

# Chapter 1

## An Overview of Management

### LEARNING OBJECTIVES

- Define management and describe its purpose in organizations.
- Determine the effect that management actions have on the manager and others in the organization.
- List the major functions of managers.
- Explain the importance of decision making in management activities.
- Describe the many roles managers play in an organization.
- Specify why different managers perform different job activities.
- Identify some emerging trends in management.
- Review what you can reasonably learn from a textbook about how to perform management activities.
- Evaluate a small business owner's management skills and propose a future course of action for the firm.

### CHAPTER OUTLINE

Introduction

The Nature of Management

The Impact of Management

The Functions of Management

    Planning

    Organizing

    Leading

    Controlling

Management Decision Making

Management Roles

    Interpersonal Roles

Informational Roles

Decisional Roles

Management Skills

General Skills

Specific Skills

Situational Differences in Management Activities

Level of Management

Area of Management

Organizational Size

Organizational Culture

Industry

Profit versus Nonprofit Organizations

Emerging Trends in Management

E-Business

Global Organizations

Ethics and Social Responsibility

Can You Learn Management in Class?

## **CHAPTER RECAP**

### **Introduction**

To understand what management is, you must know how management is similar and different across organizations.

### **The Nature of Management**

Management is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment. How well managers coordinate organizational activities and use resources determines not only how well the organization accomplishes its objectives but also how the manager will be judged in terms of job performance.

### **The Impact of Management**

Management is characterized by leadership, decision making, and the implementation of work tasks. Because such activities are not carried out in isolation, management reaches several different groups connected with the organization. The three groups most affected by management activities are the manager, the manager's immediate subordinates, and the manager's organization.

## The Functions of Management

The following four management functions usually occur simultaneously in management activities:

1. **Planning** is the process of determining what the organization will specifically accomplish and deciding how to accomplish these goals.
2. **Organizing** involves the activities involved in designing jobs for employees, grouping these jobs together into departments, and developing working relationships among organization units/departments and employees to carry out the plans.
3. **Leading** is the act of influencing others' activities to achieve set goals.
4. **Controlling** involves those activities that an organization undertakes to ensure that its actions lead to achievement of its objectives.

## Management Decision Making

Along with the four basic management functions, all managers engage in the decision-making process—gathering information, using information to reach a decision, and implementing the decision. Each of the four management functions requires a manager to make decisions.

## Management Roles

Henry Mintzberg, a noted management professor, described ten specific roles that managers perform, which, in turn, can be grouped into three larger categories:

1. Interpersonal roles include figurehead, liaison, and leadership. In this capacity, managers perform activities that involve interacting with others who may be external or internal to the organization and at a higher or lower level than the manager.
2. Informational roles include monitor, disseminator, and spokesperson. In this capacity, managers perform activities, such as reporting, preparing data analyses, briefings, delivering mail, emailing, websites, and making telephone calls, that focus on obtaining data important for the decisions the manager needs to make.
3. Decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator. In this capacity, managers perform activities that deal primarily with the allocation of resources in order to reach organizational objectives.

## Management Skills

General management skills include interpersonal, technical, and conceptual skills.

Specific management skills include job knowledge, oral communication, persuasiveness, problem analysis, cooperativeness, tolerance of stress, negotiation, assertiveness, and initiative.

## Situational Differences in Management Activities

Although management activities across organizations are similar, there is a great deal of diversity among their specific tasks. These differences in management activities can be attributed to the following characteristics of organizations: level of management (upper, middle, or lower managers), area of management (human resources, marketing, finance, production and operations, or information technology [IT] managers), organizational size, organizational culture (the values, norms, and artifacts shared by members of the organization), industry, and profit versus nonprofit organizations.

### **Emerging Trends in Management**

Three important trends that are impacting businesses today are:

1. E-business
2. Global organizations
3. Ethics and social responsibility

### **Can You Learn Management in Class?**

You can certainly learn valuable aspects of management in a college or university class. In addition to presenting factual data and relationships among data, formal classes can help you develop conceptual and analytic skills, which all managers need. Also, the discussion of organization and human behavior principles should serve as an important basis for the managerial activities associated with leading.

### **KEY TERMS**

**management** (p. 3) A set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment.

**effectively** (p. 3) Using resources in a way that produces a desired result.

**efficiently** (p. 3) Accomplishing the objectives with a minimum of resources.

**managers** (p. 3) Individuals who make decisions about the use of the organization's resources, and are concerned with planning, organizing, leading, and controlling the organization's activities so as to reach its objectives.

**organizations** (p. 3) Groups of individuals who work together to achieve the goals or objectives that are important to these individuals.

**resources** (p. 3) People, equipment, finances, and data used by an organization to reach its objectives.

**stakeholder** (p. 5) A person or group that can affect, or is affected by, an organization's goals or the means to achieve those goals.

**planning** (p. 6) Determining what the organization will specifically accomplish and deciding how to accomplish these goals.

**organizing** (p. 7) The activities involved in designing jobs for employees, grouping these jobs together into departments, and developing working relationships among organizational units/departments and employees to carry out the plans.

**leading** (p. 8) Influencing others' activities to achieve set goals.

**controlling** (p. 8) Those activities that an organization undertakes to ensure that its actions lead to achievement of its objectives.

**interpersonal roles** (p. 10) Activities that involve interacting with others who may be external or internal to the organization at a higher or lower level than the manager.

**informational roles** (p. 11) Activities—including reporting, preparing data analyses, briefings, delivering mail, emailing, websites, and making telephone calls—that focus on data important for the decisions the manager needs to make.

**decisional roles** (p. 12) Activities that deal primarily with the allocation of resources in order to reach organizational objectives.

**interpersonal skills** (p. 14) Skills such as communication, listening, conflict resolution, and leading that are necessary to work with others.

**technical skills** (p. 14) The knowledge and ability to accomplish the specialized activities of the work group.

**conceptual skills** (p. 15) The intellectual abilities to process information and make accurate decisions about the work group and the job tasks.

**upper managers** (p. 17) Managers who spend most of their time planning and leading because they make decisions about the overall performance and direction of the organization.

**middle managers** (p. 17) Managers who receive broad statements of strategy and policy from upper-level managers and develop specific objectives and plans.

**lower or (first-line) managers** (p. 18) Managers concerned with the direct production of items or delivery of service.

**human resources managers** (p. 18) Managers concerned with developing and carrying out systems that are used to make decisions about employees such as selection, training, and compensation.

**marketing managers** (p. 18) Managers who develop marketing strategies and make decisions about how to implement those strategies.

**finance managers** (p. 18) Managers who focus on obtaining the money needed for the successful operation of the organization and using that money in accordance with organizational goals.

**production and operations managers** (p. 19) Managers who schedule and monitor the work process that turns out the goods or services of the organization.

**information technology (IT) managers** (p. 19) Managers who implement, maintain, and control technology applications.

**organizational culture** (p. 20) The values, norms, and artifacts shared by members of an organization.

**for-profit companies** (p. 21) Organizations owned either privately by one or more individuals or publicly by stockholders.

**nonprofit organizations** (p. 21) Institutions such as governments, social cause organizations, and religious groups that cannot retain earnings over expenses, do not have equity interests, and cannot be bought or sold.

## REVIEW QUESTIONS

### True/False

- \_\_\_1. The three groups most affected by management activities are the manager, the manager's immediate subordinates, and the manager's organization.
- \_\_\_2. In the management role category Mintzberg called *liaison*, the manager acts as a public official for the company at formal activities.
- \_\_\_3. In general, conceptual skills require a high level of intellectual ability in information processing and decision making.
- \_\_\_4. Managers exhibit the specific skill of *initiative* when they clearly and consistently express a point of view on a topic being discussed.
- \_\_\_5. Nonprofit organizations must pay taxes on profits and may be bought and sold.

### Multiple Choice

- \_\_\_6. An activity that seems to be important for the effective performance of *all* the major management functions is:
- evaluating negative and positive employee performance.
  - dividing the organization into sensible departments.
  - gathering and processing appropriate information.
  - staffing the company with competent employees.
  - providing appropriate compensation.
- \_\_\_7. In which of Mintzberg's management role categories is the manager both protecting and using the unit's assets: money, time, material and equipment, human resources, data, and reputation?
- Negotiator
  - Disturbance handler
  - Monitor
  - Resource allocator
  - Disseminator

- \_\_\_8. Which of the following is an example of technical skills?
- The accounting manager must know current tax reporting regulations.
  - A manager reviews an employee's work performance.
  - A manager tries to determine whether an employee's poor performance is a result of drug or alcohol addiction.
  - A manager responds to a hostile environmental group concerning the use of chemicals.
  - A manager discusses a customer's complaint about a perceived deficiency in a product.
- \_\_\_9. Which statement is true of upper managers?
- They are concerned with the direct production of items or delivery of service.
  - Examples of their job titles are product manager, department head, plant manager, and quality control manager.
  - Technical skills are especially important to upper managers.
  - They train and monitor the performance of their subordinates.
  - They spend most of their time planning and leading.
- \_\_\_10. When managers communicate the basic beliefs that define success of employees in the organization, they are focusing on which component of organizational culture?
- heroes
  - rites and rituals
  - cultural network
  - symbols
  - values

### Fill in the Blank

- \_\_\_\_\_ is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment.
- \_\_\_\_\_ involves determining what the organization will specifically accomplish and deciding how to accomplish these goals.
- \_\_\_\_\_ refers to those activities that an organization undertakes to ensure that its actions lead to achievement of its objectives.
- The knowledge and ability to accomplish the specialized activities of the work group are the \_\_\_\_\_ skills of the manager.
- \_\_\_\_\_ skills, the intellectual abilities to process information and make accurate decisions about the work group and the job tasks, usually become more important as a manager moves higher in the organization.

**Matching**

*Match the letter of the following words or phrases to the corresponding numbered definitions.*

- a. Upper managers
- b. Organizing
- c. Leading
- d. Marketing managers
- e. Organizational culture

- \_\_\_16. The values, norms, and artifacts shared by members of an organization
- \_\_\_17. Those who make decisions about the overall performance and direction of the organization
- \_\_\_18. Those who develop strategies that provide information about the firm's goods and services and make decisions about how to implement those strategies
- \_\_\_19. Assigning duties to subordinates and developing an established working relationship among members of the work team
- \_\_\_20. A management function that is based on knowledge of the principles of human behavior

**Short Answer/Discussion Questions**

21. Peter Drucker, a well-known American management consultant, educator, and author, developed two phrases to describe management efficiency and effectiveness: "doing the right things" and "doing things right." Which phrase would you associate with "effective," and which phrase would you associate with "efficient"?

22. Identify the three broad steps into which management decision making can be broken down.



23. Given the three general roles of management (interpersonal, informational, and decisional), list Mintzberg's specific management roles associated with each of the general roles.
24. Examine the list of nine specific skills related to managerial job performance on p. 15 of the text. Assess your personal ability in each skill area as either "very competent," "somewhat competent," or "not competent." What can you do to increase your skill competence in those areas in which you gave yourself the lowest rating?
25. Identify the three common classifications of managers and the primary responsibilities of each.

### Answers to Review Questions

1. True (p. 3)
2. False (p. 11)
3. True (p. 15)
4. False (p. 15)
5. False (p. 21)
6. c (p. 8)
7. d (p. 11)
8. a (p. 14)
9. e (p. 17)
10. e (p. 20)
11. Management (p. 3)

12. Planning (p. 6)
13. Controlling (p. 8)
14. Technical (p. 14)
15. Conceptual (p. 15)
16. e (p. 20)
17. a (p. 17)
18. d (p. 18)
19. b (p. 7)
20. c (p. 8)
21. Effective (doing the right things) and efficient (doing things right). (p. 3)
22. Gathering information, using information to reach a decision, and implementing the decision (p. 8)
23. Interpersonal (figurehead, liaison, leadership), informational (monitor, disseminator, spokesperson), and decisional (entrepreneur, disturbance handler, resource allocator, negotiator). (p. 11)
24. Self-assessments will vary; however, you can take action to improve all of these skill areas by seeking out opportunities in this course and others you take to learn more about these skills and to practice them. You can also identify those people in your life whom you think are very competent in skill areas where you need help. Observe how they practice their skill, and ask them questions that can help you learn more about how you can increase your competence.
25. Upper managers spend most of their time planning and leading. Middle managers receive broad statements of strategy and policy from upper-level managers and develop specific objectives and plans. Lower or first-line managers are concerned with the direct production of items or delivery of service. (pp. 17–18)