Chapter 1

Introduction to Management and Organizations

LECTURE OUTLINE

Learning Objective 1: Explain Does studying management make a difference?
The Universality of Management
The Reality of Work
Learning Objective 2: Tell What makes someone a manager?
Who are managers
Types of Managers
Learning Objective 3: Define What is management and what do managers do?
Efficiency and Effectiveness
Management Functions Planning Organizing Leading Controlling
Learning Objective 4: Describe What characteristics define an organization?
Management Roles Interpersonal Informational Decisional
The Size of Organizations
The Types of Organizations
Learning Objective 5: Describe what are the factors that make for successful entrepreneurs?
Personal traits
Business plan

Summary of learning objectives

This chapter explores the concepts of organizations, managers, and management. Every organization, regardless of size, type, or location, needs managers who have a variety of characteristics.
Please note: This Instructor's Manual (IM) includes guides and connections as follows:
•   Suggested approaches and teaching strategies for the end of chapter exercises and cases (see this information below)
•   Connections and linkages to useful chapter related materials and activities in the text as well as the MyManagementLab (MML) accompanying this text (see the table below) based upon different levels of learning and application (Interpret, Analyze & Practice)
•   Additional suggested activities designed to gradually elevate your student's understanding of the chapter material are also available for your use as classroom or take home assignments (see the Supplemental Activities section at the end of this chapter summary). These activities are also introduced in the text as possible instructor led exercises.

MyManagementLab® Learning Resources
Resources

- Student PowerPoints

- Audio Summary of Chapter

- ROLLS (Robbins Online Learning System)

- Management in the News

- MySearchLab

The MyManagementLab features a personalized Study Plan that includes a Pre-Test and a Post Test for each chapter. Once students have read the chapter the pre-test is designed to help students identify which concepts they have understood and then guides them towards study tools for the areas in which they may need more practice. The Post-Tests are designed to help students confirm their mastery of all the key chapter concepts.

CHAPTER OVERVIEW

INTRODUCTION

The concept of organizations, management and managers is introduced in this chapter. We consider how the reality facing today's managers —new technologies and new ways of organizing work - are altering old approaches. Today's successful managers must be able to blend tried-and-true management approaches with new approaches. We will look at who managers are, what management is, what managers do, and what an organization is. Lastly, we will discuss the challenges managers face and why it's important to study management.

Learning Objective 1: Explain Does studying management make a difference

WHY STUDY MANAGEMENT?

Management is important in our society today. Looking at the universality of management, the reality of work, and the rewards and challenges of being a manager can explain the importance of studying management.

A. Universal Need for Management

The universality of management—the certainty that management is needed in all types and sizes of organizations, at all organizational levels, & in all organizational work areas, regardless of where they're located (see **Exhibit 1-1**).We interact with organizations every day of our lives. Every product we use and every action we take is provided for or affected by organizations. These organizations all require managers. Organizations that are well managed develop a loyal customer base, grow, and prosper.

By studying management, students will be able to recognize good management and encourage it, as well as recognize poor management and work to get it corrected.

B. The Reality of Work

After graduating, you will either manage or be managed. A course in management provides insights into the way your boss behaves and the internal working of organizations. You don't have to aspire to be a manager to gain something valuable from a course in management.

Learning Objective 2: Tell What makes someone a manager

WHO ARE MANAGERS?

The changing nature of organizations and work has blurred the clear lines of distinction between managers and non-managerial employees. Many employees' 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. A lower-level manager is someone who works at the lowest level of the organization who manages the work of non-managerial employees who are directly or indirectly involved with the production or creation of the organization's products.

A.   Types of Managers

In traditionally structured organizations, managers are often classified by their level in the organization.

1).   Lower-level managers are the lowest level of management. They're often called supervisors or shift, district, department or office managers.

2).   Middle-level managers include all levels of management between the first-line level and the top level of the organization. These managers may be called regional, project, plant or division managers.

3).   Top-level 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. These individuals typically carry titles like president, executive vice-president, chief operating officer or chief executive officer.

In some organizations it is difficult to distinguish the manager from other employees, especially if it is more flexibly structured – although that someone, somewhere in the organization must fulfill the role of manager to ensure that people are accomplishing the organization's goals.

Learning Objective 3: Define What is management and what do managers do

WHAT IS MANAGEMENT AND WHAT DO MANAGERS DO?

Management refers to the process of coordinating work activities so that they are completed efficiently and effectively with and through other people. Management researchers have developed three approaches to describe what managers do: functions, roles, and skills. It is important to note that management is a learned talent, rather than something that comes "naturally." Many people do not know how to be a manager when they first are appointed to that role.

A.   Efficiency and Effectiveness (see **Exhibit 1-2**)

1).   Efficiency is getting the most output from the least amount of inputs, the goal of which is to minimize resource costs, in other words, "doing things right."

2).   Effectiveness is completing activities so that organizational goals are attained; often described as "doing the right things."

B.   Management Functions

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 (see **Exhibit 1-3**).

1).   Planning involves the process of defining goals, establishing strategies for achieving those goals, and developing sub plans to integrate goals and coordinate activities. This function is typically undertaken by top-level managers.

2).   Organizing is the process of determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who is to report to whom, and where decisions are to be made. This is essentially arranging all the work to accomplish the organization's goals.

3).   Leading includes motivating subordinates, influencing individuals or teams as they work, selecting the most effective communication channel, and dealing with any employee behavioural issues.

4).   Controlling is monitoring activities to ensure they are accomplished as planned, and correcting any significant deviations where necessary.

C.   Management Roles

In the late 1960s, Henry Mintzberg (McGill University) conducted a precise study of managers at work. He concluded that managers perform 10 different but highly interrelated management roles. Management roles refer to specific categories of managerial behaviour (see **Exhibit 1-4**).

1).   Interpersonal roles include figurehead, leader, and liaison activities and involve performing duties that are mainly ceremonial in nature, typically with people outside the organization.
2).   Informational roles involve receiving, collecting and disseminating information and include monitoring, disseminating, and spokesperson activities.
3).   Decisional roles involve making significant choices that affect the organization and include those of entrepreneur, disturbance handler, resource allocator, and negotiator.

Learning Objective 4: Describe What characteristics define an organization

WHAT IS AN ORGANIZATION?

Organizations need managers. An organization is a deliberate arrangement of people to accomplish some specific purpose. Organizations share three common characteristics.

1.   Each has a distinct purpose.
2.   Each is composed of people.
3.   Each develops some deliberate structure so members can do their work.
Although these three characteristics are important to defining what an organization is, the concept of an organization is changing. Some of these differences are flexible work arrangements, employee work teams, open communication systems, and supplier alliances. Organizations are becoming more open, flexible, and responsive to change. Organizations are changing because the world around them has changed and is continuing to change. These societal, economic, political, global, and technological changes have created an environment in which successful organizations must embrace new ways of getting their work done.

A.   The Size of Organizations

1).   Managers and employees work in a variety of sizes of organizations.

B.   The Types of Organizations

Managers and employees work in a variety of organizations, and the type of organization has an impact on what managers do.

1).   Large organizations in the private sector, or the part of the economy that is run by organizations that are free from direct government control, are often publicly held, which means their shares are available on the stock exchange for public trading by brokers or dealers.

2).   There are also numerous privately held organizations, meaning that shares are not available on the stock exchange. These organizations can be individually owned, family-owned, or owned by some other group of individuals.

3).   A number of managers work in the non-profit sector, the part of the economy that is run by organizations that operate for purposes other than making a profit (such as charities or those providing community services).

4).   NGO or nongovernmental organizations emphasize and work to promote humanitarian, economic development and sustainability objectives.

5).   Many managers work in the public sector (the part of the economy that is directly controlled by the government) as civil servants, individuals that work for local, provincial, or federal governments.

6).   Some managers and employees work for Crown corporations, which are commercial companies that are owned by the government but independently managed, while others work for subsidiaries of American parent organizations (e.g., Sears, Safeway, General Motors, or Ford Motor Company).

Learning Objective 5: Describe what the factors that make for successful entrepreneurs are

There are numerous factors that allow an entrepreneur to be successful Personal traits also play important role in a successful venture. For example, people who are self-disciplined and self-motivated grow their businesses more than those who do not possess such traits. Entrepreneurs need access to capital—human, financial, and technological. They need a solid business plan with the right partners. Timing and luck always play a part, but there is no substitute for hard work and "sweat equity".

Discussion Questions

1. How does a manager's job change with his or her level in the organization
The differences are of degree and emphasis but not of activity. As managers move up, they do more planning and less direct overseeing of others. The amount of time a manager gives to each activity is not necessarily constant. The content of managerial activities changes with a manager's level. Top managers are concerned with designing the overall organization's structure. Lower-level managers focus on designing the jobs of individuals and work groups.

2. What are the three skills that affect managerial effectiveness
According to researcher Robert L. Katz, the three essential skills that affect managerial effectiveness are technical skills, human skills, and conceptual skills.

3. How is management universal
Management is universal in that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational work areas, and in all organizations, no matter what countries they are located in.

4. Are effective organizations always efficient? Discuss. If you had to choose between being effective or being efficient, which would you say is more important? Why
Management is the process of getting things done, effectively and efficiently, through and with other people. Effectiveness and efficiency deal with what we are doing and how we are doing it. Efficiency means doing the task right and refers to the relationship between inputs and outputs. Effectiveness means doing the right task, which translates into goal attainment. Efficiency and effectiveness are interrelated.
It's easier to be effective if one ignores efficiency. Good management is attaining goals (effectiveness) and doing so as efficiently as possible. Organizations can be efficient and yet not be effective. High efficiency is associated more typically with high effectiveness. Poor management is most often due to both inefficiency and ineffectiveness or to effectiveness achieved through inefficiency.

In order to make a choice between being effective and being efficient, it largely depends on the situation as well as the action to be taken. For example, doing the right tasks may keep a business in business—keep the doors open and meet payroll. Doing the wrong tasks may close the doors and send everyone home.

5. Is your instructor a manager? Discuss in terms of planning, organizing, leading, and controlling, and in terms of Mintzberg's managerial roles

A college instructor is both an individual contributor and a manager. He/she is in a non-managerial role when he/she

> An instructor is both an individual contributor and a manager. He/she is an operative in that she/he produces "the product" of the academic institution. But she/he is also a manager in that he/she must manage the class and students. In terms of

- Planning—the instructor defines class goals, establishes the semester plan for achieving them, and develops lesson plans to integrate and coordinate these efforts.
- Organizing—not as much, as the instructor is primarily responsible for execution but may need to if he/she uses class participation.
- Leading—should be relatively obvious, motivating students, directing the activities of others, selecting the most effective communication channel, or resolving conflicts among members.
- Controlling—ah grading! Here is where the instructor measures the performance of his/her students according to their understanding of the course material.

> For the sake of space, suggested responses focus upon Mintzberg's three primary categories. Instructors are managers in terms of the following roles:
> 1. Interpersonal—the roles of leader and liaison.
> 2. Informational—monitor and disseminator.
> 3. Decisional—disturbance handler and resource allocator.

6. What similarities exist with the job activities of the owner of an automotive repair shop that employs two people and the executive director of the Canadian Cancer Society

From the standpoint of roles, both of these managers have interpersonal roles – they both have people who need to work with and through to accomplish their tasks. Both managers must keep a close eye on what information their employees need to do their jobs well and convey that information to them when they need it. In addition, both managers need to handle the odd problem that occurs between their staff members and ensure that resources are deployed to the right parts of the organization. However, there are also some dissimilarities. For example, managing a shop is different from managing a company. The repair shop manager's most important role is that of spokesperson. The Executive Director's most important job is deciding which organizational units get what available resources and how much of them. The entrepreneurial role is likely least important to the Executive Director. The shop owner is more likely to be a generalist. The Executive Director's job is more structured and formal than in small firms. In the shop, planning is less carefully orchestrated, the shop's design is less complex and structured, and control in the shop will rely more on direct observation. We therefore see both similarities as well as differences in degree and emphasis, but not in activities.

7. What are some of the skills that an entrepreneur must possess

The Common skills that an entrepreneur must possess include optimism, dedication, persistence, and leadership. Most entrepreneurs are innovative, determined, and hardworking. They enjoy the freedom and independence of being their own boss.

DEVELOPING MANAGEMENT SKILLS

DILEMMA

Management is about achieving the highest possible return given the investment of money, people, time and other resources. It is also about achieving results in the most efficient manner. Think about where you hope to be in your life five years from now (that is, your major goal). What is your competitive advantage for achieving your goal?

Students will have a wide variety of expectations for themselves, however this exercise presents the first opportunity for the instructor to engage students with respect to understanding their individual interests and motivations. Secondly

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it establishes an early connection between the need for both an individual (as well as an organization) to set goals or objectives, based upon distinctive, abilities, strengths and characteristics. This provides a good "lead in" to the second exercise, "Maximizing Yourself".

BECOMING A MANAGER

This exercise establishes the connection, by way of personal expectation and experience, between goals/objectives and the subsequent actions that are required to "manage" the completion and achievement. The exercise also prompts students to think about their "education as a way of managing (themselves) and developing (their career) – which relates to the achievement of their goals.

Your Management Roles

Building on the earlier self-assessment where students learned about both their current strengths and weaknesses relative to Mintzberg's 10 Roles, this exercise suggests how students can improve upon their strengths and weaknesses in a managerial context.

Diversity Matters

With this content and exercise in the text book, students are likely to understand the significance of diversity that they experience everywhere in every walk of their lives. Be it a bank, or a restaurant, be it a classroom or the workplace, be it a mall or any office, we find people with different ethnicity, racial, and socioeconomic background. Students need to learn to deal with both inherent and acquired diversity that organizations are encouraging today to enhance their presence as well as capture their maximum share in the market. Most organization have begun calling diversified experience as innovation that brings unique ideas to their benefits.

Hey, You're the Boss Now!

Students will have opportunity to learn the theory of Mentoring" in today's world and to survive at the workplace through it. The transition for Millennials into the workforce also depends on the concept of mentoring as Millennials seek more feedback and value group and team learning. There are three types of mentoring:-

Reverse mentoring: The purpose of matching you with a senior executive is to provide your insight and expertise on a certain topic of interest to the executive, such as social media, technology, or cloud computing.
Group mentoring: Millennials have a peer-to-peer connection to deal with common issues of relevance.
Anonymous mentoring: An outside mentor provides anonymity and perspective.

Your Essential Management Reading List

The Essential Drucker and *The Daily Drucker*—Peter Drucker
• *Competitive Advantage: Creating and Sustaining Superior Performance*—Michael Porter
• *In Search of Excellence:Lessons from America's Best-Run Companies*—Thomas J. Peters & Robert J. Waterman, Jr.
• *The $100 Startup*—Chris Guillebeau

TEAM EXERCISES

3BL: THE TRIPLE BOTTOM LINE

WHAT ARE THE BUSINESS CASE BENEFITS OF 3BL

The components of the Triple Bottom Line are people, profit, and planet. The focus on people deals with internal employee aspects such as diversity, empowerment, and health and safety. It also expands to charitable contributions and corporate relations. Organizations that focus on more than the financial bottom line typically generate profit through ethical behaviour as well as cost savings through sustainable practices. The planet element looks beyond

environmentalism and finds eco-efficiency in operations, manufacturing and product development. Over the next eleven chapters, we will examine 3BL in practical circumstances.

This explanation of Triple Bottom Line provides the context for students understanding that there are now three different ways to look at what is "the bottom line" for business. Where this term simply meant what whether a profit or loss was showing at the bottom of an organization's income statement, the current "bottom line" means more than a strict accounting measure of performance. In other words, using a 3BL approach to judging our performance takes how we are contributing to our community and protecting our environment into consideration in addition to just "making money".

THINKING STRATEGICALLY ABOUT 3BL

Using Exhibit 1-1 students will align the appropriate managerial skills with the corresponding level of management. Suggestions follow:

	Lower-level	Middle-level	Top-level
Conceptual skills	Low requirement	Medium requirement	High requirement
Human skills	High requirement	High requirement	Medium to high requirement
Technical skills	Medium to high requirement	High requirement	Medium requirement

BE THE CONSULTANT

In this scenario students are asked to split up the key management functions of planning, organizing, leading, and controlling and identify three key decisions that they will have to make in each of the four functions to help the comedy club become successful. They were also asked to identify the metrics they would use to evaluate the effectiveness of your managerial roles at the end of six months.

Since students have only the general definitions at this point about the management functions their answers will likely be rather rudimentary. They will likely assign each member of the group to a function - and some of the decisions may be as follows:

Planning - set goals (e.g. to break even or earn a profit by the end of year one)

Organizing - identify the tasks that need to be undertaken to support the club and hire staff

Leading - have a meeting to communicate the goals and provide some incentives to motivate staff

Controlling - have a budget for expenses, etc.

Again, without much experience the metrics (once defined for them) will be basic, such as a number of visitors per show, average expenditure per visitor, so that they can connect their goals to some kind of result.

BUSINESS CASES

SHOPIFY

After reading the case students can be asked to match or find the "Business Case" components and benefits illustrated in Exhibit 1-6 in the Shopify case study. Students may also explore the company web site at http://www.shopify.ca/ to find other linkages to the 3BL concept. Certain aspects standout such as the strong reputation gained by the firm in a relatively short time, its positive employee morale from its location in trendy market area of Ottawa and the relative ease with which it has obtained financing (because it is doing the 3BL things well). Students will find other linkages in addition to those mentioned here.

Discussion Questions:

1. As a company gets bigger, does it become harder to stay innovative? Why or why not?

It largely depends on the nature of business of the company as well as the commitment level of the top management of the company. As a company grows, it expands its operation inducting more employment and of course from diversified population. As we discussed in the earlier section, diversity brings innovation and more new ideas are filled in to the company's decision table. If a company's nature of business is boring and dull, it's likely to get harder to stay innovative. Similarly if the top management is not as committed to the cause of keeping its employees happy and is not recruiting people from diverse background, it is not possible to stay innovative at large.

As we see, Shopify's commitment to its people is evident even in the little details, it is likely to grow in innovation and in retaining its employees longer as they also provide lucrative perks to their employees.

2. What are the perks that appeal to you?

Students' answers will vary as different people value different perks due to their socio-economic condition and personal preferences.

At Shopify, it offers many benefits and perks, including very popular company video-game tournaments, share options for all employees, daily catered lunches, and even the chance to go to any conference at the company's expense. They believe employees will produce their best work when they can wear their choice of clothing, start work later in the morning, and play video games whenever they need a break. However some employees value some specific perks over other benefits.

BUILDING A BETTER BOSS

Discussion Questions

1. Describe the findings of Project Oxygen using Mintzberg's role approach?

The students will have many different answers for this but one potential response could be the data showed that interpersonal roles were very important and decisional roles were not as high a priority.

2. Are you surprised at what Google found out about "building a better boss"? Explain your answer.

Students' answers will vary. However their answers may include as follows:

- Possesses a clear vision and plan for the team
- Helps the team with career development
- Have leadership qualities like motivation and communication
- Emotional empathy
- Be productive and results-oriented

3. What is the difference between encouraging managers to be great managers and knowing what being a great manager involves?

Knowing what the specific expectations are will help managers develop their skills in areas where they are weak. It also allows organizations to train managers on the specific skill sets needed to provide employees with the support they need.

4. What could other companies learn from Google's experiences?

Students' answers will vary but one of the big things other companies could learn is that having clear definitions of what their expectations are will help people be better at their jobs. Those definitions will also help the organization and the managers identify areas of weakness for improvement.

5. Would you want to work for a company like Google? Why or why not?

Expect varied answers from students. Students who like innovative and challenging jobs might like working with Google because of its working culture encourages talented people from a diversity of backgrounds.

SUPPLEMENTAL ACTIVITIES

Interpret Activity:

The Management Functions

This is a "fill in the blank" exercise designed so students begin to learn and distinguish between the different management functions (planning, organizing, leading and controlling). The words "plan, planner, planner, organize, organizer, organizing, lead, leader, leading and control, controller, controlling" can also be used in this exercise.

1.   When Brian Scudamore decided to start a business hauling away the junk that people no longer wanted, he was beginning to _____ for his business.

2.   When Brian Scudamore started his business he needed to _____   his resources so that he could undertake the tasks at hand.

3.   Since 1-800-GOT-JUNK required drivers, all of whom were new and needed his guidance, this required Brian to _____ his employees to accomplish the goals he had established for his business.

4.   Once Brian had assigned everyone their jobs he still had to check to make sure that things were being done according to his instructions. In doing so he was undertaking some _____ of the business.

5.   Brian found that if he was to motivate his employees and be a better _____ he needed to involve his employees in the decision making.

6.   Sometimes mistakes are made in a business, and especially with new ventures; the key is to identify what needs to be fixed early to minimize errors if they occur, allowing a manager to better _____ their business.

7.   As 1-800-GOT JUNK became successful, Brian realized that he needed a different model in order to finance his growth. To do so he started to _____ franchise the business and thereby share the risks with his franchisees. How could he franchise the business and thereby share the risks with his franchisees.

8.   Brian was in effect_____ when he began to franchise the business because he was changing its structure.

9.   The decision to expand the business into painting, which was a different business, required _____ in order to accomplish the goals of that business.

10. Since 1-800-GOT JUNK has expanded across the country and entered foreign markets as well this will require Brian to spend more time on the road communicating and _____ his employees, such that they stay focused on the tasks at hand.

Answers to: Interpret Activity: The Management Functions

1.   Plan   2. Organize   3. Lead 4. Control   5. Leader   6. Control   7. Plan 8. Organizing   9. Planning   10. Lead

Analyze Activity:

Focus on Management Skills

The three management skills are: technical skills (the knowledge of and expertise in a specialized field); human skills (the ability to work well with other people both individually and in a group); and conceptual skills (the mental ability to analyze and generate ideas about abstract and complex situations). The activity draws on a student's direct experience, gets them working in small groups early in the course as well as to consider the difference between a manager's skills and roles. It also foreshadows some important lessons that occur later in the course in other chapters especially in regard to leadership and Human Resource management.

Although the students have very little background at this point in time the exercise starts them thinking about how to use and link the material to "real life" management and that there are "best" and "worst" practices to managing.

Procedure:

Break up the class into small groups of 4-5 students. Ask each group to discuss some of their work experiences and to pick two managers that they know or have worked for (can be any manager or supervisor … and does not have to be one they know personally). One of those managers must be what they consider to be a "good" manger or the "best manager that they ever had" and the other should be what they consider a "bad" manger or "the worst manager that you have ever had".

Ask each group to use the handout (see below) and use point form to capture their conclusions for each section.

In the first column they will provide some background about what that manger went about their job and how they "managed" others. This is just to provide some context for them to consider how well their managers performed their skills.

In the second column they should list the three skills: technical, human and conceptual and then provide a rating for their managers from 1-5 with 5 being the highest rating for the best performance of those skills by their managers and 1 being the worst.

Although students will come up with a variety of examples and ratings one pattern emerges early … that the best managers all rate very highly on the "human" skills and the worst manager's rate very low. Most students will key in on these skills and this offers an opportunity to point out to them the effect that such skills have on them as employees first – and consider the effect their behaviour may have on others – if they ever become a supervisor or manager.

Typically technical skills are the next important to students which allows for a discussion around their importance for being a good manager but having technical skills do not in and of themselves make you a good manager of people. Some of their examples will reveal just the opposite.

Although conceptual skills are harder for students to relate to, it does get them thinking about what "conceptual" actually means and allows the instructor to relate these skills to the need for managers to sometimes stand back and see the "big picture" as in the planning function, and not lose sight of the forest for the trees.

Students find this exercise fun and it is a good ice breaker at an early stage of the course. The key lesson column simply adds an aspect that allows students to sum up what they have learned from the exercise.

Your "Best" and "Worst" Managers

	Your manager's title, responsibilities & some examples of how they performed their job.	Skills (see your Chapter material) Rate each skill on scale of 5 – 1 (with 5 being the best and 1 the worst)	One key lesson that you learned from this manager
The Best Manager			
The Worst Manager			