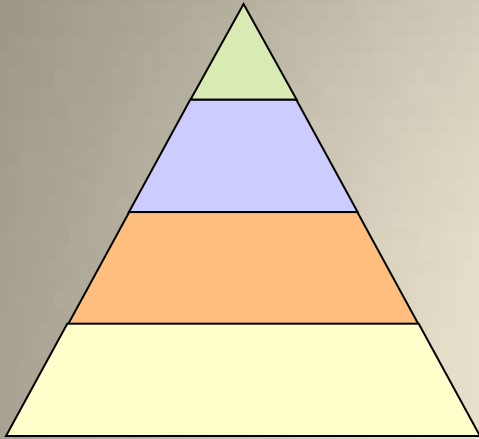


The Importance of Management



*Management –
planning, organizing, staffing, directing, & controlling*

Achieving objectives requires skilled
management

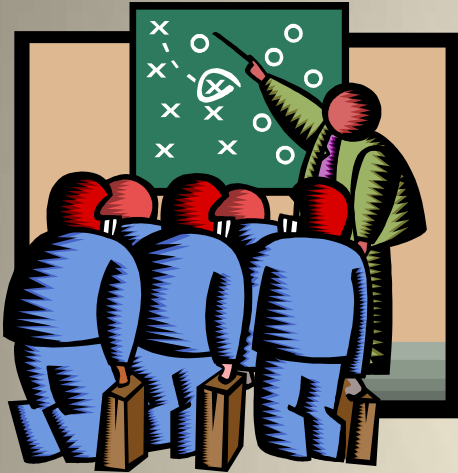
The Importance of Management



Management

Process designed to achieve an organization's objectives by using its resources effectively & efficiently in a changing environment.

The Importance of Management



What Managers Do



Make decisions – utilization of resources – achieve objectives:

- Planning
- Organizing
- Staffing
- Directing
- Controlling

The Importance of Management



New Product Development

- Boeing Airline's [787 Dreamliner](#)
- 892 sold @ \$169 million each
- \$145 billion total sales
- 57 global customers

The Importance of Management



Resource acquisition & coordination

Resources

- People
- Raw materials
- Equipment
- Money
- Information

Management Functions



Management Functions



Planning –

Process of determining the organization's objectives and deciding how to accomplish them.

Management Functions



Planning

Objectives – results desired by organization

Mission – organization's purpose and philosophy

Management Functions



Objectives

Common & Elaborate Organizational Objectives --

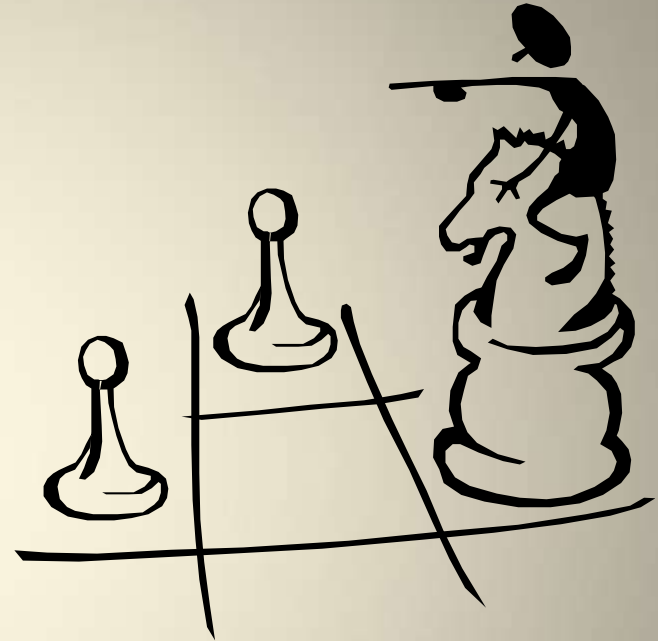
- Profit, competitive advantage, efficiency, growth
- Service, ethics, community responsibility

Management Functions



Strategic Plans

Plans



Tactical Plans

Operational Plans

Management Functions



Organizing –

Structuring of resources & activities to accomplish objectives efficiently & effectively.

Management Functions



Organizing

Importance –

- Creates synergy
- Establishes lines of authority
- Improves communication
- Improves competitiveness

Management Functions



Staffing –

Hiring people to carry out the work of the organization.

Management Functions



Staffing

Importance –

- Recruiting
- Determine skills
- Motivate & train
- Compensation levels

Management Functions



Downsizing –

Elimination of significant numbers of employees
(*rightsizing, trimming the fat*)

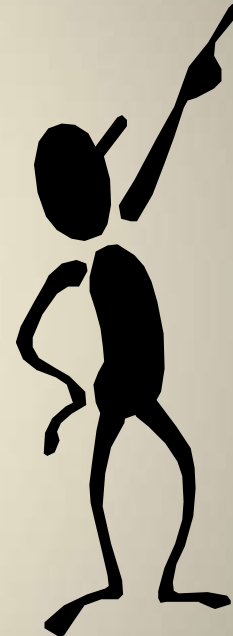
Management Functions



Directing –

Motivating and leading employees to achieve organizational objectives.

Management Functions -- *Directing*



Motivation

- Incentives (raise, promotion)
- Employee involvement (cost reduction, customer service, new products)
- Recognition and appreciation

Management Functions



Controlling –

Process of evaluating and correcting activities to keep organization on course,

Management Functions



Five Activities –

- Measuring performance
- Comparing performance against standards
- Identifying deviations from standards
- Investigating causes of deviations
- Taking corrective action

Directing

- Direction is a function of management performed by top level management in order to achieve organizational goals. It is very important and necessary function of management.

What is principle of directing?

- Management has to undertake various activities like, guide people, inspire and lead them as well as supervision of their activity is required in order to achieve desired results.

Nature or Characteristics of Direction

- 1. It is a Dynamic Function**
- 2. It Initiates Action**
- 3. It Provides Necessary Link between Various Managerial Functions**
- 4. It is a Universal Function**
- 5. It is Concerned with Human Relationships**

Principles of Effective Direction

- 1. Harmony of Objectives**
- 2. Unity of Command**
- 3. Unity of Direction**
- 4. Direct Supervision**
- 5. Participative or Democratic Management**
- 6. Effective Communication**
- 7. Follow-up**

Characteristics of Direction Function

DEMO

Direction has got following characteristics:

Pervasive Function: Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.

Human Factor: Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behaviour is unpredictable, direction function becomes important.

Continuous Activity: Direction is a continuous activity as it is continuous throughout the life of organization.

Functions of Directing

- It guides and helps the subordinates to complete the given task properly and as per schedule.
- It provides the necessary motivation to subordinates to complete the work satisfactorily and strive to do them best.
- It helps in maintaining discipline and rewarding those who do well.
- Directing involves supervision, which is essential to make sure that work is performed according to the orders and instructions.

Directing involves

- Telling people what is to be done and explaining how to do it.
- Issuing instructions and orders to subordinates.
- Inspiring them to contribute towards the achievement of objectives.
- Supervising their activities; and
- Providing leadership and motivation.

Elements of Directing

- Issuing orders and instructions
 - Supervision
 - Leadership
 - Motivation
 - Communication
 - Co-ordination

Elements of Directing

- ▶ **Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.
- ▶ **Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with passion to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
- ▶ **Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
- ▶ **Communications-** is the process of passing information, experience, opinion etc. from one person to another.

Definition of Motivation

Motivation - the process of arousing and sustaining goal-directed behavior



Motivation



- ⌘ Any influence that triggers, directs or maintains behavior
- ⌘ Research is based upon different variables that affect motivation
 - ☑ Individual Differences
 - ☑ Organizational Contexts
 - ☑ Manager Behaviors
 - ☑ Process Theories

Content Versus Process Motivation Theories



⌘ Content theories

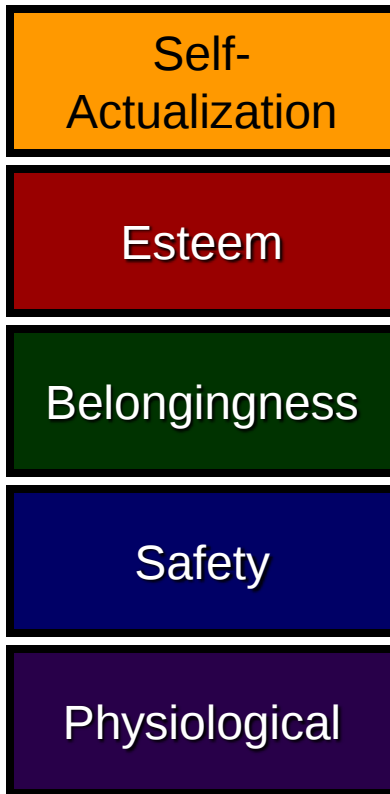
☒ explain why people have different needs at different times

● Process theories

- describe the processes through which needs are translated into behavior

Content Theories of Motivation

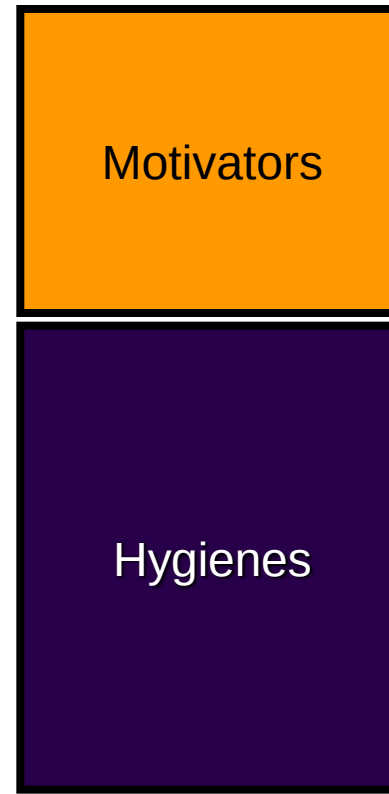
Maslow's Need Hierarchy



Alderfer's ERG Theory



Herzberg's Theory



McClelland's Learned Needs



Maslow's Hierarchy



- ⌘ Each individual has needs, or feelings of deficiency that drive their behavior
- ⌘ Once a need is satisfied, then it is no longer motivating
- ⌘ Needs are in a hierarchy that an individual moves up as they satisfy levels of needs

Practical Implications of Content Theories



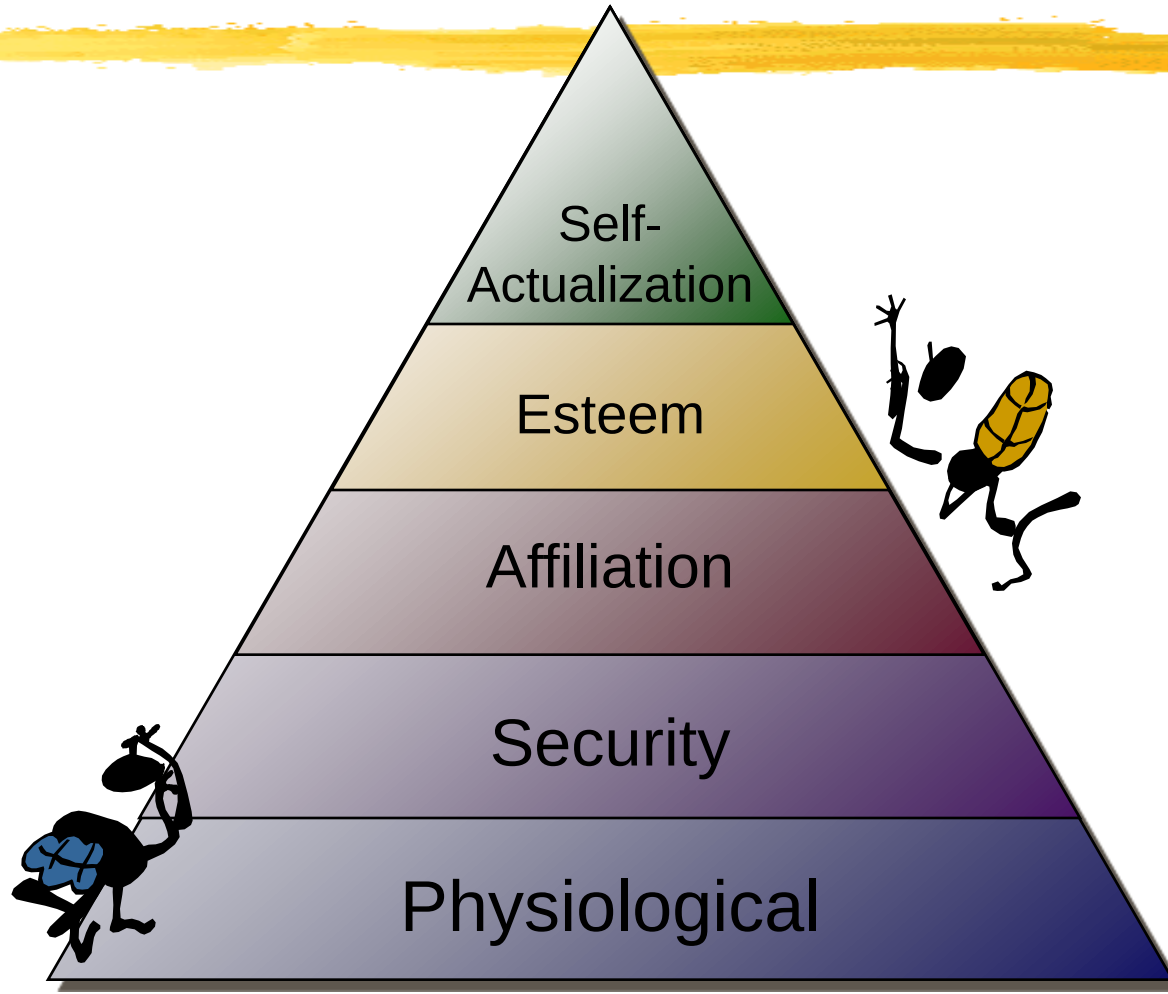
- ⌘ People have different needs at different times
- ⌘ Offer employees a choice of rewards -
 - a flexible reward system
- ⌘ Do not rely too heavily on financial rewards
 - ☑ they mainly address lower level needs

Maslow's Hierarchy



- ⌘ Each individual has needs, or feelings of deficiency that drive their behavior
- ⌘ Once a need is satisfied, then it is no longer motivating
- ⌘ Needs are in a hierarchy that an individual moves up as they satisfy levels of needs

Maslow's Hierarchy



Adapted from Figure 14.2

Levels of Needs



⌘ Physiological/Survival needs

- ☑ Food, Clothing, Shelter, Air

⌘ Security

- ☑ Feel safe, absence of pain, threat, or illness

⌘ Affiliation

- ☑ friendship, company, love, belonging

- ☑ first clear step up from physical needs

Need levels (cont.)



⌘ Esteem Needs

- ☑ self-respect, achievement, recognition, prestige
- ☑ cues a persons worth

⌘ Self-Actualization

- ☑ personal growth, self-fulfillment, realization of full potential
- ☑ Where are YOU on the hierarchy???

Alderfer's ERG

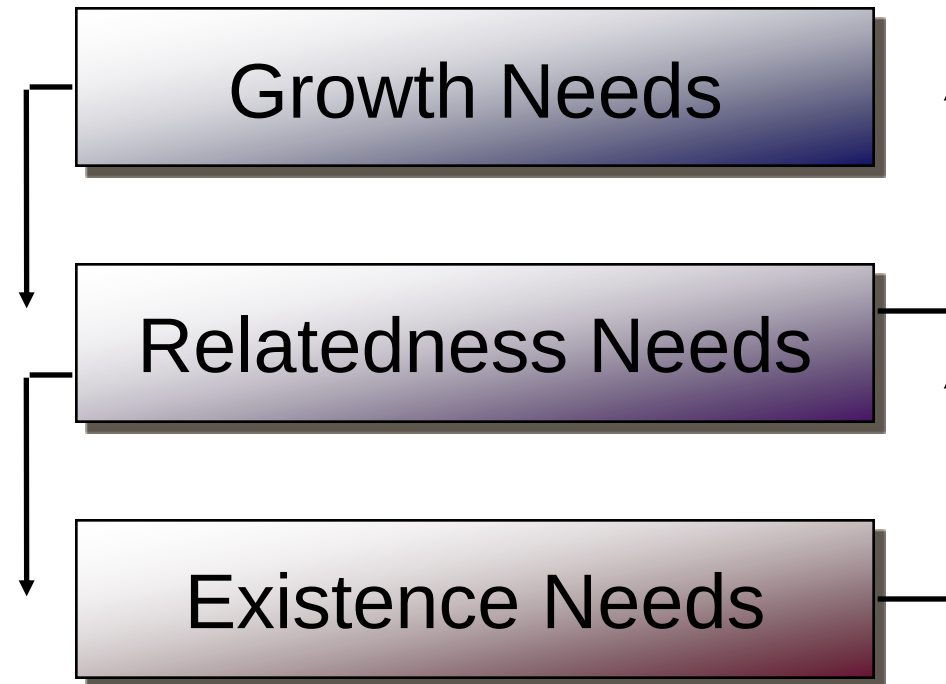


- ⌘ Consolidates Maslow into 3 categories
- ⌘ Existence-physiological and security
- ⌘ Relatedness-affiliation
- ⌘ Growth-esteem and self-actualization

ERG Model of Motivation

Frustration-Regression

Satisfaction-Progression



Adapted from Figure 14.3

Frustration-Regression



- ⌘ Differs from Maslow
- ⌘ When unable to satisfy upper level needs, the individual will revert to satisfying lower level needs
- ⌘ Interesting point from research....growth stimulates growth

McClelland's Learned Needs



- ⌘ Needs are acquired through interaction with environment
- ⌘ Not a hierarchy, but degrees of each type of need or motive

Types of Needs



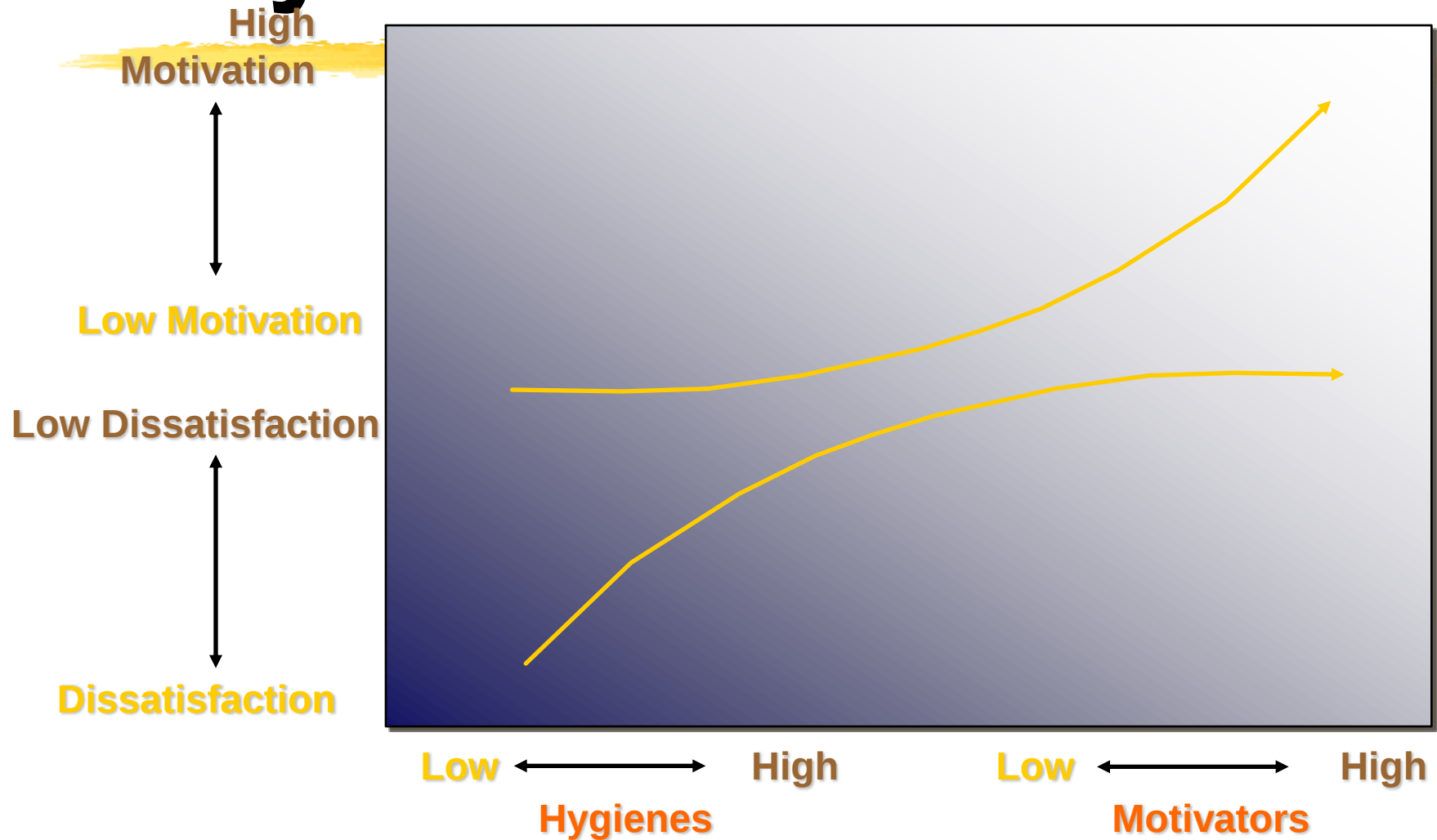
- ⌘N Ach-motive to meet some standard of excellence or to compete
- ⌘N Aff-motive to develop and maintain close and meaningful relationships
- ⌘N Pow-desire to influence and control others and the environment

Herzberg's Two Factor Theory



- ⌘ Some variable prevent job dissatisfaction and some variables produce motivation
- ⌘ Hygiene factors-basic needs that will prevent dissatisfaction
 - ☑ light, temperature, pay, parking
- ⌘ Motivators
 - ☑ when present cause high levels of motivation
 - ☑ interesting work, advancement, growth, etc.

Herzberg's Two Factor Theory



Adapted from Figure 14.4

Process Theories



⌘ Reinforcement Theory

⌘ Expectancy

⌘ Equity

⌘ Justice Theory

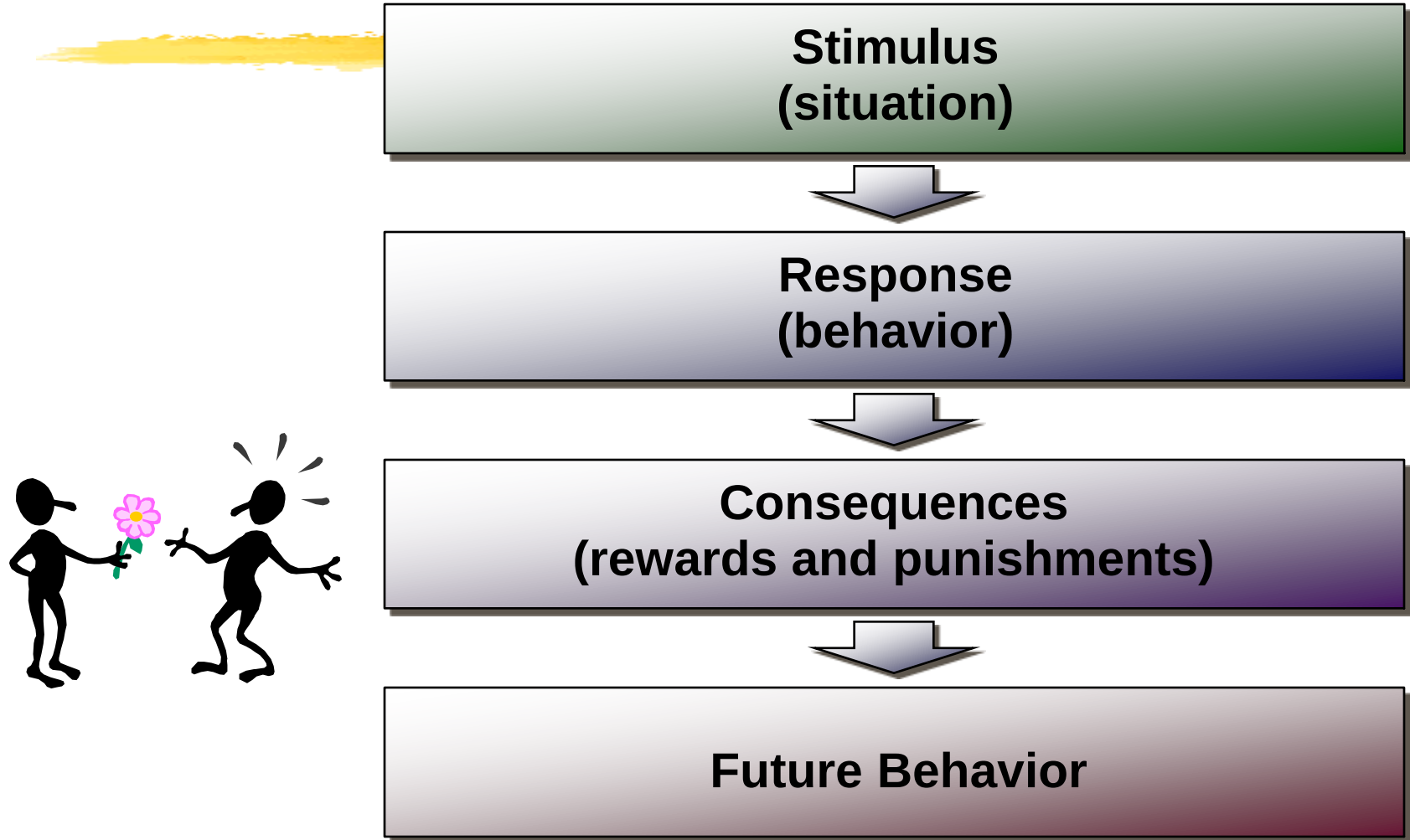
⌘ Goal Setting

Types of Reinforcement



- ⌘ Positive Reinforcement-rewards
- ⌘ Punishment-Application of a negative outcome
- ⌘ Negative Reinforcement-removal of negative outcomes when behavior is performed
- ⌘ Extinction-absence of reinforcement (removal of positive reinforcement)
- ⌘ Drawbacks

Reinforcement Process



Source: From L. W. Porter and E. E. Lawler III.
Managerial Attitudes and Performance. Homewood,
Ill.: Irwin, 1968, p. 165. Used with permission

Adapted from Figure 14.6

Types of Rewards



- ⌘ Extrinsic-external rewards such as money, fringe benefits, job security
- ⌘ Intrinsic-internal satisfaction outcomes from doing work
- ⌘ Satisfaction-employee's attitude about work situations
- ⌘ Intrinsic motivation and Intrigue??????

Equity Theory



- ⌘ Individuals try to find a balance between their inputs and outputs relative to a referent other
- ⌘ However, a referent other is not always present

Results of Inequity



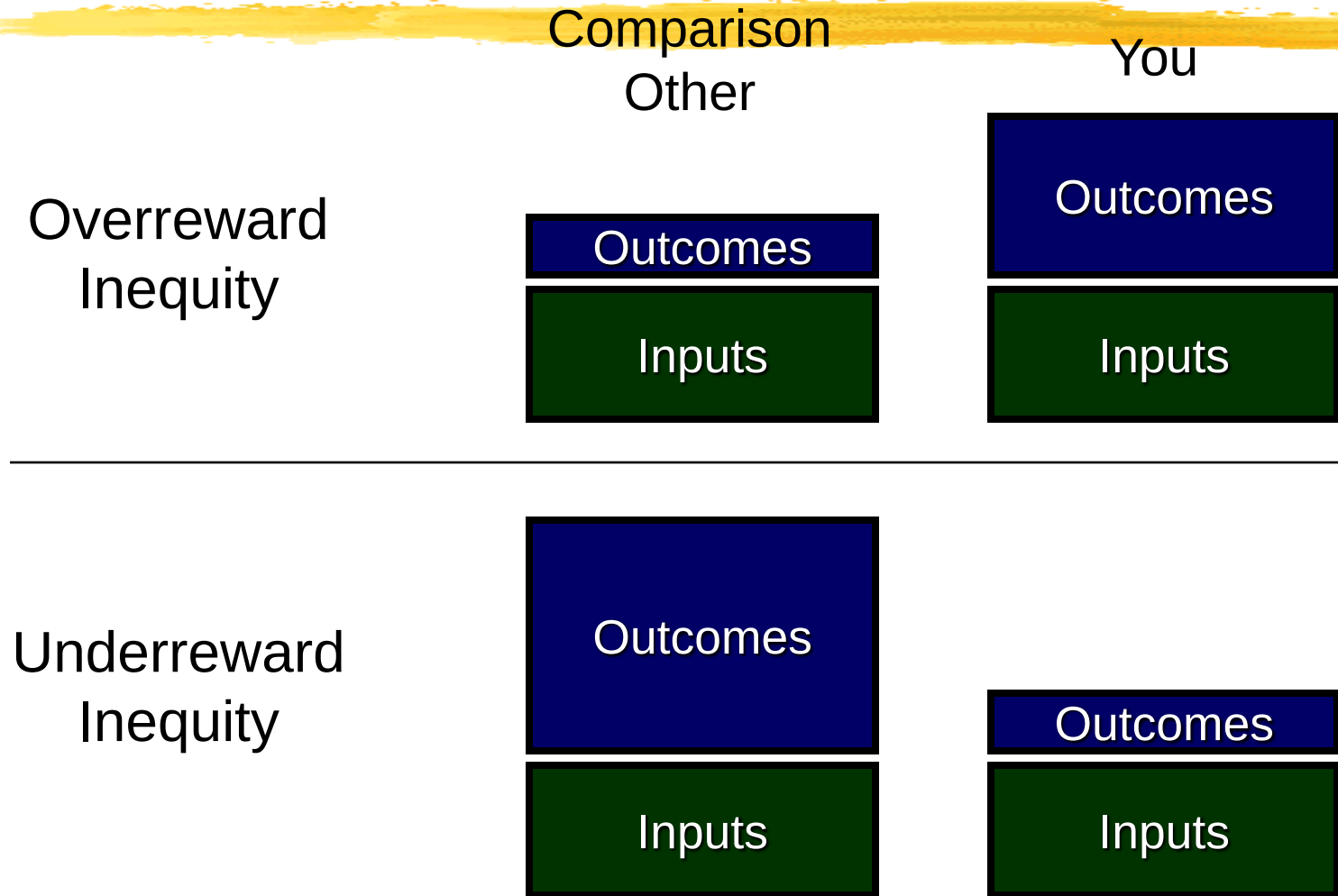
- ⌘ Equity-I am being treated fairly
- ⌘ Under-rewarded-will look to increase rewards, or decrease inputs to match rewards
- ⌘ Over-rewarded-will change referent to match cognitions or increase inputs
- ⌘ Leaving and distortion

Reinforcement Theory



- ⌘ Behaviors are functions of consequences that they produce
- ⌘ If a behavior is followed by a pleasant experience it will be repeated
- ⌘ In order to change behaviors the consequences must be changed

Overreward Versus Underreward Inequity

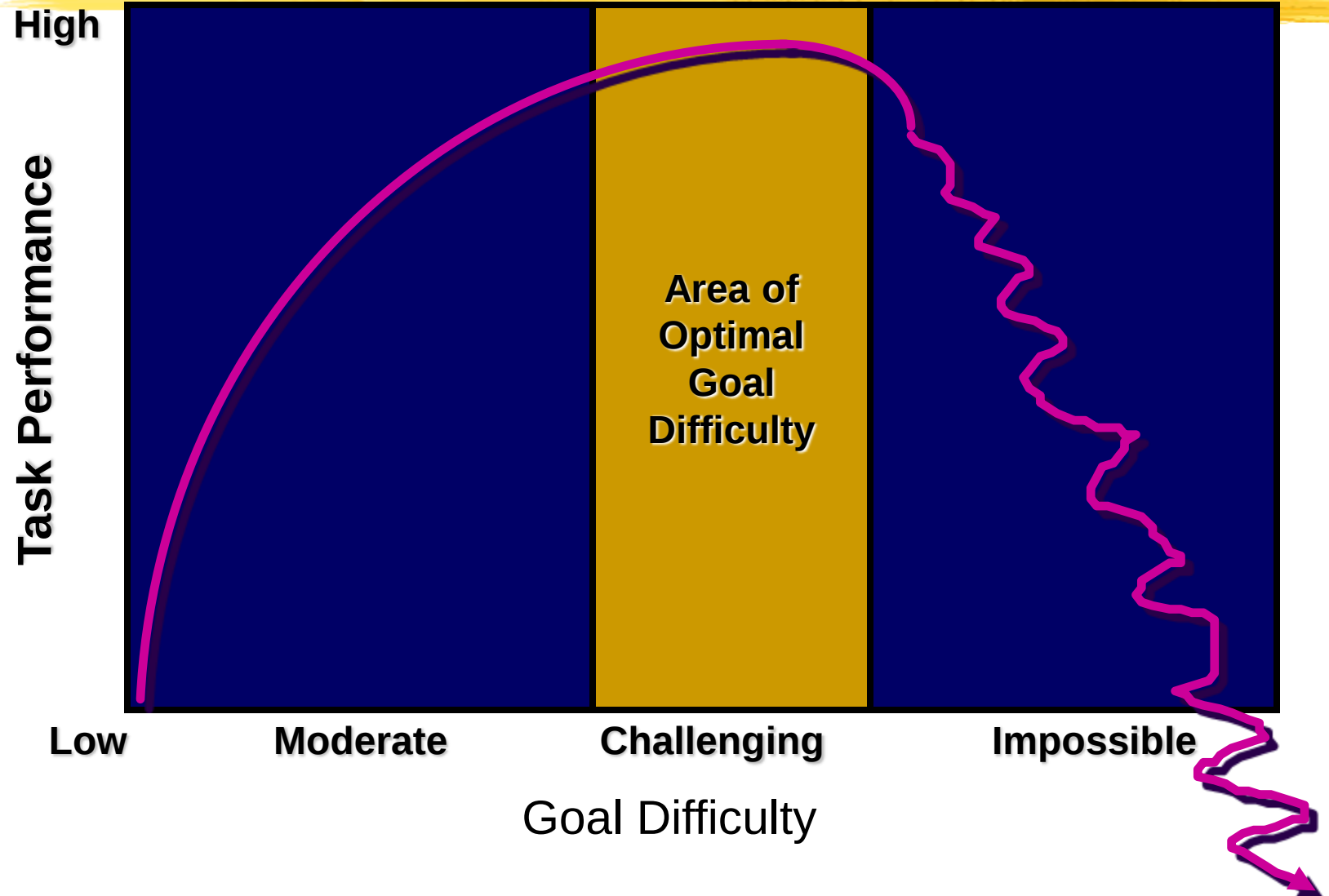


Goal Setting Theory



- ⌘ Assignment of specific, moderately difficult, and providing feedback will provide motivation to work
- ⌘ Employee participation
- ⌘ Receive rewards
- ⌘ Provide competencies for achievement

Effect of Goal Difficulty on Performance



Expectancy Theory



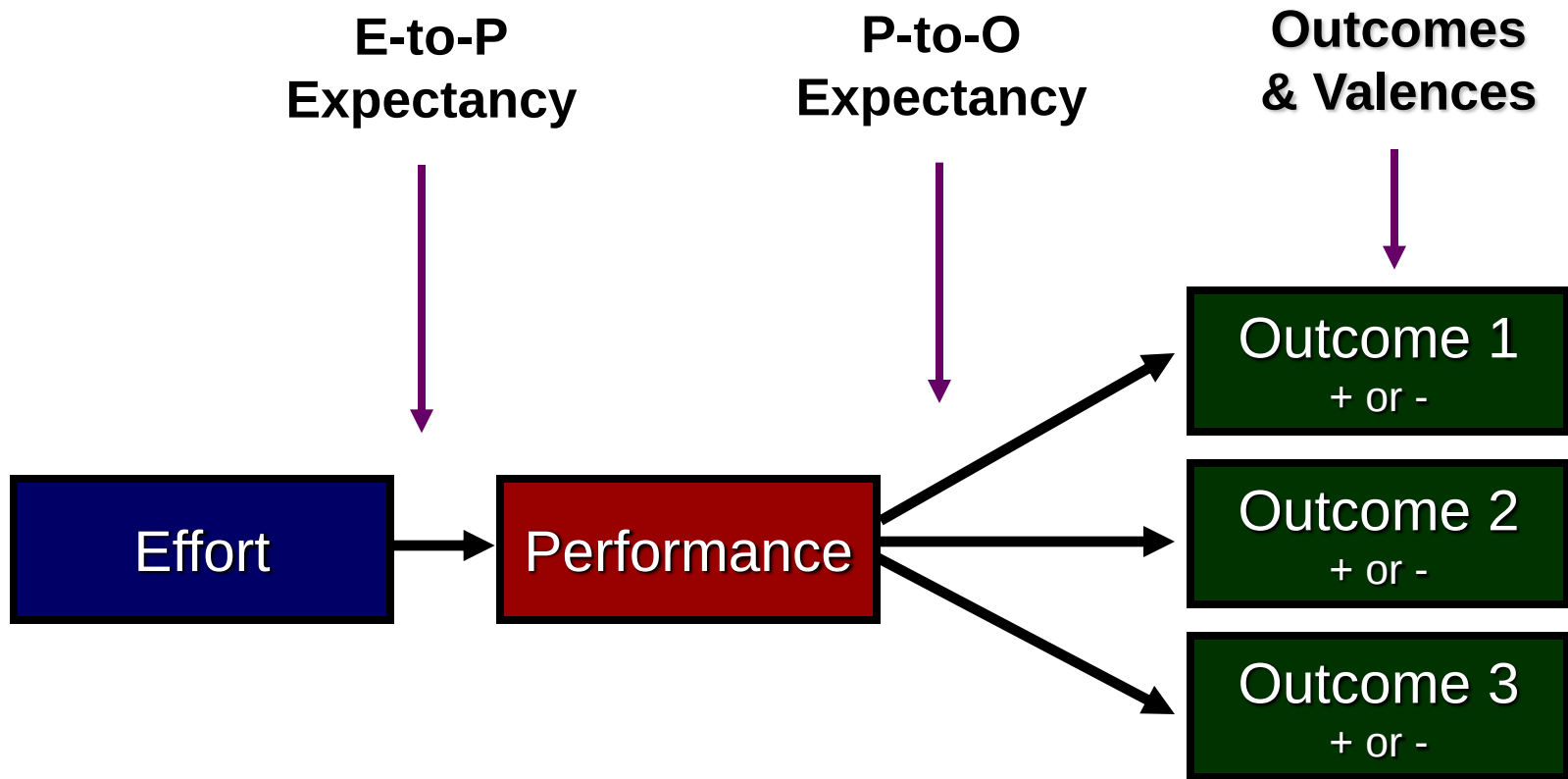
- ⌘ Combines goal setting and reinforcement theories
- ⌘ Three questions drive motivation
 - ☑ With effort can I perform?
 - ☑ With performance, will I be rewarded?
 - ☑ Do I value the rewards?

Terms



- ⌘ Expectancy-belief that effort will lead to performance
- ⌘ Instrumentality-performance leads to rewards (does performance level matter)
- ⌘ Valence-value of rewards

Expectancy Theory of Motivation



Justice Theory



- ⌘ Procedural Justice - fairness issues concerning the methods, mechanisms, and processes used to determine outcomes
- ⌘ Distributive Justice - concerns the fairness of outcomes, includes equity theory
- ⌘ Interactional Justice - concerns the way one is treated informally during procedures and distributions

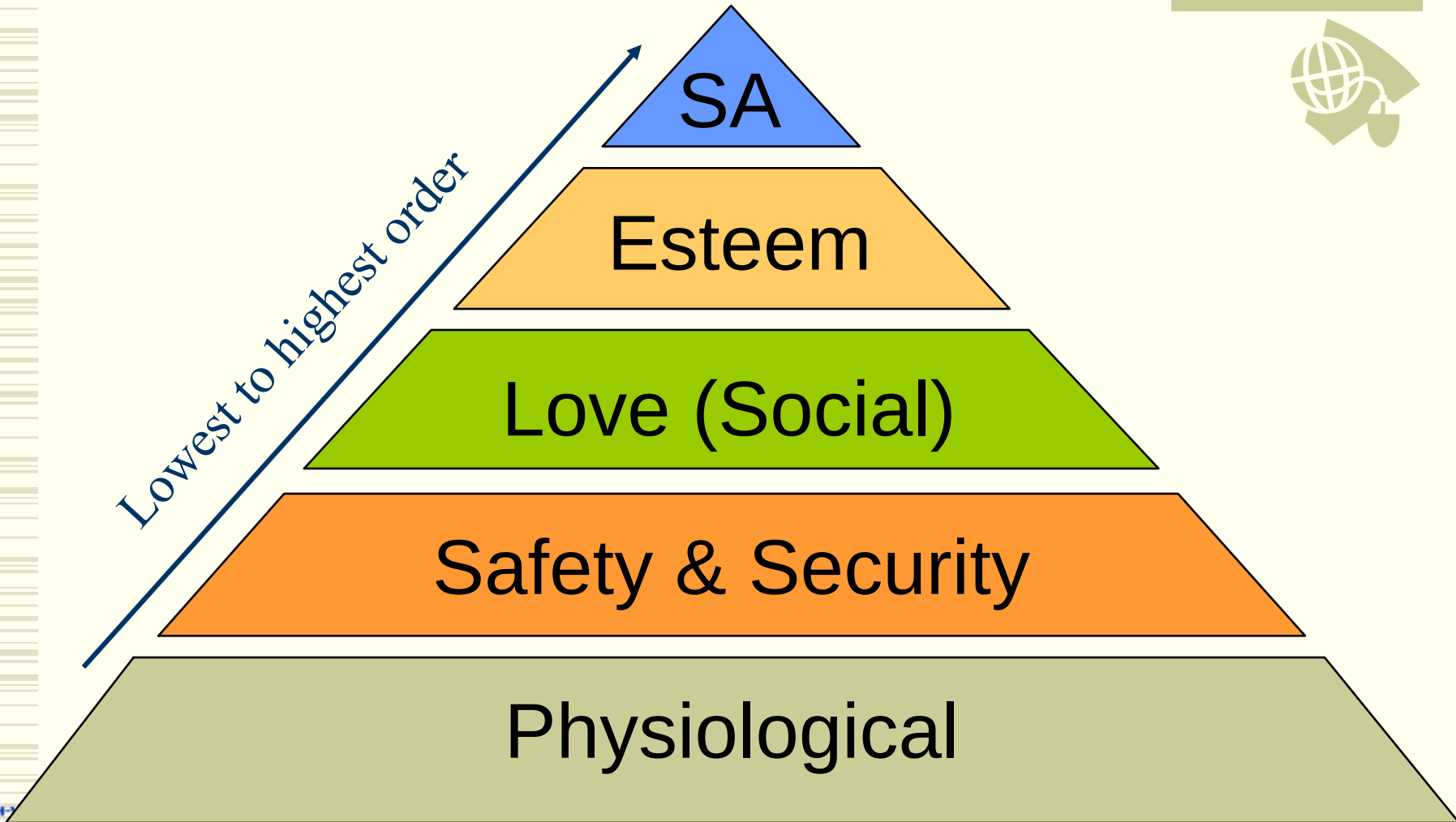
3 Groups of Motivational Theories

- ◆ Internal
 - Suggest that variables within the individual give rise to motivation and behavior
 - Example: Maslow's hierarchy of needs theory
- ◆ Process
 - Emphasize the nature of the interaction between the individual and the environment
 - Example: Expectancy theory
- ◆ External
 - Focus on environmental elements to explain behavior
 - Example: Two-factor theory

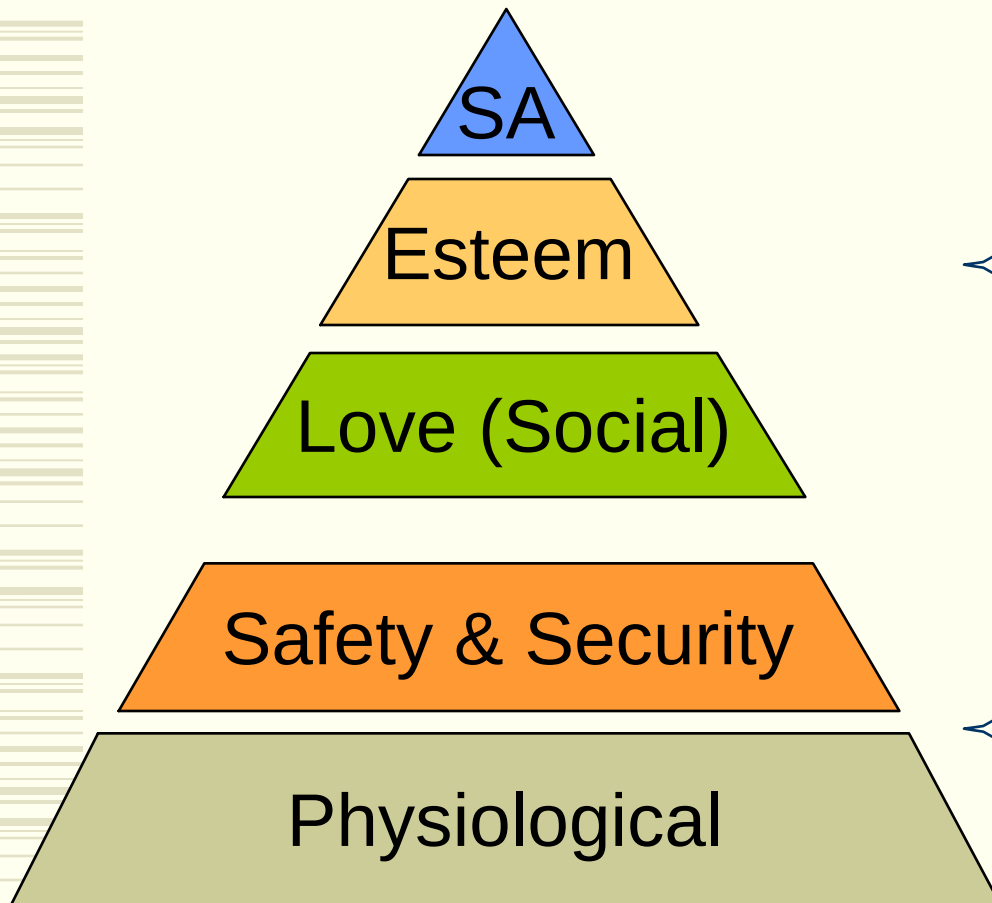
Early Philosophers of Motivational Theories

- ◆ Max Weber—work contributes to salvation; Protestant work ethic
- ◆ Sigmund Freud—delve into the unconscious mind to better understand a person's motives and needs
- ◆ Adam Smith—"enlightened" self-interest; that which is in the best interest and benefit to the individual and to other people
- ◆ Frederick Taylor—founder of scientific management; emphasized cooperation between management and labor to enlarge company profits

Maslow's Hierarchy of Needs



Motivational Theories X & Y

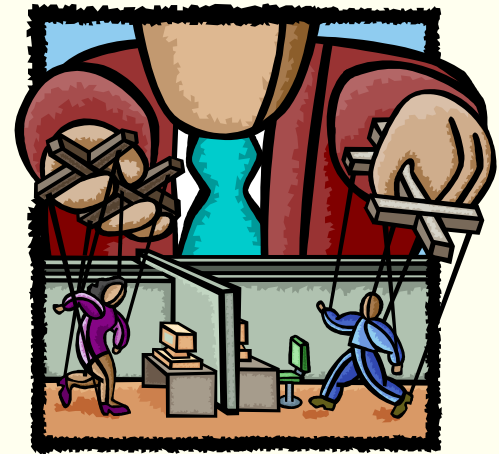


Theory Y - a set of assumptions of how to manage individuals motivated by higher order needs

Theory X - a set of assumptions of how to manage individuals motivated by lower order needs

McGregor's Assumptions About People Based on Theory X

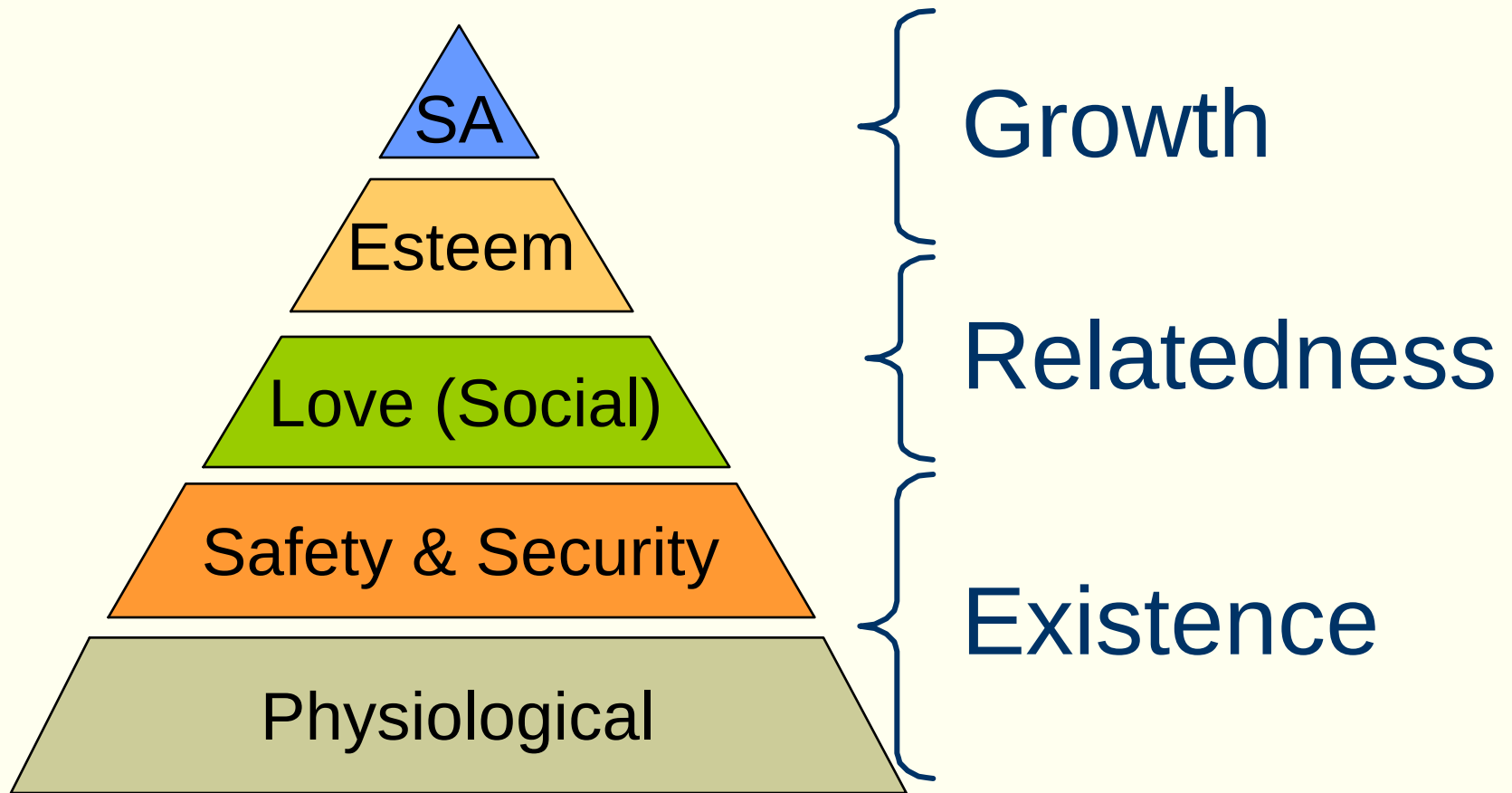
- ◆ Naturally indolent
- ◆ Lack ambition, dislike responsibility, and prefer to be led
- ◆ Inherently self-centered and indifferent to organizational needs
- ◆ Naturally resistant to change
- ◆ Gullible, not bright, ready dupes



McGregor's Assumptions About People Based on Theory Y

- ◆ Experiences in organizations result in passive and resistant behaviors; they are not inherent
- ◆ Motivation, development potential, capacity for assuming responsibility, readiness to direct behavior toward organizational goals are present in people
- ◆ Management's task—arrange conditions and operational methods so people can achieve their own goals by directing efforts to organizational goals

Alderfer's ERG Theory



McClelland's Need Theory: Need for Achievement

Need for Achievement - a manifest (easily perceived) need that concerns individuals' issues of excellence, competition, challenging goals, persistence, and overcoming difficulties



McClelland's Need Theory: Need for Power

Need for Power - a manifest (easily perceived) need that concerns an individual's need to make an impact on others, influence others, change people or events, and make a difference in life



McClelland's Need Theory: Need for Affiliation

Need for Affiliation - a manifest (easily perceived) need that concerns an individual's need to establish and maintain warm, close, intimate relationships with other people



3 Motivational Need Theories

	Maslow	Alderfer	McClelland
Higher Order Needs	Self-actualization Esteem self interpersonal	Growth	Need for Achievement Need for Power
	Belongingness (social & love)	Relatedness	Need for Affiliation
Lower Order Needs	Safety & Security interpersonal physical Physiological	Existence	

Herzberg's Two-Factor Theory

Hygiene Factor - work condition related to dissatisfaction caused by discomfort or pain

- maintenance factor
- contributes to employee's feeling not dissatisfied
- contributes to absence of complaints

Motivation Factor - work condition related to the satisfaction of the need for psychological growth

- job enrichment
- leads to superior performance & effort

Motivation–Hygiene Theory of Motivation

- Company policy & administration
- Supervision
- Interpersonal relations
- Working conditions
- Salary
- Status
- Security

Hygiene factors avoid
job dissatisfaction

Motivation factors
increase job satisfaction

- Achievement
- Achievement recognition
- Work itself
- Responsibility
- Advancement
- Growth
- Salary?

Motivation-Hygiene Combinations

	High M	Low M
High H	high motivation few complaints	low motivation few complaints
Low H	high motivation many complaints	low motivation many complaints

(Motivation = M, Hygiene = H)

Decision Making Conditions (contd.)

☑ Uncertainty

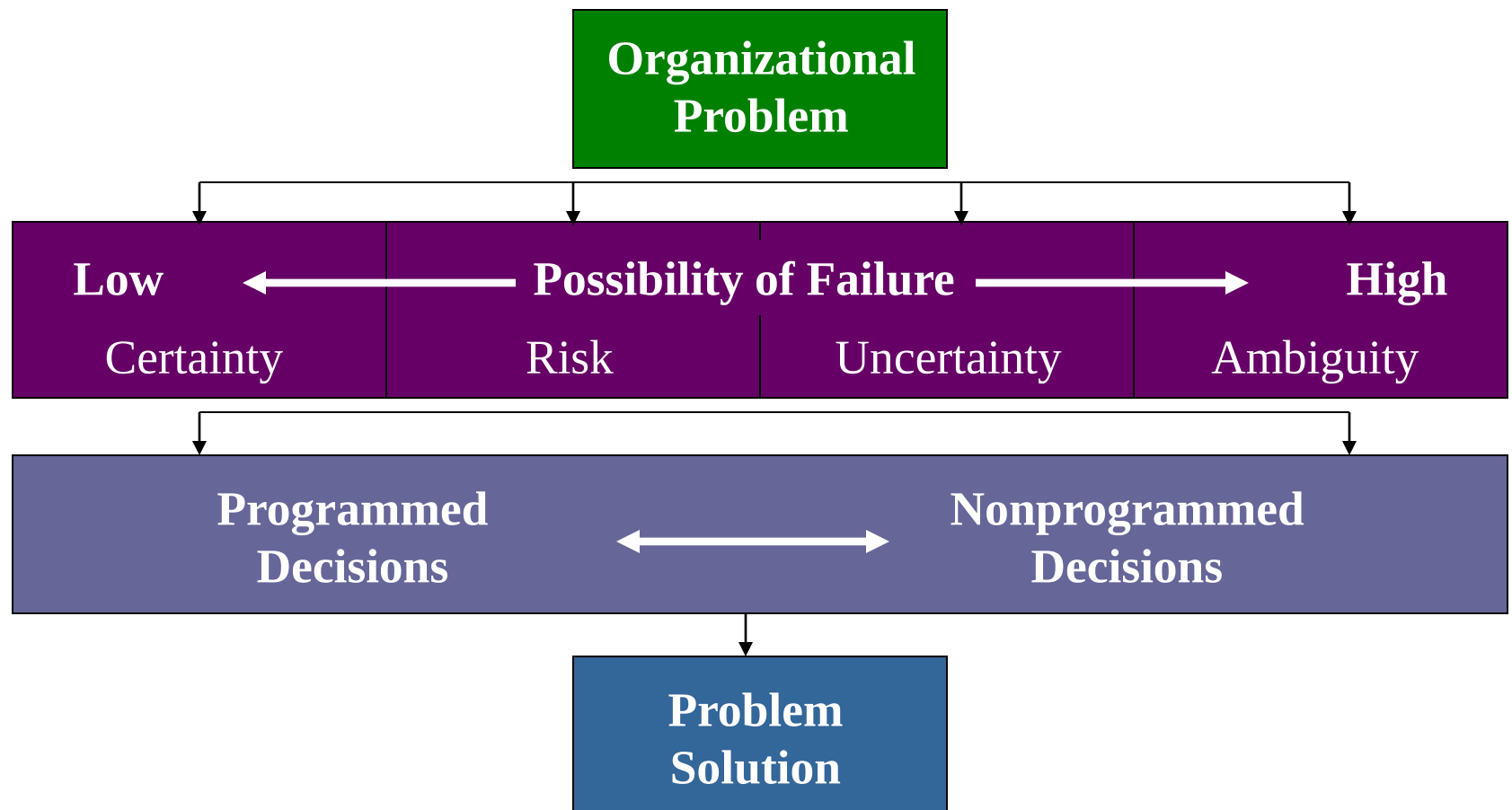
- managers know which goals they wish to achieve.
- information about alternatives and future events is incomplete.
- managers may have to come up with creative approaches to alternatives.

Decision Making Conditions (contd.)

☑ Ambiguity

- by far the most difficult decision situation.
- goals to be achieved or the problem to be solved is unclear.
- alternatives are difficult to define.
- information about outcomes is unavailable.

Ex. 6.1 Conditions That Affect the Possibility of Decision Failure





Managerial Decision Making

Types of Decisions

Programmed decisions

- ☑ situations that occur often enough to enable decision rules to be developed.

Nonprogrammed decisions

- ☑ are made in response to situations that are unique, are poorly defined and largely unstructured.

Decision Making Conditions

☑ Certainty

- all the information the decision maker needs is fully available.

☑ Risk

- decision has clear-cut goals.
- good information is available.
- future outcomes associated with each alternative are subject to chance.

Three Decision Making Models

③ Political Model

② Administrative Model

① Classical Model

Selecting a Decision Making Model

- ✓ Depends on the manager's personal preference.
- ✓ Whether the decision is programmed or non-programmed.
- ✓ Extent to which the decision is characterized by risk, uncertainty, or ambiguity.

Assumptions of the Classical Model

- ☑ Accomplishes goals that are known and agreed upon.
- ☑ Strives for certainty by gathering complete information.
- ☑ Criteria for evaluating alternatives are known.
- ☑ Decision maker is rational and uses logic.

Administrative Model

- ⇒ How managers actually make decisions in situations characterized by non-programmed decisions, uncertainty, and ambiguity.
- ⇒ Two concepts are instrumental in shaping the administrative model.
 - **bounded rationality**: means that people have limits or boundaries on how rational they can be.
 - **satisficing**: means that decision makers choose the first solution alternative that satisfies minimal decision criteria.



Political Model

- Closely resembles the real environment in which most managers and decision makers operate.
- Decisions are complex.
- Disagreement and conflict over problems and solutions are normal.
- Coalition building is important.



EX. 6.2 Characteristics of Classical, Administrative, and Political Decision-Making Models

Classical Model

Clear-cut problem and goals.

Condition of certainty.

Full information about alternatives and their outcomes.

Rational choice by individual for maximizing outcomes.

Administrative Model

Vague problem and goals.

Condition of uncertainty.

Limited information about alternatives and their outcomes.

Satisficing choice for resolving problem using intuition.

Political Model

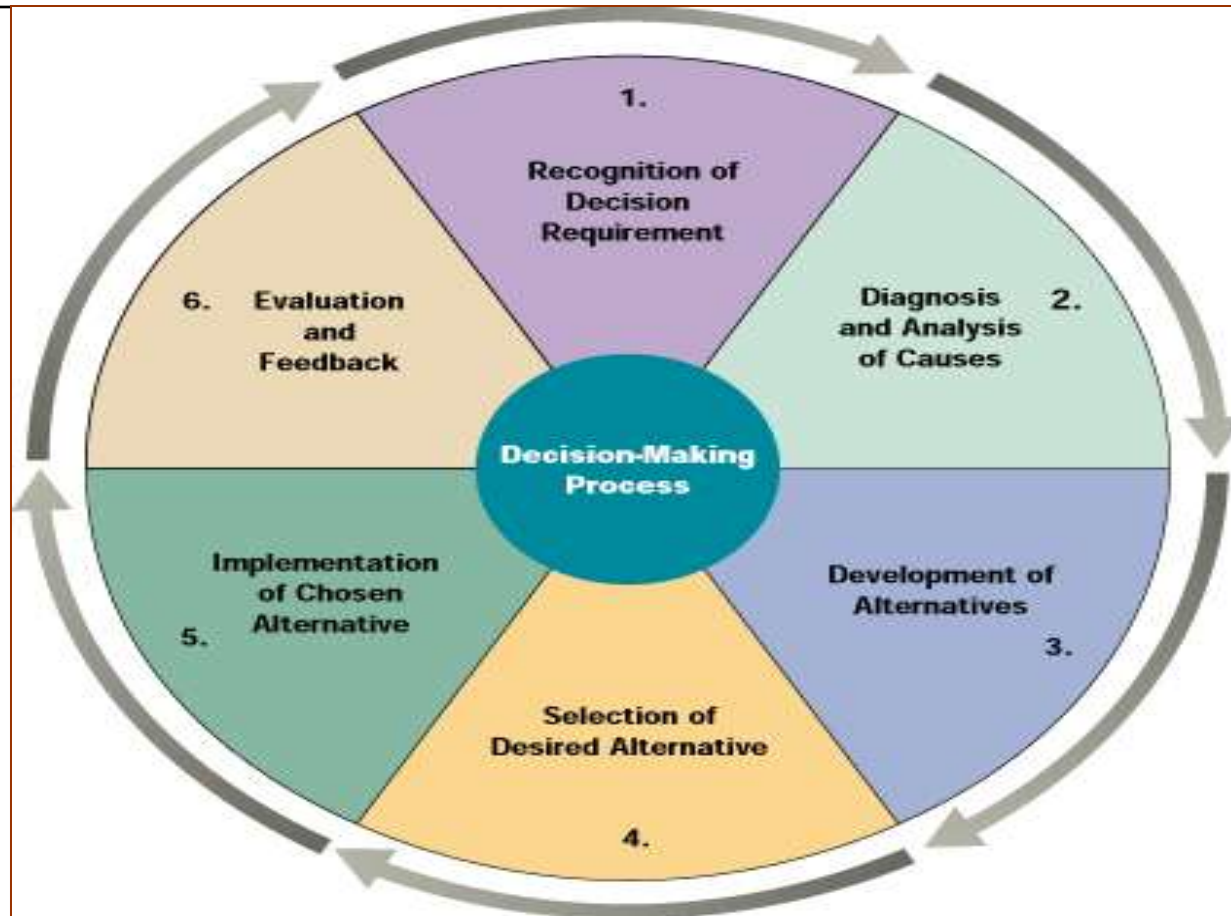
Pluralistic; conflicting goals.

Condition of uncertainty/ambiguity.

Inconsistent viewpoints; ambiguous information.

Bargaining and discussion among coalition members.

Ex. 6.3 Six Steps in the Managerial Decision-Making Process



Diagnosis Questions

(Kepner & Tregoe)

- ☒ What is the state of disequilibrium affecting us?
- ☒ When did it occur?
- ☒ Where did it occur?
- ☒ How did it occur?
- ☒ To whom did it occur?
- ☒ What is the urgency of the problem?
- ☒ What is the interconnectedness of events?
- ☒ What result came from what activity?



Personal Decision Making Styles

- ❑ Directive
- ❑ Analytical
- ❑ Conceptual
- ❑ Behavioral



Personal Decision Making Styles

□ Directive

1. Used for Quick Decisions
2. May Only Consider a few Alternatives
3. Generally Efficiency Based Managers

Personal Decision Making Styles

□ Analytical

1. Acquires as Much Data as Possible
2. Carefully Considers all Alternatives
3. Rational, Objective Decisions

Personal Decision Making Styles

□ Conceptual

1. More Socially Oriented
2. Seeks Group Consensus
3. Rely on Information from People and Systems

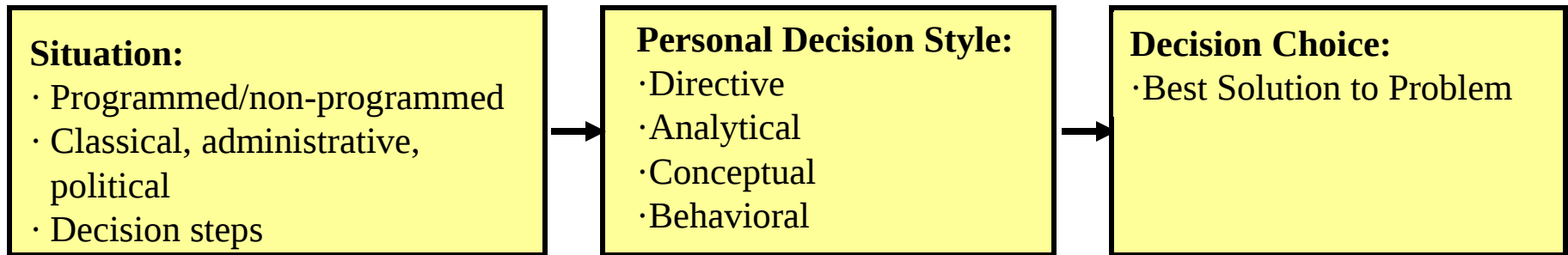


Personal Decision Making Styles

□ Behavioral

1. Deep Concern for Others
2. Understands Feelings of Those Involved
3. Concerned with Personal Development Affected by Decisions

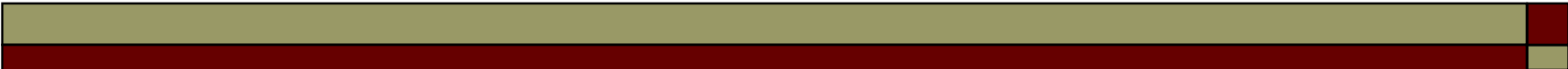
Personal Decision Framework



Group Decision Making

Questions to Determine Group Participation in Decision Making

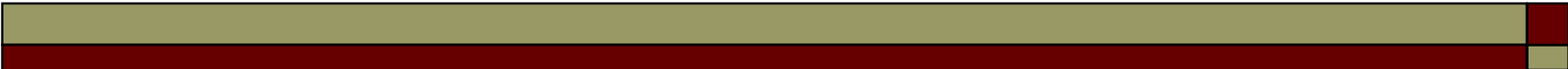
- ① Decision significance
- ② Importance of commitment
- ③ Leader expertise
- ④ Likelihood of commitment
- ⑤ Group support for goals
- ⑥ Group expertise
- ⑦ Team competence



Group Decision Making

Advantages

1. Greater Pool of Knowledge
2. Different Perspectives
3. Intellectual Stimulation
4. Better Understanding by Employees
5. Deeper Commitment to the Decision



Group Decision Making

Disadvantages

1. A Few people May Dominate
2. Groupthink
3. Satisficing
4. Goal Displacement



Group Decision Making

Concerns for Managers

1. Less Efficient
2. Size Affects Quality Inversely
3. Group May Be Too Confident
4. Knowledge Counts



Group Decision Making

Best Times to Utilize Groups

1. When It Can Increase Quality
2. When It Can Increase Acceptance
3. When It Can Increase Development

THANK YOU