Foundations of Management Thought
“The Art of Getting Things Done Through People”

Management: a process designed to achieve an organization’s objectives by using its resources effectively and efficiently in a changing environment
The Management Process

Resources
- Human
- Financial
- Information
- Products
- Geographical

Functions
- Planning
- Organizing
- Directing
- Controlling

Results
Meeting Goals
And Objectives
• **Planning** - process of determining an organization’s objectives and deciding how to accomplish them.

• **Organizing** - structuring of resources and activities to accomplish objectives in an effective and efficient manner.

• **Directing** - motivating and leading employees to achieve organizational objectives.

• **Controlling** - process of evaluating and correcting activities to keep organization on course (toward accomplishing objectives).

• **Staffing** - hiring of people to carry out the work of the organization.
The Executive Functions

I. The Maintenance of Organization Communication
   A. The Scheme of Organization (Organizing)
   B. Personnel (Controlling)
   C. Informal Executive Organizations

II. The Securing of Essential Services from Individuals
   A. Bringing of Persons into Cooperative Relationship with the Organization
   B. The Eliciting of Services After Such Persons Have Been Brought Into That Relationship

III. The Formulation of Purpose and Objectives
   A. Formulate and Define Purposes, Objectives, Ends of the Organization (Planning)
   B. The Delegation of Objective Authority (Directing)

Chester Barnard’s, *The Functions of the Executive* (1920)
“An industry, when all is said, is, in its essence, nothing more mysterious than a body of men associated, in various degrees of competition and co-operation, to win their living by providing the community with some service which it requires. Organize it as you will, let it be a group of craftsmen laboring with hammer and chisel, or peasants plowing their own fields, or armies of mechanics of a hundred different trades constructing ships which are miracles of complexity with machines which are the climax of centuries of invention, its function is service, its method is association. Because its function is service, an industry as a whole has rights and duties towards the community, the abrogation of which involves privilege. Because its method is association, the different parties within it have rights and duties towards each other; and the neglect or perversion of these involves oppression.”

R.H. Tawney, *The Acquisitive Society* ( )
The ability to inspire others to exceptional performance.

The ability to influence others to direct their best efforts toward organizational goals.

<table>
<thead>
<tr>
<th>Managers</th>
<th>VS</th>
<th>Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do things right</td>
<td></td>
<td>Do the right things</td>
</tr>
<tr>
<td>Command &amp; Control</td>
<td></td>
<td>Inspire &amp; empower</td>
</tr>
<tr>
<td>Seek stability and predictability</td>
<td></td>
<td>Seek flexibility and change</td>
</tr>
<tr>
<td>Focus internally</td>
<td></td>
<td>Focus externally</td>
</tr>
</tbody>
</table>
Leaders should:

1. Have a *vision*
2. Establish company *values*
3. Emphasize company *ethics*
4. Embrace *change*
By 2020, almost one third of the U.S. population is expected to be at least age 55.

Source: Census Bureau

Foundations of Business Thought
By the year 2000, over 66% of married couples will be in dual-income households.

Source: Department of Labor
Labor Force Participation

% age in Labor Force


Source: Census Bureau

Foundations of Business Thought
## Gaps between Men & Women in Earnings (1990)

<table>
<thead>
<tr>
<th>Gap Areas</th>
<th>Women’s Earnings</th>
<th>Percent of Men’s Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$16,986</td>
<td>57%</td>
</tr>
<tr>
<td>Management</td>
<td>$25,861</td>
<td>64%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$16,003</td>
<td>65%</td>
</tr>
<tr>
<td>Assemblers &amp; Inspectors</td>
<td>$14,655</td>
<td>66%</td>
</tr>
<tr>
<td>Service Workers</td>
<td>$12,136</td>
<td>66%</td>
</tr>
<tr>
<td>All Occupations</td>
<td>$19,816</td>
<td>71%</td>
</tr>
</tbody>
</table>

Source: Census Bureau 1990
Poverty Status of Utahns by Sex & Age

% Below Poverty

Source: Prepared by Utah Issues from the 1990 Census
Poverty Status - Utah and United States

% Below Poverty

- Utah
- U.S.

Source: 1990 Census
## Corporations

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited liability</td>
<td>Tax burden (double taxation)</td>
</tr>
<tr>
<td>Simple transfer of ownership</td>
<td>Cost of formation</td>
</tr>
<tr>
<td>Ease of raising capital</td>
<td>Government restrictions (regulation)</td>
</tr>
<tr>
<td>Professional management</td>
<td>Trouble of formation</td>
</tr>
<tr>
<td>Perpetual life</td>
<td></td>
</tr>
</tbody>
</table>
Partnerships

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of formation</td>
<td>Unlimited liability</td>
</tr>
<tr>
<td>Expanded financial resources</td>
<td>Interpersonal conflicts</td>
</tr>
<tr>
<td>Complementary business skills</td>
<td>Sharing profits</td>
</tr>
<tr>
<td>Lower taxes</td>
<td>Complex termination</td>
</tr>
<tr>
<td>Longer business life</td>
<td></td>
</tr>
</tbody>
</table>
## Sole Proprietorships

<table>
<thead>
<tr>
<th><strong>Advantages</strong></th>
<th><strong>Disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of formation</td>
<td>Unlimited liability</td>
</tr>
<tr>
<td>Retention of all profits</td>
<td>Difficulty borrowing money</td>
</tr>
<tr>
<td>Direct control</td>
<td>Limited management expertise</td>
</tr>
<tr>
<td>Ease of dissolution</td>
<td>Long hours</td>
</tr>
<tr>
<td>No special taxes</td>
<td>Non-continuous business life</td>
</tr>
<tr>
<td>Being your own boss</td>
<td></td>
</tr>
</tbody>
</table>
New Incorporations

Source: Dunn & Bradstreet Corp.
• What is an organization?

A group of people working together to accomplish a common goal.

• How do they work together?

Structure is the arrangement or relationship of positions within an organization.
**Forms of Organizational Structure**

**Line** - direct line of authority; top to bottom

**Functional** - authority delegated by function

**Line & Staff** - like line but with specialized staff managers to assist line managers

**Multidivisional** - delegation of authority by divisions (groups of departments)

**Matrix** - teams from different departments creating intersecting lines of authority
Organized by:

1. Function
2. Product
3. Geographical / territorial
4. Customer groups / types
5. Brand
Multidivisional Structure: The Walt Disney Company

CEO
Michael Eisner

Walt Disney Attractions

Walt Disney Studios

Motion Pictures
TV
Animation
Disney Channel

Consumer Products

Walt Disney World
Magic Kingdom
Tokyo Disneyland
Euro-Disney

Disney Stores
Licensing
Publishing
Disney Music
Software/Education
Catalog Marketing

Source: The Walt Disney Annual Report
Managerial Spans of Control

Narrow span of control

Wide span of control

Foundations of Business Thought
Key Management Skills

Problem Solving & Decision Making
- Identify problems and potential solutions
- Evaluate alternatives
- Select optimal solutions
- Delegate

Communication Skills
- Listen
- Clear and concise writing
- Good computer skills
- Effective speaker

Interpersonal Skills
- Ethical behavior
- Resolves conflict
- Good leader
- Shows empathy

Goal-setting Skills
- Sets priorities & meaningful objectives
- Evaluates success
- Establishes reward systems
Executive-level:
   President, Partner, CEO

Mid-level:
   Manager, Project Director, Regional Manager

First-line:
   Supervisor, Product manager
Sales Manager Midwest Region,  
*Sportswear International, Inc.*

**Authority**  
- Set objectives and sales goals  
- Establish budgets  
- Hire/fire employees  
- Supervise 8 sales representatives  

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**Accountability**  
- Must meet responsibilities or  
  be replaced
Theory X

- People want direction
- People dislike work
- People will avoid work
- Manager motivates employees with punishment
Theory Y

- People want responsibility
- People enjoy problem solving
- People like work
- People will work depending on the rewards offered them
- Manager motivates employees with rewards
Theory Z

- Team-oriented
- People can be trusted
- People take individual responsibility
- Slow evaluation and promotion
- Fewer levels of management
Jack Welch’s Six Rules for Managers

• Face reality as it is, not as it was or as you wish it to be.
• Be candid with everyone.
• Don’t manage, lead.
• Change before you have to.
• If you don’t have a competitive advantage, don’t complete.
• Control your own destiny, or someone else will.

Motivation: an inner drive that directs a person’s behavior toward goals
The Motivation Process

- Need
- Goal Directed Behavior
- Need Satisfaction
Rewards

Intrinsic Rewards
(within the person)
- Pride
- Feeling good about a job well done
- Personal achievement

Extrinsic Rewards
(outside the person)
- Promotion
- Gifts
- Salary increase
- Praise
- Status
Maslow’s Hierarchy of Needs

- **Physiological Needs**: Hunger, thirst
- **Safety Needs**: Security, protection
- **Social Needs**: Sense of belonging, love
- **Esteem Needs**: Self esteem, recognition, status
- **Self-actualization Needs**: Self development & realization
Maslow’s Hierarchy of Needs & Job Satisfiers

Needs

- Physiological
- Safety
- Social
- Esteem
- Self-actualization

Job Satisfiers

- Compensation, work conditions
- Teamwork, interaction
- Insurance, pensions, seniority
- Status, recognition, decision making
- Creativity, work you prefer
<table>
<thead>
<tr>
<th>Job Factors</th>
<th>Worker dissatisfaction with the job</th>
<th>Neutral about the job</th>
<th>Satisfaction with the job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivators</td>
<td>- - - - - - -</td>
<td>Little or no satisfaction with motivators</td>
<td>Satisfaction</td>
</tr>
<tr>
<td></td>
<td>- - - - - - -</td>
<td>“I’m not being challenged by my job.”</td>
<td>“My job is really challenging me.”</td>
</tr>
<tr>
<td>Hygienes</td>
<td>Dissatisfaction with the hygiene factors</td>
<td>Little or no dissatisfaction</td>
<td>- - - - - -</td>
</tr>
<tr>
<td></td>
<td>“I am dissatisfied with my working conditions.”</td>
<td>“My job is OK, I guess.”</td>
<td>- - - - - -</td>
</tr>
</tbody>
</table>
## Maslow / Hertzberg Comparison

<table>
<thead>
<tr>
<th>Factors</th>
<th>Needs Hierarchy</th>
<th>Work Motivation Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivational</td>
<td>Self-realization</td>
<td>Achievement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsibility</td>
</tr>
<tr>
<td>Esteem</td>
<td></td>
<td>Advancement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recognition</td>
</tr>
<tr>
<td>Hygiene</td>
<td>Social</td>
<td>Relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Status</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td>Job security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working conditions</td>
</tr>
<tr>
<td>Physiological</td>
<td></td>
<td>Salary</td>
</tr>
</tbody>
</table>
Takes the whole pie!

- Accept only good performance
- Personalized positive reinforcement
- Outline objectives
- Interpersonal relationships
- Empathy
<table>
<thead>
<tr>
<th>Question</th>
<th>Agree</th>
<th>Agree</th>
<th>Neither</th>
<th>Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I value friendship more than almost anything else.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. Just knowing I've done something well gives me satisfaction; I don't need praise from others.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. Being happy is more important to me than making money.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4. I need a lot of time by myself.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5. My first priority is high income and job security.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6. I don't believe people should waste their time pursuing dreams.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7. I feel disgusted if someone else gets credit for my accomplishments.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. I'm more concerned with whether or not I enjoy my work than what I get paid for doing it.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>