Test Bank for Essentials of Contemporary Management 10th Jones

Correct answers located at the end of the chapter.

1) Organizations are efficient when managers maximize the amount of input resources.
   - ⊙ true
   - ⊙ false

2) Managers at all levels and in all departments are responsible for planning, organizing, leading, and controlling.
   - ⊙ true
   - ⊙ false

3) The outcome of organizing is the creation of a strategy.
   - ⊙ true
   - ⊙ false

4) An organization's vision is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve.
   - ⊙ true
   - ⊙ false

5) Top managers are responsible for the performance of a specific department.
   - ⊙ true
   - ⊙ false

6) Today, the term "chief operating officer" refers to the chief executive officer.
   - ⊙ true
   - ⊙ false

7) Conceptual skills include the general ability to understand, alter, lead, and control the behavior of other individuals and groups.
   - ⊙ true
   - ⊙ false

8) Arien is an exceptional manager in that she is able to create cohesive teams from a diverse group of people. Arien demonstrates good human skills.

- ⦾ true
- ⦾ false

9) Individuals who believe that they are responsible for what happens to them and that their own actions determine important outcomes are said to have an external locus of control.

- ⦾ true
- ⦾ false

10) A person who works for a company and works to create new or improved products for that company is an example of an intrapreneur.

- ⦾ true
- ⦾ false

11) Robert and Liam possess the same kinds of technical skills; typically they would become members of a specific department.

- ⦾ true
- ⦾ false

12) Innovation takes place when management centralizes control of work activities and creates an organizational culture that eliminates risk taking.

- ⦾ true
- ⦾ false

13) Organizations appoint turnaround CEOs after the organizations become more efficient and effective.

- ⦾ true
- ⦾ false

14) An organization's *resources* include which of these assets?

A) competitors

B) loyal customers and employees

C) ethical codes

D) performance goals

15) Which definition of organizational performance is most accurate?

A) It is the process of obtaining, analyzing, and recording information about the relative worth of a product in the current marketplace.

B) It is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals.

C) It is an approach to modeling organizations based on the value-adding activities of the competing organizations.

D) It is a measure of the interaction among the employee culture, the managerial culture, and the culture of competitors.

16) A measure of how productively resources are used to achieve a goal is known as

A) efficiency.

B) effectiveness.

C) authenticity.

D) legitimacy.

17) Roughly 90 percent of the turns made by UPS drivers are right turns. This saves them time waiting for traffic and improves

A) efficiency.

B) effectiveness.

C) authenticity.

D) legitimacy.

18) What is the definition of managerial efficiency?

A) achieving goals regardless of resource use

B) increasing the time needed to produce a given output of goods

C) increasing production through greater resource investment

D) minimizing the amount of input resources needed

19) A measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals is

A) efficacy.
B) resourcefulness.
C) proficiency.
D) effectiveness.

20) Which statement about effectiveness is true?

A) Organizational performance increases in direct proportion to an increase in effectiveness.
B) It is a measure of how productively resources are used to achieve a goal.
C) Organizations are effective when managers minimize the amount of input resources.
D) Effectiveness is related to performance but not efficiency.

21) A company's upper management has communicated to its middle managers that they need to focus more on effectiveness. This means that the organization

A) uses fewer workers while maintaining productivity.
B) takes less time than before to produce a given output.
C) sets appropriate goals and achieves them.
D) generates employment for a large number of people.

22) Low efficiency/high effectiveness situations arise when managers choose the

A) wrong goals to pursue and make poor use of resources to achieve these goals.
B) right goals to pursue but do a poor job of using resources to achieve these goals.
C) right goals to pursue and make good use of resources to achieve these goals.
D) wrong goals to pursue and make good use of resources to achieve these goals.

23) High efficiency/high effectiveness situations result in a

A) high-quality product that customers do not want.
B) high-quality product that few customers can afford.
C) product that customers want at a quality and price they can afford.
D) product of mediocre quality that customers will buy despite its high price.

24) Low efficiency/low effectiveness situations result in a

A) product that customers want but is too expensive to buy.
B) product customers want at a price they can afford.
C) low-quality product that customers do not want.
D) high-quality product that customers do not want.

25) Carson's Toys produced beautifully made wooden trains that many customers wanted. However, the product was so expensive that most potential customers could not afford it. This scenario demonstrates

A) low efficiency and low effectiveness.
B) high efficiency and low effectiveness.
C) low efficiency and high effectiveness.
D) high efficiency and high effectiveness.

26) A jewelry company produces reliable, attractive watches that are reasonably priced. This scenario demonstrates

A) low efficiency and low effectiveness.
B) high efficiency and low effectiveness.
C) low efficiency and high effectiveness.
D) high efficiency and high effectiveness.

27) Which characteristics describe organizational performance that results in a low-quality product that customers do not want?

A) low efficiency and low effectiveness
B) high efficiency and low effectiveness
C) low efficiency and high effectiveness
D) high efficiency and high effectiveness

28) Which characteristics describe organizational performance that results in a high-quality product that customers do not want?

A) low efficiency and low effectiveness
B) high efficiency and low effectiveness
C) low efficiency and high effectiveness
D) high efficiency and high effectiveness

29) A company has low efficiency and low effectiveness. Considering this, which statement applies?

A) The company produces easy-to-use copy machines, thus increasing demand for them, but uses cheap resources that often make them break down.
B) The company produces easy-to-use copy machines, thus increasing demand for them, and uses quality resources that make them durable.
C) The company produces copy machines that are complicated to use, thus lowering demand for them, and uses cheap resources that often make them break down.
D) The company produces copy machines that are complicated to use, thus lowering demand for them, but uses quality resources that make them durable.

30) You own a company that produces jewelry with attractive, popular designs but uses resources that make the product too expensive for most potential buyers. Which would you be most likely to do to increase efficiency?

A) arrange a deal with the supplier to lower the cost of the resources
B) make sure the resources are used to make the designs even more popular
C) fire the jewelry designers and replace them with less artistic ones
D) make the jewelry less attractive, but still use the same high-quality resources

31) Albert is a middle manager at a large company. As such, he is MOST responsible for

A) planning and organizing resources other than human resources.
B) planning, organizing, and leading resources as well as controlling them.
C) planning and organizing resources but not leading and controlling them.
D) leading and controlling resources but not planning and organizing them.

32) In what order do managers typically perform the managerial tasks?

A) organizing, planning, controlling, leading
B) organizing, leading, planning, controlling
C) planning, organizing, leading, controlling
D) planning, organizing, controlling, leading

33) Which manager has achieved the objectives of the essential managerial task of organizing?

A) Tim, who has chosen appropriate organizational goals
B) Veronica, who has set task and authority relationships that allow people to work together
C) Elena, who has determined courses of action to achieve organizational goals
D) Yuuki, who has established systems to evaluate goal achievement

34) What must one do to perform the essential managerial task of controlling to achieve organizational goals?

A) Articulate a clear organizational vision for the organization's members to accomplish by a specified deadline.
B) Organize people into departments according to the kinds of job-specific tasks they perform.
C) Identify and select appropriate organizational goals and courses of action.
D) Establish accurate measuring and monitoring systems to evaluate how well goals have been achieved.

35) Which tasks describe the essential managerial task of leading in achieving organizational goals?

A) motivate, coordinate, and energize individuals and groups
B) evaluate how well the organization has achieved its goals and communicate to direct reports
C) choose appropriate goals and courses of action
D) establish task and authority relationships to allow people to work together

36) The essential managerial task of planning involves

A) establishing task and authority relationships so that people work together.
B) motivating individuals and groups to work together.
C) choosing appropriate goals and courses of action.
D) evaluating how well the organization has achieved its goals.

37) Latosha decided that her company should expand its markets in South America and laid out a seven-step procedure to accomplish this. Which task is Latosha performing?

A) planning
B) organizing
C) leading
D) controlling

38) How to allocate organizational resources to pursue the strategies to attain set goals is a question addressed during the ________ management task.

A) regulating
B) planning
C) leading
D) controlling

39) Which of the four principal managerial tasks can help Racine understand their performance in the other three tasks?

A) planning
B) organizing
C) controlling
D) leading

40) The formal system of task and reporting relationships that coordinates and motivates organizational members so they work together to achieve organizational goals is called organizational

A) structure.
B) performance.
C) goals.
D) resources.

41) Organizational structure is the formal system of

A) financial analysis and management.
B) task and reporting relationships.
C) vision creation and articulation.
D) goal selection and implementation.

42) Which term refers to a cluster of decisions concerning what organizational goals to pursue, what actions to take, and how to use resources to achieve these goals?

A) strategy
B) assessment
C) collaboration
D) deputation

43) In order to ensure that it has a competitive advantage, Housing Developers decides to acquire a smaller company in the same industry. The move is an example of a

A) vision.
B) business model.
C) strategy.
D) mission.

44) A manufacturing company has ten middle managers. They report to two vice presidents who report to the CEO. What does this example show?

A) differentiation structure
B) organizational structure
C) organizational strategy
D) differentiation strategy

45) If a management team wants to devise an effective business strategy, which course of action would it most likely take?

A) write an inspiring statement about the company's goals
B) assign a team leader to manage the process
C) decide how to achieve the company's goals
D) pass out a survey to determine how well the company has achieved its goals

46) Which company is involved in the task of controlling?

A) Avion Flights monitors its services for quality and efficiency.
B) MMS Ltd. puts on a motivational seminar for its employees.
C) Harve Peel, Incorporated, creates a new position that reports directly to the CEO.
D) Watermelon Farms makes the decision to increase its marketing ventures.

47) The strategy of delivering new, exciting, and unique products to the customers is a ________ task.

A) leading
B) planning
C) controlling
D) organizing

48) The process of structuring working relationships so that organizational members interact and cooperate to achieve organizational goals is known as

A) planning.
B) leading.
C) controlling.
D) organizing.

49) A regional food service company has four middle managers, one for each state it services. These managers supervise multiple customer-facing service providers. Which management task is demonstrated?

A) organizing
B) leading
C) controlling
D) planning

50) A formal system of reporting relationships that coordinates and motivates organizational members so that they work together to achieve organizational goals is called an organizational

A) culture.
B) structure.
C) assimilation.
D) chart.

51) A short, succinct, and inspiring statement of what the organization intends to become is an organization's

A) goal.
B) strategy.
C) vision.
D) mission.

52) At the annual company meeting, the CEO took the stage to communicate the company's vision and to motivate the employees to work toward the company's goals and objectives. Which management task was the CEO demonstrating?

A) planning
B) organizing
C) controlling
D) leading

53) Which of the managerial tasks involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so that their activities and efforts are in harmony?

A) leading
B) planning
C) organizing
D) controlling

54) What is a key responsibility of a leader?

A) evaluating how well they themselves are performing in leading the organization
B) encouraging employees to perform at a high level to help the organization achieve its goals
C) evaluating an organization's success in reaching its goals and taking corrective actions
D) deciding which goals to measure and then designing control systems for them

55) Javel has been given the task of evaluating how well his company, Soft Shoes, Incorporated, has implemented its new marketing plan and how this implementation could be improved. Which management task has Javel been assigned?

A) planning
B) organizing
C) leading
D) controlling

56) Which management task gives managers the ability to measure performance accurately and regulate organizational efficiency and effectiveness?

A) controlling
B) planning
C) organizing
D) leading

57) Maura, a manager at Beef Shack, monitors the performance of workers in her department to determine if the quality of their work is meeting the standards of the company. Maura is engaging in which managerial task?

A) planning
B) organizing
C) leading
D) controlling

58) Selena, a CEO, reviews the past month's profit and loss statement to determine if the company is on pace to meet the planned sales and profitability goals. Selena is engaged in which managerial task?

A) planning
B) organizing
C) controlling
D) leading

59) Although Roger's company has many skilled, bright employees, they seem to lack enthusiasm for their work. What is the *best* strategy for Roger to solve this problem?

A) hire a pleasant manager who has achieved great results by restructuring companies like Roger's
B) hire a pleasant manager who is knowledgeable in the latest methods of monitoring and evaluating companies like Roger's
C) hire a charismatic manager who has excellent organizational skills and can efficiently achieve goals
D) hire a charismatic manager who strongly believes in the company and knows how to convey this belief to others

60) Which statement best describes first-line managers?

A) They are also known as supervisors.
B) They are at the middle of the managerial hierarchy.
C) They work mainly in the sales department of an organization.
D) They have cross-departmental responsibility.

61) What is true of middle managers?

A) They decide how the different departments should interact.
B) They are responsible for daily supervision of the nonmanagerial employees.
C) They develop skills and know-how so that the organization is efficient and effective.
D) They are responsible for the performance of all departments.

62) What is true of top managers?

A) They supervise nonmanagerial employees.
B) They help first-line managers better use resources.
C) They have cross-departmental responsibility.
D) They are responsible for a single department.

63) Who is most likely to be a part of the top management team?

A) supervisor
B) head nurse
C) chief executive officer
D) divisional manager

64) Being a part of top management at a large fast food chain, Alfonso is *most* likely to spend most of his time

A) planning and organizing resources.
B) planning and controlling nonmanagerial employees.
C) organizing and leading first-line managers.
D) organizing resources and leading first-line managers.

65) Thomas and Chlorinda are middle managers. Considering this, which task would they most likely do?

A) organize a training program that improves the skills of employees
B) make sure employees are filling out time cards correctly
C) arrange a deal with a foreign supplier of magnesium
D) study a report that analyzes how well departments are interacting

66) Helen was hired as a business consultant for a company that is floundering. Which action would Helen *most* need to take in order to change the company's fortunes?

A) advise middle managers on better ways to use resources
B) monitor the effectiveness of nonmanagerial employees
C) convince the CEO to change course and adopt a new approach
D) listen to the complaints of first-line managers

67) If Edward works as a first-line manager for a film production company, what would they most likely do?

A) work as a supporting actor in a film
B) organize the extras on a film set
C) make sure that overall film production is running smoothly
D) greenlight the production of a film

68) The ability to analyze and diagnose a situation and to distinguish between cause and effect demonstrates a manager's ________ skills.

A) interpersonal
B) conceptual
C) technical
D) communication

69) When Boris started at his new company, he quickly became aware that his department was making a lot of production errors, not because they were sloppy but because they hadn't been properly trained. Boris was using ________ skills to diagnose the situation.

A) interpersonal
B) conceptual
C) technical
D) communication

70) The general abilities to understand, alter, lead, and control the behavior of individuals and groups are ________ skills.

A) analytic
B) cognitive
C) human
D) conceptual

71) Brad's team is very effective, in part because Brad is skilled at getting people to work together. Which type of managerial skill does Brad illustrate?

A) analytic
B) cognitive
C) human
D) conceptual

72) Rose has the skills needed to rewire the electrical systems of skyscrapers. Which type of managerial skill does Rose illustrate?

A) technical
B) communication
C) interpersonal
D) conceptual

73) The specific set of departmental skills, knowledge, and experience that allows one organization to outperform its rivals is known as the organization's

A) strategic plan.
B) marketing edge.
C) competitive analysis.
D) core competency.

74) Ming Yue is writing a newspaper article about the day-to-day running of a baseball team. For this report, she interviews people who do a wide variety of jobs. Which job would Ming Yue describe in her article as showing technical skill?

A) the manager studying analytics to determine the best lineup
B) the batting instructor giving tips to a struggling player
C) the veteran player giving an inspirational speech to the team
D) a player telling a joke to ease tension and improve comradery

75) Corrine does work that requires conceptual skills. Considering this, which job would she most likely do?

A) write an inspirational speech for a senator
B) coach a governor on to how to perform in a debate
C) inspire a group to canvas for a political candidate
D) analyze demographics that show the biases of voters

76) Clarence is the head of the human resources department of a company. Which pair would he most likely place in the same department?

A) Jane, who knows how to design marketing surveys, and Mark, who knows how to repair manufacturing machines
B) Jane, who knows how to design marketing surveys, and José, who knows how to administer marketing surveys
C) José, who knows how to administer marketing surveys, and Lorraine, who know how to sell products
D) Lorraine, who knows how to sell products, and Mark, who knows how to repair manufacturing machines

77) Casey is the CEO of a media company called Fast Forward, Incorporated She wants the company to have a core competency that enables it to become an innovator in its field. Considering this, which activity would Casey most likely authorize?

A) a negotiation strategy to obtain resources from foreign suppliers at a reduced cost
B) a training seminar focused on inspiring the sales staff and improving their approach to customers
C) a plan to research the development of miniature video cameras that are affordable and have top-end picture resolution
D) a manufacturing method that streamlines the production process, thereby increasing output

78) Denzel is a corporate owner who wants to significantly improve the skills of his workforce in many areas. Which activity would Denzel most likely endorse?

A) the hiring of highly educated managers
B) the creation of a department focusing on research
C) the funding of a college specifically for his employees
D) the production of cheap smartphones for students

79) Contracting with another company, usually in a low-cost country abroad, to have it perform a work activity the organization previously performed itself is known as

A) integrating.
B) telecommuting.
C) outsourcing.
D) insourcing.

80) Which management technique involves giving employees more authority and responsibility over how they perform their work activities?

A) innovation
B) total quality management
C) empowerment
D) outsourcing

81) A bank allows its tellers to not only handle deposits and disbursement, but also distribute traveler's checks and sell certificates of deposit. This is an example of

A) innovation.
B) restructuring.
C) total quality management.
D) empowerment.

82) Tanya wants to facilitate the turnaround of her company, CTLighting, by using outsourcing. Considering this, which action would she most likely support?

A) firing 10 percent of her workers in the marketing department
B) contracting with a company in India to have it do CTLighting's marketing
C) combining CTLighting's research and marketing departments
D) allowing CTLighting's research department to have more autonomy

83) Eric wants to give his company a competitive advantage by using empowerment. Considering this, which action would Eric most likely support?

A) giving the research department more authority over its projects
B) combining the manufacturing and research departments and contracting a Mexican company to do marketing
C) using a self-managed team for research and sponsoring inspirational seminars for all of his employees
D) contracting a Romanian company to do customer service and eliminating the research department

84) Organizations that operate and compete in more than one country are known as _________ organizations.

A) diversified
B) expanded
C) international
D) global

85) The ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors is known as its ________ advantage.

A) competitive
B) controlling
C) global
D) total

86) Rose Up is a florist that specializes in roses. It imports varieties from all over the world and has many varieties not found elsewhere, delivering them quickly and always fresh. Rose Up demonstrates a ________ advantage over other florists who sell roses.

A) competitive
B) controlling
C) distributive
D) competency

87) The creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper is ________ management.

A) performance
B) total quality
C) turnaround
D) impression

88) Neveen owns a company that produces organic chips called Corny Chips, Incorporated She wants to create a competitive advantage for Corny Chips in terms of quality. With this goal in mind, what would she most likely support?

A) the establishment of well-trained customer service department
B) the use of the first organic, biodegradable packaging for chips
C) the implementation of a production process that speeds up output and lowers cost
D) the production of tasty baked chips that use pure olive oil and are reasonably priced

89) Maritime Electronics wants to gain a competitive advantage through innovation. Which activity would it most likely attempt?

A) installing better computers to assist navigational designers
B) using fewer resources to produce navigational equipment
C) offering repairs of navigational equipment at a discounted rate
D) creating a navigation device never used before

90) Julie's primary competitor has come out with a product line of espresso machines that make espresso faster without a drop in quality. Based on what you know about maintaining competitiveness with flexibility, what should Julie do?

A) outsource the production of heating elements, thereby lowering costs, but slowing the production process
B) focus on research for a year and eventually produce a new espresso machine better than her competitor's
C) adapt her production process to create espresso machines similar to her competitor's without delaying production
D) keep the production process the same and assume that loyal customers will continue to purchase her brand

91) If a CEO expects his managers to significantly increase production with a minimal or no increase in cost, which outcome is *most* likely?

A) Managers will use inspirational methods to motivate employees.
B) Managers will establish a higher standard of safety.
C) Production quality will decline.
D) Managers will produce products of higher quality.

92) An individual who notices opportunities and decides how to mobilize resources required to start a new business venture is a(n)

A) decision maker.
B) entrepreneur.
C) advocate.
D) steward.

93) When entrepreneurs believe that they are responsible for what happens to them and that their own actions determine important outcomes such as the success or failure of a new business, they have

A) an external locus of control.
B) less openness to experience.
C) moderate need for achievement.
D) an internal locus of control.

94) An entrepreneur is likely to have

A) a reluctance to try new experiences.
B) high self-esteem.
C) high need for affiliation.
D) an external locus of control.

95) Members of which group may be considered intrapreneurs?

A) employees of an organization who notice opportunities to develop new products
B) employees of an organization who have worked across various industries
C) managers who are responsible for two or more departments within a company
D) managers who ensure interdepartmental transfer of skills

96) What is a common reason that entrepreneurs often find managing difficult?

A) They are too far from their companies to see the need for change.
B) They are unwilling to share their vision with others.
C) They have trouble delegating authority because of the risk involved.
D) They are not good at communicating their ideas with others.

97) Jonah is the founder of Soda Springs, a manufacturer of novelty bottled sodas that use organic ingredients. After a couple of years of successfully marketing its products to local businesses, the company attracted new investors and clients and expanded into several of the surrounding states. As part of this expansion, it hired a manager, Antonio, to be responsible for the day-to-day business of the company. However, Jonah questions all of Antonio's decisions, wanting to remain involved in every aspect of the business. This has resulted in Jonah being overextended and stressed most of the time. Karyl, Soda Spring's biggest investor and one of Jonah's mentors, knows that Jonah's creative, big-picture thinking is one of his most valuable traits. What should Karyl suggest she do?

A) become a co-manager with Antonio, so that he feels his authority is still respected
B) focus on building the kind of friendly organizational culture he envisions for the company
C) take on an advisory role and focus on pursing new opportunities for Soda Springs
D) take management classes at the local university to develop his communication skills

98) Compare and contrast entrepreneurs and intrapreneurs, and discuss the relationship between them.

99) Discuss the challenges sometimes encountered by founding entrepreneurs and the skills needed to address these challenges.

100) What is organizational performance, and what is its relationship with efficiency and effectiveness?

101) Define efficiency. When is an organization said to be efficient? Give two examples.

102) Explain effectiveness. When is an organization said to be effective? Give two examples.

103) Define planning. What are the three steps in the planning process?

104) What does the managerial task of organizing involve? What is its desired outcome?

105) Discuss the managerial task of leading. What is its desired outcome?

106) What does the managerial task of controlling involve?

107) Identify the three levels of management, explain the basic responsibilities of each, and give an example for each.

108) Identify and briefly define the three major types of managerial skills. Give an example for each.

109) Define competitive advantage. What are its four building blocks?

110) Discuss the concept of turnaround management.

111) Name one way that the pressure to increase an organization’s performance may result in unethical behavior. What is likely to be the result of this behavior?

Answer Key

Test name: Chapter 01

1) FALSE
2) TRUE
3) FALSE
4) TRUE
5) FALSE
6) FALSE
7) FALSE
8) TRUE
9) FALSE
10) TRUE
11) TRUE
12) FALSE
13) FALSE
14) B
15) B
16) A
17) A
18) D
19) D
20) A
21) C
22) B
23) C
24) C
25) C
26) D
27) A
28) B
29) C
30) A
31) B
32) C
33) B
34) D
35) A
36) C
37) A

38) B
39) C
40) A
41) B
42) A
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92) B
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107) Essay
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111) Essay

Chapter 01

The Management Process Today

CHAPTER CONTENTS

LEARNING OBJECTIVES

LO 1-1. ***Describe what management is, why management is important, what managers do, and how managers use organizational resources efficiently and effectively to achieve organizational goals.***

LO 1-2. ***Distinguish among planning, organizing, leading and controlling (the four principal managerial tasks), and explain how managers' ability to handle each one affects organizational performance.***

LO 1-3. ***Differentiate among three levels of management and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy.***

LO 1-4. ***Distinguish among three kinds of managerial skill, and explain why managers are divided into different departments to perform their tasks more efficiently and effectively.***

LO 1-5. ***Contrast the differences between managers, entrepreneurs, and intrapreneurs.***

LO 1-6. ***Discuss the principal challenges managers face in today's increasingly competitive global environment.***

KEY DEFINITNONS/TERMS

competitive advantage: The ability of one organization to outperform other organizations because it produces the desired goods or services more efficiently and effectively than they do.

conceptual skills: The ability to analyze and diagnose a situation and to distinguish between cause and effect.

controlling: Evaluating how well an organization is achieving its goals and taking action to maintain or improve performance; one of the four principal tasks of management.

core competency: The specific set of departmental skills, knowledge and experience that allows one organization to outperform another.

department: A group of people who work together and possess similar skills or use the same knowledge, tools, or techniques to perform their jobs.

effectiveness: A measure of the appropriateness of the goals an organization is pursuing and of the degree to which the organization achieves those goals.

efficiency: measure of how well or productively resources are used to achieve a goal.

empowerment: The expansion of employees' knowledge, tasks, and decision-making responsibilities.

first-line manager: A manager who is responsible for the daily supervision of non-managerial employees.

global organizations: Organizations that operate and compete in more than one country.

human skills: The ability to understand, alter, lead and control the behavior of other individuals and groups.

innovation: The process of creating new or improved goods and services or developing better ways to produce or provide them.

leading: Articulating a clear vision and energizing and enabling organizational members so that they understand the part they play in achieving organizational goals; one of the four principal tasks of management.

management: The planning, organizing, leading and controlling of human and other resources to achieve organizational goals efficiently and effectively.

middle manager: A manager who supervises first-line managers and is responsible for finding the best way to use resources to achieve organizational goals.

organizational performance: A measure of how efficiently and effectively a manager uses resources to satisfy customers and achieve organizational goals.

organizational structure: A formal system of task and reporting relationships that coordinates and motivates organizational members so they work together to achieve organizational goals.

organizations: Collections of people who work together and coordinate their actions to achieve a wide variety of goals or desired future outcomes.

organizing: Structuring working relationships in a way that allows organizational members to work together to achieve organizational goals; one of the four principal tasks of management.

outsourcing: Contracting with another company, usually abroad, to have it perform an activity the organization previously performed itself.

planning: Identifying and selecting appropriate goals; one of the four principal tasks of management.

restructuring: Downsizing an organization by eliminating the jobs of large numbers of top, middle, and first-line managers and non-managerial employees.

self-managed teams: A group of employees who assume responsibility for organizing, controlling and supervising their own activities and monitoring the quality of the goods and services they provide.

strategy: A cluster of decisions about what goals to pursue, what actions to take and how to use resources to achieve goals.

technical skills: The job-specific knowledge and techniques required to perform an organizational role.

top manager: A manager who establishes organizational goals, decides how departments should interact, and monitors the performance of middle managers.

top management team: A group composed of the CEO, the COO, and the vice presidents of the most important departments.

turnaround management: The creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources to allow it to survive and prosper.

CHAPTER OVERVIEW

Chapter 1 examines what management is, including what managers do and how they use resources to achieve organizational goals. The chapter highlights the four main functions of management (planning, organizing, leading and controlling) as well as exploring the levels of management (first line, middle and top) as well as the importance of three types of managerial skills (conceptual, human and technical). The chapter concludes with a discussion of the major changes and challenges brought forth by increased globalization and advancement in information technology and competition faced by managers today.

LECTURE OUTLINE

NOTE ABOUT POWERPOINT SLIDES

A list of the PowerPoint slides can be found at the end of this chapter.

Management Snapshot

CEO Manages for Growth at Momentive

What difference can a manager make?

New CEO Zander Lurie arrived at Momentive (the company formerly known as SurveyMonkey) to stabilize the company and plan a path forward for renewed growth. He had served on the board of directors, which supported then-CEO Dave Goldberg. When Goldberg died suddenly at the age of 47, the board appointed Lurie as interim CEO until a replacement for Goldberg could be found. However, within a few months, it was obvious to the board that Lurie was the best choice for permanent CEO.

A big part of Lurie's empathetic leadership style involves listening (to customers and coworkers, with empathy). He leveraged the company's product, surveys, to elicit opinions of employees and customers and soon built employee surveys into corporate decision-making. The company has since addressed employee-generated issues of employee growth, diversity, and corporate responsibility. Adjusting their business model, the company now focuses on paid services (as opposed to formerly free services) and growth markets outside the United States.

I. What Is Management?

LO 1-1: ***Describe what management is, why management is important, what managers do, and how managers utilize organizational resources efficiently and effectively to achieve organizational goals.***

1. Managers operate within an **organization**, a collection of people who work together and coordinate their actions to achieve a wide variety of goals or desired future outcomes.

2. **Management** is the planning, organizing, leading and controlling of human and other resources to achieve organizational goals effectively and efficiently.

A. Achieving High Performance: A Manager's Goal

1. **Organizational performance** is a measure of how effectively and efficiently a manager uses resources to satisfy customers and reach organizational goals.

   a. **Efficiency** measures how well or how productively resources are used to achieve a goal.

   b. **Effectiveness** measures the appropriateness of the goals an organization is pursuing and the degree to which the organization is achieving those goals.

B. Why Study Management?

1. Managers understand the complexity of modern work, respond to environmental contingencies, and make decisions that are ethical and effective.

2. Studying management helps a person avoid the mistakes made by managers in the past.

3. Students of management have the potential to compete successfully for interesting and well-paying jobs.

TEXT REFERENCE

Manager as a Person

Strong Skills Make Shar Dubey a Perfect Fit for Match

Sharmistha (Shar) Dubey brings determination and other skills to her position of CEO at Match Group, the owner of various popular online dating sites, including Match, OkCupid, Tinder, and Hinge. She came to the United States to earn her masters in engineering at Ohio State University, afterwards joining Texas Instruments. She moved to Match and worked there for 15 years before becoming CEO in 2020.

One of her first leadership challenges was responding to the impending pandemic. The company enhanced the features on their site with videos and speed-dating games. The company continues to focus on innovation and technology trends. It also values its subscribers by refusing to sell their information to third parties. Innovation and growth has continued with the acquisition of Hyperconnect, a South Korean social media company, for $1.73 billion—its largest acquisition to date. Their revenue growth has also been very positive the past few years.

II. Essential Managerial Tasks

LO 1-2: ***Distinguish among planning, organizing, leading and controlling (the four principal managerial tasks), and explain how managers' ability to handle each one affects organizational performance.***

A. Planning

1. To perform the planning task, managers identify and select appropriate organizational goals and courses of action; they develop strategies for how to achieve high performance.
2. The three steps involved in planning are:
   - Deciding which goals the organization will pursue
   - Deciding what strategies to adopt to attain those goals
   - Deciding how to allocate organizational resources to pursue the strategies that attain those goals
3. The outcome of planning is a **strategy**, a cluster of decisions about what goals to pursue, what actions to take, and how to use resources to achieve goals.
   - A *low-cost strategy* is a way of obtaining customers by making decisions that allow an organization to produce goods or services more cheaply than its competitors so it can charge lower prices than they do.
   - A *differentiation strategy* is a way of obtaining customers by making decisions that allow an organization to produce new, exciting, and unique goods or services.
4. Planning strategy is complex and difficult, especially because planning is done under uncertainty when the result is unknown so that either success or failure is a possible outcome of the planning process.

B. Organizing

1. **Organizing** is structuring working relationships in a way that allows organizational members to work together to achieve organizational goals.
2. **Organizational structure** is the formal system of task and reporting relationships that coordinates and motivates organizational members so they work together to achieve organizational goals.

C. Leading

1. **Leading** is articulating a clear vision and energizing and enabling organizational members so they understand the part they play in achieving organizational goals.

2. Leadership involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so their activities and efforts are in harmony.

D. Controlling

1. **Controlling** is evaluating how well an organization is achieving its goals and taking action to maintain or improve performance.

2. The desired outcome of the control function of management is the ability to measure performance and regulate organizational efficiency and effectiveness.

III. Levels and Skills of Managers

LO 1-3: ***Differentiate among three levels of management and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy.***

A **department** is a group of people who work together and possess similar skills or use the same knowledge, tools, or techniques to perform their jobs.

A. Levels of management

1. **First-line managers**: Responsible for daily supervision of non-managerial employees; also called supervisors.

2. **Middle managers**: Supervise the first-line managers and are responsible for finding the best way to organize human and other resources to achieve organizational goals.

3. **Top managers**: Responsible for the performance of all departments and ultimately responsible for the success or failure of an organization.

   a. The CEO, or Chief Executive Officer, is a company's most senior manager, the highest in the organizational hierarchy

   b. The COO, or the Chief Operating Officer, is a top manager who is being groomed to take over as CEO when the CEO leaves the company.

   c. The **top management team** is a group composed of the CEO, the COO, and the vice presidents most responsible for achieving organizational goals.

B. Managerial skills

LO 1-4: ***Distinguish among three kinds of managerial skill, and explain why managers are divided into different departments to perform their tasks more efficiently and effectively.***

1. Education and experience help managers acquire the three types of skills required to be a successful manager.

    a. **Conceptual skills** are demonstrated in the ability to analyze and diagnose a situation and to distinguish between cause and effect. Top managers require outstanding conceptual skills because their primary responsibilities are planning and organizing

    b. **Human skills** are the ability to understand, alter, lead and control the behavior of other individuals and groups as well as the ability to communicate, coordinate and motivate people into a cohesive team.

    c. **Technical skills** are the job-specific knowledge and techniques required to perform a particular type of work or occupation at a high level. The technical skills required by managers are dependent upon their position within the organization.

2. **Core competency** is a specific set of departmental skills, knowledge and experience that allows one organization to outperform its competitors.

3. Core competency gives an organization its competitive advantage, or the skill, knowledge, and experience that make an organization outperform other organizations.

4. Effective managers need all three types of skills (conceptual, human, and technical) to help their organization perform more efficiently and effectively.

IV. Managers Versus Entrepreneurs

LO 1-5: ***Contrast the differences between managers, entrepreneurs and intrapreneurs.***

A. Entrepreneurs

Entrepreneurs are individuals who notice opportunities and decide how to mobilize the resources necessary to start a new business venture. Entrepreneurs make all of the planning, organizing, leading, and controlling decisions necessary to start new business ventures.

1. **Characteristics of Entrepreneurs**

    a. Entrepreneurs are likely to possess a set of personality traits including openness to experience, have an internal locus of control, high self esteem and a high need for achievement.

b. These characteristics will be discussed further in Chapter 2.

2. **Entrepreneurship and Management**

a. Some entrepreneurs who successfully start a new business have difficulty managing it as it grows and requires day to day decisions.

b. Entrepreneurship is NOT the same thing as management. Management encompasses planning, organizing, leading and controlling where entrepreneurship involves finding an unmet need and using resources to meet that need.

c. Intrepreneurship is an employee working inside an organization who notices new opportunities to develop new or improved products or services and uses the organization's resources to create them.

TEXT REFERENCE

Ethics in Action

Turning Plastic Waste into Entrepreneurial Gold

David Katz had a business idea that solved a problem (global plastic waste) and made money. He just needed a way to make money by getting plastic off the ground and into recycling plants. He founded Plastic Bank, which sets up collection centers run by locals and online bank accounts for collectors. When collectors bring plastic bottles to a center, it credits their Plastic Bank accounts electronically. Collectors can access the amount on their phones, using it to make mobile payments for necessities. Since Plastic Bank opened its first recycling centers in Haiti in 2015, it has improved the lives of more than 17,000 families while recovering and recycling more than 1 billion pounds of plastic waste.

Plastic Bank partners with big global corporations such as S. C. Johnson that want to demonstrate their commitment to sustainability. They fund the recycling centers and commit to using more recycled plastic in their packaging. It is a win for all.

V. Challenges for Management in a Global Environment

LO 1-6: ***Discuss the principal challenges managers face in today's increasingly competitive global environment.***

Global organizations are organizations that operate and compete in more than one country. In order to remain competitive in a global environment managers must face five major challenges:

a. building a competitive advantage

b. maintaining ethical standards

c. managing a diverse work force

d. utilizing new information systems and technologies

e. practicing global crisis management

A. Building competitive advantage

1. A **competitive advantage** is the ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors.

2. The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers.

   a. Organizations increase efficiency when they reduce the quantity of resources (such as people and raw materials) they use to produce goods and services.

   b. Increased pressure by global organizations has led to a thrust to improved quality through total quality management or TQM.

   c. Companies can win or lose the competitive race depending on their speed and flexibility.

      i. Speed is how quickly an organization can bring a new product to market.

      ii. Flexibility is how easily an organization can change or alter the way an activity is performed in response to competition

   d. Innovation is the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services.

   e. Because the competition for customers is intense, the need for organizations to train employees to be responsive to the needs of their customers is vital.

3. **Turnaround Management** is the creation of a new vision for a struggling company using a new approach to planning and organizing to make a better use of the company's resources. An organization often needs turnaround management because of poor management for a continuing period or because a competitor has introduced a new product or technology that is more attractive to customers.

B. Maintaining Ethical and Socially Responsible Standards

1. Pressure for a manager to increase organizational performance exists at all levels.

   a. Pressure can be healthy as it creates the motivation to find more effective and efficient methods to perform planning, organizing, leading and controlling.

   b. Too much pressure, however, can induce managers to behave unethically towards others.

2. Social responsibility centers on deciding what if any obligations a company has towards the people and groups affected by its activities such as employees, customers and its surrounding community.

C. Managing a Diverse Workforce

1. The challenge for managers is to recognize the ethical need and legal requirement to treat human resources in a fair and equitable manner.

2. Today the age, gender, race, ethnicity, religion, sexual preference, and socioeconomic composition of the workforce presents new challenges for managers.

3. To create a highly trained and motivate workforce, and to avoid lawsuits, human resource management (HRM) procedures and practices that are legal and fair must be put into place.

4. Managers who value their diverse employees succeed best in promoting performance over the long run

5. Diverse human resources can be used as a competitive advantage

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TEXT REFERENCE

Focus on DE&I

A Bold Model for Diversity in Video Games

Laura Miele, whom *Businessweek* called "the most powerful woman in gaming," says the excitement of her career has outweighed its awkward moments. Joining a video game developer right after college, Miele had to stand up for herself and her passion for gaming. A fast learner and bold innovator, Miele made a significant impact, eventually running the company's marketing efforts. In 1998, Electronic Arts (EA) acquired Westwood and tasked Miele with improving decision making. Her team replaced monthly forecasts based on handmade spreadsheets with advanced analytics that could create alternative scenarios on demand.

She also realigned the company's marketing efforts to better align with its customers and her influence grew. As a woman in gaming, she is in the minority and is supportive of women and minorities in the industry.

D. Utilizing New Technologies

1. An important challenge for managers is to continually utilize efficient and effective new technology that can link and enable managers and employees to better perform their jobs—whatever their level in the organization.

2. New technology has enabled individual employees and self-managed teams by providing them with more information and allowing for virtual interactions.

3. Technical superiority is a potential competitive advantage.

LECTURE ENHANCERS

Lecture Enhancer 1.1

WHY COMPANIES FAIL

CEOs often attempt to explain poor corporate performance with external environmental factors outside of their control, such as a bad economy, market turbulence, or competitive subterfuge. A close study of corporate failure, however, suggests that most companies flounder because of managerial error, according to a recent article in *Fortune* magazine. By failure, the article's authors are referring to any type of dramatic fall from grace, which may or may not result in bankruptcy. Often these failures are years in the making and are unique to the company's own industry and culture. Below is a list of some of the mistakes made by corporate leaders that often lead to the downfall of their organizations.

1. *Softened by Success*: A number of studies show that people are less likely to make optimal decisions after prolonged periods of success. NASA, Enron, Lucent, and WorldCom all had reached the mountaintop before they ran into trouble.

2. *See No Evil*: Author Jim Collins says that a litmus test of greatness within a company is its willingness to confront brutal facts head-on instead of trying to explain them away. Andy Grove and Gordon Moore of Intel passed this test. While watching their competitors change memory chips into a cheap commodity, they made the decision exit the chip business and enter the microprocessor business. However, Polaroid and Xerox failed. Both were slow to confront the changing world around them and face the fact that their business models were no longer sustainable.

3. *Fearing the Boss* More Than the Competition: Sometimes CEOs don't get the information they need because their subordinates are afraid to tell them the truth. Although it may not be CEOs' intent, sometimes a subtle signal, such as a sour expression or a curt response, can signal that bad news is not welcome. An example is Samsung Chairman Lee Kun Hee's 1997 decision to take the company into the automobile business. Knowing that this industry was crowded and plagued with overcapacity, many of Samsung's top managers silently opposed this decision but were unwilling to confront their forceful leader. Samsung Motors failed after its first year of production.

4. *Listening to Wall* Street more than to employees: During the late 1990's, Lucent's CEO Richard McGinn was delivering the top-line growth that Wall Street wanted, and in return, Wall Street lavished the company with attention. But as McGinn continued to perform for investors, he failed to listen to his own scientists, who feared the company

was missing out on an important new technology, and his own salespeople, who realized that sales targets were becoming increasingly unrealistic.

5. _Strategy Du Jour_: When companies run into trouble, the desire for a quick fix can become overwhelming. The frequent result is illustrated by a description of A&P by author Jim Collins. “A&P vacillated, shifting from one strategy to another, always looking for a single stroke to quickly solve its problems. It held pep rallies, launched programs, grabbed fads, fired CEOs, hired CEOs, and hired them again.” Lurching from one silver bullet solution to another, the company never gained any traction.

Taken from *Why Companies Fail*, by Ram Charan and Jerry Useem, published in the May 27, 2002 issue of *Fortune* magazine.

Lecture Enhancer 1.2

Why Good Employees Can Be Bad Managers

You have a good employee, a hard worker, technically proficient. You promote him and it turns out to be a bad decision. You have promoted your best technical employee, and in the process, lose a good employee and gain a poor manager. How does this happen?

Good technical employees can make good managers, of course, but many do not. Good technical specialists—engineers, accountants, computer gurus, financial analysts, statistical experts—are more likely to have introvert personalities. Introverts prefer to work alone. They revel in painstaking details, meaningful paperwork, tedious activities, and precision. They can focus for hours on extracting meaningful data from mounds of information. The presence of ambiguity and clutter motivates them to find the “perfect solution.”

The traits that make technical experts successful actually get in the way of managing others. The world of the worker encourages them to seek precision and order. By contract, the management role is messy, complicated, and ambiguous. Additionally, the sense of pride and reward for completing a task is missing.

Relationship complexities are more dynamic than task complexities. Management analysis must account for distasteful political elements, egos, pride, insecurities, envy, hurt feelings, and petty conflicts.
To make the successful transition to leadership, technical experts learn to rely more upon their instincts, insights, intuitions, tolerance for human equations, underlying values, and their “feel” for things. Rational analysis is still important; it just is not sufficient.

MANAGEMENT IN ACTION

Notes for Topics for Discussion and Action

DISCUSSION

1. *Describe the difference between efficiency and effectiveness and identify real organizations you think are, or are not, efficient and/or effective*.

An organization's performance is directly tied to the levels of efficiency and effectiveness exhibited by managers within the organization. Efficiency is described as a measure of how well or productively resources are used to achieve an organizational goal. Efficiency can be increased by minimizing inputs needed to achieve desired outputs. Effectiveness is a measure of the appropriateness of the goals chosen and the degree to which they are achieved. Organizations are more effective when managers choose appropriate goals and then achieve them.

2. *In what ways can managers at each of the three levels of management contribute to organizational efficiency and effectiveness?*

Efficiency is a measure of how well or productively resources are used to achieve a goal. **First-line managers** can contribute to organizational efficiency by instituting quality control procedures. Production should be monitored to ensure that the goods and services are produced without defects to prevent wasted materials, returned merchandise, and/or unsatisfied customers. The first-line manager should be very familiar with how his or her employees complete their tasks and responsibilities, meeting with them on a regular basis to discuss alternative methods that could save time and materials. **Middle managers** can contribute to organizational efficiency by finding ways to help first-line manager and employees better utilize resources in order to reduce manufacturing costs or improve the way services are provided to customers. They are responsible for ensuring that employees are properly trained and are equipped with the necessary skills and have access to the most efficient technology and machinery. **Top managers** can contribute to organizational efficiency by ensuring that departments throughout the company are cooperating with each other in the most efficient manner. It is important for them to determine if it is more economical to provide certain resources in-house (such as marketing, legal, accounting) or to outsource these functions to external agencies.

Effectiveness is a measure of the appropriateness of the goals chosen and the degree to which they are achieved. **First-line managers** can contribute to organizational effectiveness by informing their employees of the expectations and goals that are set for them and discuss the best way to fulfill those goals and expectations. In addition, he or she might include the employees in setting appropriate goals that they both feel are obtainable. The first-line manager should periodically give feedback to his or her employees to let them know if they are on the right track in meeting preset goals and expectations. **Middle managers** can contribute to organizational effectiveness by evaluating whether or not the goals that an organization is pursuing are appropriate and for suggesting ways in which they could be changed. **Top managers** can contribute to organizational effectiveness by establishing appropriate organizational goals. They are responsible for deciding which goods and services the company should produce. In addition, they must monitor their middle managers throughout the organization to ensure that they are making the most effective use of their resources to accomplish goals.

3. *Identify an organization that you believe is high performing and one you believe is low performing. Give five reasons why you think the performance levels of the two organizations differ so much.*

(**Note to instructor:** Due to the nature of this question, individual answers may vary widely. Examples of factors affecting performance are listed.)

Organizations that operate at different performance levels (high vs. low performing organizations) may have many different factors affecting their performance:

(1) The high-performing organization has managers who interact with and motivate employees, while the low-performing organization has managers who are aloof and do not interact with or motivate employees directly, perhaps negatively affecting morale.

(2) The high-performing organization has managers who set difficult but achievable goals for their employees. A low-performing organization may not set goals, or the ones they do set are vague and difficult to attain.

(3) In a high-performing organization, bonuses or rewards are directly tied to the company's performance. In a low-performing organization, bonuses or rewards are tied to other criteria, which may or may not include performance.

(4) High-performing organization managers are able to delegate authority, and hold employees responsible for meeting organizational goals. Managers from low-performing organizations may not be able to effectively delegate authority or hold employees responsible for achieving goals.

(5) Managers who solicit feedback from employees on how to manage the organization efficiently and effectively and use this information wisely will likely have a higher performing organization than managers who refuse to listen to their employees' suggestions for improving organizational performance.

(6) Managers in high-performing organizations tend to take a "hands-on" approach to management, for example, visiting a production line and learning the day-to-day operations of an organization. Managers in low-performing organizations tend to not take this approach, preferring to hear about problems or situations through indirect communication with employees.

(7) High-performing organizations have managers who are able to choose appropriate goals to pursue, decide what courses of action to adopt to attain those goals, and allocate resources to attain those goals. In other words, these managers plan effectively. Low-performing organizations may have managers who lack the ability to plan effectively.

(8) Managers in high-performing organizations know how to organize, or how to establish relationships within the organization that allow employees to work together toward achieving organizational goals. Managers in low-performing organizations may be ineffective in establishing these important relationships within their organization.

(9) Leading involves determining direction, articulating a clear vision for employees to follow, and energizing and enabling employees so they understand the part they play in achieving organizational goals. High-performing organizations have effective leaders, while low-

performing organizations have ineffective leaders who are unable to encourage employees to perform at a high level.

(10) High-performing organizations have managers who are proficient at controlling, or evaluating how well the organizations achieve their goals, and are capable of taking corrective action to maintain and improve performance. Low-performing organizations may have managers who are unable to evaluate and adapt to changing performance needs.

4. *What are the key differences between managers and entrepreneurs??*

Managers perform all the management functions of planning, organizing, leading and controlling, whereas entrepreneurs identify an unmet customer need and find resources to create or improve a product or service to meet that need. Entrepreneurs frequently have difficulty with handling company growth and day to day management and hire managers to ensure the organization runs smoothly.

5. *In what ways do you think managers' jobs have changed the most over the last 10 years? Why have these changes occurred?*

The roles that managers have to fulfill today are quite different from the ones they have traditionally occupied. Many unique challenges face today's managers, including changes in the workforce, the environment, and organizational cultures themselves.

One of the most intriguing challenges concerns the human resources in organizations. The workforce is becoming increasingly diverse in terms of age, gender, race, ethnicity, religion and socioeconomic background. Managers must find ways to treat people fairly, while at the same time effectively utilizing the different perspectives and contributions that a diversified workforce offers. Managers have been forced to comply with legislation such as the American with Disabilities Act and Affirmative Action which prevent discrimination in the workplace and encourage the hiring of employees from underrepresented groups.

In addition to diversity, managers must now learn to compete on an increasingly global scale. The breakdown of barriers between formerly distinct economies has forced companies to improve performance in order to compete successfully with companies around the world. Managers can learn to keep their competitive advantage by achieving superior efficiency, increasing quality, increasing innovation, and increasing responsiveness to customers. In order to achieve these goals, managers must encourage creativity in finding new ways to use resources efficiently, empower their employees to monitor and evaluate quality, reward risk taking, and encourage employees to provide outstanding customer service.

The nature of a manager's job has also changed in response to the shift in industry concentration of the United States from manufacturing to a more service-oriented emphasis. This has caused a modification in the nature of the work performed and mandated a greater emphasis on personal relations and leadership skills.

In addition, managers need to take advantage of the technological advances that offer opportunities to increase responsiveness to customers, improve quality, facilitate communication, and increase the rate of innovation. Organizations that can harness the power of these new technologies and information systems to increase performance will maintain a competitive advantage in an increasingly complex business environment.

ACTION

6. *Choose an organization such as a school or a bank; visit it; then list the different kinds of organizational resources it uses. How do managers use these resources to maintain and improve its performance?*

(**Note to instructor:** Due to the nature of this question, individual answers may vary widely. An example of a school is listed.)

In order to provide the best educational environment for its students, George Washington High School makes use of a tremendous amount of organizational resources both from within and outside of the school. From within the school these resources include department heads (e.g., social studies, math, science, English, etc.) that closely manage the teachers in their department; the roster office that handles scheduling; counseling and psychological services that provide testing and guidance for students; the athletic department that provides organized and competitive sports for students to participate; the custodial and maintenance workers that handle the physical needs of the building such as cleaning, heating and repairs; secretaries that help with administration functions; the public address system for communication; computers for teaching and organizing; financial resources given to them by their school district to purchase books, supplies and equipment; and the cafeteria that provides meals for both students and teachers.

G.W.H.S. also utilizes resources external to the organization, they include parents (i.e., the home and school association), the surrounding community and organizations within the community, the local police department, private organizations and businesses that provide funding, mentorship to students and internships for students. As in most cities and towns, G.W.H.S. falls under the jurisdiction of the local School District which provides personnel and other human resource services, administrative support, training, curriculum support, information technology, research, and further facilitates maintenance. The organizational resources obtained from all sources are essential to the successful operations of this school as well as any public or private institution.

7. *Visit an organization and talk to first-line, middle, and top managers about their respective management roles in the organization and what they do to help the organization be efficient and effective.*

(**Note to instructor:** Due to the nature of this question, individual answers may differ widely, though students should address the following points in their answers.)

Managers at various levels within an organization have different but related types of responsibilities for utilizing organizational resources to increase efficiency and effectiveness. First-line managers have the day-to-day responsibility of supervising human resources, the employees or non-managerial employees who actually perform the activities necessary to produce goods and services. Given the knowledge of day-to-day operations that first-line managers have, they are often in good positions to make suggestions to middle managers on how processes can be made more effective and efficient.

Middle managers supervise the first-line managers and have the added responsibility to find the best way to combine human and other resources to achieve organizational goals. Middle managers increase efficiency by finding ways to help first-line managers and employees better utilize resources in order to reduce manufacturing costs, or improve the way services are provided to customers. To increase effectiveness, middle managers are responsible for evaluating whether or not the goals that an organization is pursuing are appropriate and for suggesting ways in which they should be changed. Since achieving these goals efficiently is the main focus, middle managers try to find the best ways to use organizational resources. They also nurture and develop the organizational skills necessary for an organization to be efficient and effective.

Top managers are at the apex of the managerial pyramid. They are responsible for supervising all the departments in an organization, and deciding how the different departments can cooperate and work together to achieve organizational goals. They are ultimately responsible for the success or failure of an organization. Top managers are responsible for establishing appropriate organizational goals and monitoring the performance of each department in achieving those goals. Most of their time is devoted to planning and organizing resources to maintain and improve efficiency and effectiveness, which determine an organization's long-term performance.

8. *Ask a middle or top manager, perhaps someone you already know to give examples of how he or she performs the management functions of planning, organizing, leading and controlling. How much time does he or she spend in performing each task?*

(**Note to instructor:** Due to the nature of this question, individual answers may differ widely. A sample answer is given here.)

Mark Jayton is a production manager at clothing manufacturing company. In our discussion he informed me that he performs all four management functions in varying degrees. He spends time at the end of each month, quarter and year planning departmental budgets, goals, and strategies for the upcoming period. Once these strategic tools are completed, he must disseminate the information to both his superiors and his subordinates. He spends time organizing on a weekly basis, when he must determine which project team should work on which production line and in what order the projects should be completed. By organizing he needs to ensure that he is using his human and material resources to their full capacity. Mark spends some time each day leading his employees. He must motivate them to produce quality work and listen to their concerns and problems on a regular basis. Mark performs the controlling function on a constant basis as he monitors the performance of his department at all levels so that he is able to be proactive in dealing with any issues or problems that could arise.

9. *Try to find a cooperative manager who will allow you to follow him or her around for a day. List the roles the manager plays and how much time he or she spends performing them.*

Peter Johnson is a manager of a real-estate office. Performing this job requires Peter to perform many of Mintzberg's roles that encompass the managerial functions of planning, organizing, leading and controlling organizational resources. Peter acts as a *figurehead*; a person who symbolizes an organization and what it is seeking to achieve. He establishes for his field agents the appropriate ways to behave in an organization with his professional manner and enthusiasm. This role requires constant attention, and is exhibited in his personality and mannerisms. Much of Peter's time is devoted to acting as a *leader* for his employees, motivating his employees to perform at a higher level by training, counseling, and mentoring them. Another main part of Peter's job is in the liaison role, linking and coordinating activities of people and groups both inside and outside the organization.

Disseminating information is also an integral part of Peter's job. By acting as a *monitor*, Peter analyzes information to effectively organize and control resources, while his role as a *disseminator* involves sharing this information with his employees to influence their work and behavior. Finally, Peter does play some decisional roles within his organization, working as a *resource allocator* who decides how to allocate people and other resources, and a *negotiator*, who manages solutions between groups with competing interests.

AACSB: Analytic

AACSB: Reflective Thinking

BUILDING MANAGEMENT SKILLS

Thinking about Managers and Management

(**Note to instructor:** Due to the nature of these questions, student responses may vary. The following are examples.)

1. *Think of your direct supervisor. Of what department is he or she a member and at what level of management is this person?*

Jonathon Lewis is an audit manager at a large accounting firm. His position is considered middle-management since he reports to the partners of the firm but is responsible for managing the supervisors who closely monitor the staff associates on a day-to-day basis.

2. *How would you characterize your supervisor's approach to management? For example, which particular management tasks and roles does this person perform most often? What kinds of management skills does the manager have?*

Jonathon performs the four functions of management to different degrees. He is involved in planning when he determines strategies for soliciting customers and recruiting new employees. He also determines which of his supervisors and staff associates would be best suited to work with certain clients. He needs to allocate his staff appropriately so that all of his client needs are met in a timely manner. Jonathon performs the *organizing* function by choosing team members who will work together to achieve the goals that he has set forth for them. He needs to coordinate the efforts of the support staff, such as the tax department, whose services are essential in completing the project. When beginning a new project, Jonathon exercises his *leadership skills* by holding meetings with his entire staff to communicate his goals for the project and delegating responsibilities to appropriate team members. His confident nature coupled with his accounting expertise motivates his team to enthusiastically tackle the challenges that he sets forth for them. He continues to *control* the project by holding weekly meetings with his team to assess the progress and provide the necessary feedback. He reviews the work that they have completed and makes recommendations for any necessary changes. At this point he determines whether his team is on schedule with the budget and if necessary how they can better manage their time.

Jonathon performs many of the interpersonal, informational and decisional roles coined by Mintzberg. Within the *interpersonal roles* he is required to act as a *figurehead, leader* and *liaison* among and between his team members. He performs *informational roles* by *monitoring* technical and client-specific information, *disseminating* the necessary information to his clients and staff, and acting as a *spokesperson* when he represents the firm at many meetings, presentations and recruiting events. While performing *decisional roles* he must act as an *entrepreneur* in determining what lines of business are best to solicit, a *disturbance handler* when any unforeseen events effect the progress of his team, a *resource allocator* in determining which employee should work on which project, and a *negotiator* when he must negotiate with other managers when there is a scheduling conflict involving his team members.

Jonathon possesses tremendous technical and human skills. His technical skills include his ever-increasing accounting expertise as well as his up-to-date knowledge of the issues facing his clients and their industry. He exercises his human skills every time he interacts with supervisors, staff associates, partners, support staff and clients.

3. *Are the tasks, roles, and skills of your supervisor appropriate for the particular job he or she performs? How could this manager improve his or her task performance? How can technology affect this?*

Jonathon possesses the functions, roles and skills that are necessary for him to effectively manage his project teams while satisfying the customer and soliciting new business on a regular basis. However, he could work on his conceptual skills. At times he has trouble seeing the big picture when it comes to managing the careers of his employees. He is very good at ensuring that he has the best people on his team and that they are equipped with the technical skills needed for that project, but is lacking when it comes to the development needed for them to progress to the next level. He has a habit of handling the more technically difficult aspects of the project himself, instead of involving team members so that they will become more proficient in those areas.

Clearly, Jonathan needs to do a better job of empowering his employees. He should consider delegating additional technical tasks to teams of employees, serving as their coach instead of providing direct supervision, and using IT to monitor the progress of those teams.

4. *How did your supervisor's approach to management affect your attitudes and behavior? For example, how well did you perform as a subordinate and how motivated were you?*

As a result of the functions he performed, the skills he possessed and the roles he fulfilled, I found that Jonathon's management style had a positive effect on my attitudes and my work performance. I was very motivated to provide top quality work and eager to please a well-respected figurehead in my organization. To make up for any deficiency in Jonathon's conceptual skills of "seeing the big picture," I found myself feeling more responsible for my future growth and development. This did not prevent me from performing to my full potential, it merely meant that I needed to spend my own time and energy to ensure that I gained the additional skills and knowledge that I did not learn while working on Jonathon's projects.

5. *Think about the organization and its resources. Do its managers utilize organizational resources effectively? Which resources contribute most to the organization's performance?*

Being a service-oriented organization made it necessary to ensure that organizational resources were utilized most effectively and efficiently. In a service organization the "human" resources are the most valuable resources that the company possesses. The accounting firm has an entire department devoted to the scheduling functions of employees to project teams in response to managers' requests. In addition, they have an in-house educational department that spends a great deal of time and money on employee training and development.

6. *Describe the way the organization treats its human resources. How does this treatment affect the attitudes and behaviors of the workforce?*

To a great extent this accounting firm values its most precious resource, its employees. They organize social functions on a regular basis during the busiest times of the year to reward employees for hard work and provide some relaxation. In addition, employees are rewarded monetarily for overtime worked and receive bonuses annually which are based on performance. Problems do arise when managers are extremely demanding of their project teams and require them to meet unreasonable budgets. As a result, employees feel that their personal obligations and needs are neglected. Fortunately, the human resource department monitors the hours worked by all employees and consults with managers when their teams are working an exorbitant number of hours. In response to the professional nature of the firm and the high regard given to employees most of the time, a large percentage of employees are extremely motivated and self-driven.

7. *If you could give your manager one piece of advice or change one management practice in the organization, what would it be?*

I would suggest to Jonathon that he take a more proactive role in the management of his subordinate's careers. By looking at the "big picture" he can help them to develop, which would enable smoother transitions as their careers progressed. If he would include subordinates in the more difficult tasks of the project they could benefit tremendously while gaining the experience and exposure necessary to enter the future ranks of management.

8. *How attuned is the organization to the need to increase efficiency, quality, innovation, or responsiveness to customers? How well do you think the organization performs its prime goals of providing the goods or services that customers want or need the most?*

The managers at this accounting firm are constantly faced with pressure from upper management to increase efficiency while increasing the quality of the services rendered. Since time budgets are extremely important and used as a measurement of success, actual hours spent are measured against budgeted hours on a regular basis. Managers are open to suggestions from supervisors and staff associates about how to provide the same service in a timelier fashion, as long as the intended purpose is served and quality is not compromised. Managers are responsible for reviewing the work performed by their project teams and require that errors and omissions are attended to on a timely basis. In a service-oriented environment it is essential that the organization be responsive to customer needs. Therefore, any successful manager is constantly in touch with his or her clients and keeps abreast of any issue that will affect his or her client's financial or economic health.

AACSB: Reflective Thinking

AACSB: Analytic

MANAGING ETHICALLY

Think about an example of unethical behavior that you observed in the past. The incident could be something you experienced as an employee or a customer or something you observed informally.

1. Either by yourself or in a group, give three reasons why you think the behavior was unethical. For example, what rules or norms were broken? Who benefited or was harmed by what took place? What was the outcome for the people involved?

Responses to this set of questions will differ, based upon the varying experiences of students. Examples of unethical behavior might include observing an employee intentionally mislead customers to generate sales, padding expense accounts, falsifying credentials on a resume, or accepting expensive gifts from suppliers eager to improve business relationships with their client. Dishonesty is unacceptable regardless of the circumstance. Employees should be careful to avoid conflicts of interest that may cause others to question their integrity. Although those involved in such unethical situations may perhaps benefit in the short run, in the long run they harm not only their customers and their companies, but also themselves.

2. What steps might a manager take to prevent such unethical behavior and encourage people to behave in an ethical way?

Establishing an organizational code of ethics and making all employees aware of it can encourage ethical behavior. It is also important that managers always engage in ethical conduct, so that they can lead by example.

AACSB: Ethics

AACSB: Reflective Thinking

BE THE MANAGER

Questions:

1. What kinds of organizing and controlling problems is Achieva suffering from?

It is very common when a company starts out to be very informal. Everyone is excited by the new venture and in this case, its success. But the founders must now deal with the enormous growth and develop what they want as a culture; they need to take their roles seriously. They must take a look at the requirements for planning, organizing, leading and controlling the organization; they should assign managerial and technical roles to employees; and they need to develop an equitable performance appraisal and reward system for all employees. It also sounds like they must to look at their Human Resources function more closely as they are growing so fast and want to be sure to bring the right people on board.

2. What kinds of management changes need to be made to solve them?

The founders should recognize that management of the firm is now essential by developing some sort of organizational chart, assign all those with managerial roles either a title or some acknowledgement of their duties and responsibilities, and let everyone know how they are to interact and coordinate to continue to be successful.

AACSB: Analytic

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CASE IN THE NEWS

Case Synopsis: Larry Culp Redefines Success at GE

Corporate giant GE was thriving in businesses as diverse as jet engines, entertainment, power generation, and consumer finance until the financial crisis of 2008, when excessive risk in the financial-services division nearly caused the company to collapse under the weight of its debt. Ten years and two CEOs later, Larry Culp joined GE. At that time, the company was still struggling to remain relevant.

Immediately after his arrival, Culp assessed each segment of the company and, using his experience in cutting costs and improving processes, started making changes. Culp pulled GE completely out of consumer-facing businesses such as appliances and home mortgages and left the company with four main businesses—aviation, healthcare (hospital equipment), renewable energy (wind turbines), and power (equipment for fossil-fuel power generation).

In 2021, culp split GE into three parts: healthcare, power (fossil-fuel and renewables), and aviation. At the time of the announcement, the plan was to spin off GE'S strongest division, healthcare, in early 2023. In the meantime, it would combine its fossil-fuel power unit with its renewable-energy unit to create one power unit, aiming to sell in 2024. With those deals complete, GE would retain the aviation unit and try to maintain its leadership position.

Questions

1. List three examples of Larry Culp using organizational resources to achieve organizational goals.

First, Culp used organizational resources to conduct an in-depth investigation of the organization. Second, he upgraded machinery and improved processes at a turbine plant. Third, he decentralized support services such as IT and HR to the divisions, making them stand-alone profit centers.

2. What is something Culp planned? What is an organizational change he made? When was he engaged in controlling? How would effective leadership help him carry out these tasks?

He planned his initial investigation of the divisions, cutting costs, selling divisions and cutting dividends. Organizational changes included decentralizing costs (i.e., IT, HR) and selling divisions. Throughout the changes, he used leadership to convince employees, the board and investors of the soundness of his approach.

3. At GE, Larry Culp is a top manager. How would the work of a middle manager at GE differ from Culp's work?

Top managers determine strategy and direction, middle managers implement them.

AACSB: Analytic

AACSB: Reflective Thinking

CONNECT

For more information and instructions for Connect, visit
https://www.mheducation.com/highered/connect

Case Analysis

- The Outsider at Ford
- Safety at BP

Manager’s Hot Seat (MHS)

- Fumbling Management Theory
- Management Hits Rough Waters

iSeeIt! Animated Video

- History of Management

Worksheets

- Essential Managerial Tasks (Click and Drag)

Self-Assessments (See Application-Based Activities within Connect)

There is no recommended self-assessment for Chapter 1.

POWERPOINT SLIDES

These Instructor's PowerPoint slides can be used to supplement the lecture material.

SLIDE 1 Chapter Title

SLIDE 2 Learning Objectives

SLIDE 3 What Is Management? Organizations

SLIDE 4 What Is Management? Management

SLIDE 5 What Is Management? Managers and Resources

SLIDE 6 Achieving High Performance

SLIDE 7 Organizational Performance

SLIDE 8 Figure 1.1: Efficiency, Effectiveness, and Performance in an Organization

SLIDE 9 Why Study Management?

SLIDE 10 Four Tasks of Management (Figure 1.2)

SLIDE 11 Planning

SLIDE 12 Steps in the Planning Process

SLIDE 13 Organizing

SLIDE 14 Leading

SLIDE 15 Controlling

SLIDE 16: Topics FOR Discussion: Efficiency And Effectiveness

SLIDE 17 Performing Managerial Tasks

SLIDE 18 Managerial Roles Identified by Mintzberg

SLIDE 19 Levels of Managers

SLIDE 20 Levels Managers: Figure 1.3

SLIDE 21 Top Management Team

SLIDE 22 Relative Amount of Time That Managers Spend on the Four Managerial Tasks

SLIDE 23 Topics of Discussion: Organizational Performance

SLIDE 24 Types of Managerial Skills

SLIDE 25 Topics of Discussion: Organizational Performance

SLIDE 26 Core Competency

SLIDE 27 Types and Levels of Managers

SLIDE 28 Managers Versus Entrepreneurs

SLIDE 29 Entrepreneurship

SLIDE 30 Challenges for Management in a Global Environment

SLIDE 31 Building Competitive Advantage

SLIDE 32 Building Blocks of Competitive Advantage

SLIDE 33 Innovation

SLIDE 34 Turnaround Management

SLIDE 35 Maintaining Ethical and Socially Responsible Standards

SLIDE 36 Managing a Diverse Workforce

SLIDE 37 Utilizing New Technologies

SLIDE 38 Be the Manager

SLIDE 39 Topics for Discussion: Challenges for Managers