Chapter 1  
The changing world of management

Introduction to management

The field of management today is undergoing a revolution that asks managers to do more with less, to engage with employees, to see change rather than count on stability and to inspire vision and cultural values that allow people to create a collaborative and productive workplace.

Innovation is central to the solution of some of the problems facing managers. Australia has an interesting history of product innovation that includes the stump-jump plough, the bionic ear, the anti-influenza drug Relenza and Professor Ian Frazer’s HPV vaccine against cervical cancer. To gain or keep a competitive edge, managers also need to recognise that innovation in management systems, production process, corporate values and other aspects of the organisation is a measure of their ability to keep pace with a fast-moving global economy, and it is this innovation that will keep companies growing, changing and sustainable.

Learning objectives

After studying this chapter, students should be able to:

1 understand the personal challenges involved in becoming a new manager in an organisation in today’s world

2 describe the four management functions and the type of management activity associated with each

3 explain the difference between efficiency and effectiveness and their importance for organisational performance, including in terms of innovation outcomes

4 describe conceptual, human and technical skills, and their relevance for managers and employees

5 describe management types and the horizontal and vertical differences between them

6 discuss the innovative management competencies needed to deal with today’s turbulent environment, including issues such as diversity, globalisation and rapid change

7 explain the leadership skills needed for effective crisis management

8 discuss the future challenges for Australian managers

9 discuss the meaning of sustainable development.

Chapter outline

Why innovative management matters

‘If it ain’t broke, don’t fix it’ isn’t a mantra for today’s managers. Innovation is what keeps companies growing, changing and successful. Managers must use their conceptual, technical and human skills to innovate because without constant innovation, organisations cannot survive over the longer term.

Current challenges for managers

Today’s organisations are struggling to remain competitive in the face of increasingly tough global competition, uncertain environments, cutbacks in personnel and resources, and massive worldwide economic, political and social changes. Strategies and decisions by governments, businesses and individuals are increasingly being made in the face of uncertainty.

Challenges for government

A vast range of challenging issues is faced by managers in the three levels of Australian government (federal, state and municipal). Challenges include providing competitive services and sound policy framework on issues such as health care, education, transport, economic management, local services, defence and protection, and telecommunications. Essentially, the managerial challenges facing government involve allocating limited resources between alternatives, with conflicting objectives and trade-offs between interest groups requiring consideration. Governments also have many challenges in regulating the way that business does business.

Challenges for business

The essential challenge for business managers is to continuously generate enough revenue to pay all the firm’s costs for labour, rent, materials and advertising, while also producing a sufficient profit for the business owner. At the same time, managers must ensure that they and their companies comply with a myriad of laws related to taxes, labour standards, reporting requirements, pollution controls and consumer protection.

Challenges for the individual employee

The challenge for individual employees in getting and keeping a job is to demonstrate the skills, attitude and continuing performance of output that employers value and that justify the costs of employment. For many employees, the notion of ‘job security’ is a thing of the past. Thus, career planning is also a challenge for individuals.

Managers who make a difference

Managers need to be constantly aware of changes in the environment, sociocultural issues and economic issues that can affect the production of their products or the perception of the products they sell. They need to create vision within the organisation to enable all members to focus on what can be and to work towards the goals of the organisation.

Organisations are constantly restructuring in response to these demands and influences. A collaborative workforce can enable new ideas, problems, solutions and information to surface and help keep the organisation on track.

The definition of management

Management can be defined as the attainment of organisational goals in an effective and efficient manner through planning, organising, leading and controlling organisational resources.

Management is generally considered universal because it uses organisational resources to accomplish goals in all types of profit and not-for-profit organisations.

The four primary functions of management are:

**1** planning: setting goals and deciding activities

**2** organising: organising activities and people

**3** leading: motivating, communicating with and developing people

**4** controlling: establishing targets and measuring performance.

Some authors list additional management functions such as staffing, communicating or decision making. In this text, these additional functions are covered as subsets of the four primary functions listed above.

The four management functions

Planning

Planning identifies where the organisation wants to be in the future and how it can get there. Planning is an important part of doing business in today’s ever-changing environment. A lack of planning or poor planning can hinder an organisation’s performance.

Organising

Organising reflects how the organisation tries to accomplish its plans. Organising involves the assignment of tasks, the grouping of tasks into departments and the allocation of resources.

Leading

Leading is the use of influence to motivate employees to achieve organisational goals. Leading means creating a shared culture and values, communicating goals to employees throughout the organisation and stimulating employees to perform at a high level. The ability to shape culture, communicate goals and motivate employees is critical to business success.

Controlling

Controlling involves monitoring employees’ activities, determining whether the organisation is on target towards its goals and making corrections as necessary. New trends towards employment and trust of employees have led many companies to place less emphasis on top-down control and more emphasis on training employees to monitor and correct themselves. Organisation failure can occur when managers are not serious about control or lack control information.

Organisational performance

Also reflected in the text’s definition of management is the attainment of organisational goals in an efficient and effective manner.

* + An **organisation** (whether profit-making or not-for-profit)is a social entity that is goal directed and deliberately structured.
  + A **social entity** is made up of two or more people.
  + **Goal directed** means being designed to achieve some outcome or objective, such as making a profit.
  + **Deliberately structured** means tasks are divided and responsibility for their performance is assigned to organisation members.
  + **Organisational performance** is the organisation’s ability to attain its goals by using resources in an efficient and effective manner.
  + **Efficiency** refers to the amount of resources used to produce a product or service. ‘Are we doing things right?’
  + **Effectiveness** is the degree to which the organisation achieves a stated objective. The organisation succeeds in accomplishing what it tries to do by providing a product or service that is valued by customers. ‘Are we doing the right things?’

The ultimate responsibility of managers is to be both effective (do the right things) and efficient (do things right), on time, the first time.

Management skills

Management skills can be categorised as conceptual, human or technical (Katz, 1974). All managers need each skill, but the degree of each skill necessary differs according to the manager’s level in the organisational hierarchy.

Conceptual skills

Conceptual skills include the manager’s thinking, information processing and planning abilities. These skills also encompass the cognitive ability to see the organisation as a whole and the relationship among its parts. Conceptual skills are especially important for top managers.

Human skills

Human skills refer to the manager’s ability to work with and through other people and to work effectively as a group member. They include the abilities to motivate, facilitate, coordinate, lead, communicate and resolve conflicts. Managers at all levels need human skills.

Technical skills

Technical skills refer to the manager’s understanding of and proficiency in the performance of specific tasks, including mastery of the methods, techniques and equipment involved in specific functions such as engineering, manufacturing or finance. They also include specialised knowledge, analytical ability and the competent use of tools and techniques to solve problems in a specific discipline. Technical skills are most important at lower organisational levels and tend to become less important than human and conceptual skills as managers are promoted.

When skills fail

In recent years, numerous highly publicised examples have shown us what happens when managers fail to effectively and ethically apply their skills to meet the demands of an uncertain, rapidly changing world. Perhaps the biggest blunder is managers’ failure to comprehend and adapt to the rapid pace of change in the world around them. Critical management missteps include:

* + ineffective communication skills and practices
  + poor work relationships and interpersonal skills
  + person–job mismatch
  + failure to clarify direction or performance expectations
  + failure to adapt and break old habits
  + breakdown of delegation and empowerment
  + lack of personal integrity and trustworthiness
  + inability to develop cooperation and teamwork
  + inability to lead or motivate others
  + poor planning practices and reactionary behaviour.

Management types

Managers use conceptual, human and technical skills to perform the management functions of planning, organising, leading and controlling in all organisations. However, not all managers’ jobs are the same. There are vertical and horizontal differences in the jobs of managers.

Vertical differences

Vertical differences relate to a manager’s location in the organisational hierarchy. A manager who is at the top of the organisational hierarchy is responsible for the entire organisation. Examples of top management positions are managing director, chairperson, executive director, CEO or general manager. Top managers are concerned with the long-term future and the success of the organisation as a whole. Their responsibilities include:

* + setting organisational goals
  + defining strategies for goal achievement
  + monitoring and interpreting the external environment
  + making decisions that affect the entire organisation
  + communicating a shared vision for the organisation
  + shaping corporate culture
  + nurturing an entrepreneurial spirit.

Middle managers work at the middle levels of the organisation and are responsible for business units and major departments. Examples of middle management positions are department head, division head, manager of quality control and director of the research lab. Middle managers typically have two or more management levels beneath them. Middle managers are generally concerned with the near future. Their responsibilities include:

* + implementing strategies and policies defined by top managers
  + establishing good relationships with peers
  + encouraging teamwork and resolving conflicts.

Recent trends in corporate restructuring and downsizing have reduced the number of middle managers. These cuts have enhanced efficiency and performance, improved responsiveness to customers, reduced the time for new product development and increased profits. There has been an increased use of project managers or team managers. A project manager is responsible for a temporary work project that involves the participation of people from various functions and levels of the organisation, and possibly also from outside the company. Project managers manage horizontally and give up their management responsibilities when the project is finished.

First-line managers work at the first or second management level and are directly responsible for the production of goods and services. Examples of first-line management positions are supervisor, line manager, section chief and office manager. The time horizon at this level is short, with the emphasis on accomplishing day-to-day objectives. First-line managers’ responsibilities include:

* + applying rules and procedures to achieve efficient production
  + providing technical assistance
  + motivating subordinates.

Managers at all levels perform all four management functions but in varying amounts. Top managers’ primary concern is planning and organising, whereas first-line managers’ primary concern is leading and motivating technical employees.

Horizontal differences

Horizontal differences in management jobs occur across the organisation in the different functional areas such as advertising, sales, finance, human resources, manufacturing and accounting.

* + Functional managers are responsible for departments that perform a single functional task and have employees with similar training and skills.
  + Line managers are responsible for employees who make or provide a product or service.
  + Staff managers are in charge of departments, such as finance and human resources, that support line departments.
  + General managers are responsible for self-contained divisions and thus are responsible for several departments performing different functions.
  + Project managers coordinate people across several different departments to accomplish a specific project and thus have general management responsibility.

What is it like to be a manager?

We have described how managers at various levels perform four basic functions that help ensure organisational resources are used to attain high levels of performance. The functions are to plan, organise, lead and control. These tasks require conceptual, human and technical skills.

Making the leap: Becoming a new manager

Making the shift from individual contributor to manager is often tricky. A common mistake new managers make is believing they have to do all the work themselves rather than delegating it to others and developing others’ abilities. To be a successful manager means thinking in terms of building teams and networks and becoming a motivator and organiser within a highly interdependent system of people and work.

Another key to success is to recognise that becoming a manager involves more than learning a new set of skills. Rather, becoming a manager means a profound transformation in the way people think of themselves, or their personal identity, which includes letting go of deeply held attitudes and habits and learning new ways of thinking (Hill, 2003). Exhibit 1.7 (see Section 1.7) outlines the transformation from individual performer to manager.

Managerial activities

Adventures in multitasking

Adventures in multitasking are characterised by variety, fragmentation, and brevity; they involve handling both significant problems and trivial events in no predictable sequence or pattern.

Life on speed dial

Life on speed dial means performing a great deal of work at an unrelenting pace. Managers’ work is fast paced and requires great energy.

Where does a manager find the time?

Time is a manager’s most valuable resource, and one characteristic of successful managers is that they know how to use time effectively to accomplish the important things first and the less important things later.

Manager roles

A role is a set of expectations for a manager’s behaviour. A manager’s job can be organised into 10 different roles and divided into three conceptual categories: informational, interpersonal and decisional (Mintzberg, 1973).

The **informational** category (managing by information) includes the monitor, disseminator and spokesperson roles and describes the activities used to maintain and develop an information network.

**1** The **monitor** role involves seeking and receiving current information from a variety of sources, including periodicals, reports and personal contacts.

**2** The **disseminator** role involves transmitting current information to other organisation members.

**3** The **spokesperson** role pertains to making official statements (verbal and written) outside the organisation about company policies, activities and plans.

The interpersonal category (managing through people) includes the figurehead, leader and liaison roles, and pertains to relationships with others. It is related to the human skills described earlier.

**4** The **figurehead** role involves handling ceremonial and symbolic activities for the department or organisation.

**5** The **leader** role encompasses relationships with subordinates, including motivation, communication and direction.

**6** The **liaison** role pertains to the development and maintenance of information sources both inside and outside the organisation.

The decisional category (managing through action) includes entrepreneur, disturbance handler, resource allocator and negotiator roles, and pertains to managers making choices and taking action.

**7** The **entrepreneur** role involves initiation of change and occurs when managers become aware of problems and seek improvements.

**8** The **disturbance handler** role involves resolving conflicts among subordinates or between the manager’s department and other departments.

**9** The **resource allocator** role pertains to decisions about how to allocate people, time, equipment, budget and other resources to attain desired outcomes.

**10** The **negotiator** role involves negotiations and bargaining to attain outcomes for the manager’s unit of responsibility.

Managing in small businesses and not-for-profit organisations

The importance of small businesses is growing. Many are operated by people who have been squeezed out of large organisations because of downsizing or who have voluntarily left the corporate world to seek improved work–life balance. Many are started by women or minorities who found limited opportunities for advancement in large organisations.

Managerial expertise is critical to success, as managing a small business is becoming increasingly complicated because of globalisation, government regulation and customer demands for better quality at lower prices. Small business managers tend to emphasise different roles than do managers in large organisations. Managers of small organisations tend to view the spokesperson role as most important because they must constantly sell the firm to the outside world. The entrepreneur role is also very important as managers must be creative and help their organisation develop new ideas to be competitive.

Managerial expertise is also a requirement for the success of not-for-profit organisations (NFPs), many of which are large, complex organisations. The Salvation Army, Girl Guides, universities, city governments, hospitals, public schools, orchestras and art museums all require excellent management. Managers in NFPs are likely to place more emphasis on the roles of figurehead(dealing with the public), leader(motivating employees with fewer financial incentives), and resource allocator(distributing government resources that often are assigned top down).

State-of-the-art management competencies

Turbulent environmental forces have caused a significant shift in the competencies required for effective managers. Traditional management competencies could include a command-and-control leadership style, a focus on individual tasks and standardising procedures to maintain stability. New management competencies include the ability to be an enabler rather than a controller, using an empowering leadership style, encouraging collaboration, leading teams and mobilising for change and innovation. State-of-the-art management competencies for today’s world can be seen in Exhibit 1.10 (see Section 1.10).

Turbulent times: Managing crises and unexpected events

Today’s managers face not only various levels of organisational crises, but also crises on a more global level. Managers have always needed to deal with the unexpected, but today’s world is so fast, interconnected and complex that unexpected events occur more frequently and often with greater and more painful consequences. Crisis management has become a critical managerial skill. All the skills and competencies previously discussed are important to managers in such an environment. In addition, contemporary research on crisis management points to the importance of five particular leadership skills: staying calm, being visible, putting people before business, telling the truth and knowing when to get back to business.

Stay calm

While acknowledging the difficulties, leaders have to stay calm, focused and optimistic about the future, and they must be able to absorb people’s fears and uncertainties.

Be visible

People need to feel that someone is in control, despite the ambiguity and uncertainty.

Put people before business

Companies that weather crises best are those in which managers make people and human feelings their top priority.

Tell the truth

Managers need to get as much information from as many diverse sources as possible, do the best to determine the facts, and then be open and straightforward about the situation.

Know when to get back to business

After first dealing with the physical and emotional needs of people, managers need to get back to business as soon as possible, rebuild and move forward.

Australia’s managers: Improving from a low base

According to the World Economic Forum, Australia ranked 18th out of 41 countries on the ‘management’ criterion in 1994. It ranked behind countries such as Japan, Hong Kong, New Zealand, Malaysia, Chile, Norway, the UK, Germany, the Netherlands and the USA. That same year, the Australian government commissioned the Karpin task force to examine and recommend how to improve the leadership and management of Australian enterprises. The findings showed that the typical Australian manager had certain strengths and weaknesses.

Manager strengths

* + Hardworking
  + Egalitarian
  + Open, genuine and direct
  + Honest and ethical
  + Innovative
  + Independent thinker
  + Flexible, adaptable and resourceful (products and processes)
  + Technically sound

Manager weaknesses

* + Takes a short-term view
  + Lacks strategic perspective
  + Lacks open-mindedness and shows rigidity towards learning
  + Is complacent
  + Is poor at teamwork and empowerment
  + Is unable to cope with differences
  + Has poor people skills
  + Lacks self-confidence

The Karpin taskforce developed *Australia 2010*, a vision statement designed to encourage improved productivity and profitability through a concerted commitment to continual improvement. By 2010, the statement asserted that Australian enterprises and their managers should be focused on:

* + knowledge
  + the ability to learn, change and innovate in the new marketplace as the accepted manager selection criteria, rather than gender, ethnicity or even prior experience
  + the learning organisation as a standard philosophy for many Australian enterprises and as a major way to cope with change and turbulence
  + managers creating conditions conducive to learning for both individuals and the enterprise as a whole, both across individual business units and between enterprises and their external environments
  + employees being more motivated and skilled
  + quality acting as a guiding light within all organisations, with a customer-first mentality being all pervasive.

Sustainable development: Now a core issue for managers

The complex business world brings new challenges and opportunities for managers to practise sustainable development. Managers must look beyond a short-term need to be profitable and reach for longer-term opportunities for environmentally sound outcomes achieved with concern for communities and societies.

Sustainable development involves making balanced and equitable decisions so that financial, environmental and social outcomes are achieved in both the short and longer terms.

Teaching tips

* + As an introduction to discussing the activities of managers, ask if there are any practising managers in the class. Invite them to share what it is that they do on a typical day and then compare their activities with what is outlined in the text.
  + If there are no managers in the class, ask students for their perceptions of what managers (or different types of managers) do on a typical day. These perceptions can then be compared with the text.
  + Ask students to share their dream job. What it is about this job that appeals and what skills would be needed in this job? Similarly, students can be asked to share the worst job they have ever had.
  + Ask students to individually complete the 8 point self-assessment questionnaire at the start of the chapter entitled: ‘Are you ready to be a manager?’ Then ask them to come together as pairs or threes to compare and discuss the outcomes. Lastly, open the floor to a full class discussion about why the odd numbered items are more indicative of long term managerial success.
  + Refer students to the opening vignette of Part 1 and the concept put forward by Rod Macqueen, former coach and manager of the Wallabies that sporting success and business management success come from the same roots. Invite the class to respond to this idea with a few reasons why they may agree or disagree.

Discussion questions

1. **How do you feel about having a manager’s responsibility in today’s world, which is characterised by uncertainty, ambiguity and sudden changes or threats from the environment? Describe some skills and qualities that are important to managers under these conditions.**

The conceptual, human and technical categories of skills provide a relevant departure point for an in-depth discussion. While a successful manager would be expected to be competent in all of these skill categories, it could be argued that human skills are becoming increasingly important. Specifically, some of the skills and qualities students should mention include:

conceptual skills such as being able to take a broad long-term view; to understand the inter-relationships between the organisation, the industry and the community; to perceive the significant elements in a situation and broad patterns; and to think ‘outside the square’

human skills such as being able to motivate, facilitate, coordinate, lead, communicate and resolve conflicts; to empower others via dispersed leadership; to inspire confidence and belief in the organisation and its leadership; to create an exciting and challenging work environment; to create cohesive and effective teams; and to build personal networks by making contacts with customers, suppliers and partners

technical skills such as having the technical knowledge to make good judgements and decisions without getting mired down in technical details and being able to keep up with technological changes.

In summary, managers need a skill base that allows them to be flexible, adaptable and relationship orientated, and to know when to apply the appropriate skill set.

1. **Assume you are a project manager at a biotechnology company, working with managers from research, production and marketing on a major product modification. You notice that every email you receive from the marketing manager has been copied to senior management. At every company function, she spends time talking to the big shots. You are also aware that sometimes when you and the other project members are slaving away over the project, she is playing golf with senior managers. What is your evaluation of her behaviour? As project manager, what do you do?**

This question is designed to get students thinking about the roles that managers play as well as how the real world functions. The marketing manager seems to want to move up the management hierarchy. There are two behaviours illustrating this desire. Sending copies of memos to senior management helps her maintain visibility in the company and lets senior management know of her management skills and accomplishments. Socialising with senior management at company functions or on the golf course also helps her maintain high visibility. These behaviours will help her to not be overlooked when senior management is making decisions about involvement in special projects or promotions. The appropriateness of her behaviour is another issue. If she is performing on the joint project as promised, then what she does otherwise is her business. If you, as the project manager, are also looking for advancement opportunities, you should try to increase your visibility as well.

1. **Jeff Immelt of GE has said that the most valuable thing he learned in business school was that ‘there are 24 hours in a day, and you can use all of them’. Do you agree or disagree? What are some of the advantages to this approach to being a manager? What are some of the drawbacks?**

The advantage to this approach to being a manager is that you potentially develop a reputation as a knowledgeable, dedicated person who gets the job done. As an attitude, such an approach recognises that work, in the new workplace, is not confined to a nine-to-five routine but can be performed at any time of the day or night. Therefore, Immelt’s statement is an important reminder to managers that they need to be flexible, adaptable and able to respond quickly to customer and employee needs.

The drawback is that in trying to adopt such an approach, a manager can increase the likelihood of becoming overwhelmed, stressed and, ultimately, burnt out. It might also be worth discussing the impact such a 24/7 approach might have on the quality of the decisions and performance of the manager – is more better? Other potential drawbacks could be the extent to which the issues discussed in the Management in practice box (Section 1.8), such as the impact on work–life balance and the example being set to new or young managers, are exacerbated.

1. **Why do some organisations seem to have a new CEO every year or two, whereas others have top leaders who stay with the company for many years (for example, Jack Welch’s 20 years as CEO at General Electric)? What factors about the manager or about the company might account for this difference?**

Manager or individual factors that students might mention include being motivated by a challenge or achievement (e.g. starting a new organisation, launching a new product) that once accomplished means that the CEO has done their job. This is the CEO as change agent, project manager or entrepreneur. High CEO turnover could also reflect a lack of individuals with the right skills for the position because of inadequate training and education.

Organisational factors might include the industry in which the company operates. An established company in a stable industry might require different skills and place different demands on a CEO than would a new company in a fast-paced industry. Thus, such factors may mitigate or exacerbate the issues identified in the Management in practice box in Section 1.8. Other factors might include a company’s ability to identify and employ the right person who has the skills and experience to be a CEO; the performance of the company under the CEO’s leadership; and the trend towards contracts that encourage short tenures rather than long-term job security.

1. **Is efficiency or effectiveness more important to organisational performance? Can managers improve both simultaneously?**

Although efficiency and effectiveness are both important for performance, most people would probably say that effectiveness is the more important concept. Internal efficiency has no value if it does not enable the organisation to achieve its goals and respond to the changing external environment. In contrast, an effective organisation by definition achieves its goals. One of these goals should involve continuously increasing efficiency.

Managers can and should improve both efficiency and effectiveness simultaneously. One of any organisation’s primary goals should be to continuously improve efficiency. To the extent that the organisation increases its success in achieving this goal and others, its effectiveness also improves.

1. **Suppose you are a bright, hard-working entry-level manager who fully intends to rise up through the ranks. Your performance evaluation gives you high marks for your technical skills but low marks when it comes to people skills. Do you think people skills can be learned, or do you need to rethink your career path? If people skills can be learned, how would you go about it?**

One could argue that these skills are at the heart of what it means to be human and can be developed and refined so that one does not have to abandon a career. The extent to which someone can learn to be a totally popular and charismatic person is another story. Certainly, a quick search of the Internet reveals a number of self-help books, videos, training courses and consultants that claim to be able to teach mastery of these skills.

In this situation, perhaps the first step is to pay attention to how you react to others and how they react to you. Compare your assessment with what has been put on your performance evaluation. Can you identify specific areas that you need to improve (e.g. listening)? Are there things you can learn from observing a colleague who has good people skills? Investigate what sort of training the company is prepared to provide as part of your performance evaluation and any professional development courses that might be available to you. You could also visit the library and check out those self-help books or join a group like Toastmasters.

1. **If managerial work is characterised by variety, fragmentation and brevity, how do managers perform basic management functions such as planning, which would seem to require reflection and analysis?**

This question is a puzzle to management scholars. Many scholars claim that because of the fragmentation and brevity of management activities, managers do not plan at all. However, students may not see planning as a solitary, reflective activity. Many managers plan intuitively during the course of day-to-day activities. Managers have an overall mental image of where the department, division or organisation is going, and they use fragmented day-to-day information to refine the image and to nudge the organisation towards it. Thus, planning is accomplished, but not in the same way that students and faculty might do their work, which is to spend time alone thinking and studying. Managers do their planning on the run. Moreover, top managers often delegate some of the necessary planning to assistants or to planning groups.

1. **A university professor once told her students: ‘The purpose of a management course is to teach students about management, not to teach them to be managers’. Do you agree or disagree with this statement? Discuss.**

This question should precipitate a lively discussion. Some students may believe that a university course will give them the necessary skills and abilities to be a manager. Others, especially those with management experience, will realise that they can learn the science of management through a course but must learn the art of management through experience. Courses and books on management provide information. Management courses offer the means for the systematic study of management in much the same way that courses in English literature provide students with an understanding and appreciation of good writing, or that a science course can introduce them to physics. For the most part, these courses do not teach students to be competent practitioners. Skill in managing, writing or building reactors comes from experience. Studying the science of management does, however, facilitate mastering the art or practice of management in much the same way that studying medicine helps a physician master the art or practice of medicine.

1. **Discuss some of the ways organisations and jobs have changed over the past 10 years. What changes do you anticipate over the next 10 years? How might these changes affect the manager’s job and the skills a manager needs to be successful?**

This question is designed to get students to consider the changes in today’s society and business world that will affect their careers as future managers. Some of the most significant changes are technological advances, increased globalisation, chaotic environments and growing workforce diversity. These changes are causing a revolution in the field of management, and managers are asked to do more with less, to engage employees’ hearts and minds as well as their bodies, to see change rather than stability as the nature of things and to create truly collaborative workplaces.

The new management approach is very different from a traditional mindset that emphasises tight, top-down control, work specialisation and separation, and management by impersonal analysis. Managers will become, and continue to become, facilitators, partners and risk-takers who help all employees to learn, grow and accept responsibility. They will be more concerned with managing overall patterns rather than trying to control day-to-day events, and they will need the skills to lead and motivate people from different cultural and ethnic backgrounds. Such changes will require managers to create learning capabilities throughout the organisation as a key responsibility of their position. Consequently, successful managers will need to embrace the new management competencies that were discussed in Section 1.10.

1. **How might the teaching of a management course be designed to help people make the transition from individual performer to manager and to prepare them for the challenges they will face? Explain.**

Management courses do not teach students how to competently and confidently manage, and the content of management courses has been the subject of much debate. Just as organisations must adapt to a changing environment, so too must management courses.

Management positions can be personally challenging, and preparing future managers to cope with those demands is a challenge. No longer is the focus on their own work and successes, but also on the coordination and leadership of others, some of whom could be former peers. Managing people every day can be confronting. Many people find the frustrations of management overwhelming and draining; others find great reward in ‘planning, leading, organising and controlling’.

Managers must comprehend and adapt to the rapid pace of change in the world around them; they must cultivate a work environment that encourages staff to learn, grow and accept responsibility. Managers need to be more concerned with managing overall patterns rather than trying to control day-to-day events, and they need the skills to lead and motivate a highly diverse range of staff and other stakeholders. Such changes will require managers to continue learning, be adaptable, and develop and maintain an awareness of their own capacities. How do you as a senior manager create an exciting and demanding work environment? How do middle managers empower others, promote cooperation and better manage conflict? And how do first-line supervisors, day after day, continue to motivate and energise their staff?

These real and practical needs of managers constantly challenge the designers of management courses in assisting individuals to step up to the demands of being a manager.

1. **How does sustainable development as a concept guide managers to do more than just maximise financial outcomes in the short term? What is the fit between the concepts of sustainable development and innovation?**

The reality of constraints on carbon, water, skills, land and raw materials means that the challenges and opportunities of sustainable development will be heightened. Will an interest in ethics and corporate social responsibility be short lived and will ‘business as usual’ prevail after the GFC? Will managers start to consider the limits to economic growth? Is growth always good? How will the National Broadband Network challenge their management practices?

Innovation and sustainable development practices can lead to an improvement of the ‘triple bottom line’ in organisations. The text (in Section 1.12) has examples of initiatives to engage and empower organisational stakeholders to find win–win outcomes. Advancing sustainable development in organisations will drive innovation.

Ethical challenge

Can management afford to look the other way?

Option 1 is the solution that management has been taking for 10 years, but it is leading the company into dangerous territory. The number and severity of complaints against Jacobs has been escalating, and continuing to ignore the problem could invite a lawsuit. Option 3 is probably the most expedient way to deal with the current problem as well as to prevent future problems with Jacobs or others. Stronger policies and clear-cut procedures for handling complaints are needed. However, after talking with Rose Anastasiou and other employees confidentially, John may find that an immediate full-scale investigation (option 2) is needed, even though it may temporarily disrupt company operations and hurt Shellington’s new product development.

Group challenge

Your best and worst managers

The answers and the approach that the students take to this task are very subjective as their responses are based on their own opinions and experiences. If students are unsure of how to approach this challenge, then suggest that they refer to the four functions that are integral to the role of a manager as a point of inspiration.

In identifying their best and worst managers, students should be encouraged to review those managerial behaviours within the different schools of management thought identified in this chapter. For example, managers who are well regarded for outlining clear expectations, training workers in the expected standard method and providing wage incentives for increased production are using elements of the scientific management approach. Students may wish to evaluate their own managerial skills using the New Manager Self-Assessment at the start of Chapter 1.

Many students no doubt will identify the worst managers as ones with whom they have had a bad face-to-face experience. However, they could be asked to consider what managerial skills (e.g. good communication, conflict management skills, ethics and strong values) are important regardless of the school of thought.

This question gives students an opportunity to think about some of the deeper assumptions that they hold about work and about managers that they might bring to an organisation as future managers.

One way to extend this discussion might be to ask students to consider not just the presence and absence of rules but the type of rules and their applications. In other words, what kind of rules, rewards and punishments would they like to see in their organisation? As an added complexity, ask students to consider how their best and worst managers might be better rated in other organisations and task environments.

Lessons learned and advice offered to managers may be general or specific (based on the incident that caused the student to place the manager in the ‘best’ or ‘worst’ category).

Case for critical analysis

Sharpstyle Salons

**1 What positive and negative managerial characteristics does Jamie possess?**

This question is open to interpretation. Suggestions regarding the managerial characteristics that Jamie possesses are as follows:

positive: hard worker, skilled hairdresser, ambitious

negative: abrupt, prone to bursts of anger, needs reassurance, suppressive.

**2 How do these traits help or hinder her potential to get the top position at the Riverwood Shopping Centre salon?**

An employee who is a hard worker and who is skilled and ambitious is someone that will fit in well at the top level of management at any firm. However, if the employee is prone to anger, is abrupt with his or her interactions with staff or customers, needs to be reassured of his or her decisions and suppresses co-workers in order to succeed, then this may have a detrimental impact on the employee’s chances for promotion. Students should discuss the pros and cons of Jamie’s behaviour (based on the limited snapshot from the case study) and outline how they think it will impact her likelihood of promotion.

**3 How do you think Jamie should have handled each of the incidents with Marianne? Holly and Carol Jean? Victoria?**

Again, this question is open to interpretation. Students will have different opinions about the way that Jamie should have handled each staff member. These opinions may range from agreeing with Jamie’s decisions (i.e. anger with the absent employees, demanding medical certificates) to disagreeing with her conclusions (i.e. trusting Holly and Carol Jean, giving autonomy to Victoria).

**4. Is this an organisation that you would like to be a manager within? Why or why not?**

This question is open to interpretation. Generally, a good (innovative and positive) manager will notice opportunities in the case to improve the situation and better harness the skills and abilities of staff with enhanced policies, procedures, controls and management styles and practices. Of course, other managers will be tentative about the issues being expressed and consider the task of trying to change problematic work behaviours too difficult for their liking. The ideal solution would be to adopt a positive frame of mind about staff and proactively seek a collaborative solution.

**On the job video case**

Camp Bow Wow: Innovative management for a changing world

**1 List the three broad management skill categories and explain which skills are needed most for each of the Camp Bow Wow leaders highlighted in the video.**

The three broad management skill categories are: informational, interpersonal, and decisional. The informational category describes the functions used to maintain and develop an information network. The interpersonal category pertains to relationships with others and is related to human skills. The decisional category occurs when the manager must make a choice. These roles often require conceptual and human skills.

While managers need all three management skill categories, perhaps the most important skill for these managers is their interpersonal skills. Relationships are very important to the staff at Camp Bow Wow. This includes the relationships between management and other staff members, the relationships that employees build with one another and the relationships that staff members build with the dog owners. Customer loyalty and repeat business are very important for the organisation and are essential for the continued success of Camp Bow Wow. Customers are not simply making transactional, one-off purchases.

**2 Which activities at Camp Bow Wow require high efficiency?**

Efficiency refers to the amount of resources used to produce a product or service. ‘Are we doing things right?’ Effectiveness is the degree to which the organisation achieves a stated objective. The organisation succeeds in accomplishing what it tries to do by providing a product or service that is valued by customers. ‘Are we doing the right things?’

According to Candace Stathis, the dog care tasks at Camp Bow Wow require high efficiency so that everything gets done on time and according to schedule.

**3 Which activities require high effectiveness?**

Sue, the owner of Camp Bow Wow, states that customer service needs to be effective as opposed to being efficient. Customer relationships are very important to the organisation. Customer relationships need to be effective and thus require time to develop. Talking with customers about their dog and engaging them in small talk about their day or the weather may not be considered ‘efficient’ use of employees’ time in the traditional sense. However, if employees were to neglect these conversations, future transactions may disappear and customers may seek out Camp Bow Wow’s competitors.

Sue gives other examples about how she has become efficient and effective, with many of these examples coming from past experience at other firms as well as from what she has learned since owning Camp Bow Wow. Students should use these examples when answering this question.

**4** **List two activities that leaders at Camp Bow Wow perform daily, and identify which of the ten managerial roles discussed in the chapter figure prominently for each.**

Students are encouraged to outline examples that are specifically discussed in the video and other activities so that they can envision what would take place on an average day at Camp Bow Wow. Such activities may include taking care of the dogs (e.g. walking, grooming or playing with them), answering phones, booking reservations, working the front desk and talking with customers. The managerial roles identified will depend on students’ answers.

A role is a set of expectations for a manager’s behaviour. The 10 managerial roles include the following:

1 The monitor role involves seeking current information from many sources.

2 The disseminator role is the opposite of the monitor role. In the disseminator role, the manager transmits information to others, both inside and outside the organisation.

3 The spokesperson role pertains to making official statements to people outside the organisation about company policies, actions or plans.

4 The figurehead role involves the handling of ceremonial and symbolic functions for the organisation.

5 The leader role involves relationship with subordinates, including motivation, communication and influence.

6 The liaison role is the development of information sources both inside and outside the organisations.

7 The entrepreneurial role involves the initiation of change. Managers seek ways to solve problems or improve operations.

8 The disturbance handler role involves resolving conflict among subordinates, between managers or between departments.

9 The resource allocator role pertains to allocating resources in order to attain desired outcomes.

10 The negotiator role involves negotiations and bargaining to attain outcomes for the manager’s unit of responsibility.

**Weblinks from the chapter**

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| Wikipedia  <http://en.wikipedia.org/wiki/2000s_energy_crisis> |
| Trading Charts  <http://tfc-charts.com/chart/QM/W> |
| Petronas  <http://www.petronas.com.my/> |
| *The Atlantic*  <http://www.theatlantic.com/daily-dish/archive/2011/01/could-tunisia-be-the-next-twitter-revolution/177302/> |
| Alexander Mills et al.  <http://denman-mills.net/web_documents/jips_mills.etal._2009.07.22_finalsubmission.pdf> |
| *Forbes*  <http://www.forbes.com/sites/ryanmac/2016/02/17/square-small-business-payroll-capital-transition/#57df4e70420d> |
| Fastcompany  <https://www.fastcompany.com/company/square> |
| Vanity Fair  <https://www.vanityfair.com/news/2016/06/twitter-is-betting-everything-on-jack-dorsey> |
| The Wall Street Journal  http://guides.wsj.com/management/developing-a-leadership-style/what-do-managers-do/ |
| *US* *Weekly*  <http://www.usmagazine.com/entertainment/news/the-lorax-tops-weekend-box-office-201243> |
| Chic Empire  http://www.chicempire.com.au/ |

**Useful weblinks**

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| National Australia Bank (NAB)  [www.nab.com.au](http://www.nab.com.au) (the website of NAB, one of Australia’s ‘Big Four’ banks) |
| Telstra  [www.telstra.com.au](http://www.telstra.com.au) (the website of Telstra, Australia’s largest telecommunications and media company) |
| Coles  [www.coles.com.au](http://www.coles.com.au) (the website of Coles, an Australian supermarket chain owned by Wesfarmers) |
| PETRONAS  [www.petronas.com.my/Pages/default.aspx](http://www.petronas.com.my/Pages/default.aspx) (the website of PETRONAS, a Malaysian oil and gas company) |
| Woolworths  [www.woolworths.com.au](http://www.woolworths.com.au) (the website of Woolworths, an Australian supermarket chain owned by Woolworths Limited)  Management Tip of the Day from HBR.org  <http://www.harvardbusiness.org/management-tip-day-hbrorg> (a regularly updated feed summing up practical management ideas from Harvard Business Review contributors) |

**New Manager Self-Assessment Teaching Notes**

**1.1 Are you ready to be a manager?**

At the conclusion of this self-test, there is an opportunity to discuss why certain

managerial activities appear to be more important to the long-term success of a

manager. This self-test suggests that managers who excel at building interpersonal

relationships with others are more likely to be successful. Therefore soft

management skills, such as motivating, actively listening to others, and

demonstrating empathy and understanding are more effective than hard

management skills, such as planning and controlling.

Ask students to reflect on their experiences of work, and consider whether such conclusions match their experiences in the workplace.

**Case Project 1.1**

The promotion to first line manager took place just six weeks ago for Adam Border. He was well qualified for the promotion, but the new job still required a lot of training. One challenge has been to coordinate the production of his team, the needs of the sales department and the availability of raw materials from his suppliers. Adam has found overcoming this challenge rewarding as he enjoyed setting priorities and developing schedules to achieve this goal. He has also found the challenge of maintaining high rapport and building a strong team with his employees very satisfying. Reflecting upon the last six weeks, Adam concludes that he is very happy about his new job.

a. Which interpersonal roles, if any, was Adam Border exhibiting? Justify your answer.

b. Which decisional roles, if any, was Adam Border exhibiting? Justify your answer.

c. As a first line manager, what managerial skill(s) are important for Adam? Why?

d. In his job, how does Adam perform the four basic management functions?

**Case Project 1.2**

Recently, iconic Australian clothing manufacturer, Bonds, announced that it would outsource some of its customer service functions to India. In an email communication to staff, the Managing Director of Bonds, Mr Adam Jacobs, indicated that the outsourcing would ‘free you guys up, to focus on the contracts and customers that really make a difference … doing less simple or transactional contracts and meatier, high value add contracts’. What would be the main advantages and disadvantages of this type of outsourcing for Bonds?

**Case Projects – Suggested Solutions**

***Case Project 1.1***

a. Adam exhibits the liaison role by coordinating information between production, sales and suppliers. He also exhibits the leader role by using communication and influence to build rapport and team strength.

b. Adam exhibits the resource allocator role by setting priorities and developing schedules for production. He also exhibits the negotiator role by representing the department when coordinating with sales and suppliers.

c. Conceptual, human and technical skills. First line managers exercise conceptual skills when they coordinate with other stakeholders, human skills when they motivate subordinates, and technical skills when they provide technical assistance.

d. Adam plans when he sets priorities. He organises when he coordinates with other departments and when he develops schedules. He leads when he motivates his team. He would exercise control when he checked production output with the schedule.

***Case Project 1.2***

The outsourcing of jobs will lower the cost of performing these business functions for Bonds. This enables firms to achieve the same organisational goal, Information Technology or Customer Service, with fewer financial resources. As Jacobs indicated, the move will also allow Australian staff to focus on work which is high in value for the company, with many of the routine, transactional tasks being done off shore. This may allow Bonds to not only remain competitive in their current markets but are also better positioned to expand into new international markets. However, there are some disadvantages to outsourcing these tasks. First, Bonds is relinquishing control of some of their customer services processes to a third party. This may result in some challenges in ensuring quality interactions, and it may also take a longer time to identify problems and solve them. Second, Bonds will have to ensure that the third party complies with Australian laws, particularly with respect to privacy. Third, the negative press associated with outsourcing Australian jobs to other countries may damage the company’s reputation in the short term.