

FEUP | Academic Year 2024-2025

Course L.EGI031: OGE – Organização e Gestão de Empresas
Organizational Design and Management

*Introduction to Management: Organizations, Managers and Managing
Management Levels. Functions, Roles and Skills .
Management Styles.*

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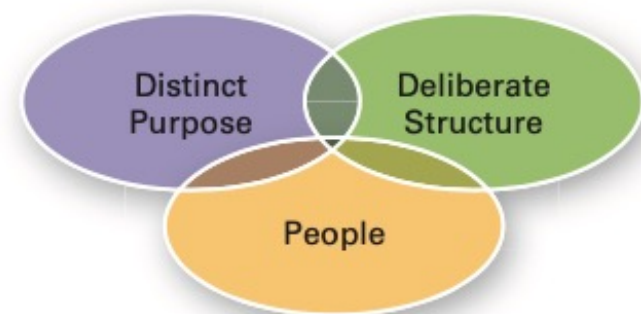
The contents presented here has been collected from different sources (Books: Organizational theory, design and change (Gareth R.Jones); Modern Management (Certo); Managment and Organizations (Robbins Coultler) and lectures notes from several origins). Several additions, modifications and updates have been made by Américo Azevedo (ala@fe.up.pt) in order to support the learning process defined in the context of OGE program .

After studying this class, you should be able to:

- Understand the **purpose** of organizations
- Describe and understand the **role** of management
- Distinguish the fundamental **functions** of management
- Differentiate among different **levels of management**, and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy
- Distinguish between three **kinds of managerial skill**
- Differentiate among different **management styles**

- **Who Is a Manager?**

- what *is* an **organization**?



Why Organizations Exist?

- **Value** creation is the primary aim of any Organization.
- **Value** is what attracts and keeps customers.
- **Value** is what attracts and retains employees.
- It also attracts and maintains investors, suppliers and other stakeholders critical to the firm's long-term success.

VALUE ?

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$$\text{Value} = \text{Benefits} / \text{Cost}$$

Organizations exist to create more Value when people work together!

Why more Value can be created when people work together?

- Collaboration brings together individuals with diverse skills, knowledge, and perspectives. This diversity can lead to more creative solutions and innovations.
- Synergy the collective output of a group is greater than the sum of the inputs of individual members
- Division of labor allows specialization: Specialization allows individuals to become experts at their job
- Cost savings that result when goods and services are produced in large volume on automated production lines (economies of scale)
- Cost savings that result when an organization is able to use resources with higher efficiency (covering capital resources and human resources)

Organization and Management

- **Organization**: a group of people that is structured and managed to meet a need or to pursue collective goals.
 - The **design of an organization** determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks.
- **Management** is the planning, organizing, leading, and controlling of human and other **resources** to achieve organizational goals **efficiently** and **effectively**; Managing diversity and gaining competitive advantage.

Three Characteristics of Organizations



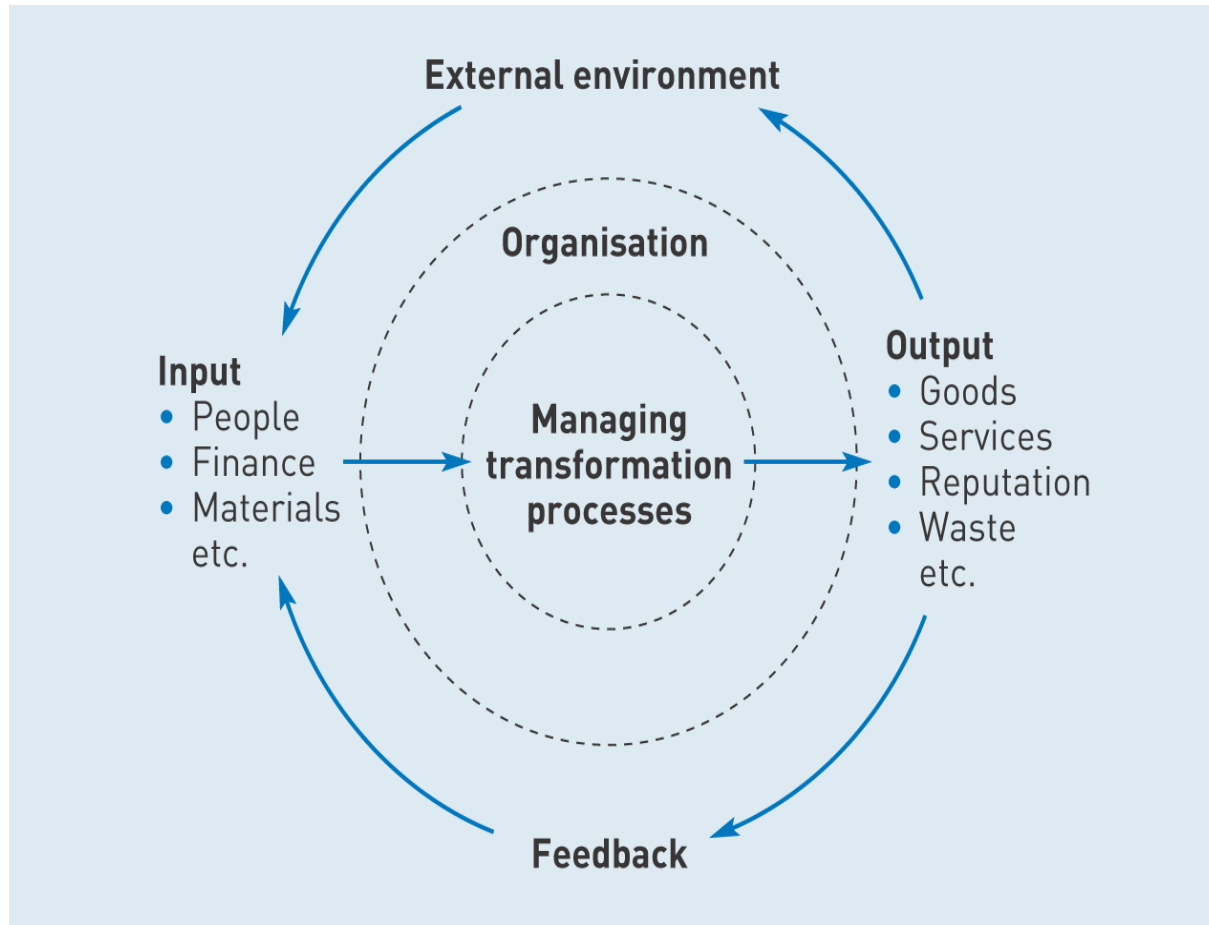
Five characteristics of formal organizations

- Horizontal differentiation - refers to the existence of separate functions and departments with distinct and **specialized roles**
- Vertical differentiation - refers to the **assignment of roles and authorities** by tiered, **hierarchical levels**
- Standardization - refers to the adoption of common, repeatable practices and **procedures**
- Formalization - refers to the documentation of explicit rules and processes (the terms standardization and formalization are sometimes used interchangeably)
- Integration - refers to the degree of alignment, collaboration, and connectivity between specialized individuals, functions, or departments.

What is the difference between **managers** and **non-managers**?

- **Nonmanagerial** employees are people who work directly on a job or task and have no responsibility for overseeing the work of others.
- **Managers** are the individuals in an organization who **plans, organize, direct** and **oversee** the activities of other people in the organization, so that organizational goals can be accomplished efficiently and effectively.
 - **Coordinating and overseeing** the work of others so that their activities are completed efficiently and effectively.

Achieving an organization-wide focus on value creation is understanding the sources and drivers of value creation



Organizational environment:

The set of forces and conditions that operate beyond an organization's boundaries but affect its ability to acquire and use resources to create value

General Environment

factors and forces outside the organization that affect its performance.

- **Economic forces**

encompasses factors such as: the state of the economy and the unemployment rate, interest rates, inflation, stock market fluctuations, and business cycle stages.

- **Demographic, cultural and social forces**

includes trends in population characteristics such as age, race, gender, education level, geographic location, income, and family composition; societal and cultural factors such as values, attitudes, trends, traditions, lifestyles, beliefs, tastes, and patterns of behaviour.

- **Technological dimension**

focuses on scientific and industrial innovations. The development of new production techniques and new information-processing equipment influence many aspects of organisations' operations

- **Political, legal, ethical forces**

Policies and regulations as well as other countries' laws and global laws. It also includes a country's political conditions and stability.

- **Ecological and environmental forces**

Sustainability, climate change, ecological footprint, resource usage, energy,...

- **Global Forces**

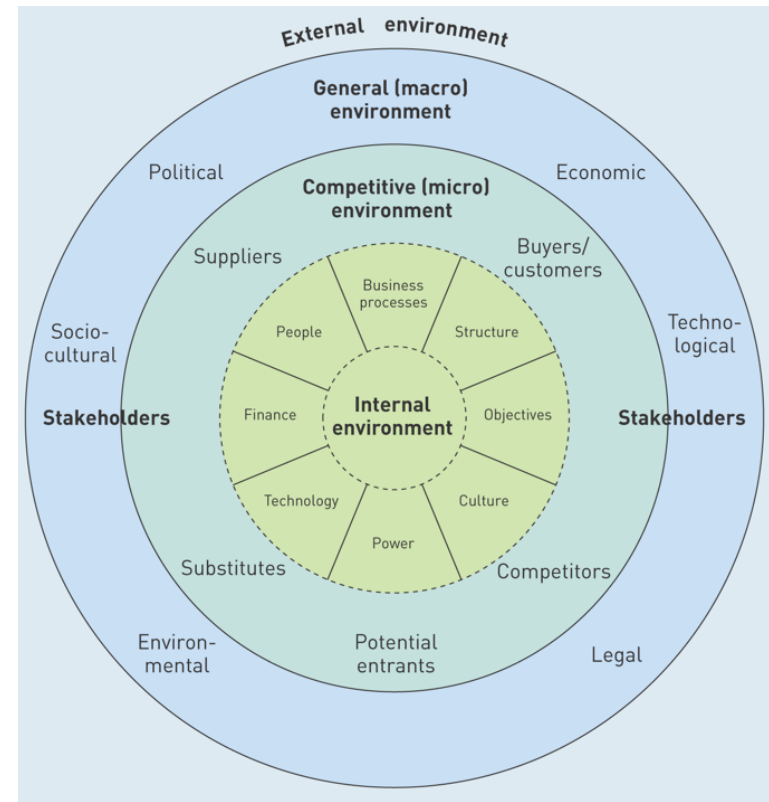
cross-border trade policies, exchange rates



Specific Environment (competitive environment):

forces that have a **direct** and immediate **impact** on managers' **decisions** and **actions**

- **Customers.** They represent potential uncertainty to an organization.
 - Their taste can change, and they can become dissatisfied with the organization's product or service.
- **Competitors:** Organizations can not ignore its competitors.
 - Managers must be prepared to respond to competitors' policies regarding pricing new products and services offered
- **Suppliers:** Any party that provides input for the business.
- **Industry regulations**
- **Strategic Partners and Alliances**



Managers interpret these forces and respond by changing internal environment

The Management Task



“doing things right”

Efficiency (Means)

Resource
Usage

Low Waste

“doing the right things”

Effectiveness (Ends)

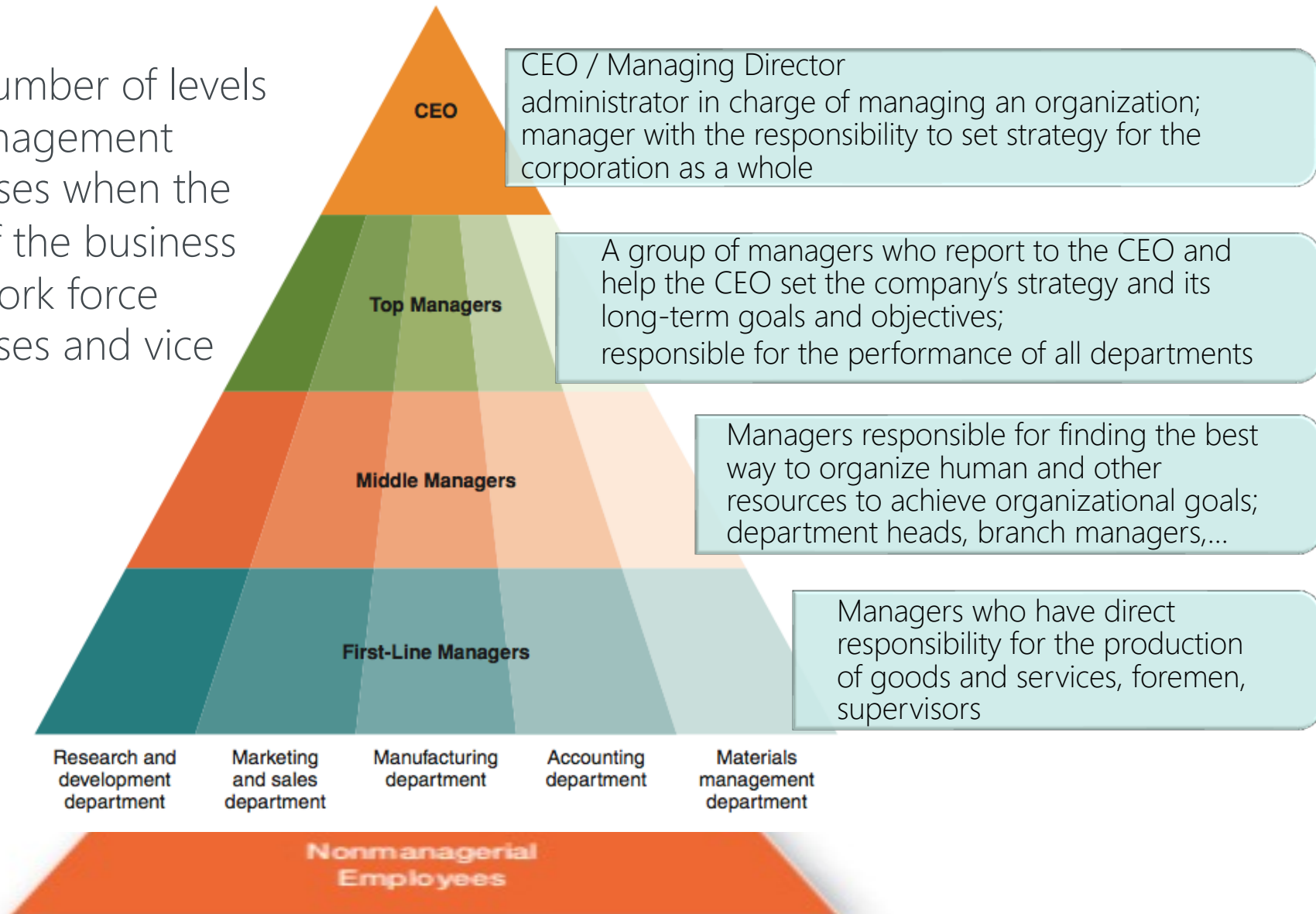
Goal
Attainment

High Attainment

Levels of Management

a line of demarcation between various **managerial positions** in an organization

The number of levels in management increases when the size of the business and work force increases and vice versa.



Authority and Accountability

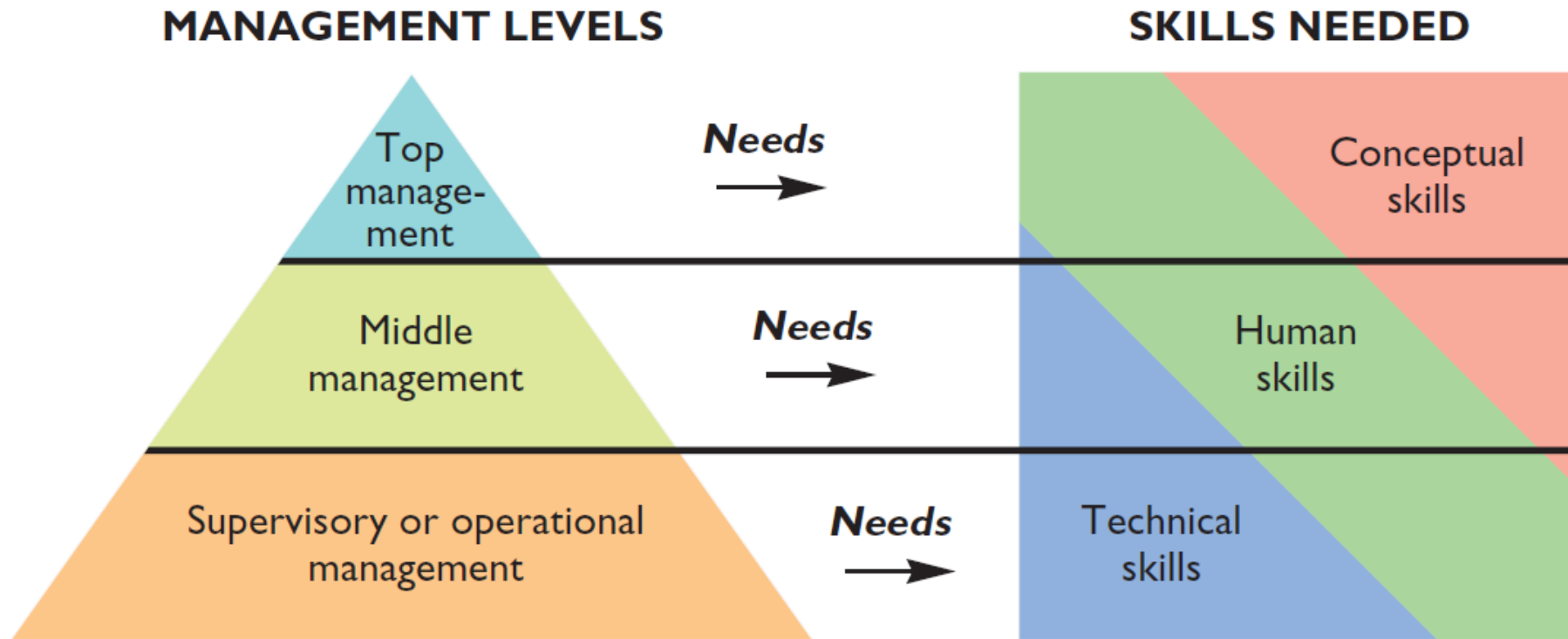
- **Authority**
 - Authority is the right or power assigned to a manager in order to achieve certain organizational objectives.
- **Accountability**
 - Every employee/manager is accountable for the job assigned to him. It is the answerability for performance of the assigned duties.

Authority gives someone the power to act, while **accountability** requires them to take responsibility for their actions and to be held accountable for their decisions.

Delegation is the act of assigning responsibility and authority to another person to perform a specific task or to make decisions within a specific area of responsibility. When responsibility is delegated, the person who delegates retains accountability for the outcomes of the task or decision.

Authority without accountability can lead to abuse of power, while accountability without authority can make decision-making difficult or ineffective

Skills needed at different managerial levels



Robert L. Katz (is an American social and organizational psychologist) created the concept of managerial skills proposed that managers need three critical skills in managing: technical, human, and conceptual

Technical skills

Knowledge and proficiency in a specific field

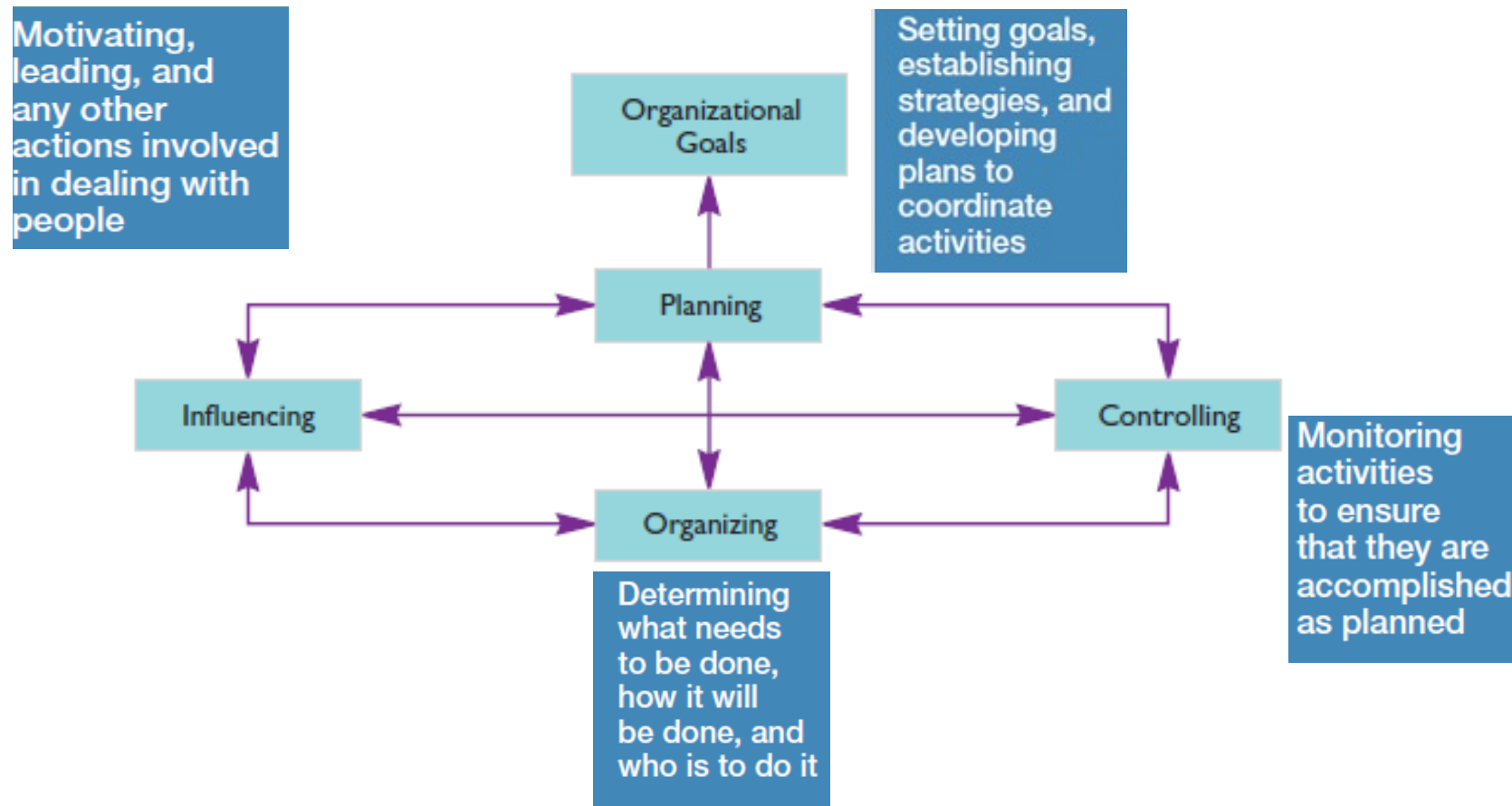
Human skills

The ability to work well with other people

Conceptual skills

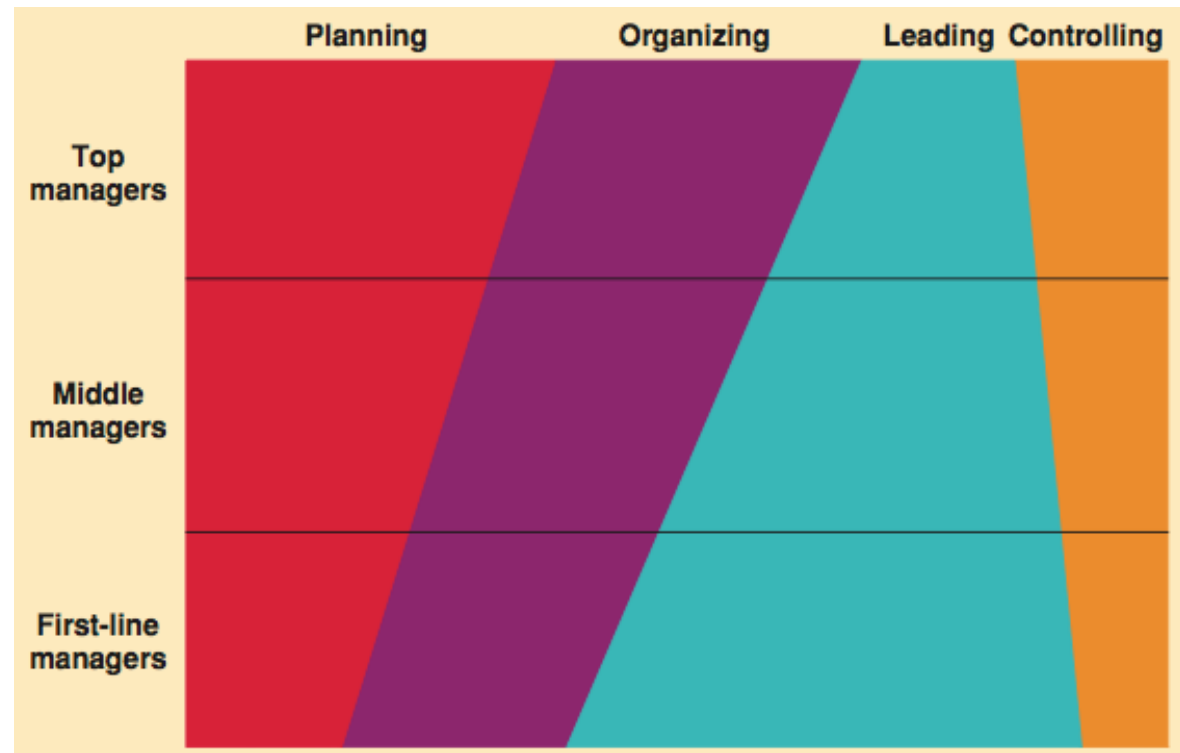
The ability to think and conceptualize about abstract and complex situations concerning the organization

Fundamental Functions of Management



Time that managers spend on the four managerial tasks

- All managers regardless of level, make decisions and plan, lead, organize, and control.
- But the time a manager gives to each activity is not necessarily constant.



Management Roles

Henry Mintzberg, studied what managers actually spend their time doing

- Mintzberg concluded that what managers do can best be described by looking at the managerial roles they engage in at work
- Mintzberg found ten roles, grouped around interpersonal relationships, the transfer of information, and decision making



these 10 roles are grouped around:

- **interpersonal relationships** (involve people and other ceremonial and symbolic duties),
- **transfer of information** (involve collecting, receiving, and disseminating information) and
- **decision-making** (entail making decisions or choices)

Mintzberg published his Ten Management Roles in his book, "Mintzberg on Management: Inside our Strange World of Organizations," in 1990

Henry Mintzberg, (1939) is an internationally renowned academic and author on business and management.

He is currently the Cleghorn Professor of Management Studies at the Desautels Faculty of Management of McGill University in Montreal, Quebec, Canada, where he has been teaching since 1968.

Management styles

overall method of **leadership** used by a manager

- Managers are responsible for handling **many situations** and these situations are usually different from one another → resulting different management styles
- **management styles:** how they relate to, and deal with their colleagues, subordinates and team members:
 - managers exercise their **authority** and,
 - **ensure** that **their objectives** are achieved.
- The key components of management and leadership style are **attitudes and behaviours, example**
 - the superiors do not take into consideration the ideas and suggestions of the subordinates
 - superiors welcome the feedback of the subordinates

The management style affects many areas in the company

- Work atmosphere
- Employer image and employer attractiveness
- Staff turnover
- Employee motivation and satisfaction

The style of management is an influential part of everyday work and thus can correlate with the company's success. Ineffective management styles will never result in high employee motivation.

Management styles to lead a business

- **Autocratic** or **Authoritarian** (the superiors do not take into consideration the ideas and suggestions of the subordinates)
 - Managers **supervise** subordinates very **closely**. They like to make all the decisions and they are very **controlling**. **This approach can be effective: i) when quick decisions are needed in a company (e.g. in a time of crises); ii) When controlling large numbers of low skilled workers.**
- **Paternalistic** (“papa knows best”)
 - This is one of the dictatorial types of management, **typically employed by dominant managers**. Managers are interested in how happy workers feel and in many ways they act as a father figure.
 - **They consult employees over issues and listen to their feedback or opinions. The manager will however make the actual decisions** (in the best interests of the workers) as they believe the staff still need direction and in this way it is still somewhat of an **autocratic approach**.
- **Democratic** or **Participative** (superiors welcome the feedback of the subordinates.)
 - The manager is open to other's **opinions** and welcome their contribution into the decision making process. Democratic managers **trust their subordinates** and they **encourage** them to make decisions. Managers who embrace this management style **delegate** authority to their subordinates and they **listen to the advice** given by subordinates.
 - Before making a business decision, usually a series of **meetings** or brainstorming sessions take place in the organizations.
- **Laissez-faire** (The employees take decisions and manage work on their own)
 - The manager is a facilitator for the staff. The employees take the responsibility of different areas of **their work**.

management styles (summary)

Management style	Features	Impact
Autocratic	<ul style="list-style-type: none">• Likes to retain control• Likes to tell those working under them what to do• No consultation• Subordinates are expected to obey instructions	<ul style="list-style-type: none">• Helps complete urgent tasks that need doing quickly or where there is an element of risk about the work• May lead to lack of creativity or resistance if employees have no input
Paternalistic	<ul style="list-style-type: none">• As with Autocratic, likes to take much of the responsibility for decision making but with a caring attitude for employees	<ul style="list-style-type: none">• Employees may feel valued but frustrated because there is little scope for decision making
Democratic	<ul style="list-style-type: none">• Encourages participation by employees• Shares information with team members• Provides opportunities for the team to influence decision making	<ul style="list-style-type: none">• Gains team commitment, particularly when changes need to be made• Makes decision making slower but employees are more likely to buy into/support the decisions
Laissez-faire	<ul style="list-style-type: none">• Little or no direction from the managers• Subordinates are free to make decisions	<ul style="list-style-type: none">• Useful for highly skilled, trained, expert teams• may lead to chaos without centralised control• Regular feedback and communication is required for this approach to work

They consult employees over issues and listen to their feedback or opinions. The manager will however make the actual decisions

Source: businesscasestudies.co.uk/cmi

Situation #1

- Clara has recently joined a web design organisation as a manager, leading a team of 20 staff.
- The majority of the workers in her team have been with the organisation for over 6 years.
- Labour turnover is very low within the team and within the organisation as a whole.
- Employees regularly attend training courses to update their skills and are always keen to take on new challenges and responsibilities.

➤ Which management style would be most appropriate for Clara in her new role?

Situation #2

- Pedro has been drafted into the Guimarães factory of a large textile firm. Although the factory has a number of team leaders and supervisors, the majority of workers are unskilled and relatively young.
- Productivity and quality have fallen in recent months and the senior managers of the organisation are considering closing down the factory and moving operations abroad where labour is less expensive.
- Pedro has been given three months to make significant improvements to the Guimarães plant before they make their final decision.
- He has to improve quality and productivity and he has to do it fast.
 - **What management style should he adopt?**

Summary

- **Management** is the process of getting things done, effectively and efficiently, with and through other people.
- The four **functions** of management include **planning** (defining goals, establishing strategies, and developing plans), **organizing** (arranging and structuring work), **leading** (working with and through people), and **controlling** (monitoring, comparing, and correcting work performance)
- Katz's managerial **skills** include **technical**, **interpersonal**, and **conceptual**
- A management style describes the behaviour pattern of superiors towards employees who are in lower professional positions. There are several different management styles: **Autocratic**, **Paternalistic**, **Democratic**, **Laissez-faire**