

UNIT TWO: MANAGING THE AGRIBUSINESS

- Definition and Nature of Management
- Concepts of Management: Classical / Scientific School of Management, Behavioural School of thought, Management Science, Contingency approach, Management by objectives, Strategic Management, Sociological and Theory Z.
- Functions of Management: Planning, Organizing, Staffing, Directing, Coordinating and Controlling
- Types of Managers: Level and Functional (Operations, Marketing, Financial and Human resources)
- Managerial Skills: Technical, Human/People and Conceptual Skills

2.1 DEFINITION AND NATURE OF MANAGEMENT

2.1.1 Introduction

- One of the most important activities in business is the management of the 4M's – man, machines, material and money.
- The term 'management' can be interpreted differently in different contexts.
- Hence, it is difficult to define. In one context, it may comprise the activities of executives and administrative personnel in an organization, while in another, it may refer to a system of getting things done.
- In a broad perspective, management can be considered as the proper utilization of people and other resources in an organization to accomplish desired objectives.
- With increasing global competition, changes in the world of technology, and increasing social responsibility of organizations, the role of managers has become all the more significant.

2.1.2 Definition of Management

The term 'management' can be interpreted in a variety of ways. To gain a better insight into the nature of management, let us look at some of the definitions of management.

1. **Harold Koontz and Heinz Weihrich** define management as “the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”
2. **Louis E. Boone and David L. Kurtz** define management as “the use of people and other resources to accomplish objectives.”

3. **Dalton E. McFarland** defines management as “a process, by which managers create, direct, maintain, and operate purposive organizations through systematic, coordinated, cooperative human effort.”
4. **Mary Parker Follet** termed management as “the art of getting things done through people.” This definition draws as to the fact that organizations are about doing things and these are done through others. The ability to achieve results through others (human resource) is the core of good management. She also asserts that management is an *art not a science*. This is because there is no single theory of management that can reduce what a manager should do in a single formula. Individuals differ widely, so do organizations. Peoples’ actions are influenced by many factors, the major one being the environment they are in. The complexity surrounding most decisions and the fact that managers often do not have timely and accurate information to make informed decisions, forces them to depend on intuition, experience and personal insights(art) rather than logical, objective and systematic (scientific) approaches to making decisions. Notwithstanding Follet’s assertion, managers must combine an element of art with science: hard data or objective facts when making decisions
5. **James Stoner** on the other hand gives a more comprehensive and functional definition of management. He defines management as “the process of planning, organizing, leading and controlling the work of the organizations members, of using all available organizational resources to reach stated organizational goals. Stoner’s definition portrays the nature of management. Firstly management is a *process*; it is a systematic way of doing something that entails planning, organizing, leading and control. Secondly, management uses *available resources*. All organizations possess or use four basic types of resources: land, human, capital and information. Human resource consists of management talent and labor. Capital may comprise of financial resources used for the daily running of the business and long term operations or investments; and physical resources that include: raw materials, production facilities, equipment and machinery. Information refers to the needed data used to make correct decisions. Thus successful managers operate in the area of possibilities by using what they have to get what they want. Lastly, in order to achieve success managers should focus on meeting desired and predetermined targets (goals). Goals provide a basic sense of direction for the organization’s activities.

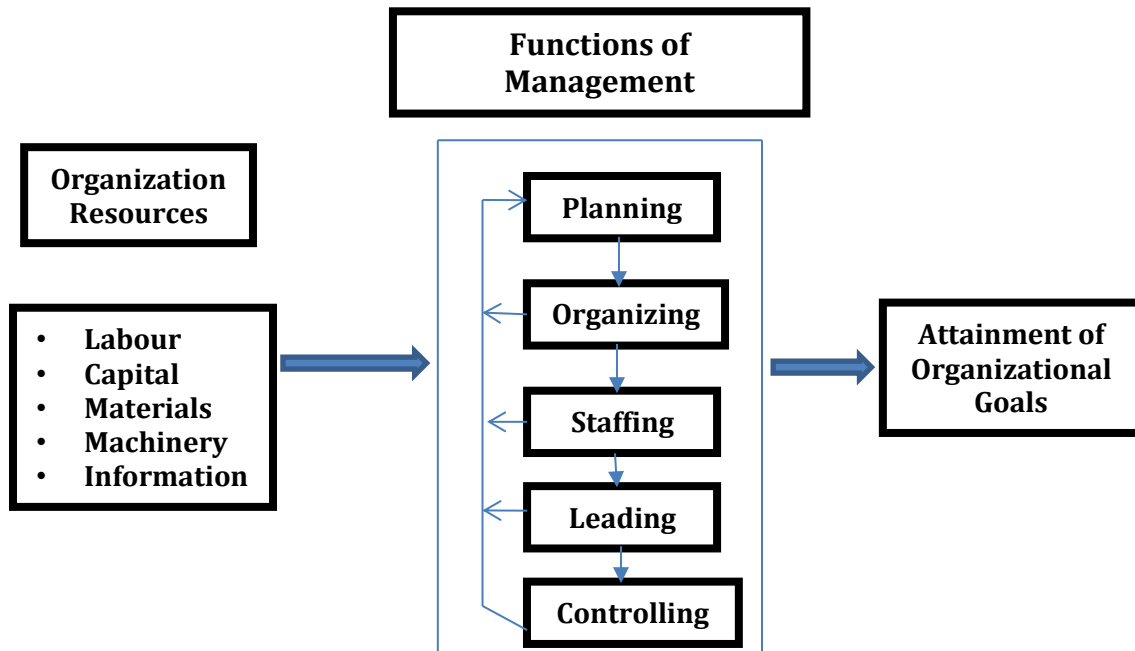


Figure 1: Illustration of Management

2.2 CONCEPTS OF MANAGEMENT

2.2.1 CLASSICAL / SCIENTIFIC SCHOOL OF MANAGEMENT

- The most famous proponent of this conception was Fredrick W.Taylor
- Basically the manager assumed to know all things about management and the subordinate was taken or treated as an object you push around.
- It assumed that whenever the process of work is scientifically analyzed and organized, maximum productivity would be the end result.
- Division of labor, job descriptions, time and motion studies (how much time it takes to do a certain job), setting performance standards, a conducive environment in form of increased salaries form the basis of the scientific school of management. Man was seen as a rational economic person: willing to work under good conditions.

2.2.2 BEHAVIOURAL SCHOOL OF THOUGHT

- A human being is more than just labour. He cannot be handled like other factors of production e.g. a tractor can be grounded to one place and it will not move but man cannot be told to sit in a particular way for a period of time. As long as you are around he will obey but when you leave the place he changes his style of sitting.

- Therefore, depending on how you handle man, he can expand or contract his input in production at will. N.B what makes a man is the inside and not the outside.
- Therefore, how does one reach the inner man? **Since the manager achieves organizational goals through people and it is not himself who does the work, it is not enough to attract an employee in an organization, one has to make him stay and make him put in his best.**
- **Hence manipulative behavior came up. It was meant to make the subordinate part of the manager and direct him where the manager wants him to go, while forgetting himself.**

Some examples from behaviour approach include Hawthorne Experiments, Maslow's hierarchy of needs, and Theory X and Y.

(i) ***Human relations; Elton Mayo and the Hawthorne experiments.***

- The Hawthorne Studies, or experiments as they are also known, were conducted to examine the working conditions and productivity at the Western Electric Hawthorne Works (WEHW) in Chicago.
- **Mayo concluded that human beings are not objects to be pushed around as the Classical thought, rather they are social beings, therefore managers have to look at man's social requirements then productivity will increase.**
- Elton Mayo's research work involved carrying out experiments, here are two

Experiment 1:

- Mayo took six women from the assembly line (known as Relay assembly) at the WEHW and separated them from the rest of the factory.
- Mayo controlled their work conditions by, but not limited to, changing their hours, rest breaks, temperature and humidity. This was done with advance notice and a supervisor who was present as an observer, not a disciplinarian.
- These six workers became a team that worked well together as they felt no coercion from above and no limitations beneath them.
- The result was that they produced 3000 relays a week versus the 2,400 they normally produced under routine working conditions-- productivity increased!

Experiment 2:

He got a well-built man and was placed as a manager in the room. Once in a while, he got out one person and gave orders but he was not supposed to communicate to her colleagues. Despite a good environment, a strike developed because suspicion cropped up, and there was lack of communication

Conclusion:

- *Man wants to be treated as special, not as a tool;*

- *Recognize his/her achievements;*
- *Know the employees non- work life and his/her work life.*

Other Behavioural scientists included Abraham Maslow, Douglas McGregor, C. Argyris, and Herzberg. Their work is based on psychology and sociology. They concluded that it was imperative for the manager to understand people's needs and behaviour if they are to be managed properly.

ii) **Maslow's hierarchy of needs** - Maslow developed a hierarchy of needs i.e. physiological (food, shelter, clothing etc.), safety, social (belongingness), self-esteem, and self-actualization. He assumed that after one achieves one type of need he climbs to another level of needs hence the name "hierarchy of needs".

Abraham Maslow believed that motivation arises from need.

- One is motivated to satisfy unmet needs.
- Satisfied needs **no longer motivate.**

Maslow placed needs on a **hierarchy** of importance:

- **Physiological Needs**: Basic survival needs including the need to drink, eat, and be sheltered from heat and cold.
- **Safety Needs**: The need to feel secure at work and at home.
- **Social Needs**: The need to feel loved, accepted, and part of the group. A sense of belongingness.
- **Esteem Needs**: The need for recognition and acknowledgment from others, as well as self-respect and a sense of status.
- **Self-Actualization Needs**: The need to develop to your fullest potential.

When one need is satisfied, another, higher-level need emerges to be satisfied.

- A **satisfied need** is no longer a motivator.
- **Lower-level needs, however, can pop up at any time** and take attention away from higher-level needs.
- However, his theory is criticized in that needs do not necessary follow that order e.g. Maslow's ranking does not coincide with African man's ranking. A man who has attained his self-actualization need is still motivated by physiological needs.

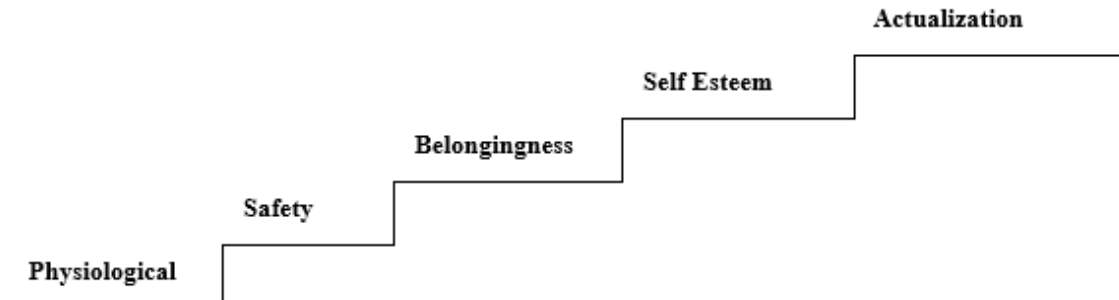


Figure 2: Maslow's hierarchy of needs

iii) **Predicting and Controlling Human Behaviour** - McGregor (1990), on the other hand, saw management as the ability to predict and control human behaviour. McGregor's Theory X and Theory Y, suggest that if you can categorize your subordinates / people in these two groups then you can manage them!

The two theories are theories of human motivation which have to do with the perceptions managers hold on their employees, not the way they generally behave. It is attitude not attributes.

Theory X assumptions

*Dislike work /Lazy
Don't like responsibility
To manage them one has to be authoritative.*

Theory Y assumptions

*Work is as natural as play
Responsible
Have initiative and seek opportunity
for personal development.*

Theory X

- In this theory, management assumes employees are ***inherently lazy*** and will ***avoid work*** if they can and that they ***inherently dislike work***.
- As a result of this, management believes that workers need to be ***closely supervised*** and comprehensive ***systems of controls*** developed.
- A hierarchical structure is needed with narrow span of control at each and every level. According to this theory, employees will show little ambition without an enticing incentive program and will ***avoid responsibility*** whenever they can.
- According to Michael J. Papa, if the organizational goals are to be met, theory X managers rely heavily on ***threat*** and ***coercion*** to gain their ***employees' compliance***.
- Beliefs of this theory lead to mistrust, highly restrictive supervision, and a punitive atmosphere.
- The Theory X manager tends to believe that everything must end in blaming someone. Usually these managers feel the sole purpose of the employee's interest in the job is money. They will

blame the person first in most situations, without questioning whether it may be the system, policy, or lack of training that deserves the blame.

Theory Y

- In this theory, management assumes employees may be *ambitious* and *self-motivated* and exercise *self-control*. It is believed that employees **enjoy** their mental and physical *work duties*.
- According to them work is as natural as play. Given the proper conditions, theory Y managers believe that employees will learn to *seek out and accept responsibility* and to *exercise self-control* and *self-direction* in accomplishing objectives to which they are committed.
- A Theory Y manager believes that, given the right conditions, most people will want to do well at work. They believe that the satisfaction of doing a good job is a strong motivation.
- Many people interpret Theory Y as a positive set of beliefs about workers.
- McGregor thinks that Theory Y managers are more likely than Theory X managers to develop the climate of trust with employees that is required for employee development. It's employee development that is a crucial aspect of any organization. This would include managers communicating openly with subordinates, minimizing the difference between superior-subordinate relationships, creating a comfortable environment in which subordinates can develop and use their abilities. This climate would be sharing of decision making so that subordinates have say in decisions that influence them.

Figure 3: Summary of Theory X and Theory Y

Theory X	Theory Y
Attitude	
We dislike work, find it boring and will avoid it if we can.	We need to work and want to take an interest in it. Under the right conditions we can enjoy it.
Direction	
We must be forced or coerced to make the right effort	We will direct ourselves towards a target that we accept.
Responsibility	
We would rather be directed than accept responsibility, which we avoid.	We will seek and accept responsibility, under the right condition
Motivation	
We are motivated mainly by money and fears about our job security.	Under the right conditions, we are motivated by the desire to realize our own potential.
Creativity	
Most of us have little creativity – except when it comes to getting around rules.	We are highly creative creatures – but are rarely recognized as such or given the opportunity to be.

2.2.3 MANAGEMENT SCIENCE

- The concept was developed during World War II. British formed operation research teams to come up with ways of fighting the war successfully.
- In business, it is applied by using mathematical models and statistical methods.
- This approach is used to solve some of the problems faced by management and used for decision making
- Some examples of mathematical/statistical methods used are; breakeven analysis, game theory, queuing models, linear programming.
- N.B these tools on their own do not guarantee management success, which is dependent on a number of factors, some, of which can be quantified and others cannot (qualitative) e.g. culture. However they aid in making informed decisions.

2.2.4 CONTINGENCY APPROACH

- In recent times, various management practitioners and consultants in their attempt to apply concepts prescribed by various management schools found that concepts and practices highly effective in one situation were not at all useful in other situations.
- In a bid to explain this phenomenon they found that results differed because situations differed. *Hence the name contingency that means dependent upon/situational.*
- The approach thus described that management practice depended or was contingent upon conditions that existed in a particular situation and it was the responsibility of managers to identify a technique or practice that will best contribute to the attainment of organizational goals.
- The major contribution of the contingency approach is that it seeks the advantages of all other major schools by defining those factors that are crucial to a specific task and using that approach that is best suited to solve it.
- This approach is however, criticized from the point of view that there is really nothing new about this approach. It cannot be said to be a theory because it has not developed its own principles.

2.2.5 MANAGEMENT BY OBJECTIVES (MBO)

- The term MBO was popularized by management Guru Peter Drucker in 1954 in his book “The practice of management.”
- MBO is a formal procedure that begins with goal setting and continues through performance review. It is a participative process that actively involves all members of the organization in goal setting up to measurement.

- The MBO system involves manager and subordinates acting together to establish common goals. Each person's major areas of responsibility are clearly defined in terms of measurable results (objectives). They should be no imposition of objectives from the top.
- The underlying assumption of MBO is theory Y as proposed by Douglas McGregor's which assumes that people are eager and want to work, take work to be as natural as play and that they derive great satisfaction from work under the right circumstances. Drucker's emphasis on MBO is that goal setting should involve everyone, in order for subordinates to gain a "sense of ownership of the objectives".
- NB: Drucker's MBO is not a Theory as such but is one of the recent contributions to management practice and finds expression in various functions of management including planning, organization and leadership.

2.2.6 STRATEGIC MANAGEMENT

- The concept of strategy is not new and has been a practice in military science for a long time. However strategic management is a relatively new concept. Various management theories that evolve with time have not mentioned strategic management and its popularization and study is a recent phenomenon. It will not be surprising that many of our managers have not heard of it!
- Strategy as has been known in military science is a grand plan and when applied to business, we can see that it is a method of competition" or market position of company /agribusiness and its products.

Strategic management is therefore concerned with: -

- (1) The definition of the major goals and objectives of the organization;
- (2) The design of plans and organizational structure to achieve these in response to the volatile environmental conditions and dynamic organizational resources.

Strategic Management enables us to understand: -

- *What kind of business we are in?*
- *Where are we going?*
- *How do we get there?*
- *And are we on the right track?*
- When you are able to answer these questions, you are able to not only succeed but also grow and survive. Strategic management has been able to give competitive advantage to many organizations around the world.

- It determines the organizational goals, gives focus to organizational direction, calling for review where necessary and enables the organization to determine an effective structure to implement its plans.
- It also assists the organization focus on long-term rather short-term goals.

2.2.7 THEORY Z

- The Japanese Economic miracle is in the forefront of Theory Z. In the early 70's with the oil crisis, many economies slowed down and experienced tremendous economic difficulties. Japan, was however, able to record positive growth in her GNP.
- William Ouchi examined Japanese management practices and his observations led him to describe a Theory Z management style to explain Japanese management practices.
- What has amazed most management theorists and practitioners is that Japanese managers read American books and graduated from American business schools.
- This is the heart of Japanese system of management that contributed greatly to the Japanese economic miracle.
- **William Ouchi** researched how corporations in Japan are run differently from U.S. companies.
- The Japanese management approach, called **Type J**, involved:
 - i. Lifetime employment.
 - ii. Consensual decision-making.
 - iii. Collective responsibility for the outcomes of decisions.
 - iv. Slow evaluation and promotion.
 - v. Implied control mechanisms.
 - vi. Nonspecialized career paths.
 - vii. Holistic concern for employees.
- The North American management approach, called **Type A**, involved:
 1. Short-term employment.
 2. Individual decision-making.
 3. Individual responsibility for the outcomes of decisions.
 4. Rapid evaluation and promotion.
 5. Explicit control mechanism.
 6. Specialized career paths.
 7. Segmented concern for employees.

1. Type J firms are based on the culture of Japan; Type A firms are based on the culture of America.

2. Ouchi realized that American managers could not be expected to accept a concept based on another culture.
3. Ouchi recommended a hybrid of the two approaches, and he coined this into what is now called **Theory Z**.
4. The key attributes are;
 - i. Long-term employment.
 - ii. Collective decision-making.
 - iii. Individual responsibility for the outcome of decisions.
 - iv. Slow evaluation and promotion.
 - v. Moderately specialized career path.
 - vi. Holistic concern for employees.

2.2.8 SOCIOLOGICAL CONCEPT

- To understand man, one must know the origin of man, the meaning he attaches to work, and that he is an embodiment of many influences.
- Originally man is in a peaceful, warm, environment (foetus in mother's womb) and later he is pushed out in a strange world, which influences him from many angles! Therefore as a manager, one has to understand the journey of his employee (what he has been through in order to manage him well) i.e. socialization process.
- This can be illustrated by an experiment, which was carried out by a British Researcher between two electronic industries i.e. Japanese and British.
- Results showed higher production, and less strike levels in the Japanese industry as compared to British and this was attributed to the difference in culture (Theory Z).
- In another experiment, he got outstanding Japanese managers and took them to Britain to manage companies. Results indicated increase in productivity in the first year however, as subsequent years went by productivity declined and the system collapsed.
- The system collapsed not because theory Z was wrong but it was applied in a different socio cultural environment / system.
- As was seen in the preceding discussion (theory Z), Japanese have a strong spirit of togetherness, there is little gap/ difference between their work life and non-work life and they encourage multi-skilling, which does not apply in British life.
- W. Gregon stresses the importance of culture when managing a person. Note that, if these foreign theories are applied in African Society without considering our culture it is detrimental.
- What is culture?
 - According to Lady Ross Weber, she defines culture as “*we are immersed in a sea and it's warm and comfortable and this is culture*”. *If the sea is brown the world will appear brown.*

- Hofstede, defines culture, *as mental programming which peoples of a particular cultural grow up in.*

2.2.9 THEORY G

Theory G is really the conclusion of what has been happening, what is happening and what will happen to management. This theory is attributed to Harold Geneen. Harold Geneen ran the International Telephone and Telegraphic Company for Seventeen years. He began as an errand boy, attended night school for eight years before earning his degree and thereafter, went to work as an Accountant. At the age of 39 he ran ITT with success building it into a diversified giant with 250 profit centers on four continents, employing to half a million people and selling everything from bread to telephones. In 1997 when he left, ITT was the 7th largest company in the world.

Geneen said that the process of conducting business is fascinating, demanding and creative, worthy of being classed with the higher arts. Geneen's Theory G is states that "You cannot run a business, or anything else, on a theory". He said: "In more than fifty years in the business world, I must here have read hundreds of books, academic papers on how to manage a successful business. When I was young, I used to absorb and believe those theories formulated and propounded by professors and consultants. They told you how to increase productivity, sales, and profits while keeping your management staff, your production line workers and your shareholders prosperous and happy. Their reasoning was always solid and logical and the grains of wisdom true and indisputable and the conclusions inevitable. But when I reached a position in the corporate hierarchy where I had to make decisions, which governed others, I found that none of those theories really worked as advertised. Fragments here and there were helpful, but not one of those books or theories ever reduced the operations of a business or even a part of a business to a single formula that I could use.

What this boils down is that individuals differ widely, so do organizations. People's actions are influenced by a number of factors most of which are from the environment they live in. Successful management is relative and varies from organization to organization and individual to individual. The sort of Japanese Economic miracle is more rooted in the broad issues rather than managerial practices. Japanese did not invent any strongly new concept in management. They have not created any new ways of doing business and until recently, did not even invent new products. They simply put into practice what various management theorists and consultants preached for years and were not practiced in many Western countries. Successful management will rely on the same things that have been put forward and to recap them; they include: -

- (i) The application of scientific method to management practice
- (ii) Training and education of workers
- (iii) Good human relations
- (iv) Recognition of individual goals and needs

- (v) Employee participation in decision making
- (vi) Use of mathematical models as aids to decision making
- (vii) Strategic management
- (viii) Cultural considerations and management of people
- (ix) Partnership within organization and with government.

2.3 FUNCTIONS OF MANAGEMENT

- The core functions of management are planning, organizing, staffing, directing, coordinating and controlling. This set of activities defines the role of managers in a business environment.
- All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

2.3.1 PLANNING

- Planning refers to forward thinking and choosing a course of action based on full understanding of all factors involved and aimed at specific objective(s).
- Planning involves formulation of one or more detailed plans (business goals) and the methods to achieve them with the available resources.
- The manager has to look ahead and be action oriented; understand and weigh the available facts and consequences of the various issues surrounding the alternative courses of action, and there after chose the best action that would help him achieve the organizational goals in an efficient and effective manner.

The planning process involves the following steps:

- i. Identify goals or objectives to be achieved. Goals/Objectives should be specific, measurable, realistic, and attainable and time bound (SMART);
- ii. Specify actions required to achieve the goals/objectives;
- iii. Identify the resources required;
- iv. Determine the time phases required for each action and objective;
- v. Assign procedural steps and responsibilities for all actions required in the plan. A procedure is a step by step guide to a specific activity and gives precise a course of action;
- vi. Develop contingency plans;
- vii. Define the required levels of performance of each action; and
- viii. Develop procedures for monitoring, feedback and control.

2.3.2 ORGANISING

Organizing involves finding out what work will be done so that similar jobs are grouped together as departments. After a plan is in place, a manager needs to:

- i. Determine; group and structure activities; i.e. identify and arrange activities;
- ii. Devise and allocate roles arising from grouping and structuring of activities
- iii. Assign accountability for results, that is determine who is answerable for what kind of activities; and
- iv. Determine detailed rules and systems of working
 - Communication: getting the right information, in the right form at the right time to the right persons
 - Conflict resolution

2.3.3 STAFFING

Staffing ensures that the right people are identified to do the jobs in order to achieve organizational objectives. This function therefore involves:

- Carrying out a job analysis;
- Identification of the right people;
- Selection and recruiting them to fill the established position;
- Training and development of human resources;
- Performance appraisal, transfers and separations;
- Remuneration management and compensation administration.

2.3.4 DIRECTING

Directing is the process of instructing and supervising workers assigned to an activity/task. Achievement of this task rests largely upon the qualities of leadership exhibited by the manager. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.

When directing, a manager should learn to delegate (handing down power). Pushing the power of decision making downward reduces pressure on senior management. It motivates people on the lower levels because it gives them a vote of confidence; also because the decision is taken nearer to the point of action, it is more likely to be correct.

2.3.5 COORDINATING

This is a process where the efforts of the different operations, departments, divisions and individuals are properly integrated to produce results that contribute to organizational goals.

Effective co-ordination will entail the following;

- (i) Activities are done at the right time and in the right place;
- (ii) Providing for free flow of information;
- (iii) Keeping in touch with employees and keeping a sense of perspective;
- (iv) Interpreting programs, plans, policies, procedures and practices.

A good manager maintains a regular schedule of interaction with subordinates - communication. This will ensure that there is good flow of information, understanding one another and unity in achievement of goals and objectives.

2.3.6 CONTROLLING

After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his departments/divisions plans remain on track.

Importance of control

- Ensures performance meets the set goals
- Provides early warning, so that corrective measures are taken before it is too late
- Assists in attaining and maintaining high standards of performance
- Gives feedback to employees regarding their performance against set standards

Control Methods

- Those that focus on financial values e.g. budgetary control, financial ratios etc.;
- Those that focus on physical value e.g. inventory control, quality control etc.;
- Those that focus on time and activities e.g. Gantt charts, work plans, flow charts, logical frameworks etc.

2.4 TYPES OF MANAGERS

Managers can be distinguished based on level or function.

a) LEVELS OF MANAGEMENT

Two leaders may serve as managers within the same company but have very different titles and purposes. Large organizations, in particular, may break down management into different levels because so many more people need to be managed.

Typical management levels fall into the following categories:

- i. **Top level:** Managers at this level ensure that major performance objectives are established and accomplished. Common job titles for top managers include Chief Executive Officer (CEO), Chief Operations Officer (COO), president, and vice president. These senior managers are considered executives, responsible for the performance of an organization as a whole or for one of its significant parts.
- ii. **Middle level:** Middle managers report to top level managers and are in charge of relatively large departments or divisions consisting of several smaller units. Examples of middle managers include clinic directors in hospitals; deans in universities; and division managers, plant managers, and branch sales managers in businesses. Middle managers develop and implement action plans consistent with company objectives, such as increasing market presence.
- iii. **First level:** The initial management job that most people attain is typically a first-line management position, such as a team leader or supervisor — a person in charge of smaller work units composed of hands-on workers. Job titles for these first-line managers vary greatly, but include such designations as department head, group leader, and unit leader. First-line managers ensure that their work teams or units meet performance objectives, such as producing a set number of items at a given quality, that are consistent with the plans of middle and top management.

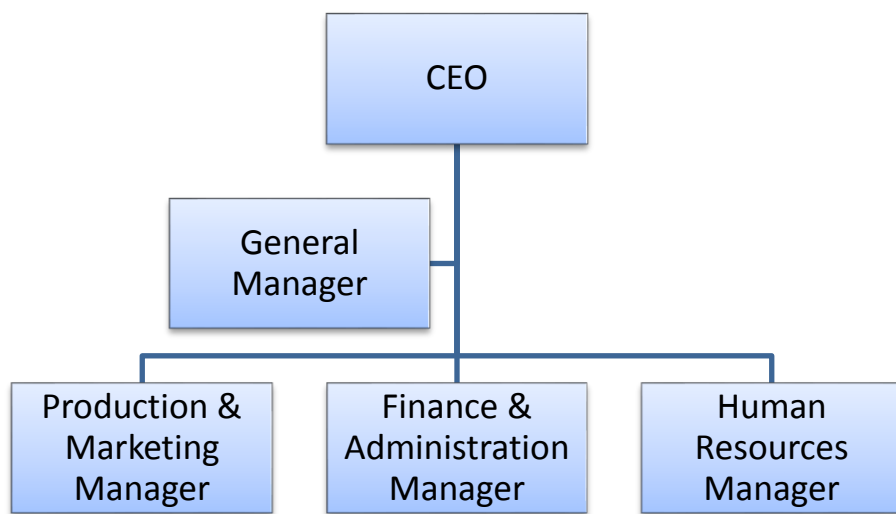
b). FUNCTIONAL MANAGEMENT (MANAGERS)

Functional management is the most common type of organizational management. The organization is grouped by areas of specialty within different functional areas e.g., finance, production, human resource, marketing, research and design, sales, etc.

Managers who are responsible for these different functional areas are called **functional managers**. These managers have authority over a specific organizational unit that performs specific functions and are responsible for ensuring that goals and objectives are aligned with the organization's overall strategy and vision.

Some examples of functional managers are Operations manager, Marketing manager, Financial manager and Human resources manager.

Figure 4: Illustration of Management Structure based on Functional Units



2.5 MANAGERIAL SKILLS

Not everyone can be a manager. Certain skills, or abilities to translate knowledge into action that results in desired performance, are required to help other employees become more productive.

A manager has to have managerial skills in order to perform their tasks effectively and diligently.

Managerial skills fall under the following categories:

- i. **Technical Skills:** This skill requires the ability to use a special proficiency or expertise to perform particular tasks. Accountants, engineers, market researchers, and computer scientists, as examples, possess technical skills. Managers acquire these skills initially through formal education and then further develop them through training and job experience. Technical skills are most important at lower levels of management.

- ii. **Human Skills:** This skill demonstrates the ability to work well in cooperation with others. Human skills emerge in the workplace as a spirit of trust, enthusiasm, and genuine involvement in interpersonal relationships. A manager with good human skills has a high degree of self-awareness and a capacity to understand or empathize with the feelings of others. Some managers are naturally born with great human skills, while others improve their skills through classes or experience. No matter how human skills are acquired, they're critical for all managers because of the highly interpersonal nature of managerial work.

- iii. **Conceptual Skills:** This skill calls for the ability to think analytically. Analytical skills enable managers to break down problems into smaller parts, to see the relations among the parts, and to recognize the implications of any one problem for others. As managers assume ever-higher responsibilities in organizations, they must deal with more ambiguous problems that have long-term consequences. Again, managers may acquire these skills initially through formal education and then further develop them by training and job experience. The higher the management level, the more important conceptual skills become.

Although all three categories contain skills essential for managers, their relative importance tends to vary by level of managerial responsibility

Lower	Top	Middle
Technical skills	Conceptual skills	Conceptual skills
Human skills	Human skills	Human skills
Conceptual skills	Technical skills	Technical skills