

# **Supervision**

## **Module One – Overview**

Introduction - **Supervision**

Lesson 1 - **Today's Manager**

Lesson 2 - **Managerial Functions**

Lesson 3 - **Management Levels**

Lesson 4 - **Managerial Roles**

Lesson 5 - **Management Skills**

Lesson 6 - **Management History**

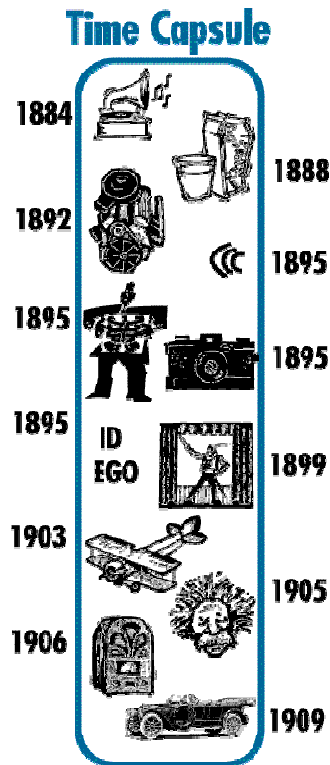
Lesson 7 - **Business Environment**

This Page Blank

# Module One – Supervision: An Overview

## Introduction

The **Industrial Revolution** began in the eighteenth century and transformed the job of manager from owner-manager to professional, salaried manager. Prior to industrialization, the United States was predominantly an agricultural society. The production of manufactured goods was still in the handicraft stage and consisted of household manufacturing, small shops, and local mills. The inventions, machines, and processes of the Industrial Revolution transformed business and management (such as, the use of fossil fuels as sources of energy, the railroad, the improvement of steel and aluminum metallurgical processes, the development of electricity, and the discovery of the internal-combustion engine.) With the industrial innovations in factory-produced goods, transportation, and distribution, big business came into being. New ideas and techniques were required for managing these large-scale corporate enterprises.



Two large-scale institutions, the church and the military, served as examples of control for these new managers. Many of the management terms and techniques used today have their basis in ecclesiastical and military authority (for example, superior, subordinate, strategy, and mission). Military commanders need only give orders and then discharge, penalize, and demote those who do not carry them out and reward those who do.

# Module One – Supervision: An Overview

## Lesson One

### “Today’s Manager”

Today, business and management continue to be transformed by high technology. In order to keep pace with the increased speed and complexity of business, new means of calculating, sorting and processing information were invented. An interesting description of the modern era is the **Information Age** that describes the general use of technology to transmit information.

Managers realized that they could profit from immediate knowledge of relevant information. The telegraph was the first instrument to transform information into electrical form over long distances. The telephone, radio, television, and computer expanded instant information. Computers store and handle a vast amount of data, automate manufacturing, and enhance modern communication systems. The mainframe in the 1970s, the PC in the 1980s and the office network in the first part of the 1990s were the platforms that drove massive product development and growth for the technology industry.

Communication and processing technologies is an essential tool in almost every field of business. The Internet, with its interconnection of millions of computers, has evolved to potentially become one of the greatest resources available to businesses today. The World Wide Web (www) offers access to vast information resources and an immense number of sites on the Internet. Managers can access, store and move digital information (voice, sound, text and numbers). Private corporate intranets provide a universal interface for sharing company-wide information and work group level information. Employees can access information, collaborate, and distribute results anywhere, anytime.

The computer and telecommunications industries continue to converge and have resulted in advances in two-way pagers, digital cellular service, desktop video-conferencing, portable satellite phones, mini-dishes and high-speed Internet access. Business documents include graphics and text on computers around the world, sound, video and simultaneous voice communications. Thus, the Information Age implies a time for a revolution in the information environment for business and management. The changes that are taking place may be more significant to management than the Industrial Revolution.

Organizations are two or more people working together in a structured, formal environment to achieve common goals. Managers provide guidance, implementation, and coordination so those organizational goals can be reached. The modern manager coaches employees of the organization to develop teamwork, which effectively fulfills their needs and achieves organizational objectives. The traditional autocratic organization with its hierarchical system of management and an overbearing "boss" that forces performance out of people is no longer needed. The modern manager provides an atmosphere of empowerment by letting workers make decisions and inspiring people to boost productivity.

## Content Goals

- Compare today's manager to a manager at the time of the Industrial Revolution.
- Summarize the following **Key Concepts**.

**Coach versus "boss"** means that the supervisor is a coach who inspires cooperation and respect so that employees will want not only to be led but also to lead and guide themselves.

**Industrial Revolution** was a dramatic change in the nature of production and industrial developments. The mechanization of manufacturing, the rise of factory towns, and the adjustment of overland transportation and commerce developed to accommodate the beginning of mass production. It was a new perception of the world, a new behavioral style, and a new economic system.

**Information Age** or digital age is a time of advances in communications and computer technologies in which the development and delivery of clear, accurate information is the cornerstone of the economy.

**Internet** includes interconnected computers used to communicate and exchange information.

**Intranet** is the network that provides similar services within an organization to those provided by the Internet outside it but which is not necessarily connected to the Internet.

**Management** is the process of setting goals and achieving objectives through the execution of the functions of management.

**Managers** create and maintain an environment within the organization so that others can work efficiently in it.

**Organization** is a group that exists and operates to achieve common objectives.

**World Wide Web** (WWW) is an Internet client-server hypertext distributed information retrieval system, which originated from the CERN High-Energy Physics laboratories in Geneva, Switzerland.

## Discussion

During the Industrial Revolution, people moved to the cities to be near their work. This led to the centralization of work and the growth of large organizations and cities. Before the Industrial Revolution, crafts people worked from their homes or cottages and had a certain control over their working hours. Today we could be witnessing the opposite, as telecommuters begin to operate from home. Telecommuters choose to live away from the cities, with all their noise, pollution and traffic. They work, from their homes or electronic cottages, on their computer and send the work to their employer by modem.

**How might telecommuting transform management?**

**What advantages do you see in telecommuting for the employee and the manager?**



# Module One – Supervision: An Overview

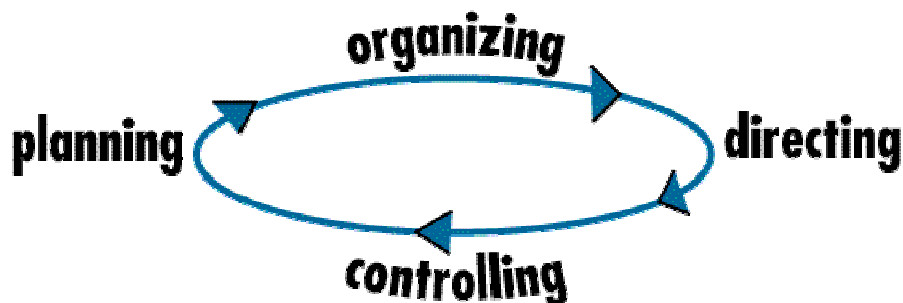
## Lesson Two

### “Managerial Functions”

Managers create and maintain an internal environment, commonly called the organization, so that others can work efficiently in it. A manager's job consists of planning, organizing, directing, and controlling the resources of the organization. These resources include people, jobs or positions, technology, facilities and equipment, materials and supplies, information, and money. Managers work in a dynamic environment and must anticipate and adapt to challenges.

The job of every manager involves what is known as the functions of management: planning, organizing, directing, and controlling. These functions are goal-directed, interrelated and interdependent. Planning involves devising a systematic process for attaining the goals of the organization. It prepares the organization for the future. Organizing involves arranging the necessary resources to carry out the plan. It is the process of creating structure, establishing relationships, and allocating resources to accomplish the goals of the organization. Directing involves the guiding, leading, and overseeing of employees to achieve organizational goals. Controlling involves verifying that actual performance matches the plan. If performance results do not match the plan, corrective action is taken.

### The Functions of Management



### Manager's Job

Describe the job of General Managers and Top Executives. Which key industries employ General Managers and Top Executives? What formal education is required? What is the job outlook for General Managers and Top Executives? What are the typical earnings of General Managers and Top Executives? <http://stats.bls.gov/oco/ocos012.htm>

Describe the job of Blue-Collar Worker Supervisors. Which key industries employ Blue-Collar Worker Supervisors? What formal education is required? What is the job outlook for Blue-

Collar Worker Supervisors? What are the typical earnings of Blue-Collar Worker Supervisors?  
<http://stats.bls.gov/oco/ocos218.htm>

Describe the job of Clerical Supervisors and Managers. Which key industries employ Clerical Supervisors and Managers? What formal education is required? What is the job outlook for Clerical Supervisors and Managers? What are the typical earnings of Clerical Supervisors and Managers?  
<http://stats.bls.gov/oco/ocos127.htm>

## Content Goals

Breakdown managerial functions.

Summarize the following **Key Concepts**

**Controlling** involves verifying that actual performance matches the plan.

**Directing** involves the guiding, leading and overseeing of employees.

**Functions of management** involve planning, organizing, directing, and controlling the resources of the firm. It is the job of the manager.

**Manager's job** is to set goals and achieve objectives through the execution of the functions of management.

**Organizing** involves gathering and arranging the necessary resources to carry out the plan.

**Planning** involves devising a scheme for attaining the goals of the organization.

## Discussion

### Ethical Dilemma

Your company is competitive and puts extreme emphasis on profit. The company also emphasizes integrity and has devised a program to prevent wrongdoing by employees. A member of middle management asks you, the supervisor, to submit to the customer what you believe are illegal claims. Submission of this questionable report would result in a sizable bonus for your department. If you refuse to pass on false claims, would you lose your job?

Explain what you would do and why you would do it.





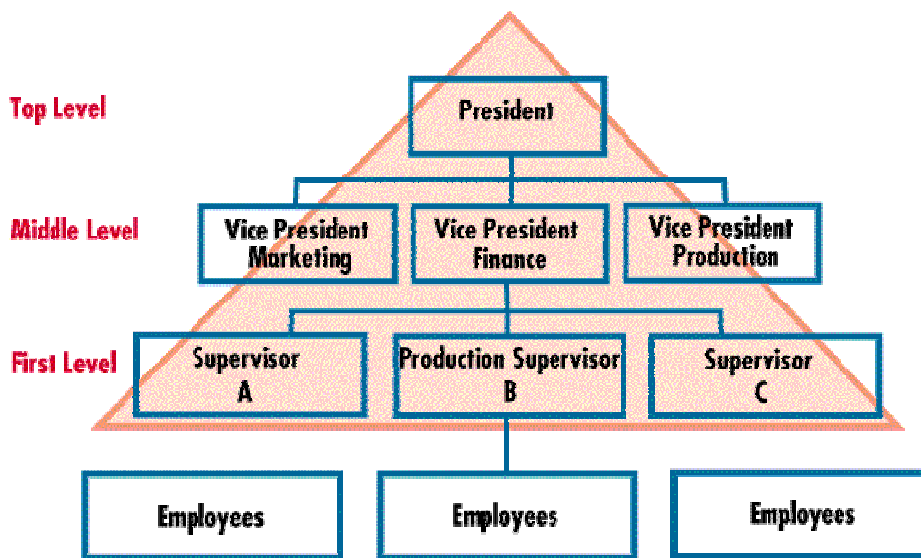


# Module One – Supervision: An Overview

## Lesson Three

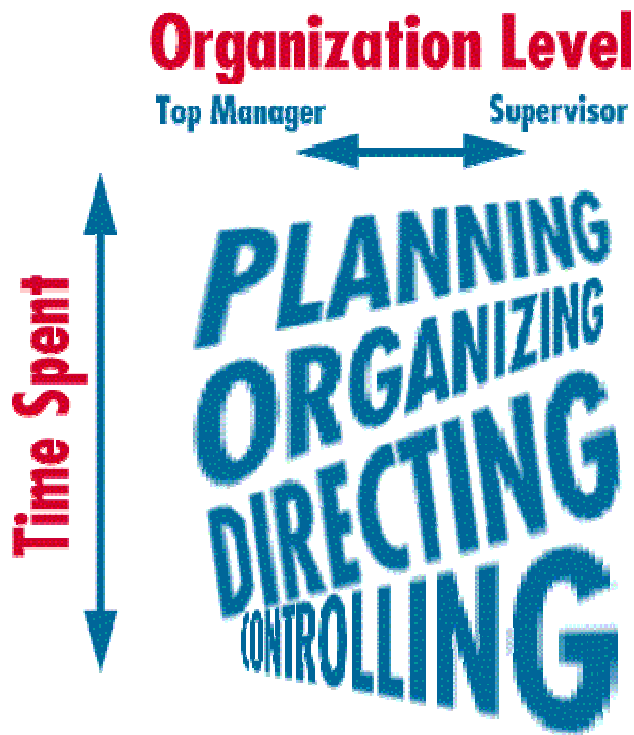
### “Management Levels”

The extent to which managers perform the functions of management - planning, organizing, directing, and controlling - varies by level in the management hierarchy. The term supervisor could be applied at all management levels of the organization to those who direct the work of others. In common usage, however, the title tends to be used only in the first level of the management hierarchy. If an organization were divided into top, middle, and lower managerial levels, the term generally applies to the lower level.



### Levels of Management

Supervisors are managers whose major functions emphasize directing and controlling the work of employees in order to achieve the team goals. They are the only level of management managing non-managers. Thus, most of the supervisor's time is allocated to the functions of directing and controlling. In contrast, top managers spend most of their time on the functions of planning and organizing. The top manager determines the mission and sets the goals for the organization. His or her primary function is long-range planning. Top management is accountable for the overall management of the organization. Middle management implements top management goals. Supervisors direct the actual work of the organization at the operating level.

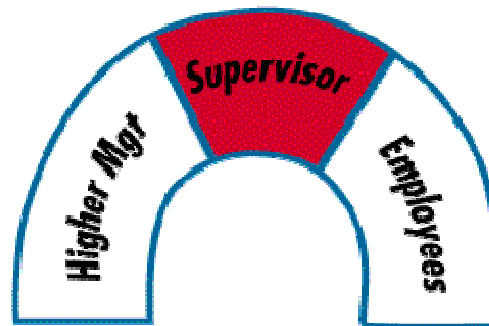


**Levels of Organization  
and  
Functions of Management**

**Keystone in the Organization**

The keystone view, identified by Professor Keith Davis, is many people's ideal of a supervisor's job\*. The comparison between an archway and an organization is very interesting. Without the keystone (supervisor), the arch (organization) collapses. The keystone is the central topmost stone of an arch. It is an essential part because it takes the pressure of both sides, exerts pressure of its own and uses them to strengthen the overall arch. The keystone supervisor is the main connector joining management and employees making it possible for each to perform effectively. Supervisors are the level of management linking the operations of each department to the rest of the organization. This view underscores the critical importance of developing people at all levels.

# The Keystone



Employees need their jobs and want to know what is expected of them and how their work relates to the whole process. The supervisor is the point of contact in the satisfaction of these needs for employees. By his or her efforts toward productivity and efficiency, the supervisor helps make the company successful, which preserves and creates jobs. By interpreting policies and giving instructions and information and through normal, everyday contact with employees, the supervisor serves as the point of contact with management. The keystone has determined that he or she will control the job instead of the job controlling him or her. Thus, it is the confidence in self that will help determine the success of the manager.

\*Keystone used by Keith Davis, *Human Relations at Work: The Dynamics of Organizational Behavior*, New York: McGraw-Hill, 1957 is now in its 10th edition, John W. Newstrom and Keith Davis, *Organizational Behavior: Human Behavior at Work* 10th Edition, McGraw Hill, 1996.

## Content Goals

Describe management level variations.

Summarize the following **Key Concepts**

**Management hierarchy** is the arrangement in an organization of managers by level or rank.

**Middle management** includes managers below the rank of president but above the supervisory level.

**Supervisors** are managers whose major activities focus on supervising non-management employees and the needs of those employees and the objectives of the organization.

**Top management** is managers accountable for the overall success of the organization.

## Discussion

An organization chart is a diagram depicting job titles, lines of authority, and relationships between departments within an organization.

Choose a company and find its organization chart.

*Search organization+chart*

Identify the name of the organization and its web address.

What are the levels of management depicted in the organization chart? *The example in this topic covers three levels of management. However, some companies have two or three levels of middle- and first-level management which result in a "taller" organization structure.*

What is the top manager called? *In the example in this topic, the title was President. In other companies, the top manager might be called "CEO" or chief executive officer.*

What are the middle managers called? *In the example in this topic, the title was Manager. In other companies, middle managers might be called vice presidents.*

What are the first level managers called? *In the example in this module, the title was Supervisor. In other companies, supervisory titles may include lead person, superintendent or coordinator. If there is more than one level of supervisor, add the boxes and titles. For example, in one company, a supervisor may be higher in rank than a lead person.*

The organization of Australia's Public Service and Merit Protection Commission is based on self-managed teams. Compare its organization chart to a traditional organization chart.

<http://www.apsc.gov.au/about/organisation.htm>







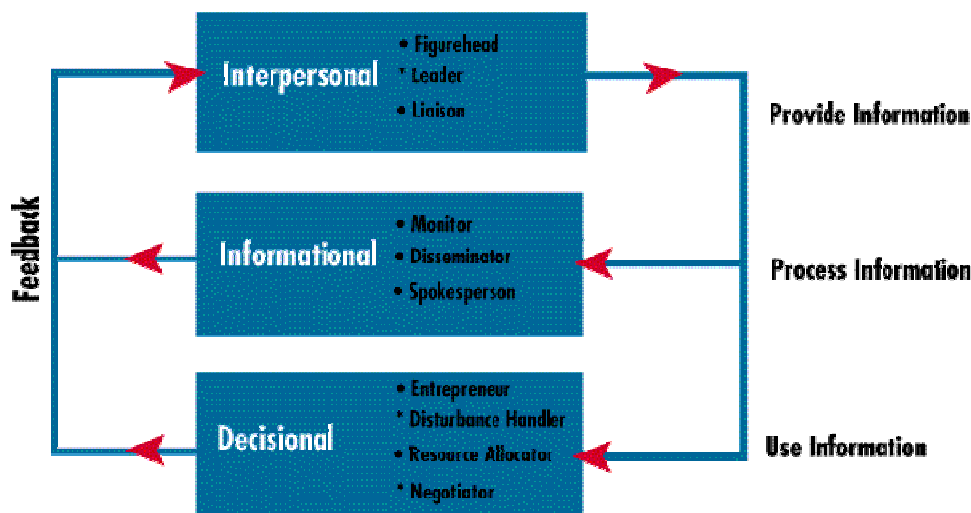
# Module One – Supervision: An Overview

## Lesson Four

### “Managerial Roles”

To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. **Henry Mintzberg** has identified ten roles common to the work of all managers. The ten roles are divided into three groups: interpersonal, informational, and decisional\*. The *informational roles* link all managerial work together. The *interpersonal roles* ensure that information is provided. The *decisional roles* make significant use of the information. The performance of managerial roles and the requirements of these roles can be played at different times by the same manager and to different degrees depending on the level and function of management. The ten roles are described individually, but they form an integrated whole.

### The Managerial Roles



\* Indicates significant role for the supervisor

The three interpersonal roles are primarily concerned with interpersonal relationships. In the figurehead role, the manager represents the organization in all matters of formality. The top level manager represents the company legally and socially to those outside of the organization. The supervisor represents the work group to higher management and higher management to the work group. In the liaison role, the manager interacts with peers and people outside the organization. The top level manager uses the liaison role to gain favors and information, while the supervisor uses it to maintain the routine flow of work. The leader role defines the relationships between the manager and employees.

The direct relationships with people in the interpersonal roles place the manager in a unique position to get information. Thus, the three informational roles are primarily concerned with the

information aspects of managerial work. In the monitor role, the manager receives and collects information. In the role of disseminator, the manager transmits special information into the organization. The top level manager receives and transmits more information from people outside the organization than the supervisor. In the role of spokesperson, the manager disseminates the organization's information into its environment. Thus, the top level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.

The unique access to information places the manager at the center of organizational decision making. There are four decisional roles. In the entrepreneur role, the manager initiates change. In the disturbance handler role, the manager deals with threats to the organization. In the resource allocator role, the manager chooses where the organization will expend its efforts. In the negotiator role, the manager negotiates on behalf of the organization. The top level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

The supervisor performs these managerial roles but with different emphasis than higher managers. Supervisory management is more focused and short-term in outlook. Thus, the figurehead role becomes less significant and the disturbance handler and negotiator roles increase in importance for the supervisor. Since leadership permeates all activities, the leader role is among the most important of all roles at all levels of management.

\*Henry Mintzberg, *The Nature of Managerial Work*, Harper & Row, 1973.

## Content Goals

Identify multiple managerial roles

Summarize the following **Key Concepts**.

**Decisional roles** are the managerial roles of entrepreneur, disturbance handler, resource allocator, and negotiator that make significant use of information.

**Informational roles** are managerial roles of monitor, disseminator, and spokesperson that link all managerial work together.

**Interpersonal roles** are the managerial roles of figurehead, liaison, and leader that ensure that information is provided.

**Managerial role** is an organized set of behaviors common to the work of all managers.

## Discussion

Ideals can become goals if they are consciously decided. The purpose of this exercise is to help you identify your own profile of the ideal manager.

Think of the best manager you have known or heard about. Identify effective managerial characteristics by generating as many characteristics as possible.

1. Rank the characteristics most important to you.
2. Describe the resulting profile in summary essay fashion.
3. Predict how this profile can further your career. Remember, you can determine your role as manager



# Module One – Supervision: An Overview

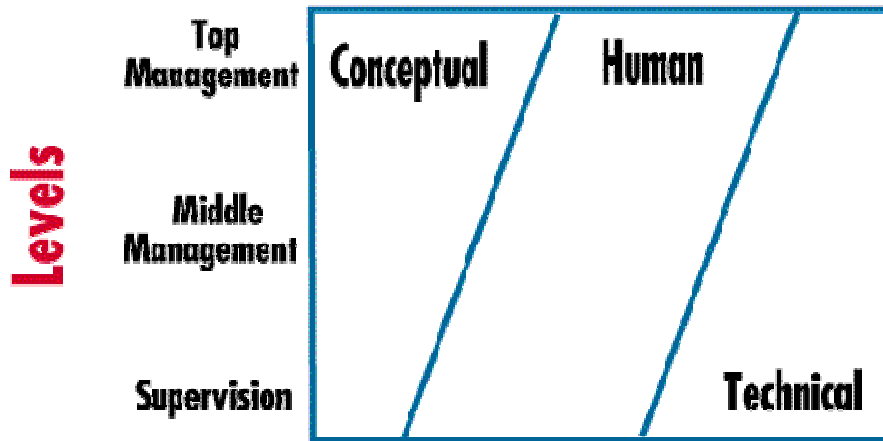
## Lesson Five

### “Management Skills”

In order to perform the functions of management and to assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills that are essential to successful management: technical, human, and conceptual\*. **Technical skill** involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area. **Human skill** involves the ability to interact effectively with people. Managers interact and cooperate with employees. **Conceptual skill** involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas.

A manager's level in the organization determines the relative importance of possessing technical, human, and conceptual skills. Top level managers need conceptual skills in order to view the organization as a whole. Conceptual skills are used in planning and dealing with ideas and abstractions. Supervisors need technical skills to manage their area of specialty. All levels of management need human skills in order to interact and communicate with other people successfully.

# Skills



## Skill Distribution at Various Management Levels

As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example, telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

\*Robert Katz, "Skills of an effective administrator," *Harvard Business Review*, September-October 1974, pp. 90-101.

### Content Goals

Describe management skill types and characteristics.

Summarize the following **Key Concepts**.

**Conceptual skills** are the ability to formulate ideas.

**Human skills** are the ability to interact effectively with people and concerns interpersonal relations.

**Skill** is an ability or proficiency in a specific area.

**Technical skills** are the ability to use process or technique knowledge. They deal with things.

## Discussion

Identify your skills and the skills you want to develop.

<http://www.careersonline.com.au/easyway/res/skill.html>

How will you prove your skills?

<http://www.careersonline.com.au/easyway/res/pskill.html>





# Module One – Supervision: An Overview

## Lesson Six

### “Management History”

Modern managers use many of the practices, principles, and techniques developed from earlier concepts and experiences. The Industrial Revolution brought about the emergence of large-scale business and its need for professional managers. Early military and church organizations provided the leadership models.

In 1975, **Raymond E. Miles** wrote *Theories of Management: Implications for Organizational Behavior and Development* published by McGraw Hill Text. In it, he popularized a useful model of the evolution of management theory in the United States. His model includes classical, human relations, and human resources management.



### Classical School

The Classical school of thought began around 1900 and continued into the 1920s. Traditional or **classical management** focuses on efficiency and includes bureaucratic, scientific and administrative management. Bureaucratic management relies on a rational set of structuring guidelines, such as rules and procedures, hierarchy, and a clear division of labor. Scientific management focuses on the "one best way" to do a job. Administrative management emphasizes the flow of information in the operation of the organization.

### Bureaucracy

**Max Weber** (1864-1920), known as the Father of Modern Sociology, analyzed **bureaucracy** as the most logical and rational structure for large organizations. Bureaucracies are founded on legal or **rational authority** which is based on law, procedures, rules, and so on. **Positional authority** of a superior over a subordinate stems from legal authority. **Charismatic authority** stems from the personal qualities of an individual. Efficiency in bureaucracies comes from: (1.) clearly defined and specialized functions; (2.) use of legal authority; (3.) hierarchical form; (4.) written rules and procedures; (5.) technically trained bureaucrats; (6.) appointment to positions based on technical expertise; (7.) promotions based on competence; (8.) clearly defined career paths.



### Scientific Management

**Scientific management** focuses on worker and machine relationships. Organizational productivity can be increased by increasing the efficiency of production processes. The efficiency perspective is concerned with creating jobs that economize on time, human energy, and other productive resources. Jobs are designed so that each worker has a specified, well

controlled task that can be performed as instructed. Specific procedures and methods for each job must be followed with no exceptions.

### **Frederick Taylor (1856-1915)**

Many of Frederick Taylor's definitive studies were performed at Bethlehem Steel Company in Pittsburgh. To improve productivity, Taylor examined the time and motion details of a job, developed a better method for performing that job, and trained the worker. Furthermore, Taylor offered a piece rate that increased as workers produced more.

In 1911, **Frederick Taylor**, known as the Father of Scientific Management, published *Principles of Scientific Management* in which he proposed work methods designed to increase worker productivity. One of his famous experiments had to do with increasing the output of a worker loading pig iron to a rail car. Taylor broke the job down into its smallest constituent movements, timing each one with a stopwatch. The job was redesigned with a reduced number of motions as well as effort and the risk of error. Rest periods of specific interval and duration and a differential pay scale were used to improve the output. With scientific management, Taylor increased the worker's output from 12 to 47 tons per day! The **Taylor model** gave rise to dramatic productivity increases.

### **Frank (1868-1924) and Lillian (1878-1972) Gilbreth**



**Frank and Lillian Gilbreth** emphasized method by focusing on identifying the elemental motions in work, the way these motions were combined to form methods of operation, and the basic time each motion took. They believed it was possible to design work methods whose times could be estimated in advance, rather than relying upon observation-based time studies. Frank Gilbreth, known as the Father of Time and Motion Studies, filmed individual physical labor movements. This enabled the manager to break down a job into its component parts and streamline the process. His wife, Lillian Gilbreth, was a psychologist and author of *The Psychology of Work*. In 1911 Frank Gilbreth wrote *Motion Study* and in 1919 the couple wrote *Applied Motion Study*. Frank and Lillian had 12 children. Two of their children, Frank B. Gilbreth, Jr. and Ernestine Gilbreth Careyone, wrote their story, *Cheaper by the Dozen*.

One of Frank Gilbreth's first studies concerned bricklaying. (He had worked as an apprentice bricklayer.) He designed and patented special scaffolding to reduce the bending and reaching which increased output over 100 per cent. However, unions resisted his improvements, and most workers persisted in using the old, fatiguing methods.

The Gilbreths believed that there was one best way to perform an operation. However, this "one best way" could be replaced when a better way was discovered. The Gilbreths defined **motion study** as dividing work into the most fundamental elements possible, studying those

elements separately and in relation to one another; and from these studied elements, when timed, building methods of least waste. They defined **time study** as a searching scientific analysis of methods and equipment used or planned in doing a piece of work, development in practical detail of the best way of doing it, and determination of the time required. The Gilbreths drew symbols on operator charts to represent various elements of a task such as search, select, grasp, transport, hold, delay, and others. They called these graphical symbols "therbligs" (Gilbreths spelled backwards).

### Henry Gantt (1861-1919)

**Henry Gantt** developed the Gantt chart, which is used for scheduling multiple overlapping tasks over a time period. He focused on motivational schemes, emphasizing the greater effectiveness of rewards for good work (rather than penalties for poor work). He developed a pay incentive system with a guaranteed minimum wage and bonus systems for people on fixed wages. Also, Gantt focused on the importance of the qualities of leadership and management skills in building effective industrial organizations.

### Administrative Management

**Administrative management** emphasizes the manager and the functions of management. **Henri Fayol** (1841--1925), known as the Father of Modern Management, was a French industrialist who developed a framework for studying management. He wrote *General and Industrial Management*. His five functions of managers were plan, organize, command, coordinate, and control. His fourteen principles of management included division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interests to general interests, remuneration of personnel, centralization, scalar chain, order, equity, stability of tenure of personnel, initiative, and esprit de corps (union is strength).



**Mary Parker Follett's** concepts included the universal goal, the universal principle, and the Law of the Situation. The **universal goal** of organizations is an integration of individual effort into a synergistic whole. The **universal principle** is a circular or reciprocal response emphasizing feedback to the sender (the concept of two-way communications). **Law of the Situation** emphasizes that there is no one best way to do anything, but that it all depends on the situation.

### Human Relations School

Behavioral or **human relations** management emerged in the 1920s and dealt with the human aspects of organizations. It has been referred to as the neoclassical school because it was initially a reaction to the shortcomings of the classical approaches to management. The human relations movement began with the Hawthorne Studies which were conducted from 1924 to 1933 at the Hawthorne Plant of the Western Electric Company in Cicero, Illinois.

### The Hawthorne Studies

Harvard Business School researchers, T.N. Whitehead, Elton Mayo, and George Homans, were led by Fritz Roethlisberger. **Elton Mayo**, known as the Father of the Hawthorne Studies, identified the **Hawthorne Effect** or the bias that occurs when people know that they are being

studied. The Hawthorne Studies are significant because they demonstrated the important influence of human factors on worker productivity.

There were four major phases to the Hawthorne Studies: the illumination experiments, the relay assembly group experiments, the interviewing program, and the bank wiring group studies. The intent of these studies was to determine the effect of working conditions on productivity. The illumination experiments tried to determine whether better lighting would lead to increased productivity. Both the control group and the experimental group of female employees produced more whether the lights were turned up or down. It was discovered that this increased productivity was a result of the attention received by the group. In the relay assembly group experiments, six female employees worked in a special, separate area; were given breaks and had the freedom to talk; and were continuously observed by a researcher who served as the supervisor. The supervisor consulted the employees prior to any change. The bank wiring group studies were analyzed thoroughly by Homans and were included in his now classic book, *The Human Group*. The banks wiring groups involved fourteen male employees and were similar to the relay assembly group experiments, except that there was no change of supervision. Again, in the relay and bank wiring phases, productivity increased and was attributed to group dynamics. The conclusion was that there was no cause-and-effect relationship between working conditions and productivity. Worker attitude was found to be important. An extensive employee interviewing program of 21,000 interviews was conducted to determine employee attitudes toward the company and their jobs. As a major outcome of these interviews, supervisors learned that an employee's complaint frequently is a symptom of some underlying problem on the job, at home, or in the person's past.

### Chester Barnard (1886-1961)

When **Chester Barnard** retired as the CEO of New Jersey Bell Telephone, he recorded his insights about management in his book, *Functions of the Executive*. It outlined the legitimacy of the supervisor's directives and the extent of the subordinates' acceptance. He developed the concepts of strategic planning and the acceptance theory of authority. Strategic planning is the formulation of major plans or strategies, which guide the organization in pursuit of major objectives. Barnard taught that the three top functions of the executive were to (1) establish and maintain an effective communication system, (2) hire and retain effective personnel, and (3) motivate those personnel. His **Acceptance Theory of Authority** states that managers only have as much authority as employees allow them to have. The acceptance theory of authority suggests that authority flows downward but depends on acceptance by the subordinate. The acceptance of authority depends on four conditions. (1.) Employees must understand what the manager wants them to do. (2.) Employees must be able to comply with the directive. (3.) Employees must think that the directive is in keeping with organizational objectives. (4.) Employees must think that the directive is not contrary to their personal goals. Barnard believed that each person has a **zone of indifference** or a range within each individual in which he or she would willingly accept orders without consciously questioning authority. It was up to the organization to provide sufficient inducements to broaden each employee's zone of indifference so that the manager's orders would be obeyed.

### Human Resources School

Beginning in the early 1950s, the human resources school represented a substantial progression from human relations. The behavioral approach did not always increase

productivity. Thus, motivation and leadership techniques became a topic of great interest. The human resources school understands that employees are very creative and competent, and that much of their talent is largely untapped by their employers. Employees want meaningful work; they want to contribute; they want to participate in decision making and leadership functions.

## **Integrating the Management Theories**

Systems theory and a contingency view can help integrate the theories of management. Appropriate managerial techniques can be applied as required by environmental conditions. A broad perspective is valuable to managers when overseeing one unit or the total integration of all subunits.

### **Systems Theory**

During the 1940s and World War II, systems analysis emerged. This viewpoint uses systems concepts and quantitative approaches from mathematics, statistics, engineering, and other related fields to solve problems. Managers find optimal solutions to management problems by using scientific analysis which is closely associated with the systems approach to management. A system is an interrelated and interdependent set of elements functioning as a whole. It is an open system that interacts with its environment. It is composed of inputs from the environment (material or human resources), transformation processes of inputs to finished goods (technological and managerial processes), outputs of those finished goods into the environment (products or services), and feedback (reactions from the environment). Subsystems are systems within a broader system. Interdependent subsystems (such as production, finance, and human resources) work toward synergy in an attempt to accomplish an organizational goal that could not otherwise be accomplished by a single subsystem. Systems develop synergy. This is a condition in which the combined and coordinated actions of the parts of a system achieve more than all the parts could have achieved acting independently. Entropy is the process that leads to decline.

### **Contingency View**

In the mid-1960s, the contingency view of management or situational approach emerged. This view emphasizes the fit between organization processes and the characteristics of the situation. It calls for fitting the structure of the organization to various possible or chance events. It questions the use of universal management practices and advocates using traditional, behavioral, and systems viewpoints independently or in combination to deal with various circumstances. The contingency approach assumes that managerial behavior is dependent on a wide variety of elements. Thus, it provides a framework for integrating the knowledge of management thought.

## **Emerging Management Positions**

New management viewpoints are emerging. **Quality** management emphasizes achieving customer satisfaction by providing high quality goods and services. **Reengineering** the organization redesigns the processes that are crucial to customer satisfaction.

**Chaos** models the corporation as a complex adaptive system that interacts and evolves with its surroundings. Many seemingly random movements in nature exhibit structured patterns. Living systems operate at their most robust and efficient level in the narrow space between stability and disorder -- poised at "the edge of chaos." It is here that the agents within a system conduct the fullest range of productive interactions and exchange the greatest amount of useful information.

## Content Goals

Explain management historical developments.

Summarize the following **Key Concepts**.

**Administrative Management** is the branch of classical management that emphasized the flow of information and how organizations should operate.

**Bureaucracy** is an organization marked by diffusion of authority through a hierarchy of clearly defined positions held by career people and subject to the rules of operation.

**Chaos** is unpredictable behavior.

**Classical Management** is the school of management thought, which includes bureaucratic, scientific, and administrative management. It pursued the one best way to perform tasks.

**Contingency view of management** is situational view of management based on the premise that managers should draw freely from other viewpoints to effectively solve problems.

**Entropy** is the tendency of a system to run down.

**Gantt chart** is a scheduling technique that uses a graph to plan and control a process with sequential events.

**Human Relations Management** or behavioral school of management focuses on people as individuals with needs, as members of work groups, and as members of society.

**Human Resources Management** focuses on motivation and leadership techniques.

**Quality** is the totality of features of a product, service, or process that bear on its ability to satisfy requirements of producers and users.

**Reengineering** is the redesign of workflows, systems, and procedures.

**Scientific Management** is the branch of classical management that focused on the division of labor among specialists and application of scientific methods to management.

**Synergy** means that the combined action of the parts is greater in total effect than the sum of their effects. The whole is greater than the sum of the parts.

**System** is a set of interrelated and interdependent parts that work together to achieve stated goals.

**Systems Theory** views the organization as a group of interacting, interrelated and interdependent parts forming a whole.

**Total Quality Management** is a strategy for continuously improving performance at every level of an organization.

## Discussion

Management theory has evolved based on influences from classical management, behavioral approaches, and quantitative methods. Systems, contingency, quality, reengineering, and chaos have added to management knowledge. Many have contributed to the development of management as a discipline.

Research and discuss someone who has contributed to the development of management.

Chester Barnard

W. Edwards Deming

Peter Drucker

Henri Fayol

Mary Parker Follett

Henry Gantt

Frank Gilbreth

Lillian Gilbreth

Douglas MacGregor

Elton Mayo

Max Weber

Frederick W. Taylor

List Frederick Taylor's contributions to the history of management.

Watch the movie, *Cheaper by the Dozen*, and describe the scientific management techniques that were used to organize and run the Gilbreth household.

Compare Follett's thinking to today's contingency theory or situational theory.









# Module One – Supervision: An Overview

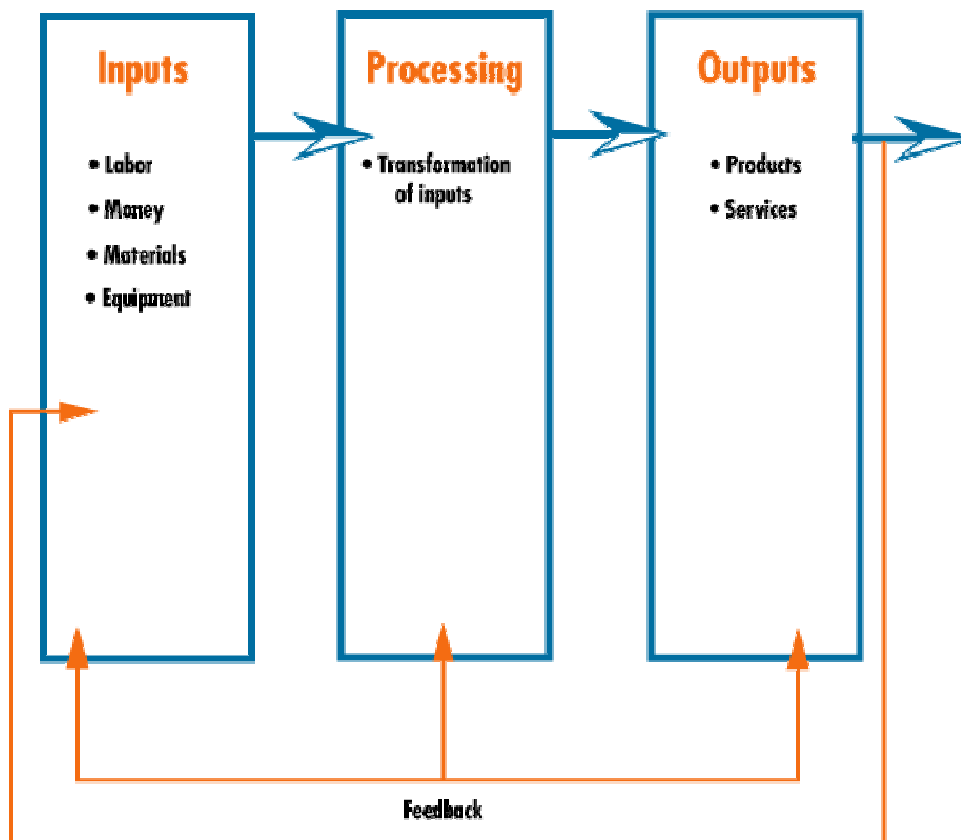
## Lesson Seven

### “Business Environment”

A manager is someone skilled in knowing how to analyze and improve the ability of an organization to survive and grow in a complex and changing world. This means that managers have a set of tools that enable them to grasp the complexity of the organization's environment.

A management system describes the organization and the set of significant interacting institutions and forces in the organization's complex and rapidly changing environment that affect its ability to serve its customers. The firm must continuously monitor and adapt to the environment if it is to survive and prosper. Disturbances in the environment may spell profound threats or new opportunities for the firm. The successful firm will identify, appraise, and respond to the various opportunities and threats in its environment.

#### The Organization As A System



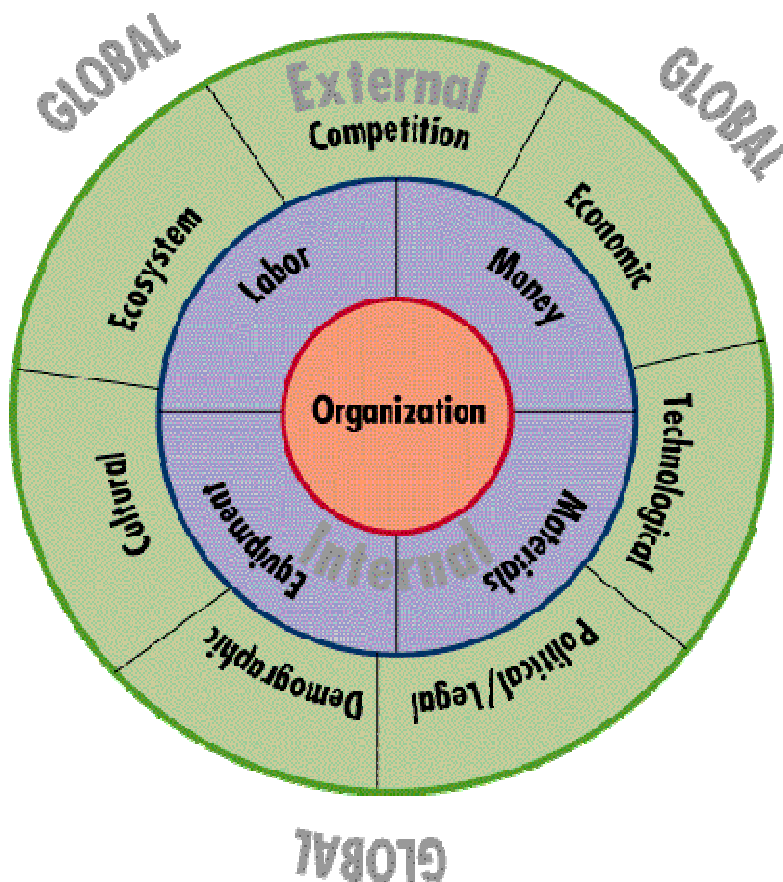
Internal Environment

The management system can be conceptualized on two levels. The first level involves the organization's internal environment. Internally, an organization can be viewed as a resource conversion machine that takes inputs (labor, money, materials and equipment) from the external environment (i.e., the outside world), converts them into useful products, goods, and services, and makes them available to customers as outputs.

## External Environment

The second level of the management system involves the organization's external environment. It consists of all the outside institutions and forces that have an actual or potential interest or impact on the organization's ability to achieve its objectives: competitive, economic, technological, political, legal, demographic, cultural, and ecosystem.

Environmental forces create challenges and opportunities for the organization. Managers must react and adapt to changes in their internal and external environment. Globalization is an example of an opportunity for an organization. Improving technologies, such as transportation and communications, have enabled companies to expand into global or worldwide markets. Globalization affects how organizations are managed. Managers must learn to deal effectively with multiple cultures and political systems in the midst of rapidly changing markets and technology. They must be able to anticipate this changing environment and develop the vision and competencies at all levels in their organizations to embrace this dynamic future.



## Content Goals

Describe common business environmental forces.

Summarize the following **Key Concepts**

**Competition** is organizations that offer similar products or services.

**Cultural forces** are institutions and other forces that affect society's basic values, perceptions, preferences, and behaviors.

**Demographics** include the size, density, location, age, sex, race, and occupation of human populations.

**Economic forces** are factors that affect consumer purchasing power and spending patterns.

**Ecosystems** are natural resources including animals and plants interrelated in the environment.

**External environment** includes all of the forces outside of an organization's boundaries that are not under the control of management.

**Globalization** is viewing markets as part of a worldwide economy.

**Internal environment** includes all of the elements within an organization's boundaries that are under the control of management.

**Political and legal forces** are the laws and government agencies that influence and limit various organizations and individuals in society.

**Technology** is the combined effects of scientific discoveries, engineering applications, and inventions creating new product and market opportunities.

## Discussion

You have the opportunity to be transferred to Mexico.

How will the importance of the external variables vary between the United States and Mexico?





