CHAPTER 1: MANAGING IN TODAY’S WORLD

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Learning Outcomes

• Define management from multiple perspectives.
• Understand the meaning of management.
• Explain the areas of management.
• Understand the functions of management.
• Discuss the types and levels of managers in organizations.
• Describe the roles of managers in organizations.
• Discuss the skills required by managers in organizations.
Definitions of Management

• Productivity-Oriented Definitions
  • “Management is the art of knowing what you want to do and then seeing that it is done in the best and the cheapest manner.” – F.W. Taylor

• People-Oriented Definitions
  • “Management is the development of people and not the direction of things.” - Lawrence A. Appley
  • “Management is a specialty in dealing with matters of time and human relationships as they arise in organizations.” - Stoner, Freeman and Gilbert

• Goal-Oriented Definitions
  • “Management is the art of getting things done through others and with formally organized groups.” - Harold Koontz
  • “Management is the art of getting things done through people.” - Mary P. Follett
Definitions of Management (Cont’d)

• Process-Oriented Definitions
  • "Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated." - E. Peterson and E.G. Plowman
  • “Management is a distinct process consisting of planning, organizing, actuating and controlling; utilizing in each both science and art, and followed in order to accomplish pre-determined objectives.” - George R. Terry

• Leadership-Oriented Definitions
  • “Management is simply the process of decision-making and control over the actions of human beings for the purpose of attaining predetermined goals.” - Stanley Vance
  • “Management is the art and science of decision making and leadership.” - Donald J. Clough

• Other Definitions
  • “Management is a multipurpose organ that manages a business and manages managers and manages workers and work.” – Peter Drucker
  • “Good management achieves a social objective with the best use of human and material energy and time, and with satisfaction for the participants and the public.” - Mary Cushing Niles
Individuals, groups, and organizations may interpret management differently depending on their perspectives and objectives in understanding it.
Areas of Management

General Management

- Views the business as a whole.
- Includes managing day-to-day operations, formulating policies, and devising the efficient use of resources.
- A general manager commonly holds overall responsibility for an organization’s planning, organizing, delegating, and decision-making functions.

Functional Management

- A functional manager is an executive who is responsible for an organizational unit within an organization.
- Functional managers ensure that their units’ strategies and goals are aligned with the organization’s long term vision and objectives.
- Generally, there are four functional areas of management: production, finance, marketing and personnel.
Exhibit 1.1: Areas of Management

GENERAL MANAGEMENT

FUNCTIONAL MANAGEMENT
- PRODUCTION MANAGER
- FINANCE MANAGER
- MARKETING MANAGER
- PERSONNEL MANAGER

GENERAL MANAGER
Managers for For-Profit, Non-Profit, and Mutual-Benefit Organizations

**For-Profit**
- Formed to generate monetary revenue in exchange for goods and services.
- Managerial goals are driven by bottom-line results.

**Non-Profit**
- Formed with the primary purpose of providing services without making profits.
- Managers prioritize service goals instead of financial goals, and so may behave differently from managers in business organizations.

**Mutual-Benefit**
- Key purpose is to protect their members and help members further their interests.
- Managers of such organizations often focus on their members’ needs and agendas instead of other managerial goals.
Management Functions

• **Planning**
  • Management planning involves the development of forecasts, objectives, policies, programs, procedures, schedules and budgets.
  • There are 3 types of planning in organizations: *Strategic planning, tactical planning,* and *operational planning.*

• **Organizing**
  • Organizing refers to the development of a rule-based structure that identifies the activities necessary to achieve organizational goals, assigns these activities, and delegates authority/relationships in the organization.
Management Functions (Cont’d)

• **Leading**
  • Leading is when managers continuously guide and direct their subordinates.
  • This involves sub-functions such as *communicating*, *motivating*, *decision-making*, and *supervising*.

• **Controlling**
  • Controlling involves ensuring that the objectives and plans of the organization are accomplished satisfactorily.
Exhibit 1.2: Louis Allen’s P-O-L-C Model of Management Functions

Other Management Functions

• **Staffing**
  • Staffing concerns the recruitment, selection, development, promotion and compensation of personnel within an organization.

• **Representation**
  • Representation involves representing one’s organization and its purpose to the public.

• **Innovation**
  • This function refers to managers’ responsibility to innovate their firm’s products, services, ideas, or methods based on future needs in the market.
Types and Levels of Managers

• **Top Management**
  • The main functions of top management are:
    ✓ To determine the objectives, policies, and strategic plans of the organization.
    ✓ To provide guidance and direction for department activities, budgets, procedures, and schedules.
    ✓ To appoint middle level and functional area executives.
    ✓ To coordinate and integrate all departmental activities.
    ✓ To act as contact points with society and the public.
    ✓ To hold responsibility to the shareholders and stakeholders.
• Middle Management
  • The functions of middle management are:

✓ To run key organizational functions for top management while top management spends more time on strategies.
✓ To ensure smooth operations of the organization.
✓ To understand the interconnectivity of all departments and ensure they operate harmoniously.
✓ To develop efficient personnel and encourage merit-based rewards.
✓ To develop capable leaders via training and development.
✓ To foster strong organizational spirit and culture.
• **Lower Management**
  • The functions of lower level management are:

  ✓ To plan day-to-day activities and targets within goals set by upper management.
  ✓ To assign specific tasks to employees.
  ✓ To oversee hour-to-hour results.
  ✓ To report on daily feedback and information.
  ✓ To take immediate corrective action at the activity site.
  ✓ To train, motivate and evaluate employees.
Exhibit 1.3: Levels of Management

Planning, decision making & strategizing

TOP MANAGEMENT

Communicating, implementing & connecting

MIDDLE MANAGEMENT

MIDDLE MANAGEMENT

Supervising, correcting, and reporting

LOWER MANAGEMENT

LOWER MANAGEMENT

WORKER WORKER WORKER WORKER

Managerial Roles

• Interpersonal Roles
  • Interpersonal roles allow managers to keep the organization operating in harmony and cooperation.
  • The three interpersonal roles are: **Figurehead, Leader, and Liaison.**

• Informational Roles
  • Managers need information to make good decisions, and subordinates in an organization depend on information given by managers to perform their tasks.
  • The three informational roles managers play to collect and transmit information are: **Monitor, Disseminator,** and **Spokesperson.**

• Decisional Roles
  • Managers are active decision makers, and are constantly acting upon changes in the organization by playing these four decisional roles: **Entrepreneur, Disturbance Handler, Resource Allocator,** and **Negotiator.**
Exhibit 1.4: Mintzberg’s Managerial Roles.

- **Interpersonal**
  - Figurehead
  - Leader
  - Liaison

- **Informational**
  - Monitor
  - Disseminator
  - Spokesperson

- **Decisional**
  - Entrepreneur
  - Disturbance Handler
  - Resource Allocator
  - Negotiator

Management Skills

Technical Skill
- The skill of using tools, techniques, and methods that are specialized to a specific field.

Conceptual Skill
- The mental ability to integrate and coordinate the organization’s activities and goals.

Human Skill
- The ability to understand, cooperate with, and motivate subordinates.

Interpersonal Skill ➔ Communication Skill ➔ Time-Management Skill ➔ Decision-Making Skill
Organizational Performance

• Well-performing organizations can improve people's living standards, boost national economy, create new and useful knowledge, and contribute to the society overall.

• Organizational performance involves two factors - efficiency and effectiveness.
  • *Organizational effectiveness* refers to how well an organization achieves its purpose of providing its customers with valuable goods or services.
  • *Organizational efficiency* refers to how much an organization can maximize its production of those goods and services using its available resources.

• It is management’s responsibility to attain high performance by achieving organizational goals with a balance of both efficiency and effectiveness.