Making sense of management

David Frederick
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A cross all sectors and at all levels within the world of credit control and business the term “management” is widely used. However, the managed and the managers alike often misunderstand it. Often management is on the receiving end of a large proportion of business gripes. A national demonstration of the challenge of management is seen in the job of managing the England football team. Almost everyone with some interest in the game will espouse their views on executing the job. Judging by this large number of potential England managers, the task of management must be straightforward. Unfortunately, experience has revealed that things are not always that clearcut or straightforward, and management is no different. However, we will not share this knowledge with the followers of football.

Students need to understand management for two principal reasons. First, to enable them to make a smooth transition into a management role when the time is right for their career development and secondly, for the purposes of the business environment examination because the new syllabus includes the study of management.

This article, which is the first of a series on management, seeks to provide a general understanding of the role of management. To understand the role or function of management, it is necessary to examine a definition of management as our starting point. Trawling through the volumes of management textbooks and journals in libraries and bookshops results in enough definitions to fill this student page several times over. Notwithstanding the volume of definitions, it is possible to select several for our purposes. However, those selected are in no way a definitive list.

A widely held definition of management is the one attributed to Mary Parker Follett, “getting things done by other people.” While this is a populist view, it does not indicate what management actually does. It identifies the skills that a manager needs to be able to get their work completed. In contrast Peter Drucker regards management in a wider context. “Management is tasks. Management is a discipline. But management is also people. Every achievement of management is the achievement of the manager. Every failure is a failure of a manager.” The final definition of management incorporates features of the earlier two definitions, “the process of planning, organising, leading and controlling the efforts of managing the efforts of organisation members and of using all organisational resources to achieve stated organisational goals.” (For this definition, I am indebted to Mescon, Albert and Khedouri 1985 and their book Management: individual and organisational effectiveness).

Over the past 200 years, management focus has progressed from being task orientated to problem and situational focus, as shown in table 1. This development has corresponded with the shift from a scientific management perspective to a contingency approach, which recognises the actual situation and components involved.

Scientific management is often attributed to the works of Frederick Taylor. However, Taylor built scientific management on the principle of the division of labour, which is rooted in Adam Smith’s
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In the first of a series of articles on management, David Frederick outlines the role of management, examining a number of definitions.

The wealth of nations. The cornerstone of scientific management is the ability to separate any job into manageable tasks. This is also supported by the notion of the ‘rational man’.

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<th>Table 1 Management Perspectives 1800-1980s</th>
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Based upon these two pillars, the use of workstudy methods was applied to assign all tasks and hence jobs a specific duration. Employees would be assigned to undertake a task best suited to their ability. It was also believed that management and workers would co-exist in this harmonious environment. Increased productivity of workers was assumed to result in them receiving increased wages and the organisation enjoying increased profits.

The notion of performance related pay was born out of scientific management in the late nineteenth century and not a discovery of the late twentieth century. Taylor’s model of management suffered several drawbacks, which includes: the neglect of the individual’s welfare; concern for their working environment and the notion that workers were solely motivated to earn more money. Whilst the latter may hold true for a minority of employees it does hold true for all employees.

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<th>Table 2 The functions of management</th>
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Administrative management built on the foundations of scientific management. The principal contributors associated with this school of thought are Henri Fayol and Max Weber. Fayol was principally concerned with the organisational structure and its division or separation into units known as: technical, commercial, financial, security, accounting and managerial. In addition, he was responsible for establishing the five functions of management as shown in table 2.

These five functions have provided the bedrock for current thinking on what is the role or purpose of management. It is noticeable from the omission of motivating that Fayol and the classical school of thought did not regard motivation as a management activity. Equally as important there is the failure to realise that management can also contribute to ‘de-motivating’.

Fayol provided a framework of 14 management principles. At the same time as Fayol’s principles of management were being devised, Weber was developing his work on the most appropriate structure for an organisation. This culminated in his work on the ‘bureaucracy’. The features of the bureaucracy were as follows:

- Division of labour
- Separation of authority and responsibility
- Scalar chain of command
- Formalised rules, structures and controls
- Staff selection based upon technical and educational competence
- Officers of the organisation on a fixed salary.

The remaining management perspectives will be examined next month. The functions of management were examined in the former examination Principles of Management and it is from a past examination, November 1998, that I have taken the following question.

**Question 4**

What are the functions of management?

**Solution**

This question may be answered by reference to Fayol’s prescribed functions of management.

The functions of management according to Fayol are fivefold:

- Planning - To develop, plot or chart a course of action to be pursued by the organisation to enable it to achieve its objectives. For example, a credit manager would establish how the organisation might improve its collection of monies from debtors and payment to creditors.
- Organising - To identify and assemble together the appropriate resources or inputs required by the organisation to enable it to achieve its objectives. These inputs may be raw materials, labour and capital or they may be different classes of labour, production, marketing, sales & distribution, marketing, finance and administration.
- The credit manager would establish what resources are required to enable them to reduce the organisation’s collection of outstanding debt.
- Commanding - To provide direction and guidance to employees to enable them to achieve the organisation’s goal. The credit manager would be responsible for informing their staff and/or team what credit management system is to be operated.
- Co-ordinating - To ensure the assembled resources and/or team of the organisation were working together in pursuit of the goals of the organisation. The credit manager would ensure that each team member was working in accordance with the prescribed credit management procedures of the organisation.
- Controlling - To monitor the outcome against the plan to assess whether they were on course or there was need for remedial action. The credit manager would monitor the actual cash collected in the period against the plan to determine whether the pattern of cash collection was congruent with the original credit management plans.

In addition to outlining Fayol’s principles, it is preferable to demonstrate an understanding by integrating each principle to a practical scenario drawn from your experience.

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