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INTRODUCTION TO MANAGEMENT



LEARNING OBJECTIVES

After comprehensive study of this chapter, you will be able to:

- get meaning and definitions of management,
- know the characteristics of management,
- explain the importance of management,
- know the principles of management,
- explain the management process,
- describe the functions of management,
- explain the management hierarchy,
- differentiate types of managers,
- explain the managerial skills and roles,
- know the different management careers,
- be familiar with emerging challenges of management.

CONCEPT AND MEANING OF MANAGEMENT

Organization is composed of different people with various objectives. Organization is thus a collection of people with diversity of behavior. Employees in the organization may be from different socio-economic background. They may be from different schooling. Thus, their perception, attitude and behaviour can be different. Perception, attitude and behavior of individual affect the group effort and the group dynamism. Thus, each individual's behavior in the organization should be studied, understood and controlled to attain organizational goals effectively. Management is what organization does to understand and control the behaviour of people involved in the organization to conduct organizational functions more effectively and efficiently.

The term "management" is derived from the French word *menagement* and from the Latin word *manu agree*. These words give the meaning as "directing" and "to lead by the hand" respectively. With the spirit of these words, management should mean to direct or lead the people and functions to attain predetermined goals. Likewise, if we break the word management, we get as *manage-men-t*. This gives the meaning as an art of *managing people tactfully*. Further, it is the set of activities directed to achieve predetermined goals of an organization through directing and leading. Management aims to attain organizational goals effectively and efficiently by using all available resources wisely.

Management is an essence of all organized efforts in an organization. It coordinates different resources to achieve organizational goals effectively and efficiently. As blood is required to operate the body, each and every organization requires management for its successful operation. The scope or the horizon of the management is ever increasing. So, the meaning and definition of management have also been extending time and again. Here are few definitions of management given by some scholars :

F.W. Taylor : "Management is knowing exactly what you want to do and then seeing that they do it in the best and cheapest way."

George R. Terry : "Activating and controlling performed to determine and accomplish the objectives by the use of human beings and other resources."

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 can co-operate towards attainment of group goals."

S. P. Robbins, Mary Coulter and Neharika Vohra : "Management involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively."

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 goals in an efficient and effective manner."

Through the analysis of above definitions, we can conclude that, management is the process of getting jobs done through and with other people by using the resources (human, financial, physical and information) optimally. Management conducts various functions like planning, decision making, organizing, leading and controlling for attainment of predetermined organizational goals effectively and efficiently. Management is that what the managers do to make their organization more dynamic and progressive.

Management can be studied under various approaches:

Management as an activity : From this view point, management is a set of activities. It consists of planning, decision making, organizing, leading and controlling. Besides these main functions, communication, supervision, and maintaining the relationship with various business organizations, government agencies and media are also other important functions under management. Effectiveness of these activities determines how effectively the organizational goals can be attained.

Management as a process : Under this view point, management is taken as a process consisting input-processing-output-feedback mechanism. Management converts various inputs (human resources, financial resources, physical resources and information) obtained from environment into organizational outputs (effectiveness, productivity, profitability, etc.) through effective processing (planning, decision making,

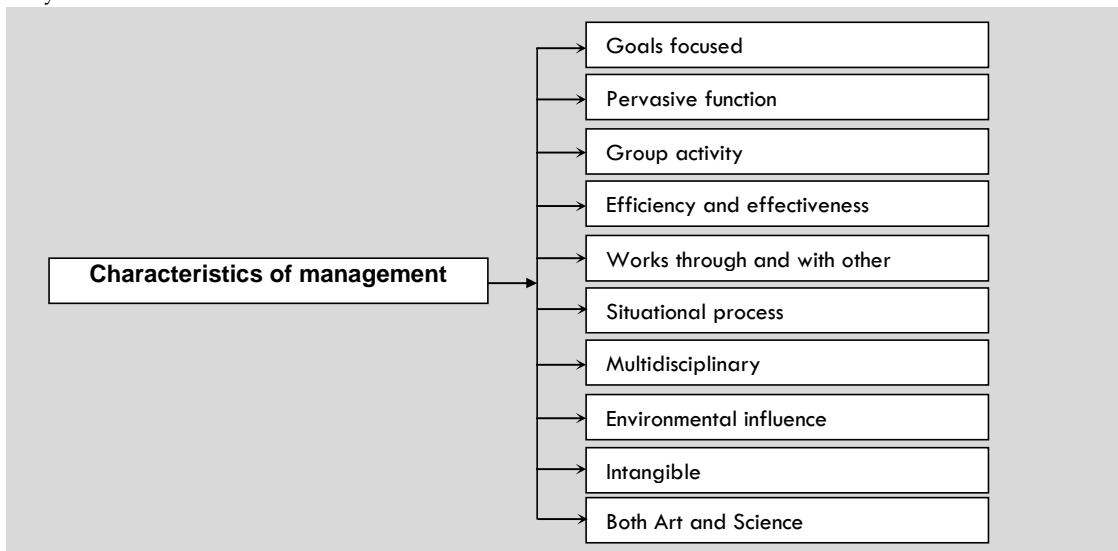
organizing, leading and controlling). Feedback provides right information at right time regarding whether activities and outputs are as per stated standard or not.

Management as a discipline : Management can also be studied as a discipline. As this view, management is a profession which requires special skills, knowledge and qualification. Managers involving in management job use their experience, skills, knowledge and creativity to make their functions more effective and efficient. Various training and development programs are initiated to develop and update their knowledge horizon.

Management as a group : Management in common sense is understood as a group of people involved in conducting special managerial functions. In management, people from various specialization areas with complementary skills are involved to make the management more creative, effective and dynamic.

CHARACTERISTICS OF MANAGEMENT

Management operates in a dynamic environment. It is universal activity whatever may be the organizational goals. It may not have specific physical shape and size but have unique characteristics. They are:

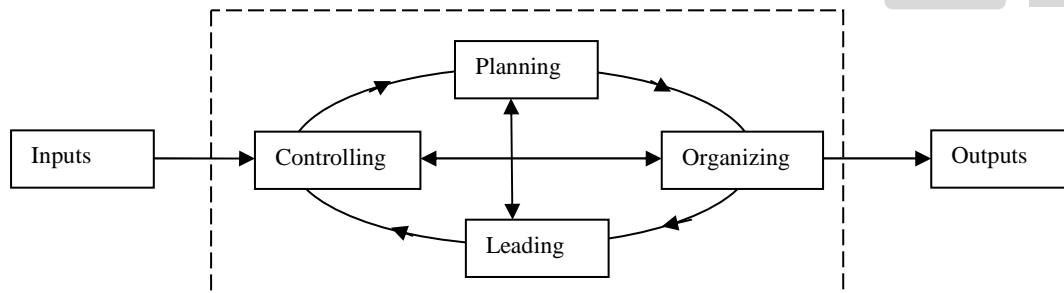


1. **Goals focused:** The main purpose of establishing an organization is to achieve certain goals. Such goals can be one or more at a time. Organizations may have goals of profit making, survival, growth, service providing, increasing market share, good leadership, etc. Capacity of a manager is generally measured on the basis of the ability to set, handle and implement short term, intermediate term and long term goals. It is the main duty of management to attain the predetermined goals with the help of various functions like planning, decision making, organizing, directing and controlling. Management aims to utilize resources (human, financial, physical and information) effectively and efficiently to attain goals.
2. **Pervasive function:** Management is necessary and practiced in all types of organization throughout the world. It is used in all organizations whatever they may be small, medium and large; national and multinational; profit oriented and service oriented; technical and non- technical; private and government agencies. It is essential at all levels of organization. Management is thus universal function.
3. **Group activity:** Different people are involved in carrying out different functions of organization on behalf of management. It is less concerned with individual effort and more concerned with group effort to achieve the organizational goal. Management represents team, class or section of people working together for the common goal. Effectiveness of team effort determines the effectiveness of organization.

4. **Efficiency and effectiveness:** Efficiency is the ratio of output to input. Greater output from limited or restricted input is termed as better efficiency. Effectiveness is doing the right things first time. Effectiveness and efficiency are closely related and more responsible for organizational success. Organizational success depends on to what extent management attains efficiency and effectiveness. Management always tries to maintain efficiency and effectiveness at the top level. Efficiency and effectiveness depends upon all the functions of management. Goal setting, designing and maintaining internal environment, planning and decision making, organizing, leading and controlling should be effective which indicate the effectiveness of management. Thus, by maintaining higher effectiveness and efficiency, management attains the organizational goals.
5. **Works through and with other:** Management always focuses other people to achieve organizational goals. It encourages to group activity and team work. Managers become success only if they can maintain good combination of interpersonal and social relations, communications, co-ordinations, and other basic elements of management functions. Without other people, management has no works and no meaning. For more effective activities of employees, management must involve directly in each activities of organization.
6. **Situational process:** Management is a set of various processes involving different management functions like planning, decision making, organizing, leading, and controlling. Everything needs to convert from input to output through some processes. Management should consider the environmental situations which plays a vital role in applicability of above mentioned functions. Management should perform its functions on the basis of situation.
7. **Multidisciplinary:** Management has various well known principles generated through knowledge and concepts of different disciplines like economics, sociology, psychology, statistics, mathematics, etc. Management integrates knowledge and concepts from these disciplines planning, decision making, organizing, leading and controlling. Management must work with people having different perception, attitudes, and behaviour. For directing, supervision, motivation and communication, management must borrow the knowledge of various disciplines. To analyze the ever changing business environment, management must understand various techniques governed by many disciplines. In this way, management becomes multidisciplinary.
8. **Environmental influence:** Many internal and external forces affect the organizational activities. Generally, external environmental forces (Political-legal, economic, socio-cultural, technological and global) are uncontrollable but they can be estimated. Internal environmental factors (people, capital, raw material, etc.) are controllable to some extent. Both types of factors influence organizational goals directly or indirectly. Management should try to make optimal combination between jobs and people with environment to control the environmental influence. Managers should consider consumerism, globalization, employees' rights and social responsibility during planning and implementation strategies.
9. **Intangible:** Management has no physical appearance or set up. The functions of managers cannot be seen but can be felt or realizes the consequence or result of management function. The effectiveness and efficiency of management can be judged on the basis achievement of goals.
10. **Both art and science:** Management is both art and science. It is an art in the sense that it requires skills, experience and ability to perform managerial functions. It is a science in the sense that the principles of management have universal application based on scientific processes and procedures.

PROCESS OF MANAGEMENT

Management is a continuous process. It is a systematic way of doing things in any organization in order to achieve the organizational goals. To attain the goals and objectives, management performs different functions like planning, organizing, leading and controlling in integrated and interdependent fashion. While performing these functions, a continuous flow of system is developed. Following figure describes these components of management process in terms of management functions.



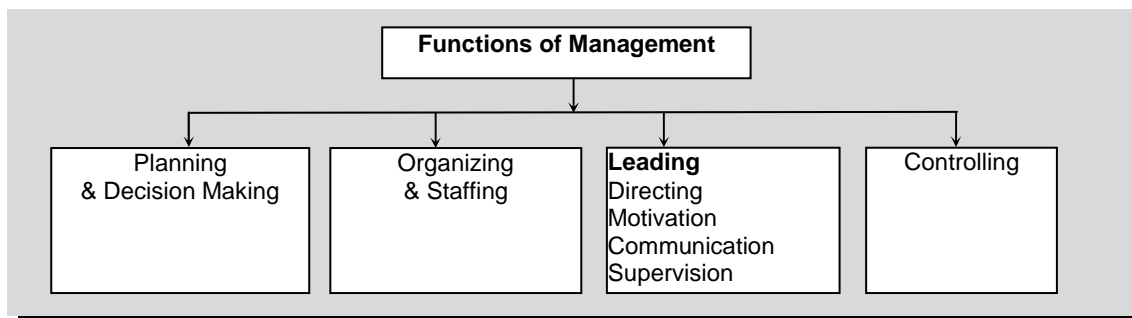
Management aims at utilizing its resources efficiently to attain goals. All the resources like human being, capital, materials, technology and information are the inputs. Such inputs will be converted into product, service, consumer satisfaction, employee satisfaction, profit, productivity, etc. as the output. Management functions as process convert the inputs into output. Management functions are explained in the next section, so please refer it to describe the components of management process.

FUNCTIONS OF MANAGEMENT

Management has to perform various functions in order to attain goals of organization. Managers on behalf of management, perform different functions like planning, decision making, organizing, leading, motivating, directing, supervision, coordination, communication and controlling. Management experts have their own classification about the management functions. Following are the important classifications of management functions classified by different management experts :

- **Henry Fayol** : Planning, Organizing, Controlling, Co-coordinating (POCCC).
- **Luther Gullick**: Planning, Organizing, Staffing, Directing, Coordinating, Reporting, Budgeting (POSDCORB).
- **Koontz and Weihrich** : Planning, Organizing, Staffing, Leading, Controlling (POS LC).
- **Kast and Resenweg** : Goal Setting, Planning, Assembling resources, Organizing, Implementing, Controlling (GPAOIC).

On the basis of these classification, management functions are classified into planning, organizing, leading and controlling as explained below:



1. **Planning and decision making:** Planning is the process of deciding in advance about what to do, how to do it, when and where to do it, who is to do it, etc. In other words, planning is the process of setting goals and choosing actions to achieve them. Planning selects future course of actions from among the available alternatives. It is looking ahead and always related to the future. It anticipates future opportunities and threats. It decides at present about what is to be done in future. Planning is goal focused and involves decisions at all levels of management. The basic purpose of planning is to make the best possible use of organizational resources to achieve the predetermined goals. Plans can be short term, intermediate term and long term. Strategic planning is very new vision of planning.

Planning is an intellectual process which consists of several steps as environmental scanning, establishing decision premises, establishing goals and objectives of the organization, developing alternative strategies and course of actions, evaluating alternatives, selection of a course of action i.e. plan, formulating policies, programs, procedures, methods, regulations, etc. for implementation of plans.

Decision making is the part of planning process that involves selecting a course of action from a set of alternatives. Managers need to make decisions to solve various problems. They have to choose one objective from many alternative objectives which is a decision making. They have to allocate responsibilities to employees, allocate machinery, shifting job responsibilities, allocating job in case of employee's absenteeism, etc. are some examples of decisions to be made by managers in regular basis.

2. **Organizing and staffing:** Organizing is the process of creating structure. It is a process of establishing working relationships among employees, jobs and units of organization to achieve goals. Organizing consists of job design, departmentalization, staffing, coordination, establishing authority-responsibility relationships to give structure to organization. In simple words, organizing involves in division of work, setting work rules and commitment, designing responsibility-authority structure and staffing, creating channels of communication and coordination mechanism.

Organizing can also be understood as managing resources like human, finance, technology and information at right time at the place of job. But, more accurate meaning is to create organizational structure. Organizing has some basic elements such as job design, departmentation, authority relationships, span of control, and line and staff roles. Organizing process consists of following steps :

- Identifying and defining the activities to attain organizational goals.
- Grouping similar activities into job.
- Defining authority to each department and units.
- Assigning job to department and units.
- Fixing authority to each job responsibilities.
- Establishing formal relationship in horizontal and vertical levels.

3. **Leading :** Leadership is a set of functions used to keep subordinates to work together in the interests of organization. Success of any organization largely depends on quality of the leadership. Employees (followers), leader and situation are the main elements of leadership. Leader should guide and influence the subordinates to achieve goals effectively and efficiently. Leadership sets organizational goals and influences employee's behavior toward achieving predetermined goals. It sets standard of performance and gives attention to the needs and expectations of followers. There can be different leadership styles (autocratic, democratic, free rein, etc.) that can be chosen for different situations. Leaders must choose appropriate leadership style to influence and motivate subordinates. Leading consists of directing, motivation, communication and supervision.

- **Directing:** Directing in simple sense, is a management function regarding instructing, guiding, inspiring, communicating and supervising subordinates for effective and efficient performance towards organizational interest. It is the act of inspiring and influencing the subordinates to achieve organizational goals. Direction plays vital role to set direction of works in the organization. It establishes the channel and methods of communication. Direction is essential for effective implementation of plans and policies.
- **Motivation:** Motivation is the process of inspiring employees to devote their efforts for organizational betterment. Motivation is the psychological process of creating willingness among the employees leading high level of performance. Motivation is based on the notion that 'happy employees are productive workers'. Management motivates employees through financial and non-financial techniques. As per requirement, positive as well as negative motivation can be applied.
- **Communication:** Communication is the process of transmitting ideas, information and command from one place to another place, one person to another person or group.

Communication is one of the main functions for coordination and cooperation. For effective communication, there must be two way communication in which each member can share their ideas without any hesitation. Communication can be vertical, horizontal, diagonal, etc. Management should always establish proper communication network for effective and efficient performance to attain organizational goals.

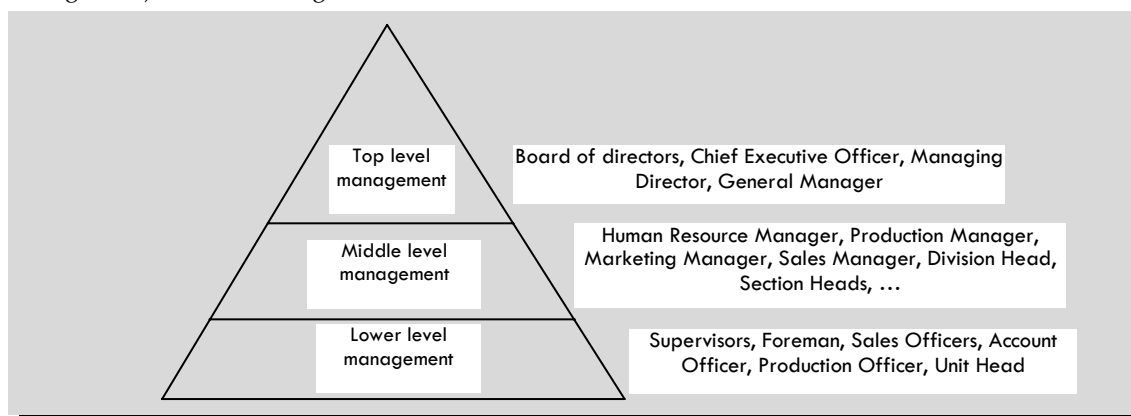
- **Supervision:** Supervision is a management function of observing activities of employees, units, departments and whole organization. Supervision ensures that all members are performing as per standard i.e. predetermined plans, policies, strategies, procedures, programs, methods, etc. It is the basis of controlling function which provides the feedback regarding the progress of performance.
4. **Controlling:** Controlling is the process of correcting performance of individual, units, departments and whole organization to improve the overall organizational performance toward goal achievement. It concerns for measuring the deviations between the standard performance set by an organization and actual performance performing by individuals, units and departments. In simple words, controlling is a function for taking corrective action whenever and wherever required. Generally, controlling includes four steps as establishing the standard for performance, measuring actual performance, finding and analyzing the differences between standard and actual performance and initiating the correcting actions. Controlling is required in all the areas of organizational activities.

HIERARCHY/LEVELS OF MANAGEMENT

Hierarchy means a system with unbroken levels or status from the lowest to the highest and vice versa. Management hierarchy is the level of management of the organization which indicates the division of management. Management level is obtained with the division of responsibility and authority.

Hierarchy establishment is crucial function in the organization for formal relationship between authority and responsibility. Hierarchy fixes the responsibility and authority with clearly identifiable classification or division of functions. It prepares layers of authority in organization.

There should be appropriate levels of authority which are necessarily tall or flat. Unnecessarily tall or flat hierarchical levels and structures lead confusion regarding implementation of command. Generally, there are three hierarchical levels (top level management, middle level management and lower level management) on the basic organization structure.



1. Top level management

A limited number of top executives like BOD, chairman, vice-chairman, etc. who lead the whole organization form the top level management. Top level management is also known as executive level of management. Members of top level management have the overall responsibility for the

survival, growth and the welfare of the organization. The top level management is known with common titles like chairman, president, vice-chairman, GM, DGM, ED, CEO, etc.

Top level management is responsible for the following functions :

- Determining the overall organizational goals.
- Preparation of overall plans, policies and strategies to achieve the predetermined goals.
- Establishment of the standards for controlling.
- Setting the performance appraisal and compensation system.
- Directing (leading, motivating, supervision, communication) employees for central plans and policies of organization.
- Assembling resources (human, capital, technology and information) and encouraging employees for wise utilization of such resources.
- Representing organization in external world. Interacting between organization and the external environment.

2. Middle level management

The middle level Management lies between the top level and lower level management. This is the department level of the organization which is formed to conduct similar activities from a unit. This is formed with departmental level managers of a certain functional departments like marketing, finance, accounting, production, sales, administrations etc. This level is wider than the top level management. The major function of this management level is to implement the plans and policies formed by top level. Middle level management is responsible for following activities :

- Formulation of departmental goals, plans, policies and strategies for each department on the basis of overall goals.
- Interpretation of plans and policies developed by top level management to department level management.
- Guiding, instructing and controlling to the departments and lower level.
- Assigning duties and responsibilities for first line manager.
- Communicating plans, policies and guidelines set by top level management to lower level management.
- Recruiting and selecting the suitable staffs.

3. Lower level management

This is the entry level for managerial position in the organization. This level is also called as operating level management or first line management or supervisory level of management. This level of management is formed by the first line managers or supervisors. Operating level is strongly responsible for day to day activities which ensure short term goal achievement. The common job titles of lower level management are section officer, supervisor, foreman, sales officer, account officer, production officer, etc. This level of management is responsible for the following activities :

- Arranging the necessary tools, equipments etc. for the workers.
- Maintaining a good human relations and discipline in the organization.
- Classifying and assigning the duties to first line employees.
- Directing for activities and solving the problems of workers.
- Improving morale of the workers.
- Arranging and providing training to workers.
- Reporting success or failure of the operation to the middle level management.
- Arranging job responsibilities in case of absenteeism.

TYPES OF MANAGERS

Managers are those personalities in organization who bear special responsibility of management functions and possess different managerial skills. They need to involve in planning, decision making, implementation of plans and policies, directing and controlling the organizational activities. Different

types of managers are appointed in organization depending upon the levels of management and area of function as different skills are required to attain the organizational goals.

Classification of managers differs from organization to organization depending upon size, structure and functions of organization. On the basis of levels, managers can be top level managers, middle level managers and lower level manager. On the basis of functional area, managers can be classified as marketing manager, financial manager, operation manager, human resource manager, sales managers, etc. Likewise, there can be functional and general managers or line and staff manager on the basis of works performing by managers. Here, for our purpose, managers are classified on the basis of level of organization which is common method of classification of managers.

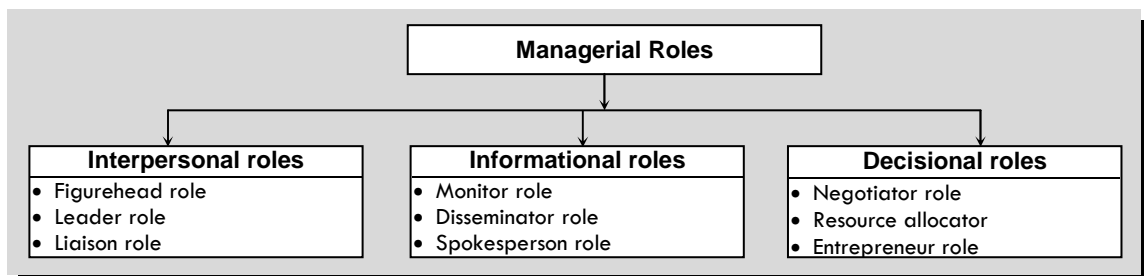
1. **Top level managers:** Those managers who hold top level position on managerial hierarchy are known as top level managers. Such managers hold the ultimate power of authority in the organization. Top level managers include Chief Executive Officer (CEO), Chairman, President, Managing Directors (MD), etc. They involve in setting strategies of the organization, so they are also called as strategic managers. They are responsible in formulating long term plans, policies, mission, vision, goals etc. of an organization. Vision and foresightedness of top level manager lead the organization towards success. Following functions are performed by top level managers:
 - Analyzing business environmental analysis to estimate strengths, weaknesses, opportunities and threats
 - Establishing the overall goals, plans, policies and strategies of organization
 - Preparing master budget, financial statements, and capital planning
 - Formulating organizational structure and revising as per necessity
 - Appointing key personnel for key positions of organization
 - Delegating and decentralizing necessary authority to the personnel, departments, and units
 - Directing and controlling overall activities of organization
 - Maintaining effective coordination and communication within and outside the organization
 - Negotiating and making contracts for business activities with outside authorities
 - Representing organization in government and business arena
2. **Middle level managers:** The managers responsible to look after the departmental job i.e. middle level functions of organization are known as middle level managers. They work under the guidance of top level managers and guide or supervise lower level managers. They bridge the gap between lower level and top level of management in any organization. Middle level managers are included as departmental heads from different departments like production, human, finance, operation, marketing, sales, etc. Role of middle level manager is vital as they coordinate the functions of lower level management and facilitate to top level managers. Middle level managers are responsible for the following functions:
 - Assisting in activities of top level management and providing suggestions to increase organizational effectiveness
 - Formulating middle level goals for respective departments
 - Formulating departmental strategies to attain departmental goals
 - Planning and making decision for departmental activities
 - Coordinating and cooperating among various departments
 - Participating in first-line decision making process
 - Reporting the lower level as well as departmental progress to top level management
 - Monitoring and supervising the departmental activities to enhance departmental performance
 - Developing team spirit, and managing group efforts in the organization
3. **Lower level managers:** Lower level managers are those who hold the bottom level of authority in any organization. They are also known as first line managers or operating level managers. They include supervisors, coordinators, office managers, unit managers, etc. They conduct the day to day

activities in organization in order to implement plans and policies formulated by the top and middle level managers. Lower level management is about to implement the organizational plans and policies from basic level. Thus, this level is more important for the success of organization. Lower level managers are responsible for the following functions in the organization :

- Formulating day to day plans and policies under the departmental goals
- Assigning tasks to the operating level employees
- Organizing raw materials, machinery, technology and information to operating level employees in order to implement operating level employees
- Supervising, leading and controlling activities of operating level employees
- Managing job responsibilities of employees in case of emergency or absenteeism
- Maintaining coordination and cooperation within the operating units and among other units
- Maintaining discipline and good working environment within the operating unit
- Reporting the work-in-progress of various activities to the middle level managers
- Suggesting middle level managers for plans, policies and strategies

MANAGERIAL ROLES

Roles are the responsibilities or tasks to perform in particular position or level. All managers working at different level of organization need to perform various roles according to their job responsibilities and authority. This means, managerial roles are the consequences of a manager's authority and status. Henry Mintzberg (1973) describes ten different roles of manager which are categorized into three groups as interpersonal roles, informational roles and decisional roles.



1. **Interpersonal roles:** Interpersonal roles deal with relationship among different personalities and departments. Such roles are expected at maintaining good human as well as organizational relations within and outside the organizations. Managers should lead, direct, supervise and motivate subordinates as well as whole employees. They should develop and maintain better relationships with shareholders and outsiders (government agencies, bankers and others) of the organization. Communicating with different parties and followers are important interpersonal role of managers. This role is characterized by following three roles :
 - i. **Figurehead role:** This role deals with ceremonial and symbolic activities like attending parties and ceremonial functions, greeting and receiving guests, visiting other organizations etc. Managers need to participate in different occasion like seminar, meeting, conference and delegation within and outside the organization with representing the organization as figurehead. They need to provide signatures to ensure the agreements of organization.
 - ii. **Leader role:** It includes leadership, directing, supervising, coordinating, motivating and controlling activities to be conducted in organization for effective and efficient mobilization of resources for organizational purpose. Under this role, managers lead the various units, departments, and whole organization. Managers create direct relationship with subordinates and superiors. Managers prepare plan for activities and resources required to accomplish the organizational goals. They guide and facilitate employees at their confusion and time of

problems. Managers motivate employees through performance evaluation and planning rewards. Thus, managers provide leadership to entire organization.

- iii. **Liaison role:** Liaison is the role of connecting two or more levels and personalities. Under this role, managers maintain public relation of organization. This role of manager involves in activities for maintaining relationship with community. Managers are the connecting chain between organization and community. They create such relationship through interacting with them, providing facilities for community advancement, and bearing social responsibility. Under liaison role, managers link different levels and department of organization to make smooth flow of activities within the organization.
2. **Informational roles:** These roles are directly related with obtaining and transmitting the necessary information to different departments, units, individual and outside agencies. All managers should collect, refine and distribute required information inside the organization for flawless activities of organization and outside the organizations for meeting legal and social obligations. Informational roles are characterized by three activities as monitor, disseminator and spokesperson.
 - i. **Monitor role:** This role deals with the assessment and watching over activities taking place in and around the organization. Main aim of this role is to collect and scan the information required to the organization. This facilitates management to make decision regarding work-in-progress in the organization. Managers not only collect information from organization but also collect and scan the information from outside the organization. Organization makes strategy on the basis of information obtained in this way.
 - ii. **Disseminator role:** It includes transmission or distribution of required and appropriate information within the organization through different channels. Managers need to organize the information and supply right information at the right time to right person inside the organization for effective and efficient execution of plans and policies. Likewise, organization needs to provide required information to government agencies, social institutions and researchers whenever they require through managers.
 - iii. **Spokesperson role:** Managers need to display organizational information to outsiders like media, government agencies as a part of legal obligation. This means, as a spokesperson, managers need to transmit organizational information outside organizations on regular basis on behalf of the organization.
3. **Decisional roles:** This is the most important role of managers in the organization. Decision making roles emerge from responsibility for day to day activities and authority for the position. Managers develop policies, plans and strategies for negotiations and handling uncertainties. This role is performed through negotiation, resource allocation, conflict management and entrepreneurial role.
 - i. **Negotiator role:** It includes the protection of organizational interest while making the negotiation with various parties both inside and outside of the organization. Agreements with stakeholders like suppliers, distributors, government bodies and trade union for the agreement on different issues are some areas of negotiation where managers must involve on behalf of organizations. Skills and abilities for negotiation of managers largely affect on the organizational success.
 - ii. **Resource allocator role:** Managers should allocate different types of resources (human, financial, information, raw material and machinery) effectively for high level of productivity. All such resources should be allocated properly and proportionately to all departments, sections, units and individuals on the basis of job assigned to them. For such allocation, managers need to bear special roles.
 - iii. **Entrepreneur role:** To achieve predetermined goals, managers should have capacity of identifying opportunities and threats timely and should analyze opportunities in organizational favor. They should have capacity of creating the jobs to the employees and setting goals to every members of the organization so that every individual can contribute to the organization as per their capacity. This role concerns with planning and policy making

and their effective implementation. They should identify and screen out the best investment opportunities.

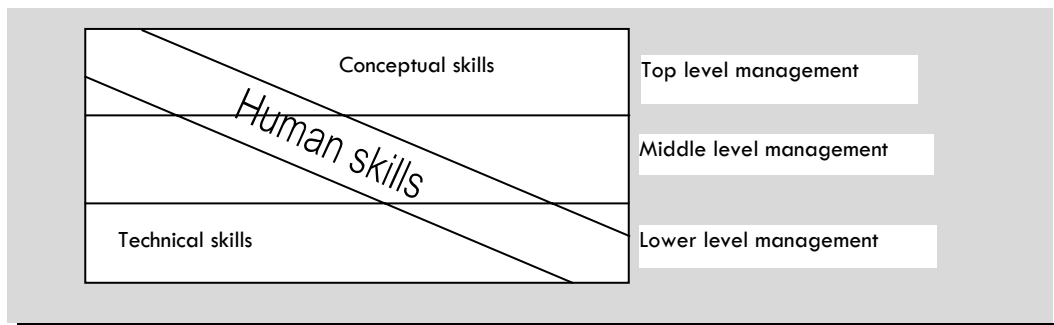
- iv. **Conflict management:** Managers must manage different types of conflicts between employees and management, between the departments and units as well as between the organizations. Manager should have capacity of managing such conflicts timely by using their skills, knowledge and behavior.

MANAGERIAL SKILLS

Skills are defined as ability or proficiency to do something within acceptable standard. Managerial skills are the special skills prevailing in the managers required to accomplish all the managerial functions effectively and efficiently.

Henery Fayol (1929) identified six different types of skills in managers to be an effective manager of an organization. According to Fayol, managers must have physical, mental, technical, educational, moral and work related skills. Robert Katz (1974) identified three basic skills essential for managers as conceptual, human and technical. Effective managers need a wide variety of skills to achieve the organizational goals as the effectiveness of organization largely depends upon their creativity and imagination. As a leader, motivator and instructor, every manager should possess conceptual skill, technical skill and human skill in a combination.

1. **Conceptual skills :** Conceptual skills involve the mental ability of the manager to coordinate interests and activities of organization. It refers to the ability to understand the environmental context influencing business activities of organization. Managers require distinguishing capacity between cause and effect so that they can handle every problem easily. Managers also need to look for opportunities in the changing environment and develop strategic plans to capitalize such opportunities. The managers who involve in planning and organizing function need a high level of conceptual skills. Every manager must have clear vision and concept about the policies, planning and other activities of the organization. Generally, top level managers require high degree of conceptual skills while other level managers also necessitate enough amounts of conceptual skills. Given figure shows the proportion of skills required to different level managers.



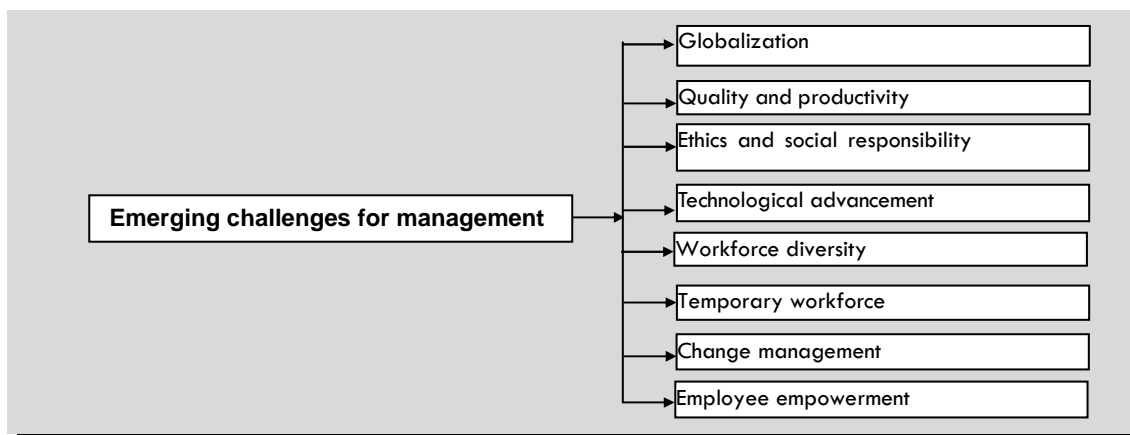
2. **Human skill:** Human behavior is the most complex aspect in management. Every manager must have good knowledge of communication, motivation, leadership, grievance handling and conflict management. These functions are equally important in each level of organization. Thus, human skills are required equally for all managers in every organization for effective and efficient operation. A manager cannot attain target objectives without understanding enough human psychology. Manager should have ideas to communicate effectively with followers and immediate superiors. A manager with ample human skill can lead sub-ordinates and successfully manage the groups and co-ordinate them effectively. Managers need to understand sentiments of other people and motivate them accordingly but they must influence them for organizational betterment. Managers can acquire human skills by education and training.

3. **Technical skills:** Technical skills are abilities to perform a specialized task under the scope of responsibility. Technical skills are related to handling some mechanical devices and technology. Technical skills are mostly required for operating level managers though they are important for middle and top level managers as well. Lower level managers require a high degree of technical skills because they must have the ability to use tools, equipment, techniques and procedures of functional area. Handling machines, preparing daily work schedule, supervising employees, team formation and mobilizing, performance appraisal, preparing reports, motivating employees, etc. are important technical skills. Technical skills are specialized skills of managers.

EMERGING CHALLENGES FOR MANAGEMENT

Confrontation with several challenges is being inevitable for today's managers. They have to face several problems and challenges to achieve the predetermined objectives because of internal as well as external reasons. Globalization is being major cause for such problems especially in the area of liberalization, quality assurance and productivity, development of technology, ethics and social responsibility. The main emerging challenges for the management are discussed below:

1. **Globalization:** The world economy is being globalized. The major goods and service produced by multinational companies are easily crossing the national boarder. It creates threats to local business. Therefore managers must think globally. Extreme competition for market share and utilizing natural resources is increasing rapidly. The international agencies like WTO, SAFTA, ASEAN, EU and other multinational companies are advocating in favor of globalization. This has created opportunities as well as challenges. Managers need to scan opportunities and formulate plans to grab them from among the challenges.



2. **Quality and productivity:** The manager's attention must be on the assurance of quality of the product (goods as well as services) because all organizations are using quality as a weapon to beat competition as well as to minimize the costs. To increase the unit outputs more with improved quality by using same level of resources is one of the major challenges for the imanagement. Quality and productivity can be improved by adapting new and advanced technology which is not easy for each organization. Thus acquiring advanced technology is another challenge for the managers of every area.
3. **Ethics and social responsibility:** Every organization has to operate ethical and socially accepted business activities in relation. Customers and other stakeholders (environmentalist, humanitarians, animal right activists, etc.) carefully watch the activities of business organizations. They expect more returns from business organization for the welfare of society. Society always demands quality product, employment opportunities, pollution free business activities, wise use of natural resources, contribution in protection of cultural sentiments and infrastructure development from business

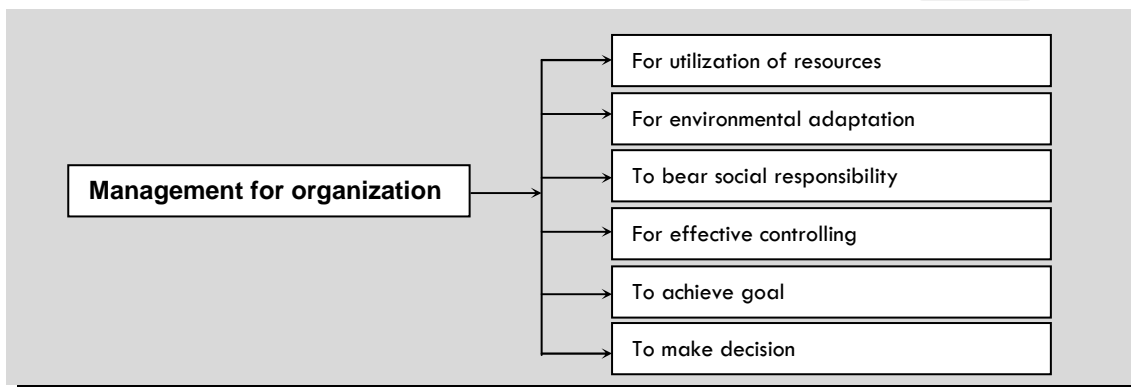
organization as organizations make profits from society. Fulfilling all such expectation is not easy task. But, management must set the social responsibility goals, plans and policies and implement them. Increasing profitability within intense competition and to bear social responsibility is another emerging challenge to the management.

4. **Technological advancement:** Development in electronic sector has brought technological advancement overnight which cannot even be imagined by normal organization. Information technology and advance computers have changed the whole system of organizations. Such changes have revolutionized various management functions like decision making, planning, production process, warehousing and logistics management, communication and controlling. Advanced technology not only facilitates in management functions but it also increases the quality level of output and reduces the cost of production. So, managers need to manage new technology with making employees ready to accept it. For this, management should establish a culture of learning organization, hire advanced technology, and train employees in regular basis to increase the investment capital and training and development expenses.
5. **Workforce diversity management:** Recruitment, selection, development, retaining human resources and changing their morale have become more challenging in current situation. Organizational structure and work cultures have been changing with globalization. Organizations are compelled to hire human resources with diversities in many facets like gender, age, skills and knowledge. Their expectations may vary greatly so that they may not accept the organizational goals easily. Management must manage them by providing appropriate responsibilities and benefit. Managing such diverse human resources is one of the great challenges.
6. **Temporary workforce:** Most of the people nowadays do not want to work in an organization for long time as they want rotate their responsibilities periodically. They expect that they can get better opportunities if they change the organization. Organizations, in some context, also want to hire temporary workforce because of changing demand of goods and services. Temporary workforce can be easy to handle but there is chance of labour scarcity at any time. Such workforce is characterized by high mobility and low morale. Maintaining appropriate proportion of temporary workforce is another challenge to the organization.
7. **Change management:** Change is inevitable. Managers need to be aware of specific changes, factors contributing in such changes and their likely impact on the management practice and organizational opportunities. Change creates greater risk and it incurs cost. Normally, employees show the tendency of resisting the change. They do not want to accept change in technology, job responsibility, authority level, etc. Management should carefully analyze the importance as well as risk of change. It must workout for creating positive environment for change which is more challenging in current situation.
8. **Employee empowerment:** Jobs should be re-designed as per the technological and organizational change. This requires developing and empowering employees. Management needs to empower its employees in terms of technical and managerial competencies, social and economic status, etc. by providing appropriate decision making authority. But managers must balance the authority while empowering employees. This creates challenge of whether or not and to what extent management should initiate the empowerment.

ORGANIZATION AND MANAGEMENT

Whatever the nature and size of organization, it can't achieve its pre-determined objectives without effective management. Following points describe the interrelationship between organization and management:

1. **For acquisition and utilization of resources:** An organization cannot operate its functions without acquiring and utilizing physical, financial, human, technological and information resources. Management is important to acquire, co-ordinate, develop and utilize such resources effectively and efficiently.



2. **For environmental adaptation:** Business environment is dynamic because of which organizations are influenced positively or negatively. But management should adapt according to environmental change and grab the opportunities from it. The organization which can adapt with changed environment quickly can win in the competitive situation. Management through effective use of its resources, knowledge and information system, can easily scan the environment. It can easily estimate the environmental influence and adjust its strategy as to acquire opportunities with overcoming challenges. Thus, to attain organizational goals even in changing business environment, organization must have efficient management.
3. **To bear social responsibility:** Every organization has a wide range of social responsibility. Management should work to bear the social responsibility of organization. Management keeps the organization socially responsible and fulfils social needs. It works to fulfil the needs of shareholders, employees, government, society, and customers through ethical business practices.
4. **For effective controlling:** Management sets performance targets and standards for desired performance. It measures and evaluates the actual performance and takes corrective actions in case of low performance. Proper controlling helps increase the productivity of organization.
5. **To achieve goal:** Management involves directly in planning, organizing, leading, controlling and coordinating activities to achieve the organization goals. It makes an optimal balance between people and job. To achieve organizational goals, management organizes and utilizes resources (human, financial, physical, technology and information) most efficiently.
6. **To make decision :** Organization may face many problems every time because of ever changing business environment. Management decides promptly to solve such problems. Choosing appropriate goals, plans and policies, environmental scanning, organizing, assigning responsibilities, developing reward system, establishing performance evaluation system, etc. are important decisions that any management needs to prepare. Management makes many decisions in daily basis to solve day to day problems to long run problems. Quality of decisions made by management determines the success of organization.

CHANGING PERSPECTIVE OF ORGANIZATION

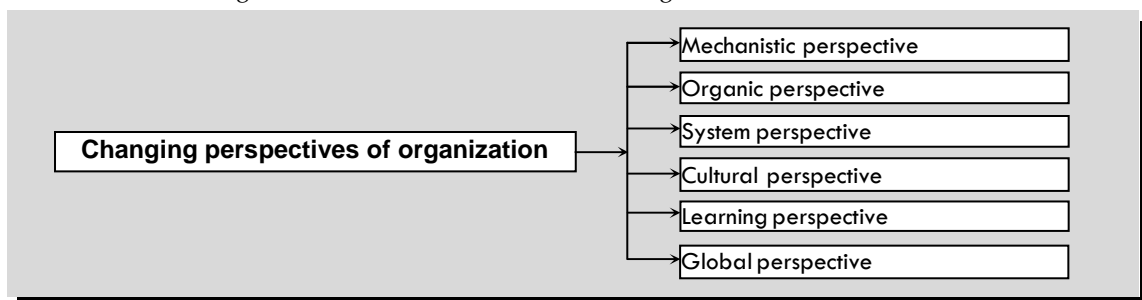
The concept about organization has been changing over recent years. Organizational development is being one of the major areas of study from the very beginning of the twentieth century. Traditional views considered organizations as a closed system, operating in a predictable and stable environment but in modern thinking assumes that the organizations are complex entities operating in highly uncertain and unstable environment. The followings are some perspectives of organization :

1. **Mechanistic perspective:** This is the traditional view on organizations. Many classical theories of organization represent mechanistic view. Many management experts and economists like F.W Taylor, Henry Fayol, Adam Smith, and Moony contributed to develop mechanistic perspective of organization. Mechanistic perspective is characterized by following features:

- This perspective assumes organizations as machines.
- It assumes that organizations operate in a predictable and stable environment.
- According to this perspective, the prime goal of organization is to increase its efficiency through specialization and standardization of work.
- This perspective believes on fixed working hours, fixed production and maintenance schedule, financial control systems and quality control systems to make controlling effective.
- This perspective sets tall organizational structure with formal hierarchy of authority.
- This perspective sets sales targets to improve profitability.
- This perspective attempts to improve working environment for employee motivation and removing fatigue.
- This perspective believes on one best way of doing jobs and solving each problem.

Though this perspective is popular among many management practitioners, it has some drawbacks. They are:

- This perspective is suitable only in stable business environment which is almost impossible in current business world.
- This perspective always ignores human aspects in organization. Thus, employees cannot be motivated.
- This perspective assumes 'unique solution' for every problem. There cannot be unique solution to every problem in every organization.
- Rigid working hours, production schedule and control system makes the organization as a static organization which reduces the chance of goal attainment.



2. **Organic perspective :** This is the modern view on organization. It emphasizes on 'socio-psychological' aspects of human beings in organization. Managers are suggested to analyze sociological and psychological aspects of employees to motivate them. Main features of this approach are listed below :
 - This perspective emphasizes on human interactions at work place.
 - Social and psychological study of people helps increase organization effectiveness through their motivation.
 - This perspective focuses on adjusting with situational change. Thus, change in business environment can be accepted and managed effectively.
 - This perspective emphasizes on redesigning the jobs to empower workers.
 - According to this perspective, organizational design is lean, flat and less hierarchical.
 - This perspective emphasizes on effective human resource management practices.
3. **System perspective:** This perspective views organization as a unified whole structure of various interacting and interrelated parts. Only the whole composition becomes able to achieve predetermined goals. It is assumed that all systems are composed of five basic elements i.e. input, processing, output, feedback and environment. According to this perspective, organization system should interact within open system i.e. functions of organization should interact with external environmental factors. This perspective focuses on 'combined synergy' of these five elements to achieve pre-determined goals. Major features of this perspective are summarized below :
 - Organizations operate in open system. So, each organization should interact with environmental forces. Organizations grab the business opportunities as well as face threats from environment.

- Every system has certain boundary. Such boundary provides the limitation to the organization.
 - Each element of system is goal oriented. The combined effect i.e. synergy of the element provides greater result than just the arithmetic sum of output of each element individually.
 - Every system has interrelated sub-systems. For example, within input there can be several systems which are sub-systems for whole system.
 - Feedback provides information regarding the work in progress as well as quality of output. This helps adjust on the system to attain better result.
 - Its main focus is to take the synergic benefits. Synergy here means the whole is always greater than the sum of its parts i.e. $2+2 > 4$.
4. **Cultural perspective:** Every organization has certain patterns or norms of behavior. Organizations formulate certain shared values which are collectively termed as organizational culture. Cultural perspective of organization stresses on the organizational culture to define what is acceptable and unacceptable in organizations in dealing and doing the things. These beliefs guide the employee's behavior at organizational work setup. Key features of cultural perspective are summarized below :
- This perspective focuses on mutual interest of management and employees for organizational culture. This helps develop positive effect in organizational performance.
 - This perspective is 'people focused'. Thus, mutual understanding, respect and collective efforts are available in the organization.
 - This perspective assumes that work autonomy to employees at their work area increases the productivity.
 - This perspective emphasizes open and two way communication.
 - Performance based reward system is focused.
 - This perspective believes that culture guides the behavior and performance of employees at job.
5. **Learning perspective :** This perspective views organization as a learning system. Modern organizations should be knowledge based. They need to update knowledge continuously. For this, each member in the organization must be learner. According to this perspective, each organization for continuous uplift, must search new methods and ideas to maintain the learning environment. Each member should share and gain knowledge openly. Organization must maintain the knowledge of employees and should encourage for creativity. Main features of this perspective are summarized as below :
- Organizational members share ideas and experiences to increase the productivity and organizational effectiveness.
 - This perspective focuses on analysis of environment on regular basis which enables learning faster than competitors.
 - This perspective suggests on flexible organizational design. This makes organization as boundary-less.
 - This perspective emphasizes on teamwork to improve organizational effectiveness.
 - Employees work on freelancer basis. They can work for different organizations in different times.
 - This perspective forces on knowledge management in the organization.
6. **Global perspective:** This perspective views organization as boundary-less business entity. Global organization produces and sells its product across many countries. Free flow of resources is encouraged. Government intervention is assumed to be decreased. Organization can use standardized technology to produce quality goods in cheap price. Competition is based on quality, cost and brands. There can be many branches and units in several countries. Such organization creates a global image. Global organization can use different methods for globalization. Global organization thinks globally and works locally. It uses centralized strategic planning and control but decentralized operating decision depending on the alliances made with the host country. Global organization perspective is characterized with following features:
- This perspective allows organization to operate globally.
 - This perspective believes on standardized technology and methods to increase organizational efficiency.
 - This perspective advocates on free flow of goods, information, technology, capital, etc. throughout the globe.
 - This perspective believes on creation of global image.

- This perspective agrees global competition in terms of shape, size, price, quality, technology, etc.



SUMMARY OF LEARNING OBJECTIVES

- ❑ **Management** : Management is the process of getting jobs done through and with other people by using available resources optimally with the aid of planning, organizing, staffing, directing and controlling. The concept of management is applicable in all the organizations; private, public, religious, political, business, government, non-government, social organization, etc. It is the essence to achieve goals effectively and efficiently in dynamic business environment.
- ❑ **Characteristic of Management**
 - Goal focused
 - Group activity
 - Situational process
 - Environmental influence
 - Both art and science
 - Pervasive activity
 - Efficiency and effectiveness
 - Multidisciplinary
 - Intangible
- ❑ **The functions of management** : Management has to perform various functions in course of attaining organizational goals. Managers should perform many functions like planning, organizing, directing and controlling as explained below :
 1. **Planning** : Planning is the process of deciding in advance about what to do, how to do it, when and where to do it, who is to do it, etc. Planning selects future course of actions from among the available alternatives.
 2. **Organizing**: Organizing is the process of creating organizational structure. Organizing consists of job design, departmentalization, staffing, coordination, establishing authority-responsibility relationships to give structure to organization. This process basically establishes the formal relationship among vertical and horizontal units of organizations.
 3. **Directing**: Directing in simple sense, is a management function regarding instructing, guiding, inspiring, communicating and supervising subordinates for effective and efficient performance towards organizational interest. It consists of leadership, motivation, communication and supervision.
 4. **Controlling**: Controlling is the process of correcting organization performance toward goal achievement. It is the process of measuring the deviations between the standard set by an organization and actual results achieved and then taking corrective action whenever and wherever required.
- ❑ **Management Hierarchy** : Hierarchy means a system with grades or levels or status from lowest to the highest and vice versa. Generally, there are three levels of hierarchy in basic organization structure:
 1. **Top level management**: Top level management is also known as executive level of management.
 2. **Middle level management** : The middle level Management is formed with departmental level managers of a certain functional departments like marketing, finance, accounting, production, sales, administrations etc.
 3. **Lower level management** : This level of management is formed by the first line managers or supervisors
- ❑ **Managers** : Managers are those personalities in organization who bear special responsibility of management functions and possess different managerial skills. They need to involve in planning, implementation, supervision and controlling the organizational activities.
- ❑ **Types of Managers** : There can be different types of managers in an organization depending upon the levels of management and area of function. On the basis of levels, managers can be of top level, middle level and lower level. On the basis of functional area, managers can be classified as marketing, financial, operation, human resources, sales or distribution managers etc.
 1. **Top level managers** : Those managers who hold the top level position on managerial hierarchy are known as top level managers. Top level managers include Chief Executive Officer (CEO), Chairman, President, Managing Directors (MD), etc.
 2. **Middle level managers** : The managers who are responsible to look after the departmental job i.e. middle level functions of organizations are known as middle level managers. Middle level managers are included as departmental heads from different departments like production, human, finance, operation, marketing, sales, etc.
 3. **Lower level managers** : Lower level managers are those who hold the bottom level authority in the organization. They include supervisors, coordinators, office managers etc.

- ❑ **Roles of managers :** Roles are special responsibilities of managers to perform to make the goals fruitful. Following three important roles are noticed in the organization :
1. **Interpersonal role :** These roles deal with interpersonal relationship. They target at maintaining good human relations. Managers should provide leadership, direction and supervision to subordinates and whole employees.
 2. **Informational role :** These roles are directly related with obtaining and transmitting the necessary information. All managers should collect process and distribute the required information inside and outside the organizations.
 3. **Decisional role :** Decision making roles emerges from responsibility for day to day activities. Managers develop the policies, plans and strategies for negotiations and handling uncertainties.
- ❑ **Managerial Skills :** Skills are defined as ability and proficiency to do something at acceptable standard. Managerial skills are special skills prevailing in the managers required to accomplish all the managerial functions. Managers need three special skills as below :
1. **Conceptual skills:** Conceptual skills involve the mental ability of the manager having clear vision and concept about the policies, planning and other activities of the organization.
 2. **Human skills :** Managers must have good knowledge of communication, motivation, leadership, grievance handling and conflict management. Human skills are equally required for all level managers in every organization for its goal achievements.
 3. **Technical skills :** Technical skills are abilities to perform specialized and specific task under the scope of responsibility managers. Technical skill is mostly required for operating level managers.
- ❑ **Emerging challenges for management :** Confrontation with several challenges is being inevitable for today's managers. The main emerging challenges for the present managers are:
1. **Globalization:** The world economy is becoming globalized. The major goods and services produced by the multinational companies are easily crossing the national boarder. It creates threats to local businesses.
 2. **Quality and productivity:** To produce more units with improved quality by using same level of resources is another challenge for the present management.
 3. **Ethics and social responsibility:** Every organization has to behave and operate ethical and social responsibility in relation to environmental problems. To fulfill all social expectations is not easy task.
 4. **Technological advancement :** Managers need to manage new technology at one hand and at the other they need to advance level of knowledge in all employees and managers. Because of all these things the scope of research and development is increasing with increased expenses.
 5. **Human resources management:** Work force diversity, temporary work force tendency, high mobility, increasing concern in labor relation, etc. are creating more challenges to the managers.
 6. **Change management:** Managers are facing the challenges of managing change. They need to be aware of specific changes, factors contributing them and their likely impact on the practice of management.
 7. **Empowerment:** Management need to empower its employees in terms of technical and managerial competencies, social and economic status, etc. with adequate and balanced authority. This is one of the most important challenges to managers.
- ❑ **Organization and Management**
- For utilization of resources
 - To bear social responsibility
 - To achieve goal
 - For environmental adaptation
 - For effective controlling
 - To make decision
- ❑ **Changing Perspective of Organization**
- Mechanistic perspective
 - System perspective
 - Learning perspective
 - Organic perspective
 - Cultural perspective
 - Global perspective



Brief Answer Questions

1. Define the term management.
2. State and explain any four characteristics of management.
3. State and explain any four principles of management.
4. What are different functions of management? Explain in brief.
5. What is meant by management hierarchy? Explain.

6. Who is manager? State different types of managers.
7. What do you mean by managerial skills? State any two skills required to be good manager.
8. State and explain different roles of managers.
9. State any four emerging challenges for management in current situation.

Descriptive Answer Questions

10. What is management? Enumerate the principles of management.
11. Describe management functions and explain how each of them is interrelated.
12. What is managerial skill? What skills are necessary for a successful manager? Explain.
13. What is meant by management? Explain different functions of management.
14. State and explain the emerging challenges for management.
15. Define management. Describe the characteristics of management.
16. What are the different skills required for managers? Explain them in terms of management levels.
17. Explain different types of managers with their functions.
18. Describe different roles that managers have to play in the organization.
19. What is management? Explain any eight principles of management.
20. Give the concept of management with different principles.
21. Why is management important in modern organization? Justify your answer.

Analytical Answer Questions

22. Explain the concept of manager as a 'never centre.' Why is this role important to organizational performance?
23. Four key functions (planning, organizing, directing and controlling) make up the process of management. It is possible that the controlling function can affect the organizing function and organizing function can affect the leading functions? Explain.
24. The management process has four major components; planning and decision making, organizing, directing and controlling. Explain each of these components with examples and state how these components are interlinked.

CASE

Coffee culture is developing throughout the nation along with speedy expansion of information technology in Nepal. Almost every city has at least 20 coffee shops in small, medium or in the large scale. In the beginning, coffee was known for high class people but in these days it is more popular in almost all groups and specially in middle-aged people. Many organizations, including few multinational chain, are entering to the Nepalese coffee market. Coffee market of fresh beans in Nepal is growing rapidly while grain coffee is popular in domestic consumption.

Only few giant coffee shops have their own production of fresh coffee while all the others have to depend on foreign brand. Two brands are selling the Nepalese coffee at grain but has complain of quality i.e. taste. With such vital market information through preliminary market survey, Bimal Kharel, 25 years and MBA from Tribhuvan University prepares a business plan of creating a local brand coffee. He is from the well-known place for coffee i.e. Gulmi where a national priority of coffee development was initiated in 2042 BS. With joint capital of NRs. 5 million, he started a new brand 'Gulmi Coffee'. He had two other young and dynamic partners one was returned from Israel and another from Korea. Initially they planned to look after the business jointly, without any portfolio.

They get high appreciation from local authority, and even the provincial government. They registered the business company and started production. They had to face challenge of supply chain. As they were planning to supply the beans, they needed to have high grade beans in large quantity at regular basis. Unfortunately, after few years of time, majority of the farmers shifted their coffee production to traditional crop production because of lack of market management at that time. Company suffered the shortage of raw materials. They started collecting in small scale from the local farmers. At the consumption side, coffee shops were demanding coffee in regular and volume basis. For regular supply, they had to contact with many local suppliers, which increased the cost to the maximum. They started frustrating. Ram Bhandari, a banker in Agriculture bank was observing all such developments. After few months, Ram got compulsory retirement and proposed to join the company.

After join Ram, forced to increase the shareholders from those who produce the coffee at large scale. In three years of time, 15 shareholders, majority from coffee producers join the company. With large production scale, company is now investing in production plants including grading and distribution. Now, the Gulmi Coffee is one of the best coffee brand among the Nepalese coffee lovers. The company is planning to export their products with sufficient diversification.

Questions:

1. What were the major weaknesses of the company before the entry of Ram Bhandari? Justify.
2. What major principles of management were violating by the initial promoters? What consequences do you suspect because of such act?
3. Based on the case, enlist the major roles of managers.

