

INTRODUCTION TO GENERAL MANAGEMENT

Timeframe:	16 hours
Learning outcomes:	<ul style="list-style-type: none">• Describe the organisational environment• Explain the basic economic systems in which organisations operate• Explore the different forms of enterprise or legal ownership• Explain corporate social responsibility• Examine the roles of the different levels of management
Recommended reading:	<ul style="list-style-type: none">• Finchman, J.E. n.d, 'Basic Management Principles', http://faculty.mercer.edu/jackson_r/Ownership/chap02.pdf (accessed 14 August 2012).
Section overview:	This section will deal with general management principles. An organisation does not operate on an "island"; it is important to understand systems theory to be able to see the "bigger picture".

An Overview of the Role of Management in Business

Management has become a compulsory function in all organisations; without it, an organisation cannot survive or grow. It is required whenever there are people working together to accomplish a common goal. Effective management is described as a creative force that allows organisations to utilise their resources optimally (Kuldeep, 2012).

Olsen and Haslett (2002: 452) explain that:



Systemic thinking brings together in one discipline the concepts of connectedness and interdependencies, feedback and feedback processes and mental models. A systemic approach can aid in the understanding of the strategic management process as it focuses on a holistic view.

General management principles are to implement the processes of planning, organising, leading and controlling. As these are only tasks, it is the responsibility of management to ensure that they are performed. The levels of management and the different types of managers will be discussed in this section. Managers must possess certain skills in order to manage. This section will conclude by exploring the evolution of management theory.

“What is management?” Good question! Theory tells us that “management” consists of four tasks/ activities that are performed by managers:

- Planning
- Organising
- Leading
- Controlling

But who is supposed to manage? The answer is: **Everyone!**

	Question
Why is everyone in the organisation responsible for managing?	

“What is an organisation?” Below are some definitions to consider:



[An organisation consists] of people and resources and certain goals, which may differ from one organisation to the next.

(Du Toit, Erasmus and Strydom, 2010:192)

A group of people that has a structure and strives to achieve a common set of goals.

(Robbins, 2001:2)

Managed system designed and operated to achieve a specific set of objectives.

(Bateman and Snell, 1999:19)

	Question
What is the role of management in business?	

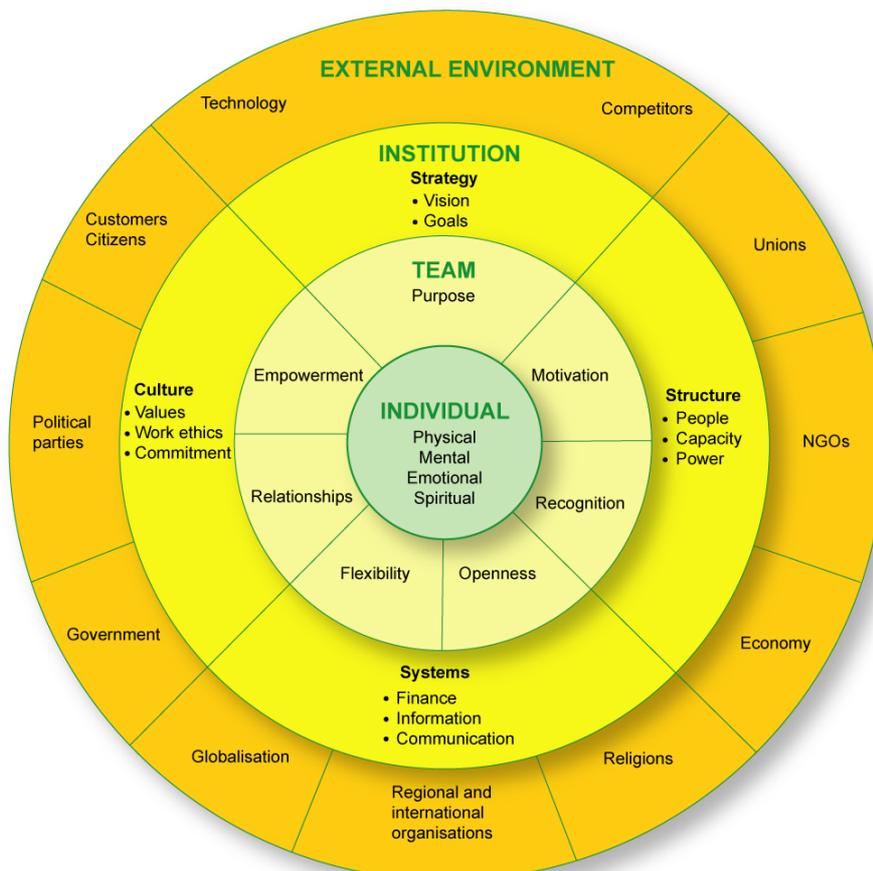
Systems Theory

Management theory has undergone a dramatic change in recent years with the reintroduction of Systems Theory. In simple terms, Systems Theory argues that an organisation as a system is influenced by and interrelated with many internal subsystems and external systems. Today's organisations are not independent and isolated islands. Systems Theory attempts to take a comprehensive view of an organisation's process, a way to more completely understand an organisation.

A systems-theory-based management philosophy attempts to integrate many fields of scientific knowledge. These include behavioural science, physics, economics, social sciences and philosophy. An organisation is a dynamic and ever-changing system continuously influenced by its external environment (policies, technology, economy, competitors, globalisation) and its internal environment (changing organisational structure, culture, budgets, and systems such as HR management systems, information and communication, and financial management).

Figure 1 demonstrates the complexity of these external and internal factors. The success of a future leader will depend on his/ her awareness, knowledge, and ability to manage successfully a web of these interdependent forces, stakeholders and processes.

FIGURE 1: REGENESYS' INTEGRATED MANAGEMENT MODEL



The module will draw on the Integrated Management Model developed by Regenesys Management (Pty) Ltd, which demonstrates how the external environment, levels of an organisation, team and the components of an individual are interrelated in a dynamic and systemic way.

The degree of *synergy* and *alignment* between organisational, team and individual goals and objectives, determines the success or failure of an organisation. It is imperative that each organisation ensures the team's and individual's goals and objectives are aligned with the *organisation's strategies* (vision, mission, goals and objectives, etc.); *structure* (organogram, decision-making structure, etc.); *systems* (HR, finance, communication, administration, information, etc.); and *culture* (values, work ethic, principles, etc.). Hence, an effective work environment should be characterised by the organisational systems, strategies, structures and culture being aligned; together with people who operate synergistically. We must not forget the impact of each individual who operates within each organisation.



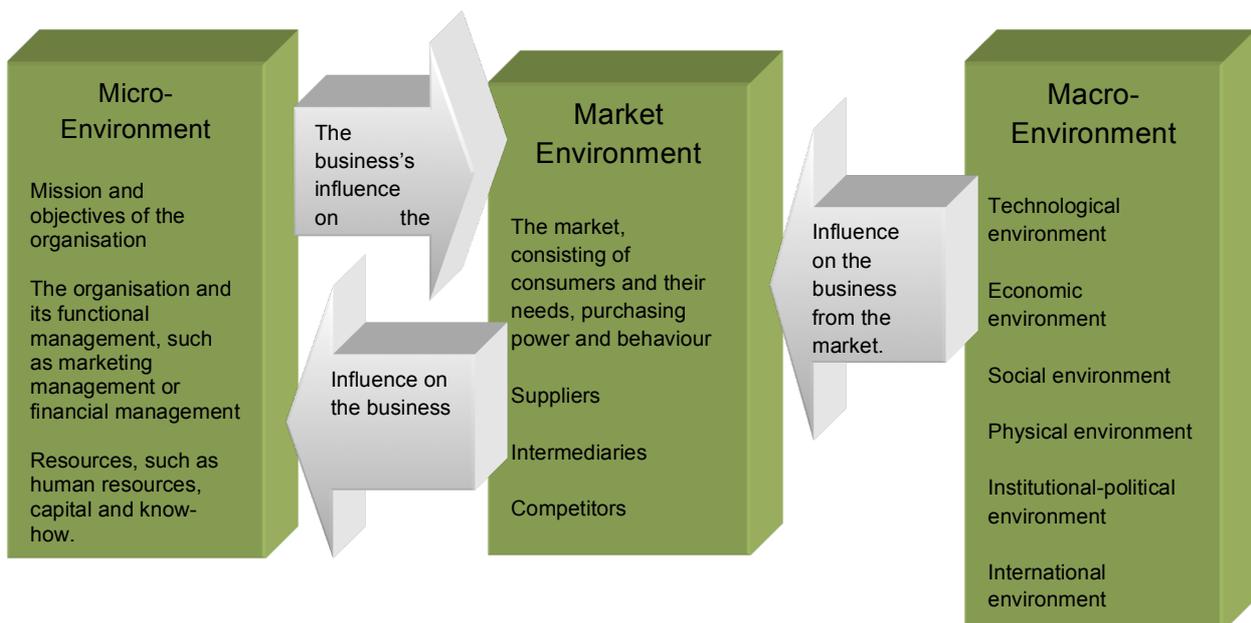
Question

Keeping in mind the Regenesys model, which was discussed above, explain how the different departments of an organisation are connected.

The Organisational Environment

The organisational environment (see **Figure 2**) consists of the environment external to the organisation as well as the internal functioning of the organisation.

FIGURE 2: THE ORGANISATIONAL ENVIRONMENT



(Du Toit *et al*, 2010:106)



Question

Provide practical examples of organisations included in:

- The micro-environment
- The market environment
- The macro environment

The manager has direct control over the micro-environment, can influence the market environment, but has little or no control over the macro-environment.

The Micro-Environment

The micro-environment includes the business functions (operations, logistics, finances, human resources, marketing and public relations) and the management tasks of planning, organising, leading and control.

Operations are responsible for producing the product where the logistics focus on obtaining the products to be used in the manufacturing of the product to be sold. Also included under logistics is the responsibility to ensure the right quality, quantity, price and distributing the product.

The financial function ensures that there is sufficient capital available in the short and long term. This includes debt collection and paying creditors.

The human resource management function must ensure that the right people are employed to perform the tasks. The marketing function makes potential customers aware of the product and aims to persuade them to purchase it.

Public relations ensure that the organisation maintains a positive image amongst its customers and society at large.

The Market Environment

This environment is better-described as the environment in which the organisation conducts its business. In this environment, inputs are obtained from suppliers (who sell raw materials or goods) and their intermediaries (they act as “middlemen” between the manufacturer and the consumer), goods and services are sold to customers (the patrons who buy the goods or services), and the organisation competes for market share with other organisations selling similar products or services. It has much to do with competition, opportunities and threats. It is important to note that, the more parties in the supply chain, the more expensive the end-product, as each party will add their “mark-up” to the product.