

## Nature and concept of management

It is well known that management represents as one of the most important human activities, ever since people began forming groups to accomplish aims, they could not achieve as individual efforts. As society has come to rely increasingly on group effort and as many organized groups have come large the task of manager has been rising in importance. Managers are charged with the responsibility of taking actions that will make it possible for individuals to make their best contributions to group objectives.

In fact, management applies to all organizations regardless of whether they are large or small, profit-seeking or non-for-profit, domestic or multinational, they use some combination of human, financial, physical and information resources to achieve their goals. These resources are generally obtained from the organization's environment. Moreover, managers are responsible for combining and coordinating these various resources to achieve the organization's goals through four basic managerial functions: planning, organizing, directing and controlling.

Having said that we can define management as well as its major functions (manager's functions) as follow:

### **Management:**

Is the process of achieving organizational goals through engaging in the four major functions of planning, organizing, directing and controlling.

#### 1. Planning:

Is the management function that involves two separate processes, setting goals and deciding how best to achieve them.

#### 2. Organizing:

Is the management function that focuses on allocating and arranging human and non-human resources so that plans can be carried out successfully.

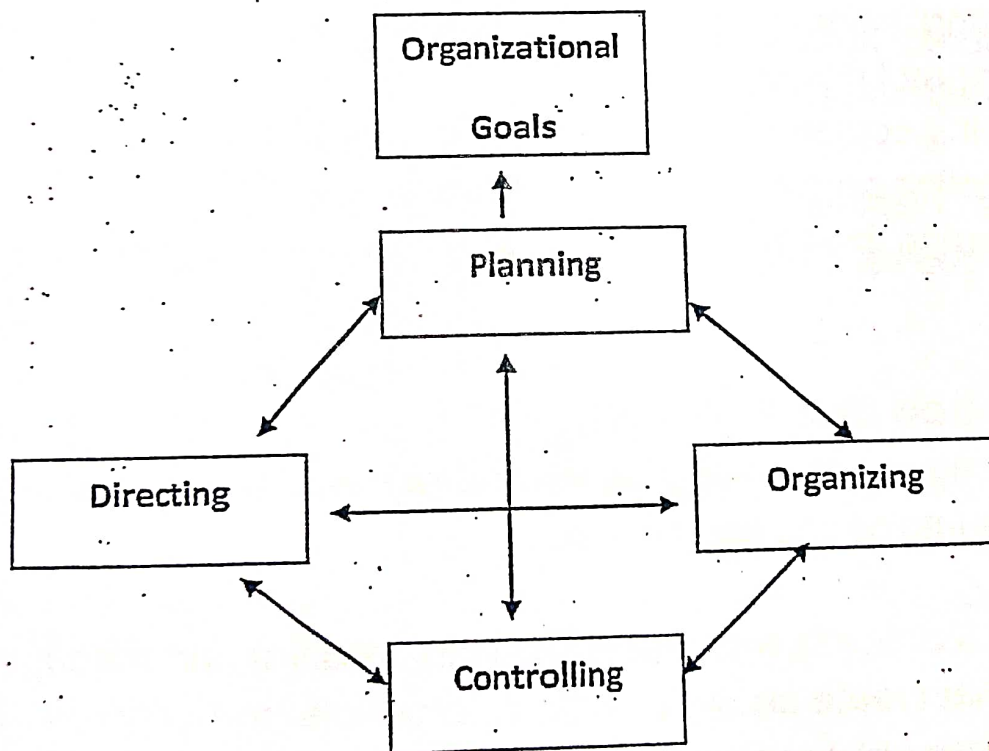
### 3. Directing

Is the management function that involves influencing others to engaged in the work behaviors necessary to reach organizational goals.

### 4. Controlling

Is the management function that is aimed at regulating organizational activities so that the actual performance conforms to expected organizational standards and goals.

The figure below illustrates interrelations of the four functions of management to attain organizational goals.



Basically, the four management functions are interrelated because the performance of one depends on the performance of the others. Therefore, managers must understand how the four management functions must be practiced not only how they are defined and related.



# Basic types of management in the organization

1. Human resource management
2. Operations management
3. Marketing management
4. Financial management

## **1. Human resource management:**

Is the management of all the various activities designed to enhance the effectiveness of an organization's work force in achieving organizational goals.

Human Resource Managers are responsible for hiring and developing employees. They are typically involved with the following responsibility:

- A. Human resource planning.
- B. Recruiting, selecting and placing employees.
- C. Training and development.
- D. Designing compensation and benefit systems.
- E. Formulating performance appraisal systems.
- F. Discharging low-performing and problem of employees.

## **2. Operation management:**

Is the management of the productive processes that converted inputs into outputs i.e into goods and services.

Operation managers are concerned with creating and managing the systems that create an organization's products and services. Typical responsibilities of operations managers include the following:

- A. production control
- B. inventory control
- C. plant layout
- D. Site selection.



### **3. Marketing management:**

Is the management of all the various activities associated with pricing, promotion and distributing of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

Marketing managers work in areas related to the marketing function which is focusing on getting consumers and clients to buy the organization's products or services. These areas include:

- A. Product development
- B. Promotion
- C. Pricing
- D. Distribution (Place)

The four above mentioned areas or activities called Marketing mix or (4Ps).

### **4. Financial management:**

Is the management of all the various activities that related to managing and utilizing monetary sources in order to achieve organizational goals.

Financial managers deal primarily with an organization's financial resources. They are responsible for many activities such as:

- A. Accounting
- B. Cash management
- C. investment

What is the definition of manager? Or who is the manager?

#### **Manager:**

Is the person who undertakes the tasks and the functions of management, at any level in any kind of organization.



## Levels of management and kinds of managers within the organization

Organizations generally have three levels of management represented by top level managers, middle level managers and operational level managers (supervisory level managers). Regardless of level, managers are also associated with specific types of management within the organization, such as operations, financial, marketing, human resources or other management.

### 1. Top level managers:

Are those managers at the very top levels of the hierarchy, who have the most authority and who are ultimately responsible for the entire organization.

### 2. Middle level managers:

Are those managers who are primarily responsible for implementing the policies and plans developed by top level managers and for supervising and coordinating the activities of operational level managers.

### 3. Operational level managers:

Are those managers having the least authority and are at the lowest levels in the hierarchy of the organization. They are directly responsible for the works and activities done by the employees and workers.

## Managerial Skills:

There are three kinds of skills that important for successful management performance. Thus, managers need these skills.

### 1. Technical skills:

Are skills that involve the ability to apply specialized knowledge and expertise in executing work-related techniques and procedures.

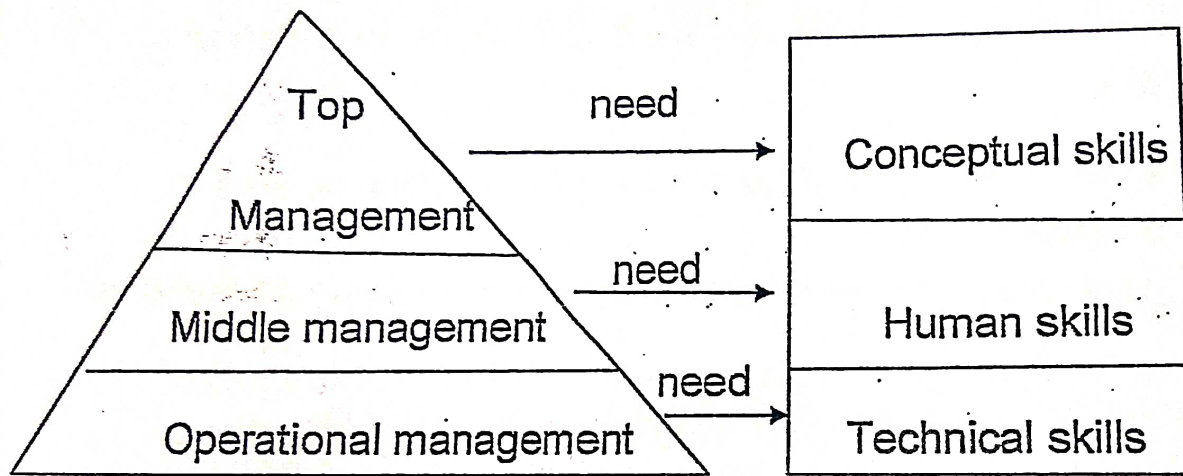
### 2. Human skills:

Are skills involving the ability of manager to understand, motivate and build cooperation within employees and workers.

### 3. Conceptual skills:

Are skills that involve the ability to think in the abstract and to see the organization as a whole.

The relationship between management levels and management skills:



When managers move from lower level management (operational management) to upper level management conceptual skills become more important than technical skills. However, human skills are still equally important.



## **Managerial Roles or manager's Roles**

A role is an organized set of behaviors that associated with a particular office or position.

Generally, managerial roles can be divided into three major groups:

### *1. Interpersonal Roles:*

Which refer to manager interaction and directing of people.

### *2. Informational Roles:*

Which refer to manager receiving and transmitting information related to organization and its environment.

### *3. Decisional Roles:*

Involve making significant decisions that affect the organization.

## **Pioneering and Contemporary Schools in Management**

An understanding of the history of management is necessary to help the modern management coping with today's managerial problems and to develop feel of confidence with the managerial approaches that worked in the earlier time and still have effective results in practicing them in nowadays. The development of management thoughts and concepts made the people responding to the needs of their environment. Therefore, while all managers should obviously focus their attention on present-day and future issues, they should also remember the lessons from the past.

### **First: Classical School or (classical approach)**

1. Scientific management
2. Departmentalization or Administrative management
3. Bureaucratic Management

## 1. Scientific management approach (by Frederick Taylor)

Frederick Taylor is often called the "father of scientific management". Taylor believed that organizations should study tasks and develop precise procedures. Scientific management approach focuses on the work to be done by the people and determining the best way to do it. The progress of specialized tasks and the development within organizations came with rapid industrial changes. These changes created a need to coordinate, integrate and systematize the work flow. Taylor had studied the scientific management by using human efforts to eliminate waste and inefficiency at the operative levels.

The scientific management based upon four main principles:

1. Taylor found a method by which gathering, classifying and tabulating data to arrive at the best way to perform a work.
2. Studying workers' strengths and weaknesses to provide training required to improve their performance.
3. There would be a relationship between management and workers to perform the work.
4. Using the scientific ways and suitable employees to perform the work in addition to using the rewards to motivate those employees.



## 2. Departmentalization or administrative approach (by Henry Fayol)

Henry Fayol, a French mining engineer, developed 14 principles of management based on his management experiences. These principles provide modern-day managers with general guidelines on how a supervisor should organize his department and manage his staff. Although later research has created controversy over many of the following principles, they are still widely used in management theories. These principles are:

- 1. Division of work:** Division of work and specialization produces more and better work with the same effort
- 2. Authority and responsibility:** Authority is the right to give orders and the power to exact obedience. A manager has official authority because of his position, as well as personal authority based on individual personality, intelligence and experience. Authority creates responsibility.
- 3. Discipline:** Obedience and respect within an organization are absolutely essential. Good discipline requires managers to apply sanctions whenever violations become apparent.
- 4. Unity of command:** Employees should receive orders from only one superior.
- 5. Unity of direction:** Organizational activities must have a central authority and one plan of action.
- 6. Subordination of individual interest to the general interest:** The interests of one employee or group of employees are subordinate to the interest and goals of the organization.
- 7. Remuneration of personal:** Salaries (the price of services rendered by employees) should be fair and provide satisfaction both to the employee and employer.

8. **Centralization:** The objective of organizations is the best utilization of personnel. The degree of centralization varies according to the dynamics of each organization.
9. **Scalar chain:** A chain of authority exists from the highest organizational authority to the lowest ranks.
10. **Equity:** In organizational, equity is a combination of kindness and justice. Both equity and equality of treatment should be considered when dealing with employees.
11. **Order:** Organizational order for materials and personnel is essential. The right materials and the right employees are necessary for each organizational function and activity.
12. **Stability of tenure of personnel:** to attain the maximum productivity of personnel, a stable work force is needed.
13. **Initiative:** Thinking out a plan and ensuring its success is an extremely strong motivator. Zeal, energy and initiative are desired at all levels of the organizational ladder.
14. **Esprit de corps:** Teamwork is fundamentally important to an organization. Work teams and extensive face to face verbal communication encourages teamwork.



### **3. Bureaucratic management approach (by Max Weber)**

Max Weber, a German thinker and one of the most famous pioneers of bureaucracy. In the late of 1800s, Weber disliked that many European organizations were managed on a "personal" family-like basis and that employees were loyal to individual supervisors rather than to the organization. He believed that organizations should be managed impersonally and that formal organizational structure, where specific rules were followed, was important. In other word he didn't think that authority should be based on a person's personality. He thought authority should be something that was part of a person's job and passed from individual to individual as one person left and another took over. This nonperson, objective form of organization was called a bureaucracy.

The major characteristics of Weber's ideal bureaucracy include:

1. Specialization of labor.
2. Formalization of rules and procedures.
3. Impersonality in the application of rules and sanctions.
4. Formalization of lines of authority into hierarchy structure.
5. Formalization of the career advancement process to be based on merit.

### **Second: Human Relation School**

Proposed that workers respond primarily to the social context of the workplace including social conditioning, group norm and relationships between people.

1. Hawthorne studies
2. Marry Parker Follett study



## 1. Hawthorne studies (by Elton Mayo)

Elton Mayo's contributions came as part of the Hawthorne studies, a series of experiments that rigorously applied classical management theory only to reveal its shortcomings. The Hawthorne experiments consisted of two studies conducted at the Hawthorne work plant of the Western Electric Company in Chicago from 1924 to 1932. The first study was conducted by a group of engineers seeking to determine the relationship of lighting levels to worker productivity. Surprisingly enough, they discovered that worker productivity increased as the lighting levels decreased, that is until the employees were unable to see what they were doing, after which performance naturally declined.

A few years later, a second group of experiment began. Mayo and his colleague Roethlisberger from Harvard University supervised a group of five women in a bank wiring room. They gave women special privileges, such as the right to leave their workstations without permission, take rest periods, enjoy free lunches and have variations in pay levels and workdays. This experiment also resulted in significantly increased rates of productivity.

After intensive analysis of the Hawthorne studies the researchers concluded that human relations and the social needs of workers are crucial aspects of business management. They found that workers reacted positively to the psychological and social conditions at work, such as informal group, individual recognition and participating in decision making.



## 2. Marry Parker Follett study

American professor of political philosophy, she stressed the importance of an organization establishing common goals for its employees. However, she also began to think somewhat differently than the other theorist of her day, discarding command-style hierarchal organizations where employees were treated like robots. She began to talk about such things as ethics, power and leadership.

She encouraged managers to allow employees to participate in decision making. She stressed the importance of people rather than techniques, a concept very much before her time. But time change and innovative ideas from the past suddenly take on new meanings. Much of what managers do today is based on the Follett's ideas.

Follett brought to management the perspective of political science and social work.

Her study identified the following:

1. The importance of the functioning groups, not just individuals, in organization.
2. The principles of "power with" rather than "power over" in management employee relations.
3. Finding a solution to a conflict between the employees that would satisfy both parties.
4. The achievement of integrative unity whereby the organization operates as a functional whole, with the various interrelated parts.

## Third: Modern School

1. Systems management theory
2. Quantitative school of management
3. Contingency school of management

### 1. Systems management theory

The systems management theory has had a significant effect on management science. A system is interrelated set of elements functioning as a whole in pursuit of common goals. An organization as a system is composed of four elements. The major components of a system are:

#### 1. Inputs:

The various men power, materials, machines, money and informational resources required to produce goods and services.

#### 2. Transformational processes:

The organization's managerial and technological abilities that are applied to convert inputs into outputs.

#### 3. Outputs:

The products and services produced by organization.

#### 4. Feedback:

Information about results and organizational status relative to its environment, in other words the reactions from the environment.



## Third: Modern School

1. Systems management theory
2. Quantitative school of management
3. Contingency school of management

### 1. Systems management theory

The systems management theory has had a significant effect on management science. A system is interrelated set of elements functioning as a whole in pursuit of common goals. An organization as a system is composed of four elements. The major components of a system are:

#### 1. Inputs:

The various men power, materials, machines, money and informational resources required to produce goods and services.

#### 2. Transformational processes:

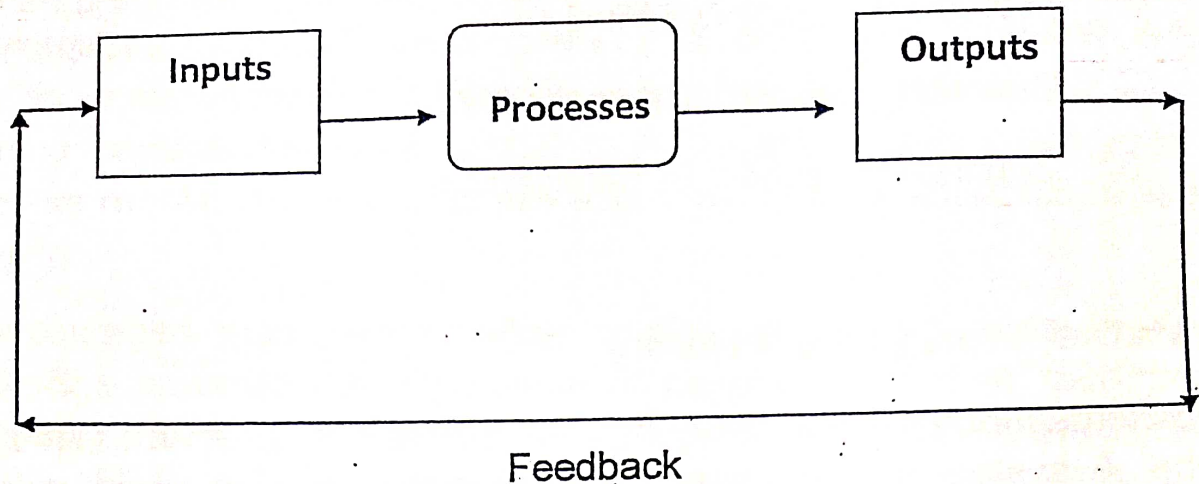
The organization's managerial and technological abilities that are applied to convert inputs into outputs.

#### 3. Outputs:

The products and services produced by organization.

#### 4. Feedback:

Information about results and organizational status relative to its environment, in other words the reactions from the environment.



The system theory encourages managers to look at the organization from a broader perspective. Managers are beginning to recognize the various parts of the organization and in particular the interaction of the parts. Also, the system theory suggests that managers are likely to be more successful if they attempt to operate their units as open systems rather than as closed systems. Therefore, open and close systems can be defined as follow:

- Open system: An organizational system that interact with its environment.
- Close system: An organizational system that does not interact with its environment.



## 2. Quantitative school of management

During World War II, mathematicians, physicists and other scientists joined to solve military problems. The quantitative school of management is a result of the research conducted during World War II. The quantitative approach to management involves the use of quantitative techniques such as statistics, information models and computer simulations to improve decision making. This school consists of several branches, as follows:

### A. Operation Research

Is an approach aimed at increasing decision effectiveness through the use of sophisticated models and statistical methods.

Managers can use computer models to figure out the best way to do something thus saving both money and time. Managers use several science applications such as:

- *Mathematical forecasting* helps make projections that are useful in the planning process.
- *Inventory control modeling* helps control inventories by mathematically establishing how and when to order a product.
- *Queuing theory* helps allocate services personnel or workstations to minimize customer waiting and service cost.

### B. Operation Management

Is the function of field of expertise that is primarily responsible for the production and delivery of an organization's products and services.

Operation management focuses on managing the process of transforming materials, labors and capital into useful goods or services. Effective operations management is concern for both manufacturing and service organizations. The resource input includes the wide variety of raw materials, technologies, capital, information and people needed to create finished products.

The transformation process, in turn, is the actual set of operations or activities through which various resources are utilized to produce finished goods or services of value to customers or clients.

Operation management today pays close attention to the demands of quality, customer service and competition. The process begins with attention to the needs of customers: what do they want? Where do they want it? When do they want?

Based on the answers to these questions managers line up resources and take any necessary to meet customer expectations. Operation management today pays close attention to the demands of quality, customer service and competition. The process begins with attention to the needs of customers: What do they want? Where do they want it? When do they want? Based on the answers to these questions, managers line up resources and take any necessary to meet customer expectations.

### **C. Management Information System (MIS)**

Is the field of management that focuses on designing and implementing computer-based information system for use by management.

Management information system is the most recent subfield of the quantitative school of management. A (MIS) organizes past, present, and projected data from both internal and external sources and processed it into usable information, which it then makes available to managers at all organizational levels. The information systems are also able to organize data into usable and accessible formats.



### 3. Contingency school of management

The contingency school of management can be summarized as an "it all depends" approach. The appropriate management actions and approaches depend on the situation. Managers with a contingency view use a flexible approach, draw a variety of theories and experiences, and evaluate many options as they solve problems.

Contingency management recognizes that there is no one best way to manage. In the contingency perspective managers are faced with the task of determining which managerial approach is likely to be most effective in a given situation. Contingency thinking avoids the classical "one best way" arguments and recognizes the need to understand situational differences and respond appropriately to them. It doesn't apply certain management principles to any situation. Contingency theory is recognition of the extreme importance of individual manager performance in any given situation. The contingency approach is highly dependent on the experience and judgment of the manager in a given organizational environment.