The Goals of All Managers and Organizations

Nonbusiness executives sometimes say that the aim of business managers is simple - to make a profit. But profit is really only a measure of a surplus of sales receipts over expenses. For many businesses, an important goal is the long term increase in the value of their common stock. In a very real sense, in all kinds of organizations, wheather business or non business, the logical and publicly desirable aim of all managers should be a surplus. Thus, managers must establish an environment in which people can accomplish group goals with

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the least amount of time, money, materials and personal dissatisfaction, or in which they can achieve as much as possible of a desired goal with available resources. In a non business enterprise such as a police department, as well as in units of a businesses that are not responsible for total business profits (such as the accounting department), managers still have goals and should strive to accomplish them with the minimum of resources or to accomplish as much as possible with available resources.

Advances in Technologies, Trends in Globalization and a Focus Entrepreneurship for Adapting to Change in the 21st Century.

To be successful in the 21st century, companies must take advantage of the new information technology especially the internet - globalization - and ~~Entrepre~~ Entrepreneurship.

Technology: Technology and especially information technology (IT) has a pervasive impact on both organizations and individuals. The world wide web and the internet connects people and organizations through a global network. Electronic commerce is increasingly used for transaction between individuals and companies (B2C) as well as between businesses (B2B). The number of people connecting to the internet varies among countries

Another trend is the use of m-commerce, that is mobile or wireless commerce for buying and selling goods using for example cellular phones

or personal digital assistants. Increasingly, people can communicate without computers by using wireless devices.

Globalization: The second major trend is globalization. Most major corporations have an international presence. The World Trade Organization (WTO), an umbrella organization, was established in 1995 to govern international trade. The gain from globalization not only benefit western corporations but also result in higer incomes for people in others countries such as China and India. Clearly managers must develop an international perspective.

Productivity, Effectiveness and Efficiency

Productivity: Another way to view the aim of managers is that they must raise productivity. Today, the urgent need for productivity improvement is recognized around the world by governments, industry and universities. Successful companies create a surplus through productive operations. Although there is no complete on the true meaning of productivity, let us define it as the output-input ratio with a time period with due consideration for quality, it can be expressed as follows

$$\text{productivity} = \frac{\text{Outputs}}{\text{Inputs}} \begin{matrix}(\text{within a time period}) \\ \text{quality considered})\end{matrix}$$

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The formula indicates that productivity can be improved (1) by increasing outputs with the same inputs, (2) by decreasing inputs to change ~~the~~ but maintaining the same outputs or (3) by increasing outputs and decreasing inputs to change the ratio favorably. Companies use several kinds of inputs, such as labor, materials and capital.

Effectiveness and efficiency: Productivity implies effectiveness and efficiency in individual and organizational performance. Effectiveness is the achievement of objectives. Efficiency is the achievement of the ends with the least amount of resources. Managers cannot know whether they are productive unless they first know their goals and those of the organization.

Managing: Science or Art?

Managing like all other practices - whether medicine, music composition, engineering, accountancy or even cricket - is an art. It is know-how. It is doing thing in light of the realities of a situation. Yet managers can work better by using the organized knowledge about management. It is this knowledge that constitutes a science. Thus managing as practice is an art, the organized knowledge underlying the practice may be reffered to as a science. In this context, science and art are not mutually exclusive, they are complementary.

As science improves, so should art, as has

happened in the physical and biological sciences. To be sure the science underlying managing is fairly crude and inexact because the many variables that managers deal with are extremely complex. Nevertheless, such management knowledge can certainly improve managerial practice. Physicians without the advantage of science would be little more that witch doctors. Executives who attempt to manage without management science must trust luck, intuition or do what they did in the past.

In managing as in any other field, unless practitioners are to learn by trial and error (and it has been said that managers errors are their subordinates trials), there is no place they can turn to for meaningful guidance other than the accumulated knowledge underlying their practice.

THE EVOLUTION OF MANAGEMENT THOUGHT

Many different contribution of writers and practitioners have resulted in different approaches to management and these make a "management theory jungle". We will study different patterns of management analysis and what can be done to untangle the jungle. We will highlight Frederik Taylor's Scientific Management, Henri Fayol's modern operational management, and Elton Mayo and F.J. Roethlisberger's Hawthrone Studies.

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Frederick Taylor and Scientific Management

Frederick Winslow Taylor gave up going to college and started out as an apprentice pattern maker and machinist in 1875, joined the Midvale Steel Company in Philadelphia as a machinist in 1878, and rose to the position of chief engineer after earning a degree in engineering through evening study. He invented high speed steel cutting tools and spent most of his life as a consulting engineer.

Taylor is generally acknowledged as the father of scientific management. Probably no other person has had a greater impact on the early development of management. His experiences as an apprentice, a common laborer, a foreman, a master mechanic and then as the chief engineer of a steel company gave Taylor ample opportunity to know first hand the problems and ~~attribu~~ attitudes of workers and to see the great possibilities for improving the quality of management.

Taylor's famous work Principles of Scientific management was published in 1911. The fundamental principles that Taylor was underlying the scientific approach to managent are as follows:

* Replacing rules of thumb with Science.
* Obtaining harmony, rather that discord, in group action.
* Achieving cooperation of human beings, rather that chaotic individualism

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* Working for maximum output, rather than restricted output.
* Developing all workers to the fullest extent possible for their own and their company's highest prosperity.

Henri Fayol, the Father of Modern Management Theory.

~~Ford~~ Perhaps the real father of modern management theory is the French industrialist Henri Fayol. He recognized a widespread need for principles and management teaching. Consequently, he identified 14 such principles, noting that they are flexible, not absolute, and must be usable regardless of changing conditions. Let us look at some of these principles:

* Authority and responsibility: Fayol suggests that authority and responsibility are related, with the latter rising from the former. He sees authority as a combination of official factors, deriving from the manager's position and personal factors, "compounded of intelligence, experience, moral worth, past service, etc".
* Unity of command: Employees should receive orders from one superior only.
* Scalar chain: Fayol thinks of this as a "chain of superiors" from the highest to the lowest ranks, which, while not to be departed from needlessly, should be short circuited when following it.

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* Esprit de corps: This is the principle that "in union there is strength", as well as an extention of the principle of unity of command, emphasizing the need for teamwork and importance of communication in obtaining it.

Fayol regards the elements of management as the functions of planning, organizing, commanding and controlling.

Elton Mayo and F. J. Roethlisberger and the Hawthorne Studies.

Elton May and F. J. Roethlisberger and others undertook the famous experiments at the Hawthorne plant of the western electric company between 1927 and 1932. Earlier from 1924 to 1927 the National Research Council made a study in collaboration on workers of Western Electric to determine the effect of illumination and other conditions on workers and their productivity. Finding the productivity improved when illumination was either increased or decreased for a test group, the researchers were about to declare the whole experiment a failure. However Mayo of Harvard saw in it something unusual and with Roethlisberger and others continued the research.

What Mayo and his colleagues found, partly on the basis of the ealier thinking of Vilfredo Pareto, was to have a dramatic ~~effort~~ effect on management thought. Changing illumination

for the test group, modifying rest period, shortening workdays and varying incentive pay system did not seem to explain changes in productivity. Mayo and his researchers then came to the conclusion that other factors were responsible. They found, in general, that the improvement in productivity was due to such social factors such as morale, satisfactory inter-relationships between members of a work group (a sense of belonging) and effective management - a kind of management that takes into account human behaviour, especially group behaviour, and serve it through such interpersonal skills as ~~motivating~~ motivating, counselling, leading and communicating. This phenomenon arising basically from people being "noticed" has been named the Hawthorne effect.

Recent contribution to management thoughts:

Among the contributors to management thought are public administrators, business managers and behavioral scientists.

Peter F. Drucker has written on a variety of general management topics. Keith David helped to understand the informal organization. The late W. Edwards Deming and Joseph M. Juran two Americans, did much to improve the quality of Japanese products. The late Laurence Peter suggested that eventually people get promoted to a level where they are incompetent and

no further promotion is possible. Unfortunately, this may result in organization with incompetent people. William Ouchi, who wrote the best selling book Theory Z, showed how selected Japanese management practices may be adapted in the United States. Finally, Thomas Peters and Robert Waterman discussed characteristics of excellent companies.

The Wisdom of Peter Drucker

The late Peter Drucker was one of the most influential management thinkers. During his 60 year old career, he wrote 39 books and consulted with executives of major companies. However his interests were not restricted to managerial insights but extended to Japanese art and European history. Yet, his focus was on making more productive. He popularized management by objectives in his classic book The Practice of Management in which he emphasized the importance of having a clear purpose and the setting of verifiable objectives. This means that objectives are ~~vario~~ verifiable if at the end of the period one can see whether the objective has been achieved.

Drucker consulted with CEOs of major companies such as Jack Welch, the former CEO of General Electric (GE) who is considered by many as the most effective executive managers of a large complex organization. Drucker's questioning may

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have lead to Welch's axiom which may suggested that if one of GEs business units is not No. 1 or No 2 in its industry, it should be discarded. Drucker's effectiveness was in raising important questions. One top manager asked why he should pay Drucker's consulting fees, if the CEO was to answer all the questions. However Drucker's questioning approach often led to identifying the direction the company should go. Andrew Grove, the former CEO at intel was impressed by Druckers discussion of the multiple roles of the CEO, namely, that of presenting the firm to the public, the role of the strategist, and that of the operational manager. Moreover, Drucker suggested that a manager should not be promoted on his or her potential, but on performance.

In 1943 he studied the organizational structure of GM which resulted in the book The Concept of the Corporation. His view was that "it takes people capable of joint performance, to make their strengths effective and weakness irrelevant".

Drucker had a deep concern not only for making workers more productive, but that employees are the organization's most valuable assets and that decision making should be pushed down in the organization to the lowest level in the hierarchy. Some other suggests of his management philosophy are that at the center of the organization are human being - not machines

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or buildings. He also suggested that managers do the same in the United States, Germany, Japan, China, but how they do it may be different.

Organizational learning, training and development need to be done at all levels of the organization. It is a continuing effort. Profitability is not the purpose but a necessity in organizations. Marketing starts with the customer and his or her values and needs.

Long before it was generally recognized, Drucker popularized the idea of the "knowledge worker" and special consideration for managing him or her. But management is not only for profit-oriented enterprises, but also for churches, labor unions, youth groups, and hospitals.