

Modern Business Administration

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Third Edition



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Preface to First Edition

The subject of management and administration is so vast that one book alone cannot be sufficient to impart more than an outline of the subject. An outline, though, is all this book attempts to present. This book should be regarded as a key, explaining succinctly the important aspects of management.

Management is a process which is constantly changing as the results of continuous research are made available and incorporated in management knowledge.

This book is written particularly for students preparing for examinations. There are review questions at the end of each section; and at the end of each chapter, questions of a more involved nature are asked in order to test the ability of students to apply their knowledge.

Students preparing for professional examinations, including the Institute of Cost and Management Accountants, the Association of Certified Accountants, the Chartered Institute of Secretaries, Institute of Works Managers, the Institute of Marketing, as well as those taking courses leading to the Diploma in Management Studies, Higher National Certificate and Diploma Examinations, will all find the book particularly valuable. In addition it will serve as a sound introduction to degree courses.

The treatment is brief, simple, factual and practical; unimportant words have been omitted and the latest ideas and techniques have been incorporated. The book should provide a firm basis for the subject and point the way to further specialist reading, which is indicated in the bibliographies at the end of each chapter. If readers are encouraged and stimulated to read further, then this in itself is a satisfactory result.

Preface to Third Edition

The second edition, published in 1976, was very well received and comments made by readers have been welcomed.

The responsibilities and activities of managers are becoming more dynamic and complex each year due to new techniques and knowledge, the technology of information processing and uncertainty of the external environment.

The third edition has incorporated as many of the latest ideas and developments as possible while still trying to keep the book a reasonable size.

The structure of the new book is still based mainly on the classical approach as this has proved to be an excellent framework for analysing the subject, although some other approaches are included and integrated.

This edition incorporates recent research and developments. Areas which have been expanded include—behavioural, systems and contingency approaches to management, corporate strategy and planning, goals and goal conflicts, work roles, the management of change, the role of business in society and the influence of government. The section on financial control has been extended and a new section included on ‘the electronic office’.

It is hoped that the book will continue to be useful as a clear introduction to the study of administration and management for a wide range of courses, for example: Higher National Certificate and Diploma; Institute of Bankers Parts 2 and 3; the new Certificate in Management Studies; the Diploma in Management Studies; Institute of Purchasing and Supply; Chartered Institute of Secretaries; Institute of Marketing; Institute of Industrial Managers; Institute of Management Services; Institute of Cost and Management Accountants; Chartered Association of Certified Accountants; Advanced Secretarial and other courses.

The author has made choices about content partly because of the specific examination requirements of certain professional syllabi and partly through personal interest and concern for aspects which are not covered adequately in other texts.

The reader is directed specifically to a number of other books which will need to be read as an extension of the various topic areas. References within the text should be read; to assist readers, page numbers are usually stated.

At the end of each section the bibliography includes a selection of other

books which deal with topic areas in greater depth. There are also comments on how to improve technique in professional examinations.

The problem with some management books is that their use of jargon hampers their readability. It is hoped that specialized terms have been kept to a minimum in this text.

The new Business Education Council (BEC) in the United Kingdom has affected the structure of Higher National Certificate and Diploma courses. The content of the original 'Business Organization' subject is now incorporated in these new schemes and integrated with other areas of study in many different ways. This new edition should again be of value for these courses and reference should be made to the following teaching aids:

Pedagogical aids. Chapters in the text are designed to stand on their own so teachers can deal with the topics in any order. To show how integrated the field of management is, a large number of *cross-references* are made to other chapters.

Objectives. Each chapter begins with a list of learning objectives. These can be used as a study aid.

Review questions. The list of review questions which follows each chapter is an additional study aid. There are also review problems which are based upon typical examination questions. They should assist students to bring together and integrate the contents of each chapter. At the end of the book, there are further review problems which are more involved and could be used as the basis for assignments.

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Part 1

Management Principles

1 Nature of Management

Upon completing this chapter you should be able to:

- (1) Define the concept of management and discuss why managers and organizations are needed.
- (2) List and describe basic elements of management.
- (3) Describe several managerial roles.
- (4) Understand the complex nature of the managerial task.
- (5) Identify major schools of management thought and how they evolved.
- (6) Discuss how insights from each of these schools can help you perform your job as a manager, and perform better.
- (7) Identify the models of human nature that underlie each of these schools.
- (8) Discuss the contributions or limitations of each of these schools.
- (9) Describe two recently developed approaches to management that attempt to integrate the various schools.
- (10) Understand the universality of the management process as it applies not only to business, but in many other areas of life.
- (11) Appreciate that management relates to a combination of knowledge and application.
- (12) Describe why it is important for managers to understand the relationships of a business to its environment.
- (13) Discuss how the values of managers have changed and how your own values are likely to affect your actions as a manager.
- (14) Understand the view that a business is a system with inputs from an environment, internal processes, and outputs to its environment.
- (15) Appreciate problems of the business organization in interacting with the environment.
- (16) Understand the role of the multi-national companies and their position and influence from a national point of view.

There have been many attempts to describe the contents of the 'job' of management. It has been considered to be a separate activity from the technical functions of production, marketing and finance. Various economists,