

What Is Management?

Introduction

Management is defined as the organizational function of using all available resources efficiently to achieve the best possible returns. Similar to buying stocks or bonds, managers will carefully invest in business resources in order to receive the highest possible yields. These resources are time, talent, and money.

When people think of management, they often only consider the activities involved in managing other people. However, many of these same principles and concepts are also applicable to self-management. For example, you regularly manage your own time when you decide to participate in activities such as personal hobbies, social engagements, and family obligations. Furthermore, you manage your health when you decide what foods to eat and what physical exercise you wish to take part in. Similar to business management, self-management also requires resource optimization, which (hopefully) will lead to maximum returns on your investments.

The Principles of Management

It is important to understand the principles of management in order to recognize what skills are required to be an effective manager. Think about what it takes to be a good auto mechanic. You must invest in the right tools and develop the necessary auto repair skills and knowledge in order to become successful. Mechanics are constantly reallocating their resources – time, talent, and money – to better themselves. By investing in the latest tools, learning new skills, and adapting to new technology, mechanics are able to remain competitive, and outpace others in the auto repair market.

Similar to an auto mechanic, a manager must carefully allocate their available resources such as people, materials, time, and budgets. Good managers carefully monitor how resources are utilized in order to ensure the highest possible yields. In addition, managers regularly evaluate new techniques for improving their returns on accessible resources. As managers evaluate an employee, they not only assess if s/he is the right person for the job, but also consider ways in which to further develop and improve each particular individual.

While decision-making is a central job function, most managers also act as facilitators, coaches, problem solvers, and people developers. Managers are assigned the task of stimulating creative thinking and collaboration amongst employees with the expectation

that their efforts will result in innovative solutions and economic productivity. These responsibilities emphasize the manager's role as a facilitator more so than the decision-maker with which we are most familiar.

Effective managers recognize the importance of working with human capital. The majority of work accomplished in the age of technology is rooted in commercial and industrial innovations. Effective managers are therefore able to engage people in participatory activities aimed at encouraging intellectual stimulation. These efforts lead to higher levels profitability and faster organizational growth.

Ineffective managers tend to make decisions independently. They often delegate menial tasks to others so that they can dedicate their own time to high-level problem solving. As a result they typically fail to foster participation and collaboration amongst employees, which leads to a propagation of poorly developed initiatives. Because of these lackluster efforts, ineffective managers are rarely able to reap the financial and professional benefits that are often derived from leading an effective team.

The way we think about management as a society needs to change. We should no longer focus solely on the negative images perpetuated by traditional management behaviors, which are often seen as controlling and task oriented. Our frame of mind concerning management must advance for the 21st century. Management should be viewed as nurturing, supportive, encouraging, and developmental. Improving our attitude towards management will help shape business culture and profitability for generations to come.

Managers versus Leaders

What differentiates a manager from a leader? This question has been the topic of many heated debates over the past several decades. The most important distinction between managers and leaders is how they tend to motivate other people. In a nutshell, managers leverage their positional power to facilitate others, while leaders use personal influence in order to convince others to follow them.

Managers command authoritarian power instilled by an organization or institution. The title "manager" signifies an individual's capacity to establish the tasks and duties that their subordinates must follow. Managers are typically salaried employees who are given responsibilities and a time frame in which to accomplish established goals. A manager's power is transactional – their authority is derived from the incentives in which

they are able to provide their employees such as salaries, raises, bonuses, paid time off, promotions, and other means of official recognition.

By definition, leaders do not require subordinates, but rather, they maintain power by wielding strong influence over followers. Following is a voluntary behavior – you cannot lead others by simply telling them what to do. Instead, a leader might appeal to their followers through the use of skillful prose, eloquent or inciting speech, or by way of successful debate. In order to rally people toward a specific cause, leaders need to be charismatic, proactive, and generally good at interacting with other people. In the end, followers must actually want the change that their leaders are attempting to implement.

Great managers should leverage their transactional authority, establish common goals with employees, and use influence rather than authoritarian measures in order to achieve business success.

Summary

- By definition, management is the organizational function responsible for utilizing all available resources efficiently in order to achieve the best possible returns.
- Management may refer to the act of managing others or managing oneself.
- In addition to decision-making, managers also act as facilitators, coaches, problem solvers, and developers of human capital.
- Effective managers work with people to support a collaborative and innovative environment.
- Ineffective managers tend to make decisions and solve problems on their own without group participation.
- The way we think about management needs to be updated for the 21st century; our new definition should include basic people skills such as nurturing, supporting, encouraging, and developing.
- Managers versus Leaders: managers leverage positional power to manage subordinates, whereas leaders inspire others in order to achieve their goals.