

**MODERN MANAGEMENT:
Concepts & Topical Issues**

MODERN MANAGEMENT: Concepts & Topical Issues

- **M.A.Omolaja**
- **M.Radovic Markovic**



9587 So. Grandview Dr.
Salt Lake City, UT 84092 ,US

© **MODERN MANAGEMENT: *Concepts and Topical Issues***

Copyright © 2008: The Publisher
Copyright Text © 2008: The Author
First Edition 2008

The book reviewers:

Prof. Dr. Brenda Nelson-Porter, North Central University and CEO of Brigette's
Technology Consulting and Research Firm, USA

Prof. Dr Raghu Bir Bista , Tribhuvan University, Nepal

Publisher|:

Aardvark Global Publishing
9587 So. Grandview Dr.
Salt Lake City, UT 84092 ,US

ISBN -13: 978-1-4276-3508-2

1.Management 2. Concepts and Topical Issues

All rights reserved:

No part of this publication may be produced, stored in or reintroduced into a retrieval system by any means (electronic, mechanical, photocopying, recording or otherwise), without the permission of the Copyright owner



DEDICATION

*This Book is exclusively dedicated to the Memory of our
beloved Parents:*

Fasasi & Silifat Omolaja, and

Jela & Milorad Radovic;

*For the loving roles they played in our lives before they were
untimely snatched away from us by death. May their Gentle
Souls Rest in Perfect Peace (Amen)*

M. A. Omolaja
M. Radovic-Markovic
October, 2008

Forward

Managers within each service sector are challenged to transform their organization using available talent. Two longitudinal mini-studies conducted by Brigitte's Technology Consulting and Research Firm (2004-2005) revealed that management and leadership are interlinking processes that need to be understood to achieve maximum performance and satisfaction. Several male managers acknowledged that managing is more difficult than leading junior personnel. Difficulties concerning managerial practices resulted from various issues: junior personnel's primary motivation that involved seeking employment stability; personality conflicts; and the lack of people and communication skills, education, specialty, and human capital. Dimensions of challenges faced in leadership practices involve the lack of understanding on how junior personnel function in the workplace and the need to eliminate micromanaging.

In the second study, several female junior personnel viewed managing as more essential than leading in certain work environments. Leading by means of mentorship was not viewed as a high priority. Managers were not asked to serve as mentors for a multitude of reasons: no personal relationship was desired, managers did not possess the necessary experience or leadership style, advancement opportunities were scarce, and self motivation stimulated by observation has been key to job satisfaction. One junior personnel revealed that the mentoring process involves micromanaging.

Modern Management: The Concept and Topical Issues assists in processing several great models, theories, and techniques that managers can employ to improve managerial experiences and enhance manager-employee relations. The mentioning of Maslow's categorization of needs gave the perception that *Modern Management: The Concept and Topical Issues* will:

- inspire managers to achieve growth goals
- help managers understand workplace behaviors and the needs of employees
- teach managers the importance of working in groups, setting the example, being attentive, and practicing stewardship

As managers journey through *Modern Management: The Concept and Topical Issues*, a sense of the dynamics of many enterprises and cultures, models used to formulate policies and make decisions, and natural qualities and responsibilities of managers will be conceptualized. Readers will learn how to effectively communicate using techniques designed in planning phases. Readers will discover that managing is not routine, and through deploying the 4Ms--multi-tasking, mastering, mentoring, and motivating--managers will gain the respect of a leader. Peter Block wrote, "No one should be able to make a living simply planning, watching, controlling, or evaluating the actions of others."

Prof. B. L. Nelson-Porter

ACKNOWLEDGEMENTS

This major undertaking has received the whole-hearted supports of many individuals and groups. We are grateful to the book Reviewers: Prof. Dr Raghu Bir Bista of Tribhuvan University, Nepal and Dr. Brenda Nelson-Porter, Assistant Professor at North Central University and CEO of Brigitte's Technology Consulting and Research Firm, USA for their professional advice and experience sharing. Special appreciation must however go to Dr. Brenda Nelson-Porter who after a thorough perusal of the manuscript offered to write its foreword. Also, we are grateful to Prof. M. Manfred and Prof. N. Shirley of Pebble Hills University as well as Dr. D. Gottshalk of South Asia University, UK and Prof. Dejan Eric of Institute of Economic Sciences, Belgrade, Serbia for the parts they played in our academic life.

To Prof. J. O. Abioye, Prof. D. A. Alabi, Prof. K. A. Balogun, Prof. R. I. Akintoye, Prof. Alaba. Adenuga, Prof. David B. Ekpeyong and Prof. S. A. Tella: all of Olabisi Onabanjo University as well as Prof. J. O. Obikoya of Tai Solarin University of Education we say thank you for your encouragement. Finally, our thanks are due to our families and institutions where we are employed. No book would be possible without the combined supports of all sides.

M. A. Omolaja
M. Radovic-Markovic
October, 2008

PREFACE

This book as one of the M & M series is a product of, and response to, the clarion calls by students, lecturers and practitioners for a textbook on Modern Management which would stand the test of time in satisfying the needs of the academic and professional students, managers and administrators, and at the same time, meeting the yearnings of other consultants in small, medium and complex organizations. This volume adequately takes care of these requirements as it covers the principles and practice of modern management in the contemporary industrial and even governmental settings with a great deal of details.

In writing the book, we enjoyed the applications of our long time academic and professional experience as lecturers of Principles and Practice of Management, Organizational Behavior, Corporate Administration as well as Corporate Policy and Strategic Management. Our practical experience for years as Management Consultants also offered significant input into this book. Throughout the text, our purpose had always been to continuously provide the readers with an understanding of the roles which a sound knowledge of modern management techniques and tools plays in organizations, irrespective of their scope or size, orientation, purpose and even sector in which they operate.

Written with the needs of the layman in mind, the volume is written in simple and plain language and this would help in the process of understanding for beginners in the domineer of managerial studies and likewise for other users. Further more, at the end of every chapter, a list of revision questions is provided and at the end of the book is a list of past examination questions. Most of these questions were taken from past examination papers for undergraduate, postgraduate and professional students of General Management especially Corporate Policy and Strategic Management and Organizational Behavior in order to facilitate the students' private studies.

Consequently, the book is of great relevance to the doctoral, masters and undergraduate students of Management Studies, Small Business Management, Entrepreneurship, Business Administration, Public Administration, Accountancy, Economics, Banking and Finance, Psychology, Sociology, Education and allied disciplines. For the Professionals and Consultants, this text will serve as a reference source, an interpreter of the arcane and translator of the specialized terminologies in various aspects of modern management practices and research.

M.A. Omolaja
M. Radovic- Markovic
October, 2008

TABLE OF CONTENTS

<i>Title Page</i>	
<i>Copyright Page</i>	
<i>Dedication</i>	
<i>Foreword</i>	
<i>Acknowledgement</i>	
<i>Preface</i>	

CHAPTER ONE: NATURE OF MANAGEMENT

1.1	Definition of Management	19
1.2	Managers and Management	22
1.3	Managers and Entrepreneurs	29
1.4	Qualities of a Good Manager	31
1.4.1	Thinking Clearly	33
1.4.2	Using Initiative	34
1.4.3	Following Policy	34
1.4.4	Adaptability	35
1.4.5	Organizing Ability	36
1.4.6	Motivation and Encouragement	38
1.4.7	Setting Good Examples	38
1.4.8	Communication	39
1.4.9	Listening Ability	40
1.4.10	Business Abilities	41
1.4.11	Ability to Increase Profit	42
1.4.12	Culture of Behaviors	43
1.4.13	Training	44
1.4.14	Delegate of Authority and Assign Responsibilities	45
1.5	Managerial Skills	46
1.6	Manager's Job and Responsibilities	53
1.7	Manager's Orientation toward Change	55
1.8	Levels of Management	56
1.9	Managerial Structure	62
1.10	Managerial Problems	67
1.11	Management and Leadership Styles	69
1.12	Common Management Styles	71
1.13	Management and Leadership	74
1.14	Modern Management and "New Economy"	79
	<i>Revision questions</i>	88

CHAPTER TWO: MANAGEMENT FUNCTIONS

2.1	Nature of Managerial Functions	89
2.2	Planning and Controlling	90
2.3	Organizing	102
2.4	Staffing	106
2.5	Directing	109
2.6	Reporting	110
2.7	Budgeting	110
2.8	Leading	110
2.9	Forecasting	114
2.10	Motivating	115
2.11	Communicating	116
	<i>Revision Questions</i>	117

CHAPTER THREE: ORGANIZATION IN MODERN MANAGEMENT

3.1	Nature of Organization	126
3.2	Classification of Organizations	132
3.3	Forms of Organizations	132
3.3.1	Strictly Formal Organization	134
3.3.2	Spontaneous Growth Organizations	139
3.3.3	Hybrid Form of Organizations	140
3.4	Organization Structure	142
3.5	Characteristics of Good Organization	145
	Structures	
3.6	Forms of Organization Structure	145
3.6.1	Functional Organization Structure	148
3.6.2	Product Organization Structure	153
3.6.3	Regional-Based Organization Structure	156
3.6.4	Market-Oriented Organization Structure	158
3.6.5	Matrix Organization Structure	161
3.6.6	Hybrid Organization Structure	163
3.6.7	Choice of a Good Organizational Structure	165
3.7	Organizational Charts	173
3.8	Centralization and Decentralization	188
3.9	Forms of Organization	193
3.10	Line and Staff Organizations	193
	<i>Revision Questions</i>	195

CHAPTER FOUR: SPECIALIZED MANAGEMENT TECHNIQUES

4.1	Introduction	197
4.2	Authority	197

4.2.1	Traditional Authority	198
4.2.2	Charismatic Authority	200
4.2.3	Legal /Rational Authority	209
4.3	Responsibility	210
4.4	Delegation	211
4.5	Decentralization	211
4.6	Communication as a Determinant of Decentralization	211
4.7	Decentralization of Managerial Authority	219
4.8	Decentralization and Physical Dispersion	219
4.9	Management by Objective	221
	<i>Revision Questions</i>	222

**CHAPTER FIVE: CONTROL IN MODERN
MANAGEMENT**

5.1	Nature of Control	224
5.2	Characteristics of Control Systems	226
5.3	Elements of Control Mechanisms	227
5.4	Control Feedback Loop	237
5.5	Control Mechanisms in Practice	243
	<i>Review Questions</i>	244

CHAPTER SIX: CORPORATE POLICY

6.1	Nature of Policy	249
6.2	Characteristics and Benefits of Policy	251
6.3	Sources of Organizational Policy	253
6.4	Policy Formulation Models	254
6.4.1	Rational-Comprehensive Model	255
6.4.2	'Satisficing' Model	256
6.4.3	Incrementally-Disjointed Model	258
6.4.4	Muddling Through Model	259
6.5	Policy Process	260
6.6	Policy Formulation	269
6.6.1	Composition of the Board	271
6.6.2	Board Duties	280
6.6.3	Characteristics of Direction	281
6.7	Policy Implementation	287
6.7.1	Personnel Policy	288
6.7.2	Marketing Policy	290
6.7.3	Dissemination of Policy	291
6.7.4	Pricing Strategy	292
6.8	Policy Evaluation	295

6.9	Management Guidance	296
	<i>Revision Questions</i>	298

CHAPTER SEVEN: CORPORATE STRATEGY

7.1	Nature of Strategy	299
7.2	Characteristics of Corporate Strategy	301
7.3	Strategy Development	303
7.4	The Necessity of a Strategy	306
7.5	The Process of Corporate Strategy	307
7.6	Determinants of a Good Corporate Strategy	308
7.7	Problems of Corporate Strategies	309
7.8	Implementation	311
7.8	Chandler's Thesis	316
	<i>Case Study: Southwest Airlines</i>	318
	<i>Revision Questions</i>	322

CHAPTER EIGHT: OPERATIONAL ENVIRONMENT

8.1	Nature of Business Environment	322
8.2	Placid, Randomized Environment	322
8.3	Placid Clustered Environment	323
8.4	Disturbed Reactions Environment	324
8.5	The Turbulent Field Environment	324
8.6	Methods of Collecting Environmental Data	326
8.7	Appraisal Environmental Data	329
8.8	Approaches to Organizational Strategy	332
8.9	Collection of Environmental Data	334
8.10	Strategies For Adapting to Environmental Changes	334
8.11	Other Strategic Alternatives	335
8.11.1	Prevention, Postponement and Modification Strategies	335
8.11.2	Risk Mitigation Strategies	336
8.11.3	Contingency Strategies	336
8.11.4	Acquisition Strategy	337
8.11.5	Merger's Strategy	337
8.11.6	Coalition Strategy	337
8.11.7	Bargaining and Negotiation Strategy	338
8.11.8	Internal Regulation Strategy	339
	<i>Case Study: Okitipupa Oil Corporation</i>	342
	<i>Revision Questions</i>	342

CHAPTER NINE: CORPORATE OBJECTIVE

9.1	Nature of Corporate Objectives	344
9.2	Current Philosophy of Corporate Objective	348

9.3	Corporate Mission, Vision, Goals and Philosophy	351
9.4	Distribution of Responsibilities	352
9.5	Social Responsibilities	355
9.6	Social Responsibilities and Ethics	361
9.7	Marketing Ethics	364
9.8	Responsibilities to the Public	367
9.8.1	Improved Standard of Living	368
9.8.2	Preservation of Natural Resources	368
9.8.3	Efficiency in Operations	369
9.8.4	Preservation of Basic Institution	370
9.8.5	Community Welfare Program	370
9.8.6	Safe Guard the Interests of the Others	370
9.9	Responsibilities to Stakeholders	371
9.9.1	To Shareholders	372
9.9.2	To the Government	373
9.9.3	To Customers	374
9.9.4	To the Employees	376
	<i>Case Study: Competition among Top-Notch Companies</i>	
	<i>Revision Questions</i>	378

CHAPTER TEN: MANAGING EMPLOYEES AT WORK

10.1	Introduction	381
10.2	The Manager's Role	382
10.3	Wages Remuneration	383
10.4	Trade Unions	385
10.5	The Shop Steward	385
10.6	Government Participation	387
10.7	Personnel Management	388
10.8	The Qualities Of A Successful Personnel Officer	395
10.9	The Office Manager	395
10.9.1	Composure	396
10.9.2	Fair Knowledge of Business and much of his Staff	397
10.9.3	Knowledge of Office Equipment	397
10.9.4	Organizing Ability	398
10.10	The Office Manager and Organizational Change	402
10.11	Stores Management	402
	<i>Revision Questions</i>	405

**CHAPTER ELEVEN: ORGANIZATIONAL
BEHAVIOR**

11.1	Organizational Behavior Defined	405
11.2	Forces of Organizational Behavior	406
11.3	Group Dynamics	408
11.4	Functions of Work Groups	411
11.5	Group Formation and Development	412
11.6	Effective Work Group	414
11.7	Organizational Members	417
11.8	Organizational Change	419
11.9	Managing Organizational Change	424
11.10	Organizations Most Adapted to Changes	425
	<i>Case Study: Lock Stead Corporation</i>	425
	<i>Revision Questions</i>	426

CHAPTER TWELVE: EMPLOYEES' MOTIVATION

12.1	Nature of Manpower	428
12.2	Concept of Motivation	429
12.3	Types of Motivation	431
12.4	Models of Motivation	432
12.5	Theories of Motivation	438
12.6	Abraham Maslow's Theory	442
12.7	Mcgregor's Theories X and Y	446
12.8	Herzberg's Motivation Hygiene Theory	450
12.9	Rensis Likert's Theory	452
12.10	Vroom's Motivation Theory	453
12.11	Born Skinners Theory	455
12.12	Chris Argyris Theory	458
12.13	McCliland's Theory	461
12.14	Motivation in Practice	463
	<i>Revision Questions</i>	463

**CHAPTER THIRTEEN: BASIC TOOLS OF
MANAGEMENT**

13.1.	INTRODUCTION	464
13.2	ECONOMICS	464
13.3	FORECASTING	468
13.4.	COSTS	470
13.5.	BANK ACCOUNTS AND CHEQUES	473
13.6.	BOOKS OF ACCOUNTS	481
13.6.1.	The Ledger	481
13.6.2	Ledger Accounts	481

13.7 CAPITAL	484
13.8 FINAL ACCOUNTS	486
13.9 PRODUCTION MANAGEMENT	491
13.10. MARKET RESEARCH	501
13.10.1. By Sampling	506
13.11.1. By Comparing his Products with those of Competitors	507
13.11.2. By Consulting Trade Literature	507
13.12 MARKETING	508
13.13 PUBLICITY	510
13.14 THE SALESMAN	511
13.15 BUDGETING	513
13.16 SMALL BUSINESS MANAGEMENT	514
13.17 BUSINESS CORRESPONDENCE	522
<i>Revision Question</i>	523

CHAPTER FOURTEEN: COMMUNICATION THEORY

14.1 Nature of Communication	523
14.2 Communication Methods	524
14.3 Communication Flow	527
14.4 Communication Channels	529
14.5 The Needs for Communication	533
14.6 Noise in Communication	534
14.7 Types of Communication Noise	535
14.8 Effects of Noise in Communication	538
14.9 Managing Communication Noise	539
14.10 Theories of Noise	540
14.11 Feedback and Control	542
<i>Revision Question</i>	545
<i>Case Study: Stress and Frustration</i>	
Appendix I: <i>Bibliography</i>	546
Appendix II: Glossary of Management Terms	557
Appendix III	574