

The Nature of Management



1. Define the term management.

Management is the process of combining and coordinating a range of resources, either in the form of money, people or equipment, to achieve an organisation's goals.

2. Briefly outline the importance of effective management to a business.

Effective management is crucial to the success and survival of a business. Businesses which lack effective management typically operate inefficiently, and without effective management a company can go bankrupt. The importance of effective management is that it helps companies to achieve and/or attain the objectives/goals of the business, set by management.

3. Discuss the importance of technical skills for each level of management.

Technical skills are those skills, such as knowledge and proficiency that managers use to carry out their job in specialist areas such as engineering or information technology. Robert L. Katz identified that technical skills must be exhibited by all levels of management. Senior management use technical skills to formulate project plans and for making conceptual decisions and are likely to concentrate on the broader, holistic decision process. Katz believed that technical skills give lower-level managers the ability, knowledge and proficiency in a particular area, not just to carry out tasks, but also to plan and coordinate the tasks of workers in that area.

4. Using an example of a business, explain the benefits of effective management to a business.

Alan Moss is an example of an effective manager who has brought benefits to a business. As CEO of Macquarie Bank, he has increased in the bank's net profit from \$60 million to over \$800 million. His ability to translate vision into reality and inspire employees to achieve the goals of the business, make him a very effective manager. Macquarie Bank has a very low turnover of staff and this indicates that employees are very satisfied with Mr Moss's leadership. Thus, the management of Macquarie Bank demonstrate technical, interpersonal and conceptual skills as well as having high ethical and personal standards. As a result the business has grown and is one of the most successful in Australia.

5. Discuss how managers must play an interpersonal role in the daily operations of a business.

Treating employees with respect and courtesy along with the ability to articulate a vision for the business are key ingredients to a manager fulfilling an interpersonal role. Sharp communication skills and the ability to mix easily with people from all walks of life are qualities intrinsic to a successful manager, otherwise they will not be able to share their vision for the business with the relevant stakeholders. An effective business manager appropriately delegates tasks and is actively involved in all duties with people such as workers, managers, customers and the media.

Managers may engage in one of three interpersonal roles: figureheads, liaisons and leaders. Figureheads are those responsible for representing the public face of the organisation, which requires a high degree of self confidence. Responsibilities include speeches, greeting visitors and the signing of legal documents. Liaisons act as a point of contact for important clients. Leaders are responsible for hiring, training, motivating and disciplining employees. They seek to motivate and harness the energies and skills of employees to ensure a workplace culture that facilitates productive and efficient work. They must instil positive attitudes, ensuring all employees are working towards a common goal.

6. Examine TWO ways a manager can fulfil an informational role in a business and the importance of each to the business.

Managers are responsible for receiving, collecting and disseminating information pertaining to the business. To maintain public confidence in the business, a spokesperson represents the organisation to the outsiders. Responsible for providing limited but necessary information on the organisation, spokespersons are required to answer questions on the business. Furthermore, managers must monitor the business environment to stay informed about the latest developments in their industry, and be up to date with all information relating to the business and its stakeholders and economic conditions. Observing competitors, reading periodicals and reports and talking to outsiders, are common methods of monitoring organisational information. It is important for managers to have all relevant information at hand to ensure effective management decisions are made. Disseminators are in charge of transmitting information to all members of the organisation. They are responsible for filtering information as it moves along the chain of command. Meetings will be held, phone calls made and memos are sent to internal stakeholders. Press conferences and releases are used to disseminate information to external stakeholders.

7. A department manager is dealing with two subordinates to resolve an argument that has developed between the pair. Discuss the decisional role of management in this situation.

The manager will act in the decisional role of negotiator when trying to resolve an argument between co-workers. The manager will listen to both sides of the argument and try to come to a solution that will benefit all. Other decisional roles such as disturbance handler will be taken if the dispute looks like it might cause production delays. The manager will have to take corrective action to minimise the disturbance, and may also have to act as a resource allocator if the only way to resolve the argument is to reallocate one of the workers to a different production area.

8. A computer software business is considering merging with a computer hardware manufacturer. Examine TWO skills of management required in this situation.

Management skills required at the time of a merger are visionary skills, people skills, problem solving skills, strategic thinking skills and adaptability to change. From the outset, the managers of the merging businesses will need to demonstrate the conceptual skills of strategic thinking and visionary skills in assessing the viability of a merger. During a merger, the manager will need to use interpersonal skills to communicate the effects of change on employees of both businesses. They will need to act as negotiators, leaders and motivators to ensure that the merger is accepted by all stakeholders

9. Explain why ethics and high personal standards are important skills of management even if they conflict with maximising shareholder wealth.

Ethical and personal standards are values in business such as honesty, trustworthiness, courtesy, respect, fairness and tolerance. Being ethical and possessing high personal standards elicits trust, a sense of responsibility and a commitment to high work quality. Management ethics set a standard for other employees within the business. High ethical standards help to foster trust and respect from external stakeholders such as investors and regulatory authorities. Managers are figureheads for the business and thus are the public face of the business; if they are seen to engage in wrong behaviour, they will not inspire confidence in internal or external stakeholders.