



**Chapter 1. Managers & Management**  
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# Chapter 1 Managers & Management

1. **Management: what is it & what its benefits are?**
2. **What managers do: the four principal functions**
3. **Pyramid Power: levels & areas of management**
4. **Managers' Roles**
5. **Managers' Skills**
6. **What are rewards of studying management?**
7. **Review quiz**

# LEARNING OUTCOMES

*At the end of this lesson, you should be able to:*

- 1. Explain what is meant by the term *management*, who are managers**
- 2. Differentiate between efficiency and effectiveness.**
- 3. Describe the four primary processes of management.**
- 4. Classify the three levels of managers and identify the primary responsibility of each group.**

# LEARNING OUTCOMES (cont'd)

*At the end of this lesson, you should be able to:*

- 6. Summarize the essential roles performed by managers.**
- 7. Discuss whether the manager's job is generic.**
- 8. Describe the three general skills necessary for becoming a successful manager.**
- 9. Describe the value of studying management.**

**1. Management: what is it &  
what its benefits are?**

# Management Defined

- Management

- The process of getting things done, *effectively and efficiently*, through and with other people
- Thus managers are task oriented, achievement oriented, and people oriented. And they operated within an organization.
- **Organization** – a group of people who work together to achieve some specific purpose.

- Common characteristics

- Goals
- Structure
- People

*More formally*

- **Management**

- Is defined as (1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization's resources.

# Note the words **efficiency & effectively**, which basically means “doing things right”

## □ **Efficiency – the means.**

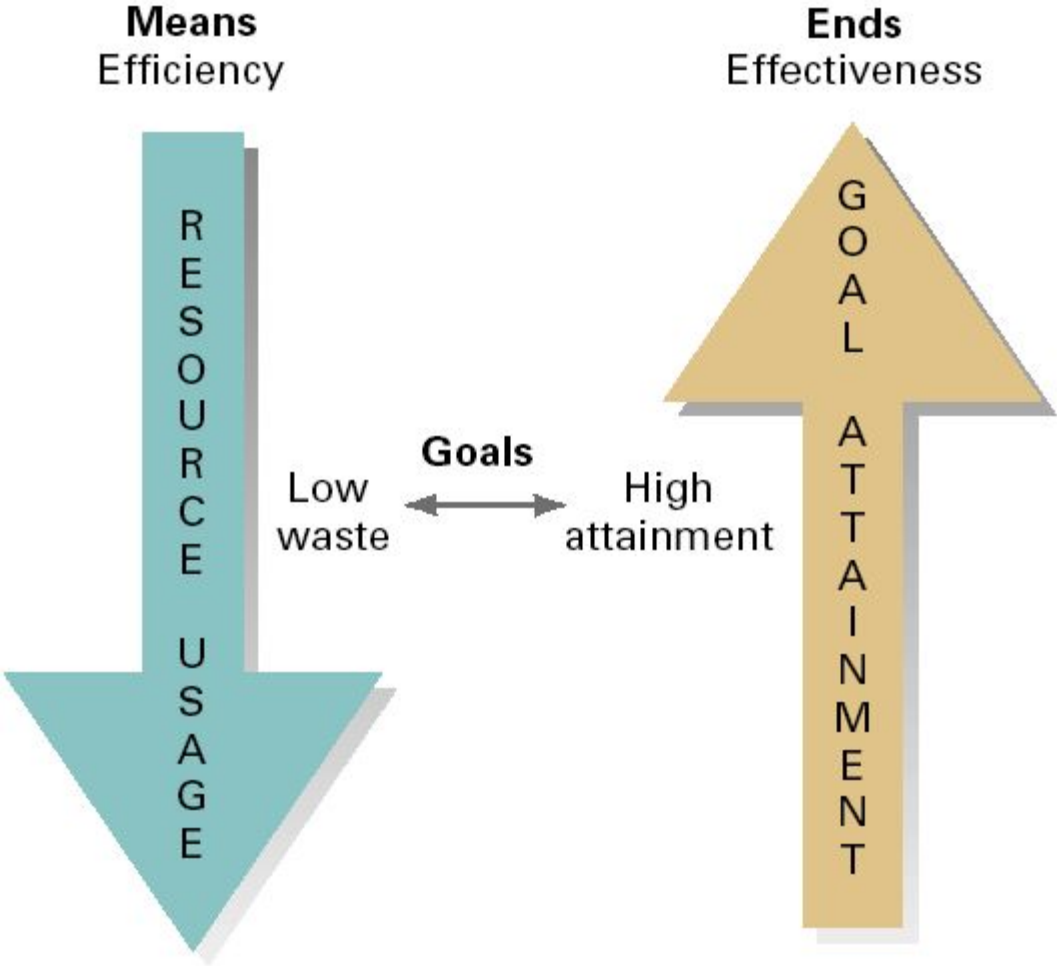
- ❖ Means doing the thing correctly; refers to the relationship between inputs and outputs; seeks to minimize resource costs

## □ **Effectiveness – the ends.**

- ❖ Means doing the right things; goal attainment



# Efficiency and Effectiveness



**Example Boxes**, “mini-cases” that use snapshots of real-world institutions to explain text concepts.

**“Your Call”** invites student critical thinking and class discussion at the end of each example.

We're all now accustomed to having our calls to companies for information and customer support answered not by people but by automated answering systems. Certainly this arrangement is *efficient* for the companies, since they no longer need as many employees to answer the phones. But it's not *effective* if it leaves us, the customers, fuming and less inclined to continue doing business. "Just give me a person to speak with, *please*," pleads a Nevada resident.<sup>5</sup> Even most online shoppers, 77% to 23%, say they'd prefer to have contact with a real person before they make a purchase.<sup>6</sup>

Still, a lot of companies obviously favor efficiency over effectiveness in their customer service. "The approximate cost of offering a live, American-based customer service agent averages somewhere around \$7.50 per phone call," says one researcher. "Outsourcing calls to live agents in another country brings the average cost down to about \$2.35 per call. Having customers take care of the problem themselves, through an automated response phone system, averages around 32 cents per call, or contact."<sup>7</sup>

However, the president of one firm that does surveys on customer service says that 90% of consumers say they want nothing to do with an automated telephone system. "They just don't like it," he says. The

most telling finding is that 50% of those surveyed had become so irritated that they were willing to pay an additional charge for customer service that avoids going through an automated phone system.<sup>8</sup> The head

of a firm that evaluates the experiences of call-center customers says that companies "create more value through a dialogue with a live agent." A call is an opportunity to build a relationship, to encourage a customer to stay with the brand. There can be a real return on this investment.<sup>9</sup> Recognizing this, Netflix, the DVD-by-mail rental company, in 2007 added 24/7 live operators to deal with customers' problems.<sup>10</sup>



**Effective?** Is this irate customer dealing with a company customer-support system that is more efficient than effective?

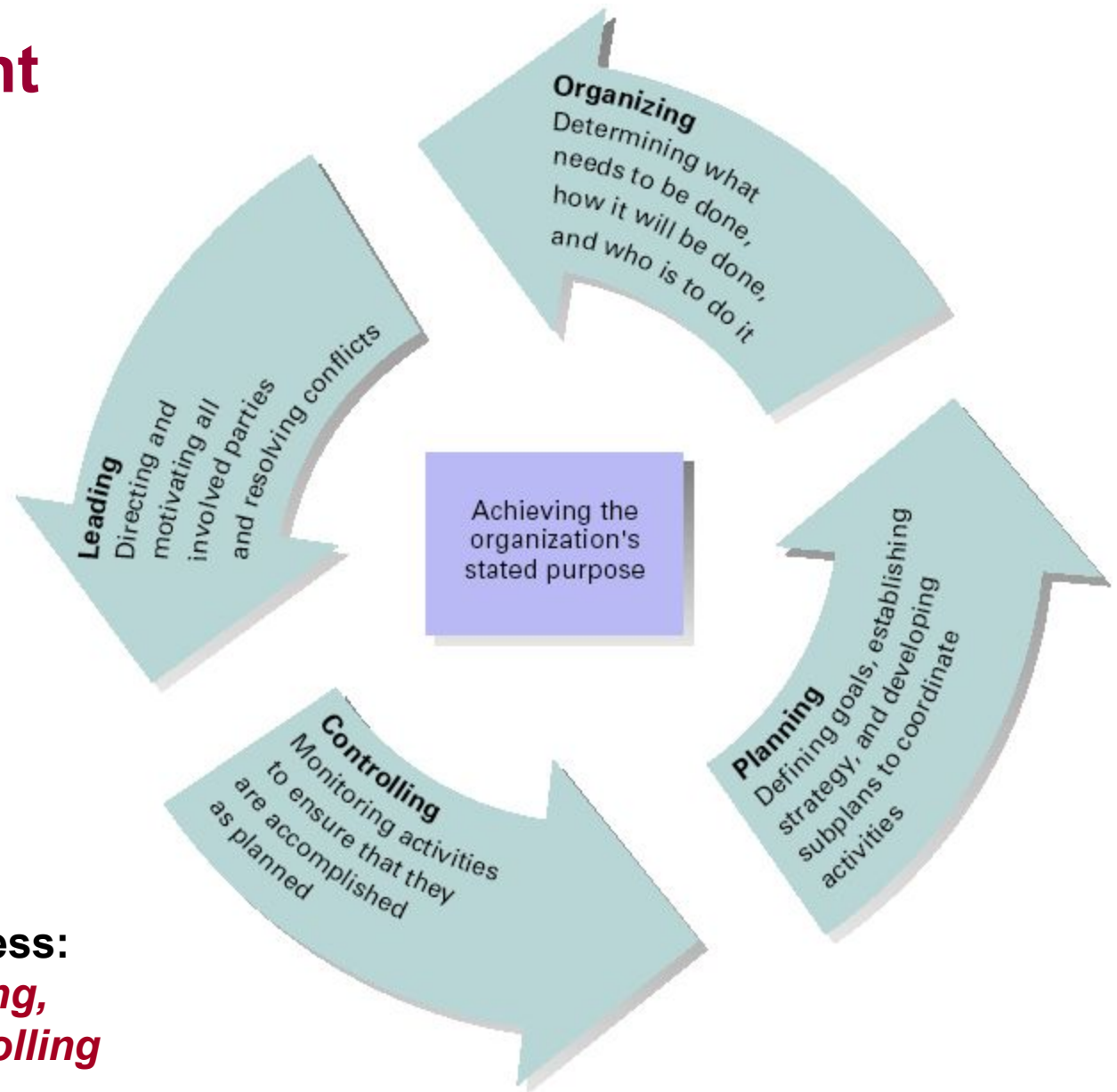
### YOUR CALL

The average wait for customer service at Facebook was 99 minutes (rated "Horrible" by users); for Amazon.com it was 1 minute ("Excellent"). These and

other company wait times and ratings appeared recently on a Web site called Get Human ([www.gethuman.com](http://www.gethuman.com)), started by technology officer Paul English to try to "change the face of customer service." Get Human also publishes the unpublicized codes for reaching a company's human operators and cut-through-automation tips.<sup>11</sup> What recent unpleasant customer experience would you want to post on this Web site?

## **2. What managers do: the four principal functions**

# Management Process Activities



**Management process:**  
*planning, organizing,  
leading, and controlling*



# Management Process

- Planning

- Includes defining goals, establishing strategy, and developing plans to coordinate activities

- Organizing

- Includes determining what tasks to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made



# Management Process

- Leading

- Includes motivating employees, directing the activities of others, selecting the most effective communication channel, and resolving conflicts

- Controlling

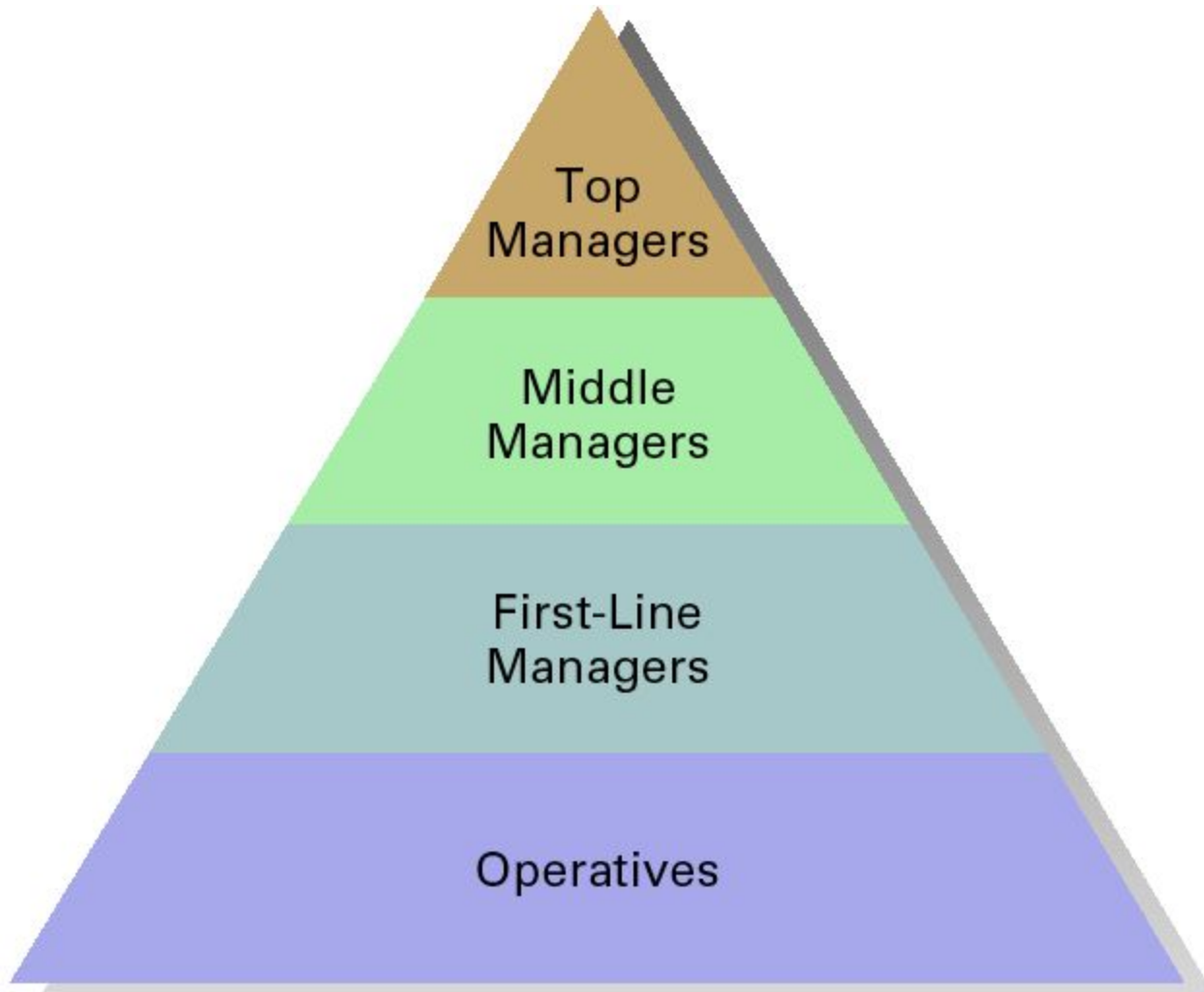
- The process of monitoring performance, comparing it with goals, and correcting any significant deviations



# **3. Pyramid Power: levels & areas of management**



# Levels of Management



# Identifying Managers

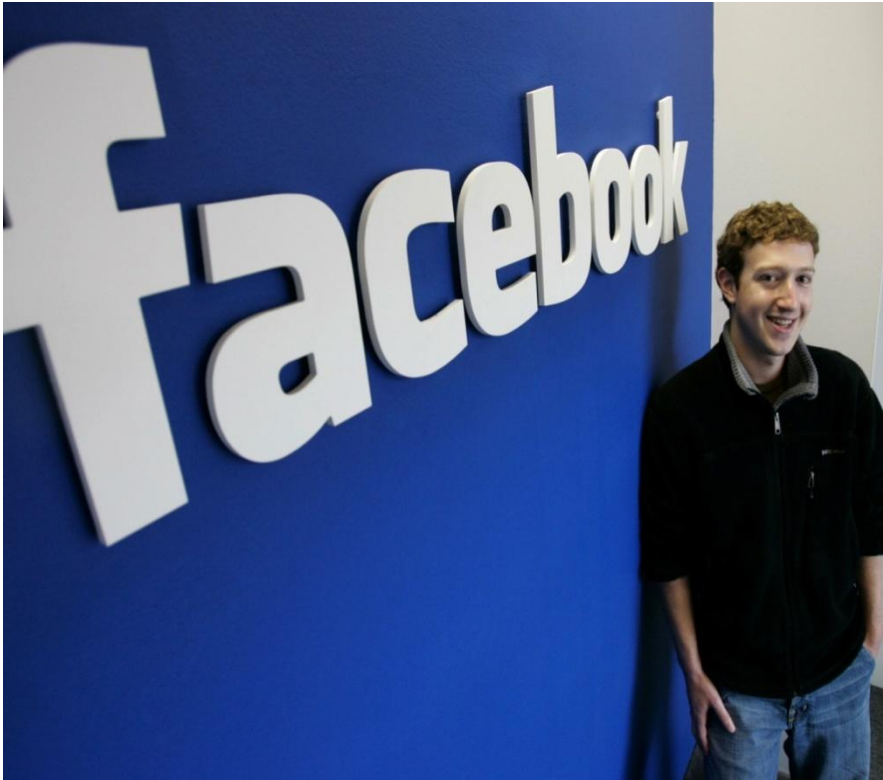
- First-line managers
  - Supervisors responsible for directing the day-to-day activities of operative employees
- Middle managers
  - They implement the policies and plans of the top managers above them and supervise and coordinate the activities of the first-line managers
- Top managers
  - Individuals who are responsible for making decisions about the direction of the organization and establishing objectives, policies & strategies that affect all organizational members

# One kind of top manager



- Jeffrey Immelt, chairman & CEO, has worked at General Electric for over 28 years. Known for its consumer appliances, CEO also sells aircraft engines, lighting, and medical equipment.

# Top managers of another sort



- Mark Zuckerberg, shown at the Palo Alto, California, headquarters of Facebook, has become today's most watched techno-entrepreneurs. He founded the well-known social networking site in his dorm room at Harvard during a semester break in 2004.

# Distribution of Time per Activity by Organizational Level



Source: Adapted from T. A. Mahoney, T. H. Jerdee, and S. J. Carroll, "The Job(s) of Management," *Industrial Relations* 4, No.2 (1965), p.103.

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# Areas of Management

- Functional managers

- Responsible for just one organizational activity. F. e. Vice President of production, Director of Finance, Administrator of Human Resources.

- General managers

- Responsible for several organizational activities. F. e. Executive Vice President, CEO.

# Marissa Mayer



- She joined Google as a search company's first female engineer, overseeing the development of Web search, Google Earth, and Google Desktop, and several other products. Leading this specialized sort of research & development activity makes her a functional manager.



# Examples of general manager



- Former CEO Anne Mulcahy of Xerox Corp.
- Small company CEOs Gayle Martz, head of Shepra's Pet Trading Co., \$4 million NY Company with 10 employees that sell travel carriers for dog and cats.



# Types of Organizations

- For profit organizations: For making money
  - They formed to make money, or profit, by offering products or services.
- Nonprofit organizations: For offering services
  - Nonprofit organizations may be either in the public sector, such as our University, or in the private sector, such as University of Astana. Examples: hospitals, colleges, and social-welfare agencies.
  - One type of nonprofit organizations is called commonweal organizations, which offer services for all clients: military services, Postal services, local Fire and Police departments

# Types of Organizations

- Mutual-Benefit Organizations: For aiding members
  - Voluntary collections of members – political parties, farm cooperatives, labor unions, trade associations, and clubs – whose purpose is to advance members' interests.

# **4. Managers' Roles**

# Mintzberg's Managerial Roles

- Interpersonal

- Figurehead
- Leader
- Liaison

- Informational

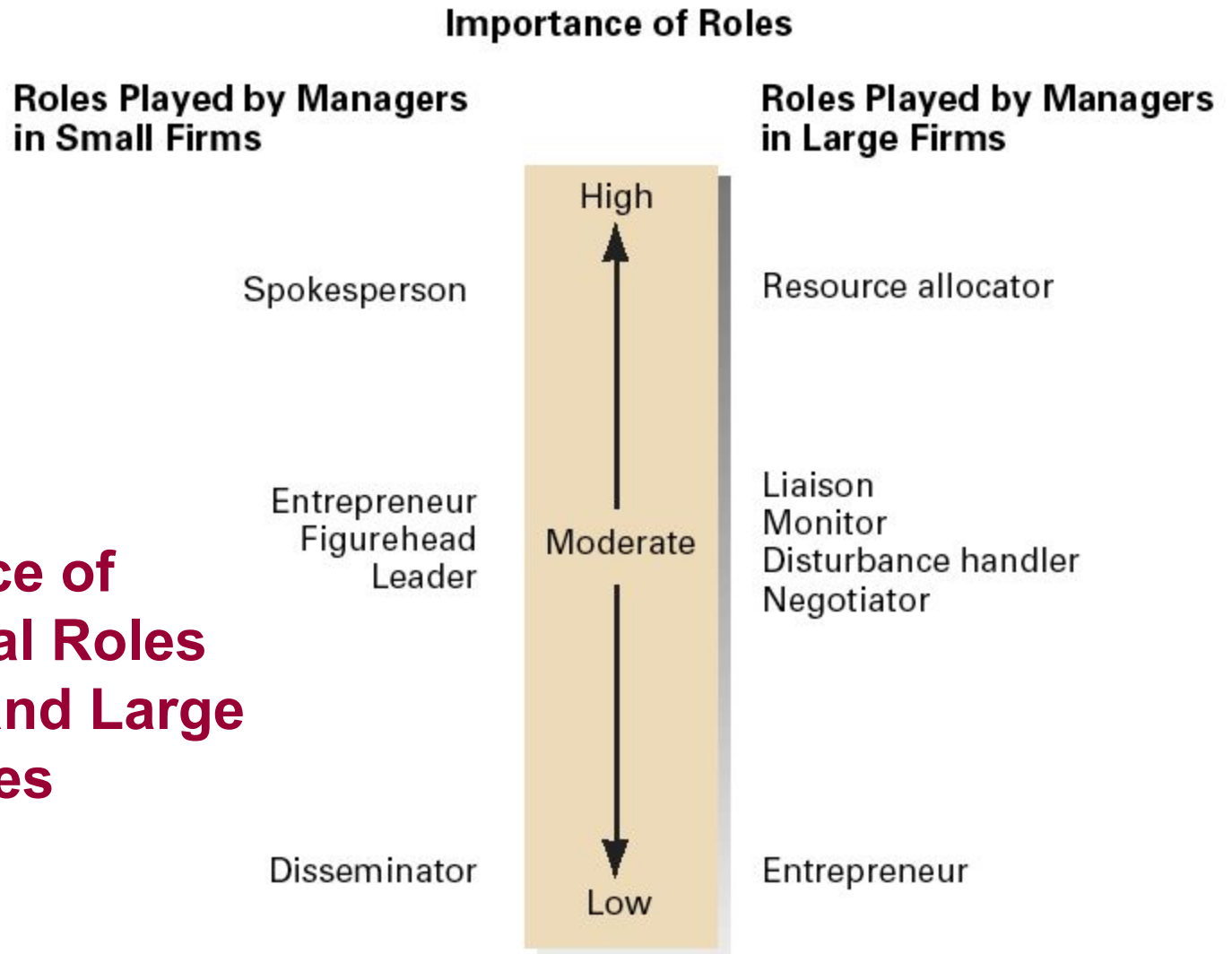
- Monitor
- Disseminator
- Spokesperson

- Decisional

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator



# Importance of Managerial Roles in Small and Large Businesses



Source: Adapted from J. G. P. Paolillo, "The Manager's Self Assessments of Managerial Roles: Small vs. Large Firms," *American Journals of Small Business*, January–March 1984, pp.61–62.

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# **5. Managers' Skills**

# General Skills for Managers

- **Conceptual skills**

- Consists of the ability to think analytically, to visualize an organization as a whole and understand how the parts work together. Particular important for top managers.

- **Interpersonal skills / Human skills**

- A manager's ability to work with, understand, mentor, inspire trust and motivate others, both individually and in groups.

- **Technical skills**

- A manager's ability to use the tools, procedures, and techniques of a specialized field. Having the requisite technical skills seems to be most important at lower levels of management.

# Specific Skills for Managers

- Behaviors related to a manager's *effectiveness*:
  - Controlling the organization's environment and its resources.
  - Organizing and coordinating.
  - Handling information.
  - Providing for growth and development.
  - Motivating employees and handling conflicts.
  - Strategic problem solving.



**6. What are rewards of studying management?**

# Why Study Management?

- We all have a vested interest in improving the way organizations are managed.
  - Better organizations are, in part, the result of good management.
- You will eventually either manage or be managed
  - Gaining an understanding of the management process provides the foundation for developing management skills and insight into the behavior of individuals and the organizations.

# **7. Review quiz**

# What are the common characteristics of organizations?

- **People / purpose / structure**

# What is doing things the right way?

- **Efficiency**

# What is doing the right things?

- **Effectiveness**

# What is an example of a first line manager?

- “department head” / “foreman” / “supervisor” / “team leader”

# What might be an example of a middle manager?

- “division head” / “plant manager” / “branch sales manager” / “dean of faculty”



# **What might be an example of a top manager?**

- **CEO (Chief executive officer), COO (Chief operating officer), President, Senior Vice President**

# What are the four function of management?

- **POLC**

# What are the three role of managers?

- **Interpersonal**
- **Informational**
- **Decisional**