Course Learning Outcomes for Unit III

Upon completion of this unit, students should be able to:

3. Explain management functions of planning, organizing, leading, and controlling.
   3.1 Identify management functions.
   3.2 Explain management functions.

8. Explain how outsourcing, offshoring, and foreign entities affect the operation of businesses in the United States.

Reading Assignment

In order to access the following resource(s), click the link(s) below:


Click here to access an interactive tutorial about managing in a business environment.

Click here to access an interactive tutorial about how to distribute ideas and plans.

Unit Lesson

Introduction

The 1979-1982 New York Islanders, 1974-1979 Pittsburgh Steelers, 1991-1998 Chicago Bulls, 1947-1962 New York Yankees, and the 1957-1969 Boston Celtics had some things in common. Obviously, all of the aforementioned teams had great players, but they also had excellent coaching and leadership. Just like a professional sports team, businesses are comprised of several individuals who have different jobs and serve in different functions within their organizations. No matter how well they know and do their jobs, they need guidance and direction from a strong leader. Great coaching in sports and great management in business
must effectively perform the functions of planning, organizing, leading, staffing, and controlling in order to achieve organizational goals. This unit lesson will examine each of the management functions in more detail.

Planning

While all businesses are directly concerned with the here and now, they must also always look towards the future and know that nothing stays the same. To effectively do this requires careful planning. The planning function of management involves activities such as establishing goals and objectives for the organization, devising strategies aimed at reaching established goals and objectives, forecasting, and creating policies that will direct the entire organization toward accomplishing the established goals. Effective planning can help the organization remain in business for a long time as it, in effect, creates a “road map” for the business to follow. The goal of any business is to make a profit for as long as possible, so planning must be a continuous activity by organizational management. Any firm that operates without effective planning is only setting itself up for failure. As the old saying goes, “failure to plan is planning to fail.”

While planning seems to be one of, if not the most vital function of management, unfortunately, many managers neglect this aspect of their jobs. What many managers fail to realize is that all other functions of management (organizing, motivating, staffing, and controlling) rest on the planning function. Without proper and effective planning, an organization will not be ready for what the future throws its way. In fact, the most successful organizations are generally the ones that have planned for the future and implemented those plans when necessary, instead of just reacting to events as they occur. In business, as in just about everything else, it is generally better to be proactive than reactive. Planning is one of the most proactive actions businesses and managers can take.

Organizing

The second function of management is organizing. If planning is what creates the road map to organizational success, organizing is what draws out the route for effectively reaching success. According to David (2011), who does what and who reports to whom are essential to organizing. So, why does it matter who does what and who they report to? The answer really is not that difficult when you think about it.

Let’s look at the teams that we mentioned previously to explain this. All sports teams have a goal of winning as many games as possible so they can reach their particular league’s championship game and, hopefully, win it. While everyone on a team has the basic knowledge of their particular sport, each team member is a “specialist” in some shape or form (e.g., a field goal kicker, a quarterback, or a lineman), and each one of them performs a specific task. If all eleven players of a football team were kickers, chances are the team would not win too many games. Similarly, if all eleven players on the field decided to do their own thing, there would be chaos, and the team would be unsuccessful at scoring and keeping their opponents from scoring. By being organized, knowing their jobs and who does what and when they do it, a team becomes several individuals all performing specific tasks that are designed to fit together in an effort to win a game. The team members all look to their coach, who not only knows what each team member is supposed to do but also when and how they are supposed to do it. The coach keeps the team organized so that all of the individuals, with their individual tasks, work together to achieve success.

Leading

Having well-constructed plans and being highly organized are most definitely vital management functions; however, if a manager cannot effectively motivate his or her personnel to carry out tasks, then nothing will get accomplished. Individuals must be motivated to perform their jobs so that the organization can effectively reach the goals that it has planned to achieve. Motivating people to perform their jobs is one of the most difficult tasks a manager has. It is the task of getting people to perform various tasks to accomplish established goals, and unfortunately, not all people are motivated in the same way. As a manager, one must deal with people, and no two people are exactly alike. Managers must understand each and every one of their employees and work to build rapport with the employees so the manager can better understand what makes each employee tick.

Once armed with this knowledge, a manager can then implement a game plan on how to best direct each employee to effectively work towards helping the firm achieve its desired objectives. Of course, it is also just as important that a manager be motivated to do his or her job. If a manager is not motivated, he or she cannot reasonably expect to motivate others, nor will the manager be able to “sell” the vision and mission of the
business to employees so they can work towards achieving organizational success. So, how do managers know if they are effectively motivating their employees? According to Bovée and Thill (2013), employee motivation can be assessed by examining the following four factors:

1. engagement, or an employee’s commitment to his or her work;
2. satisfaction, or how happy employees are with their work experience and how they are treated while at work;
3. commitment, or how much an employee supports the organization and its mission; and
4. rootedness, or how likely an employee will remain with the organization.

If an employee is engaged at work, satisfied at work, committed to the organization, and has no intention of quitting, then it can be assumed that he or she is motivated. Because managers are the individuals that employees will deal with most directly, it is vital that managers work hard to keep up the energy level of the workplace and set a positive example for employees to follow.

**Staffing**

The fourth function of management is staffing. Staffing includes activities such as recruiting, interviewing, hiring, placing, evaluating, training, and dismissing individuals. This function of management is important because management has to ensure that the right people are in the right places within the organization, performing the right jobs, at the right time. The best plans in the world cannot be effective if a business does not have the correct individuals employed to carry them out. Again, if we look at a successful athletic team, we can see how this works.

If a baseball coach or a manager knows that his team is to play an opponent that cannot, for example, hit certain types of pitches well, then he will staff his team for that particular game with pitchers who throw those types of pitches. Similarly, if his team is facing a pitcher who is an expert at throwing certain pitches, he will fill his lineup with players who hit those certain pitches well. Finally, the coach knows the effectiveness of each player's (team member's) skills. A vital part of the coach's job is to place players in positions (roles) where they can be the most effective. Doing so allows the entire team to reach its utmost potential, and the goal is to win games.

Businesses are not any different in this respect. Business managers have to ensure that all employees are both qualified and performing well in their roles. If an employee is not performing well, the manager can then decide the next course of action to help improve in that area. This type of decision is not limited to entry-level positions. It should take place throughout all levels of the organization, including executive management. Just like the other functions of management, the purpose of this effort is to ensure that the business can meet its goals.

**Controlling**

The final function of management to be discussed is controlling. Controlling consists of (a) establishing performance standards for employees and the organization, (b) measuring the performance of both employees and the firm, (c) comparing organizational and individual performances to planned performance standards, and (d) taking corrective action when and where it is necessary. Employees and the organization must have standards to adhere to in order to function properly, legally, and ethically. Performances must be measured so the company and its employees not only know what they are doing well but also where they need to improve. Standards need to be measured against plans to assist in future planning. Corrective actions are necessary so negative behaviors and performances are not repeated. While the term controlling may sound ominous, it does not mean that a manager views his or her employees as pawns on a chessboard. It is just a way to make sure that the organization and its roles are all doing what they were intended to do in an acceptable manner.

**International Management**

*International management* involves the management of business operations in multiple countries—domestic and abroad. The basic functions of planning, organizing, leading, and controlling are essentially the same regardless of whether the business is domestic or international. Yet, the risk and challenges encountered are far more difficult internationally than domestically. Economic, legal-political, ethical, and socio-cultural forces have the potential to complicate business operations in the global arena. Additionally, the global
environment’s rapid change also presents a challenge for managers. Therefore, managers of emerging global companies are constantly scanning the environment for trends that affect the business operations and are increasingly becoming more culturally sensitive to provide proper leadership, control, and decision-making skills that vary in differing cultures.

Regardless of the challenges, companies of all sizes are becoming borderless and increasing international involvement for many reasons. Primarily, these companies are seeking inexpensive sources of supply offshore—including human resources. Another reason involves the expansion opportunities to develop markets for finished products outside the country of origin. This may include licensing, exporting, and direct investments in joint ventures or wholly owned subsidiaries.

Global outsourcing occurs when companies engage in international division of labor to manufacture in countries with the least expensive sources of labor and supplies. Companies often transfer contracts from domestic suppliers and place them in international companies to take advantage of economies of scale. Greater advances in both technology and telecommunication services are instrumental in outsourcing initiatives. Some constituents suggest that global outsourcing minimizes the availability of jobs in the United States. Others contend that global outsourcing provides an opportunity to improve developing countries by increasing commerce in underdeveloped nations and providing employment opportunities to individuals who might otherwise be unemployed.

References


**Suggested Reading**

Click [here](#) to access a video about the management practices used by American Express. Click [here](#) to access the American Express video transcript.

Click [here](#) to access an interactive tutorial about business management, suppliers, and inventories.