



Pearson

## Chapter 1: Managers and management

### DISCUSSION QUESTIONS

#### 1.1 What is an organisation, and what characteristics do organisations share?

An organisation is a systematic arrangement of people brought together to accomplish some specific purpose. All organisations share four common characteristics:

a purpose, which is typically expressed as a goal or set of goals

people who make decisions and engage in work activities to make the desired goal(s) a reality

a structure that defines and limits the behaviour of the organisation's members (managers and non-managerial employees)

an operational system that converts inputs (such as raw materials, money, information) into outputs (goods and services).

#### 1.2 How do managers differ from non-managerial employees?

Non-managerial employees are people who work directly on a job or task and have no responsibility for overseeing the work of others. They may be referred to by names such as associates, team members, contributors or even employee partners. Managers, on the other hand, are individuals who direct and oversee the activities of other people in their organisation. This distinction doesn't mean, however, that managers don't ever work directly on tasks. Some managers do have work duties not directly related to overseeing the activities of others.

#### 1.3 In today's environment, which is more important to organisations – efficiency or effectiveness? Explain your choice.

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. Organisations 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.

To address the question of which is more important, it depends. 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.

Suppose you are the owner and manager of a CPA firm. Over the years, your organisation has developed a long-term relationship with a number of customers who come to you each year to prepare their income tax return.

If you chose to emphasise efficiency over effectiveness, what might happen? You might create an infrastructure that, at least in the short run, would be very efficient. Suppose you have one person handle a customer's tax return preparation from start to finish (sounds like a silo). You could have your accountants specialise in the type of customers they work with so that they could become even more efficient in completing the tax returns. (We'll talk about job specialisation more in the history module and Chapter 5.) You could create a compensation system that rewards accountants who can document their ability to complete tax returns quickly. Let's come back to this concept in a minute.

What if you chose to emphasise effectiveness over efficiency? Suppose that it is one of your organisation's goals to guarantee accurate preparation of income tax returns. You may decide to send all your employees for training regarding all the latest tax laws. You might also ensure that, each year, they are brought up to date with any changes implemented by the Australian Taxation Office (ATO). You might also create an infrastructure that would seem to be less efficient. For example, you might require that each tax return be reviewed by three separate accountants, one of whom must be a senior accountant, before it is released to the customer. You may require all accountants to work on a wide variety of tax returns so that they will develop a broader base of expertise.

In the first example (the efficient office), everything might move quickly from start to finish but your control system may be weak. When customers begin to be audited by the ATO and learn that your efficient operation wasn't necessarily effective (e.g. their tax returns don't conform to the tax laws and ATO requirements), your customer base may quickly disappear and your ability to continue in business could be at risk.

In the second example (the effective office), everything and everyone may be very knowledgeable, thorough, correct and expensive. When your customers begin to figure out that your charges are higher than those paid by some of their friends for similar services, your customer base may quickly disappear and your ability to continue in business could be at risk.

As an effective manager, can you afford to separate effectiveness and efficiency? Probably not. You need to pursue the right goals (effectiveness) and to use resources wisely

(efficiency). Since the two are so closely interrelated, understanding the fine balance between them is an important part of how you become an effective manager.

**1.4 What similarities do you see among the four management functions? Do you think these functions are related? Explain.**

Students' answers will vary on the first part of this question. The functions are related because they each serve a specific purpose that guides and directs the other three so that the organisation can achieve its goals.

**1.5 Using any of the popular business periodicals (such as *Australian Financial Review*), find examples of managers doing each of the four management functions. Write a description and explain how these are examples of that function.**

Students' answers will vary depending on the articles selected, but each should include the basic functions.

*Planning* – encompasses defining an organisation's goals, establishing an overall strategy for achieving those goals, and developing comprehensive plans to integrate and coordinate activities.

*Organising* – determining what tasks are 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.

*Leading* – managers motivate employees, direct the activities of others, select the most effective communication channel and resolve conflicts among members.

*Controlling* – to ensure that things are going as they should, a manager must monitor performance. The controlling processes include monitoring, comparing and correcting.

**1.6 Is your course instructor a manager? Discuss in terms of planning, organising, leading and controlling. Also discuss using Mintzberg's managerial roles approach.**

Course instructors are both individual contributors and managers. They are in a non-managerial role when they produce 'the product' of the university. But they are also managers in that they 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.

*Organising* – the instructor may be responsible for organising membership of tutorial classes and student groups for completing group assignments. Alternatively, they may create options for students to self-enrol in classes and student groups. If the instructor is working with a teaching team of tutors, other lecturers or markers, they may also be responsible for organising the team's membership and the division of tasks among the members.

Leading – should be relatively obvious: motivating students, directing the activities of others, selecting the most effective communication channel and resolving conflicts among members.

Controlling – marking assessments, determining quality standards for each grade level, overseeing student behaviour (e.g. in class and on communication forums such as discussion boards) and reporting student misconduct. If leading a teaching team, they also control team behaviour by leading through example, setting standards and expectations about teaching delivery and assessment, and evaluating team members' teaching performance.

For the sake of space, suggestions will be limited to Mintzberg's three primary categories.

- Interpersonal roles – leader and liaison.
- Informational roles – monitor and disseminator.
- Decisional roles – disturbance handler and resource allocator.

### **1.7 Is business management a profession? Why or why not? Do some external research in answering this question.**

Students' answers will vary, although it could easily be determined that business management is a profession. Efficient and effective managers are critical to the success of every organisation. The need for good managers transcends industries and organisations, and the skill sets are similar across the various disciplines. The generic properties of management are found mainly in the world's democracies. Management practices are universally transferable outside to most free-market democracies; however, outside these cultures, the emphasis and execution of different managerial roles may change.

### **1.8 Is there one best 'style' of management? Why or why not?**

No. Although managers perform the same basic functions, there are a variety of styles and personalities that contribute to their success. Many factors are involved, such as the culture of the organisation, the personality of the managers, the type of industry, the level of the manager, and so on.

### **1.9 In what ways can managers at each of the four levels of management contribute to efficiency and effectiveness?**

Top managers are usually responsible for making decisions about the direction of the organisation, and for establishing policies and philosophies that affect all organisational members. Middle managers are typically responsible for translating the goals set by top managers into specific details that lower-level managers will ensure are implemented. First-line managers are responsible for directing the day-to-day activities of non-managerial employees. Team leaders are responsible for managing and facilitating the activities of a work team. Team leaders will typically report to a first-line manager.

# CASE APPLICATION 1: GOOGLE: BUILDING A BETTER BOSS

## Discussion questions

**1.10 Describe the findings of Project Oxygen using the functions approach, Mintzberg's roles approach and the skills approach.**

Students' answers will vary, but one potential response could be that the data support that managers need to be high in interpersonal skills, and that technical expertise is less important. In terms of roles, the data showed that interpersonal roles were very important and decisional roles less so. In terms of functions, the results indicated that leading is perhaps the most important function – in particular, motivating and supporting employees.

**1.11 Are you surprised at what Google found out about 'building a better boss'? Explain your answer.**

Students' answers will vary.

**1.12 What's 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 organisations to train managers to ensure they have the specific skill sets needed to provide employees with appropriate support.

**1.13 What could other companies learn from Google's experiences?**

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

# CASE APPLICATION 2: MANAGING TO CREATE A BETTER WORLD

## Discussion questions

**1.14 How could Daniel and his co-founders at Thank You use technical, human and conceptual skills to help Thank You achieve its business goals and social mission? What managerial competencies might be important for them? Why?**

Technical skills are the job-specific knowledge and techniques needed to perform work tasks. An example of how Daniel and his colleagues would use technical skills would be in creating and updating their Track Your Impact app and implementing their social media campaigns.

Human (or interpersonal) skills are a manager's ability to work with, understand, mentor and motivate others, both individually and in groups. Daniel would use interpersonal skills in communicating with his team and encouraging a collaborative environment among the Thank You staff.

Conceptual skills are a manager's ability to analyse and diagnose complex situations. Daniel and his colleagues would use conceptual skills in interpreting market and sales data, and identifying new market opportunities that fit with their 'profit for purpose' philosophy.

Important managerial competencies include traditional functions such as decision making and goal setting; task orientation, such as showing initiative; personal orientation, such as demonstrating compassion; and being customer focused and open minded in their creative thinking.

**1.15 What management roles would Daniel be playing as he (a) had weekly video conferences with Thank You's aid project leaders around the globe, (b) assessed the feasibility of developing a new Thank You product line, and (c) negotiated distribution deals with retailers such as Coles and Woolworths?**

- interpersonal/informational
- decisional/informational
- interpersonal/informational.

**1.16 How, if at all, do you think managing a social enterprise would be different from managing a profit-oriented corporation?**

Not-for-profit organisations have a different focus on efficiency and effectiveness compared to for-profit organisations. In the not-for-profit sector, the managerial focus is on minimising costs and maximising effectiveness by delivering services to help as many people as possible. In the for-profit sector, the managerial focus is on minimising operational costs and maximising revenue streams to increase profits.

### **1.17 What could other managers learn from Daniel and Thank You's approach?**

Other managers could learn from Daniel's optimistic approach, 'aim high' style and commitment to the value of execution of ideas. In the article, Daniel talks about how he has learned that one of his weaknesses is that he instinctively tries to avoid confrontation. This is a trait shared by many people, and the realisation that you can't always make everyone happy, all of the time, is a valuable lesson.