

Management

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Learning Objectives

1. Describe what management is, why management is important, what managers do, and how managers utilize organizational resources efficiently and effectively to achieve organizational goals
2. Distinguish among planning, organizing, leading, and controlling (the four principal managerial tasks), and explain how managers' ability to handle each one affects organizational performance



Learning Objectives

3. Differentiate among three levels of management, and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy
4. Distinguish between three kinds of managerial skill, and explain why managers are divided into different departments to perform their tasks more efficiently and effectively.



Learning Objectives

5. Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT).
6. Discuss the principal challenges managers face in today's increasingly competitive global environment



What is Management?

- ▶ All managers work in organizations
- ▶ Organizations – collections of people who work together and coordinate their actions to achieve a wide variety of goals

Managers

Managers –

- ▶ The people responsible for supervising the use of an organization's resources to meet its goals





What is Management?

The planning, organizing, leading, and controlling of human and other resources to achieve organizational goals effectively and efficiently



What is Management?

- ▶ *Resources* include people, skills, know-how and experience, machinery, raw materials, computers and IT, patents, financial capital, and loyal customers and employees



Organizational Performance

A measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals

EFFICIENCY

		LOW	HIGH
EFFECTIVENESS	HIGH	<p>Low efficiency/ High effectiveness</p> <p>Manager chooses the right goals to pursue, but does a poor job of using resources to achieve these goals. Result: A product that customers want, but that is too expensive for them to buy.</p>	<p>High efficiency/ High effectiveness</p> <p>Manager chooses the right goals to pursue and makes good use of resources to achieve these goals. Result: A product that customers want at a quality and price that they can afford.</p>
	LOW	<p>Low efficiency/ Low effectiveness</p> <p>Manager chooses wrong goals to pursue and makes poor use of resources. Result: A low-quality product that customers do not want.</p>	<p>High efficiency/ Low effectiveness</p> <p>Manager chooses inappropriate goals, but makes good use of resources to pursue these goals. Result: A high-quality product that customers do not want.</p>

High-performing organizations are efficient *and* effective.

Figure 1.1



Organizational Performance

Efficiency

- ▶ A measure of how well or how productively resources are used to achieve a goal

Effectiveness

- ▶ A measure of the appropriateness of the goals an organization is pursuing and the degree to which they are achieved.



Why study management?

1. The more efficient and effective use of scarce resources that organizations make of those resources, the greater the relative well-being and prosperity of people in that society

Why study management?

2. Helps people deal with their bosses and coworkers
3. Opens a path to a well-paying job and a satisfying career





Managerial Tasks

- ▶ Managers at all levels in all organizations perform each of the four essential managerial tasks of planning, organizing, leading, and controlling

Four Functions of Management

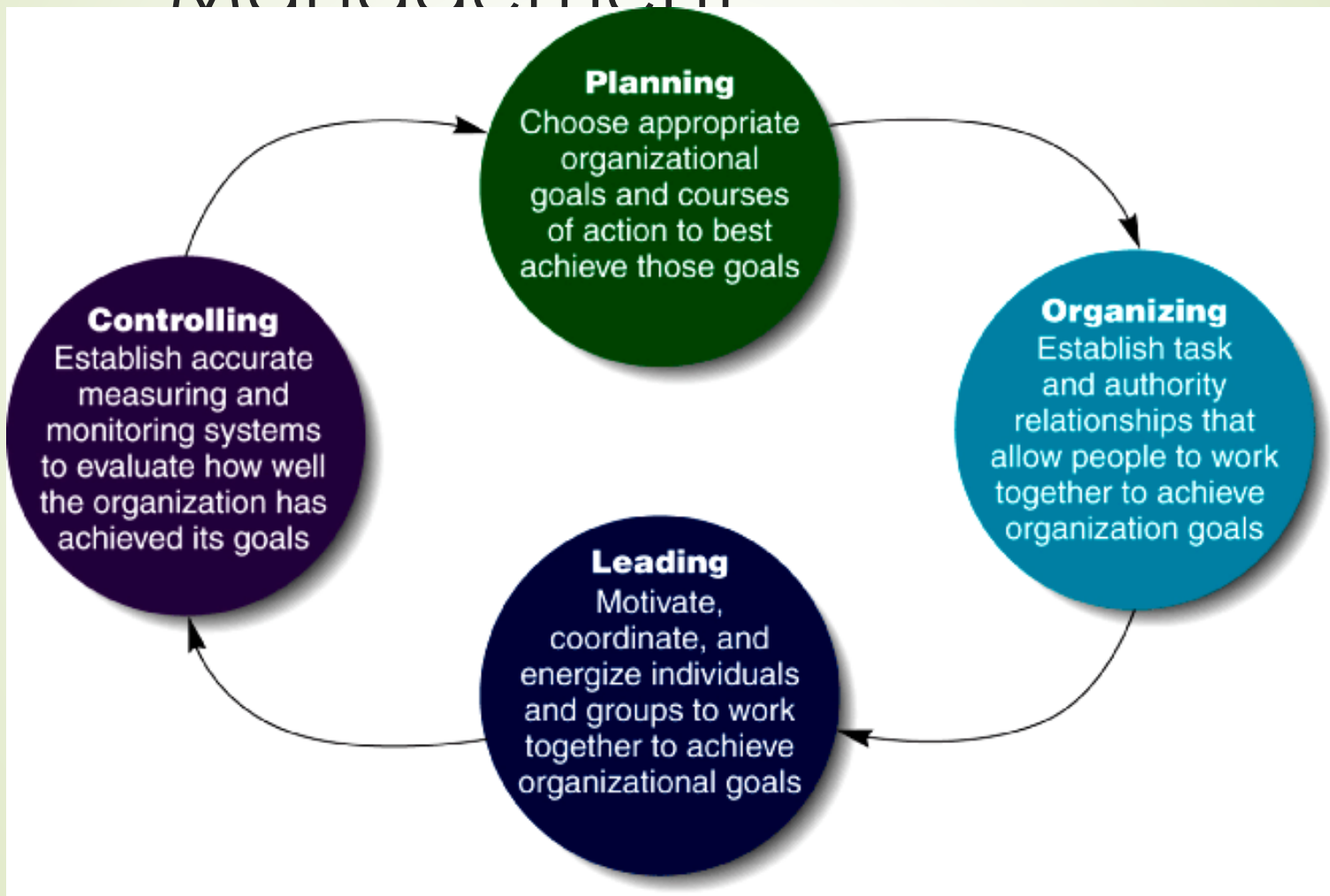


Figure 1.2



Planning

Process of identifying and selecting
appropriate organizational goals and courses of action



Steps in the Planning Process

- ▶ Deciding which goals the organization will pursue
- ▶ Deciding what courses of action to adopt to attain those goals
- ▶ Deciding how to allocate organizational resources

Planning

- Complex, difficult activity
- Strategy to adopt is not always immediately clear
- Done under uncertainty





Organizing

Task managers perform to create a structure of working relationships that allow organizational members to interact and cooperate to achieve organizational goals



Organizing

- ▶ Involves grouping people into departments according to the kinds of job-specific tasks they perform
- ▶ Managers lay out lines of authority and responsibility
- ▶ Decide how to coordinate organizational resources



Organizational Structure

A formal system of task and reporting relationships that coordinates and motivates members so that they work together to achieve organizational goals



Leading

Articulating a clear organizational vision for its members to accomplish, and energize and enable employees so that everyone understands the part they play in achieving organizational goals



Leading

- ▶ Leadership involves using power, personality, and influence, persuasion, and communication skills
- ▶ Outcome of leadership is highly motivated and committed workforce



Controlling

- ▶ Task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance
- ▶ The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness



Decisional Roles

Roles associated with methods managers use in planning strategy and utilizing resources.

- **Entrepreneur**—deciding which new projects or programs to initiate and to invest resources in.
- **Disturbance handler**—managing an unexpected event or crisis.
- **Resource allocator**—assigning resources between functions and divisions, setting the budgets of lower managers.
- **Negotiator**—reaching agreements between other managers, unions, customers, or shareholders.



Interpersonal Roles

Roles that managers assume to provide direction and supervision to both employees and the organization as a whole.

- **Figurehead**—symbolizing the organization's mission and what it is seeking to achieve.
- **Leader**—training, counseling, and mentoring high employee performance.
- **Liaison**—linking and coordinating the activities of people and groups both inside and outside the organization.



Informational Roles

Roles associated with the tasks needed to obtain and transmit information in the process of managing the organization.

- **Monitor**—analyzing information from both the internal and external environment.
- **Disseminator**—transmitting information to influence the attitudes and behavior of employees.
- **Spokesperson**—using information to positively influence the way people in and out of the organization respond to it.

Levels of Management



Figure 1.3

Areas of Managers

Department

- ▶ A group of managers and employees who work together and possess similar skills or use the same knowledge, tools, or techniques





Levels of Management

- First line managers - Responsible for daily supervision of the non-managerial employees who perform many of the specific activities necessary to produce goods and services
- Middle managers - Supervise first-line managers. Responsible for finding the best way to organize human and other resources to achieve organizational goals



Levels of Management

- Top managers –
 - Responsible for the performance of all departments and have cross-departmental responsibility.
 - Establish organizational goals and monitor middle managers
 - Decide how different departments should interact
 - Ultimately responsible for the success or failure of an organization



Levels of Management

- ▶ Chief executive officer (CEO) is company's most senior and important manager
- ▶ Central concern is creation of a smoothly functioning top-management team
 - ▶ CEO, COO, Department heads

Relative Amount of Time That Managers Spend on the Four Managerial Functions

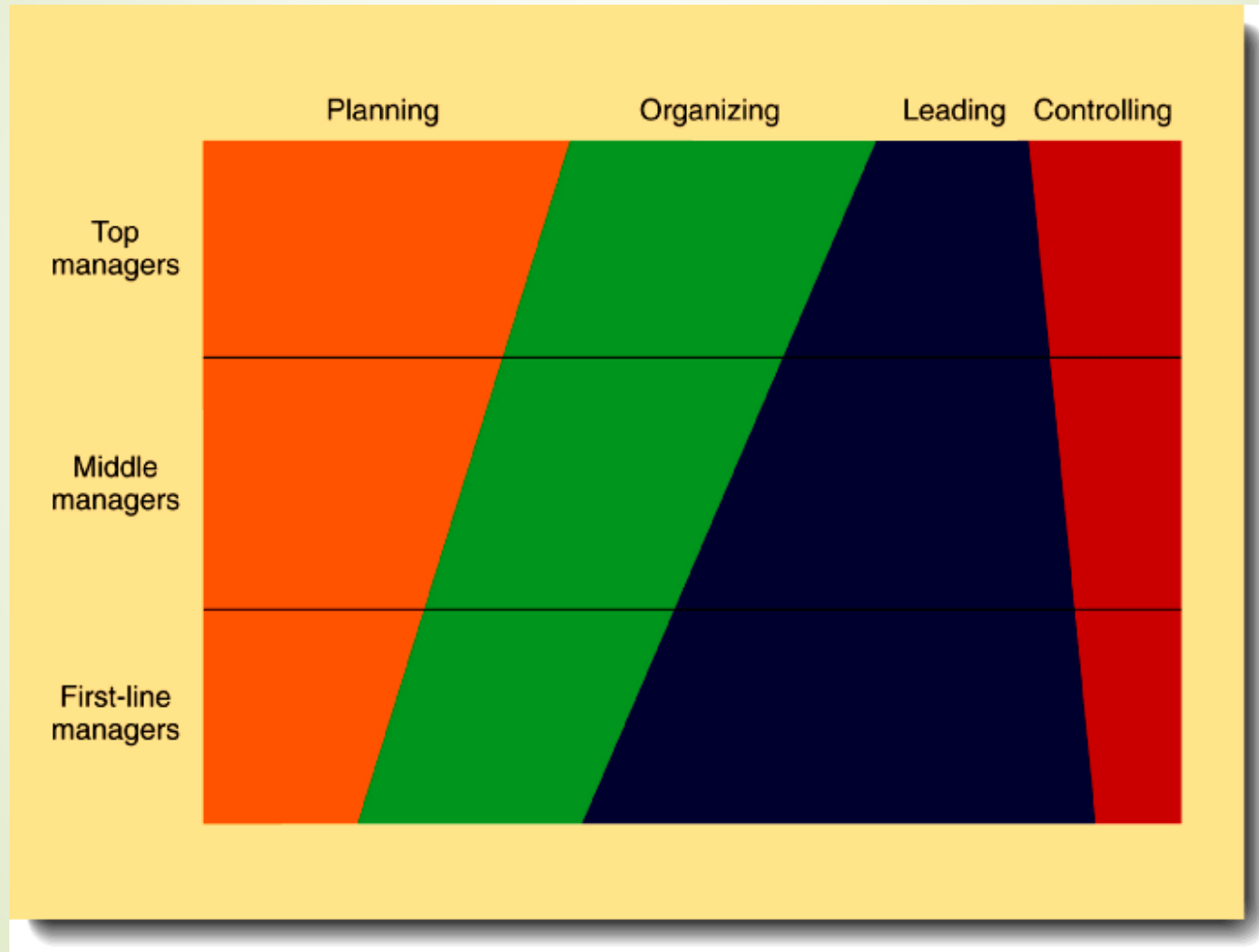


Figure 1.4



Managerial Skills

- Conceptual skills

- The ability to analyze and diagnose a situation and distinguish between cause and effect.

- Human skills

- The ability to understand, alter, lead, and control the behavior of other individuals and groups.

- Technical skills

- Job-specific skills required to perform a particular type of work or occupation at a high level.

Skill Types Needed

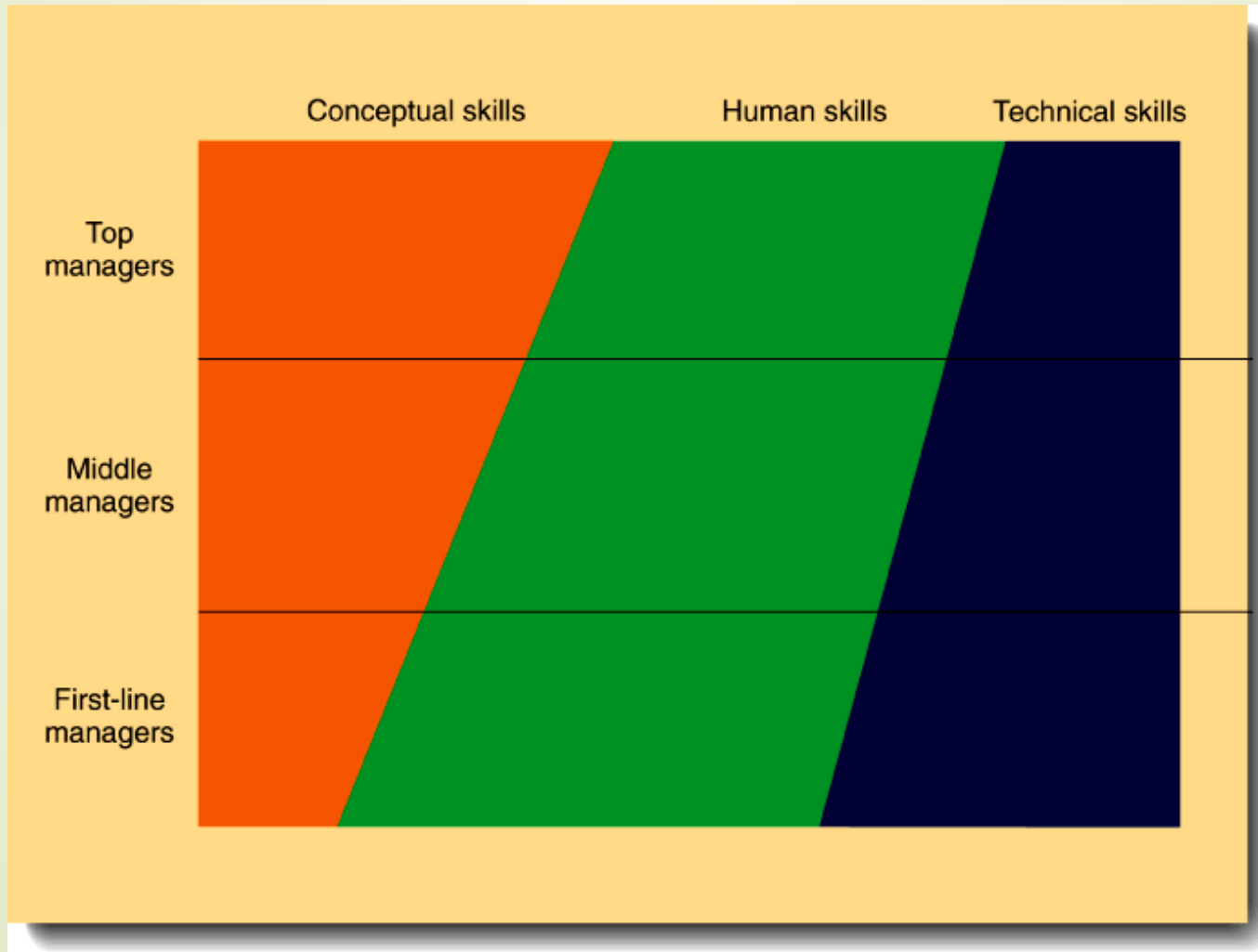


Figure 1.5



Core Competency

Specific set of departmental skills, abilities, knowledge and experience that allows one organization to outperform its competitors



Restructuring

- ▶ Involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs
 - ▶ Can reduce the morale of remaining employees



Outsourcing

- Contracting with another company, usually in a low cost country abroad, to perform a work activity the company previously performed itself
- Increases efficiency by lowering operating costs, freeing up money and resources that can now be used in more effective ways

Empowerment

Involves giving employees more authority and responsibility over the way they perform their work activities





Self-managed teams

Groups of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities

Challenges for Management in a Global Environment

- Rise of Global Organizations.
- Building a Competitive Advantage
- Maintaining Ethical Standards
- Managing a Diverse Workforce
- Utilizing Information Technology and Technologies
- Global Crisis Management

Building Competitive Advantage



- ▶ Competitive Advantage – ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors

Building Blocks of Competitive Advantage

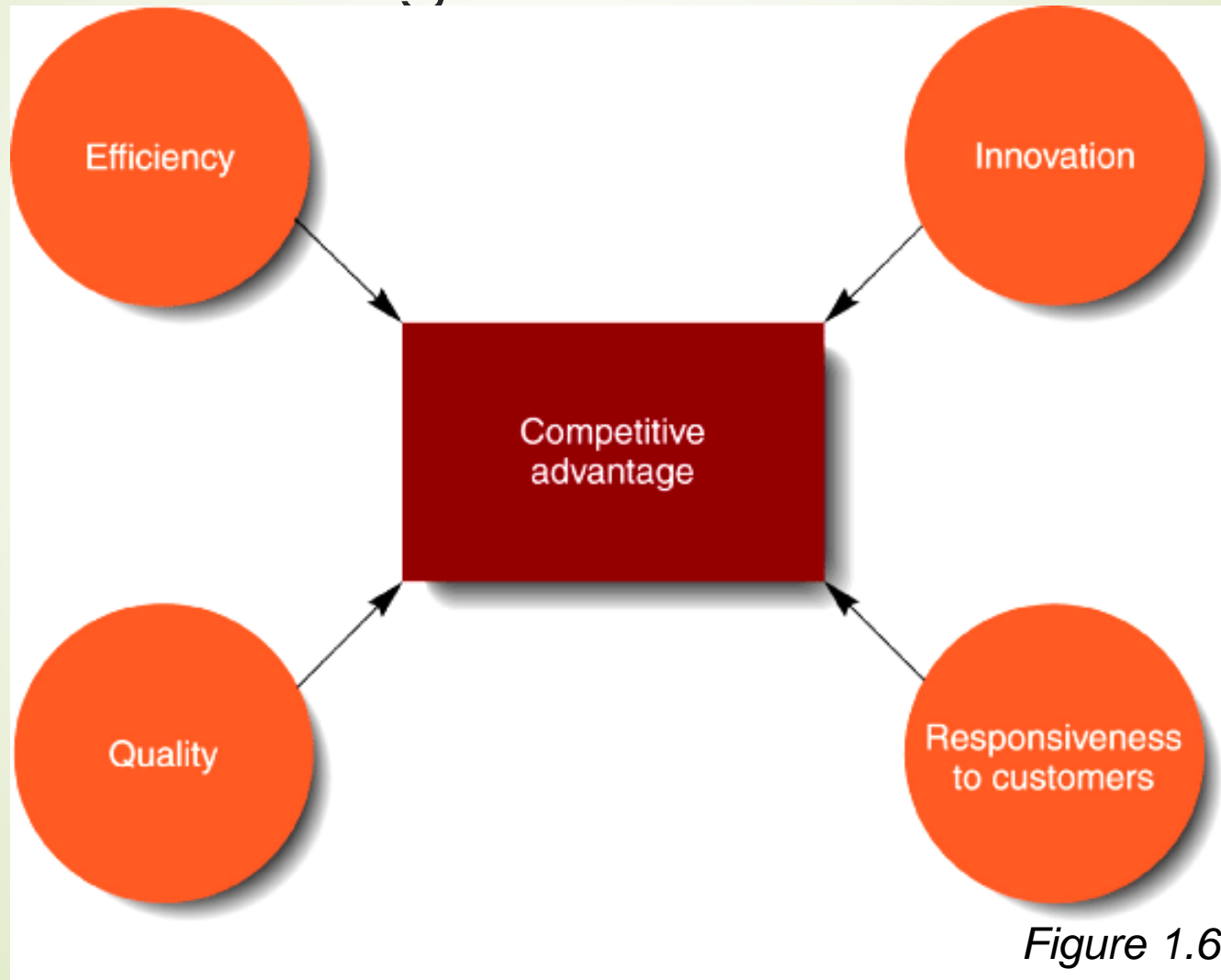


Figure 1.6



Building Competitive Advantage

- ▶ Increasing efficiency
 - ▶ Reduce the quantity of resources used to produce goods or services
- ▶ Increasing Quality
 - ▶ Improve the skills and abilities of the workforce
 - ▶ Introduce total quality management



Building Competitive Advantage

- ▶ Increasing speed, flexibility, and innovation
 - ▶ How fast a firm can bring new products to market
 - ▶ How easily a firm can change or alter the way they perform their activities



Building Competitive Advantage

- ▶ Innovation

- ▶ Process of creating new or improved goods and services that customers want
- ▶ Developing better ways to produce or provide goods and services




Turnaround Management

- Difficult and complex management task
- Done under conditions of great uncertainty
- Risk of failure is greater for a troubled company
- More radical restructuring necessary



Maintaining Ethical and Socially Responsible Standards

- ▶ Managers are under considerable pressure to make the best use of resources
- ▶ Too much pressure may induce managers to behave unethically, and even illegally



Managing a Diverse Workforce

- ▶ To create a highly trained and motivated workforce managers must establish HRM procedures that are legal, fair and do not discriminate against organizational members

Global Crisis Management

May be the result of:

- Natural causes
- Manmade causes
- International terrorism
- Geopolitical conflicts





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