# The Management :

Management has been defined in many different ways by different authors. Here is a sample:

* Management is the art of getting things done through and with people in formally organized groups.(Haimann, T.)
* Management is simply the process of decision-making and control over the actions of human beings for the express purpose of attaining predetermined goals.(Vance S.)
* Management is a social process entailing responsibility for the effective and economical planning and regulations of the operations of an enterprise in fulfillment of a given purpose or task (Brech E. F., 1957).
* Management is the coordination of all resources through the process of planning, organizing, directing and controlling in order to attain a given stated objective (Fayol H. 1916; & Koontz and O’Donnel, 1976)
* Management is both a social and technical process that comprises a series of actions that lead to the accomplishment of objectives.
* It is a process by which the resources of production are transformed from just “resources” to “production” (Peter Drucker).
* It requires a combination of technical, human and conceptual skills
* Managers are resources or assets in organizations

# Functions of management :

The job of management is to help an organization make the best use of its resources to achieve its goals. They do so by performing essential managerial functions which include:

* Planning
* Organizing
* Directing
* Staffing
* Controlling

**Planning:** It is the process of setting goals and objectives and showing how these goals and objectives will be accomplished.

**Organizing:** This refers to the process of establishing a structure of working relationships. It involves grouping people into departments according to specific tasks performed and deciding how best to coordinate organizational resources.

**Directing:** This is the process of communicating what has been planned by leading and motivating the efforts of people towards attainment of goals

**Staffing:** This function refers to the process of filling positions with the right kind of people in the right job at the right time.

**Controlling:** This refers to the process of evaluating how well an organization is achieving its goals and how to maintain and improve performance.

Figure 1 below illustrates the relationships among these functions. It indicates that all the functions are interdependent.

# HENRI FAYOL (1841-1925).

Fayol was an engineer in a large French Company. Fayol, unlike Taylor started in management and his ideas therefore are more concerned with the science of management. As such he drew up a list of principles of management.

Fayol believed that sound managerial practice fell into patterns that could be identified and analyzed. He also believed that management is not a personal talent but a skill that can be taught and learnt.

It is notable that Fayol’s observations fit well into the currently developing management theory.

# He defined management in terms of:

* 1. Technical activities - production.
  2. Commercial “ - buying and selling.
  3. Financial “ - securing capital.
  4. Security “ - safeguarding financial information.
  5. Managerial “ - planning, organizing, controlling and

directing.

He noted that of all these activities, it is managerial activities that have not been given much attention and he dealt more with it.

# Based on his experience, Fayol listed 14 principles of management:

1. **Division of work** - Necessary to efficiency of labour as it reduces span of attention or effort hence increasing specialization.
2. **Authority and Responsibility -** The right to give orders.
3. **Discipline -**Respect for formal and informal agreements between firm and workers and obedience to rules and regulations.
4. **Unity of command -** One person, one superior, employees should receive orders from one superior only to reduce confusion.
5. **Unity of Direction -** One head, one plan for a group of activities with the same objective.
6. **Subordination of the individual interest to general interest** -The interests of one individual or one group should not prevail over the general good.
7. **Remuneration** - Pay should be fair to both worker and firm.
8. **Centralization** - Refers to the extent to which authority is concentrated or dispersed. Circumstances of organization e.g. size will determine the extent to which an organization is centralized
9. **Scalar Chain -** “Chain of Superiors” or line of authority from top to bottom.
10. **Order** - A place for everything i.e. the right person in the right job or place.
11. **Equity** - Refers to loyalty and devotion from personnel by use of kindliness and justice on the part of managers.
12. **Stability or Tenure of Personnel** - Refers to the costs and dangers of turnover due to bad management.
13. **Initiative** - All levels of personnel should be encouraged to show initiative as it is a source of satisfaction.
14. **Espirit de corps** - “In union there is strength”. This is an emphasis on teamwork, harmony and communication.

# WHAT IS LEADERSHIP

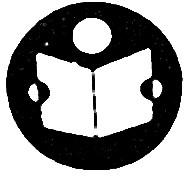
Leadership is an important aspect of management and the ability to lead is one of the keys to being an effective manager. The difference between success and failure whether in war, business, a protest movement or a soccer game can be attributed largely to leadership.

# A large number of definitions can be found in the literature e.g.

* Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically toward achievement of group goals.
* Leadership is the ability of management to induce subordinates to work towards group goals with confidence and keenness.
* Leadership is the ability of a person to influence the thoughts and behaviour of others towards the accomplishment of some goals or goal.

# In summary, leadership is:

* The activity of influencing people to strive willingly towards group objectives.
* The process of influencing the activities of an individual or group towards goal achievement in a given situation.
* A process of giving purpose (meaningful directions) to collective effort and causing willing effort to be expended to achieve such a purpose.
* Getting people to move in certain directions, make decisions and support paths they would typically not have selected.
* The process of making sense of what people are doing together, so that they will understand and be committed to the goal.
* The process of articulating visions, embodying values and creating the environment within which things can be accomplished.



-Leadership is a process not an individual position.

-It involves a relationship between a leader and followers in a given situation.

-Leadership is a complex concept involving the leader, the followers and the situation.

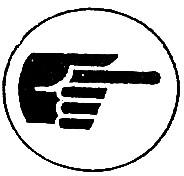
-Leadership consists of activities and is directional.

From the above definitions, we can say that managers lead by giving orders, handling disputes, supervising, disciplining and taking steps to improve employee performance. In so doing they use **influence, power, authority, delegation of responsibility** and be **accountable.** It is these components of leadership that managers use to direct the actions of their subordinates.

# DIFFERENCE BETWEEN LEADERSHIP AND MANAGEMENT

Leadership and management are closely related activities but distinguishable. Leaders and managers are not different people, but can be the same individual performing both roles. In recent years, theorists and practitioners in management have noted that, *“to survive in the 21st century, organizations need a new generation of leaders, not managers”.*

The fundamental difference between leaders and managers is that a manager focuses on the implementation of company policy while the leader tries to lead and inspire people to do their best for the company. A leader tries to cultivate a sense of commitment to the vision and mission of the company by inspiring the subordinates to willingly strive for the achievement of organizational objectives. A manager on the other hand manages employees by the power and authority delegated to him by his superiors. While leaders strive to conquer the volatile, turbulent and ambiguous surroundings that seem to conspire against business organizations, managers tend to surrender to them. In other words while managers administer, control, and accept the status quo, leaders innovate, inspire and change the status quo.



From the foregoing it is obvious that to increase the performance of any organization, all managers should also be good leaders. The goal of leadership studies and leadership training is to turn managers into leaders so that they can become better managers.

|  |  |
| --- | --- |
| **Management characteristics**   * Administers and problem- solves. * Works within a system. * Focuses on control. * Short range view. * Accepts the status quo. * Sets things in motion by means of methods and techniques. * Attitude of doing. | **Leadership Characteristics**   * Innovates- means alertness to opportunities, uses imagination and vision to capitalize on them. * Works on the system * focuses on people. * Inspires trust. * Long range view. * Challenges the status quo. * Is a natural unforced ability to inspire people. * Attitude of serving |

# Effective Leadership.

To be effective, a leader must win the hearts and minds of the followers. This requires a guiding vision and clear idea of what is to be accomplished. Effective leaders must be able to communicate their vision. Knowing what to do, but not being able to communicate this to others can be a major drawback to effective leadership.

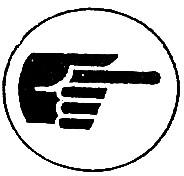
* Communication means understanding each other as individuals and as members of larger groups.
* Often communication is not effective because of barriers such as poor communication skills, distortion or omission of information, wrong interpretation and lack of trust between the sender and the recipient.
* Successful organizations are associated with leaders who are able to communicate effectively their vision and strategy.

# Terms used in motivation

**Motivators:** These refer to those things which induce an individual to perform e.g. higher pay, prestigious title, name tag, praise, recognition, responsibility etc – It can be tangible or intangible. There are limitless ways in which managers can be innovative in the use of motivators.

**Satisfaction:** Refers to the sense of contentment experienced when a need is satisfied.

**Intrinsic motivation:** Refers to self-generated factors that influence people to behave in a certain way or to move in a particular direction. These factors may include responsibility, which involves the feeling that work is important, freedom to act, scope to use and develop abilities, interesting and challenging work and opportunities for advancement.

**Extrinsic Motivation:** Refers to what is done by others to motivate people. For example rewards such as increased pay, praise, promotion and punishments such as disciplinary action, withholding pay or criticisms.

Extrinsic motivators have short-term effects while intrinsic motivators which are more concerned with the quality of working life are likely to have deeper and longer-term effects because they are inherent in individuals and not imposed from outside.

**Reward** is the use of inducement in the form of money, promotion or security. It is a strong motivator, which should not be overlooked by managers.

**Punishment** is the denial of a reward, use of threats and fear e.g. fear of loss of a job, loss of income, reduction of bonus etc. Punishment is a strong motivator but not sustainable because:-

* It can give rise to defensive or retaliatory behaviour such as union organization, poor quality work, indifference, dishonesty etc.
* It can create compliance from subordinates even for wrong decisions because managers have the power of their positions to give or withhold rewards or impose penalties.

**Reinforcement:** Reinforcement suggests that success in achieving goals and rewards act as positive incentives and reinforces successful behaviour which is repeated next time a similar need emerges. The more powerful and frequent the reinforcement, the more likely it is that the behaviour will be repeated until it becomes an unconscious

reaction to an event. Conversely, failures or punishments provide negative reinforcements, suggesting seeking alternative means of achieving goals

# THEORIES OF MOTIVATION

The theories of motivation can be classified into **content and process** theories.

**Content or needs theories:** These are the theories that focus explicitly on the content of motivation in the form of fundamental human needs. They are more concerned with the quantitative aspects of motivation i.e. what motivates people and what people seek in their work. Examples:

* Maslow’s Hierarchy of needs theory
* Herzberg’s two-factor theory
* McClellands three basic needs

**Process or contemporary theories of motivation:** These are the theories which attempt to develop understanding of the psychological processes involved in motivation. They are more concerned with the qualitative aspects and the dynamics of motivation

i.e. how people are motivated and how rewards influence behaviour. They focus on the why and how of motivation. Examples:

* + Latham and Locke’s goal-directed theory
  + Porter and Lawler’s expectancy theory
  + Adams equity theory
  + Bandura’s self-efficacy theory

# Maslow’s Hierarchy of Needs (1943)

Maslow was a psychologist and his theory has found wide application in many fields including management. He proposed that:

* Behaviours of human beings are motivated by needs.
* Individual needs can be classified into 5 broad categories.
* These 5 categories operate in a hierarchical manner, flowing from low order to high order needs as shown below:

High order needs

Social status

Safety needs

Physiological needs

Low order needs

Physiological, safety and social needs are referred to as lower order or deficiency needs, because the absence of them make individuals deficient and existence as a human being is threatened. On the other hand, esteem and self-actualization are referred to as high order needs or growth needs as these make an individual become better at doing what they are expected to do: gain control and mastery over their environment in terms of technology, services etc.

Maslow’s theory of motivation therefore states that: **“when a lower order need is satisfied, the next highest becomes dominant and the individuals attention is turned to satisfying this higher need.”** The most difficult need to satisfy is that of self-fulfillment. Psychological development takes place as people move up the hierarchy of needs, but not necessarily in a straightforward progression. The lower needs still exist even if temporarily dormant as motivators, and individuals constantly return to previously satisfied needs.

The lowest unsatisfied need in the hierarchy is the one that motivates behaviour e.g. a deprived individual without basic needs will be directed towards finding food. The need for safety is dormant at that time. A satisfied need does not motivate behaviour. Once satisfied, it ceases to be a motivator, instead the next higher level need becomes active and motivates behaviour.

# Application of Maslow’s Hierarchy of Needs Theory.

**Physiological needs :** Involves mainly payment of wages and salaries to enable people pay for their basic needs of food shelter and clothing.

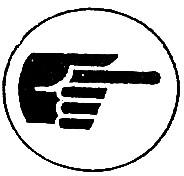
**Safety needs:** Provision of protective clothing, insurance and medical cover, pension schemes, housing and transport (in relation to safety), and job security.

**Social needs:** Promoting family feeling, intimacy and closeness, use of first names, to break formality and reduce social distance, sharing facilities e.g. cafeterias, sports club etc, casual dressing to identify with each other and recognition of trade unions.

**Esteem needs:** Supporting education, delegation of responsibility, titles and other status symbols, fringe benefits e.g. Cars; bonus; shares; office size and equipment.

**Self fulfillment needs:** This is the apex of human needs and involves the need for realizing ones potentialities, continued self-development, feelings of accomplishment and attainment and being creative in the broadest sense possible. Organizations can facilitate and create an environment in which individuals can realize their potentialities

e.g. writing, inventions, occupying important positions etc.

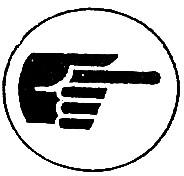


* There are limits to how much organizations can provide to meet these needs as they are limited by resources
* Esteem needs are mainly applicable to managers as they sometimes make important business deals informally through informal networks such as clubs. As such, status symbols become important. It is also notable that as one moves up the ladder, fewer people benefit.

Research findings have shown that:

* + Managers generally have high order needs compared to those at lower levels.
  + Employees in developed countries generally have higher order needs than those in poor countries.

It appears, however, that Maslow never considered the above dimensions as he was concerned with individual employees.



* Do employees in developed countries have higher order needs than those in poor countries?
* Do managers have higher order needs compared to lower level employees? Explain

# Weaknesses of the need hierarchy theory

* + - The five categories of needs are not mutually exclusive
    - The order in which the needs must be satisfied is not supported by real life
    - situations.
    - The model only applies to typical healthy people. A sick person is
    - unlikely to be satisfied by basic social or self-esteem needs.
    - Research conducted to test the model have not supported its assumptions and predictions.
    - Some of the basic concepts of the theory such as self-actualization are vague.

# HERZBERG’S TWO-FACTOR THEORY OF MOTIVATION

Herzberg (1959) conducted a study, which focused on job satisfaction primarily to find out the factors associated with job satisfaction. He collected data from a sample of 203 accountants and engineers based in Pittsburg, USA.

From these findings he proposed that human beings have two basic needs;

* The need to avoid pain and survive.
* The need to grow, develop and learn.

He also found that factors associated with feelings of happiness or satisfaction were concerned with the job itself while those associated with dissatisfaction were related to the environment in which the job was done.

He came up with two sets of factors from which the theory was coined. Different terminologies have been used to refer to this theory.

**Satisfaction-related factors**

* Satisfiers
* Motivators **Motivators**
* Job content factors
* Intrinsic factors

**Dissatisfaction related factors**

* Dissatisfiers
* Hygiene factors **Hygiene or maintenance**
* Job Context factors
* Maintenance
* Extrinsic factors

Herzberg’s findings showed that motivation can be explained by two factors:

A group of needs which he called **hygiene or maintenance needs** as they serve to remove dissatisfaction. They are related to the job context e.g.

* + Supervision
  + Company policy and administration.
* Peer relations
* Working conditions
* Status
* Job security
* Pay
* Status
* Job title
* Job security, etc

He explained that if these factors exist, then there is no dissatisfaction, if they do not then dissatisfaction results, but they are not motivators as such.

A second group of needs he called **satisfiers or motivators** and these are related to the job content. They tend to increase job satisfaction e.g.

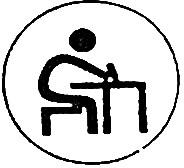
* Achievement
* Recognition
* Work itself
* Responsibility
* Advancement
* Possibility of growth etc.

**Application of Herzberg’s two-factor theory- Job enrichment and job enlargement** Herzberg suggested that jobs should be made more interesting and challenging so as to motivate employees. A great deal of interest has been directed at job satisfaction over the last decades as a popular technique for increasing employee’s motivation. The concept of **job enrichment** has been found to provide employees with an opportunity to:

* + Perform more challenging and meaningful work.
  + Utilize knowledge and skills more fully.
  + Assume more authority and responsibility for planning, organizing, directing and controlling of work.
  + Receive feedback on performance.
  + Grow and develop

# Principles of Job Enrichment.

* + - Removing controls while retaining accountability
    - Giving a complete unit of work
    - Giving more authority
    - Giving regular feedback to employees
    - Giving new, difficult and challenging tasks



This theory assumes that employees are only motivated by enriched jobs and that every employee desires an enriched job.

* In your view are these assumptions true?
* What are the limitations of job enrichment as a motivator?

# Limitations of Job Enrichment

Research findings have shown that not all employees are motivated by job enrichment as some:

* Are unable to tolerate responsibility.
* Dislike complex duties.
* Uncomfortable with group work.
* Dislike relearning new skills.
* Prefer security and stability.
* Uncomfortable with supervisory authority
* Skills are not adaptable.
* Prefer to quit their jobs.

# For organizations, enriched jobs may result in the following problems

* Supervisor’s roles may be reduced because of shared responsibility hence causing dissatisfaction.
* Enriched jobs may increase pay dissatisfaction because of increased responsibility.
* Costs in terms of training and development, new technology and more equipment

e.g. computers may increase.

* Unions may oppose some job enrichment efforts for fear of loss of employment or decreased membership due to reduced desire to join unions by satisfied employees.

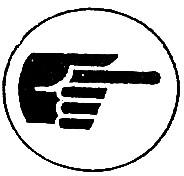
# Strengths of the two-factor theory

* Easy to comprehend.
* It was developed from an empirical study, hence has some validity.
* There are clear guidelines for applying it in the job setting.

# Weaknesses

* It uses too many and confusing terminologies.
* The research instrument was defective.
* Motivators and hygiene factors are not mutually exclusive, but interdependent

e.g. salary can be both hygiene and a motivating factor.



Further research findings on job enrichment have shown that it is only those people with a strong need for personal growth, power and achievement that job enrichment will have some impact. For further reading, see the works of David McClelland and Arch Patton.(Koontz, O’Donnel & Weihrich, Management-1984)

# Comparison of Maslow’s Needs Hierarchy with Herzberg’s Two-factor Theory.

Maslow’s needs theory and Herzberg’s two-factor theory are similar in many ways. The high order needs of the need hierarchy represent motivators in Herzeberg’s theory, while lower order needs are similar to Herzeberg’s hygiene factors.

**Herzeberg’s two-factor theory Maslow’s hierarchy of needs**

* Challenging work
* Achievement
* Growth in job Self-actualization
* Responsibility
* Advancement
* Recognition Esteem or ego
* Status
* Inter personal relations
* Company policy and administration Social
* Quality of supervision
* Working conditions
* Job security Safety/securirty
* Salary
* Personal life Physiological

# PROCESS THEORIES OF MOTIVATION

Process theories of motivation were proposed as alternatives and to fill the gaps not explained by the content theories. Process theories are more concerned with the cognitive antecedents that go into the motivation process. This include: expectancy theory by Victor Vroom (1964) and the Porter-Lawler Model (1968); Equity theory by Stacy Adams and Attribution theories and others. In this section we shall only discuss a few of these.

# Expectancy Theory of Motivation

Victor Vroom developed this theory in 1964 as an alternative to the content theories of motivation. It refers to any situation or context where people have expectations from whatever they do. It states that **“motivated behaviour is increased if a person perceives a positive relationship between effort and performance – i.e. the outcome.**

Based on this theory, extrinsic financial motivation works only when if the link between effort and reward is clear and the value of the reward is worth the effort.

# Managerial Implications of Expectancy Theory

* Strengthen employees effort and performance expectations by providing resources such as training, that enable employees to perform.
* Strengthen performance–outcome–rewards by linking performance with reward e.g. pay. Managers should be consistent and transparent about criteria used for promotion.
* Match rewards with employee’s performances.
* Recognize employee’s ability and ensure that it is used optimally.
* Provide employees with opportunity to perform e.g. enabling environment, resources, etc.
* Develop appropriate procedures for evaluating employee performance by measuring actual performance, aptitude and criteria for promotion.

# ABC ANALYSIS

* + ABC analysis is an ***inventory categorization method*** which consists in dividing items into three categories (A, B, C):
    - A being the most valuable items,
    - C being the least valuable ones.
  + This method aims to draw managers’ attention on the critical few (A-items) not on the trivial many (C-items).

The ABC approach states that a company should rate items from A to C, basing its ratings on the following rules:

*A-items are goods which annual consumption value is the highest; the top 70-80% of the annual consumption value of the company typically accounts for only 10-20% of total inventory items.*

*B-items* are the interclass items, with a medium consumption value; those 15-25% of annual consumption value typically accounts for 30% of total inventory items

*C-items* are, on the contrary, items with the lowest consumption value; the lower 5% of the annual consumption value typically accounts for 50% of total inventory items