

CHAPTER 1: MANAGEMENT AND ORGANIZATIONS

LEARNING OUTLINE

Who Are Managers?

- **Explain how managers differ from non-managerial employees.**
- **Describe how to classify managers in organizations.**

What Is Management?

- **Define management.**
- **Explain why efficiency and effectiveness are important to management.**

LEARNING OUTLINE (cont'd)

What Do Managers Do?

- **Describe the four functions of management.**
- **Explain Mintzberg's managerial roles.**
- **Describe Katz's three essential managerial skills and how the importance of these skills changes depending on managerial level.**
- **Discuss the changes that are impacting managers' jobs.**
- **Explain why customer service and innovation are important to the manager's job.**

LEARNING OUTLINE (cont'd)

What Is An Organization?

- **Describe the characteristics of an organization.**
- **Explain how the concept of an organization is changing.**

Why Study Management?

- **Explain the universality of management concept.**
- **Discuss why an understanding of management is important.**
- **Describe the rewards and challenges of being a manager.**

Importance of Managers

- Organizations need their managerial skills and abilities in current uncertain, complex, and chaotic times.
- As organizations deal with the worldwide economic climate, changing technology, ever-increasing globalization, and so forth—managers play an important role in identifying critical issues and crafting responses.
- They're critical to getting things done.
- The single most important variable in employee productivity and loyalty isn't pay or benefits or workplace environment; it's the quality of the relationship between employees and their direct supervisors (managers).

Managers and Their Work

- ❑ Managers can be under the age of 18 to over age 80.
- ❑ They run large corporations as well as entrepreneurial start-ups.
- ❑ They're found in government departments, hospitals, small businesses, not-for-profit agencies, museums, schools, and even such nontraditional organizations as political campaigns and music tours.
- ❑ Managers can also be found doing managerial work in every country on the globe.
- ❑ In addition, some managers are top-level managers while others are first-line managers.

Managers and Their Work

- ❑ In many organizations, the changing nature of work has blurred the distinction between managers and nonmanagerial employees.
- ❑ Many traditional nonmanagerial jobs now include managerial activities.
 - For example, at General Cable Corporation's facility in Moose Jaw, Saskatchewan, Canada, managerial responsibilities are shared by managers and team members.
 - Most of the employees at Moose Jaw are cross-trained and multi-skilled.
 - Within a single shift, an employee can be a team leader, equipment operator, maintenance technician, quality inspector, or improvement planner

Managers

- Someone who coordinates and oversees the work of other people so that organizational goals can be accomplished.
- A manager's job is not about personal achievement—it's about helping others do their work - coordinating the work of a departmental group, or it might mean supervising a single person.
- It could involve coordinating the work activities of a team with people from different departments or even people outside the organization, such as temporary employees or individuals who work for the organization's suppliers.



Classifying Managers

- First-line Managers

- Individuals who manage the work of non-managerial employees.

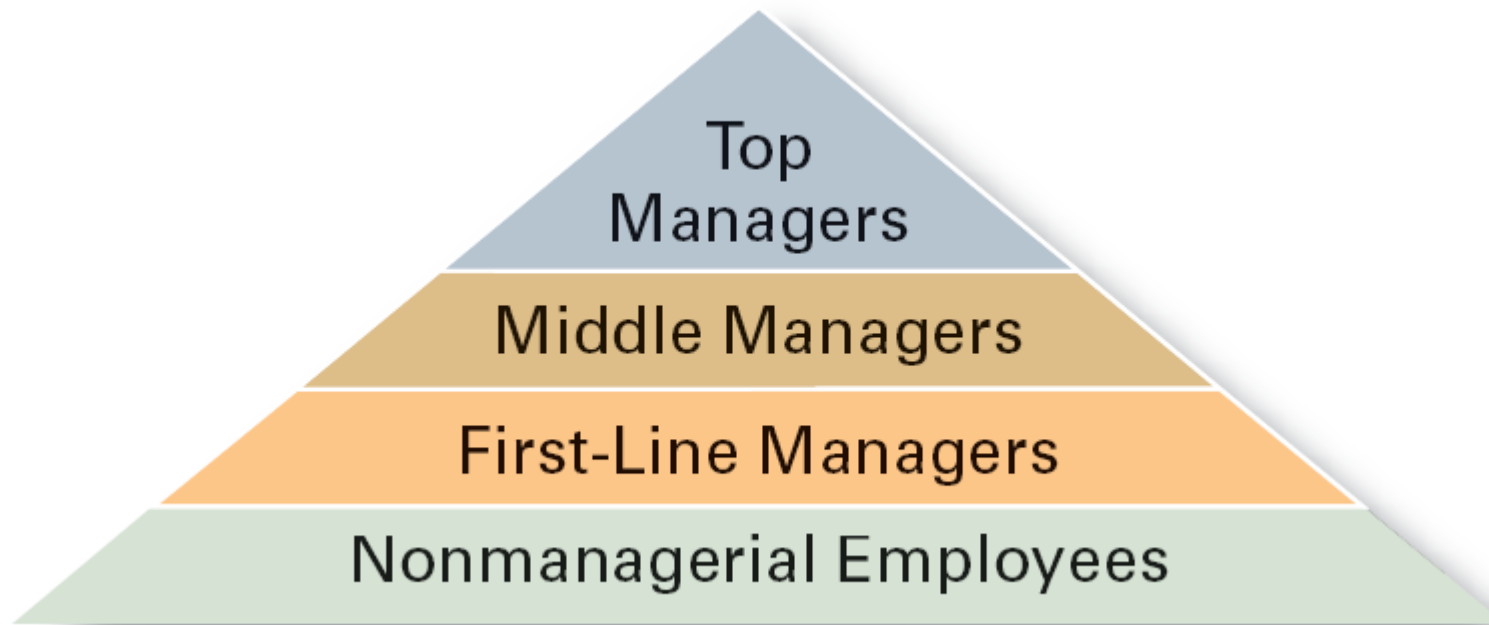
- Middle Managers

- Individuals who manage the work of first-line managers.

- Top Managers

- Individuals who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

Exhibit 1–1 Managerial Levels



Classifying Managers

- **First-line managers** manage the work of nonmanagerial employees who typically are involved with producing the organization's products or servicing the organization's customers.
- First-line managers may be called supervisors or even shift managers, district managers, department managers, or office managers.
- **Middle managers** manage the work of first-line managers and can be found between the lowest and top levels of the organization.
- They may have titles such as regional manager, project leader, store manager, or division manager.
- **Top managers** are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization.
- These individuals typically have titles such as executive vice president, president, managing director, chief operating officer, or chief executive officer.

Modern Trends

- Not all organizations get work done with a traditional pyramidal form.
- Some organizations, for example, are more loosely configured with work being done by ever-changing teams of employees who move from one project to another as work demands arise.
- There must be someone who coordinates and oversees the work of others, even if that “**someone**” changes as work tasks or projects change.

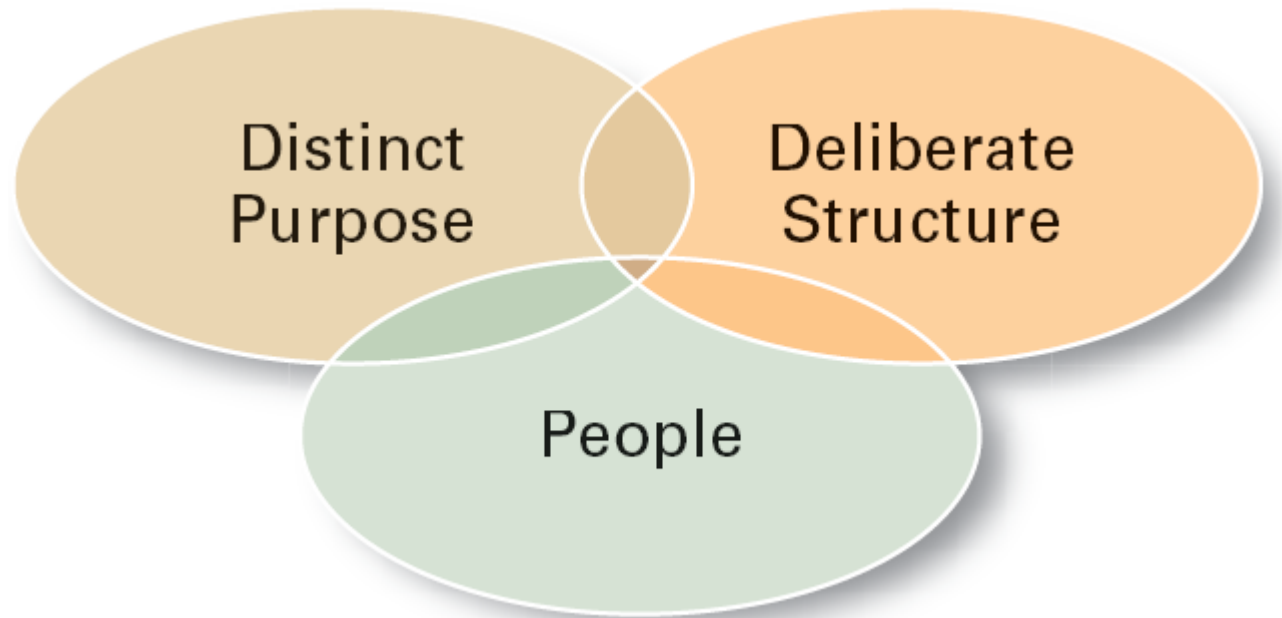
Where Do Managers Work?

- Managers do their work in organizations.
- Organization is a deliberate arrangement of people to accomplish some specific purpose.
- Your college or university is an organization; so are fraternities and sororities, government departments, churches, Facebook, your neighborhood grocery store, the United Way, the St. Louis Cardinals baseball team, and the Mayo Clinic.
- All are considered organizations and have three common characteristics.

Characteristics

- **First**, an organization has a distinct purpose. This purpose is typically expressed through goals that the organization hopes to accomplish.
- **Second**, each organization is composed of people. It takes people to perform the work that's necessary for the organization to achieve its goals.
- **Third**, all organizations develop some deliberate structure within which members do their work.

Exhibit 1–9 Characteristics of Organizations



Structure

- The structure may be open and flexible, with no specific job duties or strict adherence to explicit job arrangements.
- For instance, at Google, most big projects, of which there are hundreds going on at the same time, are tackled by small focused employee teams that set up in an instant and complete work just as quickly.
- The structure may be more traditional—like that of Procter & Gamble or General Electric—with clearly defined rules, regulations, job descriptions, and some members identified as “bosses” who have authority over other members.
- Many of today’s organizations are structured more like Google, with flexible work arrangements, employee work teams, open communication systems, and supplier alliances.
- In these organizations, work is defined in terms of tasks to be done. And workdays have no time boundaries since work can—and is—done anywhere, anytime.

Management

- Management involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.
- Management involves ensuring that work activities are completed efficiently and effectively by the people responsible for doing them, or at least that's what managers aspire to do.

Management

- Managerial Concerns

- Efficiency

- ❖ “Doing things right”
 - Getting the most output for the least inputs

- Effectiveness

- ❖ “Doing the right things”
 - Attaining organizational goals



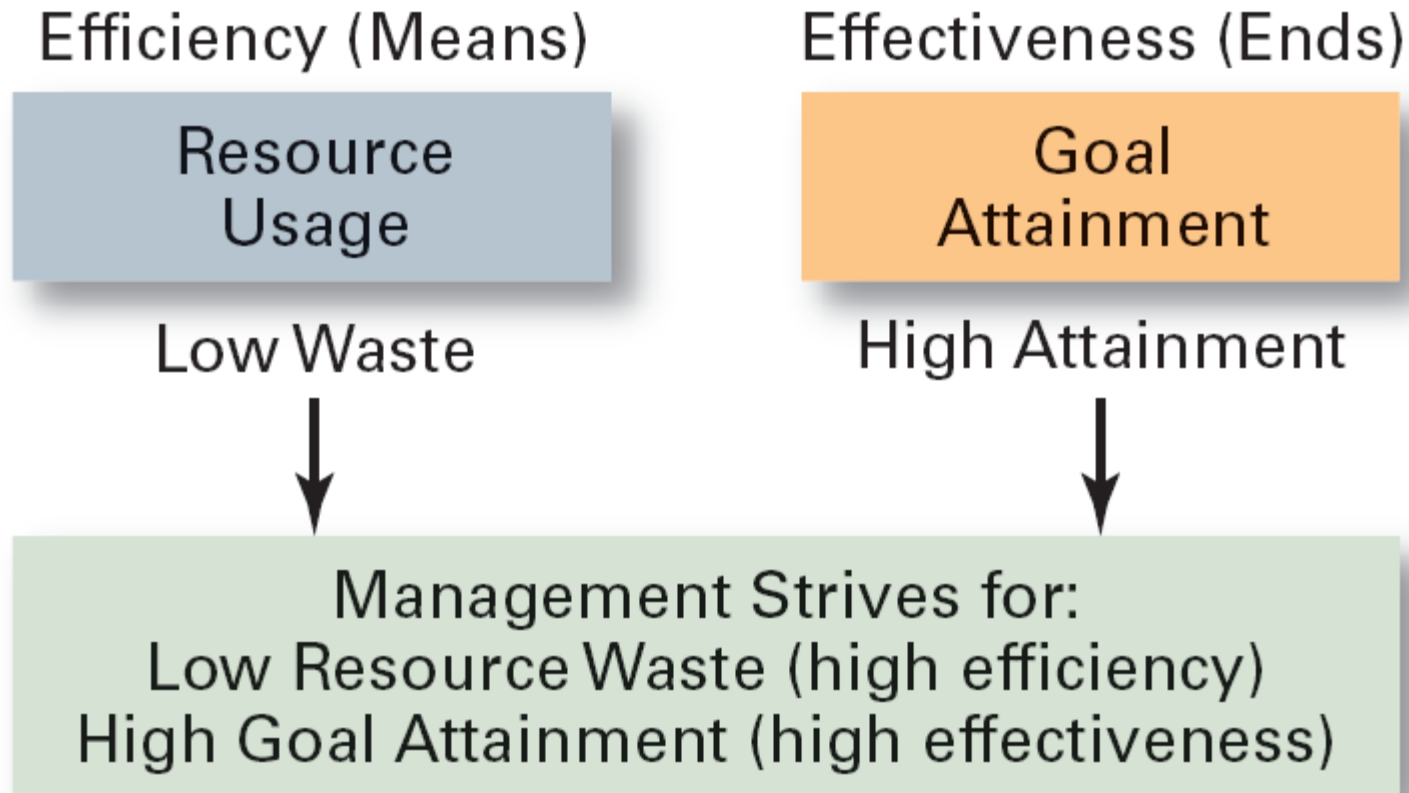
Efficiency

- Efficiency refers to getting the most output from the least amount of inputs.
- Managers deal with scarce inputs—including resources such as people, money, and equipment—they're concerned with the efficient use of those resources.
- It's often referred to as “doing things right”—that is, not wasting resources.
- For instance, at the HON Company plant in Cedartown, Georgia, where employees make and assemble office furniture, efficient manufacturing techniques were implemented by doing things such as cutting inventory levels, decreasing the amount of time to manufacture products, and lowering product reject rates.

Effectiveness

- Management is also concerned with being effective, completing activities so that organizational goals are attained.
- Effectiveness is often described as “doing the right things”—that is, doing those work activities that will help the organization reach its goals.
- For instance, at the HON factory, goals included meeting customers’ rigorous demands, executing world-class manufacturing strategies, and making employee jobs easier and safer.
- Through various work initiatives, these goals were pursued and achieved.
- Whereas efficiency is concerned with the means of getting things done, effectiveness is concerned with the ends, or attainment of organizational goals

Exhibit 1–2 Effectiveness and Efficiency in Management



What Do Managers Do?

- Functional Approach

- Planning

- ❖ Defining goals, establishing strategies to achieve goals, developing plans to integrate and coordinate activities.

- Organizing

- ❖ Arranging and structuring work to accomplish organizational goals.
 - ❖ When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

What Do Managers Do?

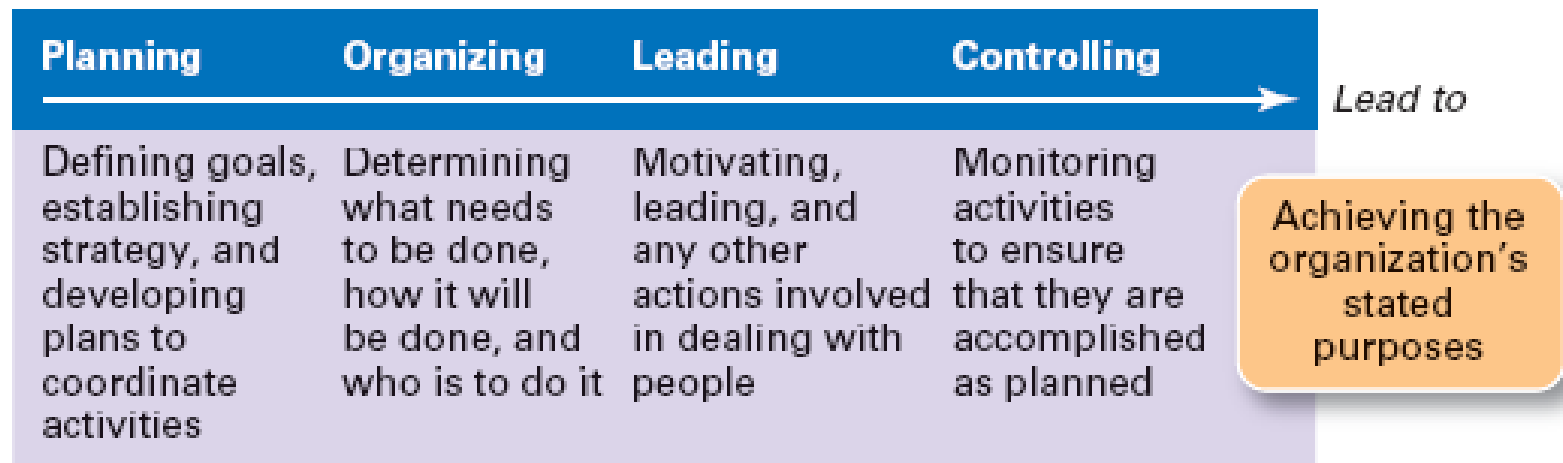
➤ Leading

- ❖ Working with and through people to accomplish goals.
- ❖ When managers motivate subordinates, help resolve work group conflicts, influence individuals or teams as they work, select the most effective communication channel, or deal in any way with employee behavior issues, they're leading.

➤ Controlling

- ❖ Monitoring, comparing, and correcting work.
- ❖ To ensure that goals are being met and that work is being done as it should be, managers must monitor and evaluate performance.
- ❖ Actual performance must be compared with the set goals.

Exhibit 1–3 Management Functions



Significance of Functional Approach

- ❑ In reality, what a manager does may not always happen in this sequence.
- ❑ Regardless of the “order” in which these functions are performed, however, the fact is that managers do plan, organize, lead, and control as they manage.

What Do Managers Do? (cont'd)

- **Management Roles Approach (Mintzberg)**

- ✓ Henry Mintzberg, a well-known management researcher, studied actual managers at work.
- ✓ In his first comprehensive study, Mintzberg concluded that what managers do can best be described by looking at the managerial roles they engage in at work.

- **Interpersonal roles**

- ❖ Figurehead, leader, liaison

- **Informational roles**

- ❖ Monitor, disseminator, spokesperson

- **Decisional roles**

- ❖ Disturbance handler, resource allocator, negotiator

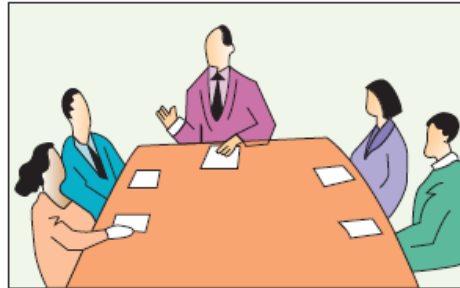


Different Roles

- **The interpersonal roles** are ones that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles include figurehead, leader, and liaison.
 - **The informational roles** involve collecting, receiving, and disseminating information. The three informational roles include monitor, disseminator, and spokesperson.
 - Finally, **the decisional roles** entail making decisions or choices. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.
- ❑ As managers perform these roles, Mintzberg proposed that their activities include both reflection (thinking) and action (doing).

EXHIBIT 1-5**Mintzberg's Managerial Roles****Interpersonal Roles**

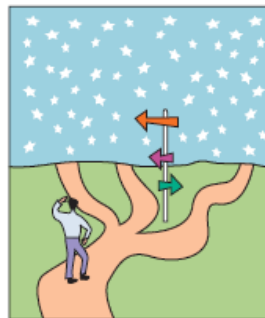
- Figurehead
- Leader
- Liaison

**Informational Roles**

- Monitor
- Disseminator
- Spokesperson

**Decisional Roles**

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator



Based on Mintzberg, Henry, *The Nature of Managerial Work*, 1st Edition, © 1980, pp. 93–94.

What Managers Actually Do (Mintzberg)

- Interaction

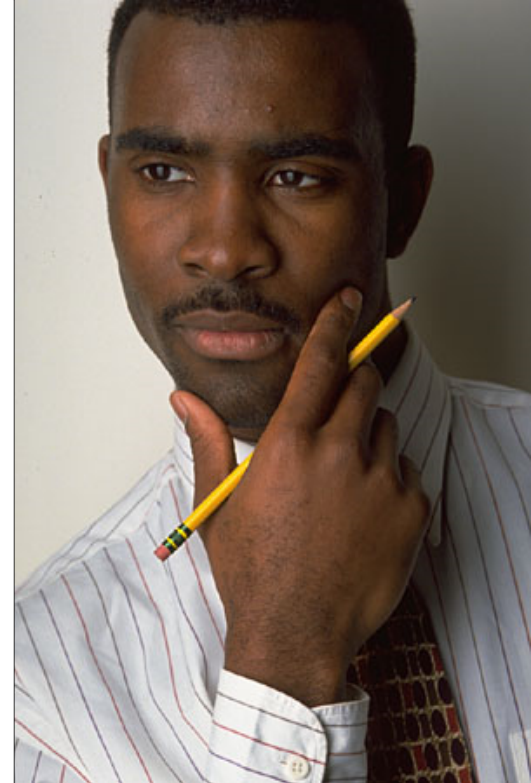
- with others
- with the organization
- with the external context of the organization

- Reflection

- thoughtful thinking

- Action

- practical doing



Relevance of Mintzberg Study

- Several follow-up studies have tested the validity of Mintzberg's role categories.
- However, the emphasis that managers give to the various roles seems to change with organizational level.
- At higher levels of the organization, the roles of disseminator, figurehead, negotiator, liaison, and spokesperson are more important;
- While the leader role (as Mintzberg defined it) is more important for lower-level managers than it is for either middle or top-level managers.

Recent Mintzberg Study

- Mintzberg completed another hands-on and up-close study of managers at work and concluded that, “Basically, managing is about influencing action.
- It’s about helping organizations and units to get things done, which means action.
- Mintzberg went on to explain that a manager does this in three ways:
 - (1) by managing actions directly (for instance, negotiating contracts, managing projects, etc.),
 - (2) by managing people who take action (for example, motivating them, building teams, enhance the organization’s culture, etc.), or
 - (3) by managing information that propels people to take action (using budgets, goals, task delegation, etc.).

What Do Managers Do? (cont'd)

- Skills Approach

- Technical skills

- ❖ Knowledge and proficiency in a specific field

- Human skills

- ❖ The ability to work well with other people

- Conceptual skills

- ❖ The ability to think and conceptualize about abstract and complex situations concerning the organization

Exhibit 1–5 Skills Needed at Different Management Levels

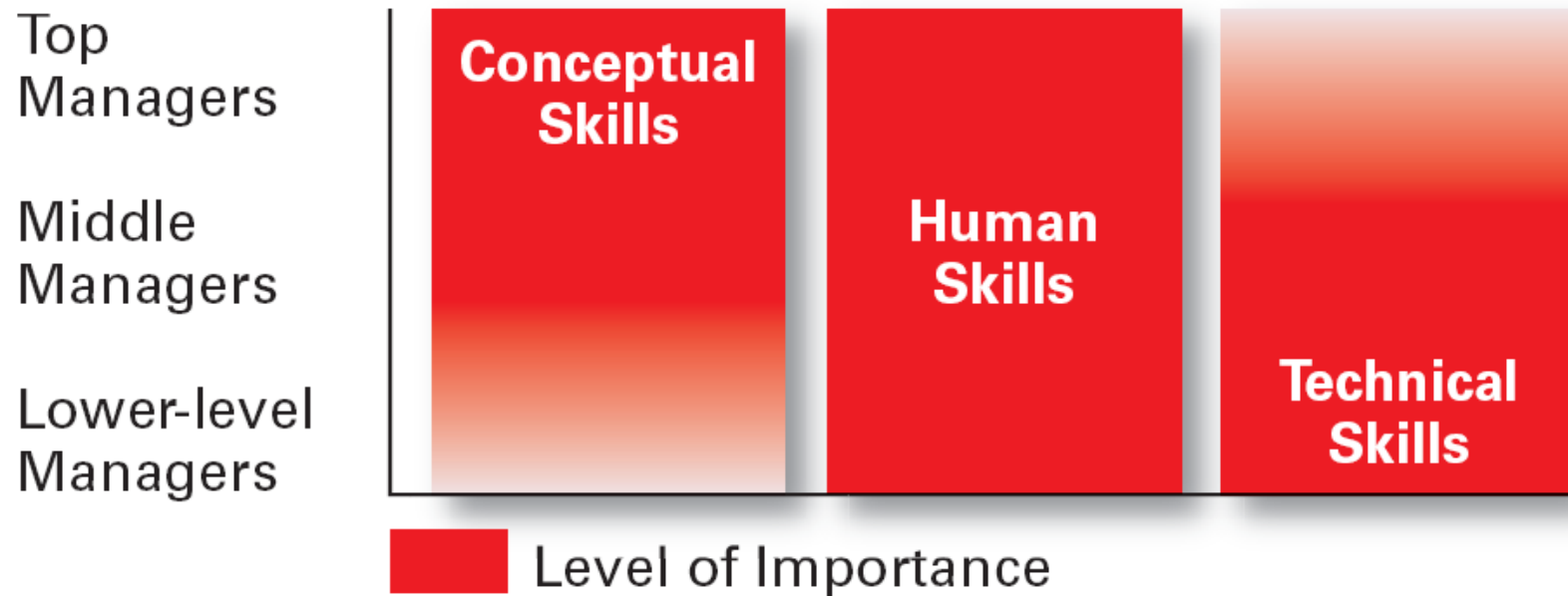


Exhibit 1–6 Conceptual Skills

- Using information to solve business problems
- Identifying of opportunities for innovation
- Recognizing problem areas and implementing solutions
- Selecting critical information from masses of data
- Understanding of business uses of technology
- Understanding of organization's business model

Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site (www.ama.org), October 30, 2002.

Exhibit 1–6 Communication Skills

- Ability to transform ideas into words and actions
- Credibility among colleagues, peers, and subordinates
- Listening and asking questions
- Presentation skills; spoken format
- Presentation skills; written and/or graphic formats

Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site (www.ama.org), October 30, 2002.

Exhibit 1–6 Effectiveness Skills

- Contributing to corporate mission/departmental objectives
- Customer focus
- Multitasking: working at multiple tasks in parallel
- Negotiating skills
- Project management
- Reviewing operations and implementing improvements

Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site (www.ama.org), October 30, 2002.

Exhibit 1–6 Effectiveness Skills (cont'd)

- Setting and maintaining performance standards internally and externally
- Setting priorities for attention and activity
- Time management

Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site (www.ama.org), October 30, 2002.

Exhibit 1–6 Interpersonal Skills (cont'd)

- Coaching and mentoring skills
- Diversity skills: working with diverse people and cultures
- Networking within the organization
- Networking outside the organization
- Working in teams; cooperation and commitment

Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site (www.ama.org), October 30, 2002.

Exhibit 1–7 Management Skills and Management Function Matrix

Skill	Function			
	Planning	Organizing	Leading	Controlling
Acquiring power		✓	✓	
Active listening			✓	✓
Budgeting	✓			✓
Choosing an effective leadership style			✓	
Coaching			✓	
Creating effective teams		✓	✓	
Delegating (empowerment)		✓	✓	
Designing motivating jobs		✓	✓	
Developing trust			✓	
Disciplining			✓	✓
Interviewing		✓	✓	
Managing conflict			✓	✓
Managing resistance to change		✓	✓	✓
Mentoring			✓	
Negotiating			✓	
Providing feedback			✓	✓
Reading an organization's culture		✓	✓	
Running productive meetings	✓	✓	✓	✓
Scanning the environment	✓			✓
Setting goals	✓			✓
Solving problems creatively	✓	✓	✓	✓
Valuing diversity	✓	✓	✓	✓

How The Manager's Job Is Changing

- The Increasing Importance of Customers

- Customers: the reason that organizations exist
 - ❖ Managing customer relationships is the responsibility of all managers and employees.
 - ❖ Consistent high quality customer service is essential for survival.

- Innovation

- Doing things differently, exploring new territory, and taking risks
 - ❖ Managers should encourage employees to be aware of and act on opportunities for innovation.

Exhibit 1–8

Changes Impacting the Manager's Job

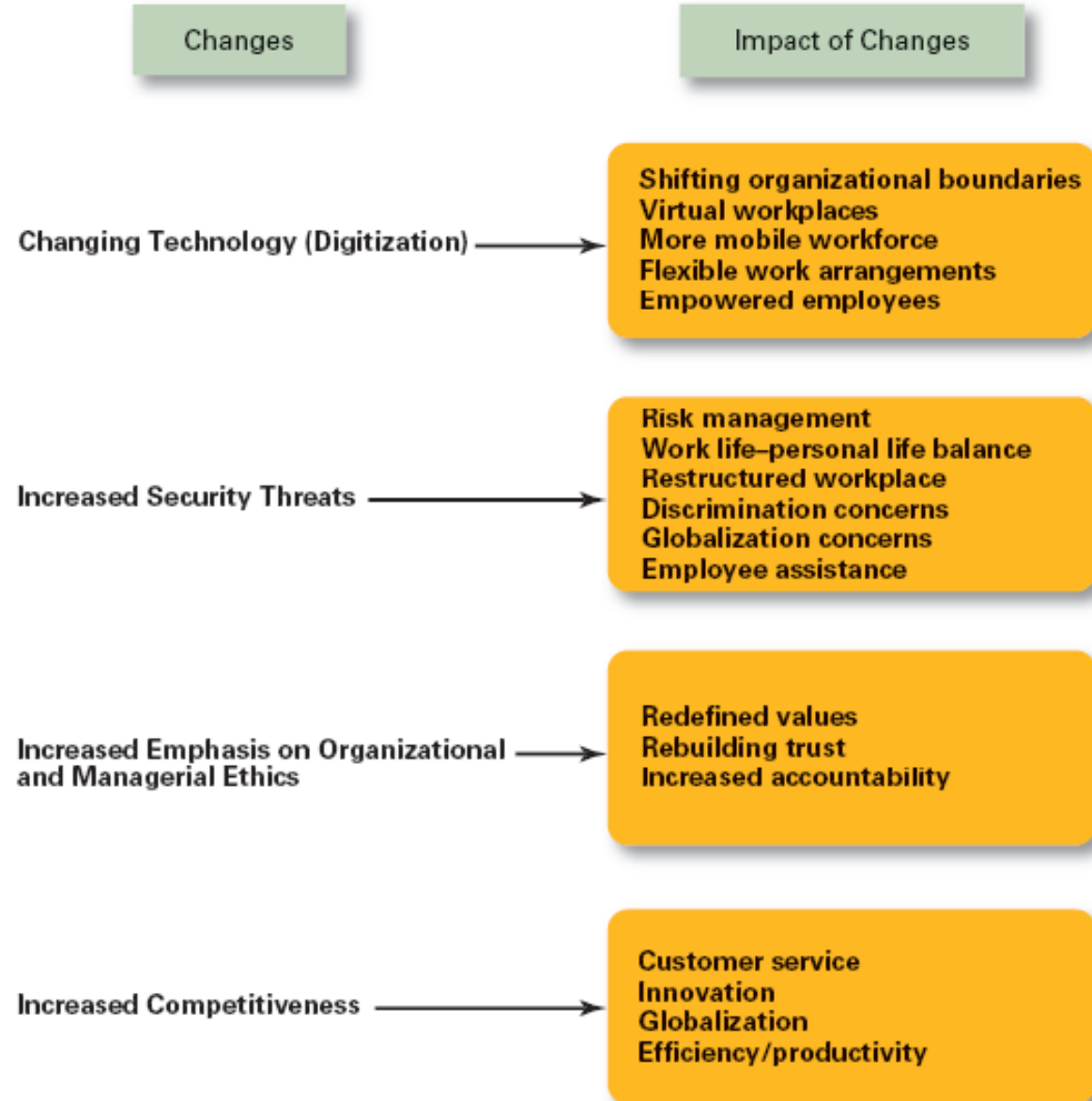


Exhibit 1–10 The Changing Organization

Traditional Organization

- Stable
- Inflexible
- Job-focused
- Work is defined by job positions
- Individual-oriented
- Permanent jobs
- Command-oriented
- Managers always make decisions
- Rule-oriented
- Relatively homogeneous workforce
- Workdays defined as 9 to 5
- Hierarchical relationships
- Work at organizational facility during specific hours

Contemporary Organization

- Dynamic
- Flexible
- Skills-focused
- Work is defined in terms of tasks to be done
- Team-oriented
- Temporary jobs
- Involvement-oriented
- Employees participate in decision making
- Customer-oriented
- Diverse workforce
- Workdays have no time boundaries
- Lateral and networked relationships
- Work anywhere, anytime

Why Study Management?

- The Value of Studying Management
 - The universality of management
 - ❖ Good management is needed in all organizations.
 - The reality of work
 - ❖ Employees either manage or are managed.
 - Rewards and challenges of being a manager
 - ❖ Management offers challenging, exciting and creative opportunities for meaningful and fulfilling work.
 - ❖ Successful managers receive significant monetary rewards for their efforts.

Exhibit 1–11 Universal Need for Management



Exhibit 1–12 Rewards and Challenges of Being A Manager

Rewards

- Create a work environment in which organizational members can work to the best of their ability
- Have opportunities to think creatively and use imagination
- Help others find meaning and fulfillment in work
- Support, coach, and nurture others
- Work with a variety of people
- Receive recognition and status in organization and community
- Play a role in influencing organizational outcomes
- Receive appropriate compensation in form of salaries, bonuses, and stock options
- Good managers are needed by organizations

Challenges

- Do hard work
- May have duties that are more clerical than managerial
- Have to deal with a variety of personalities
- Often have to make do with limited resources
- Motivate workers in chaotic and uncertain situations
- Successfully blend knowledge, skills, ambitions, and experiences of a diverse work group
- Success depends on others' work performance

Terms to Know

- manager
- first-line managers
- middle managers
- top managers
- management
- efficiency
- effectiveness
- planning
- organizing
- leading
- controlling
- management roles
- interpersonal roles
- informational roles
- decisional roles
- technical skills
- human skills
- conceptual skills
- organization
- universality of management