negotiations are an integral part of a manager's job. They are especially tough when a manager must deal with others (such as unions or political action groups) who don't share the manager's objectives.

MANAGERIAL SKILLS

In addition to fulfilling numerous roles, managers also need a number of specific skills if they are to succeed.

Skills are abilities to do something expertly and well, and they are necessary to operate

activities successfully. Skills are not necessarily inborn but can be developed/ acquired.The most fundamental managerial skills are:

TECHNICAL SKILL

Technical skill is the skills necessary to accomplish or understand the specific kind of work being done in an organization or ability to perform work using specific knowledge, methods, procedures, techniques and resources in a specialized field. For instance; engineers, market researchers, accountants, musicians, and computer programmers etc…Technical skill is highly important for **first line managers**.

INTERPERSONAL (HUMAN RELATIONS) SKILL

Interpersonal skill focuses on working with people. It is the ability to communicate with, understand, and motivate both individuals and groups. For instance, the ability to lead, to motivate, manage conflicts and work with others, and the ability to understand others and to be understood by others. Interpersonal skill is a vital part of every manager's job and important to managers at all levels.

CONCEPTUAL SKILL

Managers need mental capacity to understand the overall workings of the organization and its

Environment to grasp how all the parts of the organization fit together, and to view the organization in a holistic manner.

It allows managers to think strategically; to see the "big picture", and to make broad-based decisions that serve the overall organization.

Conceptual skill **visualizes** different parts of an organization as one big whole, and to understand the wholes interaction with its relevant environment i.e. visualizing:

- How organizations various parts / functions depend on each other.
- How changes in one area can affect other areas.
- How each parts contributes to the achievement of the overall organizational goals.

Managers use conceptual skills to understand activities and interests of the organization and how they are related. Managers also use conceptual skills to diagnose and assess different types of

management problems, because they depend on the understanding of the relationships of various factors.

- **Diagnostic skill: refers** to the manager's ability to visualize the most appropriate responses to a situation. Organizations fail if managers do not have diagnostic skills.
- **Decision making skill:** refers to the manager's ability to recognize and define problems and opportunities correctly and then to select an appropriate course of action to solve problems and capitalize on opportunities.

  No manager makes the right decision all the time. However, effective manager make good decisions most of the time. When they do make a bad decision, they usually recognize their mistakes quickly and then make good decisions to recover with as little cost or damage to their organization as possible.

- **Time-management skill:** refers to the manager's ability to prioritize work; to work efficiently; and to delegate appropriately. Effective managers have good time management.

Conceptual skill are the most difficult to develop, but highly important to **top level managers**.

COMMUNICATION SKILLS

Communication skills refer to the manager's abilities both to convey ideas and information effectively to others and to receive ideas and information effectively from others. This enable a manager to transmit ideas to subordinates so that they know what is expected; to coordinate work with peers & colleagues so that they work well together properly; and to keep higher-level managers informed about what is going on. Communication skills help the manager listen to what others say and to understand the real meaning behind letters, reports, and other written communication.

RELATIVE IMPORTANCE OF MANAGERIAL SKILLS

Marginal skills are closely related.

- **Conceptual skill:** More important to upper level of management.
- **Communication skills Interpersonal (Human) Skills:** Equally important at all level.
- **Technical skills:** Very important at the operating level.

1.6 THE SCIENCE AND ART OF MANAGEMENT

Management as an art or a science has been an issue of debate for a long period of time. In fact, effective management is a blend of both science and art. And successful executives' managers recognize the importance of combing both the science and the art of management as they practice their craft.

Science

- Is a systematized body of knowledge/ systematically organized knowledge derived from observation, study, and experimentation that carried out to determine the nature and principle of the subject under study.

Art

- Is the application of obtained knowledge and skills that constitutes science to bring out the results. It is based on the knowledge of principles developed by science.

The science of Management

Managers gather data, facts, and objective information, and also can use quantitative methods and decision making techniques to arrive at “correct” decision. And they need to take such scientific approach to solve problems whenever possible. Technical, diagnostic & decision making skills are especially important when practicing the science of management.

Management as science

- Is the structured body of knowledge with its own distinct concepts and principles developed with reference to the general truth underlying the management practices? Hence management is a science.
- Is based on principles instead of traditional way of doing things, trials and error methods.
- Is not as comprehensive or as exact as other sciences, because management mostly deals with human elements which are very complex variables.
    - Human beings are not standardize and their behavior is unpredictable
    - Experiments cannot be repeated under standardized conditions.
    - Human being can not be subject of controlled laboratory experiment.

The art of Management

Even though managers may try to be scientific as much as possible, they must often make decisions and solve problems on the basis of intuition, experience, instinct and personal insights. Relying heavily on conceptual, communication, interpersonal and time management skills, a manager may have to decide between multiple courses of action that look equally attractive, and even “objective facts” may prove to be wrong. Thus managers must blend elements of intuition and personal insight with hard data and objective facts.

Management as art

- Like other practices, it is know-how. It is the application of knowledge. “It is doing things based on realities of the situation”.

A manager to manage must have both the knowledge of science and art. Managers can work better by using organized knowledge about management.

- Without science means without structured body of management principles and concepts; and trusting (reliance) on luck, intuition or what s/he did in the past.
- Without art means trying to manage by memorization of principles, diagnose by the books, neglecting practical reality.

Management principles are not developed for the sake of knowledge but for their applications to specific situations. Management as a practice is an art and as an organized knowledge underlying the practice is a science. Art needs the existence of science and science determines skillful application of knowledge, i.e. an art. Therefore, both science and art are inseparable and interconnected; and they are complementary but not mutually exclusive. Accordingly, management is both an art and science.

1.7UNIVERSALITY OF MANAGEMENT

Management is universal in its nature. The functions performed by every manager are nearly the same, i.e. to attain objectives of any organization, managers must plan, organize, staff, lead and control.

Universality of management

- Is the applicability of the principals of management in all kinds of organizations, and in all different countries of the world. Universality means fundamentals, concepts are the same throughout, but the techniques to achieve/ fulfill these fundamental may be different.

Management is regarded as universal Activity because;

- In all kinds of organizations the basic managerial function are used to make individuals contribute to group objectives, i.e. management is applied to all type of organization.
- Managers perform the same basic managerial function in all levels of organizational hierarchy. What differs from level to level is may be
    - Amount of time for each function.
    - Point of emphasis in each function
- Principals of management are universal.

- Applicable to any kind of organization; and transferable from department to
  Department and from level to level.