

INTRODUCTION TO MANAGEMENT (40-1)

[An **organization** is a group of people who work together to achieve goals.

A **goal** is a desired future outcome.

Management plans, organizes, leads, and controls resources to achieve organizational goals.

Resources include people, machinery, raw materials, information, skills, and capital.

Organizational performance measures how effectively and efficiently managers use resources to satisfy customers and to achieve organizational goals.

Effectiveness is the ability to choose and achieve appropriate goals; **is doing the right things.**

Efficiency is the ability to make the best use of resources in goal achievement; **is doing things right.]**

EOs 1 + 2. THE FOUR FUNCTIONS OF MANAGEMENT:

1. **PLANNING**--Setting organizational goals and deciding how to achieve them.
Planning requires managers to take risks because it's *not* always clear which goals will be most effective.
2. **ORGANIZING**--Grouping and sequencing resources and activities to achieve goals.
The resulting organizational structure determines how well the organization uses its resources.
3. **LEADING**--Articulating a vision while energizing and inspiring company members to work together to achieve goals.
Good leadership motivates employees and secures their commitment to goals.
4. **CONTROLLING**--Monitoring progress to assure achievement of goals.
Good control enables accurate measurement of performance and maximum efficiency and effectiveness.

THE THREE TYPES OF SKILLS NEEDED TO PERFORM EFFECTIVELY IN THOSE ROLES:

1. **Conceptual skills**--to think abstractly and 'see the big picture'.
2. **Human skills**--to communicate with, understand, and motivate others.
3. **Technical skills**--to accomplish specialized work activities.

THE ROLES OF MANAGERS, according to Henry Mintzberg:

1. **Decisional roles--the manager as choice maker:**
 - a. **Entrepreneur**--innovator/creator of new businesses and new business techniques,
 - b. **Disturbance handler**--arbitrator between subordinates,
 - c. **Resource allocator**--decider of resource apportionment, *and*
 - d. **Negotiator**--spokesman for the organization in outside disputes.
2. **Interpersonal roles--the manager's relationships with others:**
 - a. **Figurehead**--symbolic representative of the organization in its public relations,
 - b. **Leader**--motivator and coordinator of subordinates' activities, *and*
 - c. **Liaison**--interactor with peers, in and out of the organization.
3. **Informational roles--the manager as receiver and transmitter, the focal point, of information:**
 - a. **Monitor**--gatherer of information,
 - b. **Disseminator**--distributor of information, *and*
 - c. **Spokesman**--transmitter of information outside the organization.

EO 3. THE THREE LEVELS OF MANAGEMENT:

1. **First-line [aka front-line] managers** (foreman, supervisor, office manager) supervise operating employees and coordinate their activities.
First-line managers need good technical and human skills and modest conceptual skills.
Lower managers spend most of their time leading.

2. **Middle managers** (plant manager, operations manager, division head) implement top management's plans and supervise first-line managers.
Middle managers need better conceptual skills *and* good human and technical skills.
3. **Top managers** (CEO, president, VP) establish the organization's overall goals, strategies, and operating policies and officially represent the organization to those outside the organization.
The top management team consists of the CEO, the COO, and the department heads.
Top managers need great human and conceptual skills and reasonable technical skills.
Top managers have cross-departmental responsibility, being responsible for the performances of many departments.
Top managers spend most of their time planning and organizing.

EO 4. **A COMPETITIVE ADVANTAGE** is the ability to outperform other organizations by producing a good or service more efficiently and effectively. [*A **product** is a good or a service.*]

The four building blocks of competitive advantage:

1. **Superior efficiency**--Reduce the quantity of resources needed to produce goods or services.
Increase efficiency by training employees in new skills and techniques, cross-training employees, *and* organizing employees in more efficient ways (such as self-managed teams).
2. **Superior quality**--Improve employees' skills and abilities and put the burden of quality control on them.
3. **Superior innovation**--**Create new goods and services** by encouraging employees to be innovative, decentralizing management, organizing employees into small groups, *and/or* rewarding risk taking.
4. **Superior responsiveness to customers**--Train employees to respond to customers' needs.
Empower customer service employees.

Four challenges for managers in an increasingly competitive global environment:

1. **Restructuring**--downsizes an organization by eliminating jobs.
Restructuring promotes efficiency and reduces costs, *but* restructuring can also reduce employee morale and increase the responsibilities of middle and front-line managers.
2. **Outsourcing**--uses another entity (typically abroad) to perform tasks that were previously performed by the firm's own employees.
3. **Empowerment**--expands employees' tasks and responsibilities.
4. **Self-managed teams**--are groups of employees that supervise and monitor their own activities, thus reducing the work of front-line managers.

[Other current managerial concerns include maintaining ethical standards, managing diverse workforces, and using new information systems and technologies to maintain a competitive edge.]

EO 5. **SCIENTIFIC MANAGEMENT** improves worker efficiency through the scientific study of work methods. **Frederick Taylor** (1856-1915) proposed **four principles of scientific management:**

1. Determine the 'one best way' to do each task.
2. Develop written rules and a standard procedure for performing each task.
3. Select and train workers to perform each task and make sure each worker is doing each task the 'one best way'.
4. Set an acceptable performance level for a task and reward workers who perform above that level.

Many employers implemented Taylor's methods selectively, requiring workers to be more productive for the same amount of pay thus giving scientific management a bad reputation.

In response, workers often slowed their production to lower their performance levels.

Frank Gilbreth (1868-1924) and **Lillian Gilbreth** (1868-1972) refined Taylor's methods by using motion studies to eliminate unneeded motions in tasks and to reduce task fatigue.

ADMINISTRATIVE MANAGEMENT develops principles used by managers to coordinate a company's internal activities.

Two theories of administrative management:

1. **The theory of bureaucracy**--Bureaucratic management uses a formal organizational system designed to promote efficiency and effectiveness.
Max Weber (1864-1920) developed **the five principles of bureaucracy**:
 - a. **Authority derived from position**--gives managers authority because they are managers, *not* because of nepotism or personal qualities.
 - b. **Position based on performance**--awards jobs based *only* on employees' skills and results.
 - c. **Clear formal authority**--means everyone knows his responsibilities.
 - d. **A well-defined hierarchy**--establishes accountability.
 - e. **Formal rules and procedures**--ensure coordination and uniformity.
2. **Fayol's principles of management**--**Henri Fayol** (1841-1925) developed a functional approach to management based on the **five main management activities** (plan, organize, command, coordinate, and control) and **14 principles or guidelines for effective management**:
 - a. **division of labor**--specialize for efficiency;
 - b. **authority**--match responsibility to authority;
 - c. **unity of command**--have each subordinate report to exactly one superior;
 - d. **line of authority**--make the line of authority clear and limited;
 - e. **centralization**--concentrate power when possible;
 - f. **unity of direction**--group similar activities together;
 - g. **equity**--be kind when managing;
 - h. **order**--provide resources where needed, when needed;
 - i. **initiative**--encourage employee initiatives;
 - j. **discipline**--govern actions by rules;
 - k. **remuneration**--pay both employee and employer fairly;
 - l. **stability**--avoid high employee turnover;
 - m. **subordination**--put organizational, not individual, goals first; *and*
 - n. **esprit de corps**--foster teamwork.

BEHAVIORAL MANAGEMENT emphasizes understanding of group processes and employees' individual attitudes and behaviors in the workplace.

1. **Mary Follett** (1868-1933) advocated work groups, power sharing, employee involvement in job analysis, and conflict resolution through integration (of both parties' positions).
2. **The Hawthorne studies**, conducted at the Western Electric Company's Hawthorne plant during the 1920s and 1930s, ultimately led to the human relations view of management.
The tests began as a scientific study to increase efficiency by improving work factors but researchers discovered that **employees under study increased their efficiency no matter how the working conditions were changed**, possibly due to the extra attention they were getting. The studies resulted in the recognition of the **Hawthorne effect**, which states that a manager's leadership style or behavior can affect employees' performance.
3. **The human relations movement** emphasized worker satisfaction and managers' need for social skills.
Douglas McGregor (1906-1964) categorized managers as Theory X (pessimistic) or Theory Y (optimistic).
Theory X assumptions (compatible with scientific management): People
 1. don't like work and even try to avoid it;
 2. have to be controlled and coerced by their managers before they do their work; *and*
 3. lack ambition, like to be directed, and shun responsibility.

Theory Y assumptions (compatible with behavioral management): People

1. like work since it's a natural part of life;
2. are internally motivated and take pride in their work;
3. are committed to goals *if* they get *personal* rewards when they achieve their goals; *and*
4. have ambition, like to be innovative, and seek responsibility when they have authority.

MANAGEMENT SCIENCE THEORY applies numerical techniques to management problems.

Quantitative management develops mathematical models to help managers make decisions.

Operations management, essentially management science put to use, applies quantitative techniques to actual management situations (inventory, break-even points) in order to produce more efficiently.

Total quality management (TQM) analyzes input, conversion, and output activities to increase product quality.

A **management information system (MIS)** integrates a database and establishes an information hierarchy to support and help managers in making decisions.

ORGANIZATIONAL ENVIRONMENT THEORY: concentrates on the conditions and forces that operate outside of the organization *and* affect managers' access to resources.

1. **Systems theory**--visualizes organizations as systems.

A **system** is an interrelated set of elements that functions as a whole.

Organizational systems have four elements:

- a. **inputs** (are resources),
- b. **transformation processes** (convert inputs into outputs),
- c. **outputs** (are the resulting goods and services), *and*
- d. **feedback** (consists of information about results and company status).

An **open system** interacts with its outside environment.

A **closed system** does not.

Open systems are characterized by

- a. **Negative entropy**--Open systems bring new energy into the system to counteract the effects of **entropy** (decay over time, like your favorite author *and* like the universe).
 - b. **Differentiation**--Open systems tend to become more complex.
 - c. **Synergy**--The whole system equals *more* than the sum of its parts.
2. **Contingency theory**--The right managerial behavior in a given situation depends on the situation. Contingency theory warns the manager to avoid looking for and using a **universal approach** (a 'one best way') but instead to consider *all* the variables (**contingencies**) of each situation, realize each situation is unique, and *only* then choose and implement a solution.

A mechanistic structure has

- a. centralized authority,
- b. clear tasks and roles, *and*
- c. close supervision of employees.

A mechanistic structure creates a stable work environment and predictable employee behavior.

An organic structure has

- a. decentralized authority,
- b. ambiguous tasks and roles, *and*
- c. an expectation that employees can work together and respond quickly to unexpected situations.

An organic structure creates an organization that is more responsive to a changing environment.

EO 6. **TO USE MANAGEMENT THEORIES TO IDENTIFY PROBLEMS AND TO DEVISE POTENTIAL SOLUTIONS,** apply what you learned in this assignment.