MANAGEMENT OVERVIEW

DEFINITION

According to Harold Koontz, "Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals".

LEVELS OF MANAGEMENT

1. **The Top Management**

   - Consists of board of directors, chief executive or managing director.
   - Ultimate source of authority managing goals and policies.
   - Responsibilities include laying down objectives, preparing strategic plans, coordinating activities, and maintaining external contacts.

2. **Middle Level Management**

   - Includes branch and departmental managers.
   - Responsible for executing plans, coordinating activities, interpreting policies, and evaluating junior managers.

3. **Lower Level Management**

   - Also known as supervisory or operative level.
   - Responsibilities involve assigning tasks, guiding workers, ensuring quality and quantity of production, and maintaining worker relations.

FUNCTIONS OF MANAGEMENT

Management encompasses various functions essential for organizational success:

1. **Planning**

   - Fundamental function dealing with charting future actions for goal achievement.
   - Involves deciding what, when, and how to bridge the gap between current and desired states.

2. **Organizing**

   - Process of harmonizing physical, financial, and human resources for goal attainment.
   - Includes identifying activities, assigning duties, and establishing authority relationships.

3. **Staffing**

   - Manning the organization structure through proper selection, development, and placement of personnel.
   - Encompasses manpower planning, recruitment, training, performance appraisal, and promotions.

4. **Directing**

   - Actuates organizational methods for efficient action.
   - Involves supervision, motivation, leadership, and communication to guide subordinates.

5. **Controlling**

- Measures accomplishments against standards and corrects deviations to ensure goal achievement.
- Steps include establishing standards, measuring performance, comparing against standards, and taking corrective actions.

This framework establishes a comprehensive view of management, integrating planning, organizing, staffing, directing, and controlling functions to achieve organizational objectives.

ROLES OF MANAGERS

Henry Mintzberg identified ten different roles, separated into three categories:

a) Interpersonal Roles

- **Leader:** Responsible for staffing, training, and associated duties.
- **Figurehead:** Symbolic head of the organization.
- **Liaison:** Maintains communication between contacts and informers within the organization.

b) Informational Roles

- **Monitor:** Seeks and receives information to understand the organization.
- **Disseminator:** Transmits important information received from outsiders to organization members.
- **Spokesperson:** Transmits the organization’s plans, policies, and actions to outsiders.

c) Decisional Roles

- **Entrepreneur:** Seeks opportunities, responds to and exploits change.
- **Negotiator:** Represents the organization at major negotiations.
- **Resource Allocator:** Makes significant decisions related to resource allocation.
- **Disturbance Handler:** Responsible for corrective action during organizational disturbances.

EVOLUTION OF MANAGEMENT THOUGHT

The practice of management has ancient roots but developed as a discipline in the late 19th century. Various management approaches emerged, reflecting different assumptions about human behavior and organizations.

a) THE CLASSICAL APPROACH

- **Scientific Management:** Introduced by Frederick Taylor, focusing on improving labor productivity through precise procedures.
- **Administrative Management:** Henri Fayol emphasized management principles and administration.
- **Bureaucratic Management:** Max Weber proposed a bureaucratic organization structure for efficiency.

b) THE BEHAVIORAL APPROACH

- **Human Relations:** Hawthorne Experiments emphasized workers' attitudes and social systems' impact on productivity.
- **Behavioral Science:** Emerged in the 1950s, focusing on personality, motivation, and group behavior.

c) THE QUANTITATIVE APPROACH

- **Management Science (Operations Research):** Uses mathematical approaches to solve management problems.
- **Production and Operations Management:** Focuses on controlling the production process.

d) SYSTEMS APPROACH

- Views organizations as open systems interacting with the environment to achieve equilibrium.

e) CONTINGENCY APPROACH

- Emphasizes applying management principles according to unique situational factors.

MANAGEMENT APPROACHES

Approach	Beginning Dates	Emphasis
CLASSICAL APPROACH		
Scientific Management	1880s	Replaces traditional rules with precise procedures based on individual work analysis.
Administrative Management	1940s	Focuses on management administration and principles.
Bureaucratic Management	1920s	Replaces traditional leadership with legal leadership.
BEHAVIORAL APPROACH		
Human Relations	1930s	Associates workers' attitudes with productivity.
Behavioral Science	1950s	Seeks to understand human behavior in organizations.
QUANTITATIVE APPROACH		
Management Science (Operation Research)	1940s	Uses mathematical approaches to solve management problems.
Production and Operations Management	1940s	Focuses on controlling the production process.
RECENT DEVELOPMENTS		
SYSTEMS APPROACH	1950s	Views organizations as systems interacting with the environment.
CONTINGENCY APPROACH	1960s	Emphasizes applying management principles as per situational characteristics.

These approaches highlight the evolution of management thought, addressing various aspects of organizational behavior and decision-making.

Contribution of Fayol and Taylor to Management

Frederick Winslow Taylor (Scientific Management):

Taylor pioneered the scientific approach to management, emphasizing a scientific method to improve efficiency in industry. His principles and elements of scientific management laid the foundation for modern management practices.

Contributions:

- **Scientific Task and Rate-Setting:** Introduced methods like time and motion studies to improve work efficiency and set standard rates for tasks.
- **Planning the Task:** Advocated thorough production planning to ensure systematic work processes.
- **Selection and Training:** Emphasized the importance of systematic worker selection and proper training in efficient methods.
- **Standardization:** Urged the standardization of tools, speed, working conditions, materials, and specialization.
- **Specialization:** Introduced separation of planning and doing tasks, assigning functional foremen for various responsibilities.
- **Mental Revolution:** Encouraged sharing productivity gains between management and workers for increased profits and wages.

Henry Fayol (Administrative Management):

Fayol formulated 14 principles of management, providing a framework for effective management practices and organizational principles.

Fayol's 14 Principles:

- **Division of Work:** Specialization for increased productivity and efficiency.
- **Authority and Responsibility:** Complementary aspects necessary for effective management.
- **Discipline:** Need for clear agreements and penalties for non-obedience.
- **Unity of Command:** Each member receives orders from only one superior.
- **Unity of Direction:** All work towards common objectives.
- **Subordination of Personal Interest:** Emphasis on collective interest over individual interests.
- **Remuneration:** Fair pay and non-financial incentives to motivate employees.
- **Centralization:** Balanced centralization and decentralization of authority.
- **Scalar Chain:** A hierarchy linking all members, emphasizing unity of command.
- **Order:** Systematic arrangement for efficient organization and management.
- **Equity:** Justice in dealings and collaboration within the organization.
- **Stability of Tenure:** Job security for employees to ensure efficiency.
- **Esprit de Corps:** Team spirit and unity leading to improved performance.
- **Initiative:** Encouragement of creative thinking and taking initiative for better planning and execution.

Both Taylor and Fayol significantly contributed to the development of management practices, offering systematic approaches and principles that continue to influence management theory and practice today.

Organization and Environmental Factors in Business Structures

Types of Business Organizations:

a) **Sole Proprietorships:**

- **Merits:** Easy to organize, complete control, direct income flow to owner's taxes, easy dissolution.
- **Demerits:** Unlimited liability, personal assets at risk, limited funds, difficulty in attracting skilled employees, limited deductions for employee benefits.

b) **Partnerships:**

- **Merits:** Relatively easy setup, increased funding potential, profit flow to partners, attraction for prospective employees as partners.

- **Demerits:** Joint and individual liability, shared profits, potential disagreements, limited deductible employee benefits, limited life span.

c) **Corporations:**

- **Merits:** Limited shareholder liability, potential funds via stock sales, tax deductions for employee benefits, election of S corporation status.
- **Demerits:** Lengthy and costly incorporation process, extensive regulation and paperwork, potential higher taxes due to dividend taxation.

d) **Joint Stock Company:**

- **Merits:** Limited liability encourages investment, risk division among shareholders, not affected by shareholder changes.
- **Disadvantages:** Difficulty in maintaining secrecy, extensive legal formalities, lack of personal interest.

e) **Public Corporations:**

- **Merits:** Expected better working conditions, quicker decisions, flexibility, efficient management.
- **Demerits:** Complex process for power and constitution changes, tendency toward monopoly, reluctance toward innovation due to lack of competition.

f) **Government Companies:**

- **Merits:** Easy formation, decision-making flexibility for directors.
- **Demerits:** Risk of misuse of freedom, potential inefficiency due to focus on political appeasement rather than effective management.

Each business structure offers unique advantages and drawbacks, requiring careful consideration of liability, funding, management, and long-term viability. Choosing the right organizational form depends on the nature of the business, its goals, and its vision for growth and sustainability.

Environmental Factors:

Internal Environmental Factors:

1. **Resources:**
    - Tangible (financial, physical assets)
    - Intangible (reputational assets, technology)
    - Human capital (skills, knowledge, abilities)
2. **Capabilities:**
    - Organizational capacity for productive activities
    - Functionally classified to identify strengths relative to competitors
3. **Culture:**
    - Shared values and norms aiding in achieving organizational goals

External Environmental Factors:

1. **Micro Environmental Factors:**
    - **Shareholders:** Influence strategic decisions and growth paths.
    - **Suppliers:** Impact pricing, quality, and product availability.

- **Distributors:** Control product presentation and pricing strategies.
- **Customers:** Core focus for business survival and strategy.
- **Competitors:** Drive market dynamics, pricing, and innovation.
- **Media:** Can significantly affect brand perception and strategies.

2. **Macro Environmental Factors:**

- **Political:** Regulations, tax policies, and political stability.
- **Economic:** Influence purchasing power, interest rates, and inflation.
- **Social:** Demographics, cultural trends, and societal values.
- **Technological:** Impact barriers, innovation, and outsourcing decisions.

Challenges of Management in a Global Scenario:

1. **Planning and Decision Making:**

- Understanding local markets, competition, and global economic trends.
- Strategic decisions: Entry modes into new markets, alliances, or acquisitions.

2. **Organizing:**

- Structuring operations across global locations effectively.
- Managing change, aligning with diverse cultural work practices.

3. **Leading:**

- Navigating cultural diversity in motivational and leadership styles.
- Adapting communication and interpersonal approaches across cultures.

4. **Controlling:**

- Overcoming distance, time zone differences in supervision and control.
- Addressing cultural variations in operations, productivity, and technology.

Companies that thrive in the global landscape leverage these insights to craft flexible strategies, emphasize cultural sensitivity, and employ advanced communication technologies to bridge geographical gaps effectively.