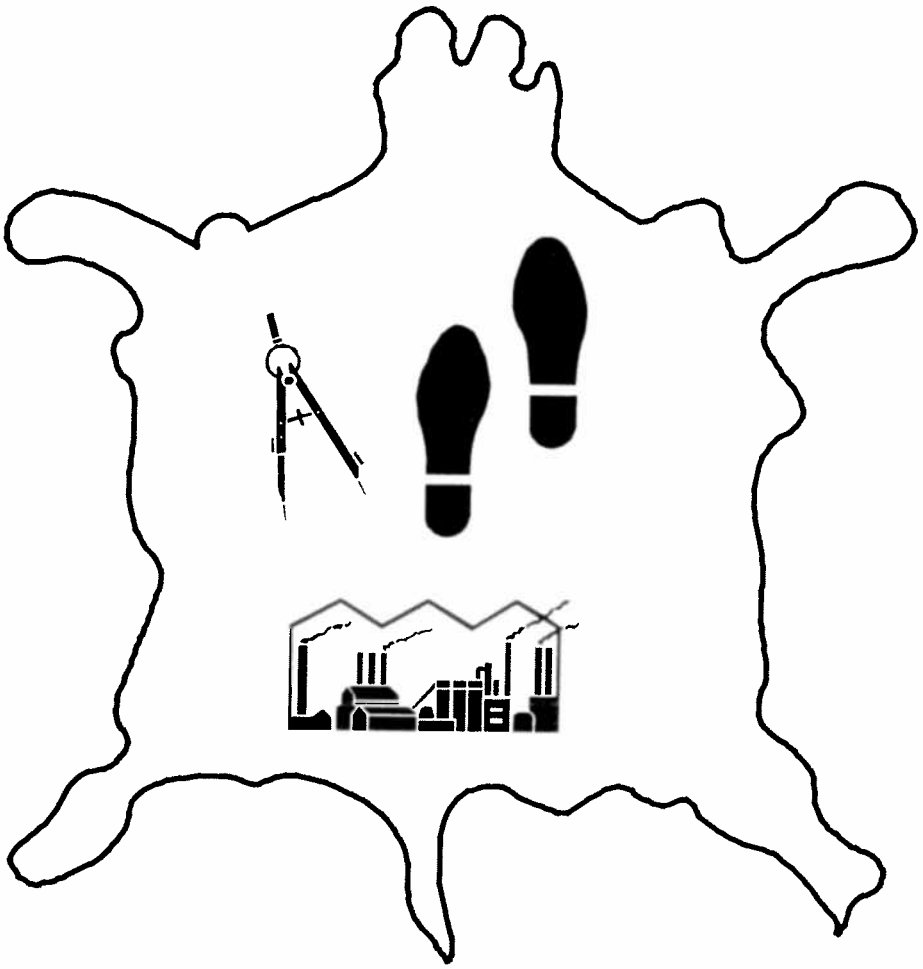
SHOE INDUSTRY CERTIFICATE COURSE

UNIDO

GENERAL MANAGEMENT*



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Certificate course

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-Elements of physics
-General management
-Production management
-Industrial Law
-Industrial accountancy
-Electricity and applied mechanics
-Economics
-SI metric system of measurement
-Marketing
-Mathematics
-Elements of chemistry

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FLIC/DIS Unit
June 1987

CHAPTER I

NATURE AND IMPORTANCE OF MANAGEMENT

Introduction.

Management is universal in the modern industrial world. Every organization requires the making of decisions, the coordinating of activities, the handling of people, and the evaluation of performance directed toward group objectives. Numerous managerial activities have their own particular approach to specific types of problems and are discussed under such headings as farm management, management of health delivery systems, college management, government management, marketing management, production or operations management, and others. All have elements in common.

Management has become more important as labor has become more specialized and as the scale of operations has increased. Technological developments have continually created new challenges. The complexities of human relationships constantly challenge those who perform managerial functions. The dynamics of management, therefore, should be characteristic of any study of its theory and practice.

Because of the increasing importance of management, and because of the new challenges it faces, many researchers in various disciplines have concentrated their attention on parts of the subject. The result is that managerial approaches to subjects such as psychology, economics, and accounting have helped to improve the thinking in relation to the overall field of management.

A. Meaning of Management

The chief characteristic of management is the integration and application of the knowledge and analytical approaches developed by numerous disciplines.The manager's problem is to seek a balance among these special approaches and to apply the pertinent concepts in specific situations which require action. The manager must orient himself to solving problems with techniques tailored to the situations; yet, he must develop a unified framework of thought that encompasses the total and integrated aspects of the entire organization.

In general usage, "management" identifies a special group of people whose job it is to direct the effort and activities of other people toward common objectives.

Simply stated, management "get things done through other people." Management is defined as the process by

which a cooperative group directs actions toward common goals. This process involves techniques by which a distinguishable group of people (managers) coordinates activities of other people; managers seldom actually perform the activities themselves. This process consists of certain basic functions which provide an analytical approach for studying management.

The concept of management has broadened in scope with the introduction of new perspectives by different fields of study. The study of management has evolved into more than the use of means to accomplish given ends, today it includes moral and ethical questions concerning the selection of the right ends toward which managers should strive.

A threefold concept for emphasizing a broader scope for viewpoint of management is offered by Harbison and Myers(Management in the Industrial World,New York; McGraw-Hill Book Company, 1959), pp 21-86).They observe management as (1) economic resource, (2) a system of authority, and (3) a class or elite.

(1). As viewed by the economist, management is one of the factors of production together with land, labor and capital. As the industrialization of a nation increases, the need for management becomes greater as it is substituted for capital and labor The managerial resources of a firm determine, in large measure, its productivity and profitability. In those industries experiencing innovations, management must be used more intensively. Executive development therefore, is more important for those firms in a dynamic industry in which progress is rapid.

(2). As viewed by a specialist in administration and organization, management is a system of authority. Historically, management first developed an authoritarian philosophy with a small number of top individuals determining all actions of the rank and file. Later, humanitarian concepts caused some managements to develop paternalistic approaches. Still later, constitutional management emerged, characterized by a concern for definite and consistent policies and procedures for dealing with the working group.As more employees recieved higher education, the trend of management can be viewed as a synthesis of these four approaches to authority.

(3) As viewed by a sociologist,management is a class and status system. The increase in the complexity of relationships in modern society demands that managers become an elite of brain and education.

Entrance into this class is based more and more on education and knowledge instead of on family or political connections, Some students view this development as a "managerial revolution" in which the career managerial class obtains increasing amounts of power and threatens to become an autonomous class. Some observers view this development with alarm. Others point out that as the power of managers increases, their numbers expand, so that there is little need to worry about this tendency toward a managerial autocracy. A broad view of management requires that the student consider this larger perspective of the place of management in society.

These three perspectives are not the only ones for the manager to recognize. An industrial manager would argue that the technological viewpoint is of prime importance. A psychologist would emphasize the needs of the human being and adjustment to organizational pressures. The theologian would concentrate on the spiritual implications of managerial actions. A politician would look to what is feasible and acceptable.

Many chief executives and educators contend that the most important perspective of top executives should be based on the "liberally educated outlook on life". The total concept of management requires an understanding on the meaning of liberal education and its relationship to management functions. A liberal point of view is not merely the sum of a finite number of new approaches. Its emphasis is on freedom to choose from the widest range of possibilities by discovering new possibilities, and by recalling possibilities previously developed but forgotten. The liberally oriented executive continues to expand his horizons eith outmost freedom in an effort to strive toward an ultimate in life. Because management must be concerned with ends as well as means, it is clear that it must maintain a broad perspective, unfettered by specialized restrictions. The paradox of management is that it is based on identifiable and rigorous frameworks of concepts, but at the same time it continues to strive toward breaking out of any set discipline. This paradox makes management an extremely interesting subject; it also makes any attempt to summarise it in a short book a presumptous task. Yet there is a need for the development of better thinking by managers, and a student must take a first step before attempting a second.

B. Functions of Management

The functions of management are basic to activities at all levels from the immediate supervisor to the chief executive. They are fundamental in all types of cooperative endeavor, including business firms, government agencies, and benevolent institutions. They form the core of activities in various applications such as marketing, manufacturing, financing and public agencies.

The key functions of management are:

1. Decision making - the process by which a course of action is consciously chosen from the available alternatives for the purpose of achieving a desired result

2. Organizing - the process by which the structure and allocation of job are performed.

3. Staffing - the process by which managers select, traing, promote and retire subordinates.

4. Planning - the process by which a manager anticipates the future and discovers alternative courses of action open to him.

5. Controlling - the process that measures the performance currently accomplished and guides it toward some predetermined goal.

6. Communicating - the process by which ideas are transmitted to others for the purpose of effecting a desired results.

7. Directing - the process by which actual performance of subordinates is guided toward common goals. Supervising is one aspect of this function at lower levels where physical overseeing of work is possible.

All these fuctions are closely related; however, it is useful to treat each as a separate process for the purpose of spelling out the detailed concepts important to the whole job of the manager. At times it may be desirable to consider several functions jointly in order to show their close interrelationships. For example, communicating and controlling must be considered together in systems planning; organizing; communicating and staffing may be viewed together in studying organization behavior.

A list of management functions is merely a useful analytical device for stressing the basic elements inherent in the job management. At times it might be desirable to identify subfunctions for the purpose of emphasis. Recently, motivation of human beings has received special attention from behavioral scientists; it might be considered a subfunction of staffing and directing. Other terms such as leading, coordinating, evaluating and integrating, have been used as lists of managerial functions, but they have the defect of being too general and vague for inclusion here as basis for an analytical study of job management. It

should be obvious that the seven functions stated above do relate to what might be called "leadership"; however, for our purposes, it is important to distinguish between leadership and management.

Leadership involves personal qualities which enable one person to induce others to follow. These qualities are particularly important to the directing function of management. Styles of leadership are important to the study of management, but management is a more comprehensive concept of than leadership. Development of a manager can be achieved through academic study. The essence of leadership is interpersonal and action-oriented, and therefore can best be developed in practice.

C. Developing Future Managers

The need for managers will increase with the development of more complex enterprises. Rapid growth of knowledge useful to management will demand a higher quality of managers. Greater effort is being given to the development of persons who can better perform managerial functions.There is a available knowledge useful to future managers that indicates the attitude and point of view of good managers.

Executive development programs have long been a useful means for supplying the needed personnel. More recently, attention has been given to Organizational Development (OD) which includes the process of reeducation and training to increase the adaptability of the organization to environmental requirements. Organizational development thus is a broad subject area of management, since its focus is on group adaptations rather than personal leadership qualities.

The characteristics of a good manager may be described in a broad terms of initiative, dependability, intelligence, judgment, good health, integrity, perseverance, and so on. The trouble with this broad approach is that it is not very useful in describing how a given individual can develop into a better manager. Two more useful approaches provide conceptual help to those aspiring to managerial positions.

One approach, suggested by Robert Katz ("Skills of an Effective Administrator", Harvard Business Review, Jan.-Feb. 1955, pp 33-42), is to explain the skills which can be developed. In these approach, three skills are fundamental: (1) technical,(2) human and (conceptual. Technical skills relate to the proficiency of performing activity in the correct manner and with the right techniques. This skill is easiest to describe because it is the most concrete and familiar. The musician and athlete must learn how to play properly and must practice their skills. The executive, likewise, develops skills in such areas as mechanics, accounting, selling and production that are especially important at lower levels of an organization.As he rises to more

responsibility, other skills become relatively more important. A second required skill involves human relationships. The executive deals with people and must be able to " get along" with them. Human relations concentrates on developing this skill of cooperating with others. However, if colleagues notice that the executive has read a book on "how to win friends" and is consciously attempting to manipulate them, trouble develops. A third skill involves conceptual ability; to see individual matters as they relate to the total picture; This skill is the most difficult to describe, yet is the most important, especially at higher levels of an organization. Much of this skill can be learned, and is not"just born into a person". Conceptual skill depends on developing a creative sense of discovering new and unique ideas. It enables the executive to perceive the pertinent factors, to visualize the key problems, and to discard the irrelevant facts .

A second approach to analyzing factors important in developing managers is suggested by Charles E. Summer (Factors in Effective Administration, New York: Graduate School of Business,Columbia University,1956) He emphasizes knowledge factors, attitude factors and ability factors. Knowledge factor refers to ideas, concepts or principles that are conscious, able to be expressed and accepted because they are subject to logical proof. Attitude factors relate to those beliefs feelings, desires and values that may be based on emotins and that may not be subject to conscious verbalization. Interest in one's work, confidence in one's mental competence, desire to accept responsibility, respect for the dignity of one's associates, and desire for one's creative contribution are some of the attitudes that can be acquired by proper education. Ability factors are too often treated as being unaffected by environment. Executive development depends upon the attention to four major ability factors: skill, art, judgment and wisdom. These ability factors are abstract but they diret one's thinking to factors that can be developed by the individual who takes the trouble to consider them.

Development of managers can best be achieved through a direct effort in the study of the subject of management. True, some people may be born leaders; others may be able to learn as apprentices while working with a mature manager; others may become succesful managers with education in the law, engineering, medicine, and so on. Yet, these leaders with innate abilities, varied practices or education could more rapidly become superior managers if they acquired the necessary knowledge

and attitudes in the most efficient manner - some formal recognition of the complex role of managers. Furthermore, in modern complex organizations the demand for managers is so great that reliance on elite leaders results in a deficiency in the supply of managers. Organizations has been increasing in number and size with the result that the number and the quality of managers required are much better than ever before. Thus, in the modern world the need for more and better managers is greater than the available supply.

D. Art, Science and Profession

Discussions about management usually raise the question of whether management is primarily an art, a science or profession. The proper answer to this question depends upon a clear understanding of the meaning of the three key terms: art, science and profession.

The emphasis of any activity that is classed as an art is on applying skills and knowledge and accomplishing an end through deliberate efforts. If this idea of art is applied to managerial activity, it is clear that management is an art. Science, on the other hand, involves seeking new knowledge through the use of a rigorous method of collecting, classifying and measuring data, setting up hypotheses and testing those hypotheses. In the last century, management has given increased attention to its scientific aspects.

The question of whether management is a profession is complicated by the fact that management is a broad subject. Parts of the subject may have professional characteristics and other parts may not. The following criteria of a profession will help identify those parts which may be considered to be professional:

1. A profession is based on a proven, systematic body of knowledge, and thus requires intellectual training

2. A profession maintains an experimental attitude toward information; and thus requires a search for new ideas.

3. A profession emphasizes service to others and usually develops a code of ethics that requires that financial return not be the only motive.

4. Entrance to a profession is usually restricted by standards established by an association that requires its members to be accepted by

a group composed of people with common training and attitude.

Whether management is an art, science or profession is not merely an academic question. It raises issues concerning the future development of the discipline. Management, in its applied aspects is 'getting things done through others', guided to a great extent by practitioners. The interest of other disciplines in management problems and management interest in the findings of other interests have resulted in a trend toward seeking scientific validation of management concept.

The moral and social climate has created new challenges for management. To answer the challenges, managers need more intellectual training; they must stress creativeness and search for new ideas; they must consider ethics and service to society; and they must organize associations with definite standards for membership.

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CHAPTER 2

DEVELOPMENT OF MANAGEMENT THOUGHT

A. Prescientific Management Era.

Problems of administration were of interest to students of government even in ancient Greek and Biblical times. The Bible, for example, explains organizational problems faced by Moses in leading his people. Histories of the Roman empire contain information on how administrative problems were handled.

B. Thoughts

Management which are dependent upon the environmental situations in which they are applied, received

major attention. The classical approach of a single universal theory of management has given way to a number of contingency theories. Legal aspects, cultural considerations and the emerging field of public administration have received new emphasis.

The overview of the historical development of management indicates two concurrent, opposing trends overtime: first, periodically, specialists in one or two streams of thought have attempted to narrow management topics to their particular stream of research, e.g. the current emphasis of organization behavior; yet, second, new demands by society of management have continually expanded the scope of management to include new streams of thought, e.g., the present attention to the environment, legal and ethical issues, and information systems. Thus, the remainder of this book is a summary of the terms and issues used by several of the narrow academic streams, while recognizing the expanding scope and integration of management in practice.

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CHAPTER III

MORAL AND SOCIAL DIMENSIONS OF MANAGEMENT

Introduction.

The emergence of management as a distinct and identifiable activity has had an important impact on the society within which it developed. So, too, society, with its institutions, customs and value systems, has molded the foundations upon which management has formed its framework of thought. In recent years, the attention of businessmen, philosophers, scientists, and the general public has been directed to issues concerning responsibilities of management, ethical and legal practices of managers and the entire set of value systems of the business community.

A. Management and Society

Management has evolved first as the part of an economic system that allocated the resources of land, labor and capital in a way to maximize material returns to

satisfy the wants of human beings. Its primary orientation is still economic yet as a result of its increasing importance in society, it has become a social institutions, and, therefore, management cannot escape social issues.

The growth of the large corporation, with its professional managers, has changed the nature of society through its effect on competitive forces and the owner of private property. With its increased power in society, it has been forced to concern itself with the nature of its social responsibilities. Management must make decisions involving moral issues and must adapt itself to the social forces that affect it.

Among the many social institutions that have affected the value systems of management, the following four are particularly important: (1) the family, (2) the educational system, (3) the church, and (4)the government .

Within the patterns of values formed by these institutions, the executive must resolve issues of social responsibility. Legally, executives are representatives of stockholders or a governmental agency; yet they have responsibilities to employees, consumers, suppliers and the general public.Conflicts of ethical concepts necessarily develop.

Four schools of thought relative to social responsibility offer a framework for managers in viewing social responsibility.(1) Profit maximization as socially desirable: Many agree with Milton Friedman and Theodore Levitt that executives can make their best contribution to society if they focus on profit maximization. This school argues that managers attempt "to do good" for society they will do a poor job in performing the role for which they are best fitted and will usurp the responsibility of government and social institutions which have clear roles in promoting public welfare. (2) No long-run conflict between corporate and social responsibility: A second school argues that the executive finds that he must assumes responsibility for community and social development because his organization's profits depend upon such activities as aid to education, community development and social welfare. In short, the executive should be socially responsible because it pays! (3) Improvement of one's own organizational behavior best leads to social betterment: This third school focuses on social improvements within one's own organization through attention to motivation, leadership, communications, power equalization and worker satisfaction. The emphasis in this school is on a social consciousness within the organization where the manager can be effective in achieving improvements. (4) Management as trustee : The fourth school represents the opposite

extreme from the profit maximizer; it takes the view that managers should act voluntarily as trustees of the public interest. In this view; large corporations have such increased power that their responsibilities transcend the boundaries of their own organizations. The strategic position of these large organizations requires special consciousness of social obligations. Regardless of which school is followed, the manager must develop some strategy concerning (1) how his company will adjust to exte rnal factors and (2) what impact his organization will have on its environment.

The social issues faced by modern managers are numerous and complex. Here we can list only a few as a sample to indicate the scope of subjects requiring managerial policies

(1) Policies regarding racial discrimination in its employment practices. For example, how should a firm attempt to comply with laws and court decisions on civil rights?

(2) Policies toward labor unions. For example, what importance should management give to guidelines by the President's economic advisors, to the mediation and conciliation services, to efforts by unions to narrow "management" prerogatives," and to problems of employment?

(3) Willingness by business to accept "voluntary" restraints. For example, in helping the country meet its balance of payments problems, how far should management go in voluntarily restricting its overseas investments?

(4) Adjustments by management to controls over exports to certain countries. For example, what guides can be established to comply with public policy concerning sale of goods to countries that have been designated as unfriendly or enemies?

(5) Recognition of responsibilities to developing countries. For example, how should a large company conduct itself in small developing countries in which large purchase of raw materials have a large impact on the economic and social development of those countries?

(6) Policies toward support of educational institutions. For example, should a corporation contribute to public and private educational institutions when the return on the "investment" is only indirect?

(7) Involvement of management personnel in political campaigns and organizations. For example, a corporation seek to cement ties with a particular political party?

(8) Marketing policies promoting products that create health, safety and other social problems. For example, should corporation executives be concerned with overuse or misuse of its products to ultimate social detriment - as with tobacco, liquor, drugs, weapons and so on?

(9) Operating policies that impose social costs. For example, should manufacturing operations aim at minimizing costs to the firm when they increase the costs to society in greater air pollution, water pollution, urban congestion or unemployment?

(10) Involvement in the community and in the family life of employees. For example, should management become involved in community planning, marital counseling, or religious activities?

(11) Policies of providing opportunities for women in roles traditionally unavailable to them in the past.

The orientation of management has broadened in the last several decades. Initially, scientific managers focused at the shop level on how to operate efficiently. Later, the focus was on organization behavior at all levels within the organizations. More recently the scope has broadened from micro-management (operations within the organization) to macro-management)(interactions between the organization and its environment). Thus a manager must develop understanding of matters affecting numerous social issues such as those listed above. Furthermore, a manager in modern society must develop some philosophical foundation for its own value system.

B. Value Systems and Management

Management is confronted with two general types of propositions: those of a factual nature, which accurately describe the observable world, and those of an ethical nature, which assert that the course of action is better than another. According to this classification, a factual proposition can be tested and proved to be true or false, but an ethical proposition can only be asserted to be good or bad. Ethical matters pertain to what conditions "ought to be". The ethical elements of a proposition are subject to varying opinions and value judgements. To date, no philosophical system has been developed that

can be called a "science of ethics". The problem is that there is no way to prove ultimate values. Value systems can be constructed only if we assume what is good; for example, one school of thought may assume that "happiness" is an ultimate good, and another school may assume that custom and tradition determine the "right".

Management must meet problems involving varying mixtures of factual and ethical elements. A useful approach is to segregate the factual elements from the ethical ones and to use different methods for handling each group. A great part of the remainder of this book involves methods by which the factual elements can be analysed. In this section, we concentrate on the ethical elements.

Chester I. Barnard has described moral behavior as "governed by beliefs or feelings of what is right or wrong regardless of self interest or immediate consequences of a decision to do or not to do specific things" under particular conditions. The difficulty concerning moral propositions is that varying standards may be used. A number of the generally accepted virtues, such as happiness, lawfulness, consistency, integrity and loyalty, may in a specific situation conflict with one another. For example, a manager who attempts to use integrity and loyalty as his standards may experience conflict if he discovers wrongdoing on the part of the superior. Should he remain loyal to his superior, or should he maintain his integrity? Managers typically face moral dilemmas in their decisions and actions. Wayne A.R. Leys illustrates the moral conflicts faced by management in a diagram in which moral standards surround action but in which the standard at one arrow conflicts with the standard at the opposite arrow.

Two approaches to moral questions will illustrate some philosophical treatments of what is good or what "ought to be". One theological approach considers that certain ultimate values are matters of natural law. Under this view, certain actions are always wrong because they break some basic intuitive law. If one of these laws is "Thou shall not kill," then a strict interpretation of this law would make killing wrong under all conditions. Self-defense, capital punishment abortion or "killing for what is right" would be considered to be wrong because they violate the natural law. An opposing viewpoint is often referred to as situational ethics. Under this approach, the question of whether an action is right or wrong depends upon the total situation in which the action occurs. This view holds that an action under one set of circumstances and in one environment would be right, whereas the same action under another set of circumstances and in another

environment would be wrong. In an organization, a subordinate may face a situation in which his superior orders him to do something that is for the good of the organization but that may conflict with the interests of others to whom the subordinate has a responsibility. Does an order by a superior absolve the subordinate of blame, in the event that an action is detrimental to society or is outright illegal? Managers often must face dilemmas of this type.

David Riesman describes changes in societies by distinguishing three types of men according to their source of moral direction: (1) the tradition-directed type (2) the inner-directed type and (3) other-directed type. The tradition-directed type conforms to the culture and social order in which he lives. Society presents unchanging relationships that are accepted as right. In this society, little effort is directed toward changing the status quo, because it is considered wrong to break traditions.

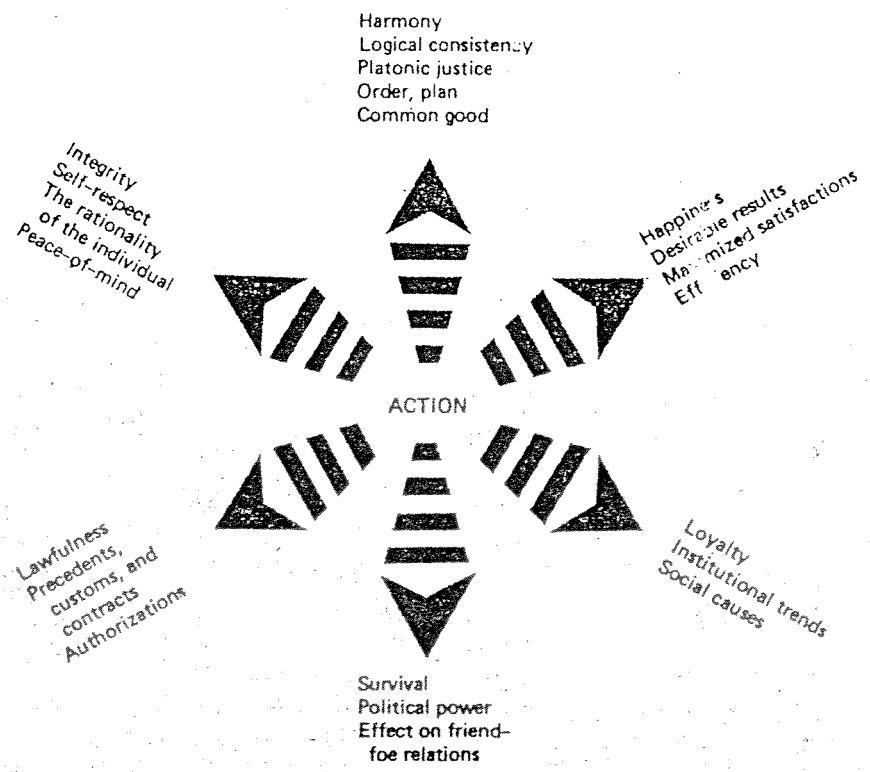

Figure 3-1
Conflict of Six Kinds of Moral Values.

From Wayne A. R. Leys' "The Value Framework of Decision Making" in Sidney Mailick and Edward H. Van Ness, eds., *Concepts and Issues in Administrative Behavior* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1962).

The inner-directed man receives his source of direction early in life from his elders and develops a "psychological gyroscope"that keeps him on his moral course. If he should get off course, he tends to feel guilt. The other-directed man receives his source of direction from his contemporaries and changes his concepts of what is right through a socialized sensitivity to the actions of others. Riesman describes the change in direction from the tradition-directed type of the Middle Ages, to the transitional inner-directed type of the nineteenth century, to the other-directed type of modern man.

Closely related to Riesman's thinking, yet more directly pertinent to management's moral dilemma, is William H. Whyte's description of the organization man. Whyte sees a major shift in American ideology, from the rugged individualism of the nineteenth century to the social orientation of the twentieth century. He describes his shift as a change in ethics, from what Max Weber called the Protestant Ethic to what Whyte calls the Social Ethic. The Protestant Ethic emphasized the quest for individual salvation through individual efforts, thrift and competitive forces. The Social Ethic emphasizes that moral good is determined by pressures of society against the individual. Recent social issues such as sexual permissiveness, the public right to information and the personal right to privacy raise many problems to practicing managers.

The philosophical background for managers is, of course, much too vast to cover in a short summary.Nevertheless, a study of management without a recognition of its cultural and philosophical heritage would be particularly naive. The enlightened manager of the late twentieth century past 3000 years. From an understanding of the provocative comments by leading philosophers and reflections by current practinioners in management the individual manager must develop his philosophy of management for his own particular firm.

C. Philosophy of Management

Executives in a specific firm operate with some type of philosophy ,regardless of whether they have studied their philosophical heritage. Furthermore,they may not consider consciously the broad structure of ideas that influence their decisions, let alone make explicit the elements of this philosophy to others. If they attempt to write down the basic elements, their statements tend to appear vague and general. Even though it may be difficult to verbalize these basic ideas, the

attempt to understand the moral issues involved in managerial activities provides a broad framework that gives a meaning to day-to-day actions.

Philosophies differ among firms. One philosophy might be good for Firm A but not useful for firm B. In this connection, philosophy of management refers to those general concepts and integrated attitudes that are fundamental to the cooperation of a social group. These concepts and attitudes evolve into the particular way in which the firm perceives itself. Generally, the philosophy of a given firm can be learned only through close and continuous association with it. It is uniquely determined for the individual firm and is affected by a group of factors that, together, may be called the concept of the firm. The concept of the firm is the total of how the firm got where it is, the place it occupies in the industry; its strengths and weaknesses, the viewpoints of its managers, and its relationship to social and political institutions.

D. The Role of Objectives in Management

Human beings attempt to be purposive, that is, they try to act in a manner that will enable them to reach certain goals. Rational behavior can be defined in terms of whether actions are conducive to the achievement of predetermined goals. To the extent that management is rational, it directs its actions toward objectives. The realization of objectives is the target toward which decisions and actions are oriented.

a. Personal versus Organizational Objectives.

Individual members of a cooperative group have their own personal ideas of what results they want to achieve. The needs of individuals are important as bases of their motivation. People will cooperate as long as the goals of a group is consistent with their ideas of their own goals. The individual has many goals; some tend to conflict; some are more important to him than others; some are short run and some are long run.

A cooperative group must maintain a set of objectives that is common to the members of the group. The organizational objectives are nonpersonal; yet they must remain consistent with the personal objectives of individuals in the organization. If an individual is to accept organizational goals will satisfy, or at least not conflict with, his own personal goals. Although an organization is composed of a number of different persons each with his own set of goals, organization goals must serve as common denominators for the entire group. Soma organizational goals will conflict with the goals of the individual; however, an individual usually has a wide "zone

of indifference" and will continue to cooperate unless he becomes convinced that the conflict is fundamental.

b. Hierarchy of Objectives

Organizational objectives give direction to the activities of the group and serve as media by which multiple interests are channeled into joint effort. Some are ultimate are broad objectives of the firm as a whole; some serve as intermidiate goals or subgoals for the entire organization; some are specific and relate to short-term aims. Moreover, there is a hierarchy of objectives in an organization: at the top the entire organization aims in a given direction; each subdivision of each department has its own meaningful aims. Each of the subgoals should be consistent with, and contribute toward the goals of the next higher level. For example, it is generally assumed that a corporation has the broad objective of maximizing profit. To aid in achieving that overall goal, it is necessary to define more meaningful subgoals for individual departments may have goals in terms of a certain increase in total sales and its subdivisions may be given goals in definite geographical areas or in specific product lines. The production department may state its goals in terms of minimizing product costs , and its subdivisions may be given subgoals for particular types of costs. Other departments in turn may have goals redefined for them so that they can visualize exactly their part in striving for the company's broad goal for maximizing profits.

Although economists have assumed for analytical reasons, that profit making is the goal of a business enterprise, in fact management has many objectives. All these objectives form hierarchies for cooperative action; yet organizational goals often tend to conflict. For example, growth may be considered an objective that is measured in terms of sales market share, acquisition of assets, and so on. At times, growth may be achieved by accepting new orders that are "unprofitable", for the sake of achieving a competitive edge over another firm. Management should be conscious of the conflict so that it can make basic decisions as to which goals are considered most important. In times of poor business conditions, the mere survival of the firm may be a most important goal. Profitable business may be turned down if acceptance would mean that the finances of the firm would be strained to the extent of bankruptcy. If the corporation attains a dominant position in an industry; an important goal may be the minimization of attack by the Department of Justice on antitrust grounds. The management of a firm may set as its goals the retention of present personnel and the minimization of the chance to proxy by a group of stockholders. Stability of operations and security of jobs for employees may be not only

a public relations statement but also an actual basic goal of the organization.

c. Management by Objectives (MBO)

After recognizing the relationship between personal and organizational objectives and the multiplicity of organizational objectives, with the resulting conflicts, it is clear that the job of using the objectives in an organization is no simple task. Good management must develop in a way in which objectives can be used to focus the attention of individual members of the organization on objectives that are meaningful to them. A useful approach, suggested by Peter Druker, and popularized by George Odiorne, is management by objectives(MBO).

In MBO, an executive must narrow the range of attention of each person in the organization to focus on definite and measurable results that have a clear meaning for each individual. Each part of an organization can contribute toward companywide objectives if it clearly sees its own specific goals and can determine through measurement, how well it is doing. The selection of the proper factors to be measured is that which receives attention.

The key to MBO is the mutual relationships between the superior and the soburdinate in setting realistic objectives for the soburdinate. Odirne suggests that this meeting should establish objectives in three major categories; routine objectives, problem-solving objectives and innovative objectives. For each of these categories, agreement should be reach for three levels of achievement: (pessimistic (absolute minimum), realistic (normally expected) and optimistic(ideal). In the last decade many organizations have developed elaborate processes for MBO, with varying degrees of success. However, the basic idea of MBO is fundamental-clear targets should be set by superior and subordinate at all levels of the organization.

The overall objectives of a firm generally are established by the top management; yet it is desirable for each subordinate manager to have a voice in setting his own objectives. If each manager is to understand the relationship of his own organizational objectives to the broader objectives of the company, he will need to participate in the goal-setting process. If he is involved in establishing his objectives, he will feel that the objectives are proper once they are set and will tend to accept them more readily. In this way, each part of the organization will strive in a joint effort

toward the required organizational objectives.

Objectives may be set as ideals or as realistic expectations. Whether the objective is idealistic or realistic, it should be stated in definite terms of results. The statement "reduce costs" sounds fine, but it is vague and lacks precision. Even if manager is conscientious and sincerely strives toward this vague objective." The statement "reduce costs" sounds fine, but it is vague and lacks precision. Even if a manager is conscientious and sincerely strives toward this vague objective, he never knows whether he has reached "the objective." The statement "produce at costs 10% less than last year is better because it states the specific results desired.

Clearly defined objectives lay the foundation for the performance of the various functions of management. Management, therefore, must be concerned with questions of philosophy, which help it make value judgements in its day by day activities.