Fundamentals of Management

BOOKS COVERED: MANAGEMENT BY GRIFFIN

Definition

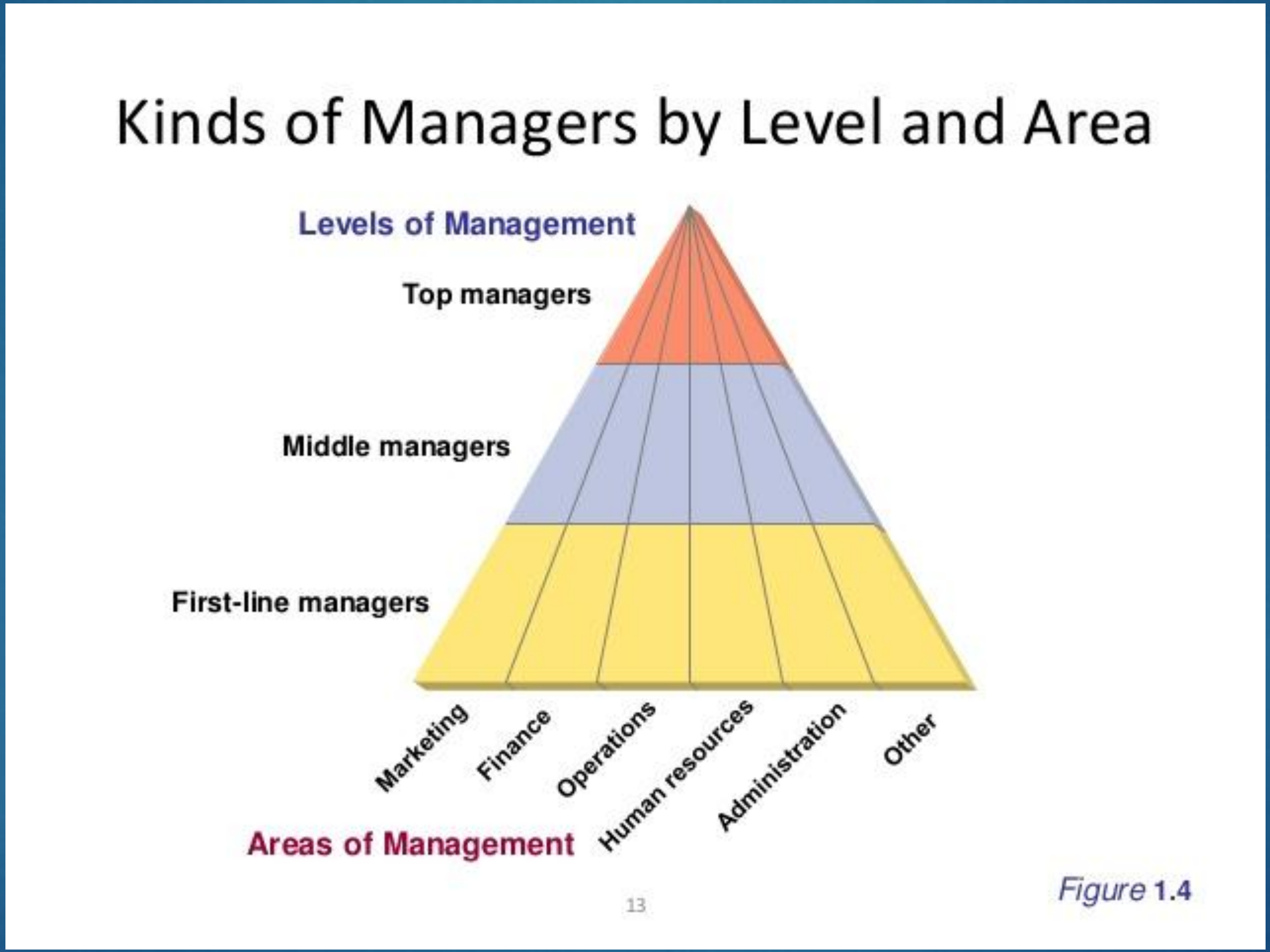
Management is a set of activities (including planning, organizing, leading & controlling) directed at organization's resources (human, financial, physical & information), with the aim of achieving organizational goals effectively & efficiently in the changing environment.

This definition highlights the five core components of managerial work they are:

- **∅ Planning , Organizing, Directing & controlling the activities of human & other resources**
- **∅ Making the most efficient & effective use of resources**
- **∅ coordinating various activities**
- **∅ Achieving organizational objectives**

  - Efficiency- Using resources wisely and in a cost effective way
  - Effectiveness- Making the right decisions and successfully implementing them

Kinds of managers



Top level

- Top-level managers (or top managers) are the “bosses” of the organization. They have titles such as **chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO) chief human resources officer (CHRO)**, and **chief financial officer (CFO).** A new executive position known as the **chief compliance officer (CCO)** is showing up on many organizational charts in response to the demands of the government to comply with complex rules and regulations. Depending on the size and type of organization, executive vice presidents and division heads would also be part of the top management team. The relative importance of these positions varies according to the type of organization they head. For example, in a pharmaceutical firm, the CCO may report directly to the CEO or to the board of directors.
- Top managers are ultimately responsible for the **long-term success** of the organization. They set **long-term goals** and define **strategies** to achieve them. They pay careful attention to the external environment of the organization: the economy, proposals for laws that would affect profits, stakeholder demands, and consumer and public relations. They will make the decisions that affect the whole company such as financial investments, mergers and acquisitions, partnerships and strategic alliances, and changes to the brand or product line of the organization.

Middle level managers

- Middle managers have titles like department head, director, and chief supervisor. They are **links** between the top managers and the first-line managers and have one or two levels below them. Middle managers receive broad strategic plans from top managers and turn them into **operational blueprints** with specific objectives and programs for first-line managers. They also encourage, support, and foster talented employees within the organization. An important function of middle managers is providing **leadership**, both in implementing top manager directives and in enabling first-line managers to support teams and effectively report both positive performances and obstacles to meeting objectives.

First-line Managers

- First-line managers are the **entry level** of management, the individuals "on the line" and in the **closest contact** with the workers / executives. They are directly responsible for making sure that organizational objectives and plans are implemented effectively. They may be called **assistant managers, shift managers, foremen, section chiefs, supervisor,** or **office managers**. First-line managers are focused almost exclusively on the **internal issues** of the organization and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production. It is essential that they communicate regularly with middle management.

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Different functional areas of an organization

- **Marketing Managers** (getting consumers and customers to buy the products and services)
- **Financial Managers** (Dealing with financial resources, i.e. accounting, cash management, investment)
- **Operations Managers** (managing the system that create organization's products and services)
- **Human resource Managers** (responsible for hiring and developing employees)
- **Administrative Managers** (basic familiarity with all functional area)
- **Others-**
  - Public relations / Customer relations
  - Research Development
  - ICT (Information & Communication Technology)
  - Technical (Maintenance, Construction & Civil Works etc.)

Basic Managerial Roles and skills

Ten Basic Managerial Roles

Category	Role	Sample Activities
Interpersonal	Figurehead	Attending ribbon-cutting ceremony for new plant
	Leader	Encouraging employees to improve productivity
	Liaison	Coordinating activities of two projects
Informational	Monitor	Scanning industry reports to stay abreast of developments
	Disseminator	Sending memos outlining new organizational initiatives
	Spokesperson	Making a speech to discuss growth plans
Decisional	Entrepreneur	Developing new ideas for innovation
	Disturbance handler	Resolving conflict between two subordinates
	Resource allocator	Reviewing and revising budget requests
	Negotiator	Reaching agreement with a key supplier or labor union

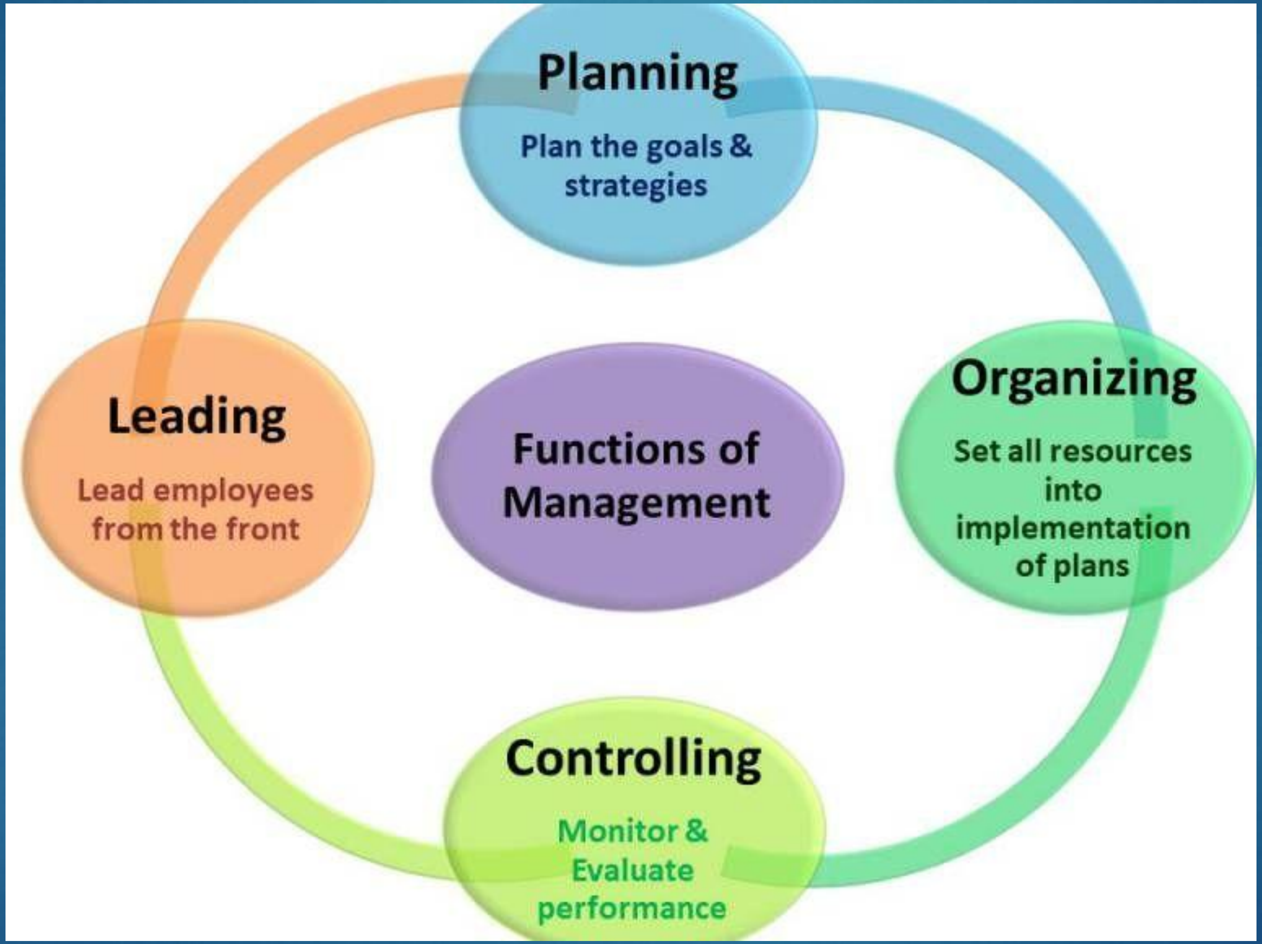
Table **1.2**

Basic Managerial Roles and skills

- **Technical skills** - important for first line managers, should know how to perform task assigned to those they supervise if they want to be effective managers.
- **Interpersonal skills** - ability to communicate with, understand, motivate both individuals and groups.
- **Communication skills** - convey and receive ideas
- **Conceptual skills** - ability to think in the abstract
- **Diagnostic skills** - appropriate response to a situation
- **Decision making skills** - define problems and opportunities and design appropriate course of actions
- **Time-management skills** - appropriately prioritize works

Managerial Skills | Distribution within the organization

Functions of management



The Classical Management Perspective-Scientific management

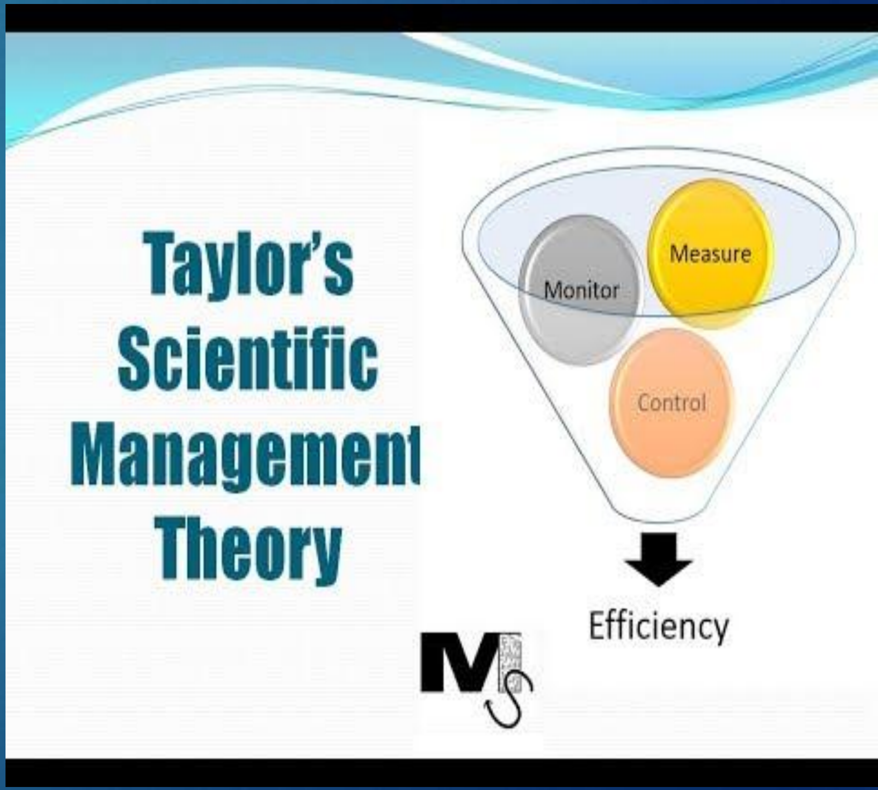
- **Scientific Management** - Before the Industrial Revolution, most businesses were small operations, averaging three or four people. Owners frequently labored next to employees, knew what they were capable of, and closely directed their work. The dynamics of the workplace changed dramatically in the United States with the Industrial Revolution. Factory owners and managers did not possess close relationships with their employees. The workers "on the floor" controlled the work process and generally worked only hard enough to make sure they would not be fired. There was little or no incentive to work harder than the next man (or woman).
- Taylor was a mechanical engineer who was primarily interested in the type of work done in factories and mechanical shops. He observed that the owners and managers of the factories knew little about what actually took place in the workshops. Taylor believed that the system could be improved, and he looked around for an incentive. He settled on money. He believed a worker should get "a fair day's pay for a fair day's work"—no more, no less. If the worker couldn't work to the target, then the person shouldn't be working at all. Taylor also believed that management and labor should cooperate and work together to meet goals.

An Introduction…

Frederick Winslow Taylor (20 March 1856–21 March 1915), widely known as **F. W. Taylor**, was an American mechanical engineer who sought to improve industrial efficiency. He is regarded as the father of scientific management, and was one of the first management consultants.

The Classical Management Perspective-Scientific management

- Scientific management has at its heart four core principles that also apply to organizations today. They include the following:
  - Look at each job or task scientifically to determine the “one best way” to perform the job. This is a change from the previous “rule of thumb” method where workers devised their own ways to do the job.
  - Hire the right workers for each job, and train them to work at maximum efficiency.
  - Monitor worker performance, and provide instruction and training when needed.
  - Divide the work between management and labor so that management can plan and train, and workers can execute the task efficiently.



The Behavioral Management Perspective

- The **behavioral management theory** is often called the human relations movement because it addresses the human dimension of work. Behavioral theorists believed that a better understanding of human behavior at work, such as motivation, conflict, expectations, and group dynamics, improved productivity.
- The theorists who contributed to this school viewed employees as individuals, resources, and assets to be developed and worked with — not as machines, as in the past.
- Harvard researchers Mayo and F. J. Roethlisberger supervised a group of five women in a bank wiring room. They gave the women special privileges, such as the right to leave their workstations without permission, take rest periods, enjoy free lunches, and have variations in pay levels and workdays. This experiment also resulted in significantly increased rates of productivity.

The Quantitative Management Perspective

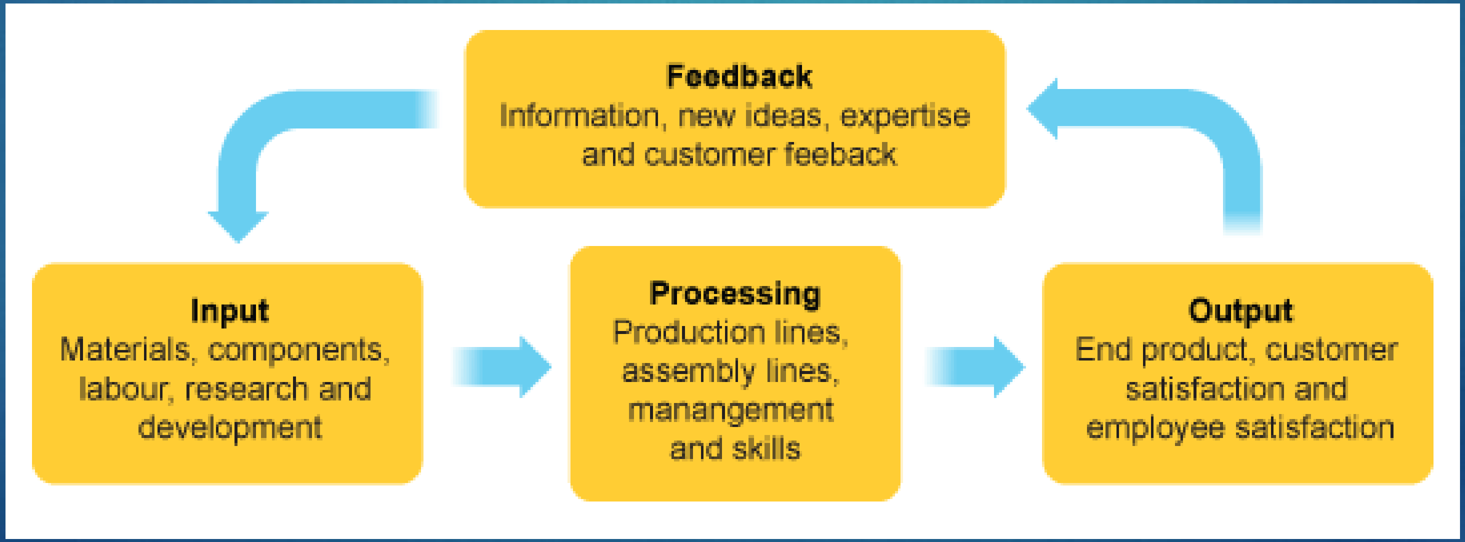
- The quantitative school of management is a result of the research conducted during World War II. The **quantitative approach** to management involves the use of quantitative techniques, such as statistics, information models, and computer simulations, to improve decision making. This school consists of several branches, described in the following sections
- **Management Science**: Whenever management has a problem, it calls a team of experts from relevant disciplines which analyses business problems and frames a mathematical model by collecting the relevant data (like cost of machine, cost of raw material, selling price of the product etc.) and tries to maximize the output and minimize the cost, Computers have simplified application of these models to deal with various problem-solving situations.

The Quantitative Management Perspective

- **Operations Management**- Operations management is the function, or field of expertise, that is primarily responsible for managing the production and delivery of an organization's products and services. In operations management, people use quantitative techniques of forecasting, inventory analysis, statistical quality control methods, networking models etc. in areas such as inventory management, production planning, designing the production process, purchasing raw materials, storing and selling the final products and similar areas in manufacturing units.
- **Management information systems (MIS)** is the most recent subfield of the quantitative school. A management information system organizes past, present, and projected data from both internal and external sources and processes it into usable information, which it then makes available to managers at all organizational levels. The information systems are also able to organize data into usable and accessible formats. As a result, managers can identify alternatives quickly, evaluate alternatives by using a spreadsheet program, pose a series of "what-if" questions, and finally, select the best alternatives based on the answers to these questions.

Integrating all three perspectives- A system perspective

- A system is an interrelated set of elements functioning as a whole. An organization as a system is composed of four elements:
  1. **Inputs** — material or human resources. Like- aw materials, money, technologies, and people.
  2. **Transformation processes** — technological and managerial processes.
  3. **Outputs** — products or services
  4. **Feedback** — reactions from the environment. Like Clients.



Integrating all three perspectives- A system perspective

Contemporary system theorists find it helpful to analyze the effectiveness of organizations according to the degree that they are open or closed. The following terminology is important to your understanding of the systems approach:

- An organization that interacts little with its external environment (outside environment) and therefore receives little feedback from it is called a **closed system**.
- An **open system**, in contrast, interacts continually with its environment. Therefore, it is well informed about changes within its surroundings and its position relative to these changes.
- A **subsystem** is any system that is part of a larger one.
- **Entropy** is the tendency of systems to deteriorate or break down over time.
- **Synergy** is subsystems would may be more successful if they work together than working alone.

Evolution of Management Thought