

8.2: The Role of Management

1. What is the role of management?

Management is the process of guiding the development, maintenance, and allocation of resources to attain organizational goals. Managers are the people in the organization responsible for developing and carrying out this management process. Management is dynamic by nature and evolves to meet needs and constraints in the organization's internal and external environments. In a global marketplace where the rate of change is rapidly increasing, flexibility and adaptability are crucial to the managerial process. This process is based in four key functional areas of the organization: planning, organizing, leading, and controlling. Although these activities are discussed separately in the chapter, they actually form a tightly integrated cycle of thoughts and actions.

From this perspective, the managerial process can be described as (1) anticipating potential problems or opportunities and designing plans to deal with them, (2) coordinating and allocating the resources needed to implement plans, (3) guiding personnel through the implementation process, and (4) reviewing results and making any necessary changes. This last stage provides information to be used in ongoing planning efforts, and thus the cycle starts over again. The four functions are highly interdependent, with managers often performing more than one of them at a time and each of them many times over the course of a normal workday.



Exhibit 6.2 To encourage greater collaboration between employees, Apple is investing \$5 billion in the construction of its new Cupertino, CA, headquarters, which is replacing several buildings the company had outgrown. Most headquarters-based employees of Apple now share not only the same office space, but also the same technology tools and corporate culture. *How do Apple's planning and organizing decisions increase organizational efficiency and effectiveness?* (Credit: Tom Pavel / flickr/ Attribution 2.0 Generic (CC BY 2.0))

The four management functions can help managers increase organizational efficiency and effectiveness. **Efficiency** is using the least possible amount of resources to get work done, whereas **effectiveness** is the ability to produce a desired result. Managers need to be both efficient and effective in order to achieve organizational goals. For example in 2016, Delta, one of the most efficient

network U.S. airlines, operated at revenue of 12.15 cents per seat-mile, which is the revenue the company makes on one seat (occupied or not) the distance of one mile. No other airline came close to operating this efficiently except Southwest, which flew seats that produced 12.51 cents a mile, the best performance of all U.S. airlines.¹ There are many ways that airlines can manage to produce higher revenue per seat-mile. For instance, they can raise ticket prices, fill more of their seats, operate more efficient aircraft that utilize less fuel, or negotiate favorable salaries with their employees. While efficiency and effectiveness are sometimes lauded by investors, airlines also need to account for customer satisfaction, which can mean extra costs.²

To meet the demands of rapid growth, Skechers hired a new chief financial officer, John Vandemore, which allowed their existing CFO (David Weinberg) to concentrate on international expansion. Skechers CEO Robert Greenberg commented: “As international now represents more than 50 percent of our total business, we must continue to ramp up operations and infrastructure to meet the demand. David (Weinberg) understands how to do it the right way at the right speed to maintain our forward momentum. With John (Vandemore) handling CFO responsibilities, David will now have the bandwidth to travel and find opportunities to maximize our efficiencies around the globe.”³

As these examples and [Table 6.1](#) show, good management uses the four management functions to increase a company’s efficiency and effectiveness, which leads to the accomplishment of organizational goals and objectives. Let’s look more closely at what each of the management functions entails.

What Managers Do and Why					
Good management consists of these four activities:		Which results in		And leads to	
Planning <ul style="list-style-type: none"> Set objectives and state mission Examine alternatives Determine needed resources Create strategies to reach objectives 	Leading <ul style="list-style-type: none"> Lead and motivate employees to accomplish organizational goals Communicate with employees Resolve conflicts Manage change 				
Organizing <ul style="list-style-type: none"> Design jobs and specify tasks Create organizational structure Staff positions Coordinate work activities Set policies and procedures Allocate resources 	Controlling <ul style="list-style-type: none"> Measure performance Compare performance to standards Take necessary action to improve performance 	Leads to	Organizational efficiency and effectiveness	Leads to	Achievement of organizational mission and objectives

Table6.1

CONCEPT CHECK

1. Define the term *management*.
2. What are the four key functions of managers?

3. What is the difference between efficiency and effectiveness?

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