

# **Industrial Management: IPE 493**

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# Introduction to management

# What Is Management?

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- *Management can be defined as a process of getting the work or the task done that is required for achieving the goals of an organization in an efficient and effective manner, with the people.*

**[Organization:** Two or more people who work together in a structured way to achieve a specific goal or set of goals.

**Goal:** The purpose that an organization strives to achieve.

**Resources:** include people, skills, information and experience, machinery, raw materials, computers and IT, patents, financial capital, and loyal customers and employees.]

# Organizational Performance

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A measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals

- **Effectiveness**

- “Doing the right thing”.
- A measure of the appropriateness of the goals an organization is pursuing and the degree to which they are achieved.
- When a program is effective?
  - When it is able to perform the desired task

- **Efficiency**

- “Doing things right”.
- A measure of how well or how productively resources are used to achieve a goal
- When a program is efficient?
  - That runs in shortest possible time

# Effectiveness and Efficiency in Management

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Efficiency (Means)

Resource  
Usage

Low Waste



Effectiveness (Ends)

Goal  
Attainment

High Attainment



Management Strives for:  
Low Resource Waste (high efficiency)  
High Goal Attainment (high effectiveness)

# Employees of organization

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- **Managers**

- Someone who – **coordinates** and **oversees** the work of other people so that **organizational goals** can be **accomplished**.
- They are responsible for **directing the efforts and activities** of others aimed at helping organizations achieve their goals.
- In simple word, **managers** are the organizational members who told others what to do and how to do it.
- Managers are differentiated according to **management levels** in the organization.

- **Non-managerial Employees**

- People who work directly on a job or task and have no responsibility for overseeing the work of others.
- Examples: associates, team members

# Management Levels

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# Management Levels

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- **Top/senior Management**

- Examples; President, Chief Executive Officer, Vice-President
- Individuals who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.
- Relatively **‘small group of Executives’** who manage.
- They officially represent the organization to the external environment by meeting with government officials, executives of other organizations, etc.
- Top Manager ***creates*** the organization’s
  - goals,
  - overall strategy, and
  - operating policies.



# Management Levels

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- **Middle Management**

- Examples; plant manager, operations manager, division manager.
- who report to top managers and control the activities lower-level managers.
- Middle managers are responsible for implementing the policies and plans developed by top management and for **oversee and manage** the activities of the first line managers.
- Plant managers, for example handle **inventory management, quality management**, etc.

# Management Levels

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- **First-line Management**

- Examples; Supervisor, shift manager and Office Manager
- Responsible for **supervise** and **coordinate** the **activities** of **non-managerial /operating employees** to make sure that work is performed **correctly and on time**.
- This position is held by employees **who enter** management from the **operating personnel**.
- They oversee the day to day operations of their respective stores, hire operating staffs and handle other routine administrative duties required of them by the parent organization. In contrast to top and middle managers typically spend a large proportion of their time supervising subordinates.

# Areas of Management

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Regardless of their levels, managers may work in various areas within an organization. In any given firm areas of management may include ***marketing, finance, operations, human resources, administration and other areas.***

- ***Marketing managers*** work in areas related to the organization's marketing function-getting consumers and clients to buy the organization's product or services. These areas include new-product development, promotion and distribution.
- ***Financial managers*** deal primarily with an organizations financial resources. They are responsible for such activities as accounting, cash management, and investments.
- ***Operation managers*** are concerned with creating and managing the systems that create an organizations products and/or services. Typical responsibilities of operation managers include production control, inventory control, quality control, plant layout and site selection.

# Areas of Management

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- ***Human resource managers*** are responsible for hiring and developing employees. They are typically involved in human resource planning, recruiting and selecting employees, training and development, designing compensation and benefit systems, formulating performance appraisal system, and discharging low-performing and problem employees.
- ***Administrative managers*** are not associated with any particular management specialty. Administrative managers tend to be generalists, they have some basic familiarity with all functional areas of management rather than specialized training in any one area.
- Many organizations have specialized management positions in addition to those already described, such as **public relations managers**, **research and development managers**. In some cases, organizations create temporary management positions to handle specialized activities with a limited duration.

# Four Management Functions

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# Planning

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Management functions that involves

- establishing goals
- establishing a suitable course of action/ strategies for achieving those goals
- developing plans to integrate and coordinate activities

Planning produces a picture of desirable future circumstances-given currently available resources and past experiences, etc. Plans made up by *top management*.

## Steps in the Planning Process

- ✓ Deciding which goals the organization will pursue
- ✓ Deciding what courses of action to adopt to attain those goals
- ✓ Deciding how to allocate organizational resources



# Organizing

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Management functions that involves

- determine what tasks are to be done
- who is to do them
- how the tasks are to be grouped
- who reports to whom
- where the decisions are to be made

- **Organizing is the process of engaging two or more people for working together in a structured way to achieve a specific goal or a set goals**
- Different goals require different organizational structure.
- Managers must match an organization's structure to its goals and resources-a process called organizational design.
- **Organizing** produces a structure in an organization through which future plans will be pursued



**Organizing**  
Establish task  
and authority  
relationships that  
allow people to work  
together to achieve  
organization goals

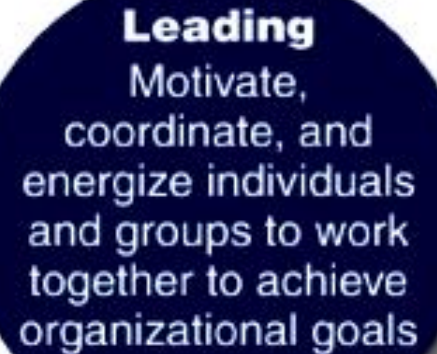
# Leading

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Management functions that involves

- motivating subordinates
- influencing individuals or teams as they work
- selecting the most effective communication channels
- or, dealing in any way with employee behavior issue

- **Leading is the process of directing and influencing the task-related activities of group members or an entire organization**
- Managers lead in an attempt to pursue others to join them in pursuit of the future that emerges from the planning and organizing steps.
- Leadership involves using power, personality, and influence, persuasion, and communication skills
- Outcome of leadership is highly motivated and committed workforce



**Leading**  
Motivate,  
coordinate, and  
energize individuals  
and groups to work  
together to achieve  
organizational goals



# Controlling

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Management functions that involves

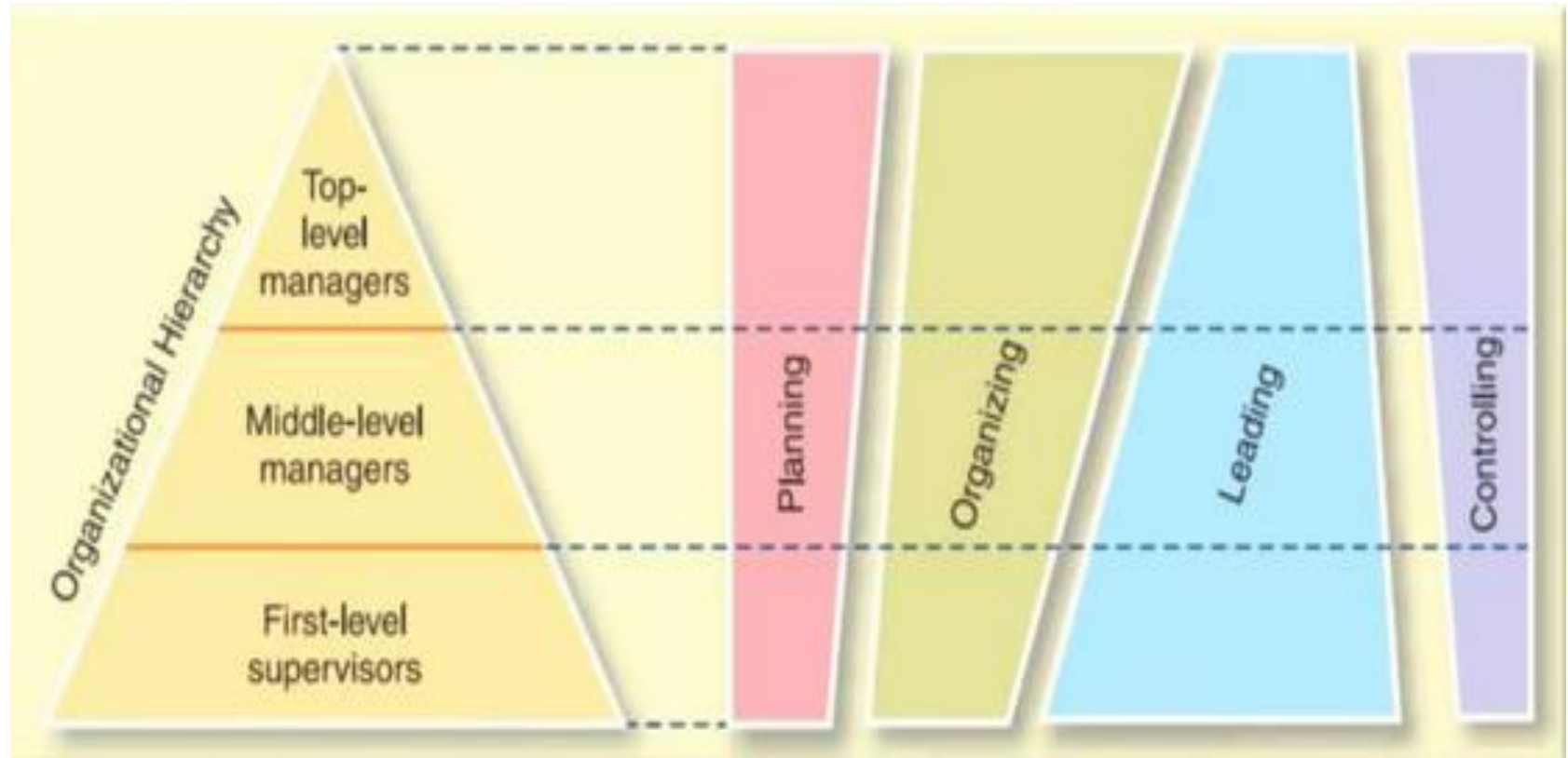
- establishing the standard of performance
- monitoring actual performance
- comparing actual performance to the established standard
- taking corrective actions if deviations are detected

- **Controlling is the process of ensuring that actual activities conform to planned activities**
- Managers have to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance.
- Through the **controlling** function, the manager keeps the organization on track.
- The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness



# Managerial functions at different management levels

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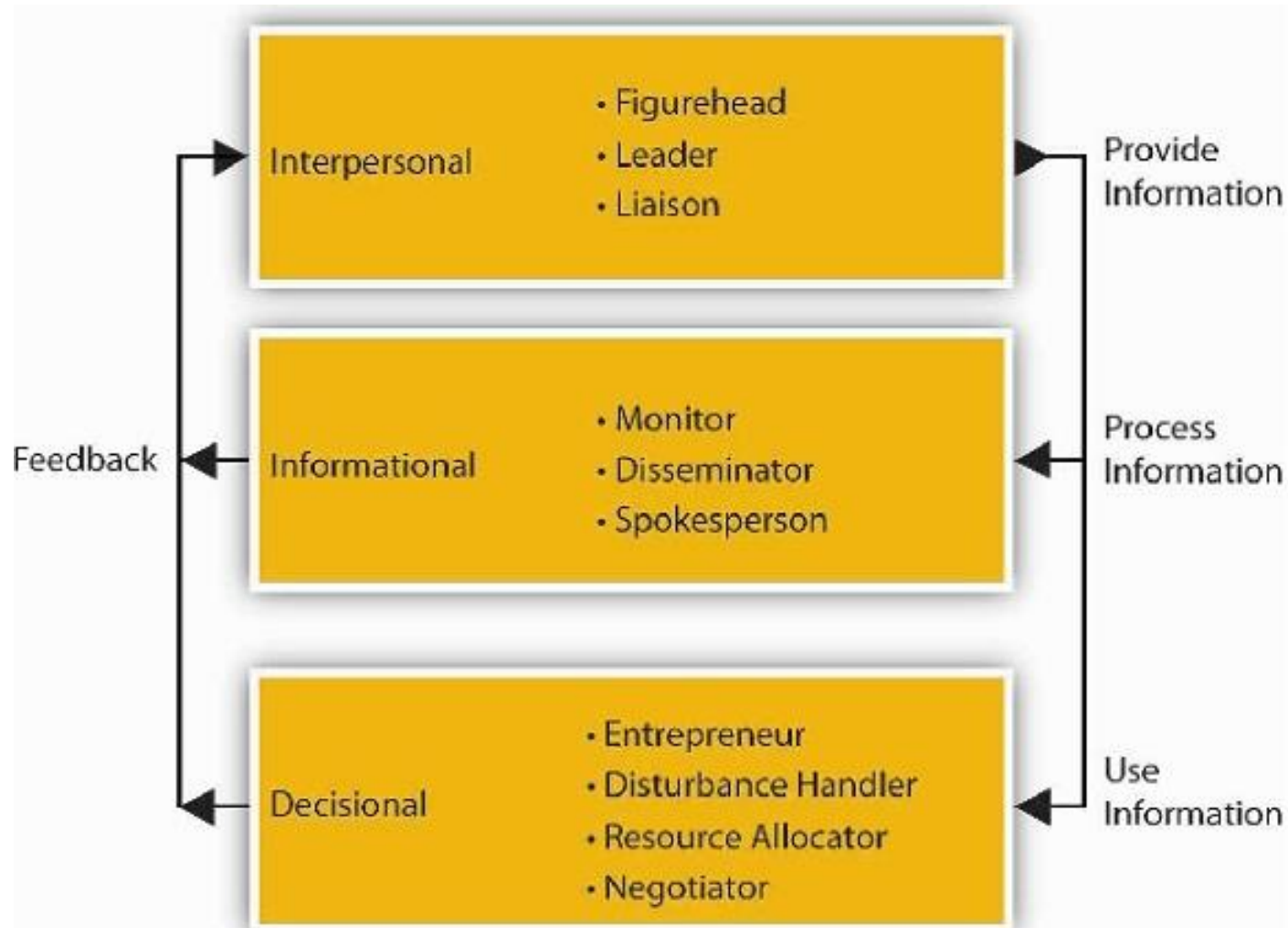


# What Roles Do Managers Play?

In the 1960s, *Henry Mintzberg* did an empirical study of chief executives and discovered that managers were engaged in a number of **varied, un-patterned, and short-duration** activities. He defined management by categorizing what managers do based on the **managerial roles** they perform at work. Henry Mintzberg observed that a manager's job can be described by ten roles performed by managers in three general categories,

- **Interpersonal Roles**
  - Figurehead, Leader, and Liaison
- **Informational Roles**
  - Monitor, Disseminator and Spokesperson
- **Decisional roles**
  - Entrepreneur, Disturbance Handler, Resource Allocator and Negotiator

# What Roles Do Managers Play?



# Interpersonal Roles

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Roles that managers assume to provide information, direction and supervision to both employees and the organization as a whole.

- **Figurehead**—symbolizing the organization's mission and what it is seeking to achieve. Obligated to perform a number of routine duties of a legal or social nature. Greeting visitors, signing legal documents.
- **Leader**—responsible for motivation and activation of subordinates. Provides leadership and direction.
- **Liaison**—linking and coordinating the activities of people and groups both inside and outside the organization.

# Informational Roles

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Roles associated with the tasks needed to obtain and transmit information in the process of managing the organization.

- **Monitor**—Seeks out and analyze information related to your organization and industry collected from both the internal and external environment.
- **Disseminator**—Communicates potentially useful information internally and transmits information to influence the attitudes and behavior of employees.
- **Spokesperson**—Represents and speaks for the organization and transmits information about the organization and its goals, policies and actions to the people outside it.

# Decisional Roles

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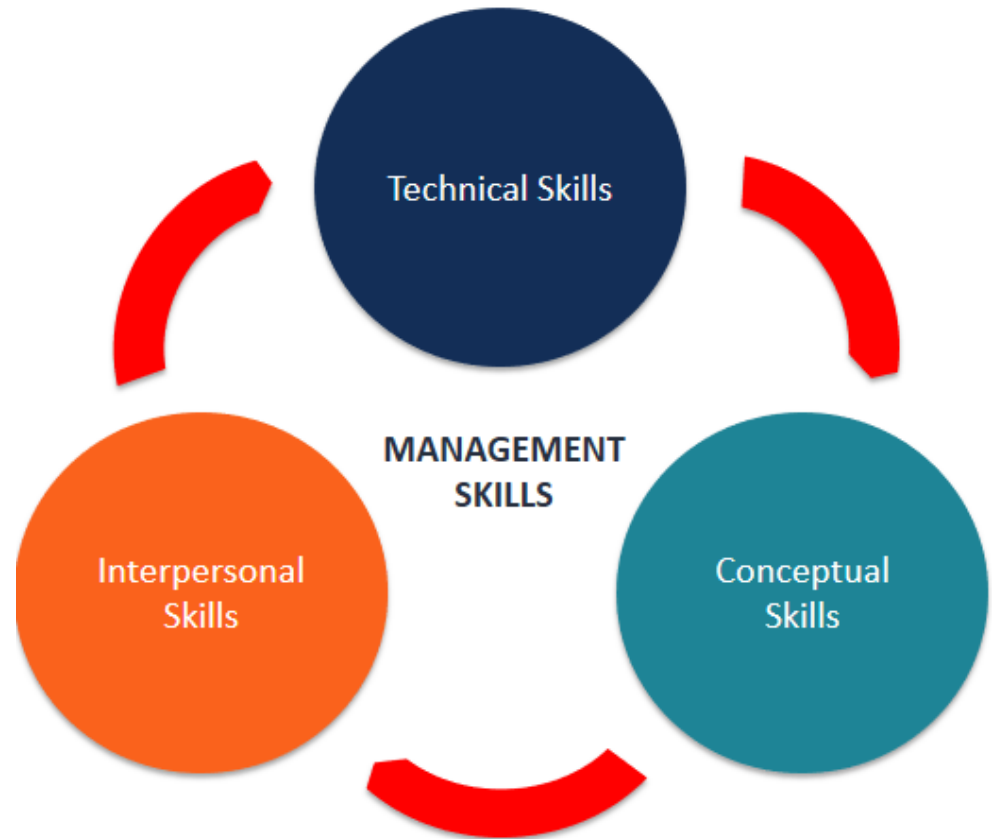
Roles associated with methods managers use in planning strategy and utilizing resources.

- **Entrepreneur**—Creates and controls change within the organization - solving problems, generating new ideas, implementing them and supervise.
- **Disturbance handler**—Responsible for corrective action when the organization faces unexpected events or crises.
- **Resource allocator**—Allocates funds, assigning staff and other organizational resources among functions and divisions, setting the budgets of lower managers.
- **Negotiator**—Involved in direct important negotiations within the team, department, or organization

# Fundamental management skills

**Robert L. Katz**, a teacher and business executive, has popularized a concept developed early in the century by **Henry Fayol**. Fayol found that managers need three essential skills;

- *Technical,*
- *Human/ interpersonal*
- *Conceptual.*





# Fundamental management skills

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***Conceptual Skills:*** Conceptual skills are the ability to **integrate and co-ordinate** various activities. These involve the skills, managers present in terms of the **creativity, knowledge and ability for abstract thinking and formulating ideas**. Managers should be able to **visualize the enterprise as a whole, to envision** all the functions involved in a given situation or circumstance, **to understand** how its parts depend on one another, **anticipate** how a change in any of its parts will affect the whole and **to visualize** how the organization fits into its broader environment.

For example, the managing director of a telecom company visualizes the importance of better service for its clients which ultimately helps attract a vast number of clients and an unexpected increase in its subscriber base and profits.

**Importance of this skill increases as one rises through the ranks of a management system.**



# Fundamental management skills

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*Human or Interpersonal Skills:* Managers spend considerable time **interacting with people** both **inside and outside** the organization. interpersonal skills—the ability to **communicate with, understand, and motivate** both **individuals and groups**. These skills enable the managers to **make use of human potential** in the company. Because of the multitude of roles that managers must fulfill, a manager must also be **able to work with suppliers, customers, investors, and others outside the organization**. Managers with human skills **can get best out of the people working with them**.

This skill is although important for managers **at every level**, is the **primary skill needed by middle managers**, their ability to **tap technical skill of their subordinated** is more important than their own technical proficiency.

# Fundamental management skills

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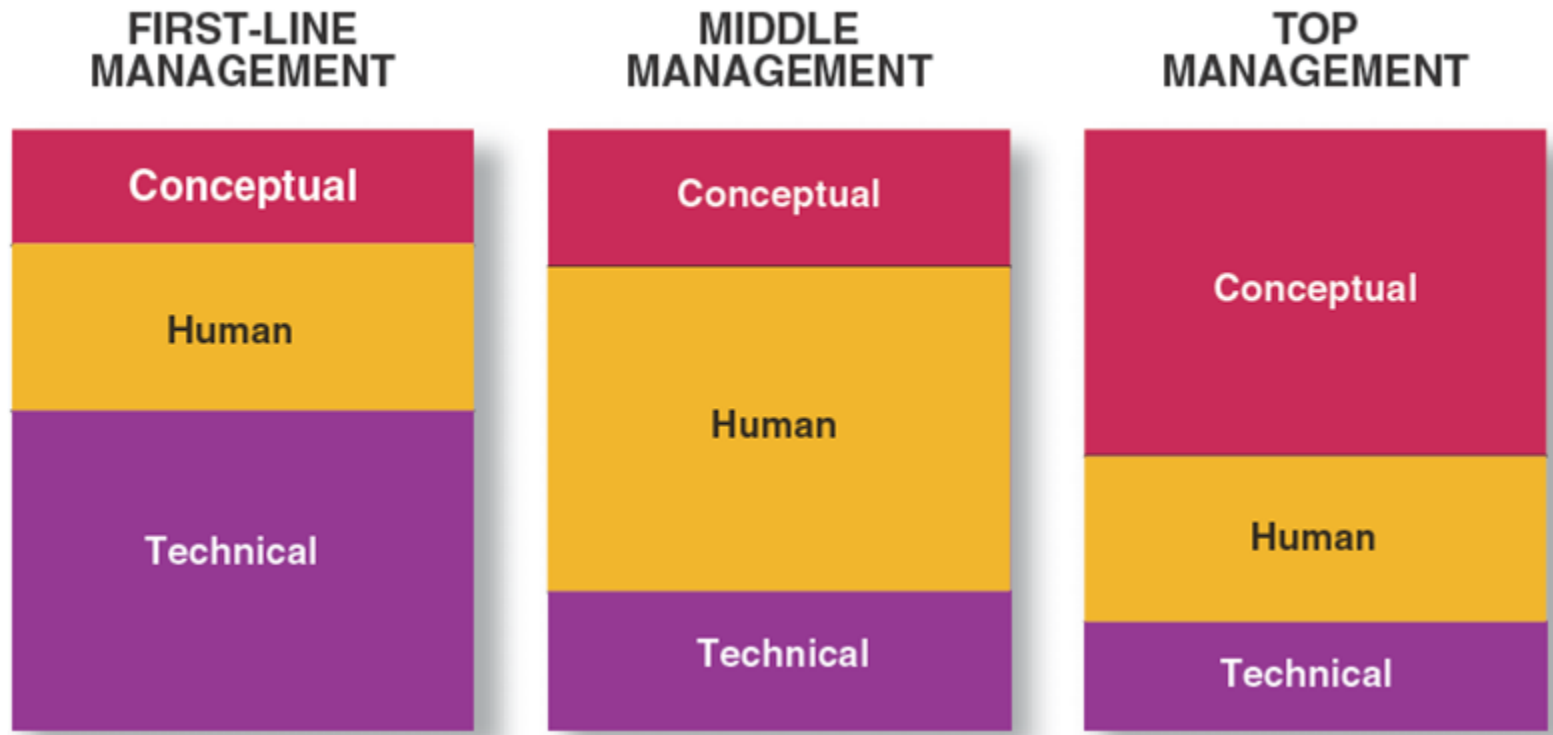
**Technical skills:** Technical skills include knowledge of and proficiency in certain specialized such as **engineering, computers, finance or manufacturing**. Although many middle managers have involved in technical aspects of the organization's operations, technical skills are especially important for **first line managers**, who spend much of their time **training subordinates and supervising** their work-related problems. If they are to be **effective managers**, they must know **how to perform the tasks** assigned to those they supervise.

These skills not only involve operating machines and software, production tools, and pieces of equipment but also the skills needed to boost sales, design different types of products and services, and market the services and the products.

**The need for technical skills is less** when a manager moves higher in hierarchy but still technical proficiency **helps in taking decisions**.

# Fundamental management skills

**Fayol and Katz** suggest that although all three skills are essential for a manager, the **relative importance of these skills varied according to the manager's level within the organization.**



# Other management skills

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Besides the skills discussed above, there are other skills that a manager should possess:

**Diagnostic Skills:** Successful managers also possess diagnostic skills—skills that enable them to visualize the most appropriate response to a situation. A physician diagnoses a patient's illness by analyzing symptoms and determining their probable cause. Similarly, a manager can diagnose and analyze a problem in the organization by studying its symptoms and then developing a solution.

For example, a particular division may be suffering from high turnover. With the help of diagnostic skill, the manager may find out that the division's supervisor has poor human skill in dealing with employees. This problem might then be solved by transferring or training the supervisor.

# Fundamental management skills

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***Decision-Making Skills:*** Effective managers also have good decision-making skills. Decision-making skills refer to the manager's ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities. No manager makes the right decision all the time. However, effective managers make good decisions most of the time. And, when they do make a bad decision, they usually recognize their mistake quickly and then make good decisions to recover with as little cost or damage to their organization as possible.

# Fundamental management skills

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***Time Management Skills:*** Finally, effective managers usually have good time management skills. Time management skills refer to the manager's ability to prioritize work, to work efficiently, and to delegate work appropriately. As already noted, managers face many different pressures and challenges. It is too easy for a manager to get bogged down doing work that can easily be postponed or delegated to others.<sup>10</sup> When this happens, unfortunately, more pressing and higher-priority work may get neglected.

A good manager has all these skills, but it is not necessarily true that all of them are equally important or required for the assigned job or post of a manager.

# Why study management?

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1. The more efficient and effective use of scarce resources that organizations make of those resources, the greater the relative well-being and prosperity of people in that society
2. Helps people deal with their bosses and coworkers
3. Opens a path to a well-paying job and a satisfying career



# Universal Need for Management

