

Defining Management Evolution of Management Theory (Past to Present) - Chapter 1

Organization: a group of people that work together to achieve a common goal

- Open System: interact with forces outside the environment, gather inputs from the environment, to deliver outputs such as goods and services
 - Resources from environment, apple
 - Input, chips, screens → put it together
 - Sell as goods to the public

Chapter 1 - Introducing Management

Manager: oversee a lot of resources, motivate the workers and manage them to reach goals

- Skills: organizational, leadership, decision making skills, effective communication skills, problem solving/conceptual skills (where is the problem coming from, and how to fix it), human relation skills (the ability to work and communicate and work with other people
 - Conceptual Skills: needed in the higher level
 - ie/ CEO looks at things with a broader perspective
 - Technical skills: how things work like technology, assembly line, marketing
 - ie/ managers look at how to fix or resolve relevant problems or enhancing the direct environment

What is an Organization?

A group of people that come together to solve a goal or have a common purpose

Operates in an open system

- Take in inputs from the environment, to create something, and give that good that was created to the outside market

Measures of Organizational Performance

- Productivity
 - Quantity and quality of outputs relative to the cost of inputs, involves 2 common performance measures
- Efficiency
 - The amount of resources incurred to produce goods and services and meet goals (doing the right things)
 - Are we actually taking the relative steps needed to reach goals?
- Effectiveness
 - How well the organization is doing in the meeting its goals(doing the right things)

The Organization's Environment

- The General Environment
 - External conditions that impact an organization's decision making
 - ex/ Trump's tariff on Canadian softwood lumber imports, as a Canadian company the company had no say in what happened in the US therefore this situation is out of my power → political
 - ex/ 2008 recession had a negative impact on a luxury jewelry stores, out of owner's power → economic
 - ex/ more baby-boomers living in Canada, therefore less younger people, a pop store may have trouble marketing → socio-cultural
 - Socio-cultural conditions
 - Technological conditions
 - Economic conditions
 - Political-legal conditions
 - Natural environment conditions
- Thinking about Globalization

What is Management?

- The planning, organizing, leading and controlling of resources to achieve a goal or goals effectively and efficiently
 - Goal: a desired result at some point in time

- Manager – the person responsible for supervising resources to achieve goals

Managerial Functions

- **Henri Fayol**, was the first to describe the 4 managerial functions
- Noted that all the managers must perform
 - Planning, Organizing, Leading, Controlling (POLC)

Second Cup - Exercise

- Starts to realize they are losing market shares, following POLC, solve

Planning

- Used to select goals and a course of action
- It is a process:
 - Establishing objectives
 - *Increasing revenue by 5% within the next year*
 - Is there a gap?
 - *Have to look at the situation and pick goals that are realistic*
 - *ex/ revenues have been going down 5% in the last 5 years*
 - Develop an action plan to achieve objectives
 - *Where are the problems coming from? Why are we losing customers? Why are the customers going to other places? **WHY***
 - *Decreasing costs, marketing, selling more if what is selling good*
 - *Choosing the appropriate actions to take to reach our goal*

Organizing

- Process of assigning tasks, allocating resources, and coordinating work activities
- Creates organizational structure
 - A formal system of relationships
 - ex/ functional (what's needed ex HR, Accounting etc) vs. geographical (one department in Canada, China, etc)

Leading

- Managers articulate visions/strategy of organization
- Must use: power, persuasion, communication, and motivation
- The result:
 - The employees work in harmony
 - Employees perform at a high level

Controlling

- Essential to evaluate
 - ex/ want to increase rev by 5%, at the end of the year need to evaluate if the goal been achieved
 - If it wasn't achieved, WHY?
 - Look at the evaluation and regulate the concepts of efficiency and effectiveness

Managerial Roles

- Described by **Mintzberg**
 - A role is a set of specific tasks a person performs because of the position they hold
- Roles directed inside (employees) as well as outside (shareholders, etc.) the organization - 3 categories
 - Interpersonal
 - Coordinate and interact with others
 - **Figurehead role**: symbolizes the organization, ex KFC man, his actions and more are displayed
 - TD manager - symbolizing the organization, you embody the values and skills the company follows and needs\
 - **Leader role**: train, counsel, mentor and encourage to reach full potential
 - **Liaison role**: coordinate people inside and outside the organization to help achieve goals

- Informational
 - Obtain and transmit information
 - Gather and disseminate (hey were losing market share, what are we going to do) information
 - Try to provide the informations to get people to act accordingly to manage the problem
 - Looking at what's going around you and how to portray it to your team, seek out information and analyze it
 - Monitor:** information seeking, analyses info. inside and outside organization
 - Disseminator:** transmits info. to influence member's work and attitude
 - Spokesperson:** uses info to promote organization
- Decisional
 - Gain information and use it to make decisions
 - Entrepreneur role:** deciding upon new projects to initiate and invest
 - Disturbance handler role:** assume responsibility for handling an unexpected event
 - Resource allocator role:** assign people/money between functions and divisions
 - Negotiator role:** helps find solutions between stakeholders
 - Stakeholders → the people or the secondary organization that impact the organization
 - ex/ stakeholder, employees, shareholders, customers, community, suppliers

Managerial Skills

Conceptual Skills: ability to analyze and diagnose a situation and find the cause and effect → higher level management

Human Skills: the ability to understand alter, lead, and control people's behaviours → all Managers

Technical Skills: the job-specific knowledge required to perform a task

Time management and decisions making skills

The Evolution of Management Thought- Chapter 2

Objective

- Learn what we have learned from the past to make the management, managers and organizations more effective and efficient today

Look at 4 Approaches

- Classical Approach (1880-1920)
- Behavioural Approach (1930's)
- Contemporary Approaches (1950-1980's)
- Emerging Practices (1990's – 2000's)

Classical Approach - Systematic Management

- **Adam Smith** – 1776 – The Wealth of Nations
- Advocate of systemization
 - Efficiency and effectiveness
 - Division of labour
 - Productivity
 - 10 workers = 48,00 pins 1 worker = 10 pins
- Focused on defining duties and responsibilities
 - People take a task and break into smaller tasks in which someone specializes in each small task
 - Believed that this will increase productivity because people will get better and what small part they are doing
- Led to Scientific Management

Scientific Management

- Study of relationships between people and tasks to increase efficiency
- **F.W Taylor** (Founder) - focused on time study, within each task how long should each role take
- How can management increase the level of worker productivity and motivation?
- Philosophy:
 - One best way to do task ex: "how much load should I use"
 - Used \$ as an incentive
- Piece-rate systems: get paid on the more you produce the more you get paid
 - Benefit: productivity did improve, efficiently
 - Problems: less focus on effectiveness → Quality, Oversimplification of roles that i may play, does Not consider the human human element

Administrative Mgmt. Theory

- Study of how to create organizational structure that leads to high efficiency and effectiveness
- **Henri Fayol**
- Philosophy
 - Management is a universal process..
 - Fit the person to the job
 - *Workers should accept management's decision without question* **Exists?**

Fayol's Principles

1. **Division of Labour:** allows for job specialization to increase efficiency
2. **Authority and Responsibility:** included both formal and informal authority resulting from special expertise → someone who has gained a particular specialized expertise needed,
3. **Unity of Command:** employees should have only 1 boss
4. **Line of Authority:** a clear chain of command from the bottom to the top/ clear line of authority
5. **Centralization:** the degree at which authority rests at the very top, decisions are made at the top
 - a. Decentralization: everyone has a say in final decisions
6. **Unity of Direction:** one plan of action to guide organizations
7. **Equity:** treat all employees fairly
8. **Order:** each employee is placed where they have the most value

9. **Initiative:** Encouraged innovation
10. **Discipline:** obedient, respectful employees needed
11. **Remuneration of Personnel:** the payment systems contributes to success
12. **Personnel Tenure:** Long term employment is important → doesn't happen as much today
13. **Subordination over Individual Interest:** organization over individual, organizations interest vs personal interest
14. **Esprit de Corps:** Share enthusiasm for the organization
→ contradictory

Problems

- Based on observation
- Concerned primarily with structure of the organization

The Behavioural Approach

- 1920's and 1930's
- Philosophy: change management emphasis from productivity to human element
- Started with follett- "mother of modern management"
 - Viewed organizations as "communities"
 - Believed in teamwork
 - Ideas of "employee ownership" and "ethics"
 - ex/ CO-OP → employees or customers being able to buy parts of the company
 - Ottawa: Mountain Equipment CO-OP

Hawthorne Plant Studies - Elton Mayo

- Studied how illumination affected worker productivity and interaction
- Result: Illumination had no affect → worker productivity was improving ie, illumination did NOT matter
- **WHY?** Created an environment that workers felt special
 1. The group was selected → therefore they felt special, engage differently
 2. During the experiment workers knew they were being supervised and
 3. Routine developed → a cohesive work group was being developed

Main Points

- Team Spirit - the environment is important
- Management must create a stimulating work environment

What is a Stimulating Work Environment?

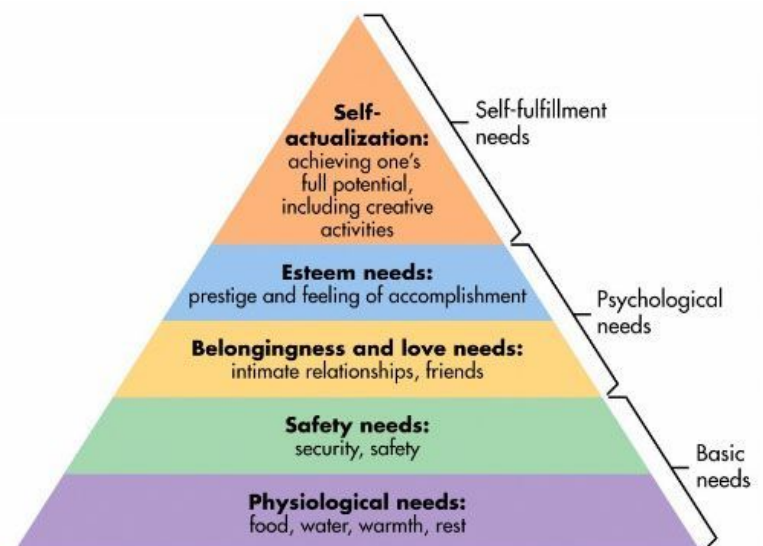
- Whats stimulating to me is not necessarily stimulating to you

Maslow's Hierarchy of Needs

- Physiological - basic needs to survive
- Safety - need for security and safe environment
 - Stability in job
- Social - need to belong
- Esteem - need to feel good about oneself
 - ex/ lead a team or department
- Self Actualization - need to realize one's full potential

Main Points

- Everyone has the same needs
- Where we place our needs varies and differs between individuals
- If managers know their employees, they can more effectively motivate them



Theory X and Y

- **Doug McGregor proposed 2 different worker assumptions**
 - **Theory X:** average worker is lazy, dislikes work, and will do as little as possible
 - **Theory Y:** assumes workers want to do a good job and is motivated based on the work
- Self fulfilling prophecy : depending on the way you manage, the employees will follow
- ex/ manage as if no one want to be there, employees will not want to be there

Contemporary Approaches

- 1950's-1980's
- Continue to question – should management be an art or science?
- Art - draws from experience and observation
- Science - use problem solving approach

Contemporary Approaches

- The Process Approach
 - o Planning, Organizing, Leading, and Controlling
- The Systems Approach
 - Open system
- Contingency Management/thinking
 - Assumes there no best way to manage
 - The environment has an impact
 - Managers must be flexible to the environment
 - Organizations design and control depending on the environment
 - *Respond to new problems in different way, we manage depending*
 - *Problems have unique solution, we have to be flexible and adaptable to that particular environment*

Emerging Management Practices

- Organizational Culture / Team Building
- Empowerment
- High -performing organizations
 - Seeks excellence in results and quality of work life
- Total Quality Management
 - Commitment to continuous improvement, product quality, and customer satisfaction