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## ***Fundamentals of General & Industrial Management***

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### **1.1 HISTORICAL BACKGROUND OF MANAGEMENT**

Organized endeavours directed by people responsible for *planning, organizing, leading* and *controlling* activities have existed for thousands of years. The *Taj Mahal* in India, the *Egyptian Pyramids* and the *Great Wall of China*, for instance are tangible evidence that projects of tremendous scope, employing tens of thousands of people, were capitalized in ancient times. The *Taj Mahal* is particularly an interesting example. The construction of this magnificent monument occupied more than 20,000 workers for about 20 years. Who told each worker what to do? Who ensured that there would be enough marble stones at the site to keep workers busy? The answer to this questions is **managers**. Regardless of what these individuals were called, some one had to plan what was to be done, organize people and materials to do it, lead and direct the workers, and impose some controls to ensure that everything was done as planned. As this example demonstrates, organizations and managers have been around for thousands years. However, two historical events are specially significant to the study of management

- *First*, in 1776 Adam Smith published *The Wealth of Nations*, in which he argued the economic advantages that organizations and society would gain from ***division of labour*** (or job specialization) – the breakdown of jobs into narrow and repetitive tasks.
- The *second* important event, which started in the late eighteenth century is the ***industrial revolution***. During this time machine power was substituted for human power, making it more economical to manufacture goods in factories rather than at home. Organizations now needed to get people to work in one location and at the same time something that hitherto workers had not been used to. Hence the introduction of bells, whistles, formal rules and regulations. The large efficient factories needed managers to forecast demand, ensure that enough material was on hand to make products, assign tasks to people.

### **1.2 ORGANIZATION**

An *organization* is a collection of people working together to achieve a common purpose. It is unique social phenomenon that enables its members to perform tasks far beyond the reach of individual accomplishment. This description applies to organizations of all sizes and types that

make up the life of any community from large corporations to small business , and nonprofitable organizations such as schools, government agencies and community hospitals.

- The broad purpose of any organization is to provide goods or services of value to customers and clients.
- All organizations are *open systems* that interact with their environments. They do so in a continual process of obtaining resource inputs
  - people
  - resources
  - information
  - capital

and transforming them into outputs in the form of finished goods and services for customers/clients. As shown in Fig 1.1 feedback from environment indicates how well an organization is doing and provides opportunities for constructive adjustments.

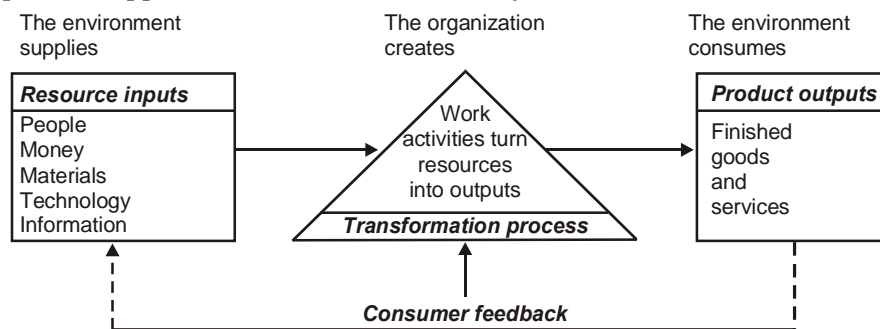


Fig 1.1 Organization as open system, interacting with their environment.

### 1.3 ORGANIZATIONAL PERFORMANCE

When operations add value to the original cost of resource inputs then,

- a business organization can earn profit—that is, sells a product for more than the cost of making it.
- a nonprofit organization can add wealth to society—that is, provide a public service like fire protection that is worth more than its cost.

One of the most common ways to assess performance by and within organizations is **productivity**. It measures the quantity and quality of outputs relative to the cost inputs. Productivity involves two common performance dimensions:

1. *Performance effectiveness* is an output measure of task or goal accomplishment.
2. *Performance efficiency* is an input measure of resource cost associated with goals accomplishment.

### 1.4 MANAGER

We find them in all organizations. They work with a wide variety of job titles-

- team leader
- supervisor
- president
- departmental head
- project manager
- administrator and more.

We call them **managers**, people in organizations who directly support, supervise, and help activate the work efforts and performance accomplishment of others. The “other people” are the essential human resources whose contributions represent real work of the organization.

### 1.4.1 Managerial levels

- At the highest levels of business organizations, we find a **board of directors** where members are elected by stockholders to represent their ownership interest. The board members oversee the performance of organization and make sure that it is always being run right.
- Just below the board level common job titles are chief executive officer (CEO), chief operating officer (COO), president, and vice president. These **top manager** constitute an executive team that reports to the board and is responsible for the performance of an organization as a whole or for one of its larger parts.
- Reporting to top managers are **middle manager** who oversee the work of large departments or division.
- Team leaders report to middle managers and supervise the **non-managerial** workers.

### 1.4.2 Types of managers

In addition to serving at different levels of authority, managers work in different capacities within organizations.

- *Line managers* directly contribute to producing the organization's goods or services.
- *Staff managers* use special technical expertise to advice and support line workers.
- *Functional managers* are responsible for one area such as production, finance, marketing, accounting or sales.
- *General managers* are responsible for complex multifunctional units .
- An *administrator* is a manager in a public or nonprofit organization.

### 1.4.3 Managerial performance

All managers help people , working individually and in teams to perform. They do this while being personally “accountable” for result achieved.

- *Accountability* is the requirement to show performance results to a supervisor.
- *Corporate governance* occurs when a board of directors holds top management accountable for organizational performance .
- An *effective manager* helps others achieve high performance and satisfaction at work.
- *Quality of life* is the overall quality human experiences in the work place.

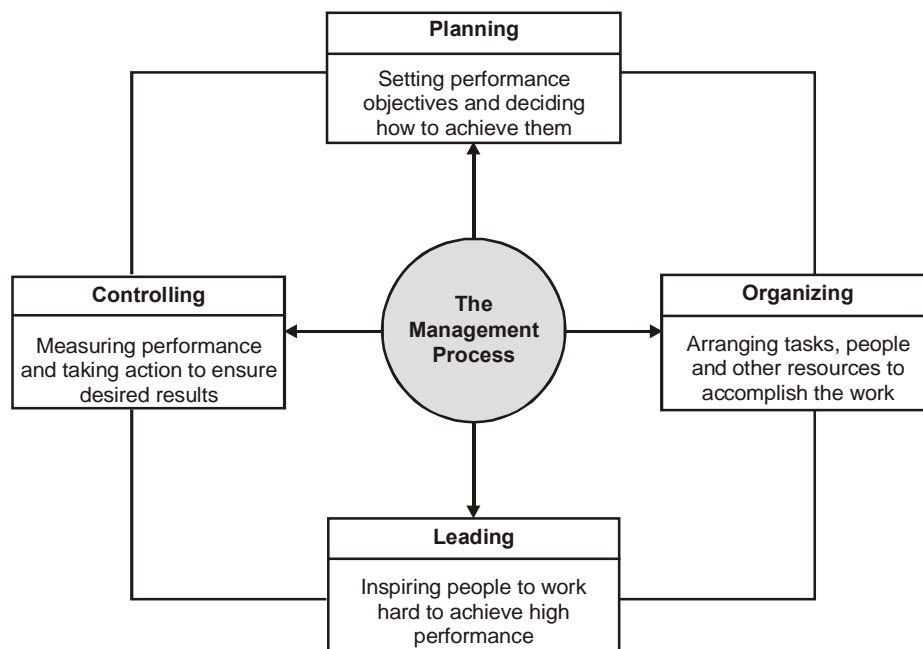
## 1.5 THE MANAGEMENT PROCESS

If productivity in the form of high levels of performance, effectiveness and efficiency is a measure of organizational success, managers are largely responsible for its achievement. The ultimate bottom line in very manager's job is to help an organization achieve high performance by best utilizing its human and material resources. This is accomplished through the four function of management that together constitute what is called the management process of

- |                       |                      |
|-----------------------|----------------------|
| • <b>planning,</b>    | • <b>organizing,</b> |
| • <b>leading, and</b> | • <b>controlling</b> |

## 1.6 FUNCTIONS OF MANAGEMENT

The four management functions of planning, organizing leading and controlling, and there inter relationship are shown in Fig 1.2. All managers, regardless of title , level, type, and organizational setting are responsible for the four functions.



**Fig 1.2 Four functions of management—planning, organizing leading and controlling**

- **Planning** is the process of setting objectives and determining what should be done to accomplish them.
- **Organizing** is the process of assigning tasks, allocating resources and coordinating work activities.
- **Leading** is the of arousing enthusiasm and inspiring effort to achieve goals.
- **Controlling** is the process of measuring performance and taking action to ensure desired results.

## 1.7 ESSENTIAL MANAGERIAL SKILLS

A **skill** is the ability to translate knowledge into action that results in deserved performance. The essential or base line skills of managers can be divided into three categories .

### 1. Technical

### 2. Human

### 3. Conceptual

- All the above three sets of skills are necessary for management success and their relative importance varies by level of managerial responsibility as shown in Fig 1.3.
- *Technical skill* is the job specific knowledge and techniques needed to proficiently perform specific task.
- *Human skill* is the ability to work well in cooperation with other persons- individually or in a group; emotional intelligence.
- *Conceptual skill* is the ability to think analytically and achieve integratively problems solving.

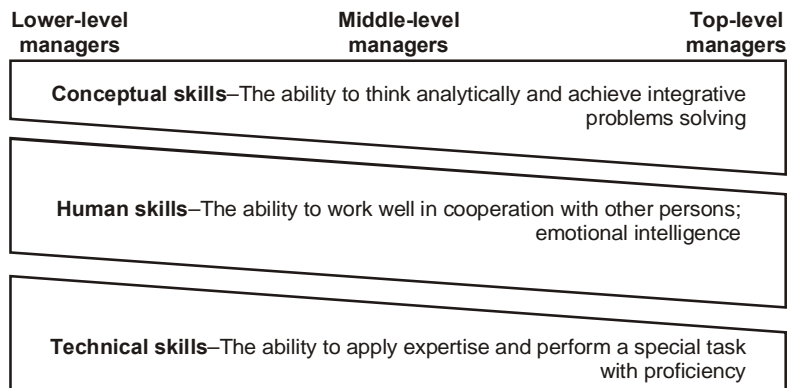


Fig. 1.3 Skills needed at different managerial level.

### 1.8 VISIBLE AND INVISIBLE SKILL OF A MANAGER

A manager is required to possess a number of skills to achieve organizational goals. Since a manager has necessarily has to deal with people, it is essential to understand how to work with people's feelings and emotions. This involves using "invisible" skill of a manager. As a manager one can't ignore this part of his/her exchange with others. Figure 1.4 illustrates the visible and invisible skills of a manager.

We have always known that feelings and emotions are powerful drivers. *Emotional intelligence*, unlike mental intelligence (IQ), focuses on understanding our emotions and feeling and those of others.

Technical skills	Generic skills	Team skills	Emotional skills
<div> <div>"Visible skills"</div> <div>→</div> <div>"Invisible skills"</div> </div>			
Job skills	Time management Problem solving Setting priorities	Collaboration Communication Negotiation	Empathy Self-awareness Social awareness

Fig. 1.4 The visible and invisible skills of a manager

### Examination Questions and Answers

#### (A) Objective Test Questions & Answers

**Q1-1.** Fill in the blanks by choosing the right answer from the given options.

- The process of management involves the functions of planning, \_\_\_\_\_, leading, and controlling.
 

(a) accounting	(b) creating
(c) innovating	(d) organizing

2. *The effective manager achieves both high-performance results and high level of \_\_\_\_\_ among people doing the required work.*  
 (a) turnover (b) effectiveness  
 (c) satisfaction (d) stress
3. *Performance efficiency is a measure of the \_\_\_\_\_ associated with task accomplishment.*  
 (a) resource costs (b) goal specific  
 (c) product quality (d) product quantity
4. *Productivity is a measure of quantity and \_\_\_\_\_ of work produced with resources utilization taken into account*  
 (a) cost (b) quality  
 (c) timeliness (d) value
5. *When a team leader clarifies desired work target and deadlines for a work team, he / she is fulfilling the management function of \_\_\_\_\_*  
 (a) controlling (b) supervising  
 (c) planning (d) delegating
6. *The process of building and maintaining good working relationship with others who may help implement a manager's work agenda is called \_\_\_\_\_*  
 (a) governance (b) networking  
 (c) authority (d) entrepreneurship
7. *The management function of \_\_\_\_\_ is being performed when a retail manager measures daily sales in the women's apparel department and compares them with daily sales targets.*  
 (a) controlling (b) delegating  
 (c) agenda setting (d) planning
8. *In a typical hierarchical organization, the requirement of a lower level manager to answer to a higher \_\_\_\_\_ level manager in the chain of command is referred to as:*  
 (a) authority (b) empowerment  
 (c) accountability (d) super coordination
9. *The scope and amount of discretion given to a person to make decision by virtue of the position he/she holds in*  
 (a) accountability (b) responsibility  
 (c) delegation (d) authority

**Answers.**

1.(d) 2.(c) 3.(a) 4.(b) 5.(c) 6.(b) 7.(a) 8.(c) 9.(d)

**(B) Short/Discriptive Test Questions & Answers**

**Q1-2.** *Defined (do not describe) the following with respect to management*

- |               |                  |                |
|---------------|------------------|----------------|
| 1. Efficiency | 2. Effectiveness | 3. Planning    |
| 4. Organizing | 5. Leading       | 6. Controlling |

**Ans.** 1. *Efficiency* is doing thing right or getting most output from the least amount of inputs.

2. *Effectiveness* is doing the right things, or completing activities so that organizational goals are attained
3. *Planning* is a management function that involves defining goals establishing strategies for achieving these goals, and developing plans to integrate and coordinate activities .
4. *Organizing* is also a management function that involves arranging and structuring work to accomplish the organization's goal.
5. *Leading* is also a management function that involves working with and though people to accomplish organizational goals.
6. *Controlling* is also a management function that involves maintaining comparing and correcting work performance.

**Q1-3.** What is management and who are managers? Name three categories of manager.

**Ans.** Management is coordinating and overseeing the work activities of others so that activities are completed efficiently and effectively .

Managers coordinate and oversee the work of other people so that organizational goals can be accomplished.

Three categories of managers are:

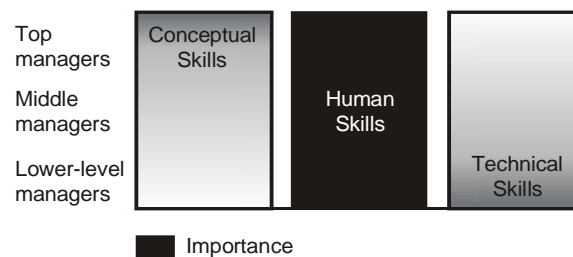
1. Top managers
2. Middle managers
3. First-line manager

**Q1-4.** Mention the three basic skills needed at different managerial levels.

**Ans.** Three types of skills that managers should possess are:

1. *Technical skills* – job-specific knowledge and techniques needed to proficiently performs specific task.
2. *Human skills* – the ability to work well with other people individually and in a group.
3. *Conceptual skills* – the ability to think and to conceptualize about abstract and complete situation.

The importance of these *skills* varies depending upon the managerial level as was shown earlier in Fig. 1.3 and also now depicted in Fig. 1.4.



**Fig. 1.4.** Managerial levels and skills.

**Q1-5.** (a) Mention the three types of skills required for (i) Top level managers (ii) Middle level managers

(b) What are conceptual skills?

**Ans.** Figures 1.3 and 1.4 show the skill needed at the (i) Top- level, (ii) Middle-level and (iii) Lower- level managers, with their relative importance. While top level managers are required to have more of conceptual skills the lower-level managers are required to possess highest level of technical skills. A Middle-level manager is required to have a balanced mix of technical and conceptual skills

(b) Conceptual skills consist of:

1. Ability to use information to solve business problems.
2. Identification of opportunities for innovation.
3. Recognizing problems area and implementing solutions.
4. Selecting critical information from mass of data.
5. Understanding of business uses of technology.
6. Understanding of organization's business model.

**Q1-6.** *Discuss the importance of ethics in the relationship between managers and the people they supervise.*

**Ans.** Managers must value people and respect subordinates as mature, responsible adult human beings. This is part of their ethical and social responsibility as persons to whom other report at work. The work setting should be organized and managed to respect the rights of people and their human dignity. Included among the expectations for ethical behavior could be actions to protect individual privacy, provide freedom from sexual harassment, and offer safe and healthy job conditions. Failure to do is socially irresponsible. It may also cause productivity losses due to dissatisfaction and poor work commitments.

**Q1-7.** *Explains how the "glass ceiling effect" may disadvantage newly hired African American college graduates in a large corporation.*

**Ans.** If the glass ceiling effect were to operate in a given situation it would act as a hidden barrier to advancement beyond a certain level. Managers controlling promotions and advancement opportunities in the firm would not give them to African American candidates, regardless of their capabilities. Although the newly hired graduate might progress for a while, sooner or later their upward progress in the firm would be halted by this invisible barrier.

**Q1-8.** *What is globalization, and what are its implications for working in the new economy?*

**Ans.** Globalization means that the countries and people of the world are increasingly interconnected and that business firms increasingly cross national boundaries in acquiring resources, getting work accomplished, and selling their products. This internationalization of work will affect most, everyone in the new economy. People will be working with others from different countries, working in other countries and certainly buying and using products and services produced in whole or in part in other countries. As countries become more interdependent economically, products are sold and resources purchased around the world, and business strategies increasingly target markets in more than one country.

**Q1-9.** *Mention briefly on management by objective (MbO).*

**Ans.** One particular participative approach to the activities involved in planning, organizing, leading and controlling and to the execution of works, is management by objectives (MbO). MbO is a phrase used to describe a style or system of management that attempts to relate



organizational goals to individual performance and development through the involvement of all levels of management. The underlying bases of a system of MbO is

- Setting of objectives and targets
- Participation by individual managers in agreeing unit objectives and criteria of performance; and
- Continual review and appraisal of results.

The system of MbO has been adopted in a wide range of organizational settings in the public as well as the private sector. MbO is potentially an attractive system. It provides an opportunity for staff to accept greater responsibility and to make a higher level of personal contribution. There is much to recommend it to both the organization and individual managers. MbO, however, is *not a panacea* and it is subjected to a number of criticism and potential limitations. It is not always easy to set specific targets or figures for certain more senior jobs or where the work involves a high degree of self – established role prescriptions. The same might apply to jobs that require a high level of interpersonal relations especially where this involves confidential matters. There is a potential danger that where objectives and targets are more difficult to specify and measure in precise terms, these are neglected and greater emphasis is placed on objectives that are more easily monitored.

**Q1-10.** *Differentiate between an effective and successful manager.*

**Ans.** *Effective managers* are defined in terms of the quantity and quality of standards of performance and the satisfaction and commitment of subordinates.

*Successful manager* are defined operationally in terms the speed of their promotion within an organization.

Management involves getting work done through the co-ordinated efforts of other people. Managers are most likely to be judged not just on their own performance but also on the results achieved by other staff.

Manager's effectiveness may be assessed in part, therefore, by such factors as:

- The strength of motivation and moral of staff;
- The success of their training and development, and
- The creation of an organizational environment in which staff work willingly and effectively.

The difficulty is determining objective or quantitative measurement of such factor.

For some management jobs it might be possible to identify more quantitative factors which may give an indication of managerial effectiveness, including.

- Meeting important deadlines (particularly when penalties are involved)
- Accuracy of work carried out by the department perhaps measured by the number of recorded errors;
- Level of complaints received from superiors, other departments, customers or clients, suppliers, the public;
- Adherence to quality standards, for example the amount of scrap or waste material,
- Keeping within agreed cost or budgetary control limits; and
- Levels of output and productivity