Principles of Management
Dyck / Neubert

Chapter 1
Introduction to Management

Roadmap

Figure 1.1: Four Reasons To Study Management

- It creates job opportunities for you by allowing you to develop the essential skills that you will need if you ever want to be a manager.
- It enables you to understand the organizational and social forces that influence how we are.
- It inspires your job satisfaction because it helps you understand your own managers, leaders, and the day-to-day decisions the leadership makes.
- It helps you to better understand how the various organizations you come in contact with are managed.
Important Managerial Skills

• Technical Skills
  – Expertise in a particular area—marketing, accounting, finance or human resources

• Human Skills
  – Abilities in getting along with people, leadership, helping others to be motivated, communication and conflict resolution

• Conceptual Skills
  – The ability to think about complex and broad organization issues

Types of Managers

• First-Line Supervisors
  – Manage the work of employees who are involved in the actual production or creation of an organization’s products or services.

• Middle Managers
  – Manage first-line managers and others.

• Top Managers
  – Have organization-wide managerial responsibilities—Chief Executive Officers (CEOs), Vice-Presidents, and Board Chairs

What Is Management?

• Management
  – The process of planning, organizing, leading and controlling human and other organizational resources towards the effective achievement of organizational goals.

• Organization
  – A goal-directed (planning), deliberately-structured (organizing) group of people working together (leading) to achieve results (controlling).
Functions of Management (Fayol)

• Four Management Functions:
  – Planning
  – Organizing
  – Leading
  – Controlling

Managerial Roles (Mintzberg)

• Interpersonal Roles
  – Leader, Liaison and Figurehead
• Decisional Roles
  – Resource Allocator, Negotiator, Entrepreneur, Crisis Handler
• Informational Roles
  – Monitor, Disseminator, and Spokesperson

Fayol’s Functions and Mintzberg’s Roles

<table>
<thead>
<tr>
<th>Fayol</th>
<th>Mintzberg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Entrepreneur, negotiator, spokesperson</td>
</tr>
<tr>
<td>Organizing</td>
<td>Resource allocator</td>
</tr>
<tr>
<td>Leading</td>
<td>Leader, liaison, disseminator</td>
</tr>
<tr>
<td>Controlling</td>
<td>Monitor, crisis handler, figurehead</td>
</tr>
</tbody>
</table>
Defining “Effective” Management

- Effectiveness
  - Choosing the “right” organizational goals to pursue
    - What about moral obligations?
    - Is profit-maximization a legitimate goal?
- Efficiency
  - The level of output that is achieved with a given level of inputs
    - Maximizing output while minimizing inputs

What Do You Think?
What Is the Meaning of Effectiveness in the Classroom

- What are students?
  - Members of the class
  - Paying customers
  - Products
- Is face-to-face student-as-apprentice education the most effective way to teach, or will it be replaced by a “virtual” world and on-line education?
From Mainstream to Multistream

• Mainstream Management
  – Emphasizes materialism and individualism
    • Effective management is about maximizing productivity, profitability and competitiveness.
    • Self-interest serves organizational needs.

• Multistream Management
  – Emphasizes multiple forms of well-being for multiple stakeholders
    • Effective management is about working with stakeholders towards creating a balance among multiple forms of well-being.

Why Study Two Approaches to Management?

• Studying two different approaches offers four distinct advantages:
  – It nurtures self-understanding.
  – It improves understanding of management.
  – It develops critical thinking skills.
  – It reduces bias.

Multistream Management Theory

• Contributors:
  – Max Weber
    • Individualism versus materialism
  – Adam Smith
    • “Invisible hand” attached to a “virtuous arm”
  – Aristotle
    • Maximizing people’s happiness (the “supreme good”) through the four cardinal virtues: practical wisdom, self-control, courage and justice.
Table 1.1: Comparing Mainstream and Multistream Management Definitions

<table>
<thead>
<tr>
<th>Mainstream Approach</th>
<th>Multistream Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Crafting visions</td>
</tr>
<tr>
<td>Organizing</td>
<td>Yes</td>
</tr>
<tr>
<td>Leading</td>
<td>No</td>
</tr>
<tr>
<td>Controlling</td>
<td>Yes</td>
</tr>
<tr>
<td>Managing</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Figure 1.3: Ratio of CEO Wages to Minimum Wage, 1965–2005


Figure 1.4: Benefits of Studying Two Approaches to Management

- It helps you understand where you and other managers fit along a continuum.
- It enriches your management skills.
- It helps you develop a richer understanding of both approaches.
- It helps you develop integrative thinking skills that reflect on your manager’s capabilities.
Summary

• Why the Study Of Management Is Important:
  – It provides skills to help you become a manager.
  – It improves the working relationships you will have with your own bosses.
  – It allows you to better understand how organizations operate.
  – It facilitates a better understanding of who you are and of your life ambitions.

Summary (cont’d)

• The Four Management Functions:
  – Planning: deciding on an organization’s goals and strategies.
  – Organizing: ensuring that tasks have been assigned and the structure of organizational relationships facilitates meeting goals.
  – Leading: relating with others so that their work efforts achieve organizational goals.
  – Controlling: ensuring actions are consistent the organization’s values and standards.

Summary (cont’d)

• Effective Management
  – Mainstream management: effectiveness comes from maximizing materialist-individualist outcomes.
  – Multistream management: effectiveness is finding a balance among multiple forms of well-being for multiple stakeholders.
Summary (cont’d)

• Mainstream Managers
  – Perform effectively when organizational efficiency, productivity and competitiveness are maximized.
    • Planning via measurable goals and rationally-designed strategies
    • Organizing via standardization, specialization, and centralization
    • Leading via motivating others to achieve organizational goals
    • Controlling via vigilant monitoring of performance

Summary (cont’d)

• Multistream Managers
  – Perform effectively when virtues are practiced in community and happiness is achieved.
    • Planning via practical wisdom, participation and higher-order goals
    • Organizing via courage and experimentation
    • Leading via relational self-control and treating members with dignity
    • Controlling via fairness and being sensitive to sub-optimal conditions.