

Principles of Management - an Introduction

Case duration (Min): **45-60**

Principles of Management (PoM)

Introduction to PoM

Worldwide

Case summary:

Consider using role play initially - i.e. make one group of students a profit organization and the other a not-for-profit and encourage a debate on what management means to both.

This case considers what is meant by management from the perspectives of commercial and not-for-profit organisations. Similarities and differences are considered and arguments from two people presented over three short film clips.

Learning objectives:

Describe what is meant by the term 'management'.

Identify the common functions of management.

Contrast management within for profit and not-for-profit organisations.

Case problem:

What is management?

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type

URL/ Media description

Organizational Management Is The Same
Regardless of Profit or Non-Profit Sector.

<http://eclips.cornell.edu/themes.do?id=464&clipID=6040&tab=TabClipPage>

Film

Christine DeVita States Organizational Management Is The Same Regardless of Profit or Non-Profit Sector.

I understand that there is a perception that the kind of basic competencies of running an organization- management, financial, mission, strategy, that somehow they change as you move from the corporate world, to the non-profit world, to the government world. And the truth of the matter is, it's not true. That it is all - organizational management is organizational management. Whether you do it as a return for shareholders, whether you do it to create a social benefit, the issues are all the same. Managing people is the same. Being smart about your financial health. Being clear, and looking out into the future to ensure that you do not overextend. If you are a company, you clearly do not want to over leverage your balance sheet. If you are a foundation, you do not want to over commit from multi-year grants, funds in the future that you may not have if the market tanks. Careful and prudent planning, not just for the current fiscal year you are in, but for two to three years out does not disappear because you are working for a social return as opposed to a shareholder return. The principles of good management, leadership, financial health, strategic planning, execution, and measuring results are the same.

Not-For-Profits Answer To The Whole
Community While Businesses Answer To
Shareholders.

<http://eclips.cornell.edu/themes.do?id=464&clipID=11763&tab=TabClipPage>

Film

Roger Sibley States Not-For-Profits Answer To The Whole Community While Businesses Answer To Shareholders.

There's a lot of similarities I think in terms of organizational structure, accountability, finance, you know, we've all got personnel rules, I mean you know, a lot of that stuff stays fairly similar. There is an inherent difference between a for-profit business and a not-for-profit just by ownership. We are owned by the community, that is in nature being a not-for-profit. So we don't have either a person or a partner or shareholders who buy stock. We're owned by everybody. So therefore our accountability just is ... in business we'll talk about return to shareholders. Our return has to be the community. It's slightly more abstract sounding but it also is ... it is directed in a lot of ways. We are responsible to do what the community needs at aggregate and family at a time, person at a time. So that really is one of the big distinctions.

Film

Roger Sibley States Cash Flow Is More Complicated in Not-For-Profits.

Cash is always the thing and it's interesting because the nature of most human service organizations I would suggest and certainly ours is you have two, at least two kinds of customers. You have the customers who get the service. You have a different group of customers who pay for the service, often they're the same kind of customers who regulate the service but not always identical, so that you end up having a number of different constituencies that you have to please. The other characteristic is that nobody pays you up front, and sometimes because one of the things government is able to do is to make things as complicated as they can. There is a massive amount of control processes that go on so we can be two, three months or more between when we actually deliver and have to expend the money and we probably get paid back. So the skills in financial management are very great in order to be able to do that. It's not just simple as the guy bringing in a wad of cash and buying a Chevy.

NOTES:

Case study questions...

Action	Pre/During/After class
1 WHAT IS MANAGEMENT ? in your groups you should brainstorm ideas concerning what is meant by the term 'management' and then discuss whether you believe management within profit organisations is essentially the same as within not-for-profit organisations.	During
2 MANAGEMENT FUNCTIONS Identify the five managerial functions suggested by Fayol. Which of these functions were discussed (either directly or indirectly) in the film clip and which were not?	During
3 CONTRAST MANAGEMENT WITHIN FOR PROFIT AND NOT-FOR-PROFIT ORGANISATIONS. With reference to the concept of accountability (in particular, for the ultimate use of organisational resources and actions undertaken) further discuss the similarities and differences between profit and not-for-profit organisations.	During
4 CONTRAST MANAGEMENT WITHIN FOR PROFIT AND NOT-FOR-PROFIT ORGANISATIONS. Consider the comments made in the film clip: "There is an inherent difference between a for-profit business and a not-for-profit just by ownership. We are owned by the community, that is in nature being a not-for-profit. So we don't have either a person or a partner or shareholders who buy stock. We're owned by everybody. So therefore our accountability just is ... in business we'll talk about return to shareholders. Our return has to be the community". Do you believe there to be a significant difference as suggested?	During
5 MANAGERIAL ROLES Finally, discuss the similarities and differences between profit and not for profit organisations with reference to Mintzberg's managerial roles	During

ADMINISTRATIVE MANAGEMENT

Considers management as activities aimed at running the organization as a whole. Also see Classical management theory and Bureaucracy.

CLASSICAL APPROACH TO MANAGEMENT

The organisation is thought of in terms of its purpose and formal structure and this approach aims to identify how methods of working can improve productivity. Emphasis is placed on the planning of work, the technical requirements of the organisation, principles of management and the assumption of rational and logical behaviour.

MANAGEMENT

coordinated activities to direct and control an organization

MANAGEMENT

The process through which efforts of members of the organisation are co-ordinated, directed and guided towards the achievement of organisational goals. The clarification of objectives, planning, organising, directing and controlling other people's work.

MANAGEMENT SCIENCE

those fields of intellectual production that seek to understand managerial actions and structures with a view of improving them to some standard

SCIENTIFIC MANAGEMENT

a school of management theory dating from the early twentieth century; more analytical and systematic than 'scientific' as such, sometimes referred to (pejoratively) as Taylorism, after Frederick Taylor who was influential in founding its principles.

Question/ Answer

1 WHAT IS MANAGEMENT ?

in your groups you should brainstorm ideas concerning what is meant by the term 'management' and then discuss whether you believe management within profit organisations is essentially the same as within not-for-profit organisations.

Management - The process, through which efforts of members of the organisation are co-ordinated, directed and guided towards the achievement of organisational goals; the clarification of objectives, planning, organising, directing and controlling other people's work; coordinated activities to direct and control an organization.

Organization - A group of people who work together to achieve shared goals.

Management is essentially about efficiency (leadership is about effectiveness) i.e. the best use of resources to achieve goals; it involves getting work done through others and the resources available.

Efficiency is often associated with being cost-effective.

Students should define organisation and recognise that the term may be used with for profit and not-for-profit; whilst objectives (the goal) may differ, as organisations each will need to manage people and other resources efficiently.

2 MANAGEMENT FUNCTIONS

Identify the five managerial functions suggested by Fayol. Which of these functions were discussed (either directly or indirectly) in the film clip and which were not?

The five management functions: planning, organising, coordinating, commanding and controlling. Controlling: "financial", "If you are a company, you clearly do not want to over leverage your balance sheet"... "measuring results"

Planning: "strategic planning" – "mission", "strategy", "looking out into the future, Careful and prudent planning"

Commanding: "Managing people"

Organising, coordinating: "execution"

3 CONTRAST MANAGEMENT WITHIN FOR PROFIT AND NOT-FOR-PROFIT ORGANISATIONS.

With reference to the concept of accountability (in particular, for the ultimate use of organisational resources and actions undertaken) further discuss the similarities and differences between profit and not-for-profit organisations.

Accountability - The mechanisms for assessing responsibility for decisions made and actions taken. Students should discuss who the organisation is ultimately accountable to-shareholders, the community, society, other stakeholders...

4 CONTRAST MANAGEMENT WITHIN FOR PROFIT AND NOT-FOR-PROFIT ORGANISATIONS.

Consider the comments made in the film clip: "There is an inherent difference between a for-profit business and a not-for-profit just by ownership. We are owned by the community, that is in nature being a not-for-profit. So we don't have either a person or a partner or shareholders who buy stock. We're owned by everybody. So therefore our accountability just is ... in business we'll talk about return to shareholders. Our return has to be the community". Do you believe there to be a significant difference as suggested?

The theory of the firm consists of a number of economic theories which describe the nature of the firm (company or corporation), including its existence, its behaviour, and its relationship with the market. The traditional 'theory of the firm' assumes that profit maximization is the goal of the commercial organization. More recent analyses suggest that sales maximization or market share, combined with satisfactory profits, may be the main purpose of large industrial corporations. Furthermore, whilst traditional views recognised only the shareholder as the focus of organizational goals, more recently, organizations have considered society as a key stakeholder. The triple bottom line (or "TBL", "3BL", or "People, Planet, Profit") captures an extended range of values and criteria for measuring organizational success; economic, environmental and social. The concept of TBL demands that a company's responsibility be to 'stakeholders' rather than shareholders. In this case, 'stakeholders' refers to anyone who is influenced, either directly or indirectly, by the actions of the organization. People (Human Capital) pertains to fair and beneficial business practices toward labour and the community and region in which a corporation conducts its business; Planet (Natural Capital) refers to sustainable environmental practices and Profit (not limited to the internal profit made by a company or organization) is the bottom line shared by all commerce - the economic benefit enjoyed by the host society.

ORGANIZATION

A group of people who work together to achieve shared goals

EFFICIENCY

Relationship between the result achieved and the resources used

EFFECTIVENESS

Doing right things

ACCOUNTABILITY

The mechanisms for assessing responsibility for decisions made and actions taken.

INTERPERSONAL, INFORMATIONAL AND DECISIONAL ROLES

Three categories of role used to describe the main features of a managers job.

INFORMATIONAL ROLES

Mintzberg's classification for managerial roles where managers act as the nerve centres of their organizations, receiving and disseminating critical information.

INTERPERSONAL ROLES

Mintzberg's classification for managerial roles where managers act as figureheads and leaders for the organization.

DECISIONAL ROLES

Mintzberg's classification for managerial roles where managers initiate activities, handle disturbances, allocate resources, and negotiate conflicts.

5 MANAGERIAL ROLES

Finally, discuss the similarities and differences between profit and not for profit organisations with reference to Mintzberg's managerial roles

Interpersonal, Informational and Decisional roles - Three categories of role used to describe the main features of a managers job.

Decisional roles - Mintzberg's classification for managerial roles where managers initiate activities, handle disturbances, allocate resources, and negotiate conflicts.

Informational roles - Mintzberg's classification for managerial roles where managers act as the nerve centres of their organizations, receiving and disseminating critical information

Interpersonal roles - Mintzberg's classification for managerial roles where managers act as figureheads and leaders for the organization

Students should identify all three roles as being broadly similar in both types of organisation, however aspects of the context will have difference

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Williams, C. (2007) 'MGMT', South-Western College Pub.