

CHAPTER 1

Managers in the workplace

Learning outcomes

In this chapter, we will look at who managers are and what they do. One thing that you will discover is that the work managers do is vitally important to organisations. But you will also see that being a manager – a good manager – is not easy. Focus on the following learning outcomes as you read and study this chapter:

- 1.1 Explain why managers are important to organisations.
- 1.2 Identify managers and the organisations where they work.
- 1.3 Describe the functions, roles and skills of managers.
- 1.4 Discuss whether the manager's job is universal.
- 1.5 Outline the factors that are reshaping and redefining the manager's job.
- 1.6 Explain the value of studying management.



EDUCATION CAN TRANSFORM not just minds, but also lives. It is most likely that you have just embarked on study at university or some other tertiary education that will help you to develop knowledge and skills that are going to open up employment and career opportunities for you in the future. Hard work, inspirational teachers and support by parents are likely to have played important roles in getting you to this stage in your life. However, not everybody may have been that lucky. According to research, one in ten Australian children – nearly 650 000 young people – grow up in disadvantage, which can limit their choices, opportunities and outcomes in life. One not-for-profit organisation that is trying to change this is The Smith Family. The goal of this education-oriented charity is to create opportunities for disadvantaged students through learning support and mentoring programs to help them fit in better at school, keep up with their peers and build aspirations for a better future.¹

The beginnings of The Smith Family can be traced back to 1922 when five businessmen walked into a Sydney orphanage carrying armfuls of toys and sweets to bring some joy to the orphans. The story is that when they were asked by the matron in charge of the orphanage who the children could thank, one of the men, preferring to remain anonymous, said 'Smith'. 'What about the others?' the matron asked. 'They are Smiths, too', replied the man. 'We are all Smiths. We are The Smith Family.' And so, The Smith Family was born.

Soon after this event, The Smith Family was set up with a formal constitution and board of directors. Its aim was to conduct a continuous campaign of good cheer and goodwill, which was badly needed when the Great Depression created hardship across Australia in the 1930s. Over the following 90 years, The Smith Family grew by expanding its assistance to children in need through an army of committed volunteers. It also pioneered new fundraising techniques and direct mail campaigns, collected used clothing for sale in its retail shops, and developed sponsorship and mentoring programs to assist disadvantaged Australians.

In the late 1980s, The Smith Family changed its focus, concentrating more specifically on what the organisation could do

to help young people get the most out of their education – and that is what the modern Smith Family is all about today. By providing extra support to students through their primary and secondary school years, The Smith Family helps them to attend and complete school, and then to go on to further study or employment. It also provides support for parents and carers so that students can have the best chance of breaking the cycle of disadvantage.

Dr Lisa O'Brien has been the chief executive officer (CEO) of The Smith Family since 2011. Before joining The Smith Family, she was the CEO of the Skin and Cancer Foundation Australia. O'Brien has a background as a medical practitioner, but also has two Master of Business degrees from the University of Sydney. She is on the boards of BUPA Australia & New Zealand and the Community Council for Australia. At The Smith Family, she has been instrumental in developing a five-year strategic plan. The plan focuses on what the organisation can do to ensure the effectiveness of its education assistance programs, and on how to grow its fundraising efforts and be an influential advocate for disadvantaged young Australians. By measuring its performance against three longer-term student outcomes – regular school attendance, completion of Year 12 or its equivalent, and post-school engagement in employment, education or training – the organisation is able more clearly to evaluate its effectiveness. According to O'Brien, 'effective programs mean improved results for the children we support. It is crucial to be able to demonstrate these outcomes and we can do this now.' A major challenge for any charitable organisation is fundraising, particularly during tough economic circumstances. In 2015/16, The Smith Family's total fundraising was \$62.7 million, of which 82 per cent goes directly into its programs. The organisation has also successfully built up long-standing partnerships with Colgate-Palmolive, King & Wood Malleons, Microsoft and Officeworks, as well as with individual donors and volunteers. The Smith Family runs programs in every Australian state and territory. In 2015/16, it provided assistance to more than 127 000 children, young people, parents, carers and community professionals and had over 155 000 supporters.

In our complex society, managers play an important role in managing the organisations – both profit-oriented and non-profit-oriented – that make our society function well. Some of these managers, particularly in large, successful and highly profitable companies such as Telstra, BHP Billiton and ANZ Bank, feature prominently in the media when their organisations announce their annual financial statements or other reports that influence the share market. However, in this introduction to management and what managers do, we have used The Smith Family and its CEO, Dr Lisa O’Brien, to illustrate an organisation and a manager that, while perhaps not always getting the same amount of media attention as the large, for-profit corporations, is providing an equally valuable, and in many cases life-changing, service to many people around the world – education!

Like many of your fellow students, you have probably had a job (or two) at some time or another while studying for your degree. And your work experiences, regardless of where you worked, are likely to have been influenced by the skills and abilities of your manager. The same can be said of your educational experiences. This textbook is about the important managerial work that Lisa O’Brien and millions of other managers do. The reality facing today’s managers – and that might include you in the near future – is that the world is changing. In workplaces of all types – offices, restaurants, retail stores, factories, and even charitable organisations and schools – managers must deal with changing expectations and new ways of organising work and managing employees if they are to achieve a higher performance in their organisations. In this chapter, we introduce you to managers and management by looking at why managers are important, who managers are and where they work, what managers do, and whether management is universal. Finally, we wrap up the chapter by looking at some of the factors that are reshaping and redefining the manager’s job, and why it is important to study management.

WHY ARE MANAGERS IMPORTANT?

1.1 LEARNING OUTCOME

Explain why managers are important to organisations.

Have you ever thought about what a great boss can do? Well, research suggests a ‘great’ boss can, for example:

- inspire you professionally and personally
- energise you and your co-workers to accomplish things together that you could not get done by yourself
- provide coaching and guidance with problems
- provide you feedback on how you are doing
- help you to improve your performance
- keep you informed of organisational changes
- change your life.²

If you have had the opportunity to work with a manager like this, count yourself lucky. Such a manager can make a job a lot more enjoyable and productive. However, even managers who do not live up to such lofty ideals and expectations are important to organisations. Why? Let us look at three reasons.

The first reason why managers are important is because *organisations need their managerial skills and abilities* more than ever in these uncertain, complex and chaotic times. As organisations deal with today’s challenges – the worldwide economic climate, changing workforce dynamics, changing technology, ever-increasing globalisation and so forth – managers play an important role in identifying critical issues and crafting responses. For example, at LVMH, the world’s luxury-goods leader, you would expect to find a team of exceptionally talented and creative innovators like Karl Lagerfeld, Carol Lim, Marc Jacobs and Phoebe Philo. In the luxury-goods business, creative design and prestigious brands are vital. But it

takes more than that to be successful. In this competitive industry, there has to be a focus on commercial potential. That is why, behind the scenes, you would also find a team of managers who scrutinise ideas and focus on the question: *Is this marketable?* These managers realise what is critical to success. The opposite ‘types’ have worked together and created a successful business.

Another reason why managers are important to organisations is that *they are critical to getting things done*. For instance, in our chapter-opening section, The Smith Family’s CEO, Lisa O’Brien, is not the person who is providing the assistance to disadvantaged students; however, she is responsible for creating and coordinating the plans, systems and conditions so that others can provide the best possible assistance to these individuals and their families. Her job, as the leader of the organisation, is to ensure that all the staff at The Smith Family are doing their jobs so that the organisation can achieve its purpose. If work is not being done, or is not being done as it should be, O’Brien is the one who must find out why and get things back on track. Being a CEO like Lisa O’Brien requires a range of skills, chief among them a dedicated sense of purpose and the ability to communicate one’s vision clearly. The Smith Family’s mission or goal – ‘to create opportunities for young Australians in need’ – means that O’Brien must have the ability both to deal with day-to-day organisational issues and to plan for the future. While her previous study and training to become a medical practitioner and administrator has provided her with technical and administrative skills, she has also, as CEO, needed to develop a strong understanding of the ‘business’ side and to use her strong leadership and management skills to improve the overall performance of the not-for-profit organisation. Together with other managers at The Smith Family, she will have to deal with a number of issues, creating and coordinating the workplace environment and work systems so that others can perform various tasks. Or, if work is not getting done, or is not being done as it should be done, the organisation’s managers are the ones who need to find out why and get things back on track. And these managers are key players in leading The Smith Family into the future.

Finally, *managers do matter* to organisations! How do we know that? The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the single most important variable in employee productivity and loyalty is not pay or benefits or workplace environment; it is the quality of the relationship between employees and their direct supervisors.³ In addition, global consulting firm Towers Watson found that the way a company manages and engages its people can significantly affect its financial performance.⁴ That is scary, considering that another study by Towers Watson found that *only 42 per cent* of respondents think their leaders inspire and engage them.⁵ In yet another study by different researchers, 44 per cent of the respondents said that their supervisors strongly increased engagement.⁶ However, in this same study, 41 per cent of respondents also said their supervisors strongly *decreased* engagement. So, as you can see, managers can and do have an impact – both positive and negative. Finally, one more study of organisational performance found that managerial ability was important in creating organisational value.⁷ What can we conclude from such reports? They tell us that managers are important, and that they *do matter!*

- 1 Provide some examples of what a great boss can do.
- 2 Identify three reasons for why managers are important.
- 3 Explain how managers can have both positive and negative impacts.

review questions

managers

WHO MADE
A DIFFERENCE

Bloomberg/Getty Images.

Tim Cook, CEO, Apple Inc.

It would not have been easy to fill the vacancy as CEO at Apple following Steve Jobs' departure due to increasing health problems and his subsequent death in 2011. The man tasked with this was Tim Cook, the company's chief operating officer, who had filled in for the founder-entrepreneur three times during his medical leaves for treatment for pancreatic cancer.⁸ Many people predicted that the change in leadership would mark the end of Apple's phenomenal success, and that Cook could never replicate Jobs's 'innovation magic' and passion for being 'insanely great'. After all, Apple had been synonymous with Steve Jobs for more than a decade. Even if Apple's accomplishments in product designs, product developments and marketing strategies were not Jobs's alone (although they were heavily influenced by him), he had taken credit for most of them, which further cemented his legend.

While Tim Cook does not have the same near 'cult-leader' status that Steve Jobs had, he has proven the critics wrong. He has never tried to be like Jobs; instead, Cook has just been himself. Tim Cook is now regarded as the driving force behind Apple's new focus on people, strategy and execution geared towards getting improvements from every corner of the company. Cook will never be as 'flashy' as Jobs, but he may just be the perfect CEO for the giant corporation that Apple has become. Like Jobs, he is very good at motivating people around him but in a much more measured and emotionally calm way than his predecessor, who was known to sometimes scream in people's faces. Over the last year, Cook and his team of managers at Apple have been busy improving the company's four operating systems (for Apple TV, iPhone, Mac and the Apple Watch), as well as its fast-growing services such as Apple Pay and Apple Music, which today make up nearly 12 per cent of revenues. They have also redesigned the layout of the company's retail stores and online App Store.

Within five years of Tim Cook taking over the CEO position at Apple, the company's revenue has tripled, and today more than a billion people use its products. In the same time period, Apple's workforce has doubled as the company's global reach has expanded rapidly – and it has all happened under Tim Cook's leadership.

WHO ARE MANAGERS, AND WHERE DO THEY WORK?

1.2 LEARNING OUTCOME

Identify managers and the organisations where they work.

Managers differ widely. They can be under the age of 18 to over age 80. They run large corporations as well as small entrepreneurial start-ups. They are found in government departments, hospitals, small businesses, not-for-profit organisations, museums, schools, and even in non-traditional organisations such as political campaigns and music tours. Managers can also be found doing managerial work in every country in the world. In addition, some managers are top-level managers, while others are first-line managers. And today, managers are nearly as likely to be women as they are men. However, the number of women in top-level manager positions in large companies remains low – there were only ten female CEOs in the top 200 Australian companies in 2016 and internationally, only 21 women were CEOs of *Fortune 500* corporations in 2016.⁹ But no matter where managers are found or what gender they are, the fact is managers have exciting and challenging jobs!

Who is a manager?

It used to be fairly simple to define who managers were: they were the organisational members who told others what to do and how to do it. It was easy to differentiate *managers*

from *non-managerial employees*; the latter term described those organisational members who worked directly on a job or task and had no one reporting to them. But it is not that simple anymore! In many organisations, the changing nature of work has blurred the clear lines of distinction between managers and non-managerial employees. Many non-managerial jobs now include managerial activities, especially on teams, where managerial responsibilities are shared by managers and team members.¹⁰ For example, at the Australian bionic ear implant maker Cochlear's new manufacturing plant in the grounds of Macquarie University in northwest Sydney, managerial responsibilities are now shared by managers and team members.¹¹ Most of the employees at Cochlear have been cross-trained and are multiskilled, to enable them to perform all the tasks needed to assemble a full hearing implant. This means that much of the work is done in teams of about a dozen individuals where an employee can be a team leader, assembly technician, quality inspector or improvement planner when it comes to producing one of the high-tech implants. Or consider an organisation such as Morning Star Company, the world's largest tomato processor, where no employees are called managers – just 400 full-time employees who do what needs to be done and who together 'manage' issues such as job responsibilities, and compensation and budget decisions.¹² Yes, it sounds crazy, but it works – for this organisation! And as these so-called operative employees assume responsibilities that were traditionally deemed to belong to management, the definitions we used in the past no longer work.

So, how *do* we define who managers are? A **manager** is someone who coordinates and oversees the work of other people so that organisational goals can be accomplished. A manager's job is not about *personal* achievement; it is about helping *others* to do their work and achieve. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could also involve coordinating the work activities of a team composed of people from several different departments or even people from outside the organisation, such as temporary employees or employees who work for the organisation's suppliers. Keep in mind, however, that managers may also have other work duties not related to coordinating the work of others. For example, an insurance claims supervisor may also process claims in addition to coordinating the work activities of other claims officers.

Is there some way to classify managers in organisations? There is, particularly for traditionally structured organisations – that is, those with deliberate work arrangements or structures shaped like a pyramid, reflecting the fact that the number of employees is greater at the bottom than at the top. As shown in Figure 1.1, we typically describe managers as first-line, middle or top in this type of organisation. These managers may have a variety of titles. **First-line (or frontline) managers** are the lowest level of management and manage the work of non-managerial employees who are directly involved with producing the organisation's products or servicing its customers. They are often called *supervisors*, but they may also be called *shift managers*, *office managers*, *team leaders* or even *forepersons*. **Middle managers** include all levels of management between the first-line level and the top level of the organisation. These managers manage the work of first-line managers and may have titles such as *regional manager*, *department head*, *project leader*, *store manager*, *dean* or *division manager*. At or near the top of the organisation are the **top managers**, who are responsible for making organisation-wide decisions and establishing the goals and plans that affect the entire organisation. These individuals typically have titles such as *managing director*, *chief executive officer*, *chief operating officer* or *chairman of the board*. As illustrated in the chapter-opening vignette, Lisa O'Brien is a top manager. She is the CEO of The Smith Family. Tim Cook, the CEO at Apple, featured in the 'Managers who made a difference' box, is also a top-level manager. Individuals in such positions

manager

Someone who coordinates and oversees the work of other people so that organisational goals can be accomplished.

first-line (or frontline) managers

Managers at the lowest level of the organisation who manage the work of non-managerial employees who are directly involved with producing the organisation's products or servicing its customers.

middle managers

Managers between the first-line level and the top level of the organisation who manage the work of first-line managers.

top managers

Managers at or near the top level of the organisation who are responsible for making organisation-wide decisions and establishing the goals and plans that affect the entire organisation.

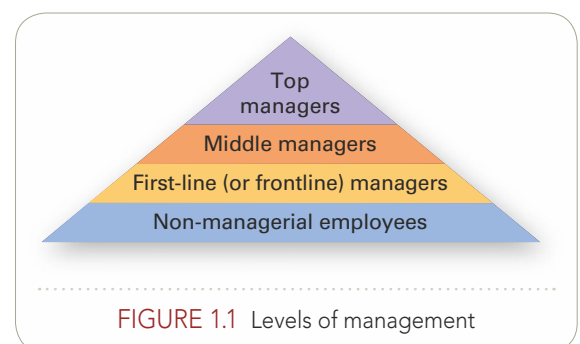


FIGURE 1.1 Levels of management

are involved in creating and implementing broad and comprehensive strategies and changes that affect the entire organisation.

Not all organisations get work done using this traditional pyramidal form, however. Some organisations, for example, are more flexible and loosely configured, with work being done by ever-changing teams of employees who move from one project to another as work demands arise. Although it is not as easy to tell who the managers are in these organisations, we do know that someone must fulfil that role – that is, there must be someone who coordinates and oversees the work of others, even if that ‘someone’ changes as work tasks or projects change.

Where do managers work?

It is obvious that managers work in organisations. But what is an **organisation**? It is a deliberate arrangement of people to accomplish some specific purpose. Your previous high school or your current university or TAFE college is an organisation. So are government agencies, Woolworths, the ANZ Banking Group, the NSW Rural Fire Service, the local football team and World Vision. These are all organisations because they share three common characteristics, as shown in Figure 1.2.

First, each organisation has a *distinct purpose*. This purpose is typically expressed in terms of a goal, or a set of goals, that the organisation hopes to accomplish. For example, The Smith Family’s purpose is to provide disadvantaged children and young people with education-oriented support programs. Second, each organisation is composed of *people*. One person working alone is not an organisation, and it takes people to perform the work that is necessary for the organisation to achieve its goals. Third, all organisations develop some *deliberate structure* so that their members can do their work. That structure may be open and flexible, with no clear and precise job duties or explicit job arrangements – in other words, it may be a simple network of loose work relationships; or the structure may be more traditional, with clearly defined rules, regulations and job descriptions, and some members identified as ‘bosses’ who have authority over other members. But no matter what type of structural arrangement an organisation uses, it does require some deliberate structure so that members’ work relationships are clarified. In summary, the term *organisation* refers to an entity that has a distinct purpose, includes people and has a deliberate structure.

Although these three characteristics are important to our definition of *what* an organisation is, the nature of an organisation is changing. It is no longer appropriate to assume that all organisations are going to be structured like BHP Billiton, Westpac Banking Corporation or the Children’s Hospital at Westmead, Sydney, with clearly identifiable divisions, departments and work units. Instead, today’s organisations may be structured more like Google or IKEA, both of which have chosen a flatter, networked structure over a hierarchical structure with layers of management and decisions made in narrow business functional areas. At Google, most big projects, of which there are hundreds going on simultaneously, are tackled by small, tightly focused employee teams that set up in an instant and complete their work just as quickly.¹³ Similarly, a flatter, more decentralised network structure has enabled IKEA to improve its product design, manufacture and distribution, with its 1300 direct suppliers, 10 000 sub-suppliers and a few hundred logistic partners spread over 60 countries responsible for the development and production of 12 000 IKEA products.¹⁴ Like Google and IKEA, contemporary organisations tend to rely more on flexible work arrangements, employee work teams, open communication systems and supplier alliances.

Just how is the concept of an organisation changing? Table 1.1 lists some differences between a traditional view and a contemporary view of organisations.

organisation

A deliberate arrangement of people to accomplish some specific purpose.

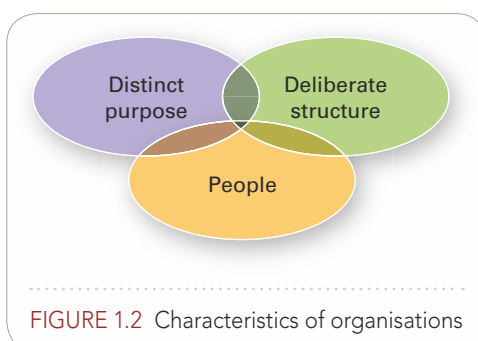


FIGURE 1.2 Characteristics of organisations

TABLE 1.1 The changing organisation

Traditional organisation	New contemporary organisation
<ul style="list-style-type: none"> • Stable • Inflexible • Job focused • Work is defined by job positions • Individual oriented • Permanent jobs • Command oriented • Managers always make decisions • Rule oriented • Relatively homogeneous workplace • Workdays defined as 9 to 5 • Hierarchical relationships • Work at organisational facility during specific hours 	<ul style="list-style-type: none"> • Dynamic • Flexible • Skills focused • Work is defined in terms of tasks to be done • Team oriented • Temporary jobs • Involvement oriented • Employees participate in decision making • Customer oriented • Diverse workforce • Workdays have no time boundaries • Lateral and networked relationships • Work anywhere, anytime, including at suppliers and customers

As these comparisons show, today's organisations are becoming more open, flexible and responsive to changes.¹⁵

Why are organisations changing? Because the world around them has changed and is continuing to change. Societal, economic, global and technological changes have created an environment in which successful organisations (those that consistently attain their goals) must embrace new ways of getting their work done. Examples of how the world is changing include the quest for more sustainable organisational practices, global economic, social and environmental challenges, the continuing spread of information technology and its impact on workplaces, increasing globalisation and changing employee expectations. But even though the concept of organisations is changing, managers and management continue to be important to organisations.

- 4 Explain how managers differ from non-managerial employees and how managers can be classified.
- 5 Describe the three common characteristics of all organisations.
- 6 Explain how and why the concept of an organisation is changing.

review questions

WHAT DO MANAGERS DO?

Simply speaking, management is what managers do. But that simple statement does not tell us much, does it? Let us look first at what management is before discussing more specifically what managers do.

Management involves coordinating and overseeing the work activities of others so that those activities are completed efficiently and effectively. We already know that coordinating and overseeing the work of others is what distinguishes a managerial position from a non-managerial one. However, this does not mean that managers can do what they want anytime, anywhere or in any way. Instead, management involves ensuring that work activities are completed efficiently and effectively by the people responsible for doing them – or, at least, that is what managers aspire to do.

LEARNING OUTCOME 1.3

Describe the functions, roles and skills of managers.

management

The process of coordinating and overseeing the work activities of others so that those activities are completed efficiently and effectively.

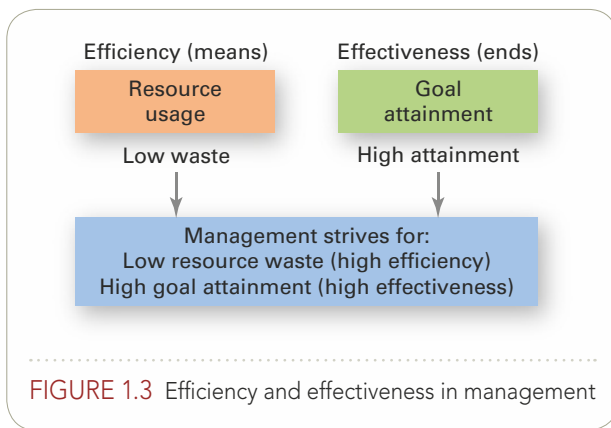


FIGURE 1.3 Efficiency and effectiveness in management

efficiency

Doing things right, or getting the most output from the least amount of inputs.

effectiveness

Doing the right things, or completing activities so that organisational goals are attained.

environmental footprint by reducing the number of railway cars required for a given amount of iron ore.¹⁶ From this perspective, efficiency is often referred to as ‘doing things right’ – that is, not wasting resources. However, it is not enough simply to be efficient. Management is also concerned with being effective – that is, completing activities so that organisational goals are attained. **Effectiveness** is often described as ‘doing the right things’ – that is, doing those work activities that will help the organisation reach its goals. For instance, at Rio Tinto’s railway loading facility, goals include being able to meet customers’ rigorous demands, executing world-class transportation logistics in the supply chain, and making sure the automated loading system does not exceed each car’s maximum load capacity. Any overloading or underloading places stress on critical components, causing failures that can lead to train derailments where the financial impact in lost revenue is counted in the millions. Through various work initiatives, these goals were pursued *and* achieved. Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or the attainment of organisational goals (Figure 1.3).

managing

WORKFORCE DIVERSITY AND INCLUSION

Women are still underrepresented and underpaid in Australian businesses

Did you know that there are more CEOs whose first name is Peter than there are female CEOs in Australia’s 200 biggest companies?¹⁷ Why are there not more women in senior management positions? Although some would argue that Australian businesses have come a long way in the last few decades in terms of valuing and encouraging diversity in many of our workplaces, data suggests there is still a lot more work needed to develop fairer and more equitable workplaces that are focused on merit, rather than on gender, race, age and other less relevant factors, when it comes to providing equal opportunity. For example, data from the Australian government’s Workplace Gender Equality Agency shows that, in 2015, only 15.4 per cent of CEOs across Australia were women. While women are increasingly getting into management, making up 36.5 per cent of all management positions, the percentage quickly drops off higher up on the career ladder. Female CEOs of major companies in Australia are rare. An easy way to demonstrate this imbalance is to ask you to name some Australian CEOs. How many of these CEOs would be men? How many would be women?

It is not only a question of imbalance when it comes to representation of women in senior management positions. Another report released in March 2016 by the Workplace Gender Equality Agency revealed that women in full-time jobs earn 20–30 per cent less than men

in similar positions. What this demonstrates is that discrimination is systematic throughout the workforce. Women still battle obstacles such as the undervaluation of women's skills; occupational and industrial segregation; lack of access to education and training; the impact of family responsibilities; the lack of mentors and champions; and the prevalence of gender stereotypes and, in some cases, outdated ways in which remuneration is calculated.

Why should such issues be of great concern to businesses? When more women graduate from Australian universities than men, it indicates that Australian businesses are failing to capture the substantial organisational and economic contribution potentials that tertiary-educated women offer. Ensuring that the organisation has policies that enhance the career progression of women into senior management positions and that women receive equal pay for their contribution are important issues that need much more attention.

managing

WORKFORCE
DIVERSITY AND
INCLUSION

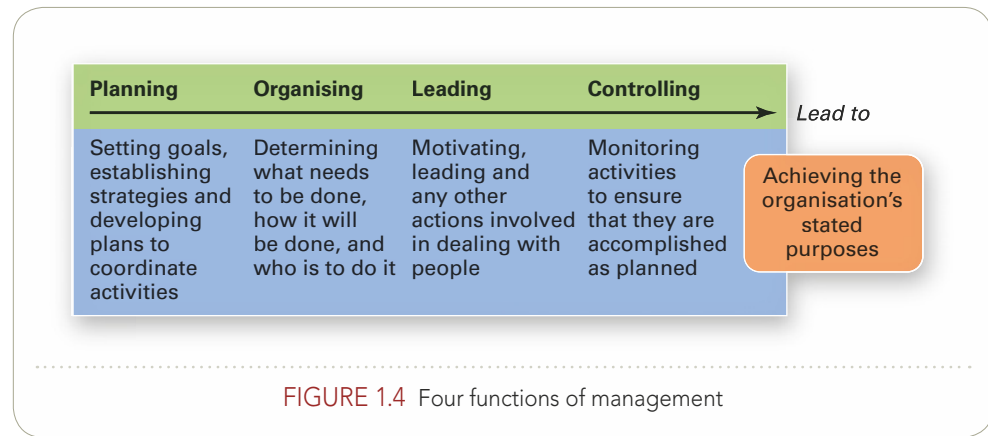
Efficiency and effectiveness are related. It is easier to be effective if one ignores efficiency. For instance, Hewlett-Packard (HP) could produce expensive personal computers with significantly enhanced top-of-the-line computing features if it disregarded labour and material input costs. Some public service organisations are criticised regularly on the ground that they are reasonably effective but extremely inefficient; that is, they get their jobs done but at a very high cost. Management is therefore concerned not only with getting activities completed and meeting organisational goals (effectiveness), but also with doing so as efficiently as possible.

Can organisations be efficient and yet not be effective? Yes, by doing the wrong things well! For instance, many universities have become highly efficient in processing students. By using computer-assisted learning and internet-based course material, long-distance learning classes, large lecture classes and heavy reliance on part-time sessional staff, administrators have significantly cut the cost of educating each student. Yet students, alumni and companies have questioned whether students are being educated properly. Of course, in successful organisations high efficiency and high effectiveness typically go hand in hand. Poor management (which leads to poor performance) is most often due to both inefficiency and ineffectiveness, or to effectiveness achieved through inefficiency. In any country, be it Australia, China, Germany, New Zealand or Singapore, organisations and their managers must be committed to achieving both effectiveness *and* efficiency in order to be successful in an increasingly competitive and global business world.

Having identified what management is, let us now look at what managers do. Describing what managers do is not an easy task. Just as no two organisations are exactly alike, so no two managers' jobs are exactly alike! Despite this fact, management researchers have, after many years of study, developed three specific categorisation schemes to describe what managers do: functions, roles and skills.

Management functions

According to the functions approach, managers perform certain activities or functions as they efficiently and effectively coordinate the work of others. What are these functions? In the early part of the 20th century, a French industrialist by the name of Henri Fayol proposed that all managers perform five functions: planning, organising, commanding, coordinating and controlling.¹⁸ In the mid-1950s, a management textbook first used the functions of planning, organising, staffing, directing and controlling as a framework. Today, most management textbooks (including this one) are still organised around the management functions,



although they have been condensed down to four basic and very important functions: planning, organising, leading and controlling (see Figure 1.4). Let us briefly define what each of these management functions encompasses.

If you have no particular destination in mind, it does not matter what road you take. However, if you have somewhere in particular you want to go, then you need to plan the best way to get there. Because organisations exist to achieve a particular purpose, someone must clearly define that purpose and the means for its achievement. Management is that someone. As managers engage in **planning**, they set goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities.

Managers are also responsible for arranging and structuring work that employees do to accomplish the organisation's goals. We call this function **organising**. When managers organise, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and at what level decisions are to be made.

As we know, every organisation includes people, and a manager's job is to work with and through people to accomplish organisational goals. This is the **leading** function. When managers motivate subordinates, help to resolve work group conflicts, influence individuals or teams as they work, select the most effective communication channels, or deal in any way with employee behaviour issues, they are leading.

The final management function that managers perform is **controlling**. After goals are set and the plans formulated (planning function), tasks and structural arrangements put in place (organising function), and people hired, trained and motivated (leading function), there has to be some evaluation of whether things are going as planned. To ensure that goals are being met and that work is being completed as planned, managers must monitor and evaluate performance. Actual performance must be compared with the previously set goals. If those goals are not being achieved, it is the manager's job to get work back on track. This process of monitoring, comparing and correcting is what we mean by the controlling function.

Just how well does the functions approach describe what managers do? Do managers always plan, organise, lead and then control? Not necessarily! In reality, what a manager does may not always happen in this logical and sequential order. But that does not negate the importance of the basic functions that managers perform. Regardless of the 'order' in which the functions are performed, the fact is that managers do plan, organise, lead and control as they manage. To illustrate, look back at the chapter-opening case. How is Lisa O'Brien involved in planning, organising, leading and controlling? Planning can be seen in the five-year strategic plan that has been developed to guide and coordinate the way The Smith Family operates as a not-for-profit organisation. An example of organising can be seen in how the organisation has an executive team in charge of various essential tasks such as

planning

Management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities.

organising

Management function that involves arranging and structuring work that employees do to accomplish the organisation's goals.

leading

Management function that involves working with and through people to accomplish organisational goals.

controlling

Management function that involves monitoring, comparing and correcting work performance.

finance, policy and programs, research and advocacy, communications, fundraising, people and culture, as well as general managers responsible for the various states and territories across Australia to enhance the quality of its operations. Being able to inspire and motivate staff and volunteers within the organisation, as well as to communicate and get better engagement with parents and the wider community as the CEO of The Smith Family, is a good example of leading. Controlling can be seen in Lisa O'Brien's focusing on results, and on looking for ways to assess and evaluate the effectiveness and efficiency of the organisation's performances to make sure the desired results are being achieved.

The continued popularity of the functions approach to describe what managers do is a tribute to its clarity and simplicity – managers plan, organise, lead and control. But some have argued that this approach is not appropriate or relevant.¹⁹ So, let us look at another perspective.

Management roles

Henry Mintzberg, a well-known management researcher, studied actual managers by looking at the roles they play at work. His studies allowed him to conclude that managers perform ten different but highly interrelated roles.²⁰ The term **management roles** refers to specific actions or behaviours expected of and exhibited by a manager. (Think of the different roles you play – student, employee, student union member, volunteer, sibling and so forth – and the different behaviours you are expected to play in these roles.) When describing what managers do from a roles perspective, we are not looking at a specific person as such, but at the expectations and responsibilities that are associated with being the person in that role – the role of a manager.²¹ As shown in Figure 1.5, Mintzberg's ten management roles can be grouped into those concerned with interpersonal relationships, those concerned with the transfer of information, and those concerned with decision making.

Interpersonal roles

All managers are required to perform duties that involve people (subordinates and persons outside the organisation) and other duties that are ceremonial and symbolic in nature. These are the **interpersonal roles**. When the dean of a university hands out degrees at graduation or a factory supervisor gives a group of high school students a plant tour, he or she is acting in a *figurehead* role. All managers have a role as a *leader*. This role includes hiring, training, motivating and disciplining employees. The third role within the interpersonal grouping is the *liaison* role. Mintzberg described this activity as contacting external sources who provide the manager with information. These sources are individuals or groups outside the manager's unit and may be inside or outside the organisation. The sales manager who obtains information from the human resources manager in the same company has an internal liaison relationship. When that sales manager confers with other sales executives at a marketing trade association meeting, he or she has an outside liaison relationship.

management roles

Specific categories of managerial behaviour expected of and exhibited by a manager.

interpersonal roles

Managerial roles that involve people and other duties that are ceremonial and symbolic in nature.



FIGURE 1.5 Mintzberg's managerial roles

Source: Based on H. Mintzberg, *The Nature of Managerial Work* (New York: Prentice Hall, 1983).

informational roles

Managerial roles that involve receiving, collecting and disseminating information.

Informational roles

All managers, to some degree, have **informational roles**: receiving, collecting and disseminating information. Typically, if they get this information from outside their own organisation, they do so by reading magazines and trade journals, browsing the internet for information, and talking with others to learn of changes in the public's tastes, what competitors may be planning, and the like. Mintzberg called this the *monitor* role. Managers also act as conduits of information to organisational members. This is the *disseminator* role. When they represent the organisation to outsiders, managers perform a *spokesperson* role.

decisional roles

Managerial roles that revolve around making decisions.

Decisional roles

Finally, Mintzberg identified four **decisional roles**, which revolve around making decisions. As *entrepreneurs*, managers initiate and oversee new projects that will improve their organisation's performance. As *disturbance handlers*, managers take corrective action in response to unforeseen problems. As *resource allocators*, managers are responsible for allocating human, physical and monetary resources. Managers also perform as *negotiators* when they discuss and bargain with other groups to gain advantages for their own units.

An evaluation

As managers perform these different roles, Mintzberg concluded that their actual work activities involved interacting with others, with the organisation itself and with the context outside the organisation. He also proposed that as managers perform these roles, their activities include reflection (thoughtful thinking) and action (practical doing).²² When managers reflect, they are thinking, pondering and contemplating. When managers act, they are doing something; they are performing; they are actively engaged. We can see an example of both reflection and action in our chapter opener. Reflection is shown in the way Lisa O'Brien is assessing and planning a range of activities and programs at The Smith Family. Action is shown in the activities she initiates to get various projects going. It is also clearly visible that she performs a number of the roles in Mintzberg's categorisation scheme, such as figurehead, liaison, spokesperson and resource allocator.

A number of follow-up studies have tested the validity of Mintzberg's role categories, and the evidence generally supports the idea that managers – regardless of the type of organisation or level in the organisation – perform similar roles.²³ However, the emphasis that managers give to the various roles seems to change with their organisational level.²⁴ At higher levels of the organisation, the roles of disseminator, figurehead, negotiator, liaison and spokesperson are more important; the leader role (as Mintzberg defined it) is more important for lower-level managers than it is for either middle- or top-level managers.

So, which approach to describing what managers do is better – management functions or management roles? Although each does a good job of depicting what managers do, the functions approach still seems to be the generally accepted way of describing the manager's job. 'The classical functions provide clear and discrete methods of classifying the thousands of activities that managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals.'²⁵ However, many of Mintzberg's roles align well with one or more of the functions. For instance, resource allocation is part of planning, as is the entrepreneurial role, and all three of the interpersonal roles are part of the leading function. Although most of the other roles fit into one or more of the four functions, not all of them do. The difference can be explained by the fact that all managers do some work that is not purely managerial.²⁶ Our decision to use the management functions to describe what managers do does not mean that Mintzberg's role categories are invalid, as his role approach and additional model of managing offer other important insights into managers' work.

Management skills

As you can see from the preceding discussion, a manager's job is varied and complex. Managers need certain skills in order to perform the duties and activities associated with being a manager. What types of skills does a manager need? Research by Robert L. Katz found that managers need three essential skills or competencies: *technical*, *human* and *conceptual*.²⁷ He also found that the relative importance of these skills varied according to the manager's level within the organisation. Figure 1.6 shows the relative importance of the different skills at the three management levels: top, middle and lower.

Technical skills

First-line managers, as well as many middle managers, are heavily involved in technical aspects of the organisation's operations. **Technical skills** are the job-specific knowledge and techniques needed to perform specific tasks proficiently. These skills tend to be more important for lower-level managers because they typically are managing employees who are using tools and techniques to produce the organisation's products or to service the organisation's customers. Because of the importance of these skills at lower organisational levels, employees with excellent technical skills often get promoted to first-line manager on the basis of those skills. For example, a shift supervisor at McDonald's must be proficient in the operating procedures of producing the burgers and fries as well as customer service so that they can resolve problems and answer questions that their crew members might encounter. Katz proposed that technical skills become less important as a manager moves into higher levels of management, but even top managers need some proficiency in the organisation's speciality. For example, senior executives with an engineering background who work for a resource company such as BHP Billiton are likely to use their engineering skills frequently in their position as managers when it comes to handling, for example, mining projects.

technical skills

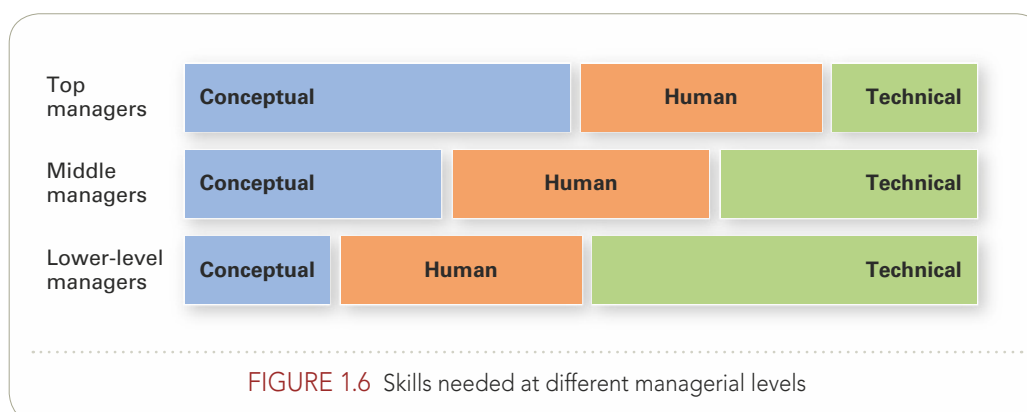
Knowledge of and proficiency in a certain specialised field.

Human skills

Human skills or interpersonal skills represent the ability to work well with and understand others, to build cooperative effort within a team (that is, to lead), to motivate and to manage conflict. These skills are important for managers at all levels. Managers need to be aware of their own attitudes, assumptions and beliefs, as well as being sensitive to their subordinates' perceptions, needs and motivations. Because all managers deal directly with people, human skills are crucial. In fact, Katz said that human skills remain just as important at the top levels of management as they do at the lower levels. Managers with good human or interpersonal skills are able to get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust.

human skills

The ability to work well with other people individually and in a group.



conceptual skills

The ability to think and to conceptualise about abstract and complex situations.

Conceptual skills

Managers must also have the ability to conceptualise and to think about abstract situations. They must be able to see the organisation as a whole ('helicopter perspective') and understand the relationships between various subunits, and to visualise how the organisation fits into its broader environment. Why? These abilities are essential to effective decision making, and all managers are involved in making decisions. **Conceptual skills** are needed by all managers at all levels, but Katz proposed that these skills become more important in top management positions. The reason for this is that upper-level managers often deal with abstract ideas, whereas lower-level managers normally spend more time dealing with observable objects and processes.

An evaluation

How relevant are these three management skills that Katz identified to today's managers? They are still very relevant in understanding what skills managers at various organisational levels need in order to perform well in their jobs. However, other important managerial skills that have been identified are listed in Figure 1.7.

In today's demanding and dynamic workplace, employees who want to be valuable assets must constantly upgrade their skills, and developing management skills can be particularly beneficial in today's workplace. There is no doubt that skills will continue to be an important way of describing what a manager does.

Summary of multiple perspectives on the manager's job

As shown throughout this section, a manager's job can be described from various perspectives: functions, roles and essential skills. Each approach provides a different perspective on the manager's job. In her position as the CEO of The Smith Family, Lisa O'Brien is a good example of the varied facets of a manager's job. In managing the not-for-profit organisation and its staff and volunteers, she would need to use certain skills and the management



FIGURE 1.7 Important managerial skills

Sources: Based on American Management Association, 'AMA 2010 critical skills survey', <www.amanet.org>, 15 April 2010; 'Dear workforce: We're developing onboarding for new managers: What should be included?', *Workforce Online*, 4 March 2010; J.R. Ryan, 'The coming leadership gap: What you can do about it', *Bloomberg BusinessWeek Online*, 15 December 2009; In-Sue Oh and C.M. Berry, 'The five factor model of personality and managerial performance: Validity gains through the use of 360 degree performance ratings', *Journal of Applied Psychology*, November 2009, pp. 1498–513; and R.S. Rubin and E.C. Dierdorff, 'How relevant is the MBA? Assessing the alignment of required curricula and required managerial competencies', *Academy of Management Learning & Education*, June 2009, pp. 208–24.

functions. In addition, she might exhibit work behaviours characteristic of the figurehead role, the monitor role and the negotiator role. The fact that O'Brien has to deal with the organisation–environment relationship is also something that is clearly evident as she plans, organises, leads and controls a range of activities and programs. As a top-level manager, she relies heavily on her conceptual and human skills to carry out her work. This book uses the functions approach as the framework for a study of management, but the other perspectives are not forgotten. You will see aspects of each as various management topics are discussed throughout the book.

Lisa O'Brien's position exhibits many of the job aspects covered, but is her situation typical? In other words, just how universal is the manager's job?

- 7 Describe the four functions of management.
- 8 Explain Mintzberg's managerial roles.
- 9 Describe Katz's three essential managerial skills, and discuss how the importance of these skills changes depending on managerial level.

review questions

IS THE MANAGER'S JOB UNIVERSAL?

We have mentioned the universal need for management in organisations. So far, we have discussed management as if it were generic; that is, a manager is a manager regardless of where or what he or she manages. If management is truly a generic discipline, then what managers do should be essentially the same whether they are top-level executives or low-level supervisors, in a business firm or a non-profit arts organisation, in a large corporation or a small business, or located in Sydney or Singapore. Let us take a closer look at the generic issue.

Organisational level

We have said that the breadth of a manager's job varies depending on his or her position in the organisation. But the fact that a supervisor in a reservations section at Singapore Airlines does not do exactly the same things as the CEO of the airline should not be interpreted as meaning that their jobs are inherently different. The differences are of degree and emphasis, not of function.

All managers, regardless of level, make decisions. They plan, organise, lead and control. But the amount of time they give to each function is not necessarily the same. In addition, the content of the managerial functions changes with the manager's level. For example, as we will see in Chapter 12, top managers are likely to be concerned with designing the overall organisation, whereas lower-level managers are more likely to focus on designing the jobs of individuals and work groups. This difference is simply a reflection of the breadth (broad to narrow) of each manager's job.

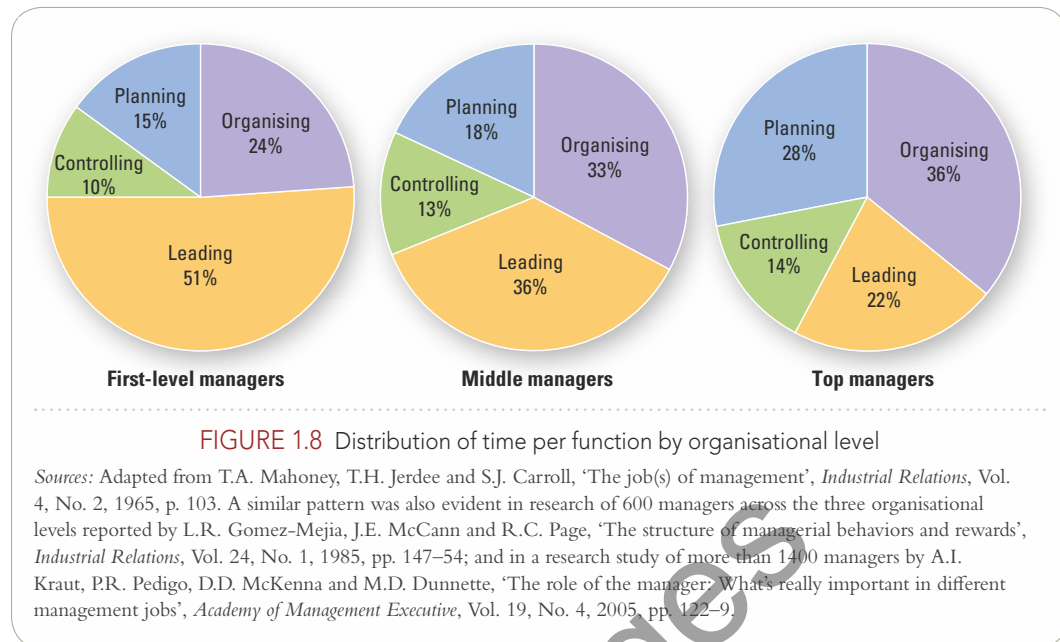
In functional terms, as managers move up the organisation they do more planning and less direct supervising. This is depicted visually in Figure 1.8 (page 18).

Organisational area

Managers work in a variety of functional areas within organisations, such as manufacturing, marketing, human resources, accounting, information systems and so on. Are there any differences in managers' work in these functional areas? In relation to managerial roles, research has generally found that the relative degree and mixture of roles performed by a

LEARNING OUTCOME 1.4

Discuss whether the manager's job is universal.



particular manager will depend on the functional area of the organisation.²⁸ For example, manufacturing and production managers perform more of the decisional roles, marketing/sales managers perform more of the interpersonal roles, and accounting managers perform more of the informational roles. However, the research has also found there are some roles that are universally required for managers independently of their functional areas, such as the roles of leader, liaison and disturbance handler. This is based on the nature of managing, which involves getting work done through other people as well as being able to coordinate their own functional area's work with other organisational areas and to handle the practical aspects of day-to-day activities within the functional area.

Another study also tends to confirm that, while the job-related variations in middle managers' work activities are reflected in the technical aspects of their jobs, they all have to perform the managerial component, which is to coordinate and oversee activities in order to get others to do things.²⁹ This means that a marketing manager, or a human resources manager, still has to carry out the management functions of planning, organising, leading and controlling within his or her respective organisational areas.

Organisational type

Does a manager who works for the Australian Taxation Office or a public library do the same things as a manager in a business firm? Put another way, is the manager's job the same in both profit and not-for-profit organisations? The answer is, for the most part, 'yes'.³⁰

Regardless of the type of organisation a manager works in, there are commonalities to all managerial jobs. All managers make decisions, set goals, create workable organisation structures, hire and motivate employees, secure legitimacy for their organisation's existence, and develop internal political support in order to implement programs.

Of course, there are some noteworthy differences. The most important is in measuring performance. Profit, or 'the bottom line', acts as an unambiguous measure of the effectiveness of a business organisation. There is no such universal measure in not-for-profit organisations. Measuring the performance of charitable organisations (such as The Smith Family), museums, schools and government agencies is, therefore, considerably more difficult. Managers in these organisations generally do not face the market test for financial performance, although they

too must be efficient and effective to help their organisations survive. For example, following the tsunami disaster in Southeast Asia in December 2004 that killed an estimated 200 000 people and required a huge amount of humanitarian relief assistance, there were community concerns raised about the accountability of aid agencies in regard to how much of the donations were actually going to the people in need and how much was ‘wasted’ in administration, fundraising and other overhead costs. As a result of this scrutiny, which revealed that some aid agencies were not particularly efficient, a number of the agencies made a public commitment to reduce such costs to a maximum of 10–20 per cent of donations received.³¹ You may remember that The Smith Family’s performance in this area is 18 per cent, as we mentioned in the opening story.

Although there are distinctions between the management of profit and not-for-profit organisations, the two are far more alike than they are different. Both are similarly concerned with having managers who can effectively and efficiently plan, organise, lead and control, while also managing the various parts of the organisational system and the changing situations the organisation faces.

Organisational size

Is the manager’s job any different in a small organisation than in a large one? This question is best answered by looking at the job of managers in small business firms and comparing them with the previous discussion of managerial roles. First, however, let us define small business and the part it plays in society.

There is no commonly agreed-upon definition of a small business, because different criteria are used to define small – for example, number of employees, annual sales or total assets. For our purposes, a **small business** will be any independently owned and operated, profit-seeking enterprise that has fewer than 20 employees.

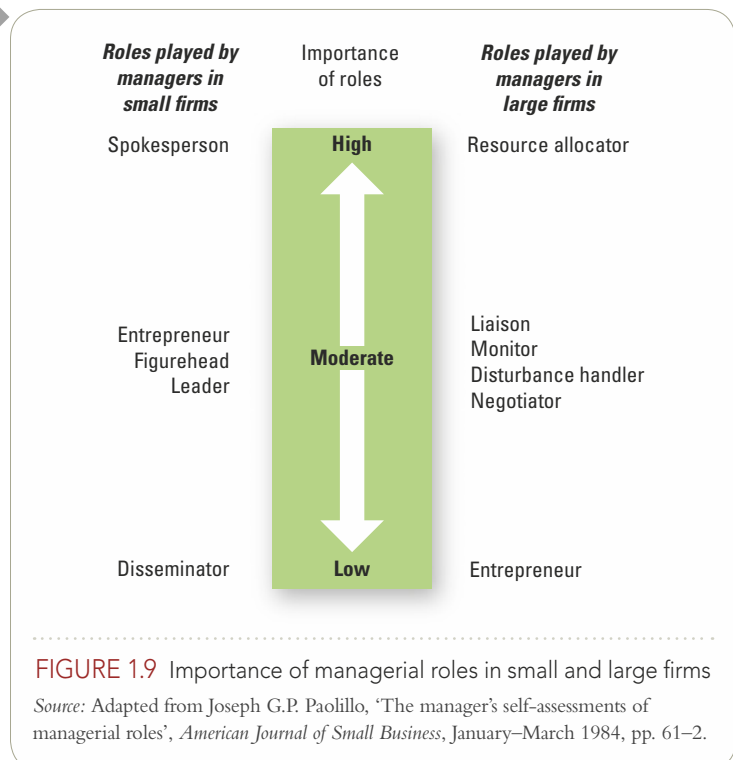
Small businesses may be little in size, but they have a very large impact on our society. Statistics from the Australian Bureau of Statistics (ABS) tell us that of more than 2.12 million trading businesses in June 2015, almost 97 per cent were small businesses dominating such industries as distribution and business services, construction and retailing.³² In contrast, less than 1 per cent of Australian businesses were large businesses that employed more than 200 employees.

The increasing importance of small businesses is a worldwide phenomenon; small businesses are becoming popular in countries such as Japan, China, Korea, France, Germany and the United Kingdom. Their importance is demonstrated by the fact that, out of New Zealand’s approximately 502 000 enterprises in 2015, only 2260 companies employed more than 100 employees! Ninety-seven per cent of businesses in New Zealand employed fewer than 20 employees.³³

Now to the question at hand: is the job of managing a small business different from that of managing a large one? One study that compared the two found that the importance of roles differed significantly.³⁴ As illustrated in Figure 1.9, the small business manager’s most important role is that of spokesperson. The small business manager spends a

small business

An independently owned and operated, profit-seeking enterprise with fewer than 20 employees.





Small business owner Melanie Tan, Joy Hysteria fashion retail store.
Tony Phillips/Newspix.

large amount of time doing such outwardly directed activities as meeting with customers, arranging financing with bankers, searching for new opportunities and stimulating change. In contrast, the most important concerns of a manager in a large organisation are directed internally, towards deciding which organisational units get what resources and how much of them. Also, according to this study, the entrepreneurial role – looking for business opportunities and planning activities for performance improvement – is least important to managers in large firms, especially among first-level and middle managers.

Compared with managers in large organisations, small business managers are more likely to be generalists. Their job will combine the activities of a large corporation's chief executive with many of the day-to-day activities carried out by a first-line supervisor. Moreover, the structure and formality that characterise a manager's job in a large organisation tend to give way to informality in small firms. Planning is less likely to be a carefully orchestrated ritual. The small organisation's design is less complex and less structured, and control in the small business relies more on direct observation than on sophisticated computerised monitoring systems.³⁵

Again, as with organisational level and functional areas, we see differences in degree and emphasis but not in function. Managers in both small and large organisations perform essentially the same activities, but they differ in how they go about them and the proportion of time they spend on each one.

Cross-national transferability

The final generic management issue concerns whether management concepts are transferable across national borders. If managerial concepts were completely generic, they would apply universally, regardless of economic, social, political or cultural differences. Studies that have compared preferred managerial practices between countries have not generally supported the 'universality of management' concepts. Chapter 4 examines some of the specific differences between countries. At this point, it is sufficient to say that most of the concepts discussed in future chapters apply to Australia, New Zealand, the United States, Canada, the United Kingdom and other Western capitalist democracies. The concepts would have to be modified if we wanted to apply them to India, China, Chile or any other country whose economic, political, social or cultural environment differs greatly from that of the so-called free market democracies.³⁶ However, with the increasingly globalised world of business, these differences are likely to diminish gradually in the near future.

review questions

- 10 Describe the similarities and differences between managers in different organisational areas, at different organisational levels and in different types of organisations.
- 11 Explain how the job of managing a small business is different from that of managing a large one.
- 12 Discuss whether management concepts are transferable across national borders.

HOW IS THE MANAGER'S JOB CHANGING?

Earlier in this chapter, we discussed how organisations are changing. The same is happening to managers' jobs. Managers have always had to deal with changes taking place inside and outside their organisation. However, in today's world, where managers everywhere are dealing with changing technology, increased emphasis on organisational and managerial ethics, increased competitiveness and changing security threats, change is a constant. For example, the changing technology is putting pressures on how a company deals with its impact. Also, as the demand for a company's products or services varies, managers have to find new ways to cope with the uncertainty this creates. Or consider the challenges faced by managers in the Fijian government and local town and island councils after the devastating impact of Cyclone Winston that hit the country in February 2016, which saw large parts of the country declared a disaster zone.³⁷ They not only had to organise emergency food aid and assistance to people affected by the most powerful cyclone that had ever hit the country, but also had to deal with the clean-up, recovery and rebuilding efforts that followed. Similarly, the cyclone provided many managers in a wide range of Fijian businesses – including tourism and agriculture – as well as small and medium-sized local business owners with one of the toughest challenges they had ever faced: getting their stricken businesses up and running again after the huge winds and floodwaters had receded. As you can see from these examples, management is becoming an increasingly complex and demanding activity. It is likely that more managers *will* have to manage under such demanding circumstances, and the fact is that *how* managers manage is changing. Figure 1.10 (see page 22) illustrates some of the most important changes facing managers and the impacts of these changes.

Throughout the rest of this book, we discuss these changes and their impact on the way managers plan, organise, lead and control. We want to highlight four of these changes that appear to be having a significant impact on managers' jobs: the increasing importance of customers, social media, innovation and sustainability.

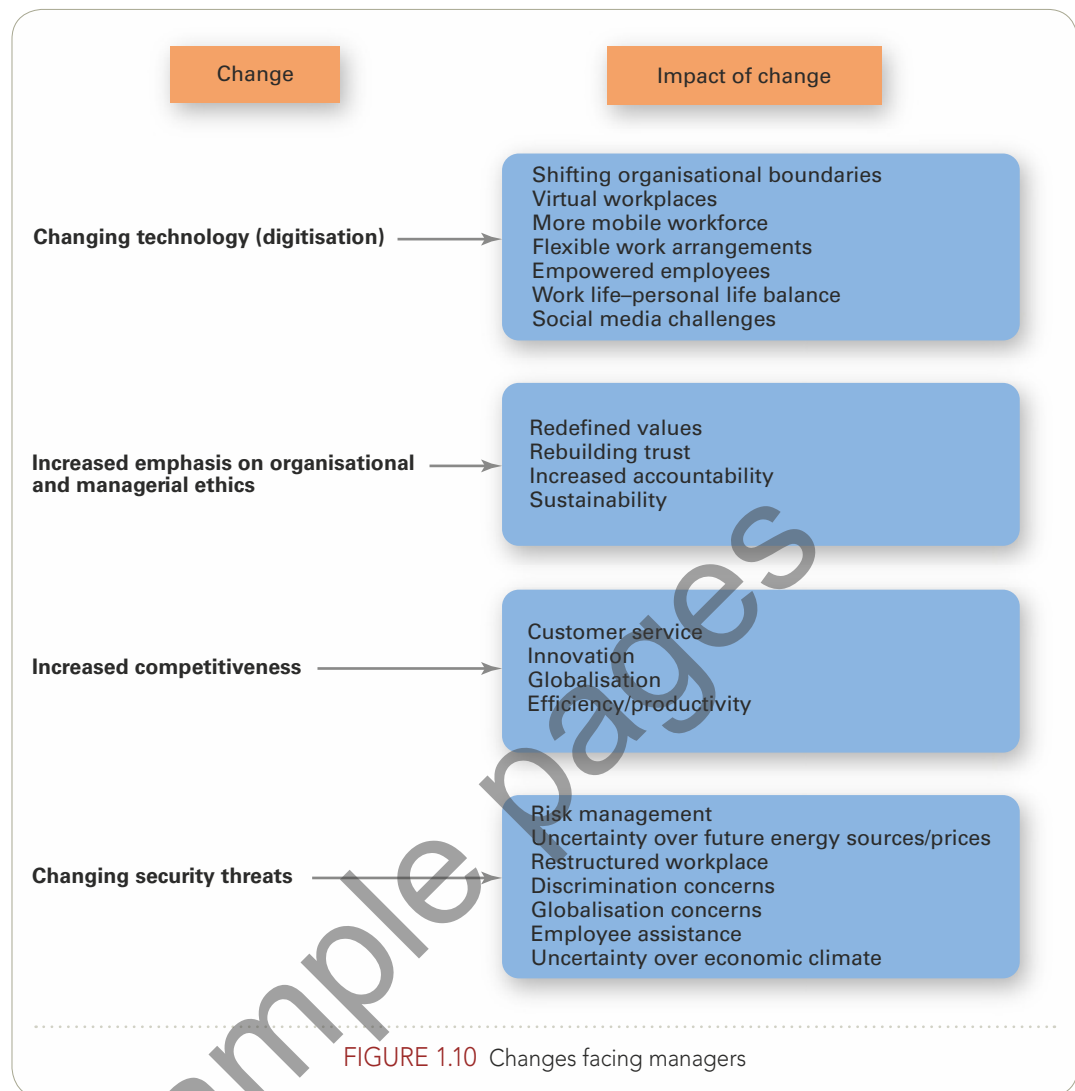
Importance of customers to the manager's job

Every workday, John Chambers, CEO of Cisco Systems, listens to 15 to 20 voice mails that have been forwarded to him from dissatisfied Cisco customers. He says, 'E-mail would be more efficient, but I want to hear the emotion, I want to hear the frustration, I want to hear the caller's level of comfort with the strategy we are employing. I cannot get that through e-mail.'³⁸ Here is a manager who recognises the importance of customers. Every organisation needs customers. Without customers, most organisations would cease to exist. Yet, focusing on the customer has long been thought to be the responsibility of marketing types. 'Let the marketers worry about the customers' is how many managers felt. We are discovering, however, that employee attitudes and behaviours play a big role in customer satisfaction. For instance, passengers of Qantas Airways were asked to rate their 'essential needs' in air travel. Almost every factor listed by passengers was directly influenced by the actions of Qantas's employees – from prompt baggage delivery, to courteous and efficient cabin crews, to assistance with connections, to quick and friendly check-ins.³⁹

Today, the majority of employees in developed countries work in service jobs. For instance, 75 per cent of the Australian labour force is employed in service industries. In the United States, the figure is around 79 per cent. In the United Kingdom, Germany and Japan, the figures are 83, 74 and 71 per cent, respectively.⁴⁰ Even in developing countries such as India, Indonesia and China, we find 31, 48 and 36 per cent, respectively, of the labour force employed in service jobs. Examples of these service jobs include technical support representatives, fast-food counter workers, sales clerks, teachers, waiters, nurses, computer repair technicians, front desk clerks, consultants, purchasing agents,

LEARNING OUTCOME 1.5

Outline the factors that are reshaping and redefining the manager's job.



credit representatives, financial planners and bank tellers. The odds are pretty good that when you graduate you will go to work for a company that is in a service industry, not in manufacturing or agriculture.

Managers everywhere are beginning to understand that delivering consistent high-quality service is essential for success and survival in today's competitive environment and that employees are an important part of that equation.⁴¹ The implication is clear: managers must create a customer-responsive organisation where employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what is necessary to please the customer.⁴² We will examine customer service management and its importance to planning, organising, leading and controlling in several chapters.

Importance of social media to the manager's job

You probably cannot imagine a time when employees did their work without using smart devices, email or internet access. Yet, some 20 years ago, as these communication tools were becoming more common in workplaces, managers struggled with the challenges of providing guidelines for using the internet and email in their organisations. Today, the new frontier is **social media**, which are forms of electronic communication through which users create online communities to share ideas, information, personal messages and other content. And employees

social media

Forms of electronic communication through which users create online communities to share ideas, information, personal messages and other content.

use these not just on their personal time, but also for work purposes. That is why managers need to understand and manage the power and peril of social media. For instance, Woolworths store managers use an internal social media tool to collaborate with each other, sharing photos and videos of how they are displaying stock and discussing how to showcase products to improve sales.⁴³ And Woolworths is not alone. More and more businesses are turning to social media not just as a way to connect with customers, but also as a way to manage their human resources and tap into their innovation and talent. That is the potential *power* of social media. But the potential *peril* is in how it is used. When the social media platform becomes a way for boastful employees to brag about their accomplishments, for managers to publish one-way messages to employees, or for employees to argue or gripe about something or someone they do not like at work, then it has lost its usefulness.⁴⁴ To avoid this, managers need to remember that social media is a tool that needs to be managed to be beneficial. In the remainder of this book, we will look at how social media is impacting how managers manage, especially in the areas of human resource management, communication, teams and strategy.

Importance of innovation to the manager's job

Success in business today demands innovation. 'Innovation' means exploring new territory, taking risks and doing things differently. And innovation is not just for high-tech and technologically sophisticated organisations. Even companies such as McDonald's have to be responsive to changes in customers' preferences or react to changes in the marketplace. For example, McDonald's Australia has been recognised as a leader in innovation within the global empire.⁴⁵ Its previous highly successful initiatives, such as McCafes and nutritional labelling, have been copied by McDonald's outlets worldwide. McDonald's Australia is now pursuing new innovations, such as Green Star-accredited restaurants with energy-efficient LED lighting, solar panels and rainwater harvesting, as well as other recycling initiatives in relation to reducing waste and use of energy and water that may also one day be adopted by McDonald's globally.⁴⁶

As you will see throughout the book, innovation is critical. In today's world, organisational managers – at all levels and in all areas – need to encourage their employees to be on the lookout for new ideas and new approaches, not just in the products or services the organisation provides but in everything that is done. Establishing an innovative 'culture' within organisations is an important driver of innovation, according to a survey of Australian and New Zealand companies commissioned by Fujitsu.⁴⁷ The Australian government has also acknowledged the importance of innovation, and one of its initiatives has been to set up the *National Innovation & Science Agenda* to encourage greater innovation in Australian businesses to create more growth, jobs and success.⁴⁸ It sees innovation as important to every sector of the economy and has committed \$1.1 billion between 2016 and 2020 to incentivise innovation and entrepreneurship. Because it is so critical to today's organisations and managers, we will examine innovation in relation to planning, organising, leading and controlling in several chapters.

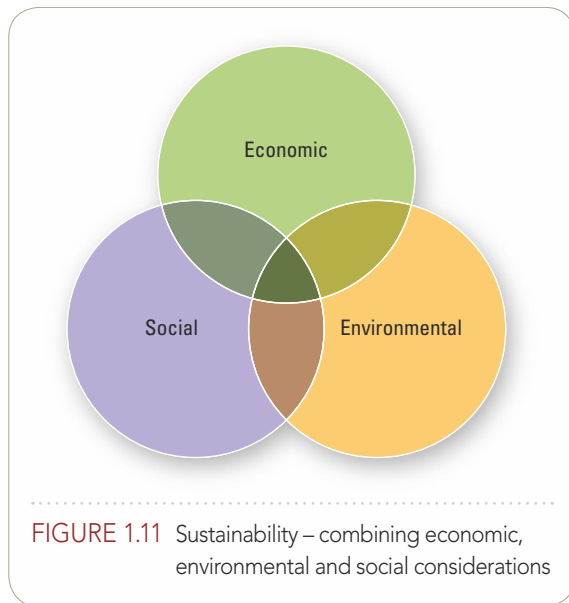
Importance of sustainability to the manager's job

By reducing the amount of energy it is using, and by utilising electricity from lower carbon-intensive sources such as solar, wind and natural gas, ANZ Banking Group has been able to maintain carbon neutrality across its global business since 2010 and reduced its carbon emission by a further 8 per cent between 2013 and 2015.⁴⁹ It has also reduced its air travel emissions by 25 per cent through minimising travel coupled with a roll-out of videoconferencing units across

New ANZ CEO Shayne Elliott's view is 'we are reaching a point where sustainability and financial performance are inextricably linked. Issues such as ethical conduct, climate change and human rights directly affect a company's reputation and risk profile, ultimately impacting the ability to attract and retain the best people and customers. That directly impacts the value we create for shareholders.'

Julian Smith/AAP Image.





five countries. This reduction in travel alone resulted in cost savings of \$15 million.⁵⁰ While ANZ recognises that it is not a significant emitter of greenhouse gases, the bank has demonstrated leadership in measuring, reducing and offsetting its carbon footprint. Sweden-based Volvo has renovated its Göteborg truck plant to operate solely on wind and bio-fuel power. A similar plant built in Ghent, Belgium, is another step in Volvo's goal of making all its plants carbon neutral. According to Volvo, these are the first carbon-free automobile manufacturing plants in the world. 'We hope this project will inspire other companies. The technology is there. It is a question of daring,' according to Patrick Collignon, managing director of Volvo Trucks Europe.⁵¹ And one of the world's largest clothing retailers, Gap Inc., has expanded its efforts to improve working conditions among the more than 1 million people who work in factories – predominantly in the developing world – where Gap's products are made. In partnership with governments, non-government organisations (NGOs), trade unions and others, the company aims to address labour practices, work safety and work conditions in these factories. Gap's goal is for all of its strategic suppliers

to have a sustainability rating of 'green or yellow' by the end of 2020 – with no 'red-rated' factories involved in its supply chain.⁵² These examples of corporate actions affirm that sustainability has become a mainstream issue for managers across the world.

What has emerged in the 21st century is the concept of managing in a sustainable way, which has had the effect of widening corporate responsibility not only to managing efficiently and effectively, but also to responding strategically to a wide range of environmental and societal challenges.⁵³ Although 'sustainability' means different things to different people, the World Business Council for Sustainable Development describes a situation where all the earth's inhabitants can live well with adequate resources.⁵⁴ From a business perspective, **sustainability** has been defined as a company's ability to achieve its business goals and increase long-term shareholder value by integrating *economic, environmental and social* opportunities into its business strategies.⁵⁵ Sustainability issues are now firmly on the agenda of business leaders and the boards of thousands of companies. Like the managers at ANZ, Volvo and Gap have concluded, running an organisation in a more sustainable way means that managers need to make informed business decisions based on thorough communication with various stakeholders in order to understand their requirements, and to factor economic, environmental and social aspects into how they pursue their business strategies (see Figure 1.11). We examine managing for sustainability and its importance to planning, organising, leading and controlling in several chapters, as well as in sections called 'Managing for sustainability', throughout the book.

sustainability

A company's ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental and social opportunities into its business strategies.

eco-efficiency

The concept of creating more goods and services while using fewer resources and creating less waste and pollution.

managing

FOR
SUSTAINABILITY

Eco-efficiency and eco-effectiveness

The concepts of efficiency and effectiveness, which have been explained in this chapter, are gradually being adapted to address the need for managers not just to evaluate how an organisation produces valuable goods and services in an economical way, but also to account for the ecological and social impacts of their production.⁵⁶ As a result, two 'new' terms have been suggested: eco-efficiency and eco-effectiveness. **Eco-efficiency** is based on the concept of creating more goods and services while using fewer resources and creating less waste and pollution. The term has become synonymous with a management philosophy geared towards sustainability.

The concept of eco-efficiency is now increasingly accepted throughout the business community as organisations and managers realise that waste reduction, energy efficiency and recycling make economic sense. For example, changes that the Commonwealth Bank put in place in relation to lighting controls at three of its major sites in Sydney and Parramatta generated an annual saving of more than \$200 000 on its energy bill as well as an emission reduction of more than 1500 tonnes per annum. The total cost of achieving this energy-saving outcome: \$100 000!

Although minimising waste and pollution, as well as better management of natural resources, is seen as an improvement on the current situation, some leaders in the sustainability field suggest that business should go beyond simply being eco-efficient and also embrace the concept of eco-effectiveness. They argue that the limitation of eco-efficiency is that companies will still produce waste and toxic air and water pollution, and deplete resources, although in smaller quantities.

Eco-effectiveness is being defined as a strategy for business growth and prosperity that generates ecological, social and economic value. While eco-efficiency basically means doing more with less environmental impact, eco-effectiveness means doing it right; being effective with respect to economic as well as environmental considerations and desires. However, to achieve a higher degree of eco-effectiveness will require the development of innovative new products and industrial processes that do not generate toxic pollution and 'waste' in the first place. Eco-effectiveness is focused on eliminating that waste and turning it into raw material for something else. An example of this is the recent development of biodegradable pots for plants made of cornstarch or wood fibre and peat (which work as fertilisers when they break down), instead of plastic pots made from oil. Industry can also save billions of dollars annually by recovering valuable materials from used products or by-products in the production processes. For example, a \$550 million new state-of-the-art sugar processing mill proposed to be built in Ingham, North Queensland, will not just produce sugar, but also more than 110 megawatts of renewable green power that will be fed into the Queensland electricity grid. The electricity, as well as bio-ethanol (used for fuel) and other bio-products such as fertilisers and pet food, will be produced from the gases and waste that are generated in the processing of the cane, which by-products are normally just wasted. The mill, which is planned to become operational in 2018, will be the most technically advanced sugar processing facility of its type in the world.

managing

FOR SUSTAINABILITY

eco-effectiveness

A strategy for business growth and prosperity that generates ecological, social and economic value.

- 13 Discuss the changes that are impacting on managers' jobs.
- 14 Explain why customer service, social media, innovation and sustainability are important to the manager's job.

review questions

WHY STUDY MANAGEMENT?

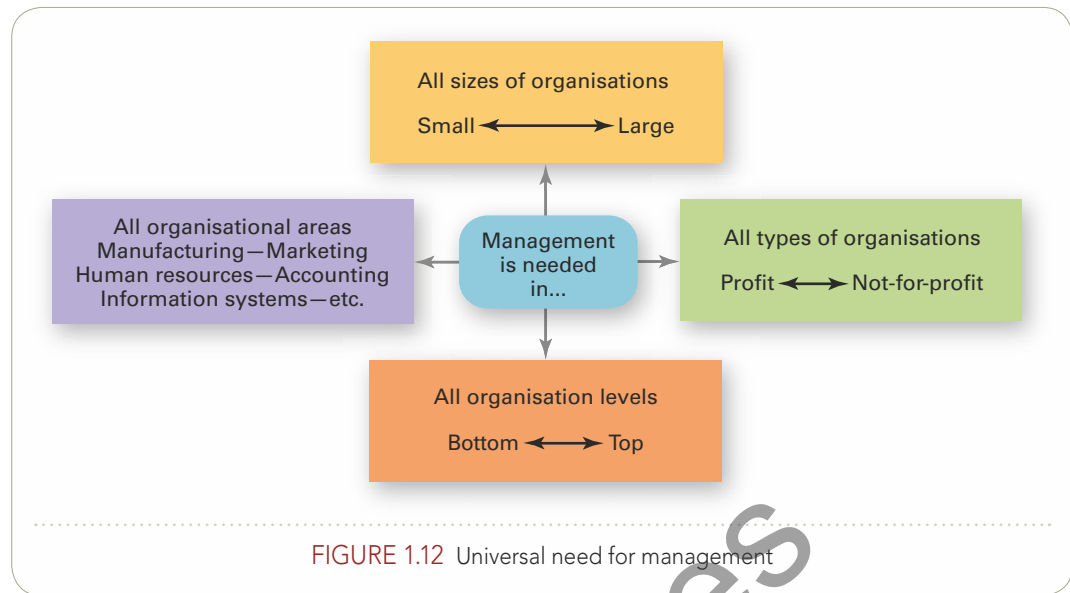
You may be wondering why you need to study management. If you are majoring in accounting or marketing or any field other than management, you may not understand how studying management is going to help you in your career. The value of studying management can be explained by looking at three things: (1) the universality of management; (2) the reality of work; and (3) the challenges and rewards of being a manager.

The universality of management

As discussed earlier, management is needed in all types and sizes of organisations, at all organisational levels and in all organisational work areas, regardless of the country in which

LEARNING OUTCOME 1.6

Explain the value of studying management.



universality of management

The reality that management is needed in all types and sizes of organisations, at all organisational levels, in all organisational areas and in organisations in all countries around the globe.

the organisation is located. This is known as the **universality of management** (see Figure 1.12). Managers in all these settings will plan, organise, lead and control. This is not to say that management is done in the same way in all these scenarios. But the differences between what a supervisor in software applications testing at Microsoft does and what the CEO of Microsoft does are a matter of degree and emphasis, rather than function. Because both are managers, both will plan, organise, lead and control, but how they do so will differ.

Since management is universally needed in all organisations, we have a vested interest in improving the way organisations are managed. Why? We interact with organisations every single day of our lives. Does it frustrate you when you have to spend three hours waiting to see a doctor in the emergency section of a hospital? Are you irritated when none of the salespeople in a department store seem interested in helping you? These are examples of problems created by poor management. Organisations that are well managed – and you will find many examples of these throughout the text – develop a loyal customer base, grow and prosper even during challenging times. Those that are poorly managed find themselves losing customers and revenues. Eventually, the survival of poorly managed organisations becomes threatened. By studying management, you will be able to recognise poor management and work to correct it. In addition, you will be able to recognise good management and encourage it, whether it is in an organisation with which you are interacting or an organisation in which you are employed.

The reality of work

Another reason for studying management is the reality that once you graduate from university and begin your career, you will either manage or be managed. For those who plan careers in management, an understanding of the management process forms the foundation upon which to build your management knowledge and skills. But not everyone who studies management is planning a career in this area. You may be doing it only because it is a requirement for the degree you are working towards, but that should not make it irrelevant. Assuming that you will have to work for a living, and recognising that you will almost certainly work in an organisation, you will probably have some managerial responsibilities even if you are not a manager or work for a manager. Studying management can give you a great deal of insight into the way your boss behaves, and the internal workings of organisations, which will be valuable whatever your career choice. Our point is that you do not have to aspire to be a manager to gain something valuable from a course in management.

In addition, recent changes in organisational life are placing increased emphasis on individual control and responsibility, and the rapidly developing ideas of working from home, self-managed work groups or teams, empowerment, quality circles, and so forth will result in many of us having to take greater control of our own professional future. This is particularly true in organisations where the reduction of management layers has made the organisation flatter and more decentralised, and where work or services are frequently contracted out to other providers.⁵⁷ As noted earlier, the number of small businesses in Australia and New Zealand has increased significantly in recent years, and this trend has been particularly strong in the very small category of businesses employing between one and four individuals. Hence, it would not be unreasonable to assume that many of us may become self-employed or contract workers, where the emphasis is more on being a consultant or partner than an employee.⁵⁸ Because of this, you will have to plan, organise, lead and control your own work or business activities, and reading this book may provide you with new insights and understanding that will be valuable for your future.

Challenges and rewards of being a manager

We cannot leave our discussion of the value of studying management without looking at the challenges and rewards of being a manager (see Table 1.2). What *does* it mean to be a manager? First, there are many challenges. It can be a tough and often thankless job. In addition, a portion of a manager's job (especially at lower organisational levels) may entail duties that are often more clerical (such as compiling and filing reports, dealing with bureaucratic procedures, or doing paperwork) than managerial.⁵⁹ Managers also spend significant amounts of time in meetings and dealing with interruptions, which can be time consuming and sometimes unproductive.⁶⁰ Managers often have to deal with a variety of personalities and have to make do with limited resources. It can be a challenge to motivate workers in the face of uncertainty and chaos. Managers may find it difficult to effectively blend the knowledge, skills, ambitions and experiences of a diverse work group. Finally, as a manager, you are not in full control of your destiny. Your success typically depends on others' work performance. Being a manager in today's dynamic workplace presents many challenges.

Yet, despite these challenges, being a manager *can* be very rewarding. You are responsible for creating a work environment in which organisational members can do their work to the best of their ability and help the organisation achieve its goals. In addition, as a manager, you often have the opportunity to think creatively and to use your imagination. You help others

TABLE 1.2 Challenges and rewards of being a manager

Challenges	Rewards
Do hard work	Create a work environment in which organisational members can work to the best of their ability
May have duties that are more clerical than managerial	Have opportunities to think creatively and use imagination
Have to deal with a variety of personalities	Help others find meaning and fulfilment in work
Often have to make do with limited resources	Support, coach and nurture others
Motivate workers in chaotic and uncertain situations	Work with a variety of people
Successfully blend knowledge, skills, ambitions and experiences of a diverse work group	Receive recognition and status in organisation and community
Success depends on others' work performance	Play a role in influencing organisational outcomes
	Receive appropriate compensation in the form of salaries, bonuses and share options
	Good managers are needed by organisations

find meaning and fulfilment in their work. You support, coach and nurture others, and help them make good decisions. Also, you will meet and work with a variety of people – both inside and outside the organisation. Other rewards of being a manager may include receiving recognition and status in the organisation and in the community, playing a role in influencing organisational outcomes, and receiving attractive compensation in the form of salaries, bonuses and share options. Finally, organisations need good managers. Nothing great ever happens by itself! It is through the combined efforts of motivated and passionate people working together that organisations accomplish their goals. As a manager, you can be assured that your efforts, skills and abilities are needed.

thinking
critically

ABOUT ETHICS

How much is an executive worth?

Senior executive remuneration, in both the private and the public sector, has increased rapidly during the last decade.⁶¹ It is an issue that is coming under increasing scrutiny from stakeholders such as shareholders, unions, politicians and lately, also, some of the institutional funds managers who control large numbers of shares in publicly listed companies. The attention is also starting to focus on the increasing discrepancy between what is sometimes reported as their official statutory pay and what they actually receive in realised pay when the added value of performance bonuses and share-option allocations are taken into account.

When senior executives are paid in excess of \$5 million or even \$10 million, is that too much? Examples of Australian CEOs' *total* remuneration (base salary + extra bonuses/options) in 2015 included: Andrew Bassat, SEEK, \$19.39 million; Peter Allen, Scentre, \$17.86 million; Nicolas Moore, Macquarie Bank, \$16.31 million; Louis Gries, James Hardie Industries, \$15.49 million; Chris Rex, Ramsay Health Care, \$15.4 million; Don Meij, Domino Pizza, \$13.72 million; Julian Seagal, Caltex, \$13.42 million; Jamie Odell, Aristocrat Leisure, \$12.68 million; and Brian Benari, Challenger, \$12.31 million. But the organisation that paid the highest salaries to its executives in 2015 was the Westfield Group, which paid Peter Lowy and Steven Lowy a combined remuneration package of \$24.75 million for their joint CEO role following their father's decision to assume a non-executive role in the Australian shopping centre group in 2011. To put these figures in perspective, \$15 million is approximately 210 times the average annual earnings (\$70 000) of a working person, or the equivalent of \$288 460 per week or \$41 000 per day. Also compare that with the current (September 2016) full-time minimum wage for adults of A\$17.70 per hour, or A\$672.70 per week, in Australia and NZ\$15.25 per hour, or NZ\$610.00 per week, in New Zealand. Both countries are supposed to be egalitarian societies, so you can understand the debate that has surrounded the issue of executive remuneration. Also, many CEOs can be heard preaching wage restraint for employees so that their companies can remain competitive, while executive salaries continue to rise.

So, how much *is* a CEO worth? How can these high remuneration packages be justified? How much is too much? What do *you* think?

review questions

- 15 Explain the 'universality of management' concept.
- 16 Discuss why an understanding of management is important even if you do not plan to be a manager.
- 17 Describe the rewards and challenges of being a manager.

Learning summary

Learning outcome 1.1: Explain why managers are important to organisations.

Managers are important to organisations for three reasons. First, organisations need their managerial skills and abilities in uncertain, complex and chaotic times. Second, managers are critical to getting things done in organisations. Finally, managers contribute to employee productivity and loyalty; the way employees are managed can affect the organisation's financial performance; and managerial ability has been shown to be important in creating organisational value.

Learning outcome 1.2: Identify managers and the organisations where they work.

Managers coordinate and oversee the work of other people so that organisational goals can be accomplished. Non-managerial employees work directly on a job or task and have no one reporting to them. In traditionally structured organisations, managers can be first-line, middle or top. In other more loosely configured organisations, the managers may not be as readily identifiable, although someone must fulfil that role.

Managers work in an organisation, which is a deliberate arrangement of people to accomplish some specific purpose. Organisations have three characteristics: (1) they have a distinctive purpose; (2) they are composed of people; and (3) they have a deliberate structure. Many of today's organisations are structured to be more open, flexible and responsive to changes, and have undergone some major changes in relation to how they operate, as was explored in Table 1.1 (page 9).

Learning outcome 1.3: Describe the functions, roles and skills of managers.

Broadly speaking, management is what managers do, and management involves coordinating and overseeing the efficient and effective completion of others' work activities. 'Efficiency' means getting the most output from the least amount of input, or doing things right. 'Effectiveness' means doing those work activities that help the organisation to reach its goals, or doing the right things.

The four functions of management include: (1) planning (setting goals, establishing strategies and developing plans); (2) organising (arranging and structuring work); (3) leading (working with and through people); and (4) controlling (monitoring, comparing and correcting work performance).

Mintzberg's managerial roles include: (1) interpersonal roles, which involve people and other ceremonial/symbolic duties (figurehead, leader and liaison); (2) informational roles, which involve collecting, receiving and disseminating information (monitor, disseminator and spokesperson); and (3) decisional roles, which involve making choices (entrepreneur, disturbance handler, resource allocator and negotiator).

Katz's managerial skills include technical (job-specific knowledge and techniques), human or interpersonal (ability to work well with people), and conceptual (ability to think and conceptualise). Technical skills are most important for lower-level managers, while conceptual skills are most important for top managers. Human skills are equally important for all managers. Some other managerial skills also identified include managing human capital, inspiring commitment, managing change, using purposeful networking, and so forth.

Learning outcome 1.4: Discuss whether the manager's job is universal.

All managers, independently of their organisational level, have to plan, organise, lead and control; however, the time they give to each function varies depending on whether they are first-line managers, middle managers or top managers. In relation to the manager's functional area, there are some differences but also similarities in relation to managerial roles being performed; however, all managers have to carry out the management functions of planning, organising, leading and controlling within their respective organisational areas. Although there are distinctions between the management of profit and not-for-profit organisations, there are many commonalities in terms of what managers have to do in both of these types of organisations. While there are differences in degree and emphasis of both functions and roles, managers in both small and large organisations perform essentially the same activities. Finally, there are some major differences in preferred managerial practices between countries, which means that, in this area, the manager's job is less universal.

Learning outcome 1.5: Outline the factors that are reshaping and redefining the manager's job.

The changes impacting managers' jobs include changing technology, increased emphasis on organisational and managerial ethics, increased competitiveness and changing security threats. Managers must be concerned with customer service, since employee attitudes and behaviours play a big role in customer satisfaction. Another concern for managers is social media, because these forms of communication are becoming important and valuable tools in managing. Managers must also be

concerned with innovation, because it is important for organisations to be competitive. And finally, managers must be concerned with sustainability as business goals are developed.

Learning outcome 1.6: Explain the value of studying management.

It is important to study management for three reasons: (1) universality of management, which refers to the fact that managers are needed in all types and sizes of organisations, at all organisational levels and work areas, and in all global locations; (2) the reality of work – that is, you will either manage or be managed; and (3) the awareness that there are significant rewards (such as creating work environments to help people work to the best of their ability; supporting and encouraging others; helping others to find meaning and fulfilment in work; and so on) and challenges (such as it is hard work; sometimes having more clerical than managerial duties; having to deal with a variety of personalities; and so on) in being a manager.

Thinking critically about management issues

- 1 Is there one best 'style' of management? Why or why not?
- 2 Is your university lecturer or professor a manager? Discuss in terms of managerial functions, managerial roles and skills.
- 3 'The manager's most basic responsibility is to focus people towards performance of work activities to achieve desired outcomes.' What is your interpretation of this statement? Do you agree with it? Why or why not?
- 4 Explain the 'universality of management' concept. Does it still hold true in today's world? Why or why not?
- 5 In today's environment, which is more important to organisations – efficiency or effectiveness? Explain your choice.
- 6 Does the way contemporary organisations are structured appeal to you? Why or why not?
- 7 'Management is undoubtedly one of humankind's most important inventions.' Do you agree with this statement? Why or why not?
- 8 Researchers at Harvard Business School found that the most important managerial behaviours involve two fundamental things: enabling people to move forward in their work, and treating them decently as human beings. What do you think of these two managerial behaviours? What are the implications for someone, like yourself, who is studying management?

Becoming a manager

What are some of the action steps you can take to prepare yourself better for becoming a manager?

- Get in the habit of reading the business section of the newspapers, as well as *The Australian Financial Review* and different business magazines. These will give you a feel for the issues that are important for managers and organisations. Keep a file with interesting information you find about managers or managing.
- Using current newspapers and business magazines, find three examples of managers you would describe as 'great' managers. Identify why you think they are great managers.
- Interview two different managers and ask them the following questions: What are the best and worst parts about being a manager? What is the best management advice you ever received?
- If you are involved in student organisations, volunteer for leadership roles or for projects where you can practise planning, organising, leading and controlling different projects and activities. You can also gain valuable managerial experience by taking a leadership role in class team projects.
- In your own words, write down three things you learned in this chapter about being a good manager. Keep a copy of this (along with the ones you do for other chapters) for future reference.

PERSONAL INVENTORY ASSESSMENTS



Time management assessment

Take a look at how well you manage time. This PIA will help you determine how skilfully you do that.

Ethical dilemma

Twenty-six per cent of new managers feel they are unprepared to transition into management roles; 58 per cent of new managers do not receive any training to help them make the transition; and 50 per cent of first-time managers fail in that transition.⁶²

Moving to a management position is not easy, as these statistics indicate. Does an organisation have an ethical responsibility to assist its new managers in their new positions? Why or why not? What could organisations do to make this transition easier? Suppose you were a new manager; what support would *you* expect from your organisation? From your manager?

CASE APPLICATION

Managing McDonald's Australia

Worldwide, the McDonald's Corporation has more than 36 000 restaurants in 119 countries.⁶³ Every day, the company has more than 69 million customers coming through its doors or drive-throughs. While McDonald's restaurants around the world follow a set of basic rules, each country is given a good amount of freedom to innovate. It opened its first Australian restaurant in 1971. From there, it has grown rapidly to where it has more than 90 000 employees working at more than 900 McDonald's restaurants and cafes serving more than 1.7 million customers every day with annual sales in excess of \$4 billion. While some of the restaurants and cafes are company run, nearly 80 per cent are franchise businesses operated by individual businessmen and women. On average, a McDonald's restaurant has around 100 employees. The Australian business is among the most successful arms of the Chicago-based fast-food empire. Australia has long been acknowledged as a leader within the McDonald's Corporation. For example, the McCafes, launched in Melbourne's Swanston Street in 1993, have been adopted in other parts of the world. McDonald's Australia has also been a leader in the introduction of nutritional labelling – a move that has now been copied by McDonald's operations around the world.

McDonald's Australia's CEO is Andrew Gregory, who stepped into the position in 2014. Like so many other senior managers within the McDonald's Corporation, Gregory started working part-time for the company in 1992 as a teenage crew member cooking french fries and serving customers. Initially, it was a way for him to earn some extra money while he was a student. However, a few years later, after graduating from university with an economics degree, he got a job as an accountant with the McDonald's corporate team in Melbourne. This was the beginning of a rapidly developing career path that took in positions such as regional accountant for Victoria and restaurant development manager for the Southern Region of McDonald's Australia.

In 2006, Gregory joined the Australian executive team and became the regional manager responsible for all aspects of McDonald's business in Queensland and the Northern Territory, including franchising, operations, advertising, marketing and sponsorship. In 2010, he moved to Tokyo, where he took up an executive position in McDonald's Japanese business, which is the company's second-largest operation after the United States. Here, he played a key role in leading the Japanese business out of the crisis that it found itself in after the massive earthquake and tsunami that struck Japan in 2011. 'We had about 280 of the company's 3000 restaurants in Japan closed for different reasons during the earthquake. We worked hard to reopen them.'

Having overseen most of the recovery in Japan, Andrew Gregory returned to Australia in 2012 where he took on the role of chief financial officer, then chief executive officer in April 2014. As the CEO, he is now responsible for marketing, public affairs, operations, supply chain and business planning, taking on a leadership role to inspire further development of McDonald's Australia.

As the CEO, Andrew Gregory will have to navigate McDonald's Australia through a challenging market environment with its 'old' competitors such as Dominos, KFC, Subway, Red Rooster, Pizza Hut and SumoSalad, but also more recent entrants such as Salsa's Fresh Mex Grill, Guzman and Gomez, and Oporto, all competing for the customer's dollar. In the United States, McDonald's has experienced a slump in its market and is keenly looking for new initiatives to help solve its problems. As the Australian arm of McDonald's has been one of the main innovators within the global empire, Gregory's challenges highlight how important it is for a large enterprise to become more agile and innovative. At McDonald's Australia, there are signs that these challenges are being embraced, with CEO Andrew Gregory stressing the importance of creating a more transparent and responsive dining experience.