

# The management role

# Announcements

- Attendance – will be marked from now on
- HW – Late home works will not be graded from now on
- Mbox – results online, feedback
- Read the Guidebook according to the lectures
- Katya's question on Fayol

# HW feedback

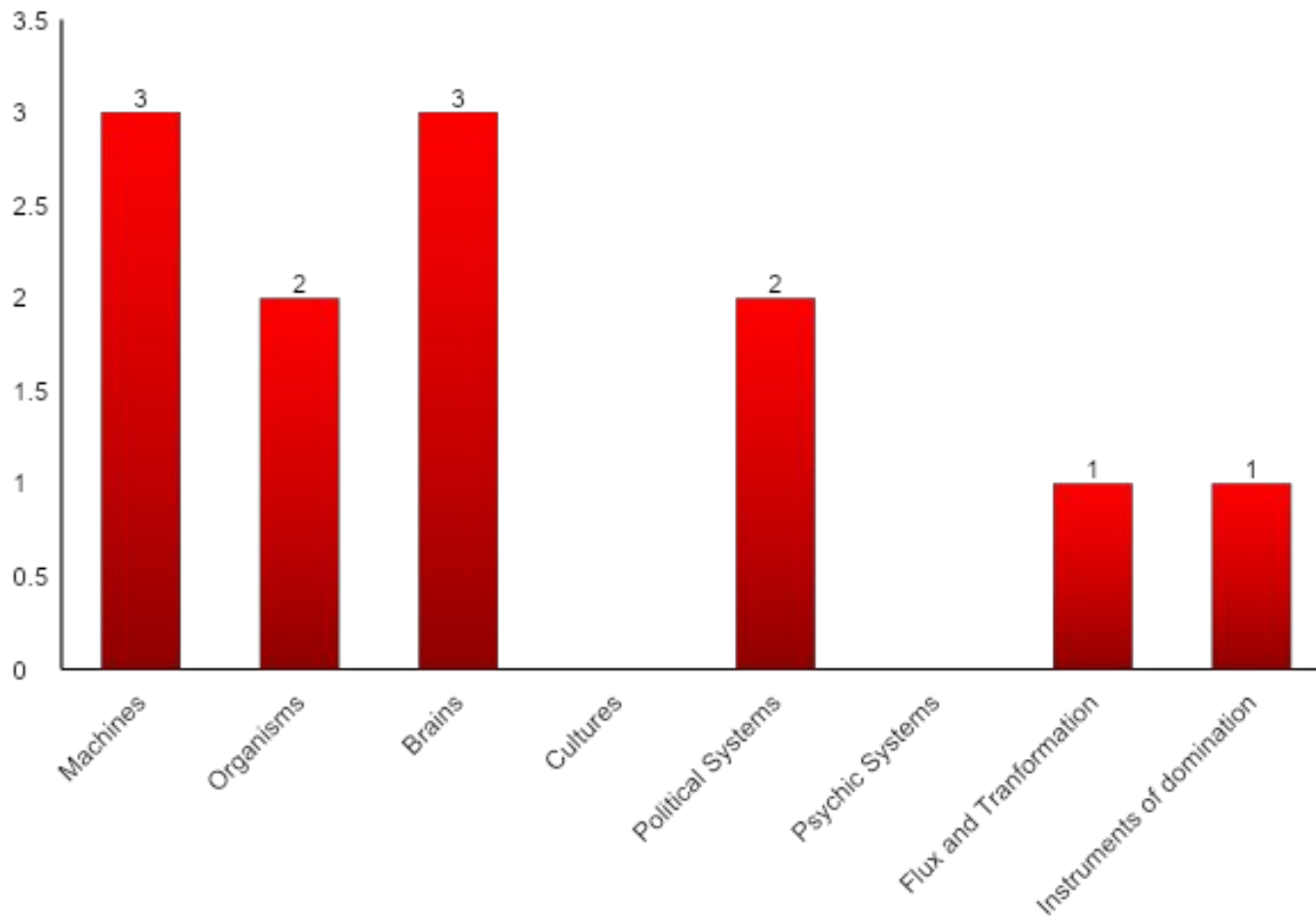
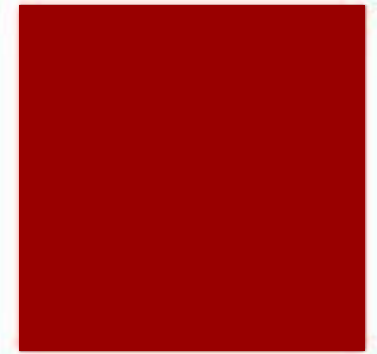


# HW Feedback – our class

## ■ Myers-Brigs Type Indicator

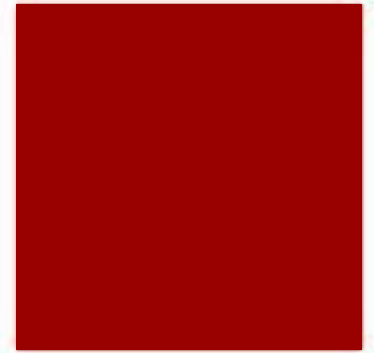
Table 4.5		Leadership types and the Myers-Briggs		
<b>ISTJ</b> Salt of the earth		<b>ISFJ</b> 😊 Behind-the-scenes leader	<b>INFJ</b> Oracle for people	<b>INTJ</b> Designer of the future
<b>ISTP</b> 😊 Walking encyclopedia		<b>ISFP</b> Gentle spirit	<b>INFP</b> Values crusader	<b>INTP</b> Blueprinter of ideas
<b>ESTP</b> 😊 😊 Self starter		<b>ESFP</b> Everyone's friend	<b>ENFP</b> 😊 Spark of energy	<b>ENTP</b> Classic entrepreneur
<b>ESTJ</b> 😊 Take-charge leader		<b>ESFJ</b> Servant leader	<b>ENFJ</b> Values spokesperson	<b>ENTJ</b> 😊 Grand scale organiser

# Morgan's Metaphors – class options



# Recap

- What is industrial sociology?



# Recap

- What is the difference between introversion and extraversion?

# Recap

- Why is the psychological concepts important to managers? For example, Employee personality?

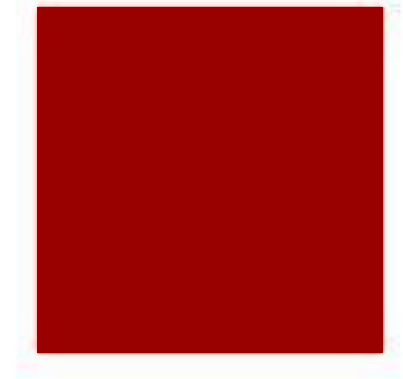


# Recap

- How do you understand Psychological contract and do we have them in Kazakhstan?

# Recap

- Why do we need Stakeholder Model?

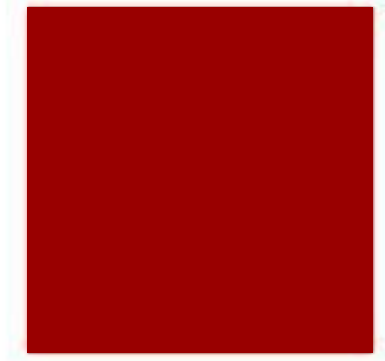


# Importance of Organizational Goals and Objectives



- “If you do not know where you are going you cannot tell if you have arrived!”
- **CORPORATE STRATEGY** – serves to describe organization’s sense of purpose, and plans and actions for its implementation

# Relationship between People and Successful Strategies (by Johnson et al.)



1. People as a resource
2. People and behavior
3. Organizing people

*“**Creating a climate** where people strive to **achieve success** and the **motivation** of individuals are crucial roles of any manager and are **central a part** of their involvement in their **organization’s strategy**”*

# Managers' skills and competencies

- Should be **strategically aware** and appreciate the origins and nature of **change**
- Possess a **comprehensive set of skills** and competencies
- Be able to **deal effectively** with the forces which represent **opportunities** and **threats** to organization

**Effective strategic management** creates a productive alliance between

- the nature and the demands of the environment,
- the organizations' cultures and values
- the resources that the organization has at its disposal

# Strategy and Synergy

- Synergy can be experienced when 2 companies merge
- Strategy of the obtained firm should be changed and adjusted accordingly
- The new organization could benefit from combined strength and opportunities, skills and expertise.
- It is possible to experience negative Synergy  
( $2+2=3$ )

# Types of Mergers

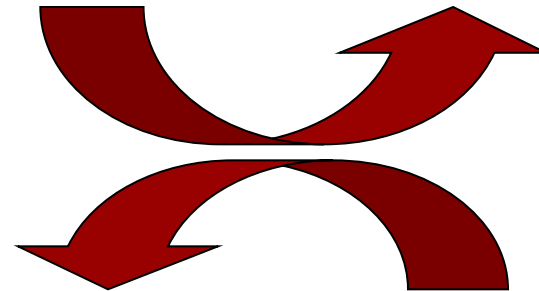
**Horizontal**



**Vertical**



**Conglomerate**



No  
Relationship  
between  
companies

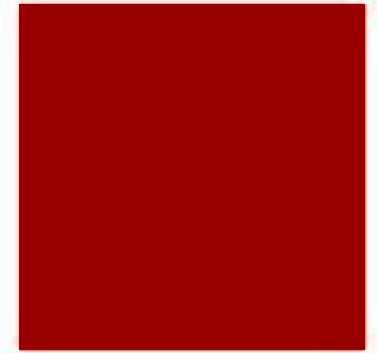
# Organizational Goal

## ■ Reasons for organizational existence

- The activities of the organization are directed to attain goals

## ■ To be **effective goals**:

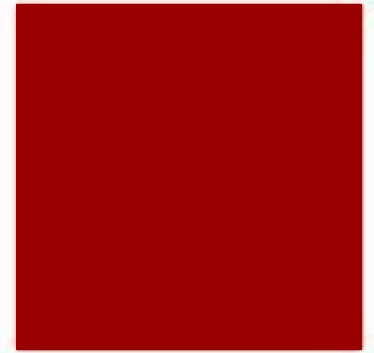
- Should be emphasized
- Stated clearly
- Communicated to all members of organization





# Mission vs. Vision

- What is the difference?



# Mission vs. Vision

- **Vision** provides the overall of reference within which **mission** statements are written and **goals** selected

# Mission

- Reason for a company's existence
- Sets an organization's purpose, guiding values and principles and the way in which it intends to achieve its objectives, while recognizing the interests of other stakeholders.

# Organizational Goals

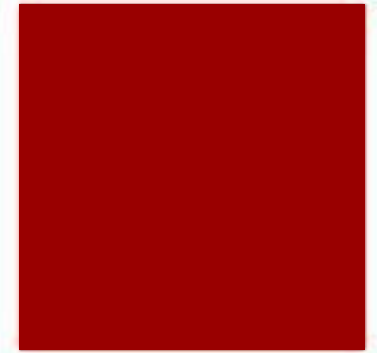
- If you don't know where you are going, you cannot tell if you have arrived
- Function of organization – creation and /or supply of goods and services
- Organizational **goals** – more specific than function
  - Nature of inputs and outputs
  - Series of activities through which outputs are achieved
  - Interactions with external environment

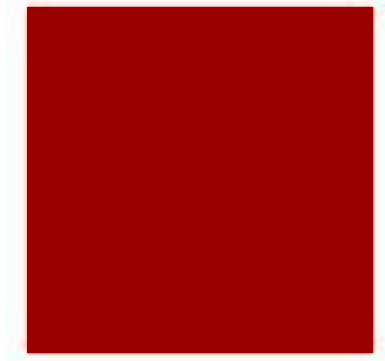
# Functions of goals

- Provide a **standard of performance**
- Provide a **basis for planning** and management control
- Provide **guidelines for decision-making** and justification for actions taken
- **Influence the structure** of the organization and help determine the nature of technology used
- Help **develop commitment** of individuals and groups to the activities of the organization
- Give an indication of what the company is really like
- Serve as **basis for the evaluation** of change and organizational development
- Serve **as basis for objectives** and policies of the company

# Characteristics of good goals

- Understandable
  - Contain a time element
  - Carefully drawn
  - Subject to alignment
- 
- Otherwise, known as SMART goals
    - Specific
    - Measurable
    - Achievable
    - Relevant
    - Time-bound





- I want to graduate from the University

Vs.

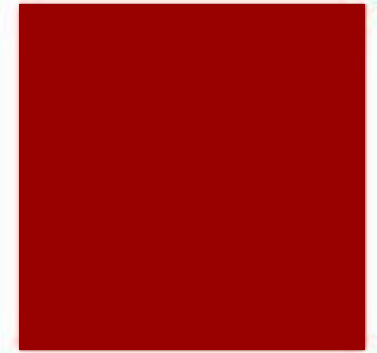
- I want to graduate from ISE with major in management and minimum GPA 3.5 by June 2013

# Objectives

- **Objectives** set out the specific goals of the organization, the aims to be achieved and the desired end results.
- They are **smaller than goals** and represent specific actions in the near future to be taken to achieve the goals



# Objectives and Policy



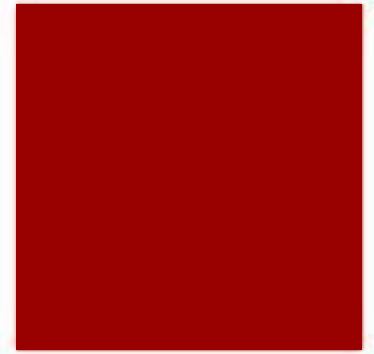
- **Objectives** – set out more specifically the goals of organization, the aims to be achieved and the desired end-results. Main objectives include:
  - Survive
  - Maintain growth and development
  - Make profit
- **Policy** – is developed within the framework of objectives. Is a **guideline for organizational action** and the implementation of goals and objectives
  - Translated into **Rules, Plans, Procedures**
  - Relates to all activities of the organization at all levels

# Key Areas for Organizational Objectives



- Market standing – position in relation to competitors
- Innovation – commitment to R&D
- Productivity – production levels and standards
- Physical and financial resources – use, acquisition and maintenance of capital and financial assets
- Profitability – target profit
- Managerial performance and development – rates of levels of managerial growth
- Worker performance and attitude – rates of worker productivity, their desired attributes
- Public Responsibility – company's responsibilities to stakeholders and the extent to which it intends to live up to those responsibilities
- Internet usage – extent of usage to reach company's goals

# Working with Organizational Objectives

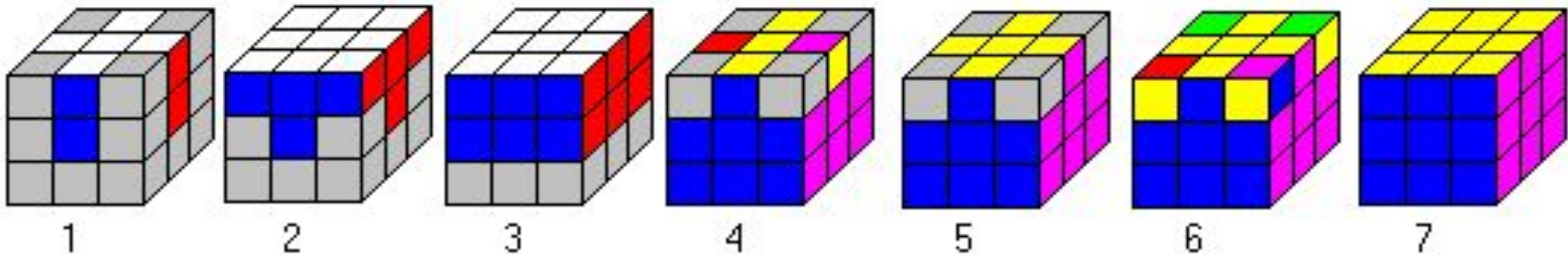


An organization should set three types of objectives:

1. Short-term – 1 year or less
2. Intermediate-term – 1-5 years
3. Long-term – 5 to 7 years

## ***Developing a Hierarchy of Objectives:***

Principle of breaking a larger objective into smaller sub-objectives so that individuals at different levels and sections of the organization know what they must do to help reach the overall organizational objective.



## TOP MANAGEMENT

1. Represent stockholders' interests—net profits of 10% or more
2. Provide service to consumers—provide reliable products
3. Maintain growth of assets and sales—double each decade
4. Provide continuity of employment for company, personnel—no involuntary layoffs
5. Develop favorable image with public

## PRODUCTION DEPARTMENT

1. Keep cost of goods no more than 50% of sales
2. Increase productivity of labor by 3% per year
3. Maintain rejects at less than 2%
4. Maintain inventory at 6 months of sales
5. Keep production rate stable with no more than 20% variability from yearly average

## SUPERVISORS

1. Handle employee grievances within 24 hours
2. Maintain production to standard or above
3. Keep scrappage to 2% of materials usage

## SALES DEPARTMENT

1. Introduce new products so that over a 10-year period, 70% will be new
2. Maintain a market share of 15%
3. Seek new market areas so that sales will grow at a 15% annual rate
4. Maintain advertising costs at 4% of sales

## DISTRICT SALES MANAGER

1. Meet weekly sales quotas
2. Visit each large customer once each month
3. Provide sales representatives with immediate follow-up support

## FINANCE AND ACCOUNTING DEPARTMENT

1. Borrowing should not exceed 50% of assets
2. Maximize tax write-offs
3. Provide monthly statements to operating departments by 10th of following month
4. Pay dividends at rate of 50% of net earnings

## OFFICE MANAGERS

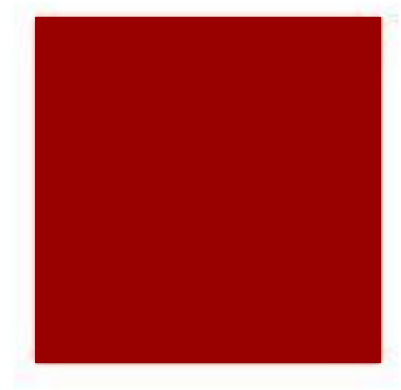
1. Maintain cycle billing within 3 days of target date
2. Prepare special reports within 1 week of request

*Hierarchy of objectives for a medium-sized organization*

# Guidelines for Establishing Quality Objectives

1. Let those responsible for attaining objectives have voice in setting them
2. State objectives as specifically as possible
3. Relate objectives to specific actions whenever necessary
4. Pinpoint expected results
5. Set goals high enough that employees have to strive to meet them
6. Specify when goals are expected to be achieved
7. Set objectives only in relation to other organizational objectives
8. State objectives clearly and simply

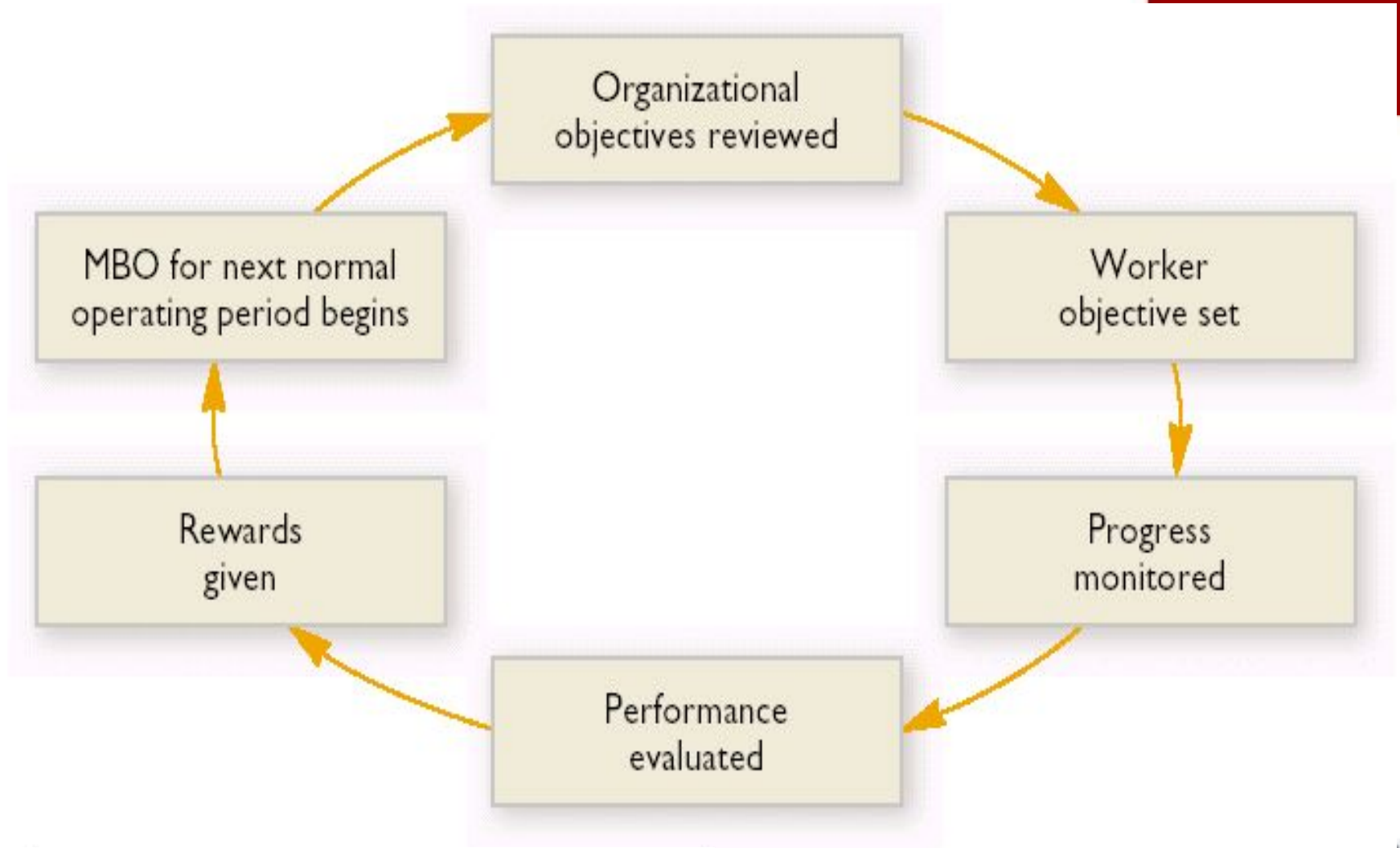
# Management by Objectives (MBO)



The MBO strategy:

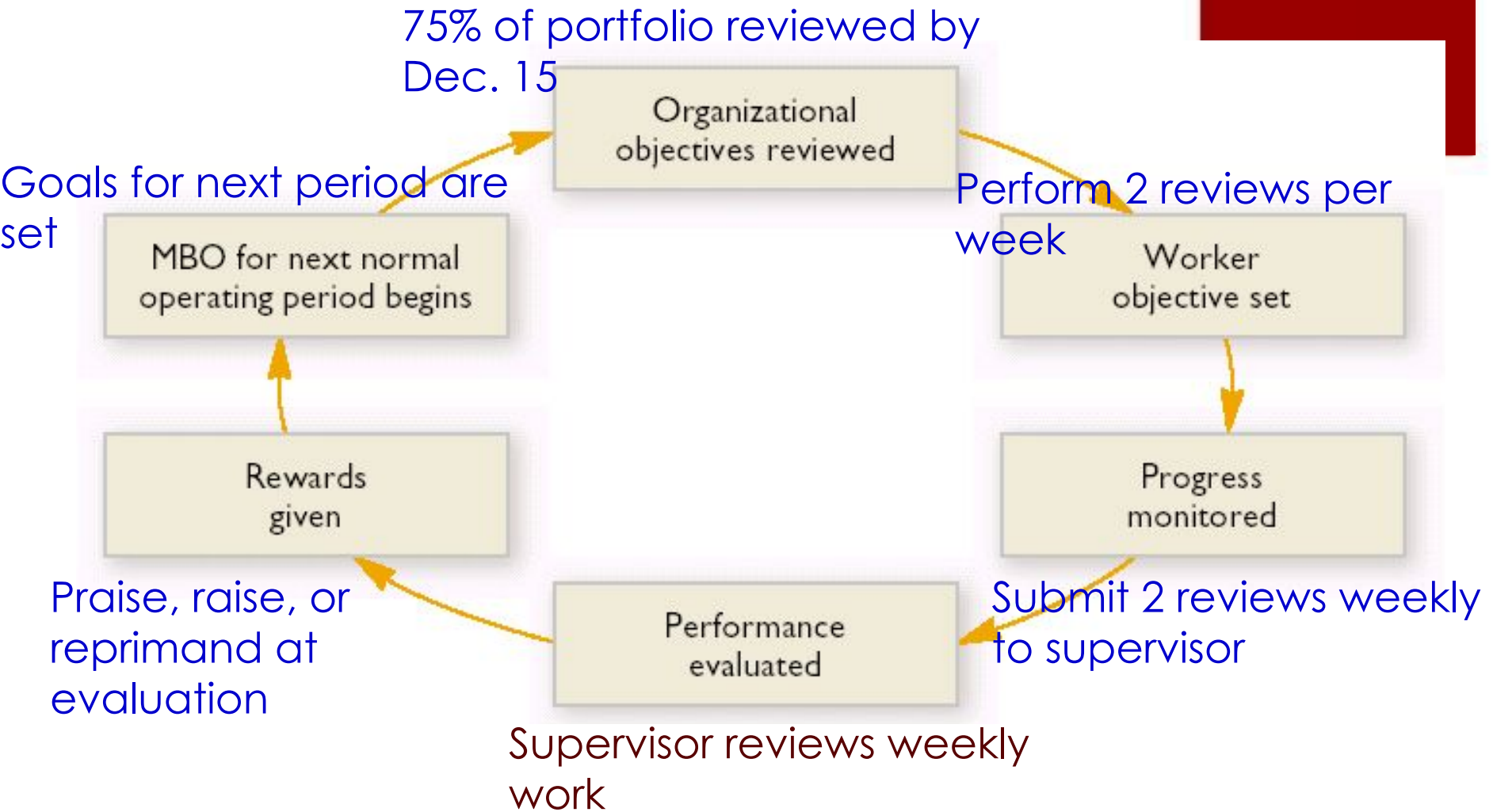
1. All individuals are assigned a specialized set of objectives
2. Performance reviews are conducted periodically
3. Rewards are given to individuals

# MBO Process:



*The MBO process*

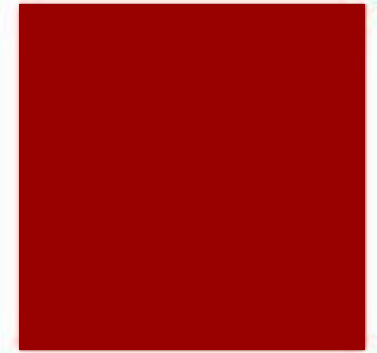




MBO Example at credit dep't of Regions Bank



# Factors Necessary for a Successful MBO Program



- 1) Top management must be committed and set appropriate objectives
- 2) Managers and subordinates must develop and agree on individual's goals
- 3) Employee performance should be evaluated against established objectives
- 4) Management must follow through on employee performance evaluations

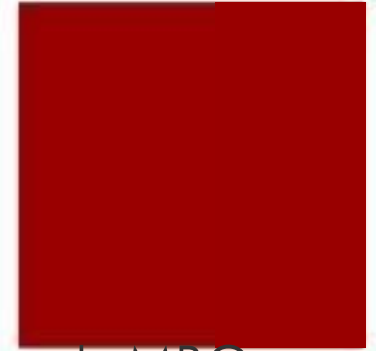
# MBO Benefits and Problems

## Advantages

- Manager and employee efforts are focused on activities that will lead to goal attainment
- Performance can be improved at all company levels
- Employees are motivated
- Departmental and individual goals are aligned with company goals

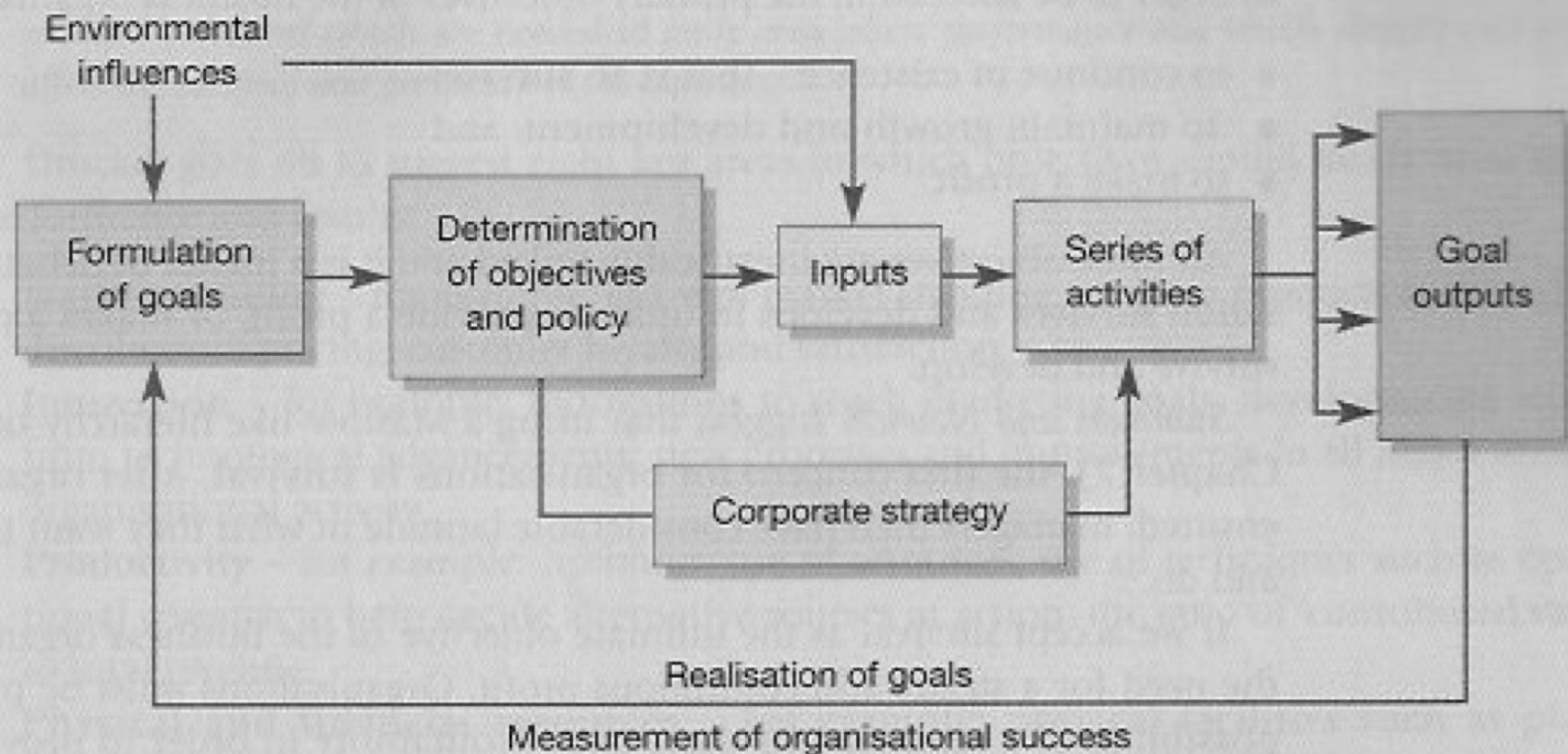
## Disadvantages

- Constant change prevents MBO from taking hold
- An environment of poor employer-employee relations reduces MBO effectiveness
- Strategic goals may be displaced by operational goals
- Mechanistic organizations and values that discourage participation can harm the MBO process
- Too much paperwork saps MBO energy



**Figure 14.2**

**A systems view of organisational goals and objectives**

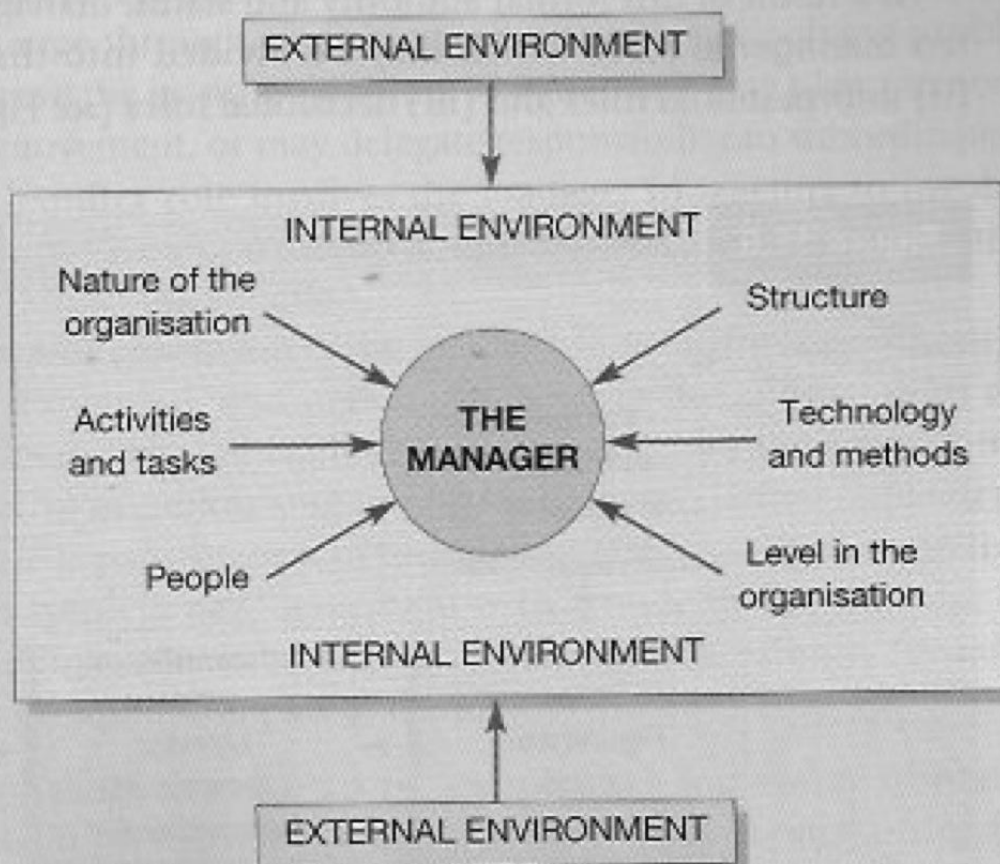


# Manager's role

- **Manager** – a person who is responsible for coordinating resources and the actions of others, for the achievement of goals
  - is involved with leading people to achieve goals
  - need to coordinate the actions of people, together with other resources, such as money, materials and technology.

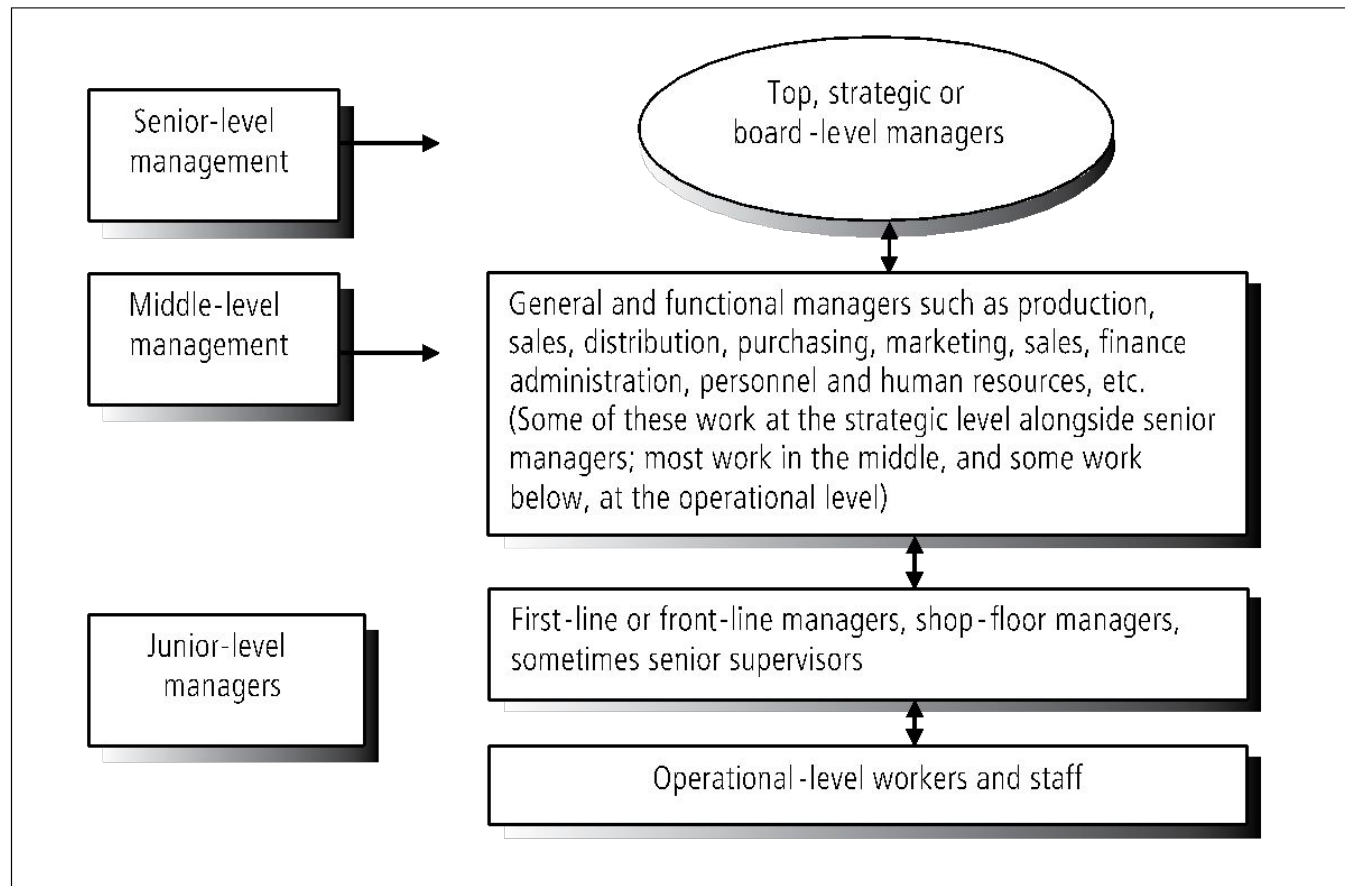
Figure 11.5

## The work of a manager – the environmental setting



# Differences between managers

## 1. Levels and functions of management



# Levels of management

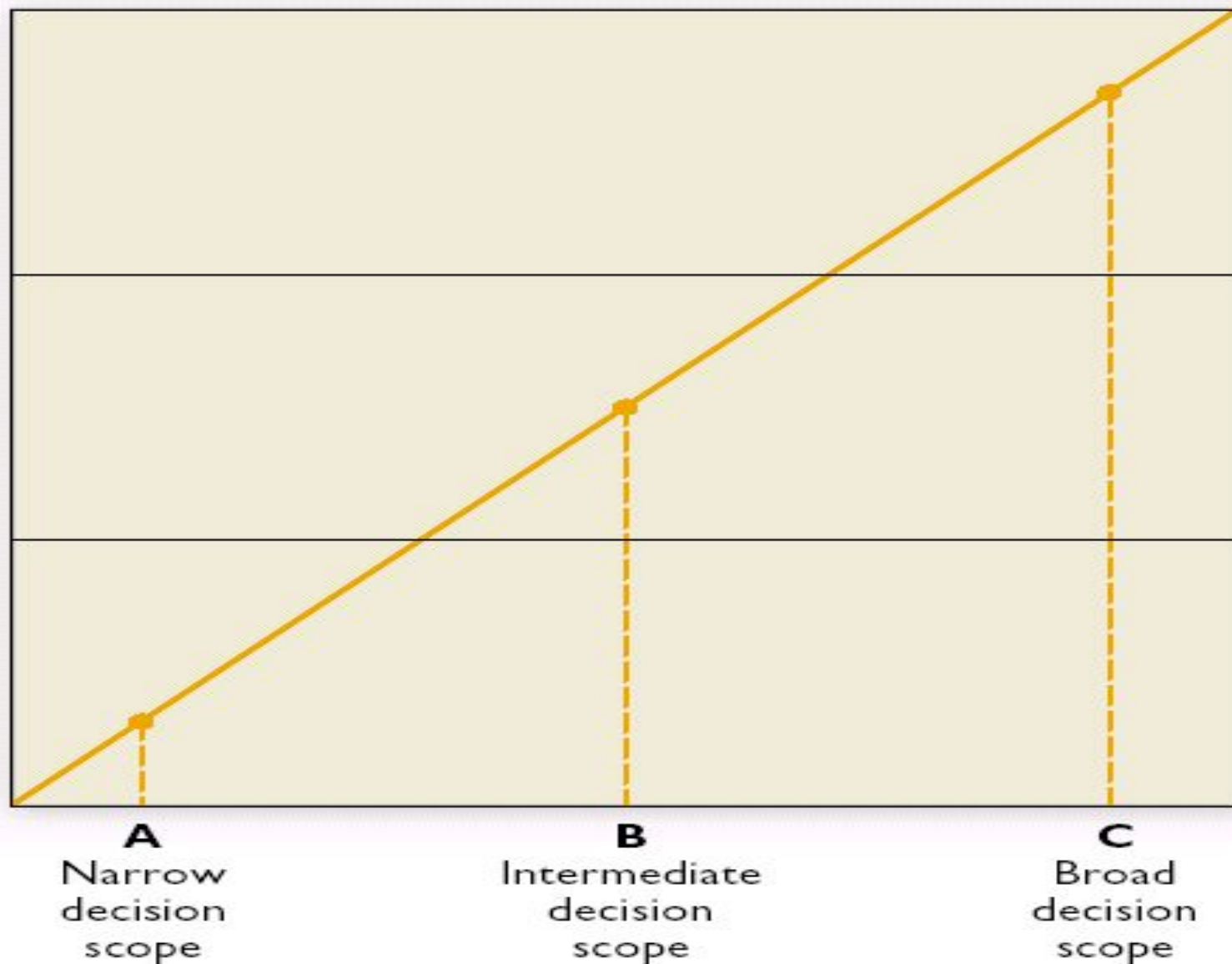
- **Upper-level management** (a/k/a senior-level management)
  - Strategic planning and broad decision scope
- **Middle-level management**
  - Divisional planning and intermediate decision scope
- **Lower-level management** (a/k/a junior-level management or operational management)
  - Operational planning and narrow decision scope



Upper-level  
management  
makes  
decisions

Middle-level  
management  
makes  
decisions

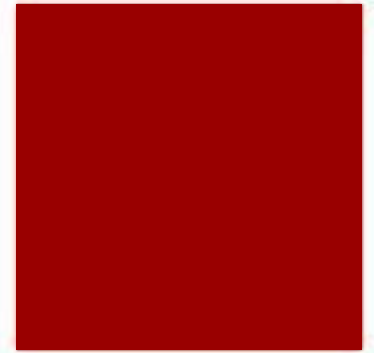
Lower-level  
management  
makes  
decisions



*Level of managers responsible for making decisions  
as decision scope increases from A to B to C*



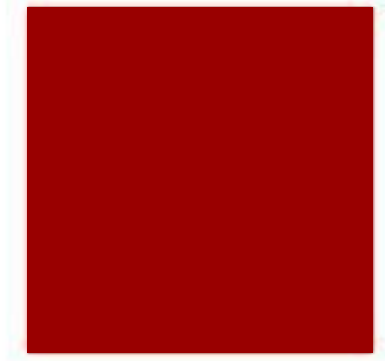
# Functional vs. General managers



- **Functional managers** are responsible for managing a particular section of operations, such as marketing, finance or communications.
- **General managers** are responsible for the achievement of broader goals, or can be responsible across different functions.

**QUESTION:** Which one would you want to be?

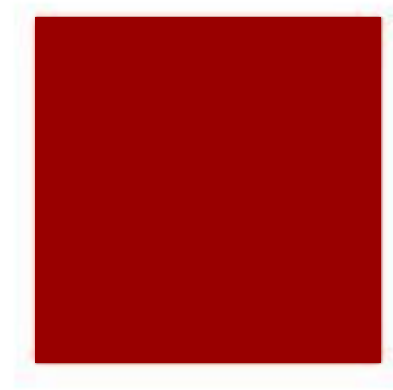
# Differences between managers



## 2. Qualities of the Individual Manager

Question: If you were hiring a manager for your company – what would you do to learn if he has skills to be a good manager for you

# Management Skill: The Key to Management Success

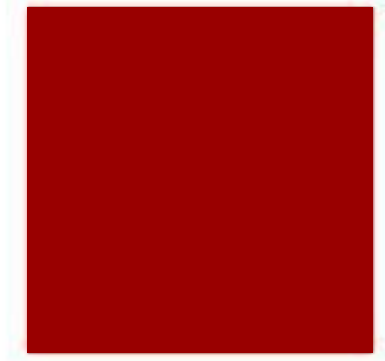


- Defining Management Skill

Ability to carry out a process of reaching organizational goals by working with and through people and other organizational resources

- Remember? Effectiveness and efficiency

# Classic vs. Contemporary view on Management skill



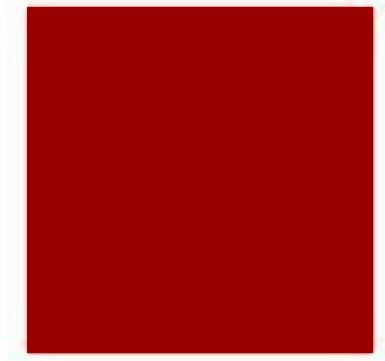
## ■ Management Skill: **A Classic View**

- Technical Skills
- Human Skills
- Conceptual Skills

## ■ Management Skill: **A Contemporary View**

1. Define major activities that managers typically perform
2. List skills needed to carry out these activities successfully

# Attributes and qualities of a manager



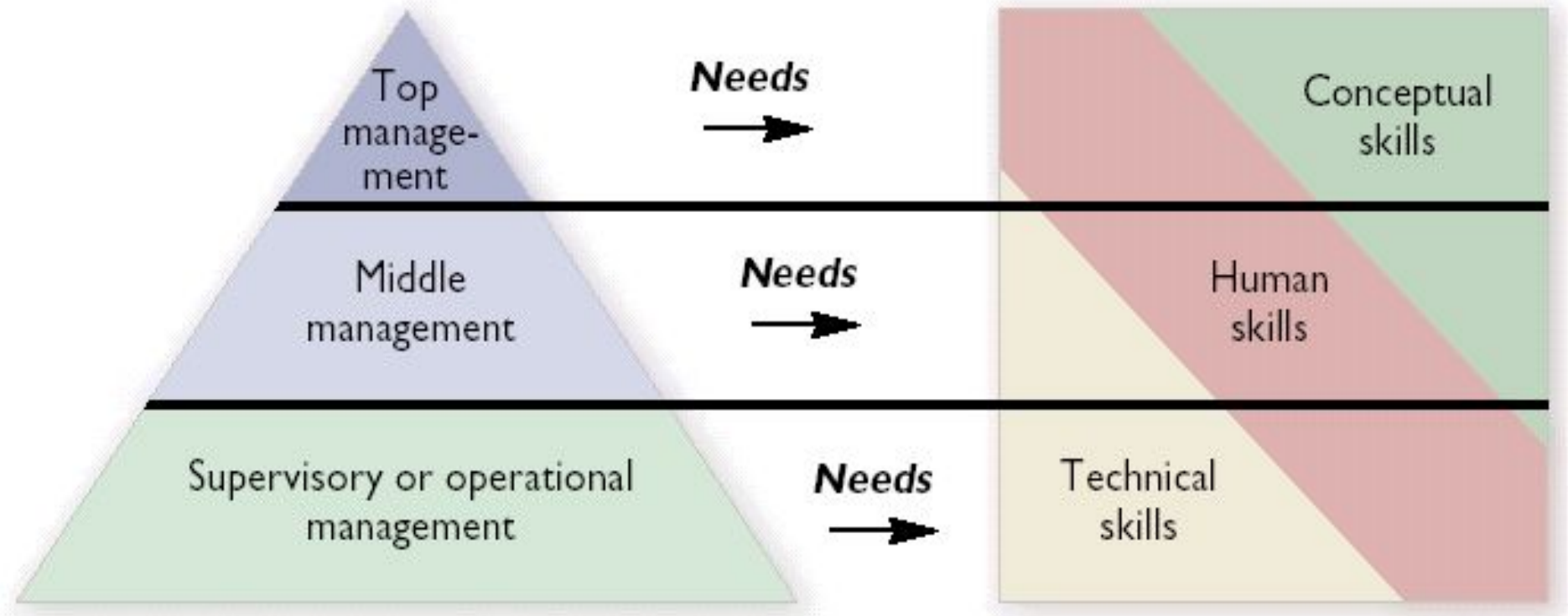
- Technical competence
  - The application of knowledge to tasks
- Social and human skills
  - Interpersonal relationships and judgement
- Conceptual ability
  - Understanding the complexities of the organisation as a whole and its environment

# Management Skill: The Key to Management Success



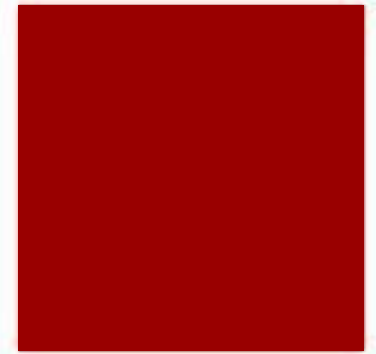
## MANAGEMENT LEVELS

## SKILLS NEEDED



*As a manager moves from the supervisory to the top-management level, conceptual skills become more important than technical skills, but human skills remain equally important*

# Behaviour pattern of managers:



- Despite working in different jobs and organisations, most managers undertake two common activities:

- Agenda-setting
- Network-building

# Hard and soft skills



Hard skills are used for

- Conducting disciplinary matters
- Fighting one's corner in debates
- Budgeting

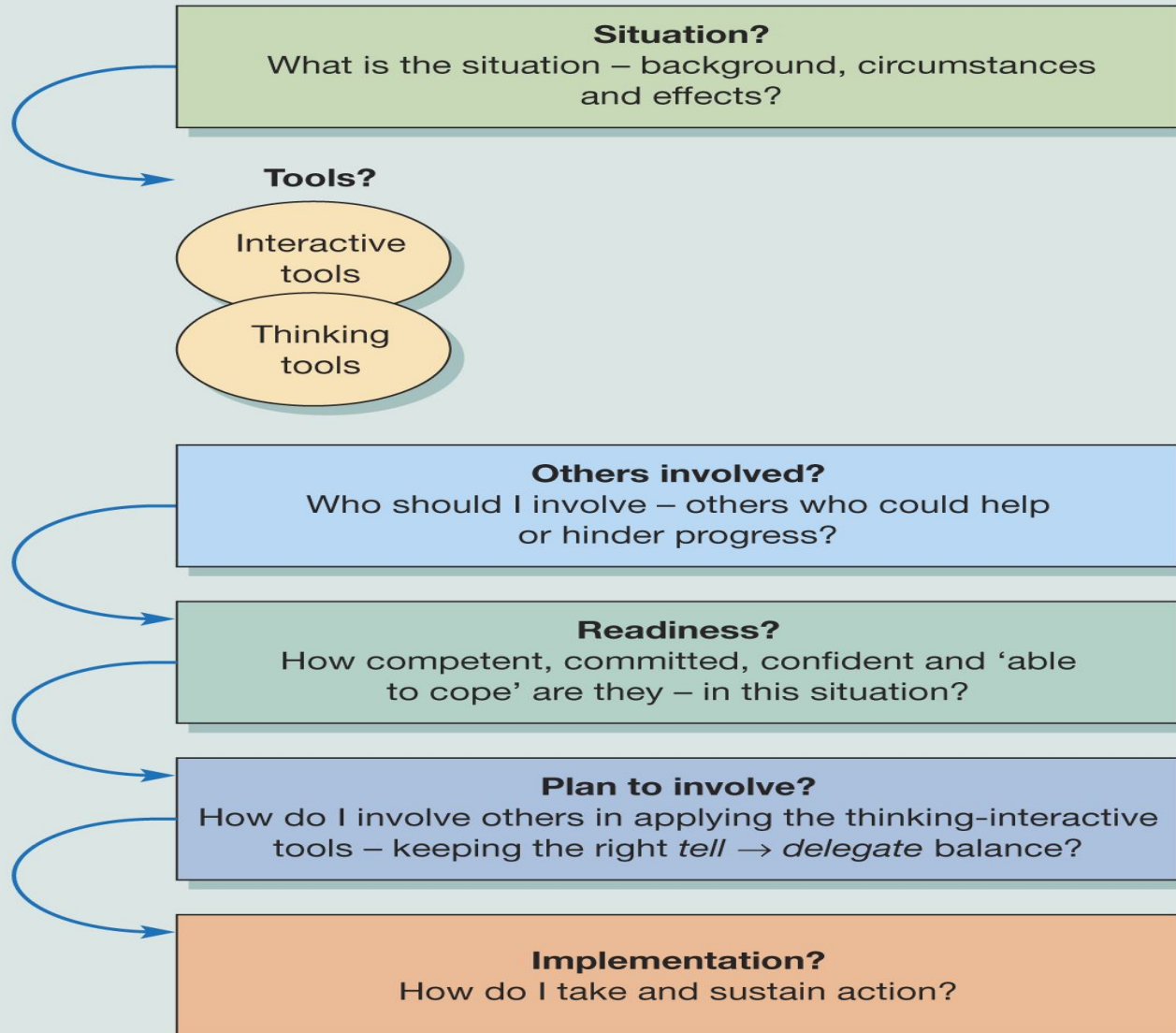
Soft skills are used for

- Counselling
- Supporting
- Advising

Successful managers can adjust their approach across the spectrum of skills.



# Situational management



# Key strategies for future managers



1. Developing leadership
2. Driving radical change
3. Reshaping culture
4. Dividing to rule
5. Exploiting the organisation
6. Keeping the competitive edge
7. Achieving constant renewal
8. Managing the motivators
9. Making team working work
10. Achieving total management quality

# Delegation

- Process of entrusting authority and responsibility to others through-out the various levels of organization

- Upward delegation
- Lateral delegation
- Downward delegation

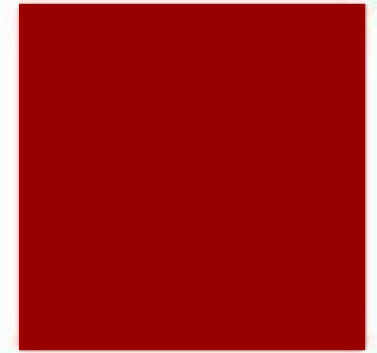
## ■ Benefits:

- *Best use of time*
- *A means of training and development*
- *Strength of the workforce*



- **Question:** Why managers would lack to delegate?

# Reasons for Lack of Delegation



Fear that subordinate is **not capable** of doing sufficient job (blamed for his mistakes)

Fear that subordinate will do **too good** a job and show a manager in a bad light



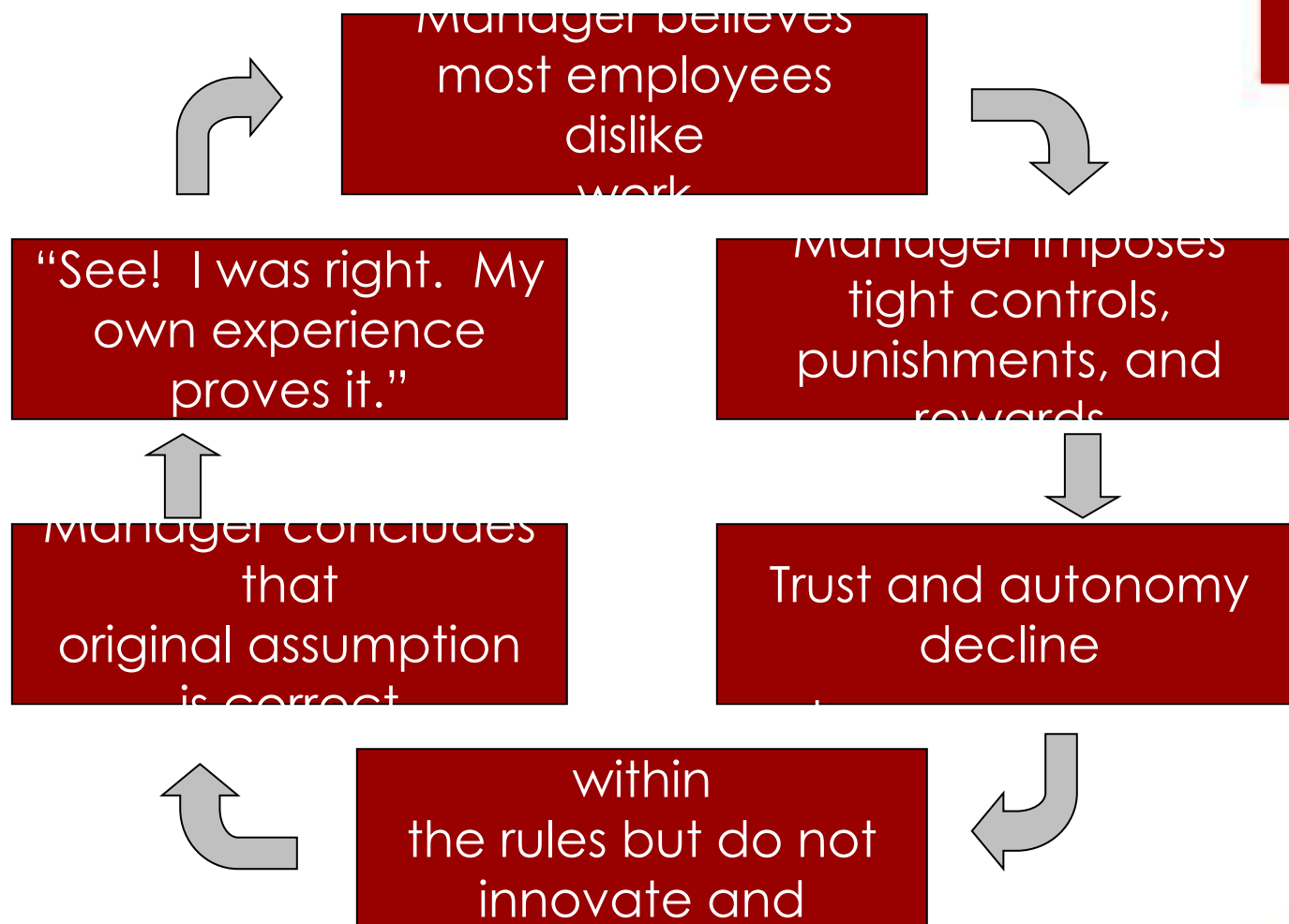
- Question: Do you think most of the students in the world are **lazy** or **hard-working**?

# Assumptions about human nature



<b>Theory X</b>	<b>Theory Y</b>
People have an inherent dislike for work.	People will exercise self-direction and self-control in their work.
People must be coerced, controlled, directed, and/or threatened.	People learn to accept and even seek responsibility.
People avoid responsibility; they seek security above all.	The capacity to exercise a high degree of imagination, ingenuity, and creativity in the solution of problems is widely distributed.

# Self-Sealing Value Loop





**Figure 18.6**

## Main stages in the process of delegation

Clarification of objectives, policies and procedures;  
ensuring suitable patterns of organisation



Agreement on terms of reference;  
acceptance of authority and responsibility



Guidance, support and training;  
patterns of communication with other people



Agreement on monitoring and review procedures,  
and standards and measurement of performance



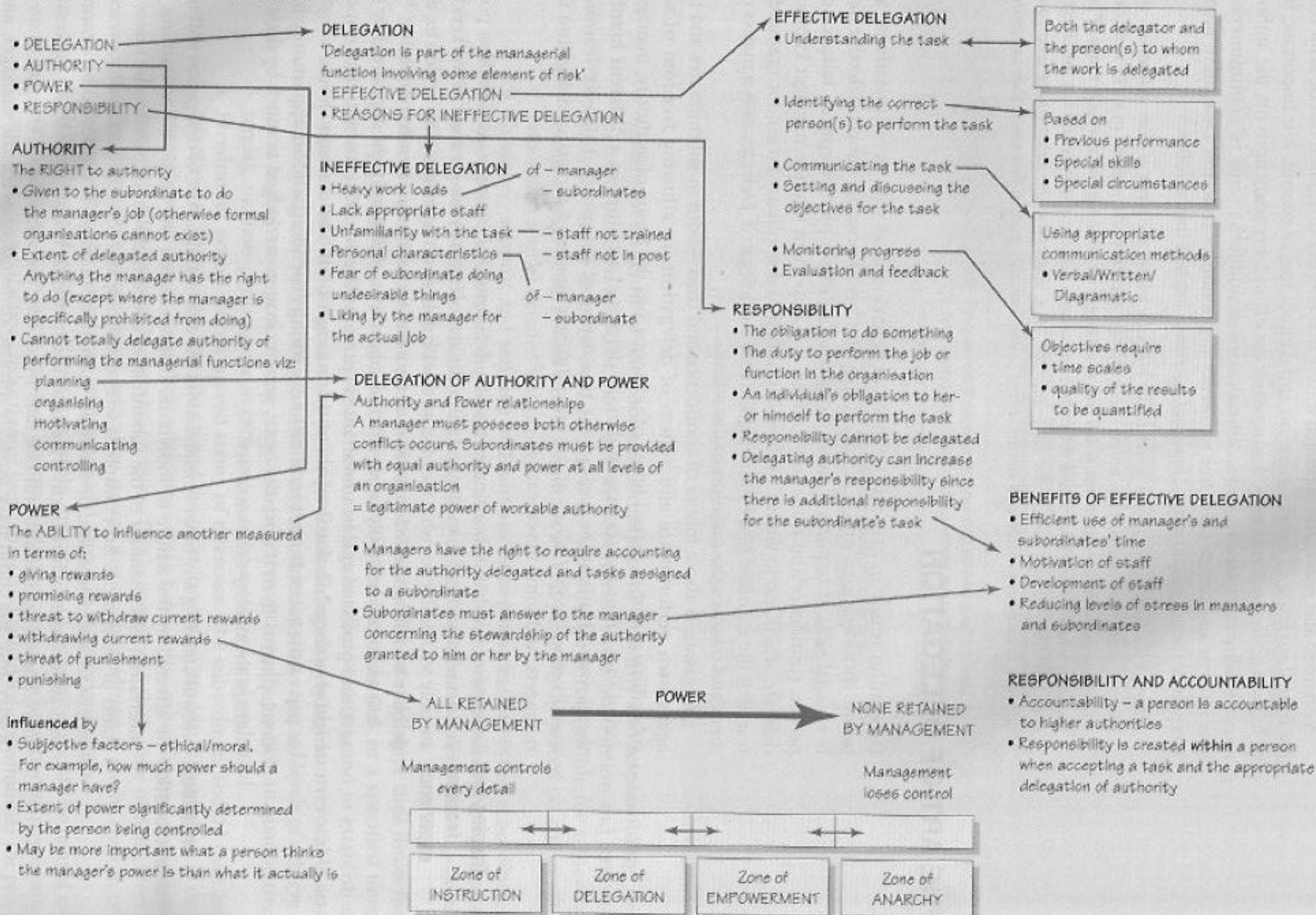
Allowing subordinate freedom of action  
within agreed terms of reference



Related reward systems

**Figure 18.7** Concept map of delegation, authority, power and responsibility

## DELEGATION, AUTHORITY, POWER AND RESPONSIBILITY

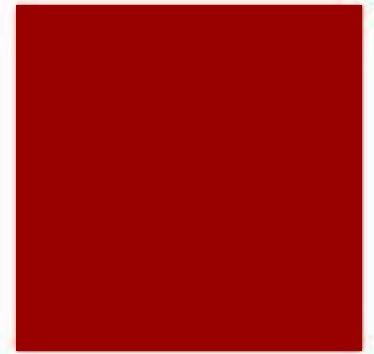


# Empowerment

- - Allowing employees more freedom, autonomy and self-control over their work, and responsibility for decision-making
  - **Anticipated effects:**
    - Motivated staff
    - Quality customer service
    - Improved profits

**Question:** Would you want to empower your employees this way? Will it work for our country?

# Gender Differences



# Women and minority management



- So-called “male values”
  - Rationality, competition, control, and self-assertion
- So-called “female values”
  - Intuition, caring, emotion, acceptance, and cooperation
- “Glass ceiling”??



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# Glass Ceiling

- An invisible barrier separates women and minorities from top management positions
- Fortune 500 Women Corporate Officers
  - 2005 = 16.4%
  - 2000 = 12.5%
  - 1995 = 8.7%
- Only **eight** Fortune 500 companies have female CEOs

# Cultural Influences

## ■ Culture influences:

- the types of people that are described as managers
- the qualities valued in managers
- the level and scope of managerial work
- styles of management.

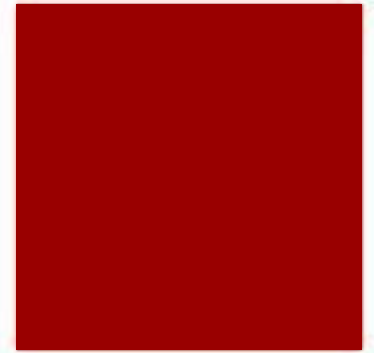
## ■ EXAMPLES:

- in **Malaysia**, all administrative and managerial personnel are described as **managers**
- in **France**, executives and professional employees are **not** included as **managers**
- in **South Korea**, graduates recruited to white-collar jobs would be defined as **managers** even though they would not be promoted to managerial work until later in their career.

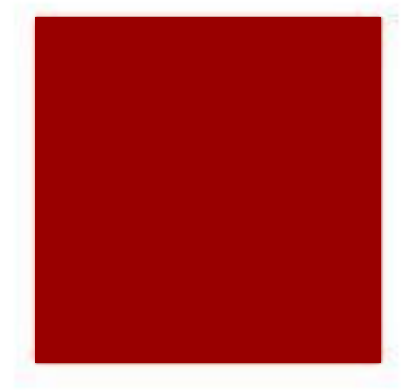
**QUESTION: What about our country?**



# Managers' role: what they do?

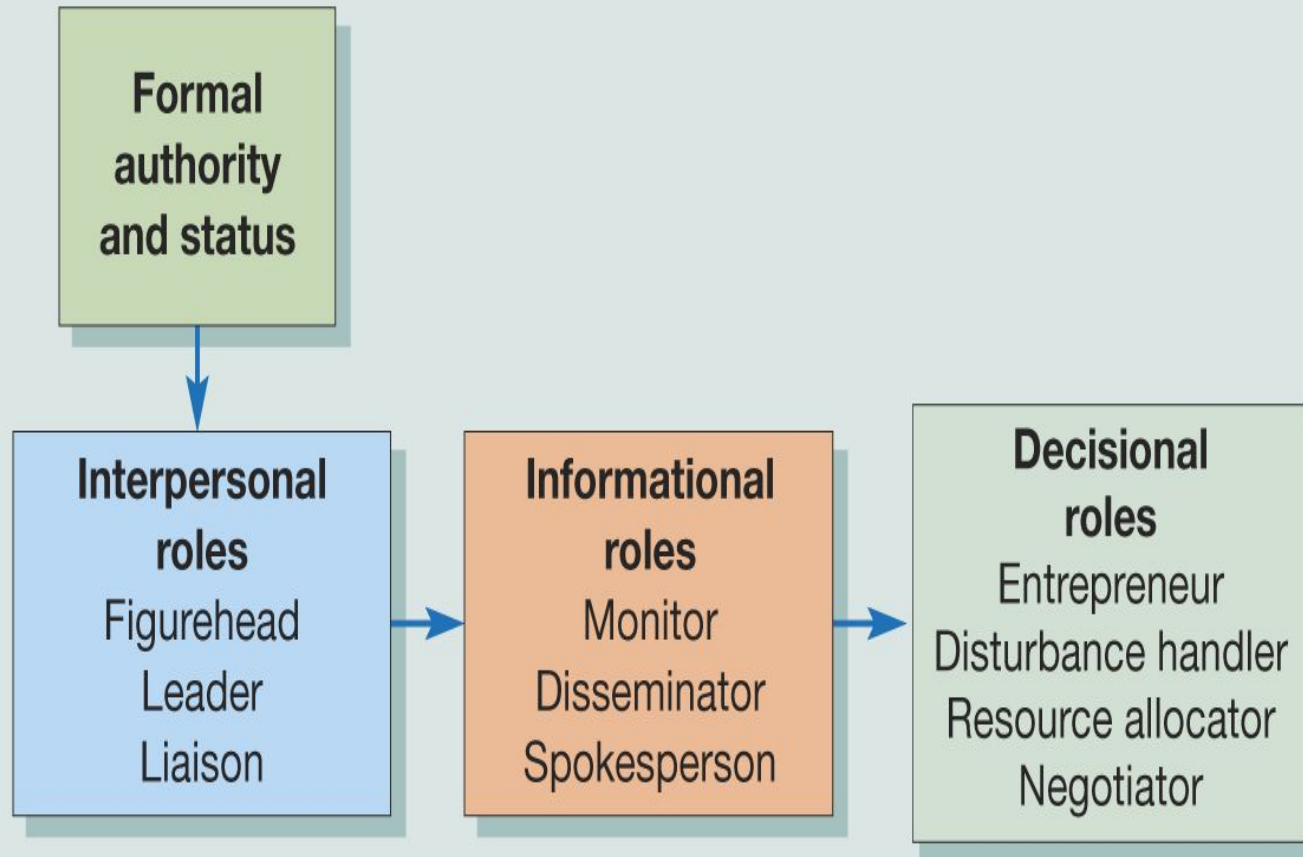


# Managers' activities according to Gulick and Urwick



- Planning
- Organising staffing
- Directing
- coordinating
- reporting
- budgeting.

# The manager's roles: Mintzberg



Folklore	Fact
1 The manager is a reflective, systematic planner.	Study after study has shown that managers work at an unrelenting pace, that their activities are characterised by brevity, variety, and discontinuity, and that they are strongly oriented to action and dislike reflective activities.
2 The effective manager has no regular duties to perform	In addition to handling exceptions, managerial work involves performing a number of regular duties, including ritual and ceremony, negotiations and processing of soft information that links the organisation with its environment.
3 The senior manager needs aggregated information, which a formal management information system best provides.	Managers strongly favour the oral media – namely, telephone calls and meetings.
4 Management is, or at least is quickly becoming, a science and a profession.	The managers' programmes – to schedule time, process information, make decisions, and so on – remain locked deep inside their brains.

**Table 3.1 Mintzberg's 'folklore and facts' of management**

*Source: Mintzberg, 1989, pp.10–14*

# Lawrence's study results

Activity	Percentage of manager's time	
	<i>German</i>	<i>British</i>
Attending regularly scheduled meetings	9.78	15.5
Attending irregular meetings	12.62	14.46
Ad hoc discussion	20.07	17.93
Being on the shop floor	16.87	17.35
On the telephone	10.56	7.23
Working in the office	11.56	11.16
Talking to researchers	10.45	13.08
Various other activities	8.02	4.08

**Table 3.2 Lawrence's results from his German-British comparison of managers' use of time**

# Comparing studies

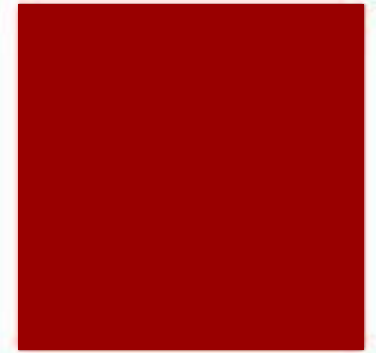
- Managers may in practice **do different things** to what the theory states: the 'roles' of a manager may not be what actually happens in practice.

# HW 3 due to Sep 17!



1. Are the results shown in studies by Lawrence and Mintzberg consistent with the situation in Kazakhstan? Explain
2. Interview one manager to find out his/her main duties
  1. Provide name/occupation/work place
  2. Create a table same to one on p. 52 in your Guide book (you can add or remove activities)
  3. Analyze your table and discuss your findings, did you have any unexpected results? If you could change something, what would it be?

# MBox – Round 3



1. Find the examples of Mission and Vision statement of an existing company. Discuss the difference and uncover the main goal and important message that mission and vision carries out to stakeholders of the company.
2. Many companies have mission and vision statements only for the sake of statements. Not only employees, but manager as well, fail to pay attention to their importance and ignore to emphasize their meaning in the activities of the organization. How would you resolve this problem in your organization?