

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.

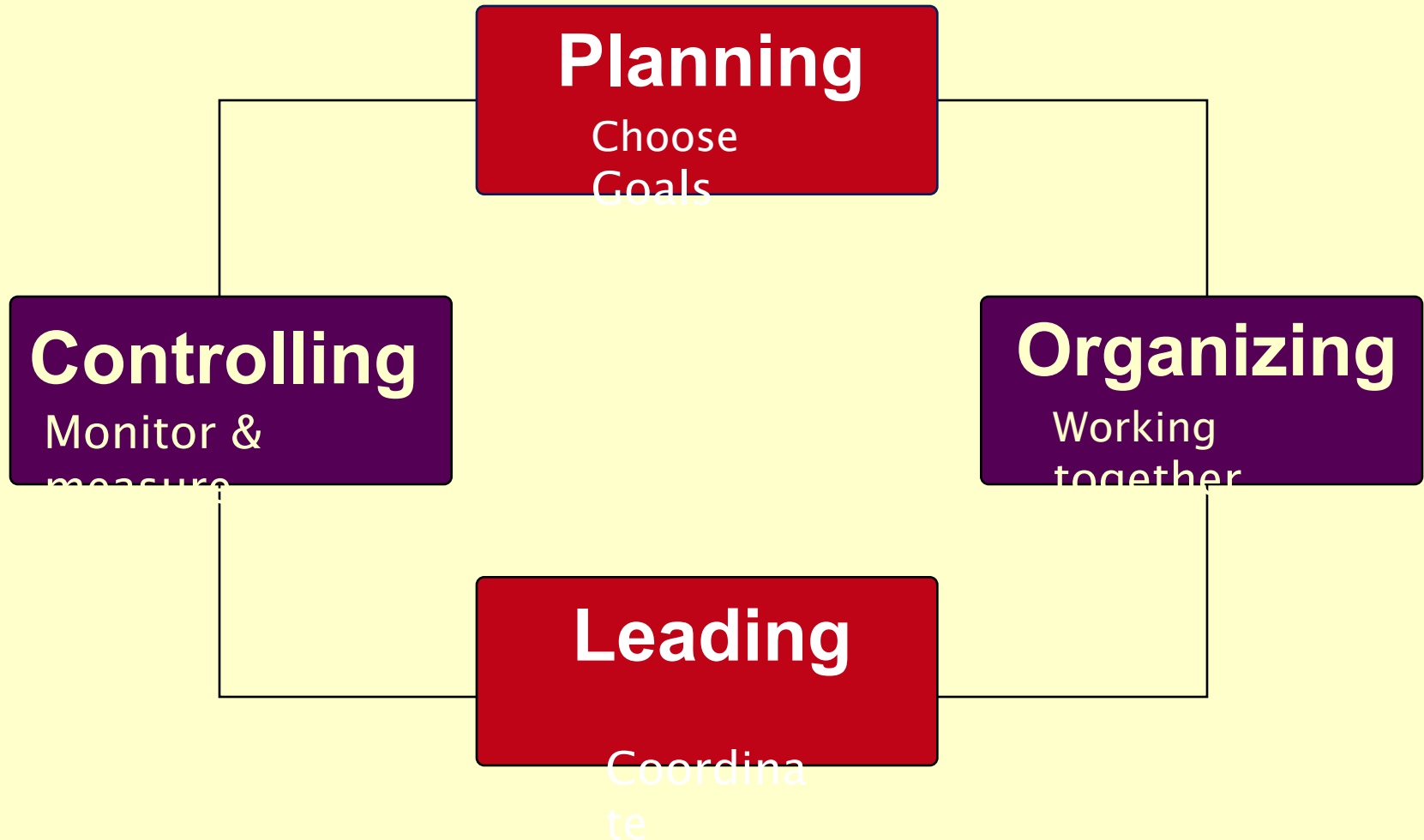
Managerial Functions

- 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

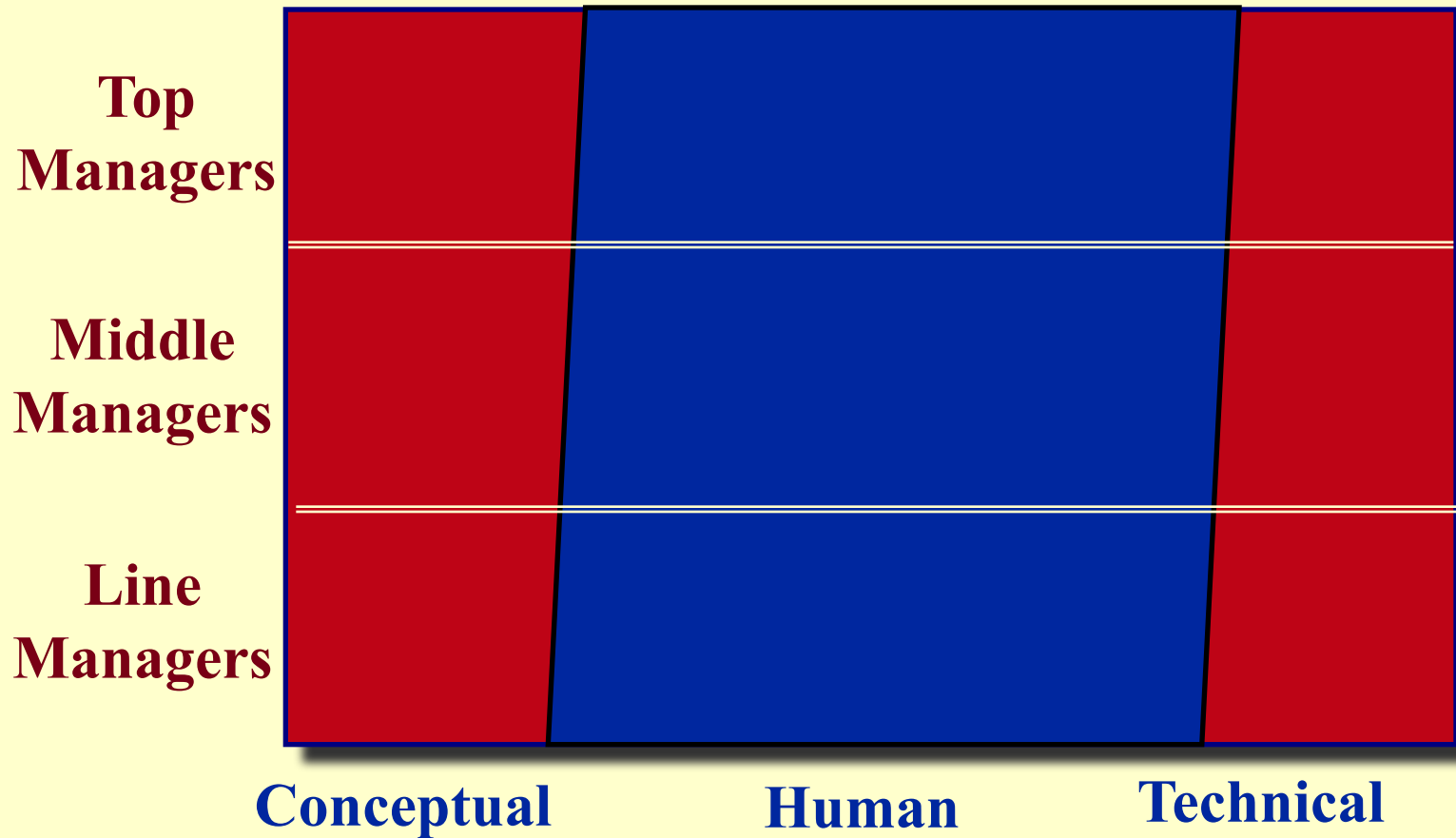
There are three skill sets that managers need to perform effectively.

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.