

## WHAT IS MANAGEMENT?

John O. Early, Extension Economist

University of Idaho

The word "management" is a noun, a name or title associated with a person, place or thing. Mr. Webster defines management as the act or art of managing; the judicious use of means to accomplish an end; the capacity for managing, executive skill.

Within the definition we find the work "managing", which is a verb denoting action, defined as; making and keeping submissive, treating with care, altering by manipulation, achieving ones' purpose, carrying on business or affairs.

In summing up the definitions management can be defined for our purposes as the acts or art in the use of techniques to accomplish the goals of a particular business.

There are several popular schools of management thought outlined in Agribusiness Management Development Program<sup>1</sup> which need to be explored.

One: Management Experience

Emphasis is on experiences of successful and unsuccessful managers. Reports on the methods used to handle difficult problems may be helpful but future situations may be significantly different from those in the past and substantial adjustments in techniques may be required. This was a popular concept of management among some directors and managers of agribusiness firms in the past.

---

<sup>1</sup> Ingrahm, Charles H., Vandemark, Vern A. and Harter, Walter G. Agribusiness Management Development Program, Department of Agricultural Economics, Ohio State University, Columbus, Ohio. 1968

Two: Human Behavior

"Management does not do, it gets others to do." is the theme of this school. The focal point of management is the behavior of the human being. Some advocates of this concept consider management as leadership and treat all group activities as situations that are managerial to some degree.

Three: Social System

This approach to management views management as a social system, a system of cultural inter-relationships. This concept deals with identifying the various social groups as well as their cultural relationships and the integration of these groups into a complete social system. Many supporters of this concept consider the system to be one in which people communicate effectively with each other and are willing to contribute toward the achievement of a common goal or objective. It is the basis of the cooperative system.

Four: The Mathematical Concept or Quantitative School of Management Thought

This concept of management is advocated by those who view management as a logical process which can be expressed in terms of mathematical symbols and relationships. A model in the form of a mathematical equation is developed and precisely measured variables are substituted in the formula. Answers for the unknown under different conditions are calculated. Measurable data, statistics and econometrics, as well as mathematics, are basic to this concept of management.

The mathematical concept has proven to be very useful in the area of management in the consideration of alternatives. It requires its users to define precisely their objectives, problems and problem areas. It is a powerful tool for solving complex problems and has influenced the rearrangement of information sources and systems to provide more sensible quantitative meaning.

But it should be recognized as a tool of management and not a substitute for management.

Five: Decision

This concept of management focuses attention upon the managerial decision and is usually limited to the economic rationales of the decision. Mathematical models similar to those of the mathematical school of thought are used in decision making. In earlier days the decision concept was confined to the evaluation of alternatives, but with the event of computers simulation models could be developed and handled quickly.

Six: Economic Analysis and Accounting

The economic analysis concept and the accounting concept are concerned with optimization and the future. These concepts are keenly interested in cost, and management problems are considered in relation to various types of costs. The mathematical approach to decision making is being employed more and more by support of these concepts.

These approaches to management which consider all management decisions as cost decisions, are usually based on known facts from firm records with few assumptions, and the results can be quickly evaluated.

Seven: The Management Process Concept

This concept views management as the performance of certain activities that are basic functions of management. By basic, we mean the functions that are invariably organic to and a distinct part of the managerial activity. The performance of these basic functions distinguishes the management members of a firm from the non-management personnel. The basic activities of management are 1) planning, 2) organizing, 3) controlling, 4) staffing, 5) directing, 6) commanding, 7) supervising, 8) motivating, 9) training, 10) coordinating, 11) delegating, 12) evaluating and 13) correcting.

The management process concept emphasizes getting things accomplished by people working in organized groups and the process is considered as universal, regardless of the type of enterprise or the level of management position within the enterprise. This approach to management is broad and inclusive, and also draws upon the knowledge from many different fields of science and art. However, there is no attempt by those who accept the management process concept to encompass the entire field of management knowledge.

Most management authorities agree that all managers must perform the basic functions; plan, organize, control, staff, direct, command, supervise, motivate, train, coordinate, delegate, evaluate, and correct. However, there is not complete agreement among management authorities as to how the basic functions of management should be classified.

For our purposes all management functions are grouped into five fundamental functions; planning, organizing, directing, coordinating and controlling.

Briefly the five functions are defined as:

Planning is the selection of objectives and the determination of action to be followed to reach these objectives.

Organizing is the grouping of activities and the structural arrangement of persons, facilities and equipment and the allocation of authority and responsibility.

Directing is getting the members of the group to carry out their tasks enthusiastically.

Coordinating is obtaining and maintaining a balance among the essential activities and individuals involved to harmoniously and effectively reach the objective.

Controlling is seeing that activities conform to the plan.

All managers, at all levels, perform all five of these basic management functions. They are not necessarily carried out in a particular sequence but are performed as the situation requires and the performance of one function may not cease before the next one is started.

Management functions should not be confused with business functions such as financing production and sales or the marketing functions such as buying, selling, standardizing, packaging, storing, market information dissemination, risk bearing, transportation or processing. We must be careful not to assume that all activities performed by management necessarily fall into this category since in practice some may be of a non-managerial nature. For example, a manager may occasionally assist in loading or unloading a truck or he may make bookkeeping entries in the firm's ledger. These are not true management functions even though they are performed by the manager.