

MANAGEMENT THEORY(BUS 306)

It is the process of making effective use of resources (human, materials, money) to achieve and enhance performance and better productivity of an organisation. John Lee, defines management as securing maximum results with minimum effort to secure maximum prosperity, happiness for employers and employees and give the best to the public. R. M Hodgetts and Parker Follet, defines it as getting things done through people, also as co-ordination of all resources through the process of planning, organising directing and controlling activities of an enterprise in order to attain stated objectives. From all the definition, 5 unique factors emerge:

- There must be an objective, that is, a goal to achieve
- Certain resources must be made use of to achieve stated objectives
- This will lead to efficiency and satisfaction of consumers
- It is an art as well as a process
- It is a body of systematic knowledge.

UNIVERSALITY OF MANAGEMENT.

The functions management personnel perform is not differ in all organisation be it private, public, profit making and non-profit making organisations. The basic functions of planning, organising, controlling, directing, motivating, communication, directing takes place in all organisations. It in this respect that we say management is both Art and Science.

Management as an ART

- It is based on knowledge
- Based on experience
- Allow use of observations
- Must be have objectives and goals
- Use of simple principles, theories and models
- Make use of perceptions
- Make use of intuitions and initiatives
- Requires technical skills
- Make use of creative ability and special aptitude to design

All the above-mentioned points allow for:

- Better decision making
- Better sense of comparing past, present to decide for future
- Employees needs are taken into consideration
- Forstal sense of belongings and commitment
- Allows for team work among the employees
- Allows and encourage interpersonal relationship

Management as SCIENCE

- Make use of body of knowledge, general rules and principles
- Involve scientific data collection
- Involve scientific data collation
- Involve data analysis
- Involves experimentations
- Base purely on facts and figures

- Not subjective but objective

All the above-mentioned points allow for: -

- High level productivity
- Standardise products and services produced
- Better decision taken
- High industrial and management efficiency
- Conducive working environment
- Ability to adapt to globalisation
- Make use of modern technology

Management	Administration
<ul style="list-style-type: none"> - Getting thing done through people - Effective combination of resources - Efficient utilisation of resources - Coordination and combination of human And physical and financial resources - Making working environment favourable - It is the function of management, e.g. planning, organising, controlling, etc. 	<ul style="list-style-type: none"> - carrying out of policies and procedures - activities are regulated - use of organising principles - use of organising principles - strict use of organogram - process of goals formulation - Top level management -determine flow of activities in an organisation -organisation and management of resources to - achieve a stated objective -an umbrella covering organisation and mgt.

BUSINESS FAILURE.

Many factors could be responsible for business failure, among such factors are:

- Inadequate/insufficient capital base
- Poor or no appropriate promotional activities
- Poor distribution network of products
- Poor decision making on the part of the stakeholders of business
- Stiff competition in the competitive market
- Poor pricing methods. Pricing not competitive
- Poor quality product
- Extravagant spending on behalf of the business owners, spending on things that will not strengthen the business
- Unstable economic conditions in the country, e.g. inflation, unfavourable government policies
- Poor location of business
- Poor or lack of record keeping of business transactions and activities
- Lack of insurance policy to indemnify any loss
- Inappropriate pricing policy
- Poor customer relationship, etc.

PROBLEMS OF NIGERIA BUSINESS ENTERPRISE

- ✓ Poor or lack of planning
- ✓ Inadequate or lack of required resources (capital, materials, manpower)
- ✓ Lack of support from the government especially small business who do not have access to loan due to lack of collateral
- ✓ Political problems
- ✓ Technological problems
- ✓ Competition problem
- ✓ Management unfavourable policies on the employees
- ✓ Poor welfare policies
- ✓ Lack of relevant and accurate and current business data
- ✓ Autocratic means of administration
- ✓ Poor or not employing necessary promotional tools
- ✓ Favouritism, ethnicity and religious bias
- ✓ Not employing SWOT analysis principles
- ✓ Extravagancy spending
- ✓ Unstable economy, e.g., inflation, currency deregulation, sudden increase in prices of inputs,
- ✓ Political interference
- ✓ Poor competitive ability
- ✓ Unexpected and uncontrollable happenings such as drought,

GRID MANAGEMENT LEADERSHIP STYE

It is a management leadership style also referred to as Two-Dimensional Managerial Grid. It was developed in 1964 by Robert Blake and Jane Mouton. Managers use this system by using minimum efforts to get the work done by the subordinates. Grid management leadership style focuses on two areas: -

1. Leaders that are people-oriented
2. Leaders that are production oriented.

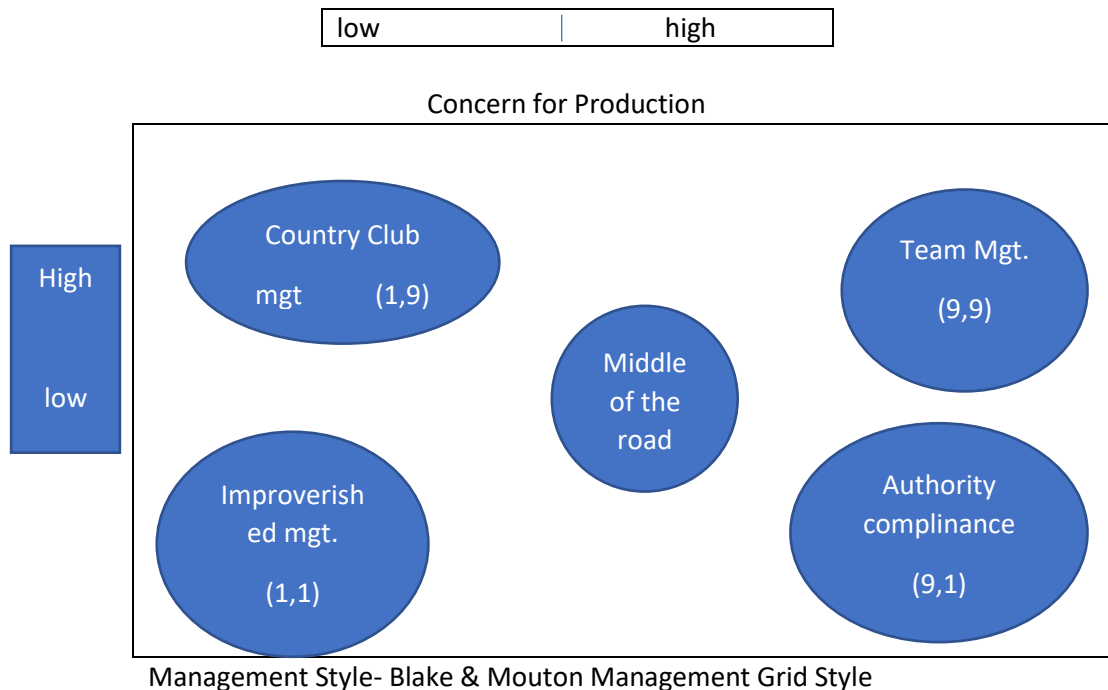
The leaders that are people oriented consider the needs for people, their needs, team work, interest and area of their personal development. It also looks into the people's feelings, opinion, team work and welfare.

Leaders that is production concern is task oriented. Emphasis is on organisational objectives, efficiency, high productivity and how to accomplish a task, give instructions, deadline for work and explicit daily schedule are given. Grid leadership style is based on two behavioural dimensions, that identify 5 leadership styles that is, people and production.

The five-leadership style under grid management approach are: -

1. **Impoverished management (1,1)**: it has low concern for people and lows concern for production. usually referred to as indifferent management style". Workers management run away from mistakes, minimize efforts is put into work.
2. **Country-Club management (1,9)**.it has low concern for production and high concern for people wellbeing, harmony security, friendly working environment are encouraged.

3. **Authority-compliance (9,1):** It has high concern for production and low concern for people. It is task-oriented focus is purely on efficiency, giving of instructions, use of cohesion etc.
4. **Middle of the rod Management (5,5).** It has medium concern for people and medium concern for production. Focus is to balance organisational objectives with people needs. Compromising approach to avoid conflicts with the subordinates.
5. **Team management (9,9).** It has medium concern for both people and production. Seems to be the best style. Emphasis mutual respect, team work and sense of belongings.



Importance of Grid Leadership Management Approach

- Allows for team work
- Allow an encourage sense of belongings
- Emphasis should not be placed more on any of the concern (people or production)
- Employees welfare is emphasised
- Allows for effective use of resources
- Sometime, it allows for flexibility of operation
- Practical use of framework that helps one thin about their leadership style
- Best way to achieve organisational objectives is enhanced

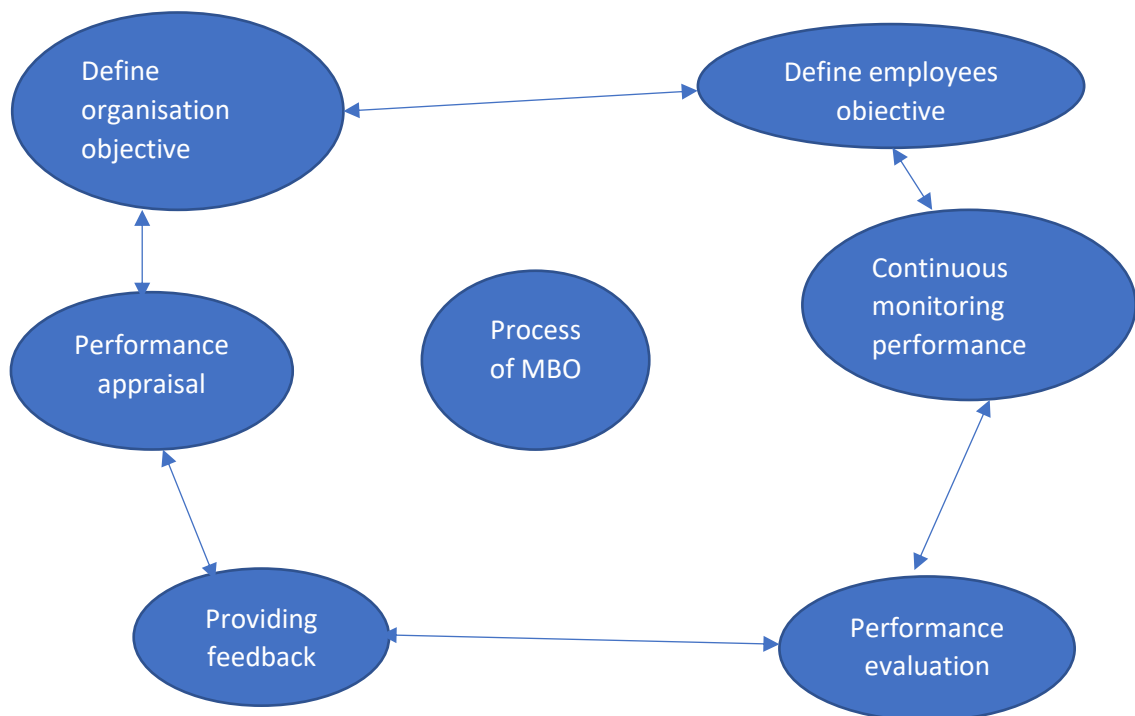
MANAGEMENT BY OBJECTIVES(MBO)

It is a theory developed by Peter Drunker in 1964. Also, referred to as management by result/resort. it is defining specific objective within an organisation that management can convey to members, deciding how to achieve each objective in sequence.

It is superior/subordinate jointly identify common goals, define each person's responsibilities and outline the expected results. It is also a management strategic management model that aims to improve the performance of an organisation by clearly defining objectives that are agreed to, by the management and employees.

It is a comprehensive management system that integrate many key managerial activities in a systematic process and that is consciously directed toward the effective and efficient achievement of organisation and indivial objectives (Wikipedia.com)

6 (SIX) STEPS OF MBO



1. Defining organisation objectives. Management set goals and objectives to achieve its effectiveness. The objectives must be realistic, achievable within a period of time.
2. Define employees' objectives. After employee's awareness of the organisation objectives, the objective of the employees and managers must be known so as to know how they want to achieve their own goals and with what resources.
3. Continuous monitoring performance progress. This is done by comparing performance with standard and pre-established objectives. It is using MBO concept to for measuring individual plans, prepare long and short-range objectives and plans, install effective control techniques, design suitable organisational structure with clear responsibilities.
4. Performance evaluation. Here, all concerned managers and employees participate in the review to determine whether the objective is achieved or not.
5. Proving feedback. This will allow the management to know of any deviation that may hinder achieving the objectives and take immediate corrective measures.

6. Performance appraisal. This is regular review of employee's performance with the organisation periodically

Objectives of MBO

- To get maximum result from minimum efforts
- To develop a result-oriented philosophy
- Align company's goals and objectives with the employees
- Allow employees to develop their potentials and creativity
- Formulation of clearer goals that will be easy to achieve
- Management and employees will be able facilitate objective appraisal
- Making employee committed to achieve organisation objectives
- To raise employee's morale-for they are not left out of the decision process
- To facilitates effective planning- since both management and employed are involved in the plan.
- Executing the plan will witness less problems since all stakeholders participate in the plan
- To lead to higher level of motivation on the part of the employees since they are allowed to work with the management in formulating the policy
- It facilitates and encourage display of leadership skills on the part of the employees

Importance of MBO

- Allows for subordinate participation
- Allows for joint goals setting
- Allows for proper planning in setting goals and objectives
- Allows employers to understand their roles and responsibilities towards achieving the goals
- Employees are allowed to have fulfilled personal objectives
- Gives room to compare employee's performance with standard
- It allows getting maximum results from minimum efforts
- Employees can display their potential and creativity
- Helps to formulate clear goals
- Employees are committed to achieve original goals

Limitation/disadvantages of MBO

Edward Damming agued that the followings could hinder achieving MBO objectives.

- Lack of understanding the system commonly results in misapplication of objectives
- Setting compulsory production target can make the employees achieve the target by all means which usually results into poor quality
- It encourages abandonment of achieving objectives for leadership ambition
- Over emphasises on goal setting can lead to over working of a plan
- Under emphasises the importance of the environment or the context in which the goals are set can silence employee's opinion
- Self-centred employee can distort result

MANAGEMENT THEORIST.

Many renowned scholars propounded theories in the field of management, some belong to scientific school of thought, some to behavioural school of thought, some to classical or humanitarian school of thought. A few of such scholars will be briefly discussed especially their area of perceptions, ideas, thought about management of human resources.

HENRY FAYOL. (1841-1925).

An engineer by profession, but were interested in the productivity of work. He focused attention on manager or CEO on what should be their work. He sees man management as follows – to plan, organise, command, co-ordinate and control. According to him, the process of administration must be separated from other business operations such as production. He divided business activities into 6 groups such as – technical operation; commercial operation; financial operation; accounting operations; security operation and administration. he categorises administration as the most important because it is the one that co-ordinate all others to achieve organisation objectives. He went further to formulate 14 principles that will help administration to succeed. They are:

1. Division of labour- work or task must be assigned to each worker based on their areas of competence or specialisation
2. Authority- authority must be backed up by power. Any mistake must be traceable to a particular employee
3. . discipline- rules and regulations of the organisation must be obeyed. A high level of discipline must be put in place employees are expected to obey the organisation rules of hierarchy
4. Unity of command- a worker must be made answerable t a senior officer within the business at a given period. This will help to avoid conflicting instruction
5. Unity of direction- efforts must be made by superior to attain organisation goals by motivating his people and set good example.
6. Subordination- individual interest must not be allowed to supersede that of the organisation objectives. Interest of the organisation must be paramount in the mind of every workers.
7. Co-ordination- managers must be fair in distributing task. Different department or sections needs to relate together to achieve the common objectives.
8. Scalar chain- the size of the task must equate the number of people to do the work. There must be chain of authority from the superior to the subordinate of the organisation hierarchy.
9. Order. -everything must be orderly in an organisation. There should be effective direction of the workers
10. Equity- there must be fairness, straightforwardness and absence of favouritism in the performance of official tasks. Every one must be treated according t the laid down rules and regulations of the organisation
11. Stability of tenure of personnel. –management must make effort to allow stability of employees, that is try to avoid staff high turnover. Job security will keep employees stable. Necessary facilities, motivation and conducive working conditions will make staff turnover low.
12. Initiative- there should be a little measure of freedom for staff to demonstrate his skills, ideas and initiative. Provide to an atmosphere where individual can demonstrate or exercise their innovative ideas.

13. Remuneration. Workers should be paid their wages to justify the work done. Ensure fair compensation to individual contributions and work performance. It will encourage employees to put in maximum efforts in the course of doing his duties.
14. Esprit de Corps. Encouraging the spirit of belongings and oneness. There should be regard and honour for members.

URWICK AND GULICK.

These two people were sophisticated in their approach to management study. They tried to do an elaboration on Fayol's ideas and came up with the principles known as POSDCORB. Each of the letters in the acronym represent ways of doing administration.

P – planning-managers must work out methods of achieving goals. It is a course of action taken to achieve a goal.

O. organising -bringing together sub-division into unity and to see to effective control of staff. Dividing task into units of areas of specialisation.

S.- staffing. - it is a personnel function that deals with recruitment, induction, training, discipline, and performing other activities that pertain to the general welfare of staff.

D. -Directing – this is concerned with leadership. Managers must be able to direct staff towards achieving organisational objectives.

C.- Coordinating – managers needs to coordinate all the activities of other departments to make sure that each department perform their work according to specifications.

R.- Reporting – free flow of communication is very important to let the staff know how the organisation is fairing. Also, management policies must be made known to the staff in time so that they can comply with any instructions. This can be done through letters, SMS, memo, bulletin and meetings.

B.- Budgeting. – a good leader or manager must have the financial knowledge of the organisation. He must see to the prudent spending and use of other resources of the organisation.

Fredrick Wilson Taylor (1856 – 1915)

He is generally referred to as the Father of Scientific management. His major goals were higher industrial efficiency that will lead to higher productivity and lower unit cost. What distinguishes him with other management theorist was is goals, assumptions, specific objectives and the techniques by which industrial efficiency is to be achieved. Being an engineer, he pioneers work in applying engineering science principles to the work done on the factory floor and today his efforts metamorphosis to what we have now as Industrial Engineering. Dissatisfied with the output of workers in industry in America, Taylor started series of Time management in the industry which lead to his main work called – Principles of Scientific Management. This principle of management was adopted in most industry in the USA and this principle has and is still been adopted by most business organisations in globe.

Specific objective of Fredrick Taylors principle of management.

1. Standardisation of working conditions. That is, determining the best temperature and humidity for achieving productivity. standard working conditions to achieve higher industrial efficiency is highly emphasised.
2. Application of scientific methods to solving management problems. Methods that will maximise the use of available resources (human, money and materials)
3. Standardisation of work methods. That is, determining the best procedure for doing a job.

4. Higher industrial efficiency informs of higher productivity and low unit cost
5. Replace rule of thumb with science
6. Working for maximum output rather than restricted output

Techniques of scientific management

1. Motion Study. This is, observing all the motion of the motions that compose a particular job and the determination of the best set of motions that leads to the greatest efficiency. It is techniques used to attain the specific objective of standardising the work methods
2. Work Method. This is a technique for planning of a large daily task for each worker
3. Time Study. This technique is used to determine the appropriate time required for performing a task to have a production standard.

Basic Assumptions of Scientific Management Theory

1. Application of method of Science to problems of management will lead to high industrial efficiency, so he believes management should be scientific.
2. Observation, experimental comparison is among the principle-al methods of science that can be applied to problem of management
3. Incentive of high wages will promote the utility of interest between workers and the managers that will result in high industrial efficiency or productivity

Findings from Taylors research

1. Management of any enterprise should make adequate provisions for staff selections, training and benefits should be based on merits.
2. Law is the chief bases for administration and the law should aim at efficient management
3. There must be one best way of doing an assignment

PRINCIPLE OF THEORY AND MODEL

THEORY

Theory are individual idea, perception, observation by managerial scholars about happenings in their environment. These theories are usually linked to scientific view (e.g. Fredrick Taylor Scientific theory), humanitarian view, e.g. Henry Fayol and sociological view e.g. Abraham Maslow Motivation theory. Each of the theories most specifically be based on fact, experience, knowledge, and ability. They are all aimed at solving management problems, that is why management is regarded as Science and Art.

Theory can be view as generating and collection of ideas. Recommending general rules of how an organisation should be managed to achieve their goals. It also explains how employees can be better motivated. It is beneficial to teamwork. It recommends managerial strategies that will help or aid work performance; each leader adopts theory that best suits its organisation.

MODEL

To support the theories are models that give more explanatory. Models are formulated to illustrate the effectiveness and usefulness of the theory, e.g. communication model, grid Leadership model, MBO model, etc.

Models are set of decision leader make about future direction of a system process or business. It is a design that aids decision that can shape the future of a company in

behaviour and practice. model design aims to benefit both the employees and the organisation. It is a process of designing individual or collective goals by working with human and non-human resources. Models are used to support theories to be more explanatory. Both theory and model have unique **characteristics or features** some which are:

- It is process
- It is based on fact, knowledge and experience
- They are both use as illustration
- Simplicity-easy to understand the illustrations
- It takes into consideration changes in the environment
- They help or aid technological advancement
- Based on objectivity, flexibility and accuracy
- They are usually based on previous management theory to fill identified gap
- They also have their limitations
- They are always technical in nature

ROLES AND PRINCIPLES OF EFFECTIVE THEORY AND MODEL IN AN ORGANISATION

- Planning and goal getting, theory and models helps in setting specific, measurable and relevant goals
- it helps to develop plans that helps to achieve the set goals
- it helps environment analysis of business, e.g. SWOT ANALYSIS of internal and external environment.
- decision making. Theories and models guide management in decision making, i.e., it provides framework for evaluating alternatives or select the best course of action.
- resource allocation. Effective and efficient resource allocation are enhanced.
- promote objectivity, i.e. a reliable performance measure that align with organisation objectives
- improve employees' welfare, i.e., a reasonable framework on how employees can be better motivated to improve performance.
- better productivity of staff because theories and models provide mathematical and technological solutions to management and organisational challenges.

SWOT ANALYSIS

The acronym SWOT means, strength, weakness, opportunity and threat.

STRENGTH- it is a management term that encourage organisations to identify areas of their strength (area where they have competitive or absolute advantage) in a competitive market. The rule is, make the best use of it., strengthen, honour, finance and promote it. Its features in an organisation includes, unique product/service, good efficiency and productivity, good customer service, high product adaptability, special skills in production and services, effective use of resources, brand reputation, quality website, and skilled and motivated team.

WEAKNESS

Management must emphasis less their areas of weakness, that is, where they are not strong, else competition will capitalise on it against their organisation. Minimise your weakness, the features of weakness include, weak brand, high level of debt, inadequate supply chain, lack of capital, weak online presence, inefficient tools, poor customers experience, high turnover of staff, low demand d

for products, struggling to meet deadlines high production cost, inadequate capital outlay, holding too much stock at a time, poor record keeping, high operating cost, poor data gathering, negative publicity.

OPPORTUNITY

Organisation must grasp any opportunities that come their way that can help them become strong in the market. Opportunity of large share of market, opportunity of low cost of production (through getting raw materials and other resources cheaper, special skills, better promotional activities, good location, monopoly of production, having expertise knowledge, etc.

THREAT

Organization must run away from anything that constitute threat to their existence and growth of their business such as risking engaging in illegal business, unnecessary spending, trying to engage in unnecessary competitions, unfavourable economy, natural disaster, rising material cost, increase competition, tight labour supply, regulatory issues, poor risk taking, etc .

REASONS FOR SWOT

- It helps to create your business
- It helps to update your business
- It helps to know whether to introduce new product to the market or not
- It helps to know whether to modify or innovate existing products
- It helps to emphasis areas that give your business competitive advantage
- It helps when reviewing company strategic plan
- It helps to know when changes is needed either personal or operational techniques.

HOW TO DO SWOT ANALYSIS IN SIX STEPS

- Establish your goals and objectives
- Access your strength
- Identify your weakness
- Consider your opportunities
- Narrow down yoOur risk
- Implementation and evaluation

	Strength	weakness (External Environment)	
Internal Environt.	confront	avoid	Threat
	exploit	search	opportunity