1

Introduction to Management

LEARNING OBJECTIVES

After studying this chapter, you will be able to

- Know the concept, characteristics and principles of management.
- Explain the process and functions of management.
- Know about managerial hierarchy and levels.
- Explain different managerial skills.
- Discuss types and roles of managers.
- Understand emerging issues challenges for management.

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CONCEPT OF MANAGEMENT

CONCEPT REVIEW

Management is the process of getting things done through others with the help of some basic activities like planning, organizing, directing, coordinating and controlling

Many business fail in the first few years of operation. In almost all these cases managerial incompetence and inexperience are the causes of the failure. The cost of poor management is great to individuals and to the nation's economic stability. Not only are financial and physical resources wasted when business fails, but individuals often suffer from psychological damage. Clearly, business failure can be avoided through good management practices; a reason why management is a subject of increasing importance.

The national economy comprises both large and small organizations. In these organizations, people work together to accomplish goals that are too complex or large in number to be achieved by a single individual. Throughout life, people have to contact with a variety of organizations- such as hospitals, banks, schools, businesses, college, universities, and many government agencies. The most significant factor in determining the quality of performance and success of such organizations is the success of its management.

Why are some managers successful, while others are not? This question requires a completed answer; we should examine a variety of factors that influence managerial success. For now, we may simply say that successful managers are those who are able to carry out effectively the basic functions of management. We should also note that successful managers foster the cooperation and goodwill of others inside and outside the organization. Managers must work through others to achieve success.

All activities performed by the manager to get things done through others are known as management. In other words management is to manage human and other resources tactfully for the achievement of organizational goals. It is universal in all organized activities. It is an exercise of harmonizing men, money, machines, materials and methods towards fulfilling the defined objectives. People associated with an organization should co-ordinate and support each other to devote their efforts in achieving organizational goals.

There are as many definitions of management as there are books on the subject some of them are as follows:

Koontz O Donnel– *"Management is the art of getting things done through and with people in formally organized groups".*

Harold Koontz & Heinz Weihrich– *"Management is the process of designing and maintaining an environment in which individuals, working together, in groups efficiently accomplish selected aims."*

James L Lundy– *"Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective."*

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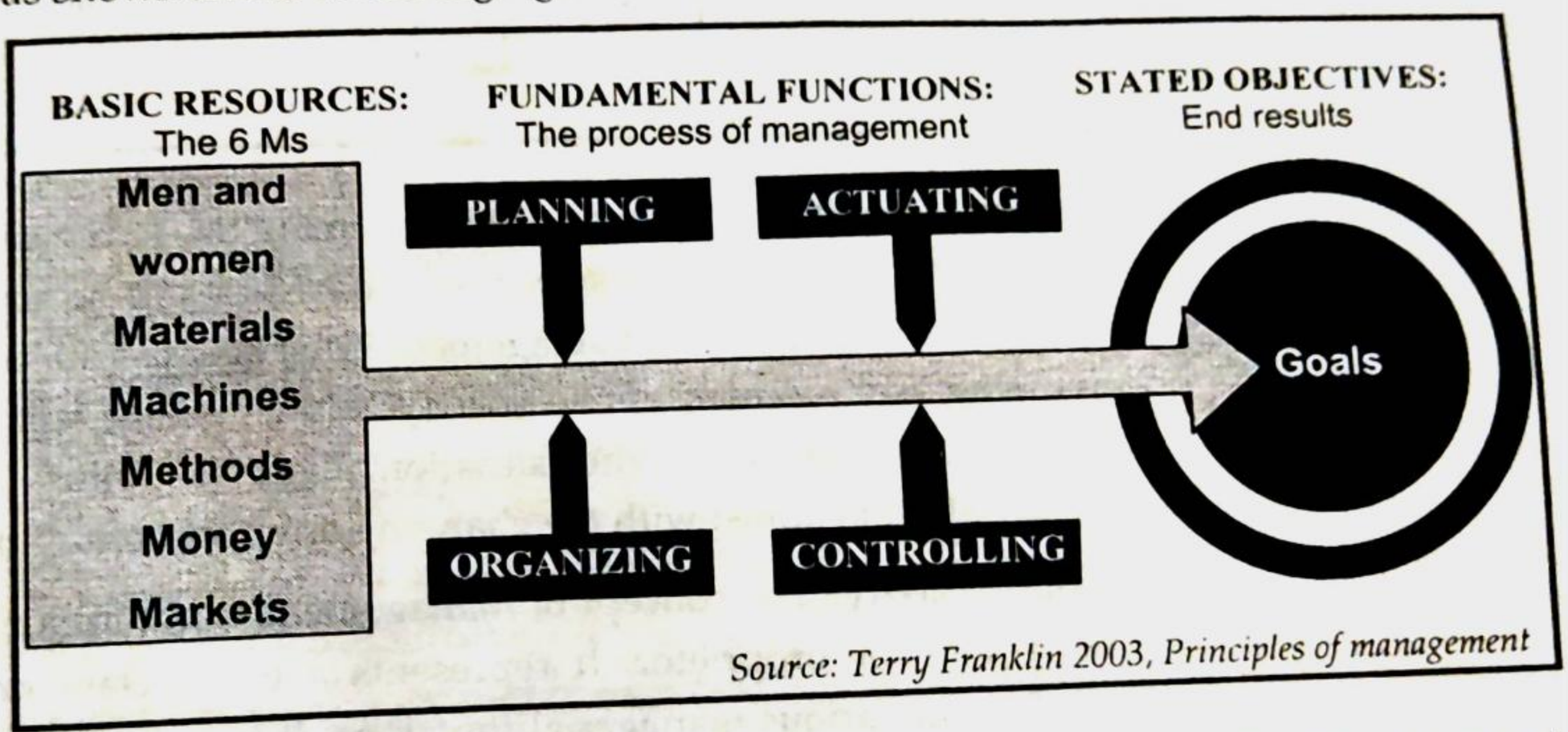
George R. Terry & Stephen G. Franklin– *"Management is a distinct process consisting of activities of planning, organizing, actuating and controlling performed to determine and accomplish stated objectives with the use of human beings and others resources."*

Ricky W. Griffin– *"Management is a set of activities (including planning and decision making, organizing, leading and controlling) directed at an organization's resources (human, financial, physical and information) with the aim of achieving organizational goal in an efficient and effective manner."*

Ivancevich, Donnely & Gibson– *"Management is the process undertaken by one or more persons to coordinate the activities of other persons to achieve result not attainable by anyone person acting alone."*

Most definitions of management do share a common idea- Management is concerned, with the accomplishment of organizational objectives through the efforts of other people. Thus, management may be defined as the process of planning, organizing, influencing/directing and controlling to accomplish organizational goals through the coordinated use of human and other resources as shown in the following figure.

FIGURE 1.1
DEFINITIONS OF MANAGEMENT



Source: Terry Franklin 2003, Principles of management

In conclusion, management is the process by which managers direct and control other people to concentrate and balance their efforts for efficiently accomplishing predetermined goals within the prevailing environment.

CHARACTERISTICS OF MANAGEMENT

The following are the major characteristics (features) of management:

1. **Goal oriented:** Every organization is established for a specific objectiv Management is an instrument or system that contributes for the efficient us of human and other resources to achieve predetermined objectives. The ma objective of management is to maximize productivity with optimum use human effort.

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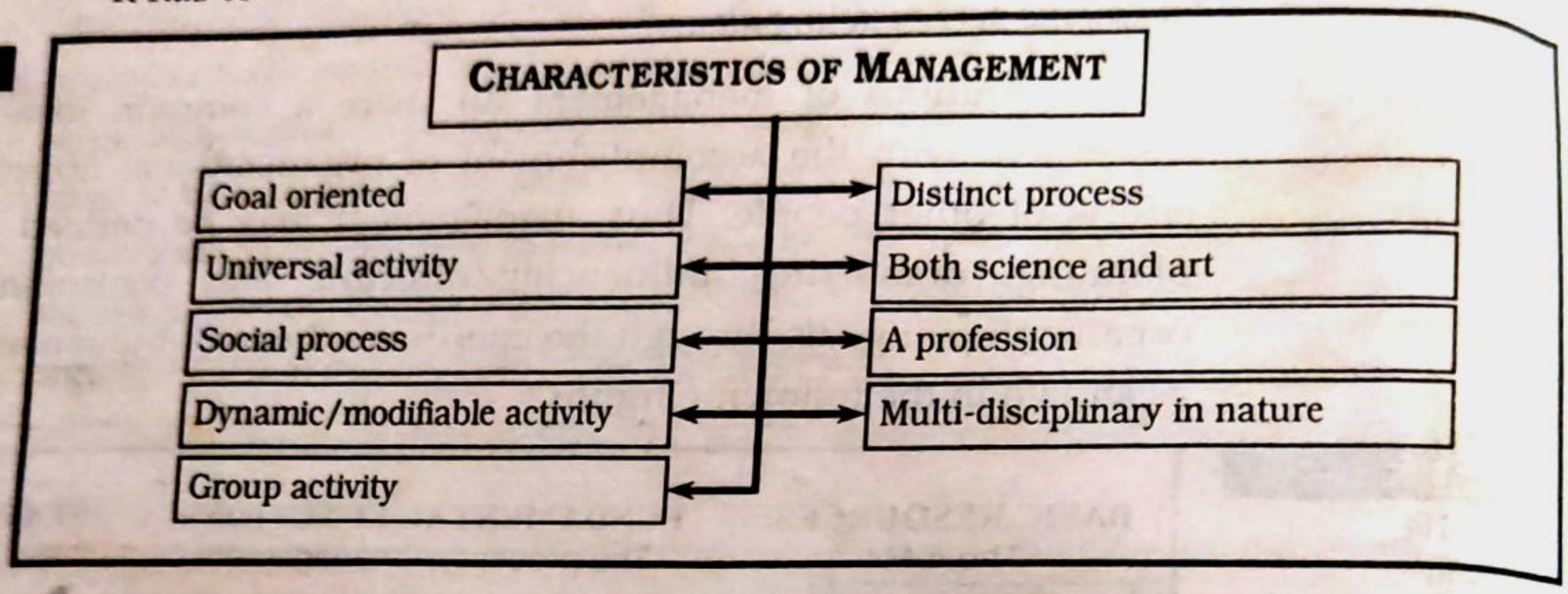
2. **Universal activity:** Management is essential where there is human activity. It is necessary in all types of organizations. The process of management may be different from organization to organization and place to place but the basic principles of management are the same. Thus, it can be said that the management principles are universally applicable.

3. **Social process:** Management is a part of social process. Management achieves its objectives by, with, and through the people. It utilizes human resources for the achievement of organizational goals. Management has to consider not only the organizational objectives but also the social objectives. It has to fulfill the needs of employees within the organizational resources.

FIGURE 1.2
CHARACTERISTICS OF MANAGEMENT



4. **Dynamic/modifiable activity:** Management is a dynamic and continuous process. The management system of today may not be applicable or effective for tomorrow. Therefore, management must be dynamic and flexible with the changing environment of the society. Management has to modify its style according to the time and situation. This flexibility is essential for an organization to adjust with the changing environment of the business.

5. **Group activity:** The concept of management is not applicable if there is only one person or proprietor. It represents a team, class or section of people involved in various managerial functions. It is essential if there is a group of people involved in performing any activity to achieve common goals. Management defines the authority, responsibility and procedures to perform specific work.

6. **Distinct process:** Management as a process involves various types of functions. One function of management is interrelated with another function. The management clearly defines the specific process of work to achieve a predetermined goal. It does not consider the trial and error approach.

7. **Both science and art:** Science is a systematized body of knowledge, principle or truth that is experimentally proved. Similarly, art is the personal skill and ability to apply the scientific principles. Management is both science and art. It is a science because it is based on some basic principles of universal application. It is also an art because skill and ability is required for performing managerial functions.

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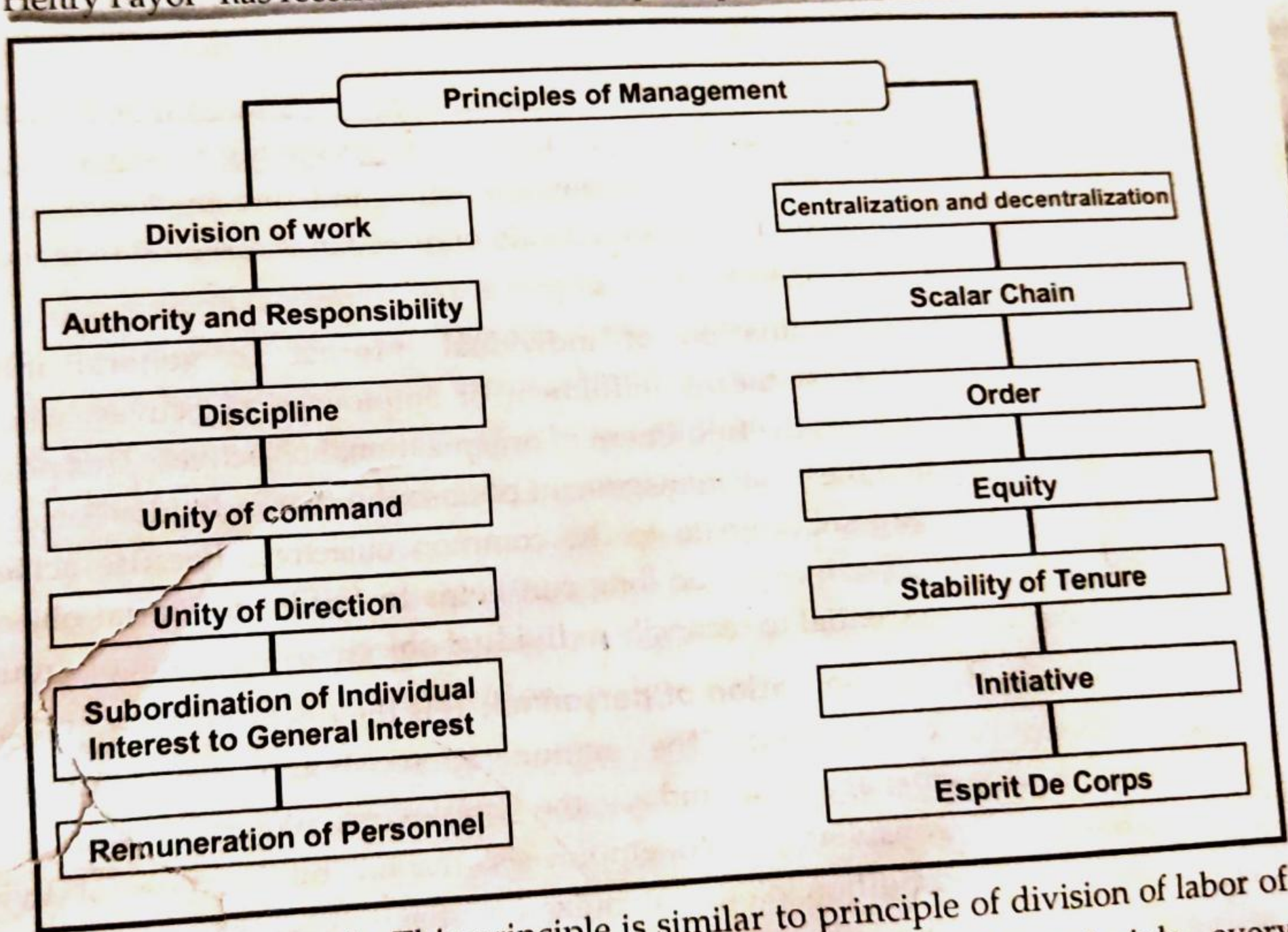
8. **A profession:** Profession involves the specific type of work, followed by special knowledge and education. With the development of joint stock companies and multinational companies the ownership and management has been different. Management of huge organizations has been entrusted in the hands of professionals having specific skill and knowledge.

9. **Multi-disciplinary in nature:** Management is multi-disciplinary in nature. Many of the principles and techniques used in management are borrowed from a number of other disciplines like psychology, sociology, economics, and mathematics.

PRINCIPLES OF MANAGEMENT

The practice of management is based on specific disciplines which are known as principles of management. Management principles are the facts and truths gained through observation and experiment. Many Scholars have introduced many principles in different times through their research and investigation. Henry Fayol has recommended fourteen principles of management.

FIGURE 1.3
PRINCIPLES OF MANAGEMENT



1. **Division of work:** This principle is similar to principle of division of labor of Adam smith, the famous economist. According to this principle, every employee in an organization must be assigned only a specific type of work to increase efficiency. The development of specialization ensures simplicity and accuracy in performance.

2. **Authority and responsibility:** Authority and responsibility are two interrelated terms in management. While authority is the power and right inherent in a managerial position through which a manager commands

subordinates, responsibility is the obligation to be fulfilled by subordinates. This principle emphasizes on the balance between authority and responsibility. Authority without responsibility can make a person irresponsible and there is possibility of misuse of power. Similar responsibility without proper authority makes a person ineffective.

3. **Discipline:** Discipline means obedience to superiors and their guidelines. It also concerned with following the rules, regulations and procedures of organization. This principle is applicable to managers and subordinates alike because all are within the rules of the organizations. Discipline is a must for the development of a feeling of self-responsibility among the members. The manager has to maintain disciplined environment in the organization.

4. **Unity of command:** According to this principle every workers/subordinates must get orders and instructions only from one superior at a time. It means subordinate should be accountable to a single superior at a time. This principle is essential to fix the responsibility and avoid confusion. For instance, when a subordinate receives orders and instructions from more than one superior at a time, he will get confused. In such a situation, he cannot fulfill his responsibilities efficiently and may commit mistakes.

5. **Unity of direction:** Unity of direction implies that there should be one head and one plan for a group of activities having a common objective. There must be one plan for common work and one in-charge to coordinate all the members of the unit. Unity of direction is essential to maintain unity in action or operation.

6. **Subordination of individual interest to general interest:** Individual interest means fulfillment of employees' objectives, while general interest means the fulfillment of organizational objectives. This principle concentrates on the basic management philosophy that individual objectives of employees are subordinate to the common objectives because achievement of group objectives in the long run helps to fulfill individual objectives. Hence, it is essential to reconcile individual objectives with that of group objectives.

7. **Remuneration of personnel:** It is the reward paid to the employees for their contribution. The remuneration should be acceptable both to the management and the employees. Wages should be determined by considering both employees' responsibilities, cost of living and financial condition of the organization. Basic wage should be fixed, besides, there should be a provision of monetary and non monetary incentives.

8. **Centralization and Decentralization:** Centralization is the retention of decision making authority at the top level management. On the other hand, decentralization is the systematic division of decision making authority from top to bottom in a hierarchy. Maintaining centralization or decentralization depends upon the nature and size of the organizations and also the knowledge and capability of subordinates. Generally, in small organizations

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where the range of activities is limited, centralization is preferred whereas in large organization decentralization is preferred.

9. **Scalar chain:** The scalar chain refers to the unbroken line of authority from top to bottom in hierarchy. This principle is important for systematic and orderly communication in an organization. Every information is communicated through successive chain either from top to bottom or vice versa. According to Fayol, the scalar chain must be strictly followed, except in emergencies. Fayol has suggested the concept of 'Gang Plank' to avoid delay in communication among the same level of employees.

10. **Order:** This principle is concerned with the systematic arrangement of materials and people. Fayol has classified order into two types: material order and social order. The placement of material, machines and other physical things in proper place and quantity is material order and placement of right person to the right job is called social order. The material order emphasizes that all physical resources necessary for proper functioning must be available at the right place at the right time. Similarly, social order emphasizes that all necessary members must be available on the proper place. This principle is essential to minimize the wastage of time and resources.

11. **Equity:** This principle is concerned with kindness and justice to all the employees working in an organization. The management has to realize that loyalty and devotion can be extracted from the members only through kindness and justice. This is helpful in developing a feeling of responsibility among the employees. Therefore, management has to avoid the concept of favoritism and partiality among the employees.

12. **Stability of Tenure:** According to this principle, employees must have a feeling of security of their job to continue the work efficiently. Instability of employees is the cause of poor management. The stability of employees helps to develop experience and efficiency. The feeling of job insecurity among the employees creates problems of high labor turnover, increased cost of selection, training, supervision.

13. **Initiative:** According to this principle, every employee should be given reliable freedom to exercise judgment in formulation and execution of plans. Employees do not expect any kind of interruption or guideline from superiors for minor technical work. They want to fulfill their responsibility in their own risk and knowledge. Freedom provides a sense of self-motivation among the employees and makes them more dedicated and loyal towards the organization.

14. **Esprit De Corps:** Esprit De Corps is a proverb that means union is strength. It is possible only through harmony and mutual understanding among the workers. According to this principle, the manger has to take necessary step to promote team spirit and develop a feeling of harmony among each othe

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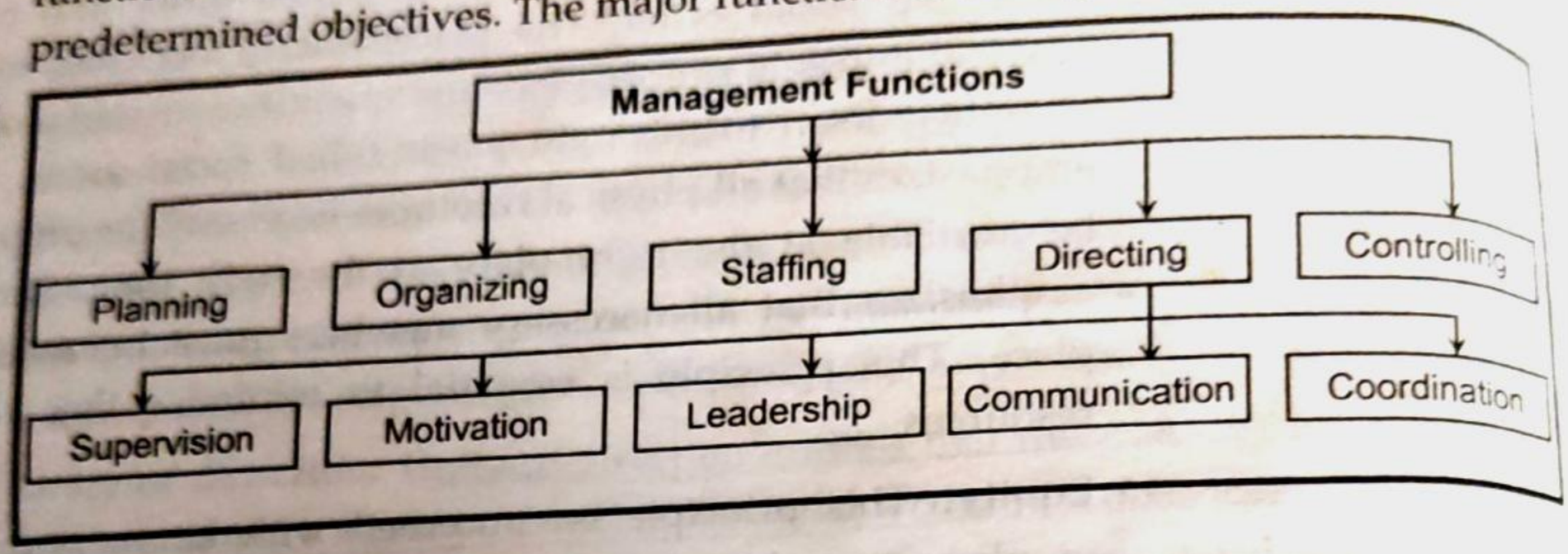
Managers have to attain organizational objectives through group effort. It suggests two concepts to the mangers: firstly, the concept of divide and must be avoided and secondly, emphasis must be given on unity command and oral communication among the workers to improve human relations.

PROCESS AND FUNCTION OF MANAGEMENT

Managerial function includes all managerial activities from setting objectives taking essential steps to ensure and achieve organizational objectives. These functions are essential to create a better working environment to achieve predetermined objectives. The major functions of management include:

FIGURE 1.4
MANAGEMENT FUNCTIONS



A. Planning

Planning is deciding in advance what is to be done and intellectual course of action to be taken to achieve predetermined goals in time

Planning is the primary function of management. It involves selecting the objectives, policies, procedures and program to achieve a desired result. It is the process of thinking before doing anything. It is a mental exercise and requires intelligence, skill, imagination and vision. Planning gives solution to various problems, which may arise in course of functioning. It minimizes future uncertainties and risk. It saves time, effort and cost of the organizations Planning:

- Setting organizational objectives.
- Forecasting the events.
- Formulating policies and procedures.
- Preparing work schedules and budget.

B. Organizing

Organizing is the process of identification of major activities, grouping them into units, assignment of work to staff and delegation of authority

Organizing is the process of identifying the major activities, grouping them into jobs according to nature and assigning the jobs to different departments and individuals. It is concerned with developing the structure and framework and arranging required resources to perform required activities. Resources include human, financial, physical and information. It defines the authority relationship among the organizational members. Therefore, organizing is the root or base of an enterprise. It is the framework where all mechanisms involved in achieving common objective is clarified. The major activity of organizing includes:

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- Identifying major activities.
- Grouping them into managerial units
- Assigning jobs to different departments and employees.
- Delegating necessary authority to fulfill given responsibility.

C. Staffing

Initially, staffing is the process of determination of manpower and recruitment, selection, appointment and placement of right employee to the right job

Staffing is concerned with recruitment, selection; appointment and placement of right person to the right job. Staffing is the life-blood of an enterprise which mobilizes all other resources for the achievement of common goals. It also involves determining the size of manpower at different levels. Staffing is the continuous process for the continuous existence of an organization. Staffing includes:

- Determining the total manpower requirement.
- Recruitment, selection and appointment of right person to the right job.
- Organizing seminar, workshop and training to develop employees' skill.
- Performance evaluation, promotion and transfer of employees.
- Remunerating employees according to their skill and ability.

D. Directing

Direction is a complex function that includes all those activities which are designed to encourage a subordinate to work effectively and efficiently. It is concerned with instructing, guiding and inspiring subordinates to achieve organizational objectives. Direction is the instrument to develop a better working environment in the organization. The direction function of management includes:

1. **Supervision:** Supervision refers to the direct and immediate guidance to the subordinates to ensure the execution of assigned works. The main motive of supervision is to ensure optimum utilization of human and physical resources so as to achieve organizational objectives. For this, a supervisor has to guide subordinates so that the latter can perform their work effectively. It is a continuous process until the existence of an organization.
2. **Motivation:** Motivation is a psychological and human aspect. It is the process of stimulating subordinates to achieve predetermined goals. It is based on need and human behavior. As a social being, workers want to fulfill their basic and social needs. They might be motivated both from financial and non-financial incentives.
3. **Leadership:** Leadership is the art of influencing the behavior and performance of the subordinates. It is the ability to persuade others to work willingly to achieve the desired goal. A person is said to be a leader when he is able to influence others and they accept his guidance, suggestions and directions. A manager is said to be a leader of the organization. S/he will be

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a successful manager only if s/he is able to influence the attitude and behavior of the subordinates.

4. **Communication:** Communication is the process of transmitting ideas and information from one person to another. It is an exchange of facts, opinions, ideas, and views among two or more persons. Communication is said to be effective when the message is clear. Effective communication system among all mechanisms of an organization is essential for successful operation. There must be an effective communication system for direct and clear follow of information on various management levels.

5. **Coordination:** Coordination is the process of integrating all the units and departments of an organization. It is the process of orderly arrangement of group efforts to provide unity of action for the attainment of common goals. Different departments and people perform different functions in an organization. But the activities of different departments are interrelated to each other. Therefore, coordination among all departments is necessary to bring uniformity in action to achieve organizational goals.

E. Controlling

Controlling is the process of comparing actual performance achieved with that of planed performance and taking corrective action if any deviation is there in actual performance so that defined goals can be achieved in defined time

Controlling is the process of setting a standard, measuring performance, comparing actual performance with that of planned performance and taking corrective action. It is a main instrument with which uniformity in action is maintained. Taking corrective action is necessary if actual performance is not in accordance with the planned performance.

The management executes a plan through control to ensure the achievement of predetermined goals. Therefore, it is essential to have a good controlling system for achieving results according to the plan. Controlling includes:

- Setting standards
- Measuring actual performance
- Identifying deviation, if any, between actual and planned performance.
- Analyzing the causes of deviation.
- Taking corrective action to achieve predetermined goals.

MANAGERIAL HIERARCHY AND LEVELS

The division of an organization into different departments on the basis of nature of functions and appointment of managers of different levels to maintain unity of command is managerial hierarchy

The term managerial hierarchy refers to the arrangement of managerial positions in an organization. The concept of division of managerial hierarchy into different levels was brought into practice to divide the authority and responsibility into various levels. It is essential to perform organizational jobs in a systematic way. For this, management hierarchy is divided into different levels and in each level a manager or head is appointed. They are responsible for all the activities of the department concerned or section for which they are appointed. The common managerial hierarchies practiced in different organizations are as follows:

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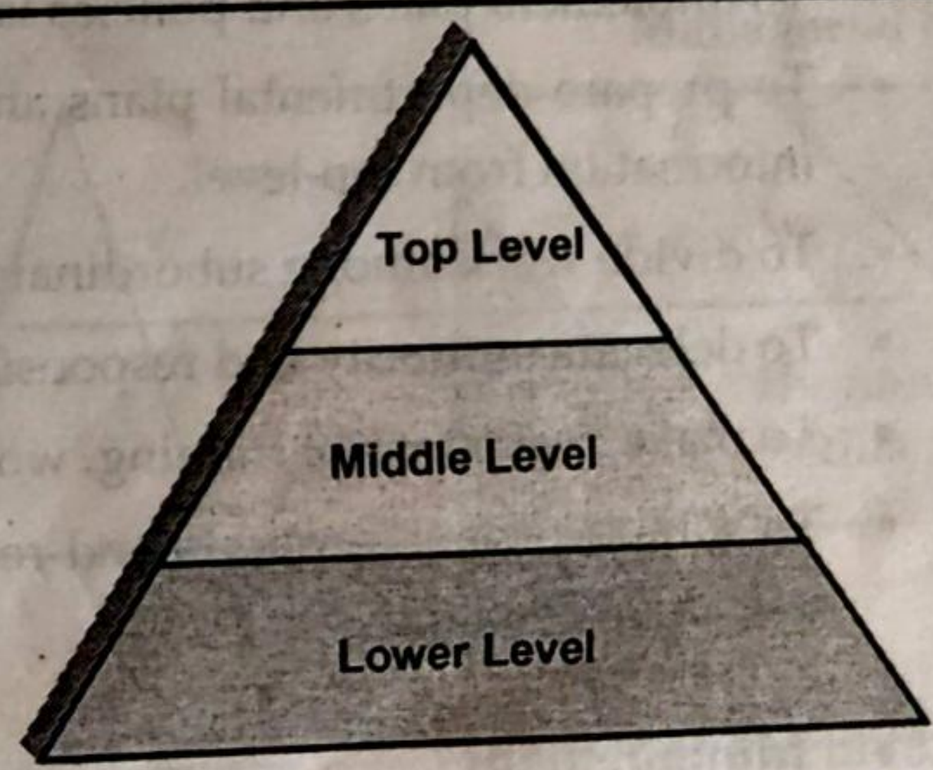
- Top Level Management.
- Middle Level Management.
- Lower Level Management.

A. Top Level Management

This is the highest level of management and is responsible for achieving overall objectives of the organization

This is the highest level of managerial hierarchy and is also known as the brain of the management. The top level management derives its power directly from the owners of the enterprise. In corporate enterprise, top level management is constituted with a management committee elected directly from shareholders as members of board of directors. Besides, this level also includes a chief executive like a chairman, president, managing director or general manager. Top level managers are responsible for the performance of the entire organization. They coordinate among different departments and units of an organization. They perform complex and varied nature of jobs. They work long hours and spend much of their time in meetings and decision making. The basic functions of top level management are:

FIGURE 1.5
MANAGERIAL HIERARCHY/ LEVELS OF MANAGEMENT



- To define overall objectives of the organization.
- To set up organizational structure to complete the work in efficient a systematic manner.
- To prepare strategic plans and policies of the organization.
- To direct, coordinate and lead all subordinates.
- To appoint departmental managers and guide them to do their work.
- To exercise overall control of all members of the organization.
- To evaluate and review the performance of all departments and necessary steps to achieve organizational objectives.
- To represent the organization to the outside world.

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B. Middle Level Management

This level consists of functional heads of different departments and is responsible for preparing and implementing departmental plans

Middle level management is the largest group of managers in most organizations. It is known as the backbone of an organization. This level of management consists of departmental heads like human resource manager, production manager, marketing manager, finance manager, procurement manager and similar other positions. In some big organizations, this level of management may have two layers—senior and junior middle level managements. Head of the department come under the senior level whereas branch heads are considered as under junior level management. The top-level management delegates a major part of its authority and responsibility to this level. This level plays the role of mediator between top and first line management. The managers of this level have to report about the accomplishment of work to the top level and give instructions to the lower level. The basic functions of middle management are:

- To play the role of mediator between top-level and first line management.
- To implement plans and policies laid down by the top level management
- To prepare departmental plans and strategies on the basis of guidance and information from top-level.
- To divide work among subordinates and maintain coordination among them.
- To delegate authority and responsibility to the first line management.
- To make provisions of training, workshop, seminar and other activities.
- To submit progress reports and recommend valuable suggestions to the top level management.

C. Lower Level Management

is the lowest level is directly involved in lementation of plans

This level is known as first line or operating level of management. It is directly involved in the actual operation of production, marketing, financing, accounting, etc. This level consists of supervisors, foremen, sales officers, accounts officers, superintendents, and other operational heads. They are responsible for the implementation of plans and strategies developed by the middle level management. They have direct relation with the employees who are involved in operations. This level is directly responsible for the completion of works in time to achieve planned objectives. The basic functions of first line management are:

- To make day-to-day plans and to implement plans formulated by middle level management.
- To assign responsibilities and duties to the employees.
- To provide necessary instructions and guidance to subordinates.
- To manage resources
- To maintain close and harmonious relation among all the employees.

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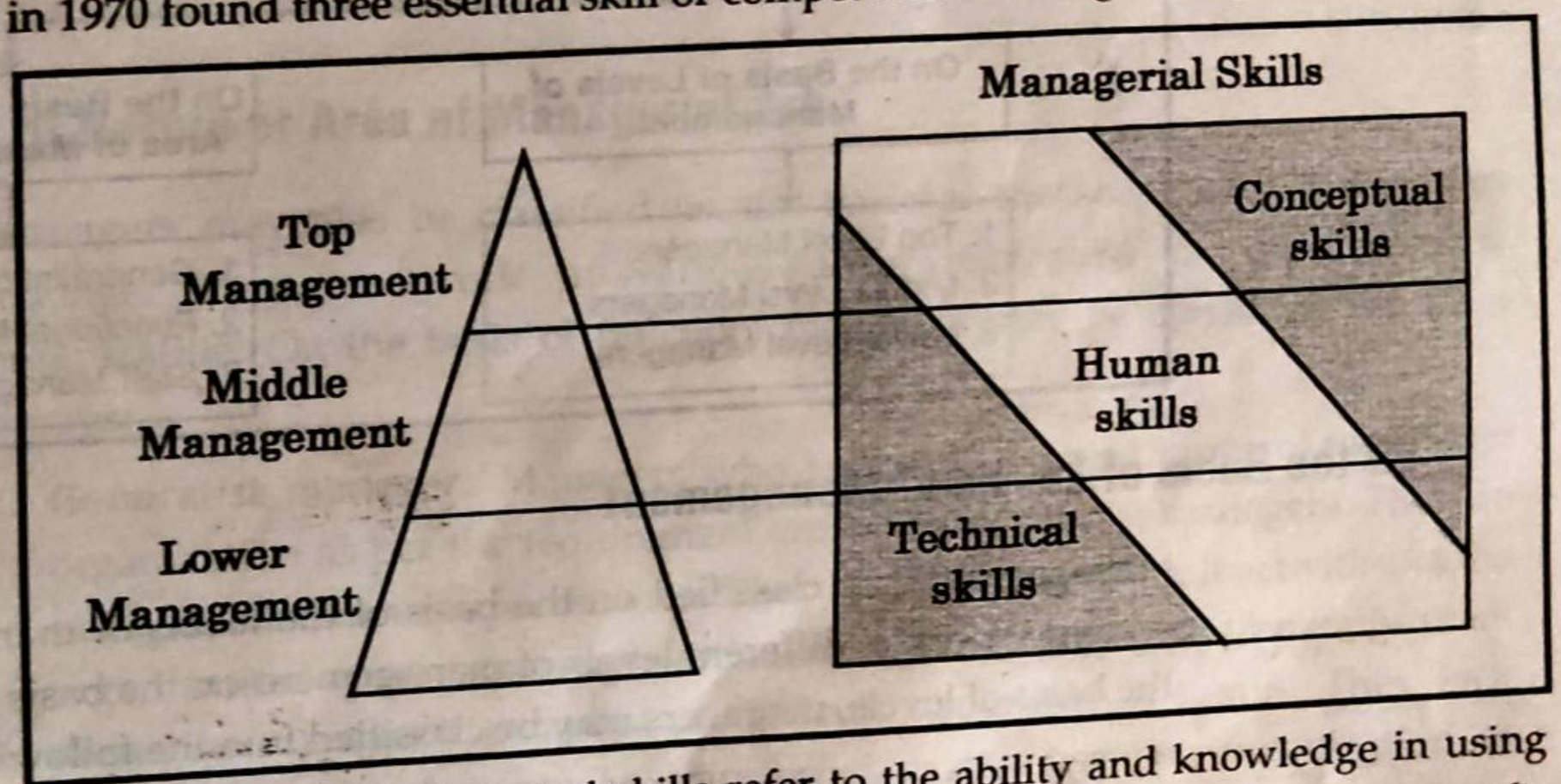
- To perform intermediary functions between middle level management and operating level employees.
- To submit progress report to the middle level management.
- To operate and create better environment for work.

MANAGERIAL SKILLS

A skill is an ability or proficiency in performing a particular task. Management skills are learned and developed. Managerial success primarily depends on performance rather than personality traits. When managers have the necessary management skills, they will probably perform well and be relatively successful in their profession. On the other hand, if managers do not have necessary managerial skills, they will probably perform below the expectations of the organization. Hence, regardless of the level of management, managers must possess and seek to further develop necessary skills. Research by Robert L. Katz in 1970 found three essential skill or competencies among managers.

FIGURE 1.6
MANAGERIAL SKILLS



Technical skill is the ability to use equipment or procedures of specific work

1. **Technical skill:** Technical skills refer to the ability and knowledge in using the equipments, techniques and procedures involved in performing a specific task. It usually consists of specialized knowledge and ability to perform within that specialty. Technical skills are especially important at the first line management level, since they spend much of their time in training subordinates and answering questions on work related problems. Engineers, doctors, chartered accountants, musicians; production managers need such technical skills.

Human skill is the ability to work with subordinates

2. **Human skill:** Human skill refers to the ability to work with, understand and motivate other people individually or in a group. Managers with good human skill are able to get the best output from subordinates. They know how to motivate, communicate, lead, inspire and trust subordinates. It is concerned with understanding people. These skills are equally important at all levels of management.

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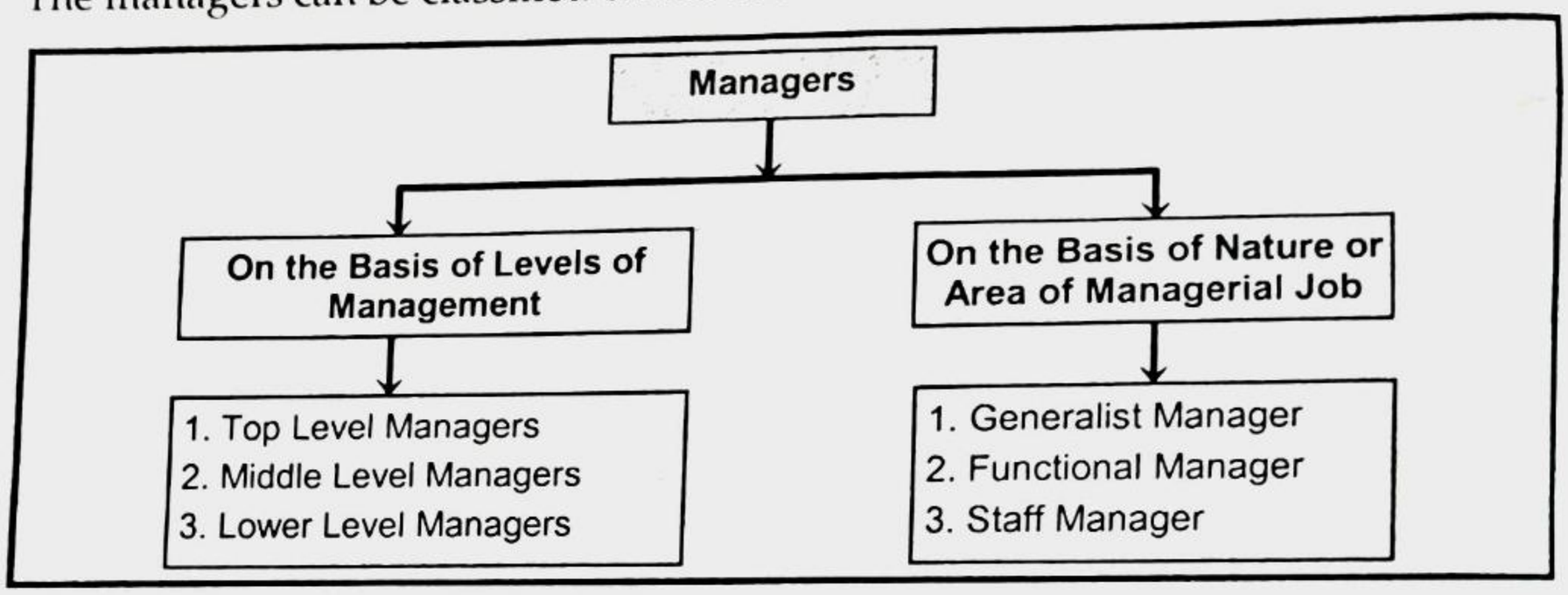
Conceptual skill is the ability to analyze and diagnose complex situation or problems

3. **Conceptual skill:** Conceptual skills refer to the mental ability to analyze and diagnose complex situations. It involves seeing the organization as a whole and understanding how its parts will affect the whole. These skills are necessary at the top level management. Conceptual skill helps the manager to conceptualize the environment, to analyze the forces working in a situation and to take a broad farsighted view of the organization. It also includes the competence to understand a problem in all its aspects and to use creative thinking in solving the problems.

TYPES OF MANAGERS

Managers working in an organization may be dividend into different groups. The managers can be classified on the basis of levels and the nature of works.

FIGURE 1.7
TYPES OF MANAGERS



On the Basis of Levels of Management

Managers may be classified on the basis of the levels of management. Different mangers work at different levels of management on the basis of assigned job. On the basis of levels, managers may be classified into the following three groups:

1. **Top level managers:** This is the highest level of managerial hierarchy and also known as the brain of the management. This level is the final source of authority. Generally, top level management is constituted with a management committee elected directly from shareholders as members of board of directors. Besides, this level also involves chief executives like the chairman, president, managing director or general manager. Top level managers are responsible for the performance of the entire organization through middle managers. They coordinate among different departments and units of an organization. They perform complex and varied nature of jobs. They work long hours and spend much of their time in meetings and decision making.

2. **Middle level managers:** Middle level manager is the largest group of managers in most organizations. This level of managers consists of departmental heads like personnel manager, production manager, marketing manager, finance manager, procurement manager and similar other

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positions. In some big organizations, this level of management may have two layers i.e. senior and junior middle level manager. Heads of the department come under the senior level whereas branch heads are under the junior level manager. The top-level manager delegates a major part of his/her authority and responsibility to this level. This level manager plays the role of mediator between top and first line management. The managers of this level have to report about the accomplishment of work to the top level and give instructions to the lower level.

3. **Lower level managers:** This level is known as first line or operating level of manager. It is directly involved in the actual operation of production, marketing, financing, accounting, etc. This level consists of supervisors, foremen, sales officers, accounts officers, superintendents, and other operational heads. They are responsible for the implementation of plans and strategies developed by the middle level manager. They have direct relation with the employees who are involved in operation. This level is directly responsible for the completion of works and planned objectives.

On the Basis of Nature or Area of Managerial Job

Managers may also be classified on the basis of the scope of activities they manage. Managers work in various areas regardless of their level in organization. On the basis of function, managers may be classified into three groups:

Generalist managers perform all types of managerial functions on the basis of requirement

1. **Generalist manager:** Managers who perform different types of jobs in an organization as per the requirement are called generalist managers. They do not specialize in any specific area. They look after the overall activities of the organization apart from any particular area of operation. Generally, they desire to manage a complex or difficult department or unit. They lack specialization as they can be transferred to or from one organization to another organization. They have over workload, as they have to perform diverse nature of jobs. Chief executive officers, presidents, vice presidents, general managers or deputy general managers fall under this category.

Functional managers perform the functions of their specific department or unit

2. **Functional manager:** Managers who specialize in specific areas are functional managers. Their authorities, duties and responsibilities are already described in the job description. Managers performing functions relating to production, sales, finance, public relation, research and development, accounting etc. are managers of this category. In practice, all department heads of a business firm are functional managers. In normal course of operation they are accountable about the performance to their own department or unit.

Staff managers are experts and play the role of advisors to both generalist and functional managers

3. **Staff manager:** They are professionals and experts in a specific area of business. They are given no specific formal position in management level. However, they play the role of advisors between generalist and functional

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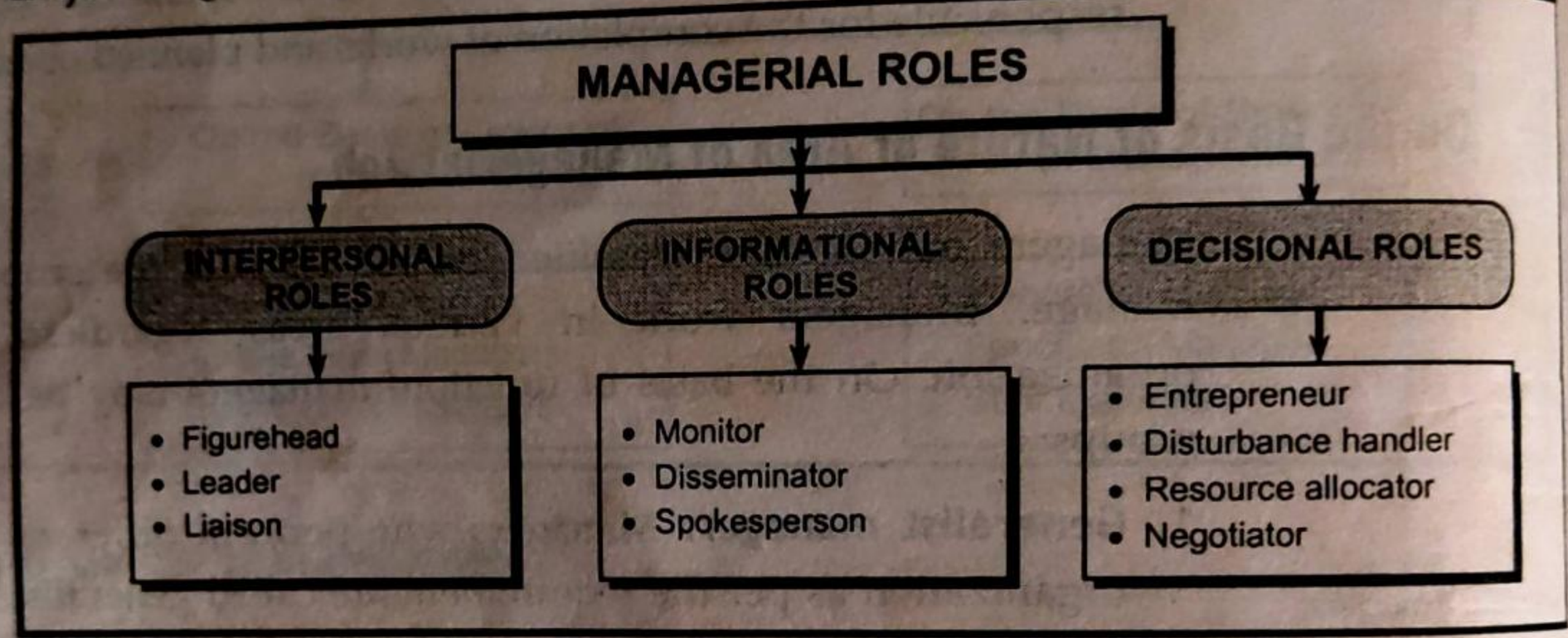
managers. They provide guidance and suggestions to both the above managers on the basis of requirement. Legal advisors, external auditors, management consultants are examples of such managers.

ROLES OF MANAGERS

The term management role refers to specific categories of managerial behaviour. The job of a modern manager is very complex and multi-dimensional. During the 1970's, ***Henry Mintzberg,*** a prominent researcher, criticized the traditional functional approach as unrealistic. He undertook a careful study of five chief executives at work for two weeks. He determined that managers serve in 10 different roles but are closely related to each other. Mintzberg and his followers have suggested that a more fruitful way of studying what managers do is to focus on the key roles they play. These 10 roles have been grouped into three major categories: interpersonal, informational and decisional roles.

Managerial Roles



A. Interpersonal Role

Interpersonal role is concerned with maintaining formal and informal relation with employees and with public at large. This role consists of figurehead, leader and liaison role

This role of manager relates to contacts and dealings with other people. Manager tries to maintain an interpersonal relationship with employees and outsiders on behalf of the organization. The formal authority of a manager gives him a special position or status in the organization to deal with such people. The interpersonal role of a manager includes:

1. **Figurehead:** Managers play this role when they perform duties that are ceremonial and symbolic in nature. These include greeting the visitors, distributing gifts, attending ceremonial functions etc.
2. **Leader:** Managers play this role when they perform official functions. This role is essential to maintain discipline and efficiency among the staff of the organization. The leadership role involves directing, motivating, leading and controlling to carry out operating activities as per the organizational plans.
3. **Liaison:** Managers play this role when they work as connecting link between their organization and outside institutions or people. This role of manager helps to maintain social and business relation with outsiders. Through

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role, managers work as a bridge between different units of the organization and outsiders.

B. Informational Role

Informational role of manager consists of receiving, collecting and circulating non-routing information

Information is the lifeblood of an organization and communication of day-to-day information is necessary in every organization. In some situation managers have to play an informational role and this role establishes the managers as the central point for receiving and dispatching non-routine information. This role involves receiving, collecting and disseminating information.

1. **Monitor:** This role involves receiving information about internal performance of the organization and also of external events. For this, a manager may appoint manpower of different skills to examine the environment in order to gather information about changes, opportunities and problems that may affect the organization. The formal and informal contacts are useful for collecting information.
2. **Disseminator:** This role involves transmitting relevant information to the members of the organization. This information may relate to the internal operation and external environment.
3. **Spokesperson:** As a spokesperson, a manager formally relays information to people outside the organization. Performing such a role, the managers act as an agent of the organization. The manager explains the view point of the enterprise on significant matters or answers queries of the people.

C. Decisional Role

Decisional role is concerned with choosing a best solution of a problem from among many alternatives

Decisional role involves making choices to solve organizational problems. Collecting information and maintaining relationship with others serve as a basis for decision-making. The four important decisional roles are entrepreneur, disturbance handler, resource allocator and negotiator.

1. **Entrepreneur:** This role involves initiating change or acting as a change agent and taking risks for better performance. A manager develops new ideas and strategic models for implementation. First line supervisors continuously look, for new ideas or new methods to improve unit performance. For example, an effective marketing manager continually seeks new product ideas.
2. **Disturbance handler:** This role involves taking corrective action when the organization faces unexpected disturbances like strike, feud between subordinates etc. The immediate step is to respond quickly and bring back/restore normality. As such, the mangers have to handle a conflict tactfully.
3. **Resource allocator:** Resources include money, people, time and equipment. The manger has to allocate the scarce resources in many departments and

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units where they are most needed. Therefore, a manger has to decide exactly who should get what.

4. **Negotiator:** A manager must bargain with other units and individuals to obtain advantage for his unit. The negotiations may concern work, performance, objectives, resources or anything else influencing the units.

Difference between Managerial Skills and Roles

A person needs some managerial skills to play the role of manager in the organization. Therefore, there is inter-relation between managerial skills and managerial role. Some of the points of difference between these two terms are as follows:

Bases of Difference	Managerial Skill	Managerial Role
1. Concept	Managerial skill is an ability of the manager in performing a particular task.	Managerial role refers to the specific types of behaviour shown or function performed by the manager.
2. Procedures	Skill is the power; therefore, for showing skill it is not necessary to complete formal procedures.	For playing managerial role, a manager needs to fulfill some official systems and procedures.
3. Types	Managerial skills involve conceptual skills, human skills, and technical skill.	Managerial roles involve interpersonal roles, informational roles and decisional roles.
4. Relation	Skill is the initial requirement of the manager.	A manager can play creative role only if he has managerial skills.
5. Perception	Skill is the inner strength of the manager.	Role is the functional and implementation part of the manager.

MERGING ISSUES AND CHALLENGES FOR MANAGEMENT

The business environment since a couple of decades has witnessed a sea change mainly due to rapid development in transportation and communication network, innovation of new knowledge, globalization of business, combination of multi-cultured professionals and so on. Therefore, managers must be able to adjust to the emerging new challenges. The following are the major challenges for management:

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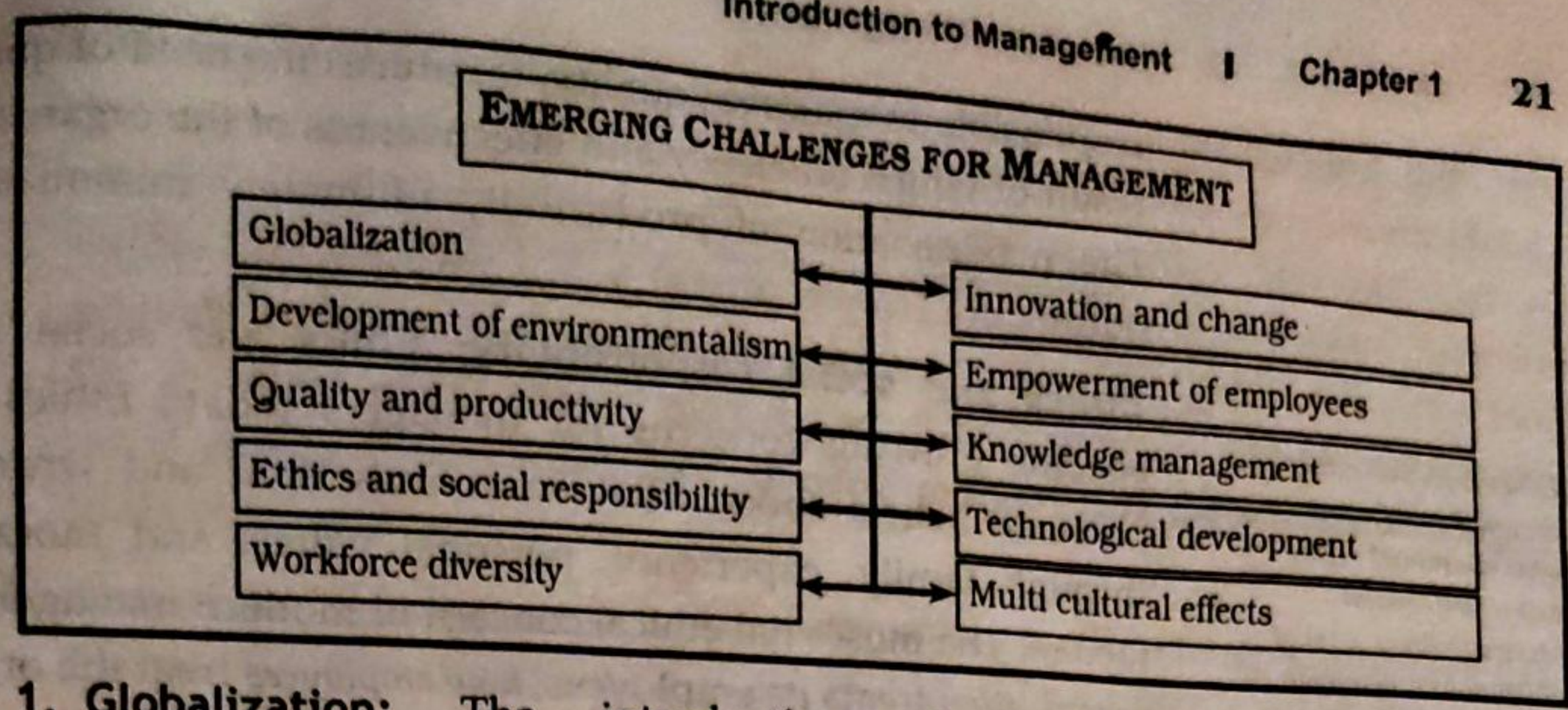
FIGURE 1.9
EMERGING CHALLENGES FOR MANAGEMENT



Globalization has tied economically the people of the world together and is shrinking the globe in narrow vision

1. **Globalization:** The introduction of network in transportation, communication, and economic interdependency has tied the people of the world together and causing the globe to shrink. Any quality product or service produced in one part of a country can easily reach all parts of the world without any restriction or barriers. Especially, multinational companies are global players in business not only to survive but also to prosper business operation. Globalization brings the concept of keen competition among the entrepreneurs of the world. Therefore, present managers have to work by considering the global prospective. They must be innovative and adjustable according to the changing environment.

Environmental issues like deforestation, global warming, depletion of the ozone layer, toxic wastage and pollution of land, air and water has drawn the attention of the society

2. **Development of environmentalism:** Environmental issues are major issues in management these days. These issues involve deforestation, global warming, depletion of the ozone layer, toxic waste and pollution of land, air and water. These environmental issues may not be a matter of interest to an enterprise, especially in developing countries like Nepal. But, these matters draw the attention of different social, business and political institutions. The main-stream politicians and social activists around the world have picked up the environmental banners.

   The green movement has spread in Europe, North America and other parts of the world to maintain the environmental ecology. Therefore, the present managers have the challenge to develop creative ways to make profit without harming the environment in the process of production.

It is practiced that quality and productivity are supplementary or auxiliary to each other.

3. **Quality and productivity:** Quality and productivity are also emerging issues of the present day business world. In the past, many managers assumed that they could increase output only by decreasing quality. However, present managers have come to the conclusion that such an assumption is almost always wrong. They have recognized that quality and productivity are inter related to each other. The introduction of quality enhancement program provides, broadly, three positive results to the management. Firstly, the number of defects will be decreased causing low return of defects from customers. Secondly, when the number of defects goes down, the involvement of resources to rework on the defectives will decrease resulting in minimized wastage of resources. Thirdly, when employees become

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responsible to maintain quality, it reduces the need of quality inspectors as a result of which efficiency and effectiveness of the organization will improve. The maximization of productivity ultimately minimizes per unit cost of output.

Ethics is an individual's personal belief about what constitutes right and wrong. Social responsibility is a set of obligations a manager has to and enhances in the society in which he has to function.

4. **Ethics and social responsibility:** Ethics and social responsibility have become growing concerns for managers today. Ethics is an individual's personal beliefs about what constitutes right and wrong. It is developed through family, experience, personal values and morals, and situational factors. The most vital ethical concern of modern managers is to know *how an organization* treats its employees, *how employees* treat the organization and also how an organization treats *other economic agents* like customers, competitors, suppliers, unions etc. It is a part of managerial function to use leadership, culture, training, codes and guidelines to help employees and other economic agents to maintain ethical behavior, which is ever changing.

   Although the concept of social responsibility has developed from the entrepreneurial era, more stress is being given in present times. Social responsibility is the set of obligations that an organization has to fulfill towards the society.

It is concerned with involvement of heterogeneous types of employees in an organization who represent different age, gender and ethnicity.

5. **Workforce diversity:** Workforce diversity is increasing in organizations today because of changing population dimensions. There are several dimensions of diversification; however, the important ones are age, gender, and ethnicity. The overall age of the workforce is increasing. Similarly, more women are also getting involved in the workplace. The diversification in workforce can affect an organization differently. From one angle it can be the source of cost advantage, source of resource acquisition, marketing, creativity, problem solving and system of flexibility. From another angle it could be a source of conflict in an organization.

Innovation of new knowledge and change in expectation of stakeholders are emerging challenges to the present managers.

6. **Innovation and change:** Innovation of new knowledge to fulfill the expectations of stakeholders is increasing today. It has become a fact of everyday life for everyone in business operation. At present managing change is a critical challenge to the managers. Change may occur in attitude and behavior of stakeholders like competitors, customers, employees, suppliers, and lenders. It is an important responsibility of managers to handle such change in a scientific and practical way. They have to improve quality of products and service to fulfill the changing need of customers. Besides, managers can use a variety of tools to harmonize the working environment of the organization like implementation of the reward system, development of entrepreneurship, and organizational culture.

The manager has to delegate authority to employees not only in making work related decision but also should provide full control over the work they perform

7. **Empowerment of employees:** Employees are the major element of the internal environment of an organization. When managers and employees embrace the same values and have the same goals, it becomes convenient to achieve organizational objectives. To maintain mutual relation between managers and employees it is essential to delegate the decision making

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authority to subordinate level employees, which is a challenging task. At present, employees have become more powerful due to decentralized authority and labor unions affiliated to political parties. This has been a serious problem for many organizations. The top level managers have to delegate authority to subordinates not only to take work related decision but also to maintain full control over the work they perform. The employees are the in-charge of their work and can perform their work themselves according to their convenience.

Employees are the primary source of knowledge and as far as possible their ideas should be accumulated to prepare plans and policies.

8. **Knowledge management:** In this competitive environment, knowledge has become power. The society expects new ideas, new things and creativity in product or service from any organization. To fulfill such social expectations, the manager has to accumulate knowledge and ideas from all members involved in the organization. A model manager must be flexible to manage knowledge and should also consider the situational factor.

Technology is an ever growing process which tends to increase aspiration sand expectations of stakeholders.

9. **Technological development:** Today, technological development is an ever growing process. Technological development tends to increase the aspirations and expectations of customers, investors, competitors, employees and other stakeholders of an organization. It develops the concept of competitive environment among the manufacturers and suppliers. Modern means of communication should be used to transform information with customers.

The most important challenge of present-day managers is to identify and predict the ever developing new technology. The management of technology is newly emerged aspect in the field of management. It is the responsibility of managers to keep pace with the changes in technology and grab the opportunity to make business a success. They have to modify products and services on the basis of the changing needs of customers.

Involvement of multi-cultural people having different traditions, values, social attitudes, religious believes, and living approaches create new challenge to managers.

10. **Multi-cultural effects:** Innovation of modern communication and transportation system has tied the multi- cultured people together. They work together to meet their common and professional objectives even if they have different traditions, values, social attitudes, religious belief and living approach. The involvement of cross-cultural professionals in organizations is continuously increasing. Management is effective only when it is able to maintain coordination among multi cultural professionals.

In the context of Nepal, political instability, powerful labor unions affiliated with political parties, rising public expectations and lack of skilled manpower due to brain drain are the major challenges for managers. Many Nepalese business organizations are operating in a measurable condition today because of the above challenges in recent years. After the country entered the World Trade Organization (WTO), Nepalese export has been significantly declining and imports have been rising. This is a serious problem for the country's economy. In this context, Nepalese managers need to overcome the above challenges and the government needs to play the role of a facilitator.

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