

ESSENTIALS OF MANAGEMENT

LESSON OUTLINE

After studying this chapter, students should be able to understand the following:

- **Concepts and Essential of Management**
- **Management and its relationship with HRM**

LESSON OVERVIEW

This lecture discusses the management process and its role in the organization. To start with, first of all we will define the Management and then we will go through the functions of management as well as relationship between management and HRM

A. Concepts and Essential of Management

i. What is Management?

Management is the process of working with different resources to accomplish organizational goals. *Good* managers do those things both effectively and efficiently. To be *effective* is to achieve organizational goals. To be *efficient* is to achieve goals with minimum waste of resources, that is, to make the best possible use of money, time, materials, and people. Some managers fail on both criteria, or focus on one at the expense of another. The best managers maintain a clear focus on both effectiveness *and* efficiency.

ii. The Functions of Management

What can managers do to be effective and efficient? The management process, properly executed, involves a wide variety of activities including planning, organizing, leading, and controlling.

These activities, described below, are traditional functions of management

a. Planning

Planning is specifying the goals to be achieved and deciding in advance the appropriate actions taken to achieve those goals. Planning activities include analyzing current situations, anticipating the future, determining objectives, deciding what types of activities the company will engage in, choosing corporate and business strategies, and determining the resources needed to achieve the organization's goals. The outcome of the planning process is the *organization's strategy*.

b. Organizing

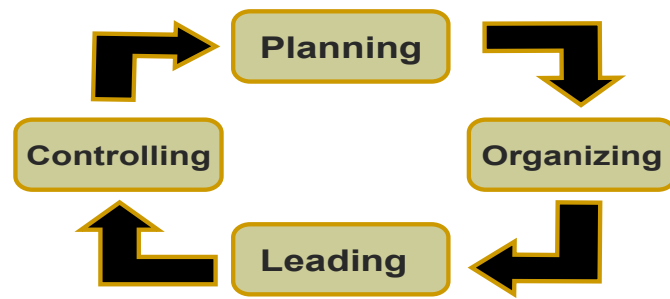
Organizing is assembling and coordinating the human, financial, physical, informational, and other resources needed to achieve goals. Activities include attracting people to the organization, specifying job responsibilities, grouping jobs into work units, marshalling and allocating resources, and creating conditions so that people and things work together to achieve maximum success. The outcome of organizing is an *organizational structure*.

c. Leading

Leading is stimulating people to be high performers. It is directing, motivating, and communicating with employees, individually and in groups. Leading involves close day-to-day contact with people, helping to guide and inspire them toward achieving team and organizational goals. Leading takes place in teams, departments, divisions, and at the tops of entire organization. The outcome of leading is a high level of *motivation and commitment*.

d. Controlling

Functions of Management the



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Comprehensive plans; solid organization, and outstanding leaders do not guarantee success. The fourth functional controlling, monitors progress and implements necessary changes. When managers implement their plans, they often find that things are not working out as planned. The **controlling** function makes sure that goals are met. It asks and answers the question, "Are our actual outcomes consistent with our goals?" It makes adjustments as needed. Specific controlling activities are to set performance standards that indicate progress toward long-term goals; to identify performance problems by comparing performance data against standards; and to take actions to correct problems. Budgeting, information systems, cost cutting, and disciplinary action are just a few of the tools of control. Successful organizations, large and small, pay close attention to how well they are doing. They take fast action when problems arise, and are able to change as needed. The outcome of controlling is an accurate *measurement of performance and regulation of efficiency and effectiveness*

iii. Effectiveness & Efficiency

Productivity = Efficiency x Effectiveness

- Efficiency** is the ratio of outputs to inputs.
- Effectiveness** is the degree to which the organizations output correspond to the need and wants of the external environment that include customers' suppliers' competitors and regulatory agencies.

iv. Manager

The member of the organization who participates in the management process by planning, organizing, leading, or controlling the organization's resources.

v. Types of Managers

There are three types of managers...

- Strategic Manager:** Strategic managers are the senior executives of an organization and are responsible for its overall management. Major activities include developing the company's goals and plans. Typically strategic managers focus on long-term issues and emphasize the survival, growth, and overall effectiveness of the organization.
- Tactical Managers:** Tactical managers are responsible for translating the general goals and plans developed by strategic managers into objectives that are more specific and activities. These decisions, or *tactics*, involve both a shorter time horizon and the coordination of resources. Tactical managers are often called middle managers, because in large organizations they are located between the strategic and operational managers. Today's best middle managers have been called "working leaders." They focus on relationships with other people *and* on achieving results. They

The Management Process



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Organizational Performance

- **Efficiency:** A measure of how well resources are used to achieve a goal
"Doing Things Right"
- **Effectiveness:** A measure of the appropriateness of the goals chosen (are these the right goals?), and the degree to which they are achieved
"Doing the Right Things Right"

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'Managing is like holding a dove in your hand. If you squeeze too tight, you kill it. Open your hand too much, you let it go' - T. Lasorda



are hands-on, working managers. They do not just make decisions, give orders, wait for others to produce, and then evaluate results. They get dirty, do hard work themselves, solve problems, and produce value.

3. **Operational Managers:** Operational managers are lower-level managers who supervise the operations of the organization. These managers often have titles such as supervisor or sales manager. They are directly involved with non-management employees, implementing the specific plans developed with tactical managers. This role is critical in the organization, because operational managers are the link between management and non-management personnel. Your first management position probably will fit into this category.

vi. Managers are Universal:

Managers work in all types of organizations, at all levels, and in all functional areas. Large and small businesses, hospitals, schools and governments benefit from efficient and effective management. The leaders of these organizations may be called executives, administrators, or principals, but they are all managers and are responsible for the success or failure of the organization. This success or failure is reflected in a manager's career. For example, when a CEO saves a failing corporation, the board rewards this success with bonuses and stock options. When a professional football team starts losing, the owner fires the coach, not the team.

vii. The Managerial Skills

Managers need three basic sets of skills: technical, interpersonal, and conceptual.

a. Technical Skills

The skills that include knowledge of and proficiency in a certain specialized field. Managers need to be technically competent. They need to know how to plan, organize, lead and control. Line managers need this skill the most while top manager will need minimum of technical skills.

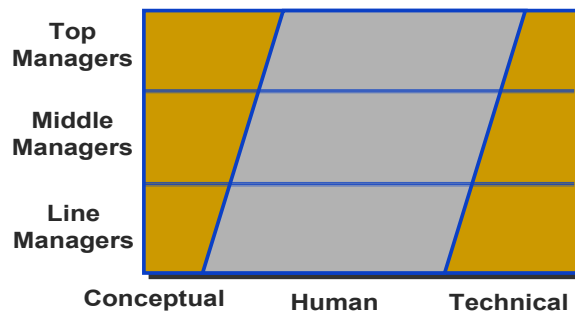
b. Interpersonal Skills/Human Skills

Interpersonal skills include the ability to work well with other people both individually and in a group. Managers need good interpersonal skills, knowledge about human behaviors and group processes, ability to understand the feelings, attitudes and motives of others, and ability to communicate, clearly and persuasively. Human skills are very important at each level of management.

c. Conceptual Skills

Conceptual skills include the ability to think and to conceptualize about abstract and complex situations, to see the organization as a whole, and to understand the relationships among the various subunits, and to visualize how the organization fits into its broader environment. Conceptual skills include analytical ability, logical thinking, concept formation, and inductive reasoning. They manifest themselves in things like good judgment, creativity, and the ability to see the big picture. Top managers/CEO needs this type of skill the most.

Managerial Skills & Managerial Level



Levels of Managers



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viii. **Levels of Management** Three level in the organization can classify managers, particularly for traditionally structured organizations...

1. **First-line managers** are the lowest level of management. They're often called supervisors
2. **Middle managers** include all levels of management between the first-line level and the top level of the organization.

3. **Top managers** include managers at or near the top of the organization who are responsible for making organization wide decisions and establishing the plans and goals that affect the entire organization.

Manager's Roles:

a. Interpersonal roles

- Figurehead—duties that are ceremonial and symbolic in nature
- Leadership—hire, train, motivate, and discipline employees
- Liaison—contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.

b. Informational roles

- Monitor—collect information from organizations and institutions outside their own
- Disseminator—a conduit to transmit information to organizational members
- Spokesperson—represent the organization to outsiders

c. Decisional roles

- Entrepreneur—managers initiate and oversee new projects that will improve their organization's performance
- Disturbance handlers—take corrective action in response to unforeseen problems
- Resource allocators—responsible for allocating human, physical, and monetary resources
- Negotiator role—discuss issues and bargain with other units to gain advantages for their own unit

All managers are mostly concerned with following activities:

- Staffing
- Retention
- Development
- Adjustment
- Managing change

HR Professionals' Responsibilities:

Line manager

Authorized to direct the work of subordinates—they're always someone's boss. In addition, line managers are in charge of accomplishing the organization's basic goals.

Staff manager

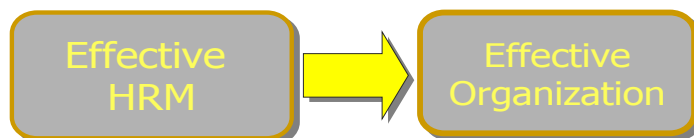
Authorized to assist and advise line managers in accomplishing these basic goals. HR managers are generally staff managers.

B. Management and its relationship with HRM

There are five basic functions that all managers perform: planning, organizing, staffing, leading, and controlling. HR management involves the policies and practices needed to carry out the staffing (or people) function of management.

HRM can help to manage the following factors in the organization.

- Productivity
- Operations
- Relationships
- Conflict
- Stress
- Reward systems



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Effectiveness and success of entire organization depends upon effective manpower of organization.

Key Terms

Controlling: Specific activities are to set performance standards that indicate progress toward long-term goals

Decisional roles included those of entrepreneur, disturbance handler, resource allocator, and negotiator activities.

Disseminator is a conduit to transmit information to organizational members

Disturbance handlers take corrective action in response to unforeseen problems

Effectiveness: A measure of the appropriateness of the goals chosen (are these the right goals?), and the degree to which they are achieved

Efficiency measure of how well resources are used to achieve a goal

Entrepreneur: managers initiate and oversee new projects that will improve their organization's performance

Figurehead: duties that are ceremonial and symbolic in nature

Informational roles included monitoring, disseminating, and spokesperson activities

Interpersonal roles included figurehead, leadership, and liaison activities

Leadership: hires, train, motivate, and discipline employees

Leading: Leading is stimulating people to be high performers It is directing, motivating, and communicating with employees, individually and in groups.

Liaison: contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.

Line manager: Authorized to direct the work of subordinates—they're always someone's boss. In addition, line managers are in charge of accomplishing the organization's basic goals.

Management: Management is the process of working with different resources to accomplish organizational goals.

Manager: The member of the organization who participates in the management process by planning, organizing, leading, or controlling the organization's resources

Monitor: collect information from organizations and institutions outside their own

Negotiator role: discuss issues and bargain with other units to gain advantages for their own unit

Organizing is assembling and coordinating the human, financial, physical, informational, and other resources needed to achieve goals.

Planning: Planning is specifying the goals to be achieved and deciding in advances the appropriate actions taken to achieve those goals.

Resource allocators: responsible for allocating human, physical, and monetary resources

Spokesperson: represent the organization to outsiders

Staff manager: Authorized to assist and advise line managers in accomplishing these basic goals.