

## Session 7 Management, Leadership, and the Internal Organization (Chapter 7 & 8)

Management: The process of achieving organizational goals through people and other resources

### **3 Kinds of Management:**

1. **Top Management** (mostly conceptual skills and human skills)
  - Develop long-range strategic plans for organization
  - Inspire workers to achieve vision for company's future
2. **Middle Management** (mostly human skills and a bit of both conceptual and technical skills)
  - Specific operations, products or customer groups within an organization
  - Responsible for developing detailed plans and procedure to implement the firm's strategic plans
3. **Supervisory Management** (Mostly technical skills and human skills)
  - Implement the plans developed by middle managers
  - Responsible for non-manager employees
  - Motivate workers to accomplish daily, weekly, and monthly goals

Requirements for Management:

- Skills
- Functional Capabilities

### **Skills:**

Technical skills: Ability to understand and use the techniques, knowledge, tools, and equipment of a specific department or area of study

Human skills: Interpersonal skills that enable a manager to work effectively with and through people

Conceptual skills: Ability to see the organization as unified whole and to understand how each part of the overall organization interacts with other parts

### **Managerial Functions:**

Planning: Process of looking forward to future events and conditions and deciding on the courses of action for achieving organizational goals

Organizing: The process of blending human and material resources through a formal structure of tasks and authority

Directing (Leading): Guiding and motivation employees to accomplish organizational goals

Controlling: Function of assessing an organization's performance against its goals

Involves 4 basic steps:

1. Setting performance standards
2. Monitor actual performance
3. Compare actual performance with the standards
4. Making corrections if needed

Functional process: Planning – Organizing – Leading – Controlling (POLC)

## **Planning**

Decision Making: Process of seeing problem or opportunity, assessing best possible solutions, selecting and carrying out the best suited plan, and assessing the results

Programmed decision: involves simple, common, and frequently-occurring problems that already have solutions

Nonprogrammed decision: involves a complex and unique problem or opportunity with important results for the organization

Vision: Ability to perceive marketplace needs and what an organization must do to satisfy them (focused yet adaptable in business environment)

Long-term success is also tied to the ethical standards that the top management team sets. (Inspires employees to achieve goals)

Planning process: Organizations should have a comprehensive planning framework

Broad/long-range: mission statement; objectives and goals

Narrow/short-range: functional plans for specific employees/areas

Plans outline the steps the company will take to meet goals and objectives

## **Organizing**

Organization: a structured group of people working together to achieve common goals; 3 key elements: **Human Interaction, Goal-directed Activities, Structure**

Departmentalization (Org. Structures): The process of dividing work activities into units within the organization

**Product departmentalization**: Organized based on the goods and services a company offers

**Geographical departmentalization**: Organized by geographical regions within a country or, for a multinational firm, by region throughout the world

**Customer departmentalization:** Organized by the different types of customers the organization serves

**Functional departmentalization:** Organized by business functions such as finance, marketing, human resources, and production

**Process departmentalization:** Organized by work processes necessary to complete production of goods or services

Delegations: Managerial process of assigning work to employees (Employees are provided with responsibility and authority to complete task; are accountable for actions/decisions)

Span of management is the number of employees a supervisor manages

Centralization: decision-making is retained at the top of management hierarchy

Decentralization: Decision-making is shifted to the lower levels. Many firms believe it enhances their flexibility and responsiveness to customer needs

Line Organizations: oldest and simplest form; direct flow of authority from CEO to employees; Chain of commands indicates who directs what and who reports to who

Line-and-staff organizations: Combines line departments and staff departments

Line: participate directly in decisions that affect core operations

Staff: lend specialized technical support

Committee Organizations:

- Authority and responsibility are in the hands of individuals
- Often part of a line-and-staff structure
- Often develop new products
- Tend to act slowly and conservatively
- Often make decisions by compromising conflict interest rather than choosing best alternative

Matrix Organizations:

- Project management structure that links employees from different part of the organization to work together on specific projects
- Employees report to both a line manager and a project manager
- Advantages: Flexibility in adapting changes; Focus on major problems or products; Outlet for employees' creative and initiative
- Disadvantages: Integrating skills of many specialists into a coordinated team; Team members' permanent functional managers must adjust the employees' regular workloads

## **Leading**

### Autocratic Leadership:

- Leader centred
- Decisions made without consulting employees

### Democratic Leadership:

- Involves employees in decisions, delegate assignments, and ask them for suggestions

### Free-rein Leadership:

- Involves minimal supervision
- Leave most decisions to employees

## **Controlling**

### Types of control:

- Leadership & Supervision
- Goals/objectives – bonuses/penalties
- Accounting/performance
- Performance feedback
- Employee & Customer surveys
- Rules, regulations, & guidelines
- Etc... (Anything that controls workers' behavior in the organization)

### Corporate Culture

#### Influences on Organizational Culture

**Shared Values:** (structure, leadership, culture, staffing, skills/professions, strategy)

Corporate culture: An organization's collection of principles, beliefs and values; Managers use symbols, rituals, ceremonies and stories to influence & reinforce corporate culture