CHAPTER 1

Understanding the Manager's Job

Fundamentals of MANAGEMENT

PART 1
Introduction to Management
Learning Outcomes

After studying this chapter you should be able to:

1. Define management, describe the kinds of managers found in organizations, identify and explain the four basic management functions, describe the fundamental management skills, and comment on management as science and art.

2. Justify the importance of history and theory to managers and explain the evolution of management thought through the classical, behavioral, and quantitative perspectives.

3. Identify and discuss key contemporary management perspectives represented by the systems and contingency perspectives and identify the major challenges and opportunities faced by managers today.
• Organization
  – A group of people working together in structured and coordinated fashion to achieve a set of goals

• Types of Organizational Goals
  – Profit-seeking
  – National defense
  – Discovery of knowledge
  – Coordination
  – Social needs
What is Management?

• Engaging in a set of activities
  – Planning and decision making, organizing, leading, and controlling

• Using an organization’s resources
  – Human, financial, physical, and information

• Achieving organizational goals in an efficient and effective manner.
Basic Responsibility of Management

EFFICIENTLY
Using resources wisely and in a cost-effective way

and

EFFECTIVELY
Making the right decisions and successfully implementing them
What is a Manager?

• Someone whose primary responsibility is to carry out the management process.
  – Plans and makes decisions, organizes, leads, and controls human, financial, physical, and information resources.
Kinds of Managers by Level

• Top Managers
  – Executives who manage the organization’s overall goals, strategy, and operating policies.

• Middle Managers
  – Largest group of managers in organizations
    • Implement top management’s policies and plans.
    • Supervise and coordinate lower-level managers’ activities.

• First-Line Managers
  – Supervise and coordinate the activities of operating employees.
Managing in Different Areas of the Organization

Kinds of Managers by Area

- Marketing Managers
- Financial Managers
- Operations Managers
- Human Resources Managers
- Administrative Managers
- Specialist Managers
FIGURE 1.2  The Management Process

Planning and Decision Making
Setting the organization’s goals and deciding how best to achieve them

Organizing
Determining how best to group activities and resources

Controlling
Monitoring and correcting ongoing activities to facilitate goal attainment

Leading
Motivating members of the organization to work in the best interests of the organization

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What Skills Do Managers Need?

Technical

Interpersonal

Fundamental Management Skills

Conceptual

Diagnostic

Communication

Decision Making

Time Management
Fundamental Management Skills

• Technical
  – The skills required for work done in an organization.

• Interpersonal
  – The ability to communicate with, understand, and motivate both individuals and groups.

• Conceptual
  – The ability to think in the abstract.

• Diagnostic
  – The ability to visualize the appropriate response to a situation.
Fundamental Management Skills (cont’d)

• Communication
  – The ability both to convey and to receive ideas and information effectively from others.

• Decision-Making
  – The ability to recognize and define problems and opportunities and then to select a course of action to solve problems and capitalize on opportunities.

• Time-Management
  – The ability to prioritize work, to work efficiently, and to delegate appropriately.
Management: Science or Art?

• The Science of Management
  – Assumes problems can be approached using rational, logical, objective, and systematic ways.
  – Requires technical, diagnostic, and decision-making skills and techniques.

• The Art of Management
  – Requires a blend of intuition, experience, instinct, and personal insights.
  – Requires conceptual, communication, interpersonal, and time-management skills to accomplish managerial tasks activities.
Why Theory?

- Provides a conceptual framework for organizing knowledge and providing a blueprint for action.
  - Management theories are grounded in reality.
  - Managers develop their own theories.

Why History?

- An awareness and understanding of historical developments in management are important.
  - Furthers development of management practices.
  - Avoids mistakes of others in the past.
The Historical Context of Management

- **A** Sumerians: Used written rules and regulations for governance
- **B** Egyptians: Used management practices to construct pyramids
- **C** Babylonians: Used extensive set of laws and policies for governance
- **D** Greeks: Used different governing systems for cities and state
- **E** Romans: Used organized structure for communication and control
- **F** Chinese: Used extensive organization structure for government agencies and the arts
- **G** Venetians: Used organization design and planning concepts to control the seas

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Early Management Pioneers

• Robert Owen (1771–1858)
  – Recognized the importance of human resources and the welfare of workers.

• Charles Babbage (1792–1871)
  – Focused on creating production efficiencies through division of labor, and application of mathematics to management problems.
The Classical Management Perspective

• **Scientific Management**
  – Concerned with improving the performance of individual workers (i.e., efficiency in output).
  – Grew out of the industrial revolution’s labor shortage.

• **Administrative Management**
  – Focuses on managing the total organization rather than individuals.
• Frederick Taylor (1856–1915)
  – Replaced old work methods with scientifically-based work methods.
    • Eliminated “soldiering,” where employees deliberately worked at a pace slower than their capabilities.
  – Believed in selecting, training, teaching, and developing workers.
  – Used time studies of jobs, standards planning, exception rule of management, slide-rules, instruction cards, and piece-work pay systems to control and motivate employees.
FIGURE 1.3  
Steps in Scientific Management

1. Develop a science for each element of the job to replace old rule-of-thumb methods

2. Scientifically select employees and then train them to do the job as described in step 1

3. Supervise employees to make sure they follow the prescribed methods for performing their jobs

4. Continue to plan the work, but use workers to get the work done
• Frank and Lillian Gilbreth
  – Both developed techniques and strategies for eliminating inefficiency.
    • Frank reduced bricklaying movements, resulting in increased output of 200%.
    • Lillian made substantive contributions to the fields of industrial psychology and personnel management.
Administrative Management Theorists

• Henri Fayol (1845–1925)
  – Identified the specific management functions of planning, organizing, leading, and controlling.

• Lyndall Urwick (1891–1983)
  – Integrated work of previous management theorists.

• Max Weber (1864–1920)
  – His theory of bureaucracy is based on a rational set of guidelines for structuring organizations.
Classical Management Perspective

• Contributions
  – Laid foundation for later developments.
  – Identified important management processes, functions, and skills.
  – Focused attention on management as subject of scientific inquiry.

• Limitations
  – More appropriate for use in traditional, stable, simple organizations.
  – Prescribed universal procedures that are not appropriate in some settings.
  – Employees viewed as tools rather than as resources.
Behavioral Management Perspective

• Behavioral Management
  – Emphasized the importance of individual attitudes and behaviors, and group processes.

• Hugo Munsterberg (1863–1916)
  – Advocated applying psychological concepts to employee selection and motivation.

• Mary Parker Follett (1868–1933)
  – Recognized importance of human behavior in the workplace.
Key Managerial Roles (Munsterberg)

Key Management Roles

Interpersonal Roles
- Figurehead
- Leader
- Liaison

Informational Roles
- Monitor
- Disseminator
- Spokesperson

Decisional Roles
- Entrepreneur
- Disturbance handler
- Negotiator
The Hawthorne Studies (1927–1932)

• Conducted at Western Electric
  – Illumination study
    • Lighting adjustments affected both control and experimental groups of employees.
  – Group study
    • Incentive plan caused workers to establish informal levels of individual output.
      – Over-producing workers were labeled “rate busters.”
      – Under-producing workers were considered “chiselers.”
  – Interview program
    • Confirmed importance of human behavior in the workplace.
• The Human Relations Movement
  – Grew out of the Hawthorne studies.
  – Proposed that workers respond primarily to the social context of work, including social conditioning, group norms, and interpersonal dynamics.
  – Assumed that the manager’s concern for workers would lead to increased worker satisfaction and improved worker performance.
Human Relations View of Management

- Individual Needs and Motives
- Social Context of the Workplace
- Individual Responses
- Supervisor
- Task
Behavioral Management Theorists

• Abraham Maslow
  – Advanced a theory that employees are motivated by a hierarchy of needs that they seek to satisfy.

• Douglas McGregor
  – Proposed Theory X and Theory Y concepts of managerial beliefs about people and work.
### Table 1.1 Theory X and Theory Y

<table>
<thead>
<tr>
<th>Theory X Assumptions</th>
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<tbody>
<tr>
<td>1. People do not like work and try to avoid it.</td>
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<tr>
<td>2. People do not like work, so managers have to control, direct, coerce,</td>
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<tr>
<td>and threaten employees to get them to work toward organizational goals.</td>
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<td>3. People prefer to be directed, to avoid responsibility, and to want security;</td>
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<tr>
<td>they have little ambition.</td>
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<table>
<thead>
<tr>
<th>Theory Y Assumptions</th>
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</thead>
<tbody>
<tr>
<td>1. People do not naturally dislike work; work is a natural part of their lives.</td>
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<td>2. People are internally motivated to reach objectives to which they are committed.</td>
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<td>3. People are committed to goals to the degree that they receive personal rewards</td>
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<td>when they reach their objectives.</td>
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<td>4. People will both seek and accept responsibility under favorable conditions.</td>
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<td>5. People have the capacity to be innovative in solving organizational problems.</td>
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<td>6. People are bright, but under most organizational conditions their potential is</td>
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<tr>
<td>underutilized.</td>
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Organizational Behavior (OB)

• Focuses on behavioral perspectives.
  – Draws on psychology, sociology, anthropology, economics, and medicine.
  – Has a contingency orientation.

• Important OB research topics:
  – Job satisfaction and job stress
  – Motivation and leadership
  – Group dynamics and organizational politics
  – Interpersonal conflict
  – The structure and design of organizations
Behavioral Management Contributions

• Provided insights into motivation, group dynamics, and other interpersonal processes.

• Focused managerial attention on these critical processes.

• Challenged the view that employees are tools.

• Furthered the belief that employees are valuable resources.
Behavioral Management Limitations

• Complexity of individuals makes behavior difficult to predict.

• Many concepts not put to use because managers are reluctant to adopt them.

• Practicing managers do not always accept or understand the importance of behavioral processes and that employees are valuable resources rather than simple tools.
Quantitative Management

- Helped Allied forces manage logistical problems during World War II.
- Focuses on decision making, economic effectiveness, mathematical models, and use of computers to solve quantitative problems.
Quantitative Management Fields

• Management Science
  – Focuses on the development of representative mathematical models to assist with decisions.

• Operations Management
  – Practical application of management science to efficiently manage the production and distribution of products and services.
Quantitative Management Contributions

• Developed sophisticated quantitative techniques to assist in decision making.
  – Models are useful in understanding complex processes and situations.

• Useful in planning and controlling processes.
Quantitative Management Limitations

- Cannot fully explain or predict behavior of people in organizations.
- Mathematical sophistication may displace other managerial skills.
- Uses models that may require unrealistic or unfounded assumptions, limiting their general applicability.
FIGURE 1.4 The Systems Perspective of Organizations

Inputs from the environment: material inputs, human inputs, financial inputs, and information inputs

Transformation process: technology, operating systems, administrative systems, and control systems

Outputs into the environment: products/services, profits/losses, employee behaviors, and information outputs

Feedback
Systems Perspective Concepts

• Open System
  – An organizational system that interacts with its environment.

• Closed system
  – An organizational system that does not interact with its environment.

• Subsystems
  – A system within another system that is important due to its interdependence on other subsystems within the organization.
• Synergy
  – Subsystems are more successful working together in than working alone.
  – The whole system (subsystems working together as one system) is more productive and efficient than the sum of its parts.

• Entropy
  – Is a process in which an organizational system declines due to failing to adjust to change in its environment.
  – Is avoided through change and renewal.
The Contingency Perspective

• Universal Perspectives
  – Include classical, behavioral, and quantitative approaches.
  – Attempt to identify “one best way” to manage organizations.

• Contingency Perspective
  – Suggests each organization is unique.
    • Appropriate managerial behavior depends (is contingent) on current situation in the organization.
The Contingency Perspective Process

Problem or Situation

Important Contingencies

Solution or Action A

Solution or Action B

Solution or Action C
Contemporary Management
Issues and Challenges

• Globalization of product and service markets
• An increasingly diverse and globalized workforce
• Increased emphasis on ethics and social responsibility
• The use of quality as the basis for competition
• The shift to a predominately service-based economy
• Meeting the challenges of a recovering economy
• Creating new organizational structures to provide challenging, motivating, and flexible work environments
• The effects of new information technology on how work is done in organization
An Integrative Framework of Management Perspectives

**Systems Approach**
- Recognition of internal interdependencies
- Recognition of environmental influences

**Contingency Perspective**
- Recognition of the situational nature of management
- Response to particular characteristics of situation

**Classical Management Perspectives**
Methods for enhancing efficiency and facilitating planning, organizing, and controlling

**Behavioral Management Perspectives**
Insights for motivating performance and understanding individual behavior, groups and teams, and leadership

**Quantitative Management Perspectives**
Techniques for improving decision making, resource allocation, and operations

Effective and efficient management
EXPERIENTIAL EXERCISE: Johari Window

My Own Perceptions

- Things I Know About Myself
  - Quadrant 1
    - “The Open Self”
    - Characteristics apparent to me and to others
      - ___________
      - ___________
      - ___________

- Things I Do Not Know About Myself
  - Quadrant 2
    - “The Blind Self”
    - Characteristics not apparent to me
      - ___________
      - ___________
      - ___________

Other Persons’ Perceptions

- Things Others Know About Me
  - Quadrant 3
    - “The Concealed Self”
    - Characteristics known to me but kept hidden from others
      - ___________
      - ___________
      - ___________

- Things Others Do Not Know About Me
  - Quadrant 4
    - “The Unknown Self”
    - The Blind Area