

CHAPTER 1

Introduction to Management and Organizations

LEARNING OUTLINE

FOLLOW THIS LEARNING OUTLINE AS YOU READ AND STUDY THIS CHAPTER.

- Who Are Managers?
 - Explain how managers differ from nonmanagerial employees
 - Discuss how to classify managers in organizations.
- What Is Management?
 - Define management
 - Explain why efficiency and effectiveness are important to management

LEARNING OUTLINE (CONT'D)

FOLLOW THIS LEARNING OUTLINE AS YOU READ AND STUDY THIS CHAPTER.

- What Do Managers Do?
 - Describe the four functions of management.
 - Explain Mintzberg's managerial roles.
 - Describe Katz's three essential managerial skills and how the importance of these skills changes depending on managerial level.

LEARNING OUTLINE (CONT'D)

FOLLOW THIS LEARNING OUTLINE AS YOU READ AND STUDY THIS CHAPTER.

- What Is an Organization?
 - Describe the characteristics of an organization.
 - Explain how the concept of an organization is changing.
- What Are the Challenges to Managing?
 - Describe the current trends and issues facing managers.
 - Explain why customer service and innovation are important to the manager's job.

LEARNING OUTLINE (CONT'D)

FOLLOW THIS LEARNING OUTLINE AS YOU READ AND STUDY THIS CHAPTER.

- Why Study Management?
 - Explain the universality of management concept.
 - Discuss why an understanding of management is important even if you don't plan to be a manager.

WHO ARE MANAGERS?

- Manager
 - Someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals

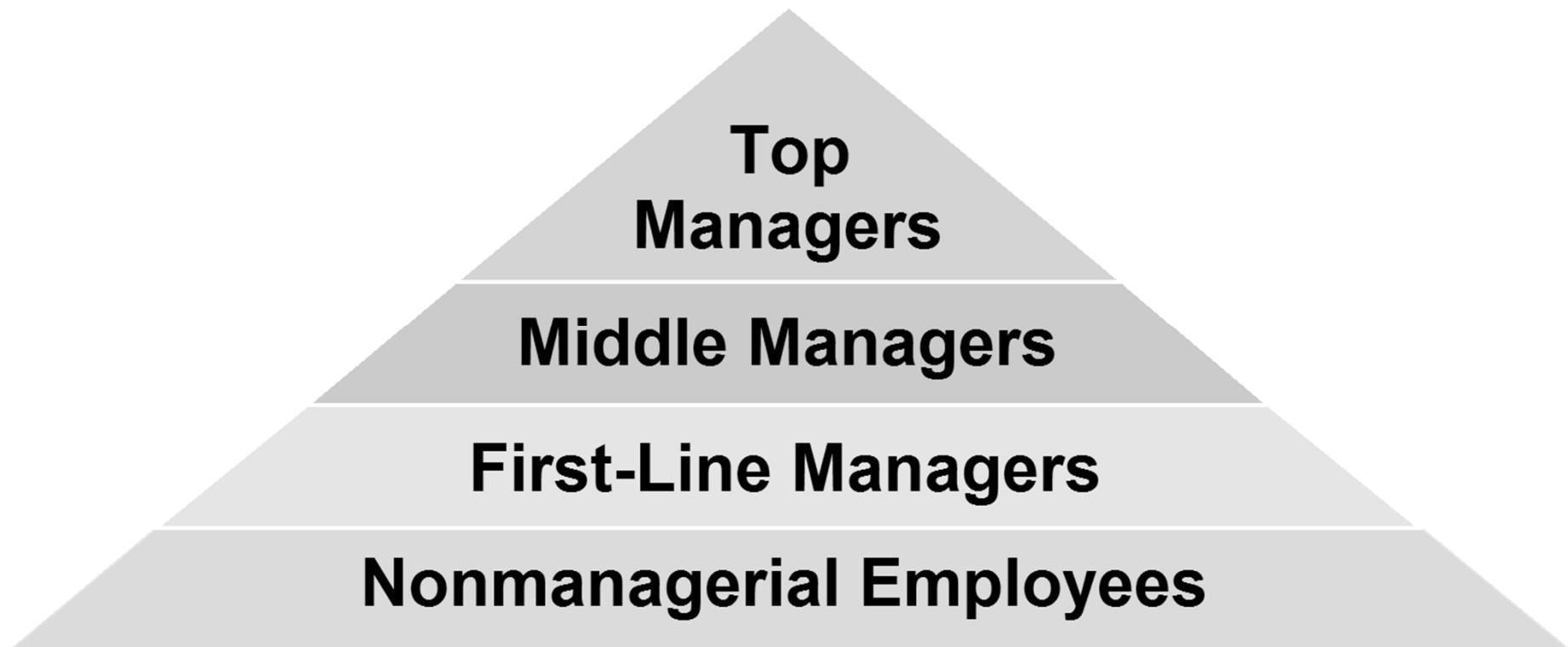
- The changing nature of organizations and work has blurred the clear lines of distinction between managers and nonmanagerial employees. Many workers' jobs now include managerial activities. Definitions used in the past no longer work.
- How do we define a manager? A **manager** is an organizational member who works with and through other people by coordinating their work activities in order to accomplish organizational goals. However, keep in mind that managers may have other work duties not related to integrating the work of others.

TYPES OF MANAGERS

- First-line Managers
 - Are at the lowest level of management and manage the work of nonmanagerial employees
- Middle Managers
 - Manage the work of first-line managers
- Top Managers
 - Are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization

- Managers can be classified by their level in the organization, particularly for traditionally structured organizations (those shaped like a pyramid)
- 1. **First-line managers** are the lowest level of management. They're often called supervisors.
- 2. **Middle managers** include all levels of management between the first-line level and the top level of the organization.
- 3. **Top managers** include managers at or near the top of the organization who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization.

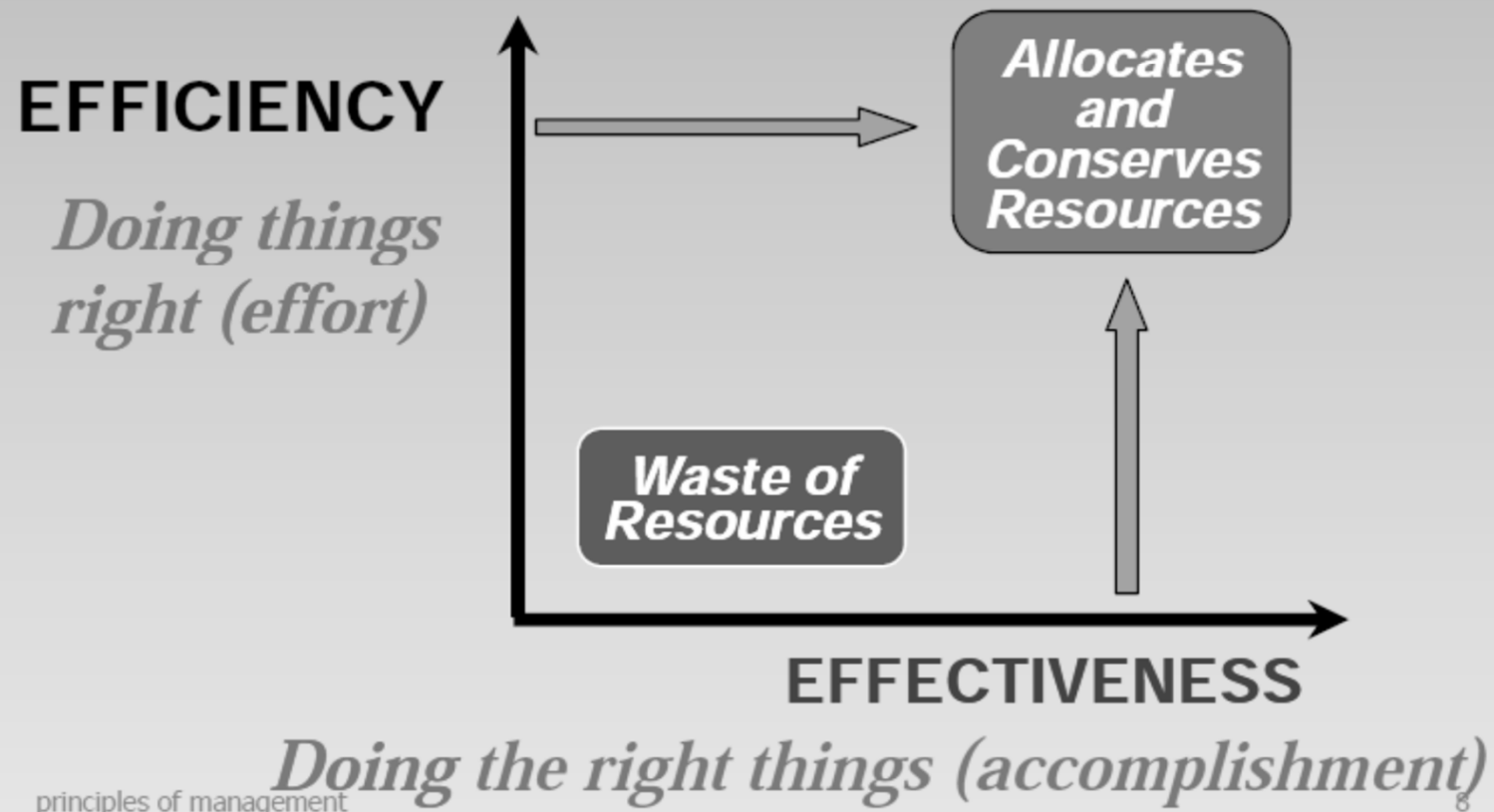
EXHIBIT 1.2 MANAGERIAL LEVELS



WHAT IS MANAGEMENT?

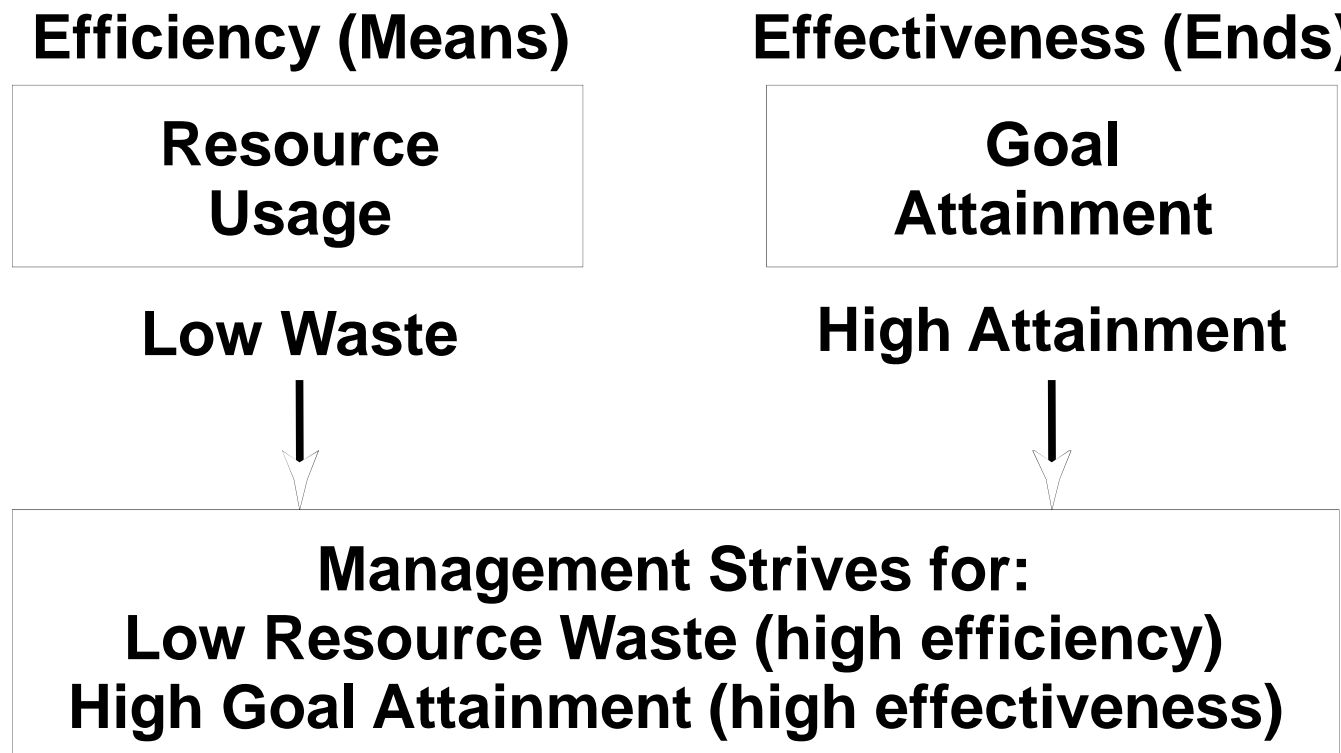
- Managerial Concerns
 - Efficiency
 - “Doing things right”
 - Getting the most output for the least input
 - Effectiveness
 - “Doing the right things”
 - Attaining organizational goals

Efficiency vs. Effectiveness



- **Management** refers to the process of coordinating and integrating work activities so that they're completed efficiently and effectively with and through other people.
- 1. The *process* refers to the ongoing functions or primary activities engaged in by managers.
- 2. Coordinating others' work activities is what distinguishes a manager's job from a nonmanagerial one.
- 3. **Efficiency** is getting the most output from the least amount of input, the goal of which is to minimize resource costs
- 4. **Effectiveness** is completing activities so that organizational goals are attained; often described as "doing the right things"

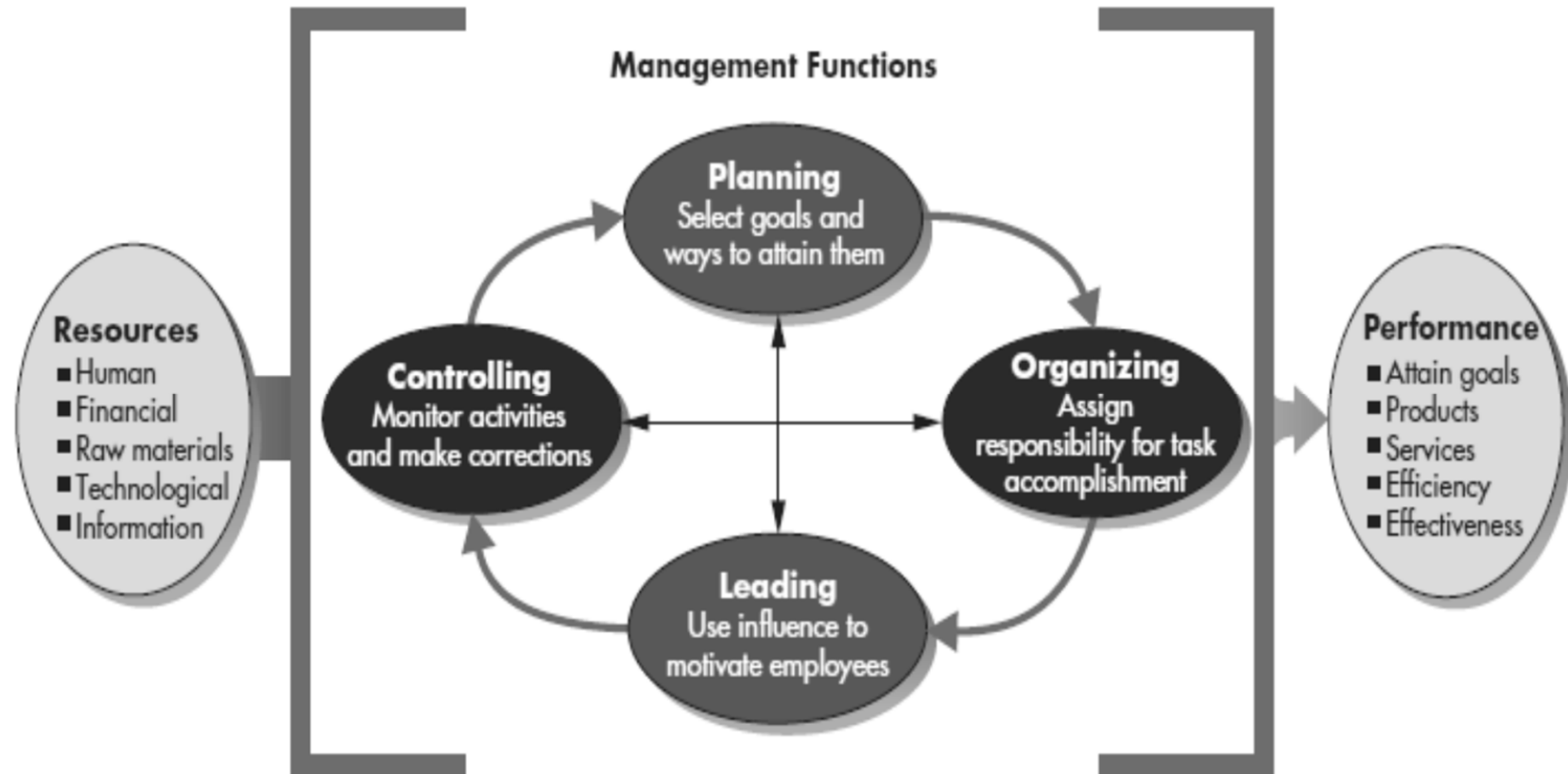
EXHIBIT 1.3 EFFICIENCY AND EFFECTIVENESS IN MANAGEMENT



WHAT DO MANAGERS DO?

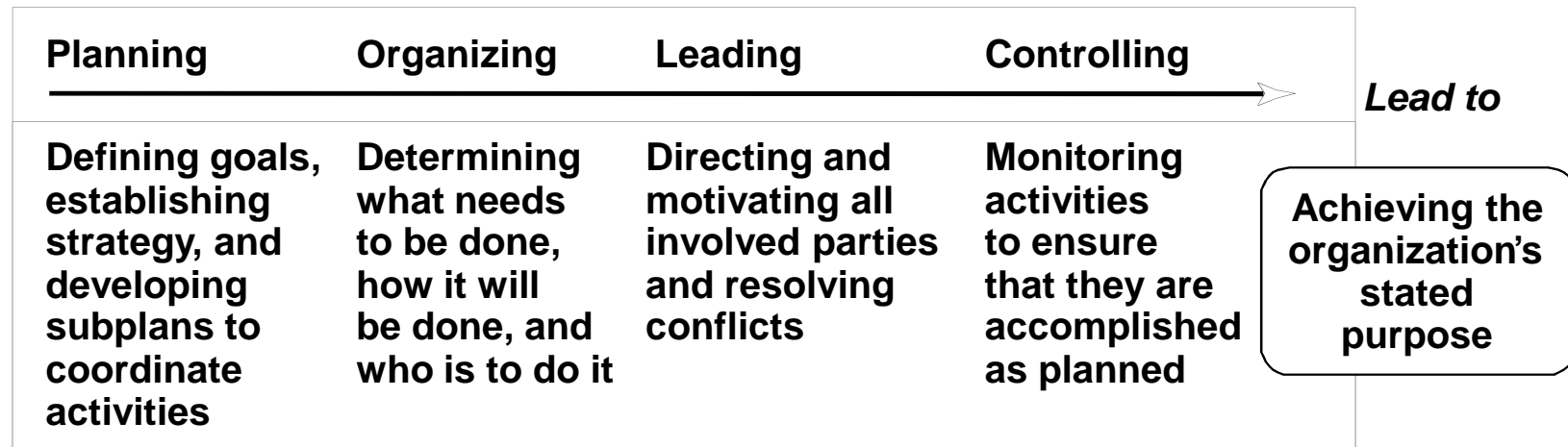
- Functional Approach
 - Planning
 - Defining goals, establishing strategies to achieve goals, developing plans to integrate and coordinate activities
 - Organizing
 - Arranging work to accomplish organizational goals
 - Leading
 - Working with and through people to accomplish goals
 - Controlling
 - Monitoring, comparing, and correcting the work

THE CHANGING PARADIGM OF MANAGEMENT



- No two managers' jobs are alike. But management writers and researchers have developed some specific categorization schemes to describe what managers do. We're going to look at three categorization schemes: **functions, roles, and skills.**
- Henri Fayol, a French industrialist from the early part of the 1900s, proposed that managers perform five management functions: POCCC (**plan, organize, command, coordinate, control**).
- These functions still provide the basis around which popular management textbooks are organized, but the functions have been condensed to four

EXHIBIT 1.4 MANAGEMENT FUNCTIONS



WHAT DO MANAGERS DO? (CONT'D)

- Mintzberg's Management Roles Approach (Exhibit 1.5)
 - Interpersonal roles
 - Figurehead, leader, liaison
 - Informational roles
 - Monitor, disseminator, spokesperson
 - Decisional roles
 - Entrepreneur, disturbance handler, resource allocator, negotiator

- In the late 1960s, Henry Mintzberg conducted a precise study of managers at work. He concluded that managers perform 10 different, but highly interrelated, **management roles**
 - a. **Interpersonal roles** included figurehead, leadership, and liaison activities.
 - b. **Informational roles** included monitoring, disseminating, and spokesperson activities.
 - c. **Decisional roles** included those of entrepreneur, disturbance handler, resource allocator, and negotiator.
- Follow-up studies of Mintzberg's role categories in different types of organizations and at different managerial levels within organizations have generally supported the notion that managers perform similar roles.
- However, the more traditional functions have not been invalidated. In fact, the functional approach still represents the most useful way of classifying the manager's job.

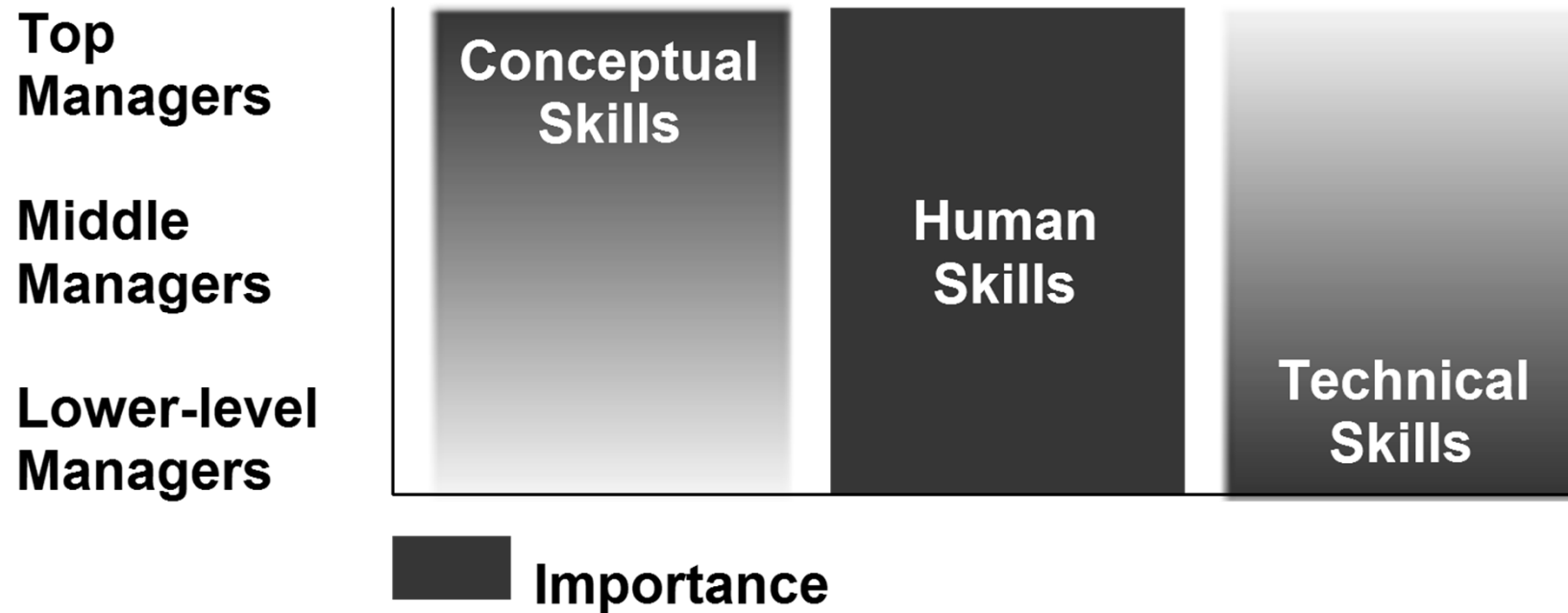
Category	Role	Activity
Informational	Monitor	Seek and receive information; scan periodicals and reports; maintain personal contacts.
	Disseminator	Forward information to other organization members; send memos and reports; make phone calls.
	Spokesperson	Transmit information to outsiders through speeches, reports, memos.
Interpersonal	Figurehead	Perform ceremonial and symbolic duties such as greeting visitors, signing legal documents.
	Leader	Direct and motivate subordinates; train, counsel, and communicate with subordinates.
	Liaison	Maintain information links both inside and outside organization; use mail, phone calls, meetings.
Decisional	Entrepreneur	Initiate improvement projects; identify new ideas; delegate idea responsibility to others.
	Disturbance handler	Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environmental crises.
	Resource allocator	Decide who gets resources; schedule, budget, set priorities.
	Negotiator	Represent department during negotiation of union contracts, sales, purchases, budgets; represent departmental interests.

WHAT DO MANAGERS DO? (CONT'D)

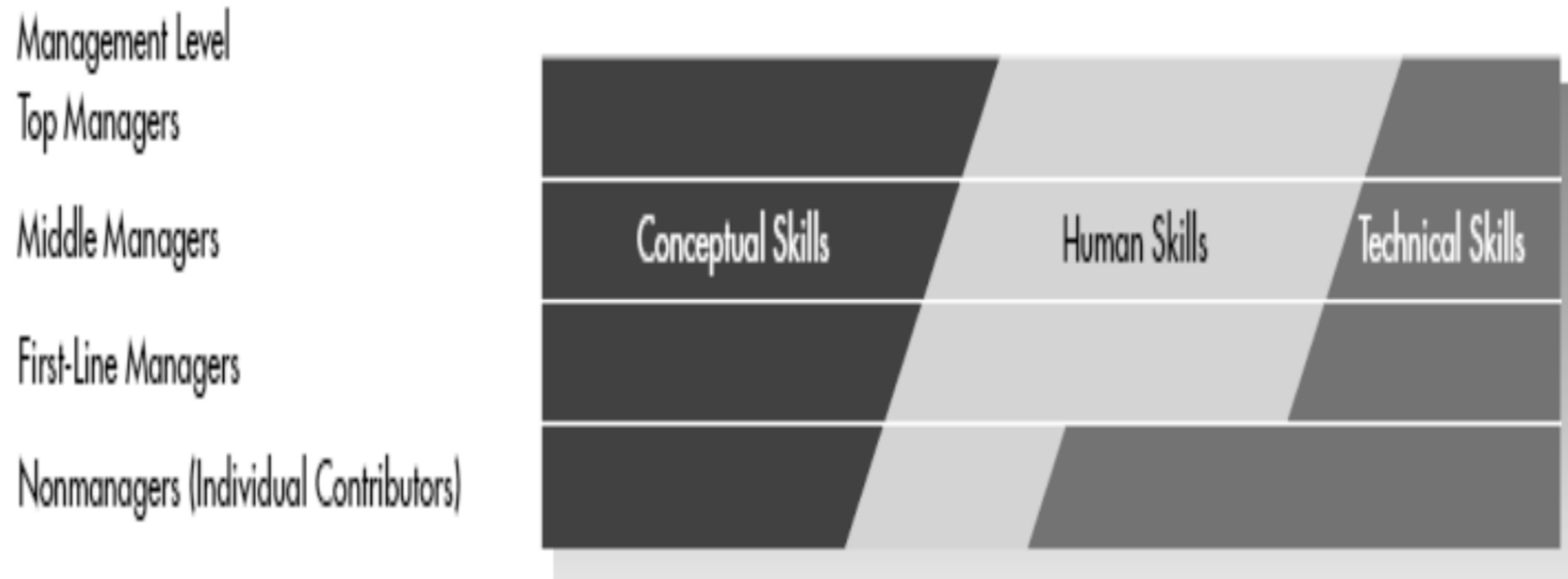
- Skills Approach
 - Technical skills
 - Knowledge and proficiency in a specific field
 - Human skills
 - The ability to work well with other people
 - Conceptual skills
 - The ability to think and conceptualize about abstract and complex situations concerning the organization

- Managers need certain skills to perform the varied duties and activities associated with being a manager.
- 1. Robert L. Katz found through his research in the early 1970s that managers need three essential skills or competencies (see **Exhibit 1.6**).
 - a. **Technical skills** are skills that include knowledge of and proficiency in a certain specialized field.
 - b. **Human skills** include the ability to work well with other people both individually and in a group.
 - c. **Conceptual skills** include the ability to think and to conceptualize about abstract and complex situations, to see the organization as a whole, and to understand the relationships among the various subunits, and to visualize how the organization fits into its broader environment.

EXHIBIT 1.6 SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS



MANAGEMENT SKILLS



WHAT IS AN ORGANIZATION?

- An Organization Defined
 - A deliberate arrangement of people to accomplish some specific purpose
- Common Characteristics of Organizations
 - Have a distinct purpose (goal)
 - Are composed of people
 - Have a deliberate structure

- Organizations need managers. An **organization** is a deliberate arrangement of people to accomplish some specific purpose.

- A. Organizations share three common characteristics:
 - (1) each has a distinct purpose;
 - (2) each is composed of people; and
 - (3) each develops some deliberate structure so members can do their work (see **Exhibit 1.7**).

EXHIBIT 1.7 CHARACTERISTICS OF ORGANIZATIONS

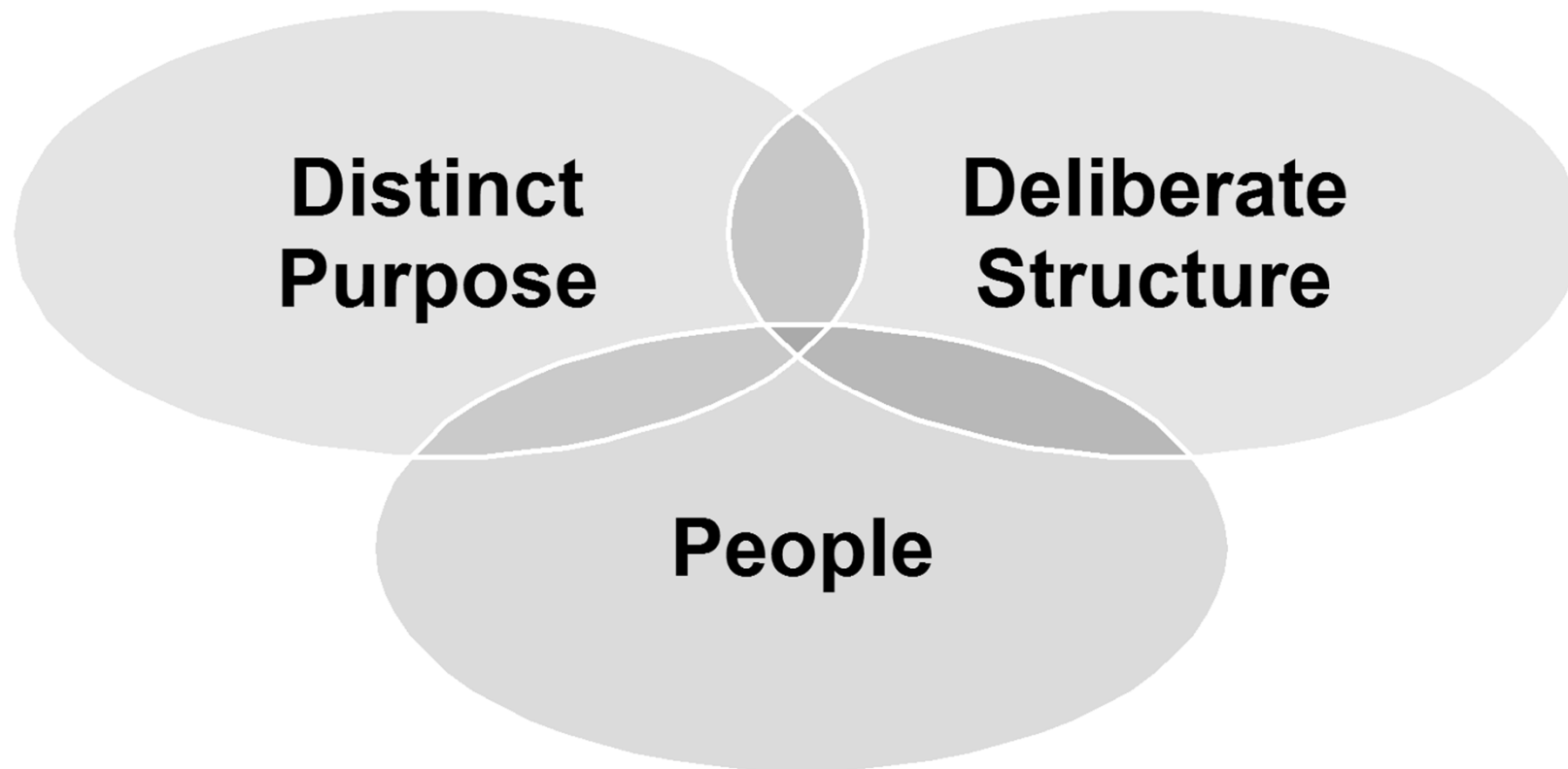


EXHIBIT 1.8 THE CHANGING ORGANIZATION

Traditional

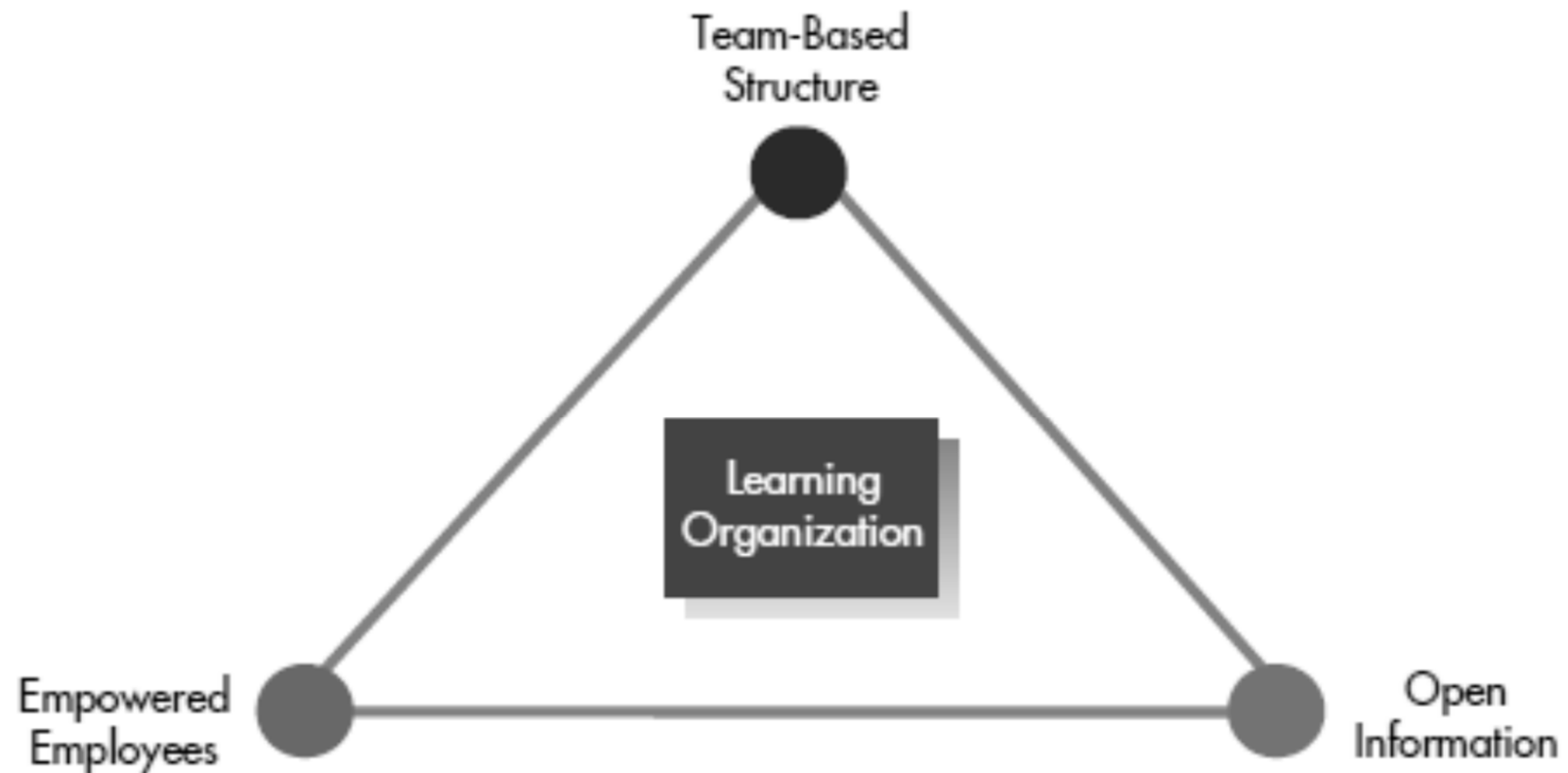
- Stable
- Inflexible
- Job-focused
- Work is defined by job positions
- Individual-oriented
- Permanent jobs
- Command-oriented
- Managers always make decisions
- Rule-oriented
- Relatively homogeneous workforce
- Workdays defined as 9 to 5
- Hierarchical relationships
- Work at organizational facility during specific hours

New Organization

- Dynamic
- Flexible
- Skills-focused
- Work is defined in terms of tasks to be done
- Team-oriented
- Temporary jobs
- Involvement-oriented
- Employees participate in decision making
- Customer-oriented
- Diverse workforce
- Workdays have no time boundaries
- Lateral and networked relationships
- Work anywhere, anytime

- Organizations are changing because the world around them has changed and is continuing to change.
- These societal, economic, global, and technological changes have created an environment in which successful organizations must embrace new ways of getting their work done.

ELEMENTS OF A LEARNING ORGANIZATION



LEARNING ORGANIZATION

- Can be defined as one in which everyone is engaged in identifying and solving problems, enabling the organization to experiment, change, and improve continuously, thus increasing its capacity to grow, learn, and achieve its purpose.

TEAM-BASED STRUCTURE.

- An important value in a learning organization is collaboration and communication across departmental and hierarchical boundaries. Self-directed teams are the basic building blocks of the structure.

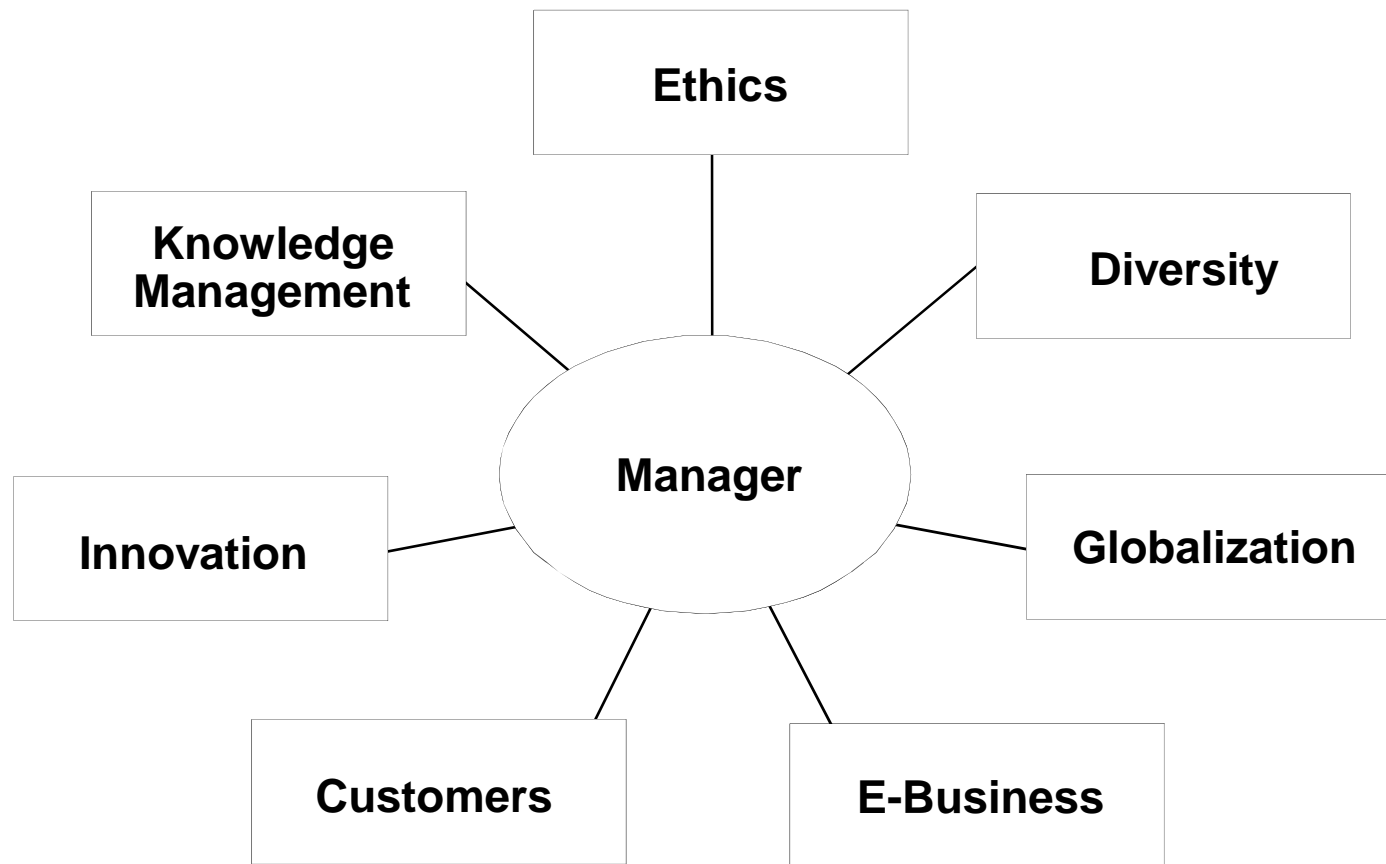
EMPLOYEE EMPOWERMENT.

- Empowerment means unleashing the power and creativity of employees by giving them the freedom, resources, information, and skills to make decisions and perform effectively.

INFORMATION SHARING.

- A learning organization is flooded with information. To identify needs and solve problems, people have to be aware of what is going on.
- They must understand the whole organization as well as their part in it. Formal data about budgets, profits, and departmental expenses must be available to everyone.

EXHIBIT 1.9 CHALLENGES IMPACTING THE MANAGER'S JOB



- Crisis management places further demands on today's managers. Some of the most recent thinking on crisis management suggests the importance of ***five leadership skills***:
 - **1. Stay Calm.**
 - **2. Be Visible.**
 - **3. Put People Before Business.**
 - **4. Tell The Truth.**
 - **5. Know When To Get Back To Business.**

CHALLENGES TO MANAGING

- Ethics
 - Increased emphasis on ethics education in university and college curriculums
 - Increased creation and use of codes of ethics by businesses
- Workforce Diversity
 - Increasing heterogeneity in the workforce
 - More gender, minority, ethnic, and other forms of diversity in employees

- **Ethics.** Cases of corporate lying, misrepresentations, and financial manipulations have been widespread in recent years. Managers of firms such as Nortel, Enron, ImClone, Global Crossing, and Tyco International put their self-interest ahead of others who might be affected by their decisions.
 - 1. While most managers continue to behave in a highly ethical manner, the abuses suggest a need to “upgrade” ethical standards.
 - 2. Ethics education is being widely emphasized in college and university curriculums.
 - 3. Organizations are taking a more active role in creating and using codes of ethics, ethics training programs, and hiring ethics officers.

- **Workforce Diversity.** **Workforce diversity** refers to employees in organizations who are heterogeneous in terms of gender, race, ethnicity, or other characteristics.
 - 1. Workforce diversity is a global issue.
 - 2. Before the early 1980s a melting pot or assimilation model was used. It has been replaced by the recognition and celebration of differences.
 - 3. The challenge for managers is to make organizations more accommodating to diverse groups of people by addressing different lifestyles, family needs, and work styles.
 - 4. Smart managers recognize diversity as an asset in bringing a broad range of viewpoints and problem-solving skills to a company.

CHALLENGES TO MANAGING (CONT'D)

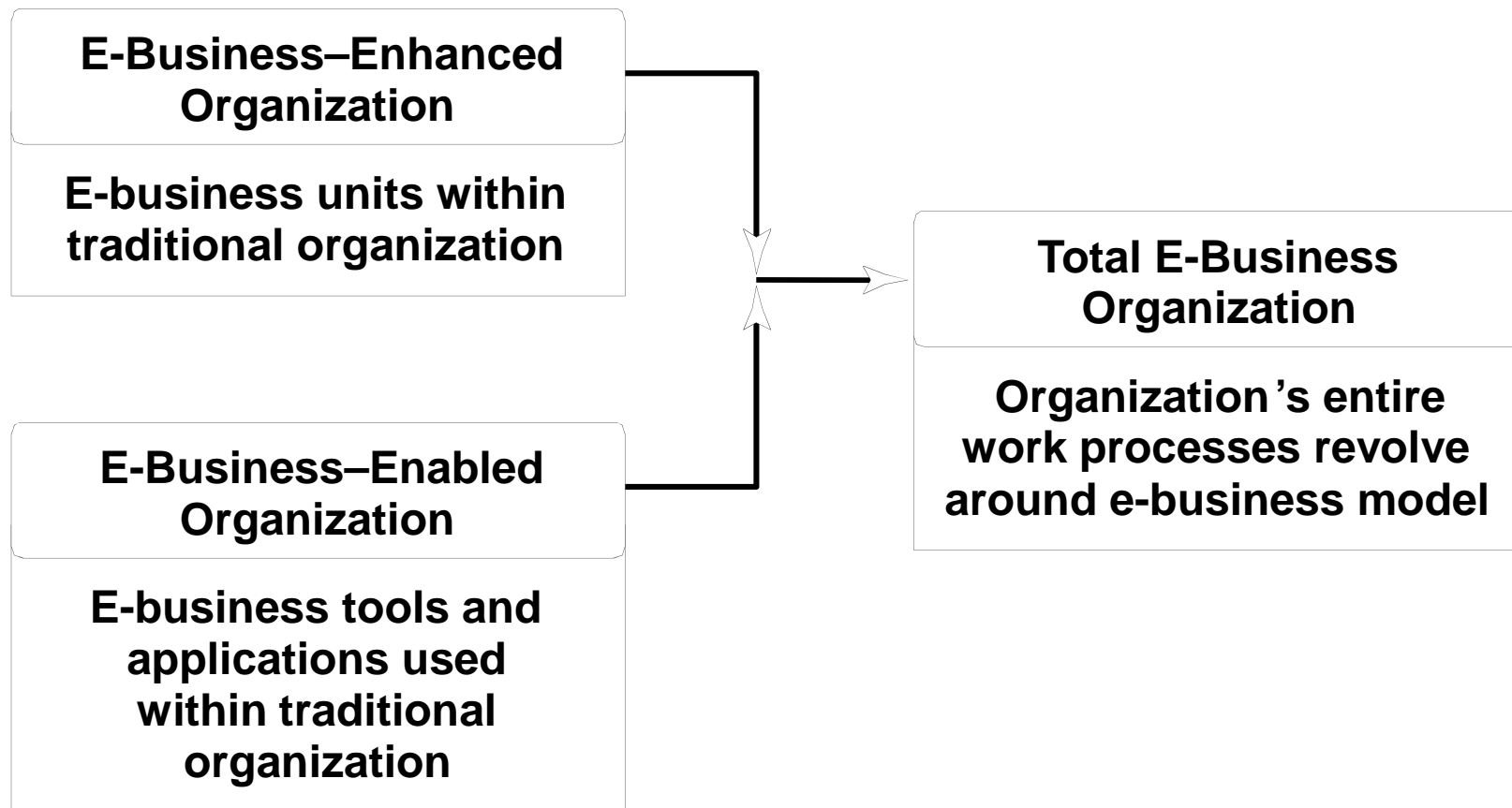
- Globalization
 - Management in international organizations
 - Political and cultural challenges of operating in a global market
- Organizational operations no longer stop at geographic borders. Managers in all types and sizes of organizations are faced with the opportunities and challenges of globalization.

CHALLENGES TO MANAGING (CONT'D)

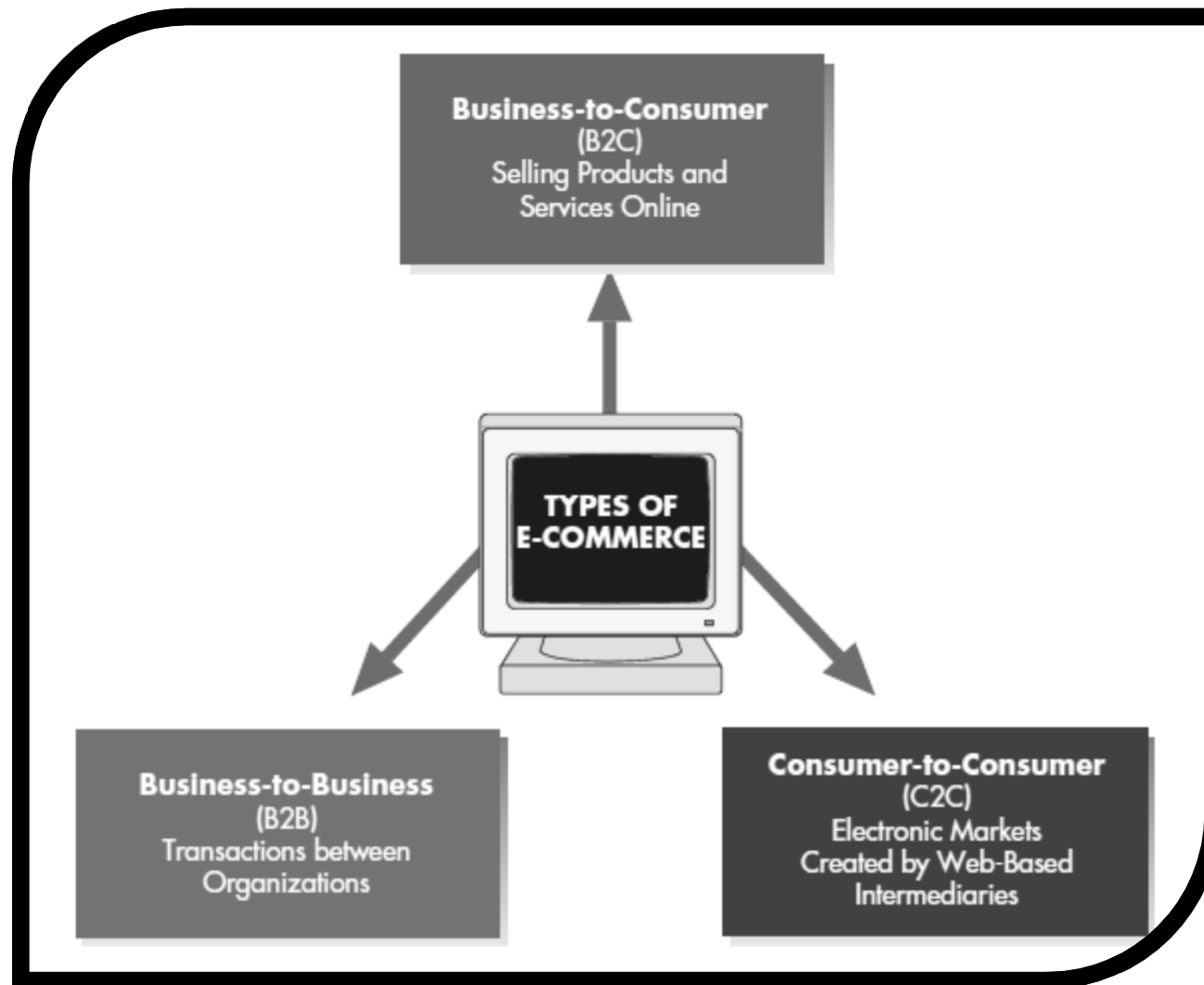
- E-business (electronic business)
 - The work performed by an organization using electronic linkages to its key constituencies
 - E-commerce: the sales and marketing component of an e-business
- Categories of E-businesses
 - E-business–enhanced organization
 - E-business–enabled organization
 - Total e-business organization

- . **E-business** (electronic business). A comprehensive term describing the way an organization does its work by using electronic (internet-based) linkages with key constituencies in order to efficiently and effectively achieve its goals.
- 2. While critics have questioned the viability of internet-based companies (dot-coms) after the high-tech implosion in 2000 and 2001, e-business is here for the long run.
- 3. **E-commerce** (electronic commerce). Any form of business exchange or transaction in which the parties interact electronically.
- 4. Categories of e-business involvement
 - a. *E-business-enhanced* organization: uses the internet to enhance (not to replace) its traditional ways of doing business.
 - b. *E-business-enabled* organization: internet enables organizational members to do work more efficiently and effectively.
 - c. *Total e-business* organization: whole existence is made possible by and revolves around the internet.

EXHIBIT 1.10 CATEGORIES OF E-BUSINESS INVOLVEMENT



THREE TYPES OF E-COMMERCE



Categories of e-business involvement

- a. *E-business-enhanced* organization: uses the internet to enhance (not to replace) its traditional ways of doing business.
- b. *E-business-enabled* organization: internet enables organizational members to do work more efficiently and effectively.
- c. *Total e-business* organization: whole existence is made possible by and revolves around the internet.

CHALLENGES TO MANAGING (CONT'D)

- Importance of Customers
 - Customers have more opportunities than ever before
 - Delivering consistent high-quality service is essential
 - Managers need to create customer-responsive organizations

- 1. Globalization and e-business give customers more opportunities than ever before.
- 2. Delivering consistent high-quality service is essential for success and survival in today's competitive environment.
- 3. Managers need to create a customer-responsive organization (where employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what's necessary to please the customer).

CHALLENGES TO MANAGING (CONT'D)

- Innovation
 - Doing things differently, exploring new territory, and taking risks
 - Managers need to encourage all employees to be innovative

- 1. Innovation means doing things differently, exploring new territory, and taking risks.
- 2. Managers—at all levels and in all areas—need to encourage their employees to be on the lookout for new ideas and new approaches in everything that's done.

CHALLENGES TO MANAGING (CONT'D)

- Knowledge Management
 - The cultivation of a learning culture where organizational members systematically gather and share knowledge with others in order to achieve better performance
- Learning Organization
 - An organization that has developed the capacity to continuously learn, adapt, and change

EXHIBIT 1.11 LEARNING ORGANIZATION VS. TRADITIONAL ORGANIZATION

	Traditional Organization	Learning Organization
Attitude toward change	If it's working, don't change it.	If you aren't changing, it won't be working for long.
Attitude toward new ideas	If it wasn't invented here, reject it.	If it was invented or reinvented here, reject it.
Who's responsible for innovation?	Traditional areas such as R & D	Everyone in organization
Main fear	Making mistakes	Not learning; not adapting
Competitive advantage	Products and service	Ability to learn, knowledge and expertise
Manager's job	Control others	Enable others

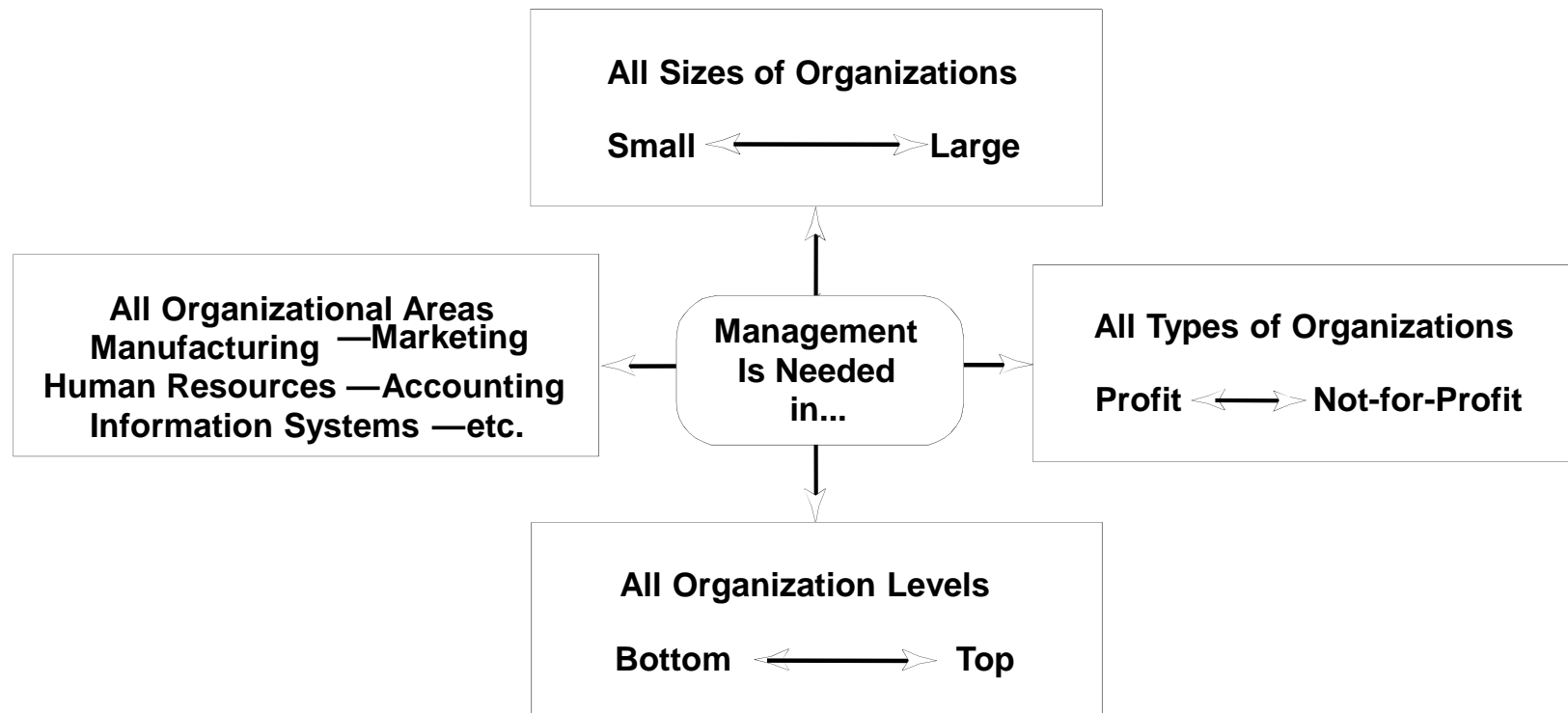
WHY STUDY MANAGEMENT?

- The Value of Studying Management
 - The universality of management
 - Good management is needed in all organizations
 - The reality of work
 - Employees either manage or are managed
 - Entrepreneurship
 - The organized effort to pursue opportunities to create value and grow through innovation and uniqueness

- A. The **universality of management**: the certainty that management is needed in all types and sizes of organizations, at all organizational levels, and in all organizational work areas, regardless of where they're located (see **Exhibit 1.12**).
 - 1. We interact with organizations every day of our lives. Every product we use and every action we take is provided by or affected by organizations. These organizations require managers. Organizations that are well managed develop a loyal customer base, and they grow and prosper.
 - 2. By studying management, students will be able to recognize good management, and encourage it, and recognize poor management, and work to get it corrected.

- B. The **reality of work**: after graduating, students will either manage or be managed. A course in management provides insights into the way managers behave and into the internal working of organizations. Students don't have to aspire to be a manager to gain something valuable from a course in management.
- C. **Entrepreneurship**: students may want to become entrepreneurs.

EXHIBIT 1.12 UNIVERSAL NEED FOR MANAGEMENT



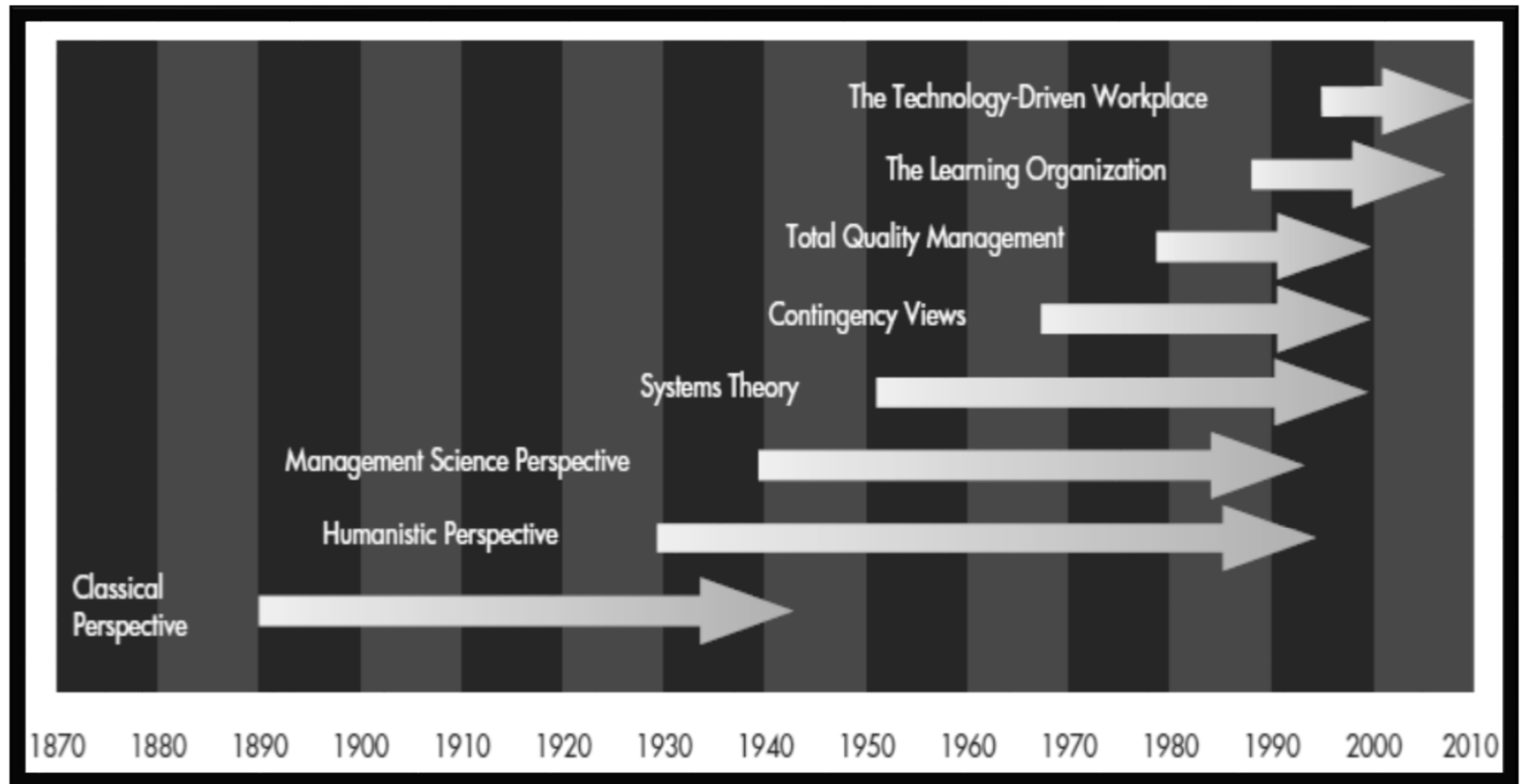
Managers in all kinds of settings will plan, organize, lead, and control.

CHALLENGES TO MANAGING (CONT'D)

- Entrepreneurship Defined
 - The process whereby an individual or group of individuals use organized efforts to create value and grow by fulfilling wants and needs through innovation and uniqueness
- Entrepreneurship Process
 - Pursuit of opportunities
 - Innovation in products, services, or business methods
 - Desire for continual growth of the organization

- **Entrepreneurship** refers to the process whereby an individual or a group of individuals uses organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness.
 - 1. Three important themes stand out in this definition:
 - a. The pursuit of opportunities
 - b. Innovation
 - c. Growth
 - 2. Entrepreneurship will continue to be important to societies around the world.

MANAGEMENT PERSPECTIVES OVER TIME



Thank You