

# Contemporary Management

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Second Edition

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# Managers and Managing



# Management Key Concepts

- ***Organizations:*** People working together and coordinating their actions to achieve specific goals.
- ***Goal:*** A desired future condition that the organization seeks to achieve.
- ***Management:*** The process of using organizational resources to achieve the organization's goals by...
  - *Planning, Organizing, Leading, and Controlling*

# Additional Key Concepts

- **Resources are organizational assets and include:**
  - ◆ People,
  - ◆ Machinery,
  - ◆ Raw materials,
  - ◆ Information, skills,
  - ◆ Financial capital.
- **Managers are the people responsible for supervising the use of an organization's resources to meet its goals.**

# Achieving High Performance

- **Organizations must provide a good or service desired by its customers.**
  - David Johnson of Campbell Soup manages his firm to provide quality food products.
  - Physicians, nurses and health care administrators seek to provide healing from sickness.
  - McDonald's restaurants provide burgers, fries and shakes that people want to buy.

# Organizational Performance

- Measures how efficiently and effectively managers use resources to satisfy customers and achieve goals.
  - **Efficiency:** A measure of how well resources are used to achieve a goal.
    - ◆ Usually, managers must try to minimize the input of resources to attain the same goal.
  - **Effectiveness:** A measure of the appropriateness of the goals chosen (are these the right goals?), and the degree to which they are achieved.
    - ◆ Organizations are more effective when managers choose the correct goals and then achieve them.

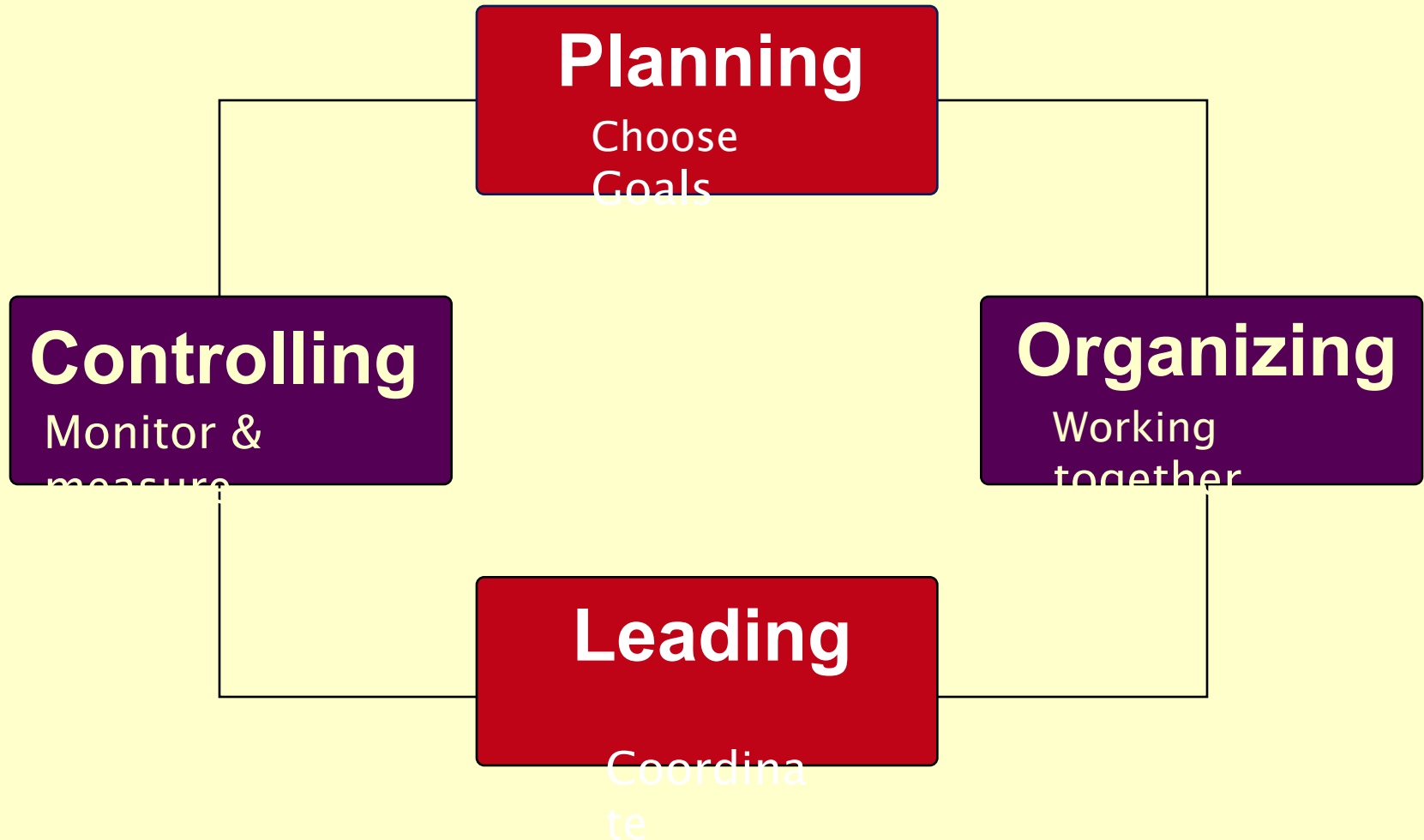
# Managerial Functions

- Henri Fayol was the first to describe the four managerial functions when he was the CEO of a large mining company in the later 1800's.
- Fayol noted managers at all levels, operating in a for profit or not for profit organization, must perform each of the functions of:

Planning,  
organizing,  
leading,  
controlling.

# Four Functions of Management

Figure 1.2





# Planning

*Planning is the process used by managers to identify and select appropriate goals and courses of action for an organization.*

## **3 steps to good planning :**

1. Which goals should be pursued?
2. How should the goal be attained?
3. How should resources be allocated?

- **The planning function determines how effective and efficient the organization is and determines the strategy of the organization.**

# Organizing

- In organizing, managers create the structure of working relationships between organizational members that best allows them to work together and achieve goals.
- Managers will group people into departments according to the tasks performed.
  - Managers will also lay out lines of authority and responsibility for members.
- An *organizational structure* is the outcome of organizing. This structure coordinates and motivates employees so that they work together to achieve goals.

# Leading

- In leading, managers determine direction, state a clear vision for employees to follow, and help employees understand the role they play in attaining goals.
- Leadership involves a manager using power, influence, vision, persuasion, and communication skills.
- The outcome of the leading function is a high level of motivation and commitment from employees to the organization.

# Controlling

- In controlling, managers evaluate how well the organization is achieving its goals and takes corrective action to improve performance.
- Managers will monitor individuals, departments, and the organization to determine if desired performance has been reached.
  - Managers will also take action to increase performance as required.
- The outcome of the controlling function is the accurate measurement of performance and regulation of efficiency and effectiveness.

# Management Levels

- Organizations often have 3 levels of managers:
  - First-line Managers:** responsible for day-to-day operation. They supervise the people performing the activities required to make the good or service.
  - Middle Managers:** Supervise first-line managers. They are also responsible to find the best way to use departmental resources to achieve goals.
  - Top Managers:** Responsible for the performance of *all* departments and have cross-departmental responsibility. They establish organizational goals and monitor middle managers.

# Three Levels of Management



# Restructuring

- Top Management have sought methods to restructure their organizations and save costs.
- ***Downsizing***: eliminate jobs at all levels of management.
  - Can lead to higher efficiency.
  - Often results in low morale and customer complaints about service.

# Management Trends

- ***Empowerment***: expand the tasks and responsibilities of workers.
  - Supervisors might be empowered to make some resource allocation decisions.
- ***Self-managed teams***: give a group of employees responsibility for supervising their own actions.
  - The team can monitor its members and the quality of the work performed.



# Managerial Roles

- **Described by Mintzberg.**
  - A role is a set of specific tasks a person performs because of the position they hold.
- **Roles are directed inside as well as outside the organization.**
- **There are 3 broad role categories:**
  1. *Interpersonal*
  2. *Informational*
  3. *Decisional*

# Interpersonal Roles

- **Roles managers assume to coordinate and interact with employees and provide direction to the organization.**
  - ***Figurehead role:*** symbolizes the organization and what it is trying to achieve.
  - ***Leader role:*** train, counsel, mentor and encourage high employee performance.
  - ***Liaison role:*** link and coordinate people inside and outside the organization to help achieve goals.

# Informational Roles

- **Associated with the tasks needed to obtain and transmit information for management of the organization.**
  - ***Monitor role:*** analyzes information from both the internal and external environment.
  - ***Disseminator role:*** manager transmits information to influence attitudes and behavior of employees.
  - ***Spokesperson role:*** use of information to positively influence the way people in and out of the organization respond to it.

# Decisional Roles

- **Associated with the methods managers use to plan strategy and utilize resources to achieve goals.**
  - ***Entrepreneur role:*** deciding upon new projects or programs to initiate and invest.
  - ***Disturbance handler role:*** assume responsibility for handling an unexpected event or crisis.
  - ***Resource allocator role:*** assign resources between functions and divisions, set budgets of lower managers.
  - ***Negotiator role:*** seeks to negotiate solutions between other managers, unions, customers, or shareholders.

# Managerial Skills

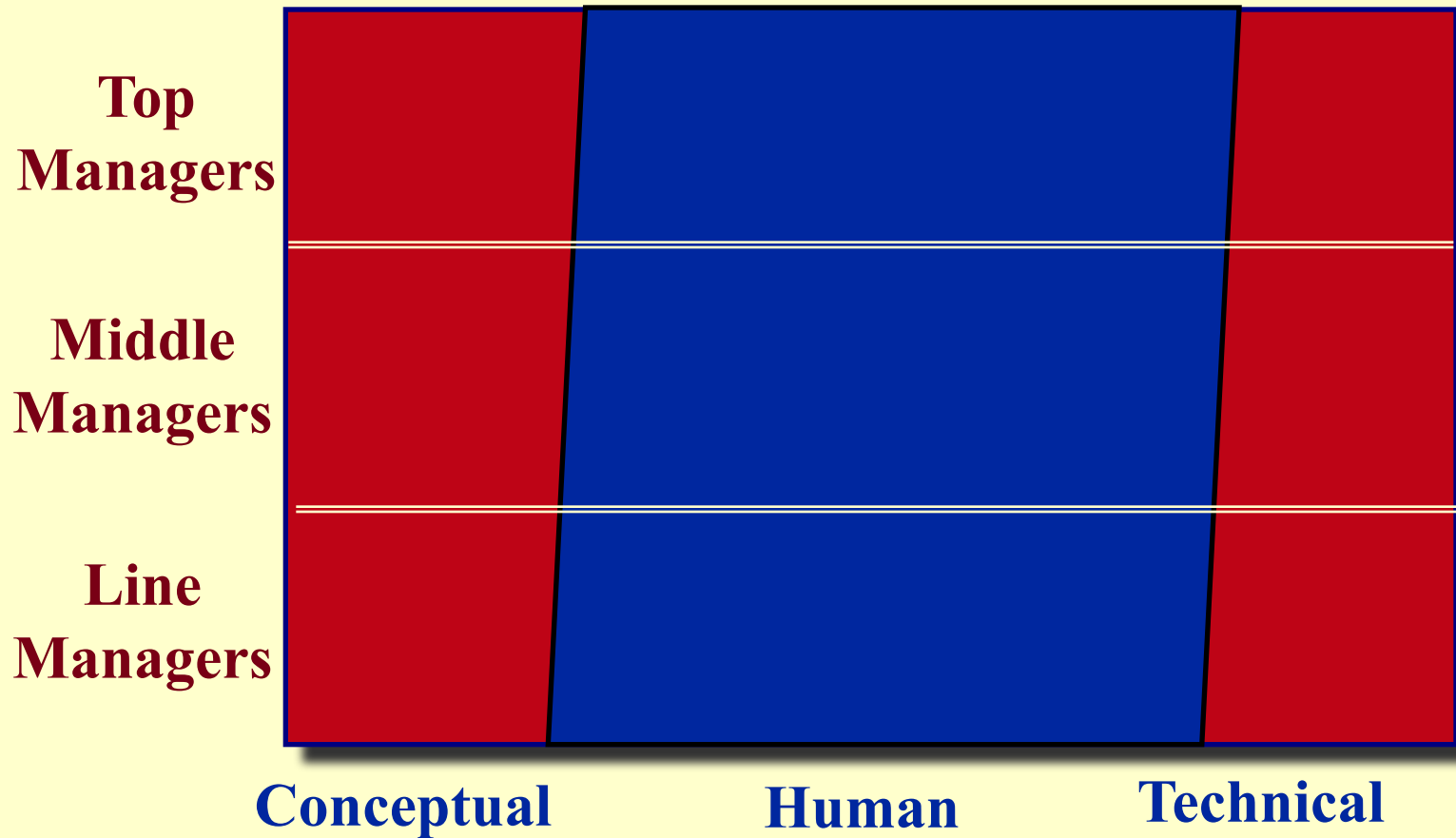
**There are three skill sets that managers need to perform effectively.**

1. ***Conceptual skills***: the ability to analyze and diagnose a situation and find the cause and effect.
2. ***Human skills***: the ability to understand, alter, lead, and control people's behavior.
3. ***Technical skills***: the job-specific knowledge required to perform a task. Common examples include marketing, accounting, and manufacturing.

**All three skills are enhanced through formal training, reading, and practice.**

# Skill Type Needed by Manager Level

Figure 1.5



# Management Challenges

- Increasing number of global organizations.
- Building competitive advantage through superior efficiency, quality, innovation, and responsiveness.
- Increasing performance while remaining ethical managers.
- Managing an increasingly diverse work force.
- Using new technologies.