

**MUNI
ECON**

Introduction to management Evolution of management (thought)

Lecture 1

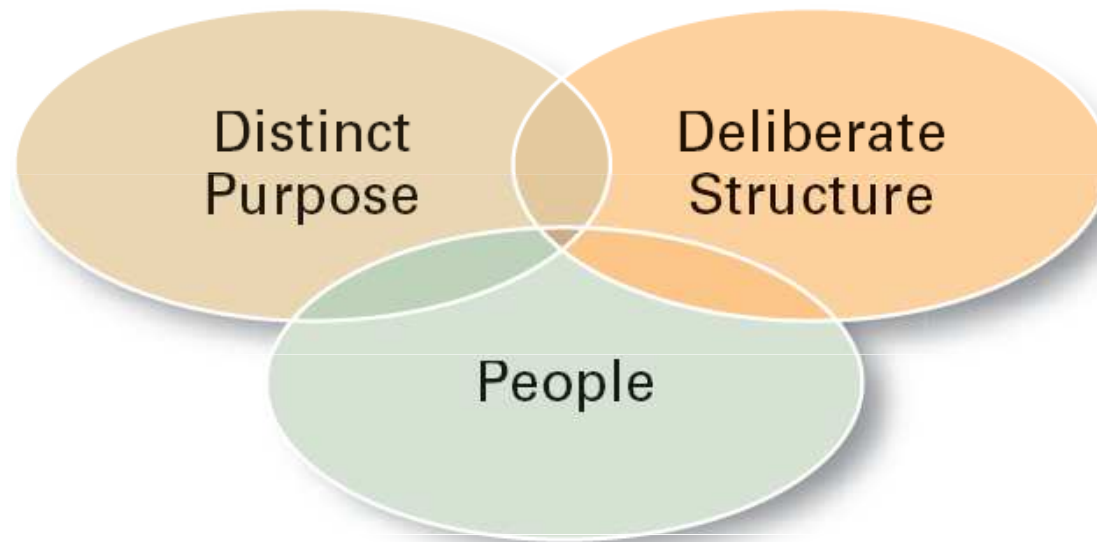
Agenda for today

- Why study management?
- What is management?
 - Process
 - People
 - Discipline
- Historical background and the evolution of management (thought)

Why study management?

- Organizations are everywhere
- Organization is a systematic arrangement of people to accomplish some specific purpose.

Characteristics of organizations



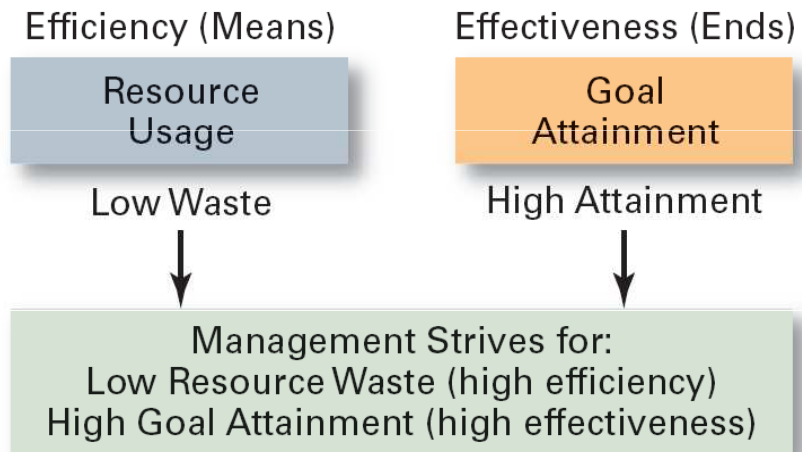
The need for management is universal...



Two vital managerial concepts

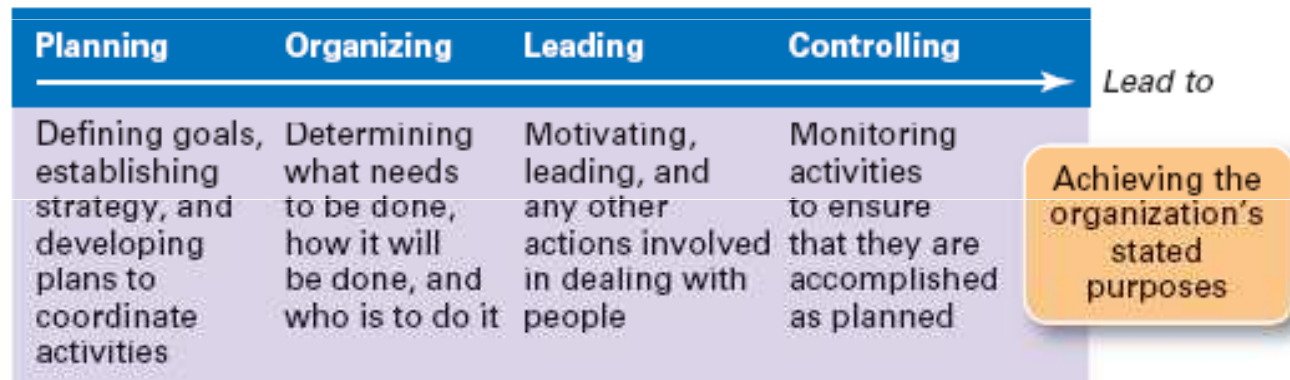
EFFICIENCY VS. EFFECTIVENESS

Doing things right vs. Doing the right things

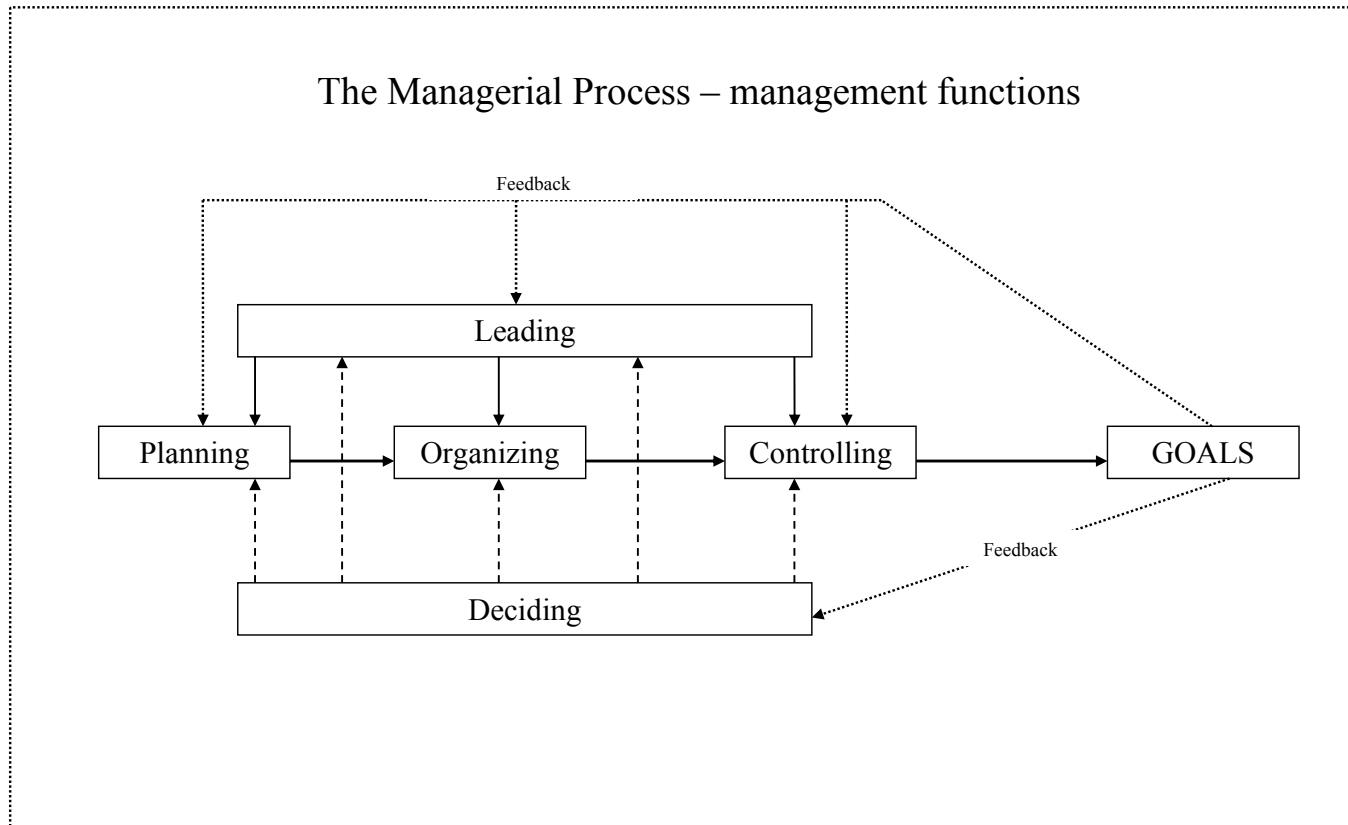


Management as a process

- Management is the process undertaken by one or more persons to coordinate the activities of other persons to achieve results not attainable by any one person acting alone.

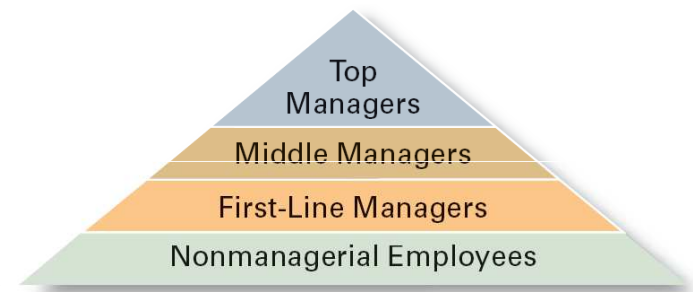


Managerial functions



Management = the people

- **Manager**
 - Someone who coordinates and oversees the work of other people so that organizational goals can be accomplished.
- **Top Managers**
 - Individuals who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.
- **Middle Managers**
 - Individuals who manage the work of first-line managers.
- **First-line Managers**
 - Individuals who manage the work of non-managerial employees.



Managerial specialization

Given the size of organizations and the level of complexity, managers must be specialized in order to be efficient.

- **vertical specialization** = assigning the tasks of **supervising subordinates** to another person;
first-line managers
middle managers
top managers
- **horizontal specialization** = **assigning certain tasks** (production, marketing, finance) to another person;
=>**functional managers** - the function refers to what activities the manager usually oversees as the result of horizontal specialization process.

What do managers do?

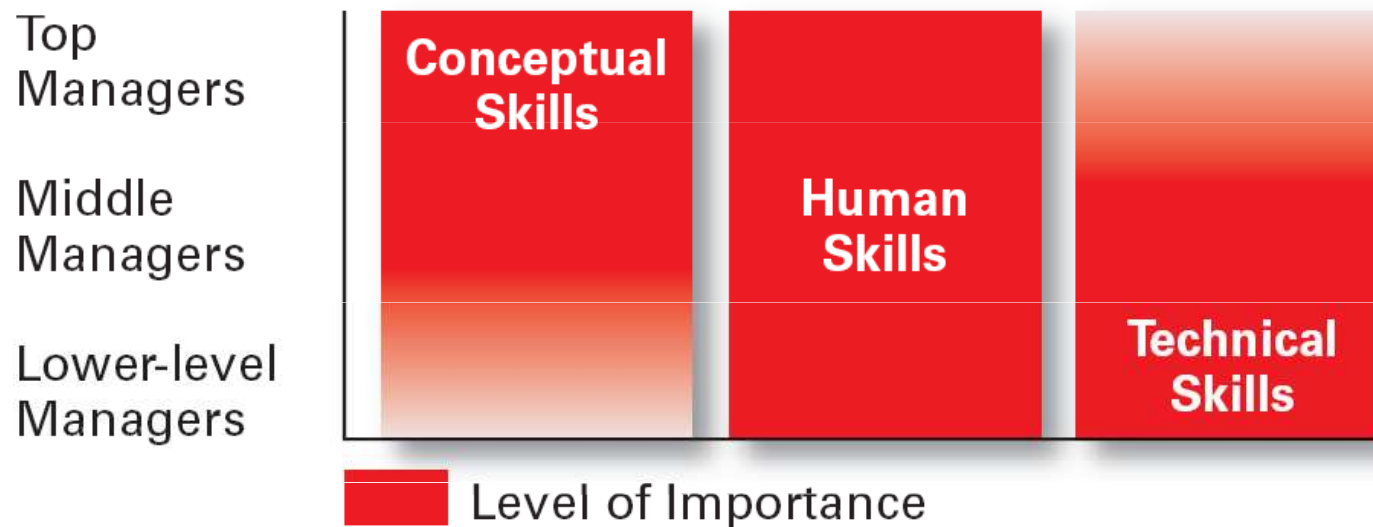
When fulfilling management functions, managers perform ten different, but interrelated **managerial roles**:

- **Interpersonal roles**
Figurehead, leader, liaison
- **Informational roles**
Monitor, disseminator, spokesperson
- **Decisional roles**
Disturbance handler, resource allocator, negotiator

Managerial competencies

- In order to be able to perform managerial roles, managers must possess and further develop certain critical competencies (=knowledge, skills, abilities/traits).
- Technical = knowledge and proficiency in a specific field
- Human = ability to work well with other people
- Conceptual = ability to think and conceptualize about abstract and complex situations concerning the organization

Competencies vs. management levels



Competencies vs. management functions

Skill	Function			
	Planning	Organizing	Leading	Controlling
Acquiring power		✓	✓	
Active listening			✓	✓
Budgeting	✓			✓
Choosing an effective leadership style			✓	
Coaching			✓	
Creating effective teams		✓	✓	
Delegating (empowerment)		✓	✓	
Designing motivating jobs		✓	✓	
Developing trust			✓	
Disciplining			✓	✓
Interviewing		✓	✓	
Managing conflict			✓	✓
Managing resistance to change		✓	✓	✓
Mentoring			✓	
Negotiating			✓	
Providing feedback			✓	✓
Reading an organization's culture		✓	✓	
Running productive meetings	✓	✓	✓	✓
Scanning the environment	✓			✓
Setting goals	✓			✓
Solving problems creatively	✓	✓	✓	✓
Valuing diversity	✓	✓	✓	✓

Management as a discipline

- accumulated body of knowledge that can be learned.
- a subject with principles, concepts, and theories that can be learned and applied in the process of managing.

Historical background

1. division of labor ⇒ increase in efficiency
2. industrial revolution – the beginning of 20th century
 - i. machine power
 - ii. mass production
 - iii. efficient transportation⇒ the size of companies increased and management of large companies required certain managerial skills.
3. managerial revolution – 30's – 70's of 20th century
 - i. United States
 - NYSE crash in 1939
 - F.D.R.'s New Deal - stock market reform
 - the emergence of corporations
 - ii. Europe
 - after WW II
 - nationalization of companies⇒ the need for professional managers.
⇒ the division of ownership and management executive.
4. current trends and issues – since 1970's
 - i. economic integration
 - ii. globalization
 - iii. turbulence
 - iv. customer's market → change and innovation

Evolution of management thought

- the way people were thinking about management was happening **with respect to the changes in overall economic environment.**
- **Classical Approaches**
 - basic assumptions about people: perfect rationality, responsiveness to economic incentives
 - main focus: management of work / activities (simplification, norms, planning), administration (Fayol's principles), bureaucracy (Max Weber)
- **Behavioral Approaches**
 - basic assumptions about people: responsiveness to other than economic incentives (social relationships, group pressure), search for personal fulfillment
 - main focus: people's actions and their groundings (motivation, psychology, sociology, anthropology), relationships among people (Hawthorne studies)
- **Management Science**
 - main focus: productions and operations management, new more sophisticated methods (mainly mathematical)

CLASSICAL APPROACHES	BEHAVIOURAL APPROACHES (HUMAN RESOURCES APPROACH)	MANAGEMENT SCIENCE
<p style="text-align: center;">Scientific Management</p> <ul style="list-style-type: none"> - the use of scientific methods to define “one best way” for a job to be done - concentration on the physical environment of the job - concept of “economic man” - Frederick Taylor - Frank + Lilian Gilbreth - Henry Gantt (Gantt chart) 	<p style="text-align: center;">Human Relations Approach</p> <ul style="list-style-type: none"> - concentration on the social environment - managers should recognize the need of employees for recognition and social acceptance - satisfied worker will be more productive - Abraham Maslow (hierarchy of needs) - Douglas Mc Gregor (theories X and Y) 	<p style="text-align: center;">Operations / Productions Management</p> <ul style="list-style-type: none"> - quantitative - analytical - modeling / experimenting - techniques to improve decision making
<p style="text-align: center;">Classical Organization Theory</p> <ul style="list-style-type: none"> - principles of management - functions of management - theory of bureaucracy - Henri Fayol - Max Weber 	<p style="text-align: center;">Behavioral Science</p> <ul style="list-style-type: none"> - concept of “social man” - scientific approach to study human behavior (psychology, sociology) - concept of work as a means to fulfill human needs (which are more complex than jus economic) - Victor Vroom (motivation theory) - Frederick Herzberg (motivation theories) 	
SYSTEMS APPROACH		
<ul style="list-style-type: none"> - a theory that sees an organization as a set of interrelated and interdependent parts - open vs. closed systems - Chester Barnard 		
CONTINGENCY APPROACH		
<ul style="list-style-type: none"> - recognizing and responding to situational variables as they arise: organization size, routine ness of technology, environmental uncertainty, individual differences 		

The changing organization

Traditional Organization

- Stable
- Inflexible
- Job-focused
- Work is defined by job positions
- Individual-oriented
- Permanent jobs
- Command-oriented
- Managers always make decisions
- Rule-oriented
- Relatively homogeneous workforce
- Workdays defined as 9 to 5
- Hierarchical relationships
- Work at organizational facility during specific hours

Contemporary Organization

- Dynamic
- Flexible
- Skills-focused
- Work is defined in terms of tasks to be done
- Team-oriented
- Temporary jobs
- Involvement-oriented
- Employees participate in decision making
- Customer-oriented
- Diverse workforce
- Workdays have no time boundaries
- Lateral and networked relationships
- Work anywhere, anytime

Current trends

Changes in the real world

- Changing technology (digitization)
- Increased security threats
- Increased Emphasis on Organizational (and Managerial) Ethics
- Increased Competitiveness

Impact on managers

- Virtual workplaces
- More flexible workforce
- Flexible work arrangements
- Empowered employees
- Risk management
- (De)globalization concerns
- Redefined values
- Rebuilding trust
- Increased Accountability
- Customer service
- Innovation
- Globalization
- Competition => Efficiency / productivity

Must know - keywords

manager
first-line managers
middle managers
top managers
management
efficiency
effectiveness
planning
organizing
leading
controlling

management roles
interpersonal roles
informational roles
decisional roles
technical skills
human skills
conceptual skills
organization

managerial revolution
scientific management
principles of management
contingency approach