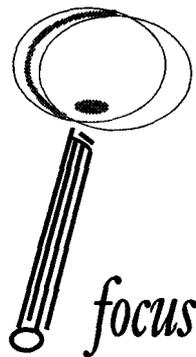


What Is a Manager?



Learning Objectives

By the end of this chapter, you should be able to:

- Define *competitive strategy* and state its significance for managing.
- Define *management* and list the five traditional functions of a manager.
- Describe the relationship between strategy and the five traditional functions of a manager.
- Identify *improving* as a new managerial function, and *improvement* as a new measure of management, besides the traditional measures of *effectiveness* and *efficiency*.
- State how managerial work is affected by *organizational levels, basic skills, breadth of responsibility, and roles*

Few people who are not managers know much about management. Could you tell someone what management is? what managers do? The managerial talents within a nation are gaining recognition as a key ingredient in the nation's economic welfare. Along with its natural resources and its population, the ability to organize production is extremely important to developing and maintaining high standards of living in any country. Management is the activating force that combines these factors into useful goods and services. The concept of management extends beyond profit-making firms, however; governments, nonprofit organizations, and many other institutions are run by people who we call managers. In fact, all of us, because of our affiliation with organizations, either manage or are managed by other people. Therefore, it is important for you to know what management is all about and what managers do.

THE APPROACH IN THIS COURSE

Since the end of World War II management processes have become more sophisticated, reflecting the increasing size and number of competing firms as well as the globalization of markets. No one theory exists that deals with the complexity that all managers face in all businesses. Nonetheless, the need remains for a comprehensive theory that deals with a manager's overall work rather than just portions of it. This course attempts to develop that overall frame of reference by focusing on a firm's strategy as the unifying theme for considering managerial activity.

Competitive Strategy as a Unifying Concept

Strategy began to receive a lot of attention during the 1970s as competition intensified in the United States and international marketplaces. The term *strategy* comes from the ancient Greek word *strategos*, meaning "the art of the general." It has since taken on a variety of broad and often ambiguous definitions. In this course, strategy is defined as *the pattern of actions a firm takes over time aimed at changing the competitive equilibrium in the marketplace*. It specifies how an organization intends to compete in order to achieve its business objectives.

Although there is much yet to be learned about strategy and how it is developed, we argue that the absence of strategy is likely to harm a firm. In the current intensely competitive and resource-scarce marketplace, not concerning itself with its competitors and the likely future direction of the marketplace could even lead to a firm's demise. In this course, therefore, we focus on strategy, specifically *business strategy*-- the strategy of a firm with a single product line or service, or the strategy of a single business unit in a larger, more diversified firm. Business strategy (also known as *competitive strategy*) contrasts with strategy (also known as *corporate strategy*) in that it usually has a more narrow focus than strategy, as the definitions imply. Overall, we use the notion of business strategy to provide focus to our discussion of the work of the manager.

DEFINING MANAGEMENT

Just what is a manager? The standard response to this question is that a manager is a person who gets things done through other people. By this popular definition, attributable to management pioneer Mary Parker Follett, a manager, in the broadest sense of the term, is responsible for carrying out the activities required to reach organizational goals. Management, then, is the collective effort of every manager in a given organization acting toward achieving that organization's goals. More specifically, a manager performs certain basic functions to get things done toward these ends.

The Functions of a Manager

Henri Fayol, a French industrialist (whose work is discussed more thoroughly in Chapter 2), was the first to identify the basic functions a manager performs. These functions, in their modern form, are:

1. Planning.
2. Organizing.



1-1 Definitions of the Functions of a Manager

<i>Planning</i>	Planning involves decisions about how the organization is to accomplish its goals. This includes deciding what is to be done, how it is to be done, and when and by whom it is to be done. Without planning, an organization will just drift.
<i>Organizing</i>	Organizing involves the preparations necessary for implementing plans. The manager must decide the jobs to be performed and then determine who reports to whom in the organization. With jobs divided, it is important for some individuals to be in charge of coordinating the efforts of the members of the organization; those people must be identified and the relation among them clearly defined.
<i>Staffing</i>	Staffing involves filling the jobs of the organization with the right people. This includes not only the initial hiring of employees, but also their subsequent development within the organization. The manager must recruit people for the jobs, select those most qualified to perform the work, and develop these employees to their potential through training and other programs.
<i>Leading</i>	Leading involves influencing the members of the organization in such a way that the overall goals of the organization can be achieved. Besides achieving the organization's immediate goals, the manager, through leadership ability and the ability to motivate subordinates, must satisfy the needs of the employees.
<i>Controlling</i>	Controlling involves guiding the organization in the proper direction to accomplish its goals. This involves monitoring the activities of the organization and comparing them with organizational plans. If the plans and the actual performance of the organization are at odds, it is the manager's job to make the changes needed to match performance with plans.

3. Staffing.
4. Leading.
5. Controlling.

Exhibit 1 - 1 provides definitions of each of these functions.

Why not include decision making as one of the functions of a manager? After all, decision making is an important part of all managerial functions; in fact, it underlies everything the manager does. Whether planning, organizing, staffing, leading, or controlling, the manager is always making decisions, always choosing among available alternatives. Still, the nature of each decision relates to whatever function is being performed, and it is most useful to study decision making in this context, rather than in a more theoretical, isolated way.

The most important decision an organization makes is the selection of the firm's strategy. This decision is nearly always made at top management

levels (discussed later). All other decisions flow from this decision. The strategy of the firm determines how work should be organized. Strategy shapes the content of job descriptions used in staffing decisions. Strategy establishes common goals for the leader to lead toward and for all to achieve. When actual performance is different from expectations, strategy provides a framework for determining whether the difference warrants attention. Clearly, all of the functions of the manager relate to the strategy of the firm.

The functions of the manager having their roots in Fayol's ideas we classify as *traditional*. The emergence of the concept of total quality management in recent years (discussed in Chapters 2 and 9) and its associated idea of continuous quality improvement argues for establishing *improving* as yet another key function of management (Allen 1992). *Quality*, in its broadest sense, is defined as *anything that can be improved* (Imai 1986). Accordingly, as an explicit managerial function, *improving* involves seeking continuous improvement in *all* aspects of a manager's work, particularly with regard to the carrying out of traditional functions. Not only do managers plan, organize, staff, lead, and control, they should also be constantly improving everything!

Measuring Management

Related to the functions of a manager is the question of determining progress toward organizational goals. Traditionally, this has been achieved through the measuring of effectiveness and efficiency. Although often used interchangeably, the terms have different meanings. Peter Drucker, a respected contributor to management thought, has expressed the difference as "doing the right thing" versus "doing things right" (Drucker 1967).

Effectiveness pertains to the degree of goal accomplishment, that is, the manager's ability to choose appropriate goals and the means for achieving them-- "doing the right thing." *Efficiency*, an economic concept, pertains to what has been achieved (output) in relation to the resources (labor, materials, and time) needed (input)--"doing things right." It is measured by dividing output by input. Of these two measures, effectiveness is more important. The pertinent concern is not how to do things right, but how to find the right things to do and to concentrate resources and efforts on them (Drucker 1964).

To illustrate these measures, suppose a manager is responsible for a production team having the goal of producing at least 100 units per day, meeting certain standards, at no more than \$100 per unit in cost (\$10,000 per day). When this goal is met, production is 100 percent effective and a level of efficiency is established. If more than 100 units are being produced in a day for \$10,000, the team is not only more effective, but also more efficient (i.e., more output for the same input). If the manager and team reduce production cost for 100 units to, say, \$9,000 per day, effectiveness is still 100 percent, but efficiency has gone up (ie., same output for less input).

Just as recent trends imply the need for including improving as a management function, these same trends argue for adding *improvement* as a measure of management (Allen 1992). Making an improvement frequently affects

effectiveness and efficiency, but it is possible that neither will be affected directly. In the example above, even if the 100 units are produced daily for \$100 each, it may be that qualitative improvements can be made. To illustrate, the aesthetics of the product (i.e., how it looks or feels) might be improved somehow. This in turn could lead to future changes in the manufacturing standards associated with the product. We believe continuous improvement needs to be seen as having the same stature as the traditional measures of effectiveness and efficiency.

THE NATURE OF MANAGERIAL WORK

Developing some feeling for the nature of managerial work can be achieved by looking at management jobs from several viewpoints. In addition to the managerial functions already discussed, managerial work can be classified in terms of organizational levels, basic skills, breadth of responsibility, and roles.

Management Levels

Organizations can be viewed broadly as having four basic levels (Exhibit 1-2). The lowest level is usually classified as the operative or operational level, and employees at this level do not generally have any managerial duties.

First-line Managers

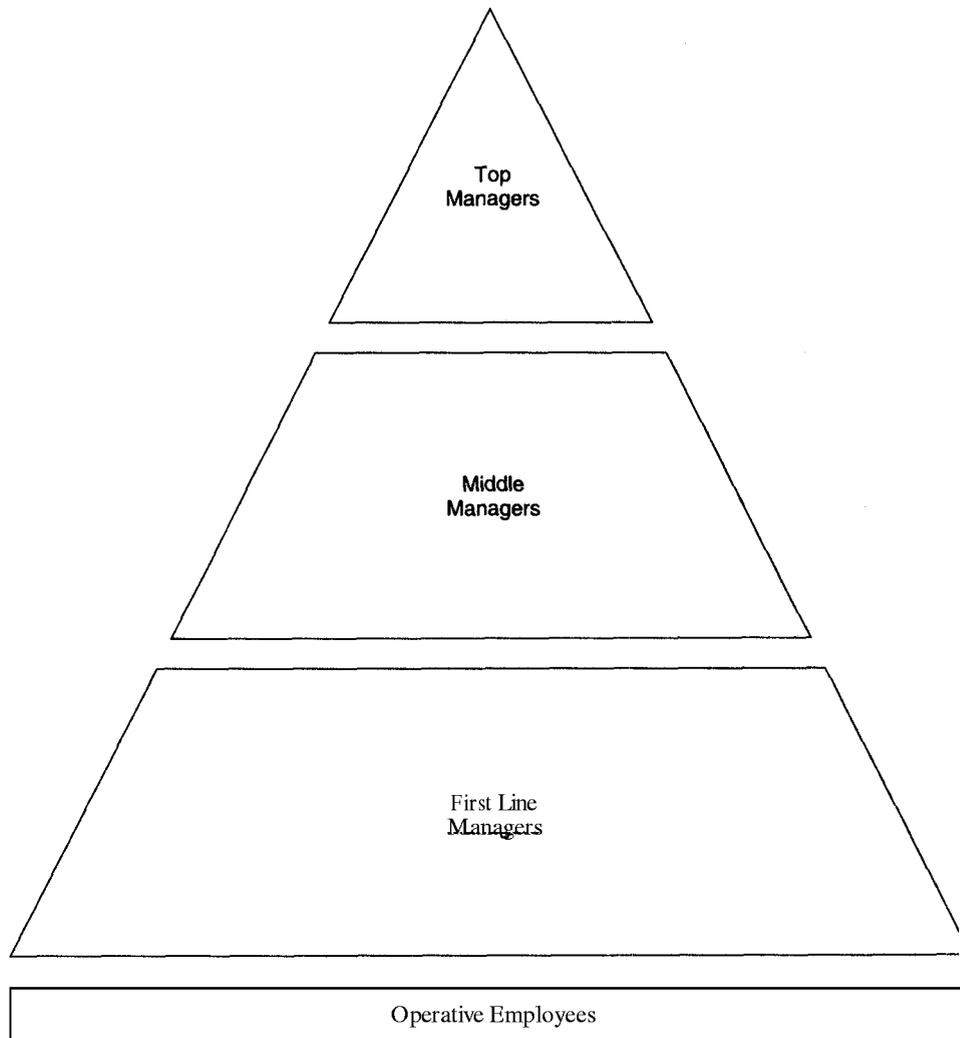
The managerial jobs at the first level above the operative level, in other words, the lowest-level managerial jobs, are called first-line or first-level management. First-line managers are often called supervisors, superintendents, or administrators. They are charged with overseeing operative employees. Examples are office manager in a large office, ward nurse in a hospital, and production supervisor in a manufacturing facility.

Middle Managers

The managerial jobs at the level or levels above the first level, but not including the highest one or two levels, are usually called middle management. Middle managers are usually responsible for the performance of a particular organizational unit. They implement strategic plans set forth by top managers by establishing both functional or divisional objectives and operational objectives that will guide unit performance toward the targets established by the strategic plans. Middle managers direct the activities of other managers and sometimes those of operative employees. Examples are division sales manager, director of human resources, and facilities manager.

Top Managers

Top managers are usually few in number and have the term executive associated with their jobs. They have the broadest responsibilities, develop strategic plans giving overall direction to an organization, and guide the organization's interaction with its environment. Common titles include chief executive officer, president, and vice-president.

**Exhibit 1-2**
Types of Managers by Organizational Level

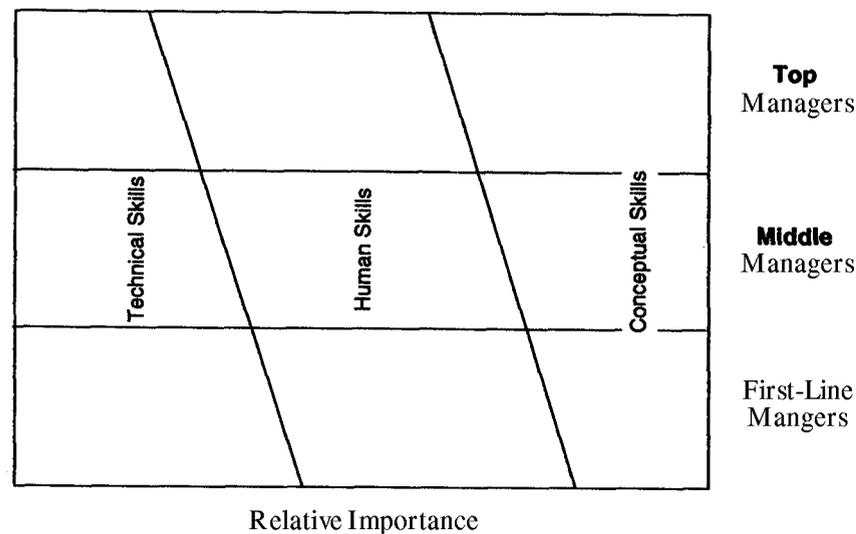
Managerial Skills

Robert L. Katz (1974) has identified three basic types of skills--technical, human and conceptual--which he says are needed by all managers. Exhibit 1- 3 shows that each level of management has its own skill mix. Skill, as used here, means an ability related to performance that is not necessarily inborn, but can be developed.

Technical Skills

Technical skills are those needed to perform the work in a specialized area. These skills involve the knowledge and ability to apply techniques, procedures, methods, and tools in a specific field. For example, a manager in a

E Exhibit 1-3 Managerial Skills by Organizational Level



human resources department should be knowledgeable about interviewing techniques, testing, hiring procedures, compensation issues, wage and salary scales, employee assistance programs, training and development, statistical methods, and federal, state, and local laws governing employment and record keeping. Technical skills are relatively more important at lower organizational levels in which the manager needs to know the mechanics of how the work is done. To managers at the middle or top organizational levels these skills are relatively less important.

Human Skills

Human skills, as the name implies, include the ability to work with, understand, lead, and motivate others, as individuals or in groups. These skills are vital to every manager's job, regardless of organizational level.

Conceptual Skills

Conceptual skills include the ability to plan, coordinate, and integrate all of the organization's interests and activities. Also involved is the ability to understand how a change in a given part of the organization or its environment can affect the whole organization or the interrelatedness of its parts. Since strategic endeavors are principal activities at higher managerial levels, conceptual skills become relatively more important when compared to lower levels.

Managerial Responsibility--Functional Versus General

It is useful to classify managers in terms of the breadth of their responsibilities by distinguishing functional managers from general managers. Functional managers supervise employees with specialized skills in a single area of operation, such as production, human resources, accounting, finance, marketing, or sales. Responsibility is relatively narrow and usually focused on one organizational activity,

General managers, on the other hand, are responsible for overseeing the overall operations of a more complex unit, such as a company, a subsidiary, or an independent operating division. They hold functional managers accountable for their specialized activities. Their responsibility is broad and multi-functional, that is, they usually coordinate the specialized activities of two or more departments. It follows that general managers have to deal with more uncertainty, diversity, people, conflict, and information than do functional managers.

Managerial Roles

What do managers actually do in their everyday activities? Henry Mintzberg (1973) sought to understand what managerial work consists of by observing managers engaged in the process of managing. He found that what managers actually do cannot always be clearly and neatly defined as planning, organizing, staffing, leading, or controlling. Overall, their work was characterized by many different activities, frequent interruptions, and a frantic pace. Little formal attention was given to the five functions.

According to Mintzberg's observations, managerial roles may be classified in three general categories: interpersonal, informational, and decisional. In turn, these categories were broken down into 10 roles. These roles are described in Exhibit 1-4, and an example is given for each one.

Research confirms that the roles filled by managers differ from one managerial job to another (Wagner and Hollenbeck 1992, 47). The roles of liaison, spokesperson, and resource allocator are most important in the jobs of top managers, reflecting top management's responsibilities for planning, organizing, and controlling the strategic direction of the firm. (The roles of figurehead, entrepreneur, and negotiator were not included in this research.) In addition, monitor activities are more important for top managers than for others because they must scan the organization's environment for pertinent information.

Among middle managers, leader, liaison, disturbance handler, and resource allocator roles are the most important. These roles are in keeping with middle management's job of organizing, leading, and controlling the functional or divisional units of the firm. The role of disseminator is also important in middle managers' jobs because they are responsible for explaining and implementing the strategic plans of top management.

For first-line managers, the leader role is the most important. They spend most of their time directing nonsupervisory personnel. They also act as spokespersons who disseminate information within their groups and serve

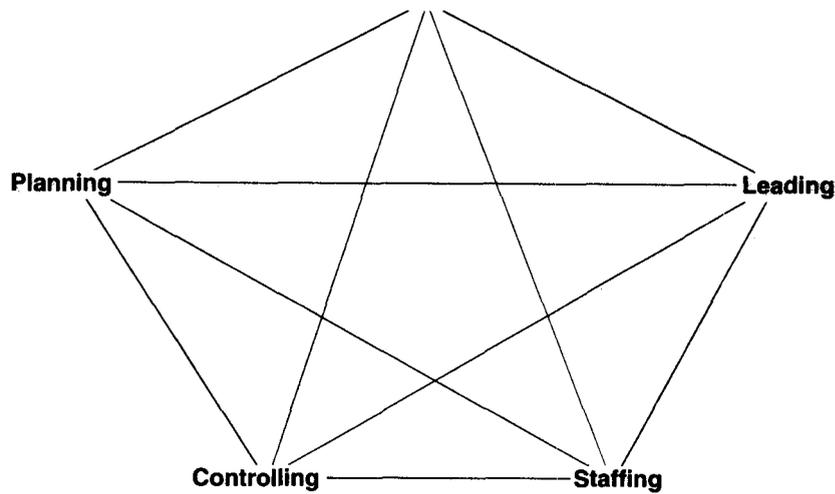
E xhibit 1-4 The Ten Roles of Managers

ROLE	DESCRIPTION	EXAMPLE
<i>Interpersonal Roles</i> Figurehead	Representing the organization or unit in ceremonial and symbolic activities	Attending a Chamber of Commerce ceremony
Leader	Guiding and motivating employee performance	Goal setting with employees to increase productivity
Liaison	Linking the organization or unit with others	Meeting with counterparts from other companies at an industrial association conference
<i>Informational Roles</i> Monitor	Scanning the environment for information that can enhance organizational or unit performance	Reading periodicals and reports for information about the competition
Disseminator	Providing information to subordinates	Writing memoranda to employees outlining new policies
Spokesperson	Distributing information to people outside of the organization or unit	Giving speech outlining new products or new markets
<i>Decisional Roles</i> Entrepreneur	Initiating changes that improve the organization or unit	Committing the firm to producing a new product
Disturbance handler	Adapting the organization or unit to changing conditions	Handling conflict among employees
Resource allocator	Distributing resources within the organization or unit	Setting priorities and establishing budgets
Negotiator	Bargaining or negotiating to sustain organizational or unit survival	Bargaining with political action groups who do not share the organization's objectives

as liaisons that connect their groups with the rest of the organization. In addition, they acquire and distribute the resources their groups need to do their jobs.

IMPLICATIONS FOR MANAGERS

What do managers do? Fundamentally, they get things done through other people with the intent of accomplishing the organization's overall objective.

E**Exhibit 1-5****Interrelation of the Management Functions**

To this end, managers have the responsibility of planning, organizing, staffing, leading, and controlling the organization's activities. In addition, they seek to constantly improve all aspects of the organization. Effectiveness, efficiency, and improvement are overriding concerns at all times. Managers differ in terms of where they are in the managerial hierarchy. These differences affect managers' jobs, influencing the responsibilities they assume, the skills they use, the behaviors they engage in, and the roles they fulfill. The job of manager is fast paced and exciting, allowing little time for any single activity.

Interrelation of the Functions

One word of caution is in order. Breaking down the manager's job into the various functions performed simplifies the study of management, but may leave the impression that in real life the functions are neatly compartmentalized. Far from it! As suggested in Exhibit 1-5, the functions are highly interactive. For example, in organizing, we determine the basic operating units on which control systems (such as accounting systems) are built. Similarly, in controlling, we ascertain how closely actual operations match planned conditions. As a result, we may eventually change the original plans. The point is this: The functions of management are not isolated, but directly affect each other.

THE PLAN OF THIS COURSE

If you want to know why some organizations perform better than others, you have to consider their strategies--how they compete in the marketplace--to get an

answer. That is why, as mentioned earlier, this course considers the managerial functions in relation to business strategy.

In the next chapter, we continue looking at managing and the development of contemporary management thought. Chapter 3 considers the planning function--setting goals and selecting courses of action to achieve them. The aim of most businesses is to develop and/or maintain competitive advantage. Deciding on strategy is the critical first step, and it provides the context for the other managerial functions. In operational planning, long-term strategic plans are broken down into day-to-day action plans. Chapters 4 and 5 deal with two aspects of human resource management: Chapter 4 looks at the organizing function, and Chapter 5 explores staffing issues. In Chapters 6 and 7, the leading function is discussed. Planning and organizing set the stage; leading triggers action and makes strategy happen. Chapter 6 looks at the choices managers have in motivating people to accomplish results, and Chapter 7 deals with leadership and its influence on motivation and getting work done. The controlling function is considered in Chapter 8. Controlling involves monitoring progress toward meeting goals in order to ensure the success of plans. Chapter 9 examines the ideas of what has come to be known as total quality management, the most recent trend in management, as both philosophy and methodology. Finally, Chapter 10 looks at future challenges for managers, identifying several issues that are expected to affect what managers do and how management is done over the coming years.



Review Questions

1. The strategy of the firm: 1. (d)
 - (a) establishes common goals for the leader to lead toward and for all to achieve.
 - (b) shapes the content of job descriptions used in staffing decisions.
 - (c) determines how work should be organized.
 - (d) all of the above.

2. Of the basic types of managerial skills, which one is relatively more important at lower organizational levels in comparison to higher levels? 2. (c)
 - (a) Conceptual
 - (b) Human
 - (c) Technical
 - (d) Interpersonal

3. According to the modern version of Henri Fayol's basic functions of the manager, which of the following is *not* a function managers perform? 3. (c)
 - (a) Controlling
 - (b) Staffing
 - (c) Decision making
 - (d) Organizing

4. Quality, defined in its broadest sense, is: 4. (d)
(a) whatever top management says it is.
(b) reserved strictly for the production of a product.
(c) never applied to the rendering of services.
(d) anything that can be improved.
(e) not defined by any of the above answers.
5. _____ involves monitoring the activities of the organization and comparing them with organizational plans. 5. (d)
(a) Planning
(b) Organizing
(c) Leading
(d) Controlling
6. According to Henry Mintzberg's observations of managers engaged in the process of managing, which of the following do *not* characterize their work? 6. (b)
(a) Frequent interruptions
(b) Careful attention to the managerial functions
(c) Frantic pace
(d) Many different activities
7. Responsibility for _____ managers is relatively narrow and usually focused on one organizational activity, whereas _____ managers are responsible for overseeing the overall operations of a more complex unit, such as a company, a subsidiary, or an independent operating division. 7. (b)
(a) middle. . . functional
(b) functional. . . general
(c) supervisory. . . functional
(d) supervisory. . . middle
8. According to Mary Parker Follett, a(n) _____ is a person who gets things done through other people. 8. (d)
(a) executive
(b) manager
(c) supervisor
(d) all of the above
9. Peter Drucker's phrase "doing things right" is another expression for _____, and his phrase "doing the right thing" is another expression for _____. 9. (c)
(a) efficiency. . . improvement
(b) effectiveness. . . efficiency
(c) efficiency. . . effectiveness
(d) improvement. . . efficiency
(e) effectiveness. . . improvement

10. The emergence of the concept of total quality management and its associated idea of continuous quality improvement argues for establishing _____ as an explicit managerial function and _____ as equal in importance to effectiveness and efficiency as a management measure.
10. (a)
- (a) improving. . . improvement
 - (b) improving ... quality control
 - (c) quality control ... improvement
 - (d) quality control . . . quality assurance
 - (e) quality assurance ... quality control