

Module 3: Basics of Management

9 Management: Meaning, Nature, Functions. Roles of a manager in an organisation

Meaning and Formal Definition

Management is the dynamic, systematic process of coordinating, structuring, and utilizing an organization's resources—including human capital, financial assets, raw materials, and technology—to achieve corporate goals effectively and efficiently. **Effectiveness** refers to successfully completing activities to achieve goals, while **Efficiency** focuses on minimizing cost and resource waste during execution.

According to Harold Koontz and Heinz Weihrich: *"Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims."*

The Multifaceted Nature of Management

- **Universal & Pervasive:** Applied across all structural configurations, whether commercial enterprises, non-profit institutions, or government bodies, and across all hierarchical levels.
- **Goal-Oriented Framework:** It exists exclusively to integrate individual efforts toward achieving the organization's pre-set commercial goals.
- **Continuous & Dynamic Process:** It operates non-stop throughout the life of an enterprise. It constantly adapts to shifting external forces such as technological upgrades or regulatory changes.
- **Science as well as Art:** It is a **Science** because it relies on a structured body of knowledge, systemic principles, and verified theories. It is an **Art** because success depends on personal skill, creative problem-solving, and practical experience.

Core Functions of Management

The management process is broken down into five primary, interdependent functions:

- **1. Planning:** Defining future organizational goals, mapping out alternative strategies, and formulating comprehensive plans to coordinate activities. It bridges the gap between where the organization is and where it wants to be.
- **2. Organizing:** Designing the structural workflow, assigning tasks, grouping duties into departments, delegating authority, and establishing clear lines of accountability across the company.
- **3. Staffing:** Recruiting, selecting, onboarding, training, appraising, and retaining the right talent to fill the designated roles within the organizational structure.
- **4. Directing:** Guiding, motivating, supervising, and leading employees toward achieving corporate goals through clear communication and leadership styles.
- **5. Controlling:** Measuring actual performance outputs against predetermined standards, diagnosing negative variances, and implementing immediate corrective actions.

Henry Mintzberg's 10 Managerial Roles

Professor Henry Mintzberg's research shows that managers do not work in isolation. Instead, they perform ten distinct roles, grouped into three primary categories:

Category	Specific Role	Operational Description & Contribution
Interpersonal Roles (Managing Relationships)	• Figurehead	Acts as the symbolic head, executing social, legal, and ceremonial duties (e.g., signing official documents or greeting VIP clients).
	• Leader	Motivates, trains, guides, and directs subordinates, aligning their individual efforts with corporate objectives.
	• Liaison	Maintains an external network of information contacts, clients, and industry stakeholders to build strategic alliances.
Informational Roles (Managing Data Flows)	• Monitor	Continuously seeks, gathers, and scans internal and external environments to spot regulatory changes or competitive shifts.

Category	Specific Role	Operational Description & Contribution
	• Disseminator	Transmits valuable, filtered data gathered from external environments directly to internal team members.
	• Spokesperson	Transmits official company position statements, financial performances, and strategic plans to external stakeholders.
Decisional Roles (Executing Strategy Choices)	• Entrepreneur	Initiates and designs corporate innovation, processing improvements, and expansion models to capture new markets.
	• Disturbance Handler	Takes immediate corrective actions during unexpected crises, internal structural breakdowns, or labor strikes.
	• Resource Allocator	Distributes corporate capital, equipment assets, and personnel headcount across functional departments.
	• Negotiator	Represents the organization in critical bargaining sessions, vendor contract formulations, or labor union settlements.

10 Evolution of management Thought: Classical, Behavioural, Neo Classical, Modern

The evolution of management thought highlights a continuous shift from rigid, engineering-focused workflows to highly adaptive, human-centric, and open-system models.

1. The Classical Approach (Late 19th Century to 1920s)

The Classical Approach treated organizations as mechanistic structures, focusing on economic efficiency, manual labor productivity, and strict bureaucratic controls. It features three primary sub-theories:

- **Scientific Management (F.W. Taylor):** Termed the "Father of Scientific Management," Taylor focused on engineering the shop floor. He introduced time and motion studies, standardizing tools, differential piece-rate incentive plans, and the principle of functional foremanship. His goal was to find the "one best way" to execute a task and eliminate manual worker waste.
- **Administrative Management (Henri Fayol):** Focused on overall corporate governance rather than single manual tasks. Fayol outlined the five functions of management and formulated **14 Principles of Management**, including Unity of Command, Unity of Direction, Scalar Chain, and Division of Work.
- **Bureaucratic Management (Max Weber):** Proposed an ideal, highly structured framework built on absolute rationality. It relied on a clear hierarchy of authority, strict formal rules, division of labor, and objective, impersonal treatment of personnel to prevent favoritism.

2. Neo-Classical & Behavioural Approach (1920s to 1950s)

The Behavioural Approach emerged as a response to the rigid, mechanical focus of the Classical school, recognizing that workers are social beings rather than mere cogs in a machine.

The Hawthorne Studies (Elton Mayo & Fritz Roethlisberger): Conducted at Western Electric's Hawthorne Works, these experiments showed that workplace productivity is not driven solely by physical parameters (e.g., lighting intensity) or financial incentives. Instead, it is heavily influenced by social variables, peer group dynamics, employee morale, and a sense of inclusion—a phenomenon termed the **Hawthorne Effect**.

This approach expanded into behavioral science, integrating psychological concepts regarding motivation, leadership, and group dynamics (e.g., Maslow's hierarchy of needs and Douglas McGregor's Theory X and Theory Y).

3. The Modern Approach (1950s to Present)

Modern management thought recognizes that organizations are complex, highly adaptive entities operating within volatile environments. It relies on two primary frameworks:

- **The Systems Approach:** Views an organization as an integrated, unified, and goal-directed system composed of closely interconnected subsystems (e.g., procurement, manufacturing, sales, HR). It operates as an ****Open System****, continuously absorbing inputs from the external environment, processing them, and exporting outputs back, while monitoring feedback loops. A breakdown in one subsystem degrades the performance of the entire enterprise.
- **The Contingency Approach (Situational Model):** Rejects the classical premise that there is a single, universally "best" way to manage an enterprise. Instead, it argues that appropriate managerial actions depend entirely on the specific situational parameters and environmental contexts at that moment. The core rule states: *"It all depends on the situation."*

11 Types and Levels of management

Organizations allocate authority and responsibility across distinct hierarchical levels and functional types to ensure efficient execution and oversight.

The Three Levels of Management

The administrative structure of a traditional corporation is divided into three distinct vertical tiers:

- **1. Top-Level Management (Executive Tier):** Consists of the Board of Directors, Chairman, CEO, Managing Directors, and President. They focus on long-term horizon planning, defining the company's core mission, formulating overarching corporate strategies, and navigating external macroeconomic shifts. They carry high financial accountability.
- **2. Middle-Level Management (Tactical Tier):** Consists of regional directors, department heads, and functional plant managers (e.g., Marketing Manager, Finance Head). They act as a critical operational bridge, interpreting and breaking down top-level strategic visions into actionable, department-level budgets and implementation plans. They coordinate across functional lines and evaluate front-line performance.
- **3. Lower-Level Management (Operational Tier):** Consists of supervisors, foremen, team leaders, and shift chiefs. They directly oversee non-managerial workers and manage day-to-day productivity. They focus on scheduling tasks, maintaining output quality, enforcing workplace safety protocols, and addressing early employee grievances.

Types of Managers

Beyond vertical levels, managers are categorized horizontally based on the scope of their functional responsibilities:

Functional Managers

Responsible for a single specialized operational activity or department within the organization (e.g., a manager handling exclusively digital marketing or corporate treasury functions).

General Managers

Oversee complex, multi-functional business units or independent regional branches. They coordinate across all operations, managing sales, manufacturing, and HR under a single profit-center framework.

Line vs. Staff Managers

Line Managers directly contribute to achieving the primary core business outputs (e.g., Production or Sales heads). **Staff Managers** provide specialized advisory and support capabilities (e.g., Legal Counsel, Quality Audit, or HR).

12 Decision Making Styles of Managers – Autocratic, Participative, Consultative, Consensus, Directive, Analytical, Cognitive, Behavioural styles

A manager's decision-making style reflects how they balance authority, gather data, and interact with team members. These styles are analyzed across two primary frameworks: authority distribution and cognitive information processing.

I. Styles Based on Authority and Group Participation

- **Autocratic Decision Style:** The manager retains absolute centralized authority, making choices independently without seeking any input from subordinates. Communication flows exclusively downward.

Pros: Unmatched execution speed, highly effective during urgent crises or when directing unskilled workforces.

Cons: Kills employee morale, suppresses creative innovation, and can lead to high staff turnover.

- **Consultative Decision Style:** The manager proactively seeks information, opinions, and critiques from team members before making a choice. However, they retain the final, absolute authority to decide.

Pros: Enriches decisions with diverse team inputs while preserving clear individual accountability.

Cons: Can create employee frustration if team advice is routinely disregarded in the final choice.

- **Participative Decision Style (Democratic):** The manager treats team members as equal partners in the decision-making process. They share problem data openly, collaborate to analyze alternatives, and make the final choice through a shared, democratic process.

Pros: Improves employee engagement, increases acceptance of the decision, and surfaces innovative solutions.

Cons: Prone to slow execution, making it poorly suited for fast-moving crisis management.

- **Consensus Style:** The manager completely flattens the hierarchy. Decisions are not finalized until an alternative is developed that *all* group members can support and implement, completely avoiding majority-rule voting.

Pros: Builds strong group cohesion, aligns team direction, and ensures committed implementation.

Cons: Highly time-consuming, prone to compromises that dilute effectiveness, and can lead to stagnation.

II. Cognitive Decision Styles (Rowe & Mason Framework)

This model evaluates how managers process data, balancing their **Tolerance for Ambiguity** against their orientation toward **Task Execution** or **Human Relationships**:

Cognitive Style	Ambiguity Tolerance	Core Orientation	Behavioral Dynamics & Execution Traits
Directive Style	Low Tolerance	Task-Focused	Prefers structure, speed, and hard quantitative facts. Relies on existing rules, short-term solutions, and autocratic authority, processing information quickly but sometimes missing long-term perspectives.
Analytical Style	High Tolerance	Task-Focused	Enjoys complex challenges. Thoroughly analyzes large volumes of empirical data, models risks, and reviews alternative paths before acting. Prone to slowing down execution due to over-analysis.
Cognitive Style (Conceptual Style)	High Tolerance	People-Focused	Broad-horizon, creative thinker. Collects data from diverse sources, reviews abstract strategic alternatives, and focuses on long-term patterns, innovation, and social impacts. Excellent for high-level creative problem-solving.

Cognitive Style	Ambiguity Tolerance	Core Orientation	Behavioral Dynamics & Execution Traits
Behavioural Style	Low Tolerance	People-Focused	Deeply empathetic and people-oriented. Focuses heavily on maintaining team harmony, avoiding conflict, and gathering qualitative consensus feedback through group meetings, sometimes compromising task efficiency to protect relationships.

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