

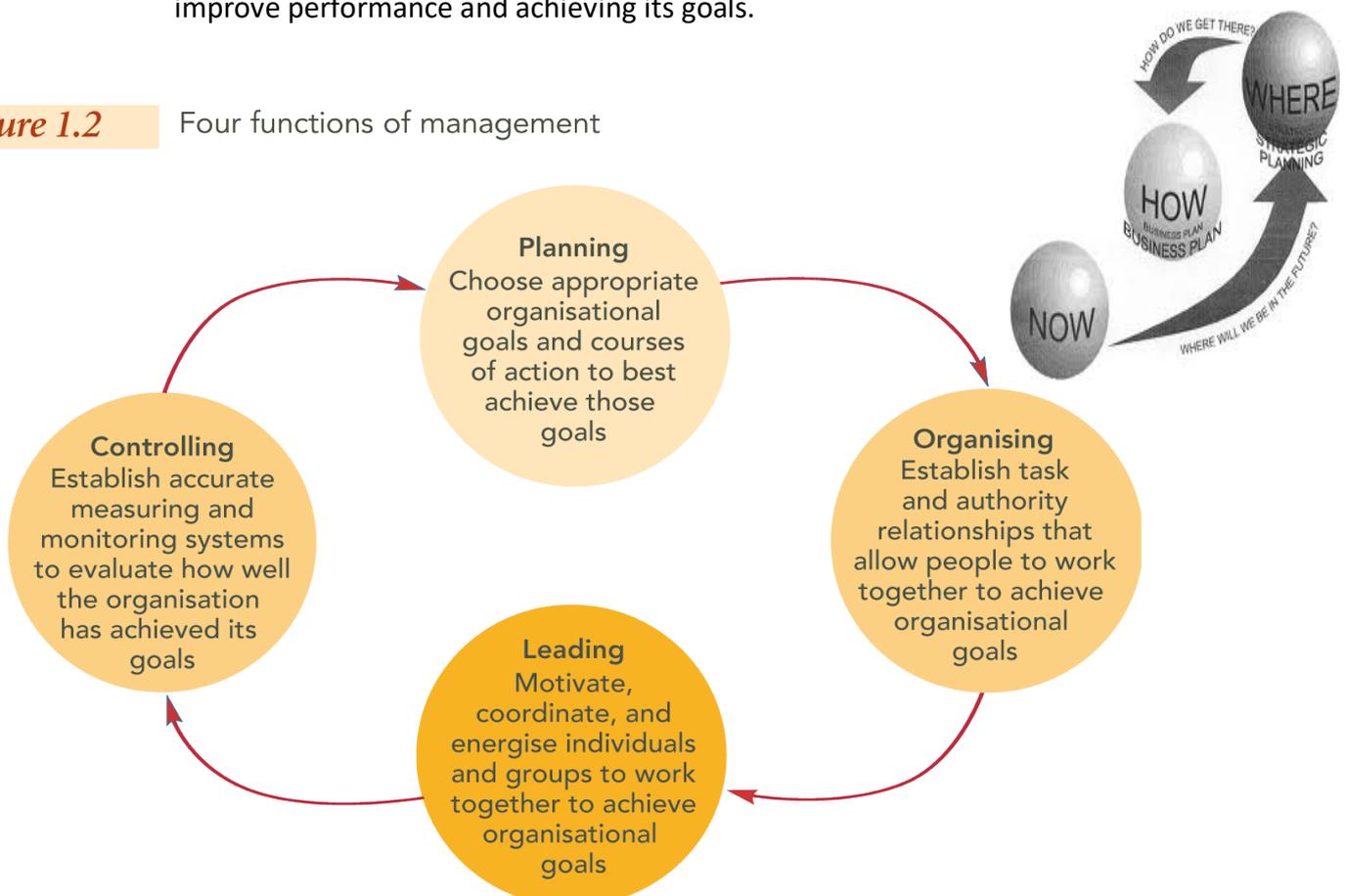
# Fundamentals of Management

## What is management?

Management is the **planning, organising, leading** and **controlling** of human and other resources to achieve administrative goals successfully and efficiently.

- **Henri Fayol** outlined the four executive functions in his book *General Industrial Management*.
  - **Planning:** is the process of classifying and selecting applicable goals and courses of action.
    1. Decide which goals to pursue.
    2. Decide what sequences of actions to adopt.
    3. Decide how to distribute resources.
  - **Organising:** is the procedure of establishing a organisation of working affiliations in a way that allows members to work together to achieve legislative goals.
  - **Leading:** is formulating a clear vision to follow by vitalising and enabling organisational colleagues so they understand the part they play in achieving organisational goals.
    - Leadership involves using vision, influence, persuasion and interactional skills.
    - The outcome of efficient leadership is highly driven and committed organisational colleagues.
  - **Controlling** is assessing how well an organisation is taking action to maintain or improve performance and achieving its goals.

**Figure 1.2** Four functions of management



Organisational performance is a measure of how efficiently and effectively managers use organisational resources to satisfy customers and achieve goals.

- **Efficiency**
  - A measure of how well or productively resources are used to achieve a goal
- **Effectiveness**
  - A measure of the appropriateness of the goals an organisation is pursuing and the degree to which they are achieved.

## Types of Managers

### First-line managers

- Are responsible for day-to-day operations. They supervise people performing the actions required to make the good or service.

### Middle managers

- Supervise first-line managers. They are responsible for finding the best way to use departmental resources to achieve goals.

### Top managers

- Are responsible for the performance of all departments and have cross-departmental responsibility. They establish organisational goals and monitor middle managers.

*Figure 1.3* Types of managers



## Managerial Roles and Skills

- Managerial role: the set of specific tasks that a person is expected to perform because of the position they hold in the specific organisation.
- Mintzberg identified three categories of roles:
  - decisional
  - informational
  - interpersonal

## Decisional Roles

- Roles correlated with approaches that managers use in planning strategy and applying resources:
  - **Entrepreneur**: deciding which new projects that initiate and to provide resources in.
  - **Disturbance handler**: managing an unexpected event or crisis.
  - **Resource allocator**: assigning resources between purposes and partitions, setting the budgets/salaries of lower managers.
  - **Negotiator**: reaching agreements between other managers, unions, customers or shareholders.

## Informational Roles

- Roles associated with the need to obtain and transmit information in the process of managing the organisation:
  - **Monitor**: analysing information from both the internal and external environment.
  - **Disseminator**: transmitting information to influence the attitudes and behaviour of employees, colleagues and other stakeholders outside the organisation.
  - **Spokesperson**: representing the organisation and using information to positively influence the way people, in and out of the organisation, respond to it.

## Interpersonal Roles

- Roles that managers assume to provide direction and supervision to both employees and the organisation as a whole:
  - **Figurehead**: symbolising the organisation's mission, values and what it is seeking to achieve
  - **Leader**: training, counselling, mentoring, setting goals and expectations, initiating change, role modelling, decision making
  - **Liaison**: linking and coordinating the activities of people and groups both inside and outside the organisation

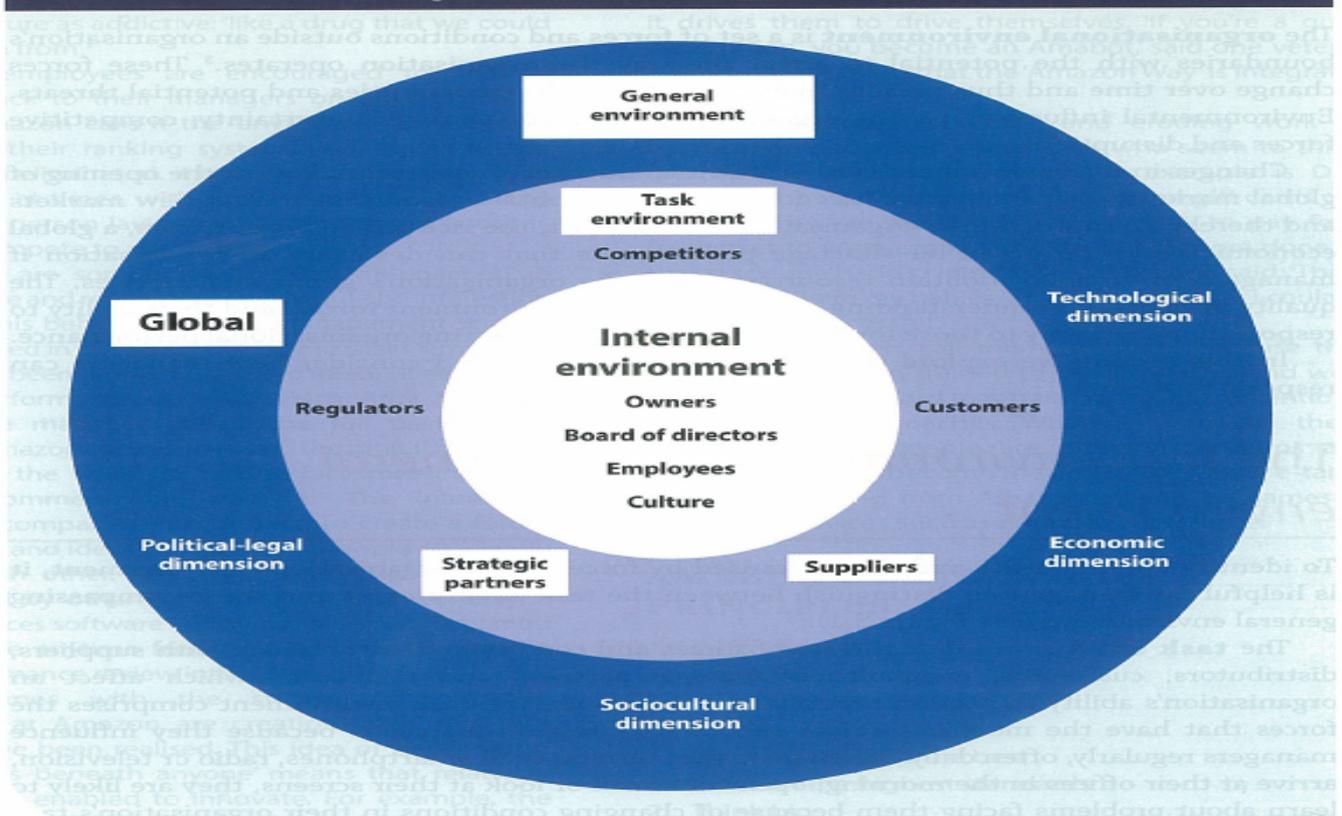
## Mintzberg's Ten Management Roles

Category	Role	Activity
<i>Informational</i>	Monitor	Seek and receive information, scan papers and reports, maintain interpersonal contacts
	Disseminator	Forward information to others, send memos, make phone calls
	Spokesperson	Represent the unit to outsiders in speeches and reports
<i>Interpersonal</i>	Figurehead	Perform ceremonial and symbolic duties, receive visitors
	Leader	Direct and motivate subordinates, train, advise and influence
	Liaison	Maintain information links in and beyond the organisation
<i>Decisional</i>	Entrepreneur	Initiate new projects, spot opportunities, identify areas of business development
	Disturbance handler	Take corrective action during crises, resolve conflicts amongst staff, adapt to external changes
	Resource allocator	Decide who gets resources, schedule, budget, set priorities
	Negotiator	Represent department during negotiations with unions, suppliers, and generally defend interests

## The Organisational Environment

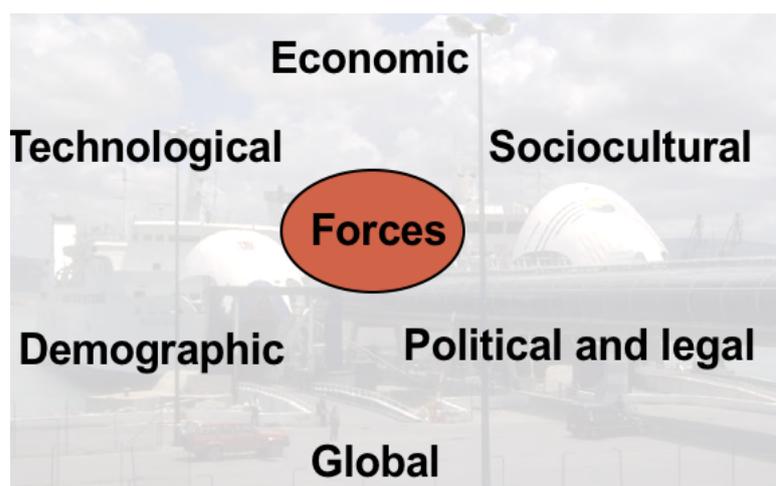
- The set of forces and conditions that operate beyond an organisation's boundaries but affect a manager's ability to acquire and utilise resources.

**FIGURE 3.1 Forces in the organisational environment**



## The general environment

- The wide-ranging economic, sociocultural, technological, legal, political, global and demographic, forces that affect an organisation and the task environment.



**Economic forces:** Unemployment, inflation, Interest rates, economic growth and other factors affect general health and wellbeing of a nation or the regional economy of a corporation.

- Managers pay close thoughtfulness to what is occurring in the regional and national economy and respond accordingly.

**Technological forces:** Technology is the combination of skills and equipment that managers use in the design, production and distribution of goods and services

**Socio-cultural forces:** Pressures emanating from the social structure of a country or society or from the national culture

- ***Social structure:*** the arrangement of relationships between individuals and groups in society.
- ***National culture:*** the set of values that a society considers important and the norms of behaviour that are approved or sanctioned in that society.
- Cultures and their associated social structures, values and norms differ widely throughout the world.
- Outcomes of changes in the technology that managers use to design, produce or distribute goods and services
- Results in new opportunities or threats to managers
- Often makes products obsolete very quickly can change how managers manage.

**Demographic forces:** Outcomes of change in, or changing attitudes toward, the characteristics of a population such as;

- Age
- Gender
- Ethnic origin
- Race
- Sexual orientation
- Social class

**Political and legal forces:** Outcomes of changes in laws and regulations, such as the deregulation of industries, the privatisation of organisations and increased emphasis on environmental protection

- Increases in laws and regulations increase the costs of resources and limit the uses of resources that managers are responsible for acquiring and using effectively and efficiently.

**Global forces:** Outcomes of changes in international relationships; changes in nations' economic, political and legal systems (such as falling trade barriers, the growth of representative democracies); and changes in technology (such as reliable and instantaneous communication).

- Important opportunities and threats to managers.
- The economic integration of countries through free-trade agreements ASEAN, AUSFTA, EU, that decrease the barriers to trade.