

**“AGREED” by
vise rector in teaching affairs of
Namangan engineering-technology
institute
_____ R.Isroilov
“ _____ ” _____ 2019**

**THE MINISTRY OF HIGHER AND SECONDARY SPECIALIZED
EDUCATION OF THE REPUBLIC OF UZBEKISTAN**

**NAMANGAN INSTITUTE OF
ENGINEERING AND TECHNOLOGY**

Teaching materials complex in Management

from subject “Management”

Executed:

Ibragimov I.

Namangan – 2019

**THE MINISTRY OF HIGHER AND SECONDARY SPECIALIZED
EDUCATION OF THE REPUBLIC OF UZBEKISTAN**

NAMANGAN INSTITUTE OF ENGINEERING AND TECHNOLOGY

Registered:

№ _____

2019 y « _____ » _____

№ _____

«APPROVED»

vise - rector in teaching affairs

_____ R.Isroilov

_____ 2019 Y

**SILLABUS ON
«MANAGEMENT»**

Branch of knowledge: 200000 – Social cohesion, economics and law

Branch of education: 230000 - Economy

Field of study: 5230100 - Economy

5230400 - Marketing

Contents

1	Introduction	
2	Text of the lecture	
3	Terminology	
4	Questions for the final control	
5	Questions for the midterm exam	
6	Themes for the Independent work	
7	Interactive methods of teaching	
8	Handouts	
9	Literature	

Introduction

Learning about management is important for two reasons. First, our society depends on specialized institutions and organizations to provide the goods and services we desire. Managers have the authority and responsibility to build safe or unsafe products, seek war or peace, build or destroy cities, or clean up or pollute the environment. Managers establish the conditions under which we are provided jobs, incomes, lifestyles, products, services, protection, health care, and knowledge. It would be very difficult to find anyone who is neither a manager nor affected by the decisions of a manager.

Second, individuals not trained as managers often find themselves in managerial positions. Many individuals presently being trained to be teachers, accountants, musicians, salespersons, artists, physicians, or lawyers will one day earn their livings as managers. They will manage schools, accounting firms, orchestras, sales organizations, museums, hospitals, and government agencies. The future success of the Uzbekistan or any industrialized nation in the global village lies in managing productivity, being able to cope with environmental changes, and properly managing the workforce. These challenges will require well-educated, knowledgeable, and hard-working individuals deciding that a management career is of value to them personally.

Management is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment. Resources are used to accomplish the manager's intended purpose. **Effectively** means having the intended result; **efficiently** means accomplishing the objectives with a minimum of resources. Both are part of good management—reaching objectives with a minimum of cost. One factor that makes management difficult is that the work situation constantly changes. That is, such factors as employees, technology, competition, and cost vary greatly. **Managers** are individuals who make decisions about the use of the organization's resources, and are concerned with planning, organizing, leading, and controlling the organization's activities so as to reach its objectives.

Although it may seem that management activities are quite diverse, they share some common characteristics.

Second, managers are in charge of the organization's resources—people, equipment, finances, data—and of using these resources to help the organization reach its objectives. How well a manager coordinates the firm's activities and uses its resources determines not only how well the organization accomplishes its objectives but also how he or she will be judged in terms of job performance.

The management practices of an individual affect more than the person himself or herself. Management is characterized by interaction with others, decision making, and completing work tasks. Because such activities are not carried out in isolation, management reaches several different groups connected with the organization. Moreover, management's effect is not neutral. If management is done well, it has a positive impact on these groups; if management is done poorly, it has a negative effect. Finally, it is important to recognize that all management decisions have consequences.

Obviously, a manager's subordinates are directly affected by his or her actions. If the work process is organized well, everyone performs better, which is reflected in the performance appraisals of individual workers. Good performance appraisals often result in increased financial rewards and advancement opportunities. Research also suggests that employees' relationships with their manager strongly affect their work attitudes, such as commitment, satisfaction, and work involvement.¹

Finally, by its very nature, management affects the number and the quality of the organization's goods and services. As we have said, managers coordinate the organization's resources to help it reach organizational objectives. If the manager coordinates poorly or makes poor decisions, the organization's objectives will not be met as well or as quickly.

1-Theme. Management – independent course

Plan

- 1.Object and method of Management course
2. Management and manager's job
3. The Evolution of Management as a Field of Study

Management plays a very important role in any business. Management is composed of a team of managers who are responsible for organization of business at all levels. The team roles require leadership abilities that are expressed in the development of superior listening skills, personal responsibility, effective communication as well as the acquisition of coaching techniques. The duties of a manager include making sure company objectives are met and seeing that the business operates efficiently. Regardless of the specific job, most managers perform four basic functions. These management functions are planning, organizing, directing and controlling.

What we learn in **Management** COURSE?



The job of a manager is extremely difficult to describe. The job description for a manager also changes depending on what industry they are in, what type of “organizational culture” they are part of and whether they are junior or senior in the organization. It can also depend on factors including how the manager gets rewarded, their own personality and whether they work in a for-profit or not-for-profit organization.



Types of Management

- Business management (business administration)
- Personnel management
- Human resource management
- Risk management
- investment management
- resource management
- personnel department (management)
- quality management
- marketing management
- behavioral management
- financial management
- Innovation management

The term “manager” can be used in relation to all the various levels of management in the company. Most of the time, the term “manager” is used to describe someone who supervises others. Some examples of manager job titles are:

- Team or area leader
- Front-line supervisor
- Mid-level manager
- Department head
- Vice-President
- President
- Officer, Chief Officer
- Managing Director
- Deputy Officer

Sometime during this term, a member of your class (who did not study this chapter) will make a statement similar to one of the following:

"Why should I study management? I'm going to be an accountant." "Why should I study management? It's all common sense." "Why should I study management? Experience is the best teacher."

On the surface, these statements seem to have merit. Let's consider each argument carefully.

Managers work in all types of organizations, at all levels, and in all functional areas. Large and small businesses, hospitals, schools, governments, and churches benefit from efficient and effective management. The leaders of these organizations may be called executives, administrators, principals, or pastors, but they are all managers and are responsible for the success or failure of the organization. This success or failure is reflected in a manager's career. For example, when a CEO saves a failing corporation, the board rewards this success with bonuses and stock options. When a professional football team starts losing, the owner fires the coach, not the team.

Both organizational growth and its increasing influence on our economy and standard of living are relatively recent in history; thus, the study of management is relatively new. Many of the first individuals to study and write about management were practicing managers.

Management is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment. Resources are used to accomplish the manager's intended purpose. **Effectively** means having the intended result; **efficiently** means accomplishing the objectives with a minimum of resources. Both are part of good management—reaching objectives with a minimum of cost. One factor that makes management difficult is that the work situation constantly changes. That is, such factors as employees, technology, competition, and cost vary greatly. **Managers** are individuals who make decisions about the use of the organization's resources, and are concerned with planning, organizing, leading, and controlling the organization's activities so as to reach its objectives

Basic management models and theories associated with motivation and leadership and be able to apply them to practical situations and problems

Basic management models and theories.

1. Classical Management Theory
2. Human Relations Theory
3. Neo-Human Relations Theory
4. System Theory

Uzbek scientific experts appointed

1. The Scientific Management School
2. Human Relations Theory
3. Administrative Management
4. System Theory

1. Classical Management Theory

Here we focus on three well-known early writers on management:

Henri Fayol

F W Taylor

Max Weber

Definition of management: Management takes place within a structured organizational setting with prescribed roles. It is directed towards the achievement of aims and objectives through influencing the efforts of others.

Classical management theory

- Emphasis on structure
- Prescriptive about 'what is good for the firm'
- Practical manager (except Weber, sociologist)

2. Human Relations Theories

Elton Mayo: Hawthorns studies

Where Classical theorists were concerned with structure and mechanics of organizations, the theorists of human relations were, understandably, concerned with the human factors.

The human relations theory is on motivation, group motivation and leadership.

At the centre of these are assumptions about relationship between employer and employee. Best summarized by [Schein](#) (1965) or Elton Mayo

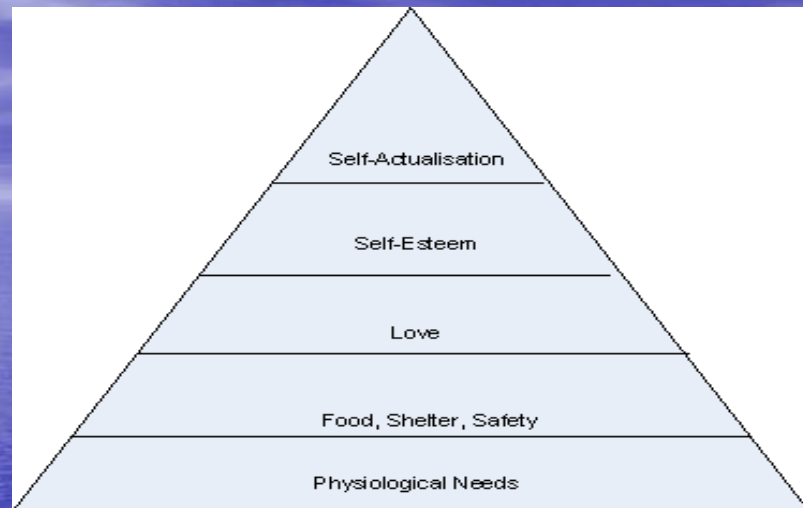
- they were academic, social scientists
- their emphasis was on human behaviour within organizations
- they stated that people's needs are decisive factors in achieving an organization's effectiveness
- they were descriptive and attempted to be predictive of behaviour in organizations

3. Neo-Human Relations Theory

This group were social psychologists who developed more complex theories:

[Maslow](#), [McGregor](#) (theory X and theory Y), [Likert](#), [Argyris](#)

Maslow is often-quoted still today, having developed a seminal theory of the needs of human beings. Herzberg's and McGregor's neo-human relations theories both focus on motivation and leadership, but their theories are, as we shall see, very different.



1. Maslow made assumptions that people need to satisfy each level of need, before elevating their needs to the next higher level e.g. a hungry person's need is dominated by a need to eat (i.e survival), but not to be loved, until he/she is no longer hungry.

4. System Theories

Attention began to focus on organizations as 'systems' with a number of inter-related sub-systems. The 'systems approach' attempted to synthesize the classical approaches ('organizations without people') with the later human relations approaches that focused on the psychological and social aspects, emphasized human needs - almost 'people without organizations'.

Systems theory focuses on *complexity* and interdependence of relationships. A system is composed of regularly interacting or interdependent groups of activities/parts that form the emergent whole.

Terminology

management activity - управленческая деятельность

management and administration - менеджмент и администрирование

management by commitment - управление по обязательствам

management by consensus - консенсусное управление

management by walking around MBWA - управление [менеджмент] методом хождения , управление путем личных встреч , управление через общение с коллективом , управление "из среды подчиненных"

management capabilities - управленческие способности

management occupations - управленческие профессии (раздел в Системе стандартной классификации профессий (SOC))

management potential analysis - анализ потенциала управления; оценка потенциала управленческого персонала

management science approach - подход с точки зрения науки управления

management theory - теория управления (совокупность научных положений, описывающих общие закономерности в управлении)

managerial skills - управленческая квалификация; управленческие способности; компетентность в управлении

metamanagement - метауправление, метаменеджмент (приемы руководства управленческими процессами)

2-Theme. Basic management models and theories.

Plan

1. Classical Management Theory
2. Human Relations Theory
3. Neo-Human Relations Theory
4. System Theory

Basic management models and theories associated with motivation and leadership and be able to apply them to practical situations and problems

1. Classical Management Theory

Here we focus on three well-known early writers on management:

Henri Fayol, F W Taylor, Max Weber

Definition of management: Management takes place within a structured organisational setting with prescribed roles. It is directed towards the achievement of aims and objectives through influencing the efforts of others.

Classical management theory

- Emphasis on structure
- Prescriptive about 'what is good for the firm'
- Practical manager (except Weber, sociologist)

Henri Fayol (1841 - 1925), France

1. Division of work	Reduces the span of attention or effort for any one person or group. Develops practice and familiarity
2. Authority	The right to give an order. Should not be considered without reference to <i>responsibility</i>

3. Discipline	Outward marks of respect in accordance with formal or informal agreements between firm and its employees
4. Unity of command	One man superior
5. Unity of direction	One head and one plan for a group of activities with the same objective
6. Subordination of individual interests to the general interest	The interests of one individual or one group should not prevail over the general good. This is a difficult area of management
7. Remuneration	Pay should be fair to both the employee and the firm
8. Centralisation	Is always present to a greater or less extent, depending on the size of the company and quality of its managers
9. Scalar chain	The line of authority from top to bottom of the organisation
10. Order	A place for everything and everything in its place; the right man in the right place
11. Equity	A combination of kindness and justice towards the employees
12. Stability of tenure of personnel	Employees need to be given time to settle into their jobs, even though this may be a lengthy period in the case of the managers
13. Initiative	Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative
14. Esprit de corps	Harmony is a great strength to an organisation; teamwork should be encouraged

Advantages

- Fayol was the first person to actually give a definition of management which is generally familiar today namely 'forecast and plan, to organise, to command, to co-ordinate and to control'.
- Fayol also gave much of the basic terminology and concepts, which would be elaborated upon by future researchers, such as division of labour, scalar chain, unity of command and centralization.

Disadvantages

- Fayol was describing the structure of formal organizations.

- Absence of attention to issues such as individual versus general interest, remuneration and equity suggest that Fayol saw the employer as paternalistic and by definition working in the employee's interest.

- Fayol does mention the issues relating to the sensitivity of a patients needs, such as initiative and 'esprit de corps', he saw them as issues in the context of rational organisational structure and not in terms of adapting structures and changing people's behaviour to achieve the best fit between the organisation and its customers.

- Many of these principles have been absorbed into modern day organisations, but they were not designed to cope with conditions of rapid change and issues of employee participation in the decision making process of organisations, such as are current today in the early 21st century.

F W Taylor - (1856 - 1915), USA- The Scientific Management School
Taylorism involved breaking down the components of manual tasks in manufacturing environments, timing each movement ('time and motion' studies) so that there could be a proven best way to perform each task. Thus employees could be trained to be 'first class' within their job. This type of management was particularly relevant to performance drives e.g 'Action On' projects.

This was a rigid system where every task became discrete and specialized. It is fair to suggest that this is unlikely to be of value to the NHS with the Modernisation agenda suggesting that we should have a flexible workforce.

Key points about Taylor, who is credited with what we now call 'Taylorism':

- he was in the scientific management school
- his emphases were on efficiency and productivity
- but he ignored many of the human aspects of employment

For the managers, scientific management required them to:

- develop a science for each operation to replace opinion and rule of thumb
- determine accurately from the science the correct time and methods for each job (time and motion studies)

- set up a suitable organisation to take all responsibility from the workers except that of the actual job performance

- select and train the workers (in the manner described above)
- accept that management itself be governed by the science deployed for each operation and surrender its arbitrary powers over the workers, i.e. cooperate with them.

For the workers, scientific management required them to:

- stop worrying about the divisions of the fruits of production between wages and profits.

- share in the prosperity of the firm by working in the correct way and receiving wage increases.

- give up their idea of time wasting and co-operate with the management in developing the science

- accept that management would be responsible for determining what was done and how

- agree to be trained in new methods where applicable

The benefits (mainly for the management) arising from scientific management can be summarized as follows:

- its rational approach to the organizational work enables tasks and procedures to be measured with a considerable degree of accuracy
- measurement of paths and processes provide useful information on which to base improvements in working methods, plant design, etc
- improving work methods brought enormous increases in productivity
- it enabled employees to be paid by results and to take advantage of incentive payments
- it stimulated management into adopting a more positive role in leadership at shop floor level.
- it contributed to major improvements in physical working conditions for employees
- it provided the formation for modern work studies

The drawbacks were mainly for the workers:

- it reduced the worker's role to that of a rigid adherence to methods and procedures over which he/she had no discretion
- it led to increased fragmentation of work due to its emphasis on divisional labour
- it generated an economically based approach to the motivation of employees by linking pay to geared outputs
- it put the planning and control of workplace activities exclusively in the hands of the managers
- it ruled out any realistic bargaining about wage rates since every job was measured and rated 'scientifically'

Therefore, in summary, while the scientific management technique has been employed to increase productivity and efficiency both in private and public services, it has also had the disadvantages of ignoring many of the human aspects of employment. This led to the creation of boring repetitive jobs with the introduction of systems for tight control and the alienation of shop floor employees from their managers.

Taylorism prevailed in the '30s through to the early '60s - and in many organizations considerably later than this. Peters and Waterman in the 70s/80 and Senge late '80s/early '90s led us towards what we now call 'systems thinking' where the rights and potential wider contributions of employees received considerably greater emphasis.

Max Weber (1864 - 1924), Germany

Bureaucracy in this context is the organizational form of certain dominant characteristics such as a hierarchy of authority and a system of rules.

Bureaucracy in a sense of red tape or officialdom should not be used as these meanings are value-ridden and only emphasize very negative aspects of the original Max Weber model.

Through analyses of organizations Weber identified three basic types of legitimate authority: Traditional, Charismatic, Rational-Legal. Authority has to be distinguished from power in this discussion. Power is a

unilateral thing - it enables a person to force another to behave in a certain way, whether by means of strength or by rewards. Authority, on the other hand, implies acceptance of the rules by those over whom it is to be exercised within limits agreeable to the subordinates that Weber refers to in discussing legitimate authority.

Weber presented three types of legitimate authority: Traditional authority: where acceptance of those in authority arose from tradition and custom. Charismatic authority: where acceptance arises from loyalty to, and confidence in, the personal qualities of the ruler. Rational-legal authority: where acceptance arises out of the office, or position, of the person in authority as bounded by the rules and procedures of the organization. It is the rational-legal authority form that exists in most organizations today and this is the form to which Weber ascribed the term 'bureaucracy'.

The main features of bureaucracy according to Weber were:

- a continuous organization or functions bounded by rules
- that individuals functioned within the limits of the specialization of the work, the degree of authority allocated and the rules governing the exercise of authority
- a hierarchical structure of offices
- appointment to offices made on the grounds of technical competence only
- the separation of officials from the ownership of the organization
- the authority was vested in the official positions and not in the personalities that held these posts. Rules, decisions and actions were formulated and recorded in writing.

It is not coincidence that Weber's writings were at a time of the major industrial revolutions and the growth of large complex organisations out of the cottage industries and/or entrepreneurial businesses.

The efficiency of this rational and logistical organization shares a considerable amount of common ground with the thinking of Fayol. In particular, features such as scalar chain, specialization, authority and the definition of jobs which were so essential to successful management as described by Fayol, are typical of bureaucracy. There is also little doubt that Weber's ideas concerning specific spheres of competence and employment based on technical competence would have considerable appeal for Taylor's scientific managers.

Advantages

- Appointment, promotion and authority were dependent on technical competence and reinforced by written rules and procedures of promoting those most able to manage rather than those favored to manage. We take a lot of this for granted in the UK today. Anything else is regarded as nepotism and corruption.
- The adoption of bureaucratic type of management systems allow organisations to grow into large complex organized systems that are focused towards formalized explicit goals.
- It cannot be stated strongly enough that the Weber theory has the advantage of being used as a 'gold standard' on which to compare and develop other modern theories.

Disadvantages

Subsequent analysis by other researchers have identified many disadvantages:

- Tendency for organizations to become procedure dominated rather than goal dominated.
- Tendency for heavily formalized organizational roles to suppress initiative and flexibility of the job holders.
- Rigid behaviour by senior managers can lead to standardized services that do not meet the needs of the client.
- Rigid procedures and rules are demotivating for the subordinates that work in the organizations.
- Exercise of control based on knowledge as advocated by Weber has led to the growth of 'experts' whose opinions and attitudes may frequently clash with those of the more generalized managers and supervisors.

2.Human Relations Theories

Elton Mayo: Hawthorns studies

Where Classical theorists were concerned with structure and mechanics of organizations, the theorists of human relations were, understandably, concerned with the *human* factors.

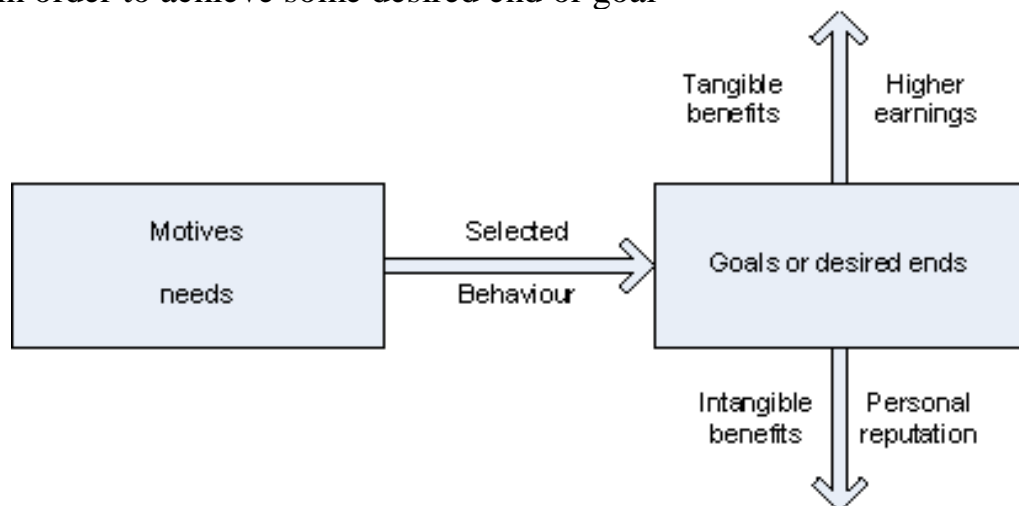
The human relations theory is on motivation, group motivation and leadership.

At the centre of these are assumptions about relationship between employer and employee. Best summarized by Schein (1965) or Elton Mayo

- they were academic, social scientists
- their emphasis was on human behaviour within organizations
- they stated that people's needs are decisive factors in achieving an organization's effectiveness
- they were descriptive and attempted to be predictive of behavior in organizations

A 'motive' = a need or driving force within a person.

The process of motivation involves choosing between alternative forms of action in order to achieve some desired end or goal



Alternative forms of action of motivation depend on a manager's assumptions about his/her subordinates:

	Prime Motivators	Theory
1. Rational-economic man	Self interest and maximization of gain	Basis of Classical, especially, Taylor/Scientific theory
2. Social man	Social need, being part of a group	Basis of Mayo
3. Self actualising man	Self-fulfilment of individual	Maslow, Likert, McGregor, Argyris, Herzberg
4. Complex man	Depends on individual, group, task	'Systems approach'

Productivity restricted due to pressure from peers to adopt a slower rate to circumvent company wages incentive scheme to generally adopt own group rules and behaviour

Advantages

- first real attempt to undertake genuine social research in industrial setting
- individuals cannot be treated in isolation, but function with group members
- that individual motivation did not primarily lie in monetary or physical condition, but in need and status in a group
- the strength of informal (as opposed to formal) groups demonstrated a behaviour of workers (formal supervisors were powerless in Stage 4)
- it highlighted need for supervisors to be sensitive and cater for social needs of workers within the group

Disadvantages

- from 1930s -1950s some doubt was cast on the increased applicability of these theories to every day working life

3.Neo-Human Relations Theory

This group were social psychologists who developed more complex theories:

Maslow, McGregor (theory X and theory Y), Likert, Argyris

Maslow is often-quoted still today, having developed a seminal theory of the needs of human beings. Herzberg's and McGregor's neo-human relations theories both focus on motivation and leadership, but their theories are, as we shall see, very different.

In this group we find a particular focus on human motivation including:

- satisfaction
- incentive
- intrinsic

Maslow (1943)

1. This psychologist, from his studies, proposed a hierarchy of human needs building from basic needs at the base to higher needs at the top.



2. Maslow made assumptions that people need to satisfy each level of need, before elevating their needs to the next higher level e.g. a hungry person's need is dominated by a need to eat (i.e survival), but not to be loved, until he/she is no longer hungry.

3. Today the focus in most Western societies is on the elements towards the top of Maslow's hierarchy - in which work environments and 'jobs' (including 'having a job' and the satisfaction or otherwise such jobs provide - have become typical features. Notably the attainment of self-esteem and, at the very top of the hierarchy, what Maslow calls 'self-actualisation' - fundamentally the synthesis of 'worth', 'contribution' and perceived 'value' of the individual in society.

Advantages

- Managers can/should consider the needs and aspirations of individual subordinates.

Disadvantages

- The broad assumptions in 2 above have been disproved by exceptions e.g. hungry, ill artist working in a garret.

- Empirical research over the years has not tended to support this theoretical model.

Regarding monetary reward, sometimes beyond certain level of pays (e.g. consultant) other things become more important than another £1000 a year e.g. working conditions, boss, environment etc.

McGregor (Theory X and Theory Y)

Managers were perceived by McGregor, whose theories are still often quoted, to make two noticeably different sets of assumptions about their employees.

Theory X (essentially 'scientific' mgt)	Theory Y
Lazy	Like working
Avoid responsibility	Accept/seek responsibility

Therefore need control/coercion	Need space to develop imagination/ingenuity
Schein type: 'rational economic man'	Schein type: 'self-actualising man'

Advantages

- Identifies two main types of individual for managers to consider and how to motivate.

Disadvantages

Only presents two extremes of managerial behaviour.

200 engineers and accountants were asked to recall the times/occasions when they experienced satisfactory and unsatisfactory feeling about their jobs. Later this also involved manual and clerical staff similar results claimed:

Herzberg showed two categories of findings:

Motivators - factors giving rise to satisfaction

Hygiene factors - factors giving rise to dissatisfaction

Important Motivators	Important Hygienes
Achievement	Company policy and recognition
Recognition	Supervision - the technical aspects
Work itself	Salary
Responsibility	Interpersonal relations - supervision
Advancement	Working conditions

Other features include:

Motivators	Hygiene Factors
related to content of work	related to context/environment of work
promote satisfaction	only prevent dissatisfaction
only neo-human school attempts to address these	Taylor (salary) + Mayo (interpersonal relations) look at these

Advantages

- Herzberg's work led to a practical way to improve motivation, which had, up to that point, been dominated by Taylorism (salary, wages). In particular 'job enrichment' programs mushroomed. The aim of these was to design work and work structures to contain the optimum number of motivators.

- This approach counters the years of Taylorism, which sought to break down work into its simplest components and to remove responsibility from individuals for planning and control.

Disadvantages

- There remain doubts about Herzberg's factors applicability to non-professional groups, despite the fact that some of his later studies involved the clerical and manual groups. The numbers were in these categories though were small and many researchers still argue about the results in these groups.

- Social scientists argue about the validity of his definition of 'job satisfaction'

Likert

Described 'new patterns of management' based on the *behaviours* of managers

Four main patterns:

1. Exploitative - authoritative where power and direction come from the top downwards', where threats and punishment are employed, where communication is poor and teamwork non-existent. Productivity is typically mediocre	'Rational economic man'
2. Benevolent - authoritative is similar to the above but allows some upward opportunities for consultation and some delegation. Rewards may be available as well as threats. Productivity is typically fair to good but at cost of considerable absenteeism and turnover	Weaker version of 'rational - economic man'
3. Consultative where goals are set or orders issued after discussion with subordinates, where communication is upwards and downwards and where teamwork is encouraged, at least partially. Some involvement of employees as a motivator	'social man'
4. Participative - group is reckoned by many to be the ideal system. Under this system, the keynote is participation, leading to commitment to the organisation's goals in a fully co-operative way. Communication is both upwards, downwards and lateral. Motivation is obtained by a variety of means. Productivity is excellent and absenteeism and turnover are low	Self - actualising man (see also McGregor: theory Y)

Another useful way of looking at this is that (1) is a highly task-orientated management style, whereas (4) is a highly people-orientated management style.

Advantages

Essentially Likert's work gives more alternatives in the spectrum between Theory X and Theory Y of McGregor

Disadvantage

- criticised for being based more on theory than empirical practice. Therefore not widely accepted by practising managers.

Argyris

Studied the needs of people and the needs of organisation. He felt that classical models of organisation promoted 'immaturity' (see below). He felt that it was important to understand the needs of people and integrate them with needs of

organisation. Only in this way, he said, can employees become co-operative rather than defensive or aggressive

Characteristics of Immaturity	Employee Maturity
Passivity	Activity
Dependence	Relative independence
Behave in a few ways	Behave in many ways
Erratic, shallow interests	Deeper interests
Short time perspective	Long time perspective
Subordinate position	Equal or superior position
Lack of awareness of self	Awareness and self control

Advantages

- Argyris is moving here towards a 'contingency approach' i.e. remedy depends on diagnosing problems first
- He presents a spectrum rather than bipolar patterns of employees behaviour could be expected from immaturity to maturity. Certain behaviours of employees may be preferred

Disadvantages

- Still too centred around 'self -actualising man'. Viewed not to be applicable to production lines with manual workers, workers in sterile supplies, people manning phone helplines etc whose needs are perceived to be typically lower in Maslow's hierarchy of needs

4.System Theories

Attention began to focus on organisations as 'systems' with a number of inter-related sub-systems. The 'systems approach' attempted to synthesise the classical approaches ('organizations without people') with the later human relations approaches that focused on the psychological and social aspects, emphasised human needs - almost 'people without organisations'.

Systems theory focuses on *complexity* and interdependence of relationships. A system is composed of regularly interacting or interdependent groups of activities/parts that form the emergent whole.

Part of systems theory, system dynamics is a method for understanding the dynamic behaviour of complex systems. The basis of the method is the recognition that the structure of any system -- the many circular, interlocking, sometimes time-delayed relationships among its components -- is often just as important in determining its behaviour as the individual components themselves. Early systems theorists aimed at finding a general systems theory that could explain all systems in all fields of science. The term goes back to Bertalanffys basic work 'General Systems Theory'. Sociologists like Niklas Luhmann also worked towards a general systems theory. As of today, whilst no systems theory can live up to this claim, there are general system principles which are found in all systems. For example, every system is an

interaction of elements manifesting as a whole. Miller and Rice likened the commercial and industrial organization to biological organisms.

Systems theories took much more of an holistic view of organizations, focusing on the *total* work organization and the inter-relationships between structures and human behaviours producing a wide range of variables within organizations. They help us understand the interactions between individuals, groups, organizations, communities, larger social systems, & their environments and help us enhance our understanding of how human behaviour operates in a *context*.

A system is a *part*, and it is a *whole*, at the same time.

An example of this in the Modern NHS is care pathways for patients which will often require a range of health disciplines to work together and will often also include professionals from social services or the local authority as well.

System Theory Key Terms:

Boundary - an imaginary line around system of focus. Regulates flow of energy (e.g. information, resources) into & out of the system.

Focal system - the system on which you are concentrating at any given time (eg: a manufacturing plant or a family).

Subsystem - a part of the focal system (e.g., in a family, it may be children or parents) , sometimes referred to as 'sibling subsystem' & 'parental subsystem').

Suprasystem - is external to focal system; it is its environment. May include place of employment, school, neighbourhood, church, social service system.

Open system - Relatively open systems have a freer exchange of information and resources within the system and also allow relatively free passage of energy from and to the outside of the system.

Closed system - is more self-contained & isolated from their environment.

The business organization is an Open System: there is continual interaction with the broader external environment of which it forms a part, The systems approach considers the organization within its total environment and emphasises the importance of 'multiple channels of interaction'. Thus the systems approach views organizations as a whole and involves the study of the organization in terms of the relationship between technical and social variables with the systems. Thus changes in one part, technical or social, will affect other parts and therefore the whole system.

It was Trist and others at the Tavistock Institute of Human relations who focused in on socio-technical systems arising from their study of the effects of changing technology in the coal-mining industries in the 1940s.

The following Timeline gives an interesting perspective to the development of Systems Theory:

- 1950 General Systems Theory (founded by Ludwig von Bertalanffy)
- 1960 cybernetics (W. Ross Ashby, Norbert Wiener) Mathematical theory of the communication and control of systems through regulatory feedback. Closely related: "*control theory*"
- 1970 catastrophe theory (René Thom, E.C. Zeeman) Branch of mathematics that deals with bifurcations in dynamical systems, classifies

phenomena characterized by sudden shifts in behavior arising from small changes in circumstances.

- 1980 chaos theory (David Ruelle, Edward Lorenz, Mitchell Feigenbaum, Steve Smale, James A. Yorke) Mathematical theory of nonlinear dynamical systems that describes bifurcations, strange attractors, and chaotic motions.

- 1990 complex adaptive systems (CAS) (John H. Holland, Murray Gell-Mann, Harold Morowitz, W. Brian Arthur,). The "new" science of complexity which describes emergence, adaptation and self-organization, all of which are basic system principles, was established mainly by researchers of the Santa Fe Institute (SFI). It is based on agents and computer simulations and includes multi-agent systems (MAS) which have become an important tool to study social and complex systems. CAS are still an active field of research.

Tavistock Institute of Human Relations

- organization is an 'open system' with environment
- organizations are complex systems of people, task, technology
- technological environmental factors are just as important as social/psychological

Contingency Theories

From the late 1950s, a new approach to organization theory was developed which became known as contingency theory. This theory argues that there is no 'one best way' to structure an organization. An organization will face a range of choices when determining how it should be structured, how it should be organized, how it should be managed. Successful organizations adopt structures that are an appropriate response to a number of variables, or contingencies, which influence both the needs of the organization and how it works.

- these theories take a comprehensive view of people in organizations
- they recommend a diagnosis of people/ task/ technology/environment

- then suggest the development of appropriate solutions

1. Pugh (UK)
2. Burns and Stalker (UK)
3. Lawrence / Lorsch (USA)

Contingency theorists have found that three contingencies are particularly important in influencing an organisation's structure. These are:

- its size
- the technology it uses
- its operating environment.

There are two significant implications of contingency theory:

- if there is no 'one best way', then even apparently quite similar organizations, for example, two nearby colleges, may choose significantly different structures and still survive, be reasonably successful in achieving their missions, and so on

- if different parts of the same organization are influenced in different ways by the contingencies bearing upon them, then it may be appropriate for them

to be structured differently, for example, one university department may have a functional structure, whilst another may have a matrix structure

3-Theme. Methods, principles and functions of management

Plan

1.Principles of Management

2.Types of Management functions

3. Planning and organizing

4. Controlling and motivation

Many early writers sought to define the principles of management. Chief among them was a Frenchman named Henri Fayol, manager of a large coal company, who sought to discover principles of management that determine the "soundness and good working order" of the firm. Fayol was not seeking fixed rules of conduct; rather, he sought guidelines to thinking. Deciding on the appropriateness of a principle for a particular situation was, in his view, the art of management. Fayol believed that any number of principles might exist, but he described only those he most frequently applied in his own experience.

Fayol's chief desire was to elevate the status of management practice by supplying a framework for analysis. His framework included a statement of management functions and principles of managing organizations.

Principles of Managing Organizations Fayol proposed 14 principles to guide the thinking of managers in managing organizations.

1.Division of work	Reduces the span of attention or effort for any one person or group. Develops practice and familiarity
2. Authority	The right to give an order. Should not be considered without reference to <i>responsibility</i>
3. Discipline	Outward marks of respect in accordance with formal or informal agreements between firm and its employees
4. Unity of command	One man superior
5. Unity of direction	One head and one plan for a group of activities with the same objective
6. Subordination of individual interests to the general interest	The interests of one individual or one group should not prevail over the general good. This is a difficult area of management
7. Remuneration	Pay should be fair to both the employee and the firm
8. Centralisation	Is always present to a greater or less extent, depending on the size of the company and quality of its managers

9. Scalar chain	The line of authority from top to bottom of the organisation
10. Order	A place for everything and everything in its place; the right man in the right place
11. Equity	A combination of kindness and justice towards the employees
12. Stability of tenure of personnel	Employees need to be given time to settle into their jobs, even though this may be a lengthy period in the case of the managers
13. Initiative	Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative
14. Esprit de corps	Harmony is a great strength to an organisation; teamwork should be encouraged

The principles do not answer questions of how much of each principle should be used; Fayol did not suggest that applying these principles would relieve management from the responsibility for determining what he called "the appropriate balance." Indeed, he emphasized time and again that the moral character of the managers determines the quality of their decisions.

Principles of Organization In 1931, James D. Mooney and Alan C. Reiley wrote *Onward Industry*, which was revised in 1947 by Mooney and titled *The Principles of Organization*.¹⁵ This book is a vital part of the literature of classical management thought. It complements Fayol's work and adds a new dimension.

Mooney viewed management as the technique, or art, of directing and inspiring other people. Organization, on the other hand, is the technique of relating specific duties or functions in a coordinated whole. The primary purpose of management, according to Mooney, is to devise an appropriate organization.

Mooney's personal experience led him to believe that natural laws of organizing existed, and it was these natural laws, or principles, that he sought to discover through logic.

Some Principles of Management, circa 1929

- Division of labor. Work should be divided and subdivided into the smallest feasible elements to take advantage of gains from specialization.
- Parity of authority and responsibility. Each jobholder should be delegated sufficient authority to carry out assigned job responsibilities.
- Discipline. Employees should obey whatever clearly stated agreements exist between them and the organization; managers should fairly sanction all instances of breached discipline.
- Unity of command. Employees should receive orders from and be accountable to only one superior.

- Unity of direction. Activities that have the same purpose should be grouped together and operate under the same plan.
- Subordination of individual to general interests. The interests of the organization take precedence over the interests of the individual.
- Fair remuneration. Pay should be based on achievement of assigned job objectives.
- Centralization. Authority should be delegated in proportion to responsibility.
- Scalar chain. An unbroken chain of command should exist through which all directives and communications flow.
- Order. Each job should be defined so that the jobholder clearly understands it and its relationship to other jobs.
- Equity. Established rules and agreements should be enforced fairly.
- Stability of personnel. Employees should be encouraged to establish loyalty to the organization and to make a long-term commitment.
- Initiative. Employees should be encouraged to exercise independent judgment within the bounds of their delegated authority and defined jobs.
- Esprit de corps. Employees should be encouraged to define their interests with those of the organization and thereby achieve unity of effort.

Management is composed of a team of managers who are responsible for organization of business at all levels. The team roles require leadership abilities that are expressed in the development of superior listening skills, personal responsibility, effective communication as well as the acquisition of coaching techniques. The duties of a manager include making sure company objectives are met and seeing that the business operates efficiently. Regardless of the specific job, most managers perform four basic functions. These management functions are planning, organizing, directing and controlling.

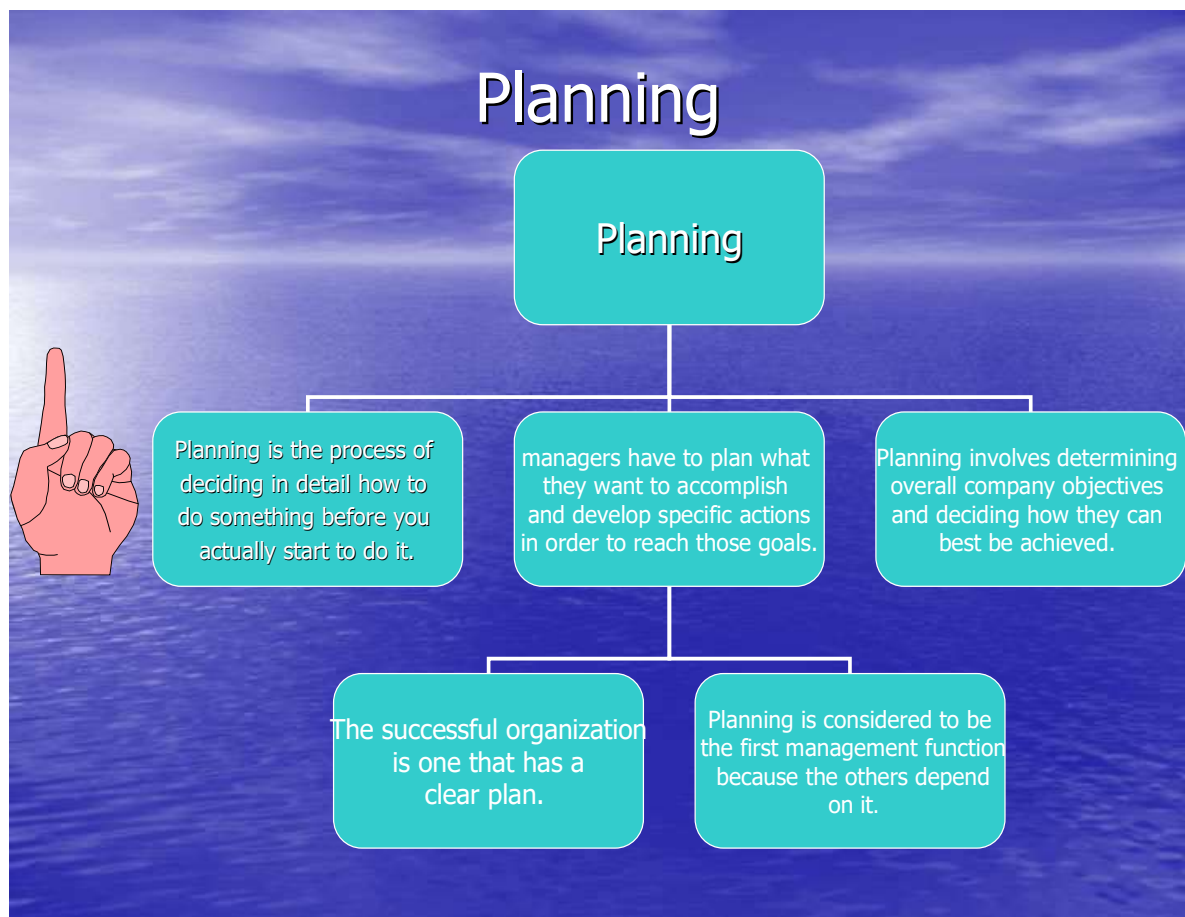
Managers are involved in four main functions that form the basis of this text.

These functions are-

planning, organizing, leading and controlling.

Uzbek scientific experts appointed-

planning, organizing, conforming, controlling and motivation



Planning involves determining overall company objectives and deciding how they can best be achieved. Managers evaluate alternative plans before choosing a specific course of action, then they check to make sure the chosen plan fits into the objectives established at higher organizational levels. Managers today **are** increasingly **engaged in** fact-based analysis of strategic plans for expanding, redesigning, or contracting their firms' supply chains. They may be motivated by a need to **efficiently** replenish growing markets for the firm's products, **to consolidate manufacturing** and **distribution** operations after a major acquisition, or to close down underutilized physical facilities.

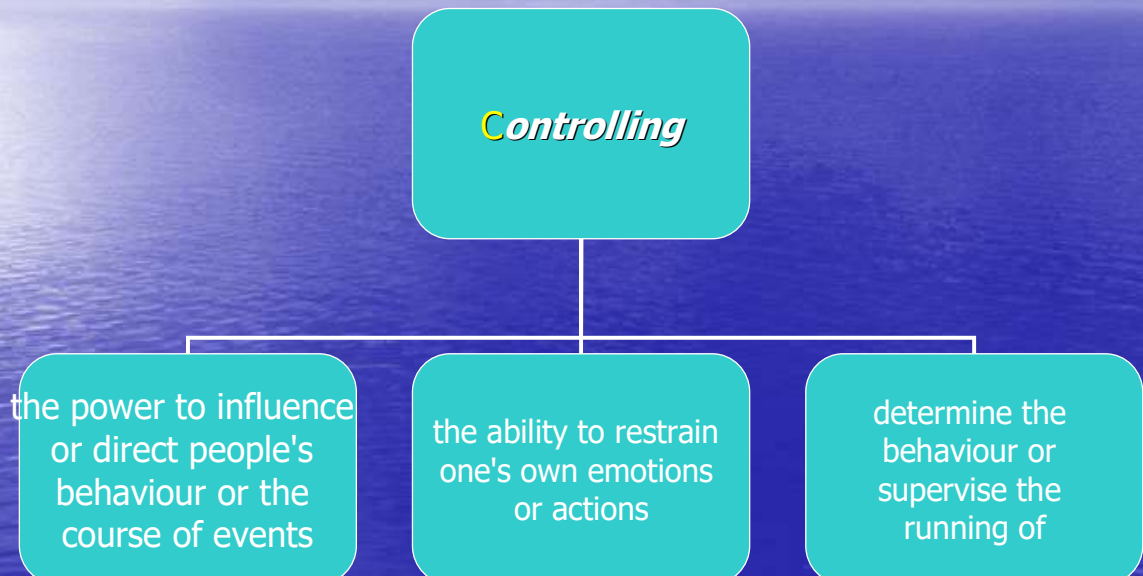
Planning is considered to be the first management function because the others depend on it.

Organizing, the second management function, is the process of putting the plan into action. This involves allocating resources, especially human resources, so that the overall objectives can be attained. In this phase managers decide on the positions to be created and determine the associated duties and responsibilities. Staffing, choosing the right person for the right job, may also be included as a part of the organizing function.

Organizing



Controlling



Controlling, includes evaluating how well company objectives are being met. **In order to** complete this evaluation, managers must look at the objectives established in the planning phase and at how well the tasks assigned in the directing are being completed.

If the major problem exists and goals are not being achieved, then changes need to be made in the company's organizational or managerial structure. In making changes, managers might have to go back and replan, reorganize, and redirect.

Motivation

- a reason or reasons for acting or behaving in a particular way
- desire or willingness to do something; enthusiasm
- a set of facts and arguments used in support of a proposal
- the act or an instance of motivating

Conforming

- comply with rules, standards, or laws
- be similar in form or type; agree
- to comply in actions, behaviour, etc., with accepted standards or norms

In order to perform these management functions efficiently managers need **personal**, organizational, and technical **skills**. Although all four functions are managerial duties, the importance of each may vary **depending on the situation**. Effective managers meet the objectives of the company through a successful combination of planning, organizing, directing, and controlling.

4-Theme. Organizing the organization

Plan

- 1.Organizing the organization
- 2.Bureaucracy
- 3.Functional structure
- 4.The rise of the "group" structure

1.Organizing the organization

Structure follows strategy

Decision-makers in the organization have to ask themselves a number of questions:

- What kind of structure should be put in place?
- How do they want to get the work done?
- What about the idea of centralization vs. decentralization?
- How do we handle authority and responsibility?

Most organizations today in North America are structured using a "bureaucracy". This is an ancient structure, dating as far back as Julius Caesar. It has a military background. The organization does not have to be structured using bureaucratic principles. There are a number of inherent drawbacks to bureaucracies that good organizations have learned how to minimize in order to function effectively.

There are other options. However, the next section will talk about bureaucracies, how they work and what they mean. Many companies are structured along bureaucratic lines, so it is important to know what they are all about.

2. Bureaucracy

It is the bureaucratic organization that looks like a pyramid - one person at the top, a lot at the bottom and layers of middle management. This sounds as though it exists only in large organizations. However, a bureaucracy can exist in an organization that has, for example, 10 people. When we use the word bureaucracy, we are referring to the structure used.



Figure. Basic bureaucratic structure

Authority - staff and line

There are two concepts related to “authority” within a bureaucracy. There is both line authority and staff authority in a bureaucracy.

It is easier to talk about some departments as line departments and some as staff departments. The people in a line department are called line employees and the people in the staff departments are staff employees. They have different roles and authority.

Line departments/line authority

To take a manufacturing company as an example, there are 3 absolutely essential functions that must exist in this company. These three are manufacturing, sales and finance. The company cannot exist without these functions. These departments are the ones that directly make money for the organization. These are the line departments.

In using the example in the preceding paragraph, we need to define some terms. “Manufacturing” refers to the area that makes the product. This area could also be labeled operations or production.

“Sales” refers to the area that directly sells the product to the end customer. In this way, this is the area that brings money into the company. If sales and marketing are separate areas, then sales is a line function and marketing is not. Marketing is the area that comes up with ideas (like new packaging or advertising) that help the sales area to sell the product. They are auxiliary to the sales function.

“Finance” is also distinct from accounting. Finance is the function that

manages the money in the organization. They would be involved in activities such as raising money through going onto the stock market or acquiring debt or examining and approving capital expenditures (buying a new plant or expanding into another country). Accounting is the function that keeps track of the revenue and expenditures.

Staff departments/staff authority

The other departments in this company are nice to have, and they presumably support the activities of these line functions. However, they are not absolutely essential. These are staff departments. The role of these staff departments is to advise, counsel and assist the line departments to do their jobs.

Staff departments work by influencing the people in the line departments - as such then, the staff employees should have no power, except for activities in their own departments. Who are these staff departments? These would be anything other than the 3 line departments listed above. So, for instance. Human Resources, Accounting, Marketing, Public Relations, Engineering, Event Planning, would all be examples of staff departments. There are lots of others.

Let's take an example of the Human Resource (HR) department. Their role is to help the managers and employees in the line departments in Human Resource activities. So let's say that the manager of Manufacturing has a vacant position that needs to be filled. The Human Resource department will help to create the job description, advertise the position, receive all of the resumes and phone calls and do the preliminary interviews to screen the applicants. They will then refer perhaps the 3 "best" applicants to the Manager of Manufacturing, who then interviews these three. The final hiring decision should be made by the Manager of Manufacturing, since the Manager of Manufacturing has to, in essence, "live" with this person. The HR department helps the Manager of Manufacturing to fill the vacancy. However, the HR department should not make the final hiring decision. If they do, then the HR department has assumed line authority, which they should not have. If the HR department makes the final hiring decision and assumes line authority, then the organization will have a whole pile of problems.

So the HR department has staff authority. They do not have the same type of power that a line department has. The line departments do not have to accept the advice offered by a staff department. The staff employees must use influence, created by their expertise and personal credibility, to help the line employees. If there was a budget cut, the company could fire the entire HR department. To use the above example, the Manager of Manufacturing would simply do all of the activities connected with filling their vacancy. It simply would not make sense for the company to keep the HR employees (because they are doing an important job) and fire manufacturing employees in a budget cut decision.

Bureaucratic structures

There are 4 bureaucratic structures we could put in place. Each of these structures has their pros and cons. The organization must choose which one of these structures would best suit their purpose or best accomplish their strategic plan. What we will show in the following examples is just the top level of the organization. There will be many positions (people) that report to these Vice-

Presidents, but for simplicity's sake, only that top level will be shown.

Let's assume we are dealing with a manufacturing company that makes toys, baby furniture and children's clothes. They make high-end products that they sell through their own retail outlets and they make discount brands that they sell to mass-market distributors around the world.

What we will see in the following pages is that this company could be structured in a variety of ways.

3.Functional structure

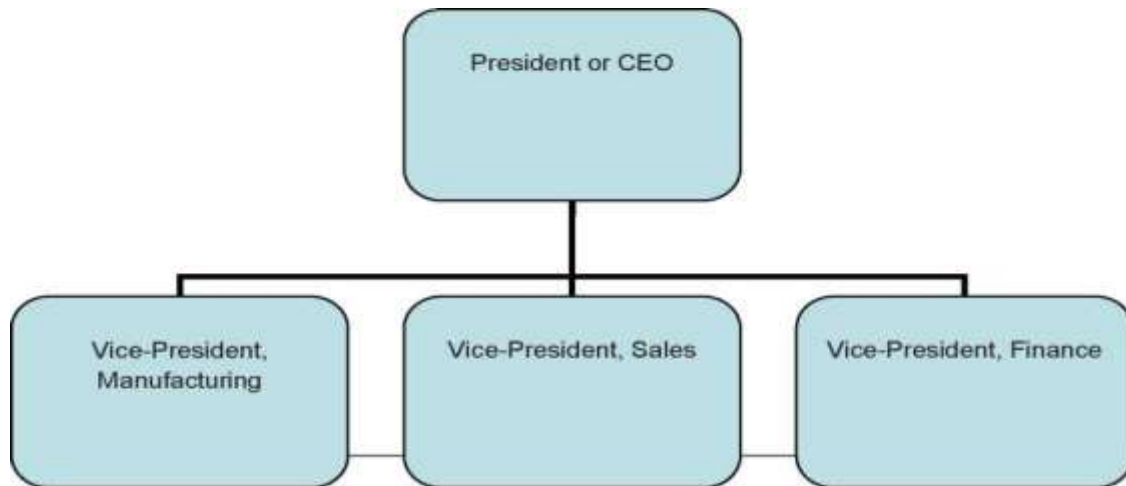


Figure.

In this structure, we have the three line functions of manufacturing, sales and finance represented. They are all shown to be at the same level because the positions are all Vice-Presidents.

If the company wanted to have a Vice-President of Human Resources for instance, they could choose to do that because Human Resources would represent another function in the organization. If they do, then that position would show up as a fourth box on the same level as the other boxes.

In this structure, we would read into it that the manufacturing process all happens under one roof, in one location. The company looks like they make all of the products in one location. For our manufacturing company example, this would be quite unusual.

Advantages of the functional structure

- Easy to understand
- Can be used in any sized organization
- Responsibilities are clearly defined
- Can be expanded to include other functional areas (legal, HR, PR, etc)

Disadvantages of the functional structure

- Won't be able to figure out which products are profitable, since they are all lumped together.
- If the manufacturing is in one location, transportation and distribution costs could be high to get the product

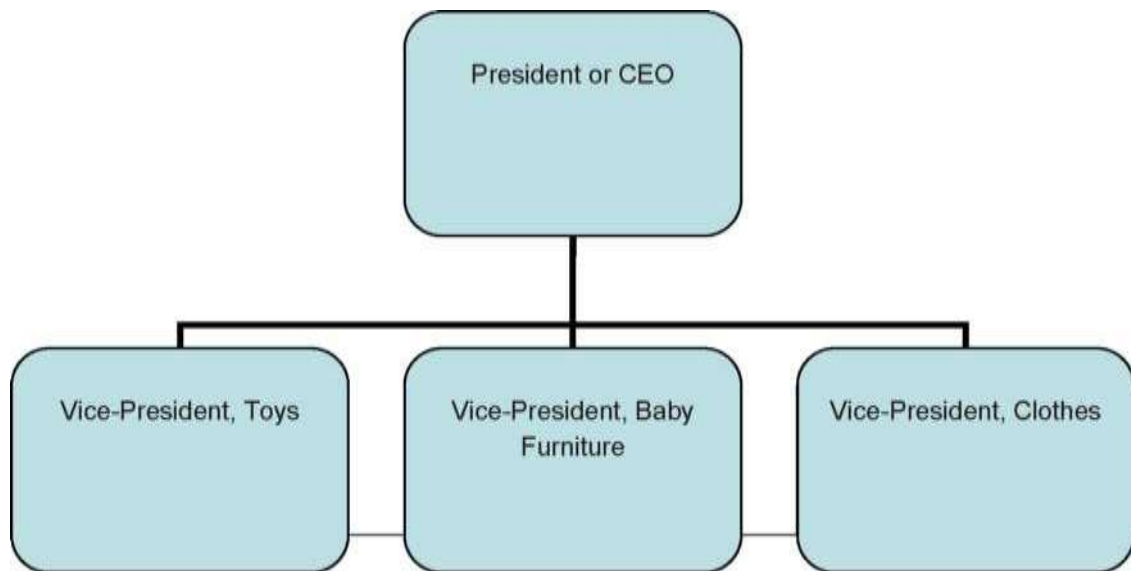


Figure.

In the product structure, each area then specializes in their particular product. Everyone who reported to the Vice-President of Toys, for instance would be involved in some aspect of toys - their manufacture, quality control, sales, marketing, etc.

This would be a good option for our fictional manufacturing company of toys and other goods.

Advantages of the product structure

- Employees in each division are specialists - they know their product from manufacturing to sales to accounting for it.
- Easy to see which product is profitable since each area will likely be set up as a profit centre.
- Can set up the different products in different geographic areas.

Disadvantages of the product structure

- Can only work in a large organization. Using this example, there will be a manufacturing department for the toy department, another one for the furniture department and yet another for the clothes department. Must have a large organization to sustain this.

Employees cannot easily move from one department to another since those departments are specialized and operate almost as completely separate divisions.

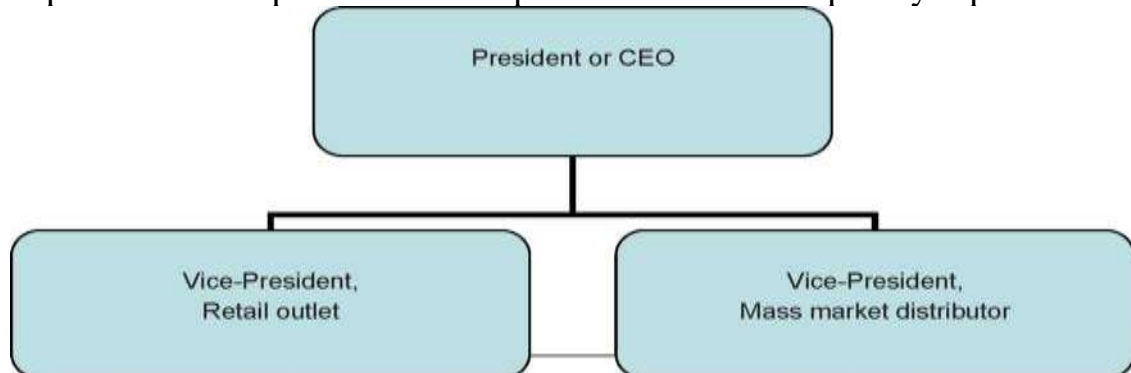


Figure.

This structure allows the organization to specialize their operations in a different way. In our example, they do make different products - the high end and the mass market products and they also sell them to different customers (retail outlet and distributor).

Advantages of the customer structure

- Customer-oriented structure. Most customer-focused structure to choose.
- Can change the product to suit the customer.
- Again, can see which line is profitable since they are set up as profit centres.
- Can set up divisions in different geographic areas.

Disadvantages of the customer structure

Need to have more than one product line, usually quite different products.

"Rules" of a bureaucracy

There are "rules" that employees must follow in the strict bureaucracy and are inherent in the structure of a bureaucracy:

1.Chain of command - this indicates who reports to who. In a strict bureaucracy, there is a rule that "you don't go over your bosses head." This has a profound impact on communication and decisionmaking.

2.Unity of command - an employee should have one and only one boss.

3.Span of control - refers to the number of employees a manager supervises. At the top of the organization, this number is small - around 3 - 8. As you go down in the organization, this number gets higher. A first-line supervisor could have a span of control of say, 50 in an assembly-line operation.

Centralized vs. decentralized

Bureaucracies have tended to be very centralized as opposed to decentralized, although this is not always the case. We would define an organization as being centralized if the decision-making is done by the person at the top and power and information is generally held by the person at the top. In a decentralized structure, the authority to make decisions and to act is delegated down to lower levels in the organization.

Disadvantages of a bureaucracy

While the bureaucracy has existed for years, is common and fairly easily understood, there are factors that exist within a bureaucracy that can make it cumbersome, unwieldy and sometimes downright dysfunctional.

When you look at the "rules" above, you can see the disadvantages popping out.

If there are lots of levels of management, there is a centralized decision-making style and an attitude that you don't go over your bosses head, then that is an organization where communication and decisionmaking are slow. Not only are they slow, but since both the communication and the decisions have to go through many layers, there is a good chance that the message and the decision will either be lost or garbled.

Not only are these processes slow, but the organization will lack the ability to change quickly or to adapt to changes. There are too many layers to go through

to get anything approved!

These problems exist not just from the viewpoint of communication and decision-making but also from the viewpoint of the new generation of employees coming up through the ranks. Older generations may have been more content to stay in their places and do their jobs, but the upcoming generations hold different values. This newer generation wants to contribute and tends to thrive on change and multitasking.

Changing the bureaucratic structure

Because of drawbacks to the bureaucratic structure, some of which are noted above, managers, leaders, consultants, academics and researchers have devised other ways of structuring the organization.

One of the first responses was to reduce many layers of middle management. If the organization could be “flattened”, so that there were not so many levels in between the top and the bottom of the organization, then the communication and decision-making problems outlined in the previous section here would be reduced. That seemed on the surface to be intuitively sensible.

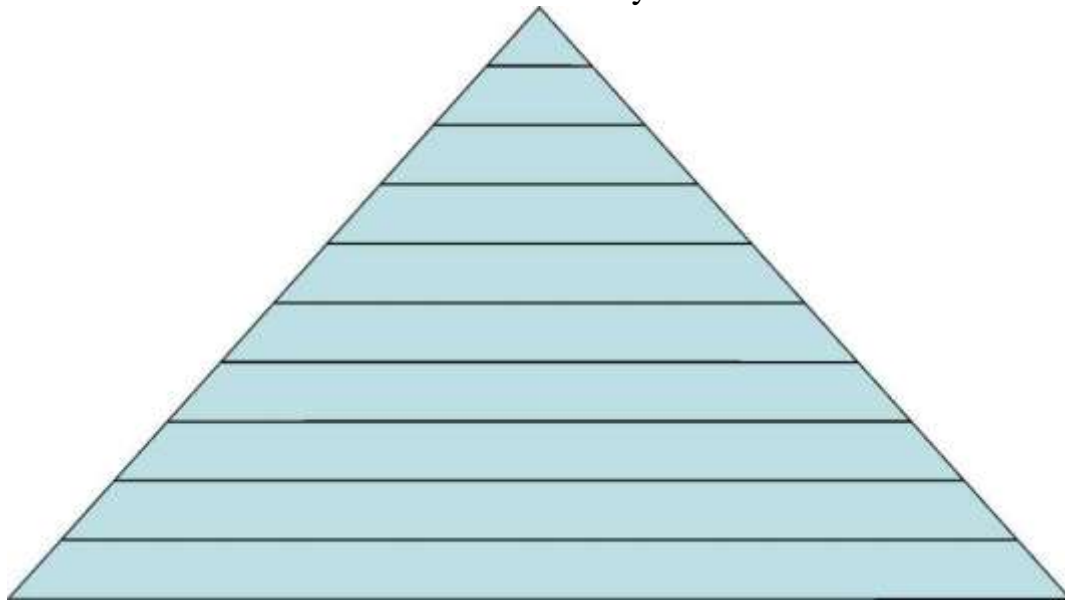


Figure.

4.The rise of the "group" structure

In addition to eliminating layers of middle management and delegating middle management roles to employees at lower levels, the idea of forming those lower levels into groups arose. What happens with this idea is that the groups become teams that “manage” sections of the work. If we look at our manufacturing example, the teams would not only manufacture the product, but would also confirm that there was enough raw material for their manufacturing, certify the quality of the end product, ensure that the members were doing their share of the work and check that enough product is made on schedule. These are the types of roles that middle managers used to do in the organization with many layers. The organization would look like this:

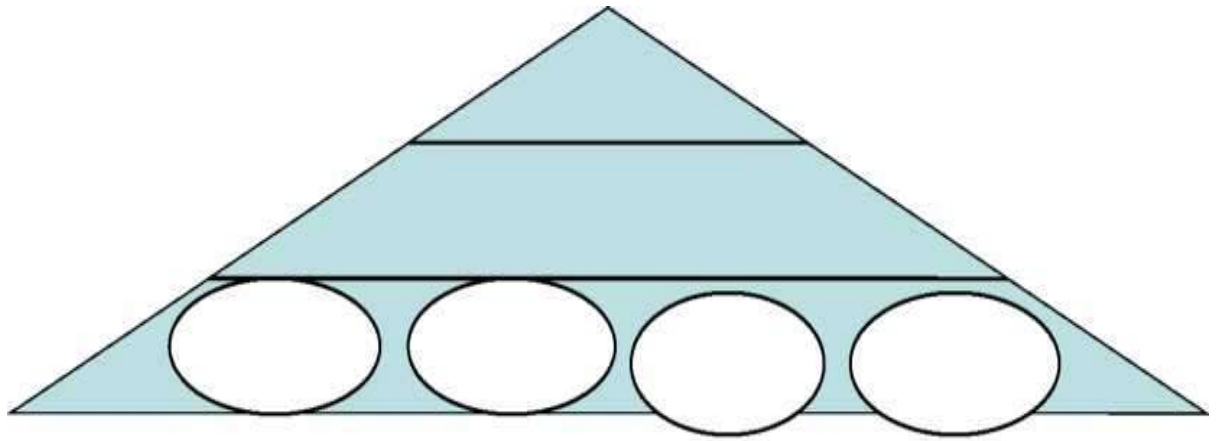


Figure 6.8

The remaining middle managers would act as co-coordinators between the groups. This would require more facilitation skills on the part of middle managers.

The organization in this case also must train group members on group skills.

A checklist of group effectiveness is found at the end of this chapter.

Checklist for Team or Group Effectiveness

No clear idea of direction, confusion on goals	Goals and Directions	Purpose and direction well understood
0	5	10
Lack of agreement on goals, different directions in group		Strong agreement on goals, common direction accepted
0	5	10
Oppressive, doesn't want to be part of group negative atmosphere	Climate of Group Atmosphere	Exciting, congenial, people looking forward to group
0	5	10
Very low trust, highly suspicious	Trust Factors	High trust, acceptance of each other
0	5	10
Very closed, secretive, guarded and cautious	Communications	Open, sharing, valid information shared
0	5	10
No one listens, can't hear anyone but self		Active listening and high interests in what others are

Questions for organizing section:

1. Examine all the bureaucratic structures. Which one would be best for Calm Seas?
2. Could Calm Seas use some type of group structure? If so, what would that look like? How would it be organized?
3. What structure exists in the company that you work for? Or study in?
4. There is a lot of material written about groups and teams in organizations. Do some research and find out what makes for successful groups in organizations.
5. If an organization wants to change from a structure with lots of layers to one that is more “flat”, they have to do more than just get rid of lots of middle managers. What other things would have to change?
6. When you look at the different generations that were described in the generations article mentioned earlier, what preference might each generation have for a centralized as opposed to a decentralized structure? Explain your answer

5-Theme. Decision making

PLAN

1. TYPES OF MANAGERIAL DECISIONS
2. THE DECISION-MAKING PROCESS
3. HOW ORGANIZATIONS ACTUALLY MAKE DECISIONS
4. CONDITIONS AFFECTING DECISION MAKING

1. TYPES OF MANAGERIAL DECISIONS

Making decisions is widely recognized as a key aspect of management, and many managers and academicians consider it to be the most crucial element of business management. So, what is decision making?

To begin with, a **decision** is a choice made from alternative courses of action in order to deal with a problem. A **problem** is the difference between a desired situation and the actual situation. Therefore, **decision making** is the process of choosing among alternative courses of action to resolve a problem.

Decision- A choice made from alternative courses of action in order to deal with a problem

Decision-A choice from among alternative courses of action.

problem- The difference between a desired situation and the actual situation

decision making - The process of choosing among alternative courses of action to resolve a problem.

Managers make many different kinds of decisions, such as what hours to work, what employees to hire, what products to introduce, and what price to charge for a product. The "Magnifying Management" box, for example, describes a pricing decision made by the Philip Morris company. Of course, not all decisions that managers make are as critical as the pricing decision made by Philip Morris. Managerial decisions can range anywhere from simple to complex, routine to

unique; in general, though, most decisions can be classified as either programmed or nonprogrammed decisions.

When an entrepreneur decides to launch a business, and a production worker concludes that a pattern of defects indicates a need to stop the production process and look for the source of the problem, both are making a **decision**—a choice from among alternative courses of action. In practice, decision making varies according to whether the decisions are programmed or nonprogrammed and whether they involve certain, risky, or uncertain outcomes.

Types of Managerial Decisions			
<i>Programmed and nonprogrammed decisions result from different types of problems and use different types of procedures.</i>			
Decision	Problem	Procedures	Examples
Programmed.	Repetitive, routine.	Rules. Standard operating procedures. Policies.	Business: Processing payroll vouchers. College: Processing admission applications. Hospital: Preparing a patient for surgery. Government: Using a state-owned motor vehicle.
Nonprogrammed.	Complex, novel.	Creative problem solving.	Business: Introducing a new product. College: Constructing new classroom facilities. Hospital: Reacting to a regional disease epidemic. Government: Solving a spiraling inflation problem.

Programmed Decisions.

Programmed decisions are made in response to situations that are routine, somewhat structured, and fairly repetitive. Such situations enable managers to develop procedures that can be applied to resolving these problems when they recur in the future.² Examples of programmed decisions include deciding to reorder inventory when quantities fall below a certain level, deciding to renew the company's sponsorship of a youth Softball team every spring, and establishing what skills/requirements are needed to fill certain jobs. Many business decisions about routine procedures and basic operations are programmed decisions.

Nonprogrammed Decisions.

On the other hand, **nonprogrammed decisions** are made in response to situations that are unique, relatively unstructured, undefined, and/or of major consequence to the organization. No standardized procedures exist to resolve these situations because the problems have never arisen before, they are complex or uncertain, or they are of such significance to the organization that they require

tailor-made decisions.⁴ Examples of nonprogrammed decisions include deciding whether to build a new plant, close an old one, acquire another company, create a new position, enter into a strategic alliance with another company, invest in enhancing operations, or develop a new product.

When situations arise often, the organization can usually create a routine procedure for making decisions. When issues calling for a decision are routine and repetitive and the organization has developed a procedure for handling them, the related decisions are called **programmed decisions**. Examples include the decisions related to preparing income tax returns and performing blood tests in a hospital. In situations that are unusual and involve changeable and unpredictable circumstances, the organization cannot practically create a procedure for making decisions. Instead, decisions are unstructured and unique—**nonprogrammed decisions**. Good nonprogrammed decisions rely on creativity and intuition as well as careful use of objective data.

Because nonprogrammed decisions tend to be unique and relatively challenging, the people making nonprogrammed decisions are more likely to use a formal decision-making process. In contrast, people making programmed decisions may seem to be skipping some of the steps. When you see decision making that does not seem to follow the formal process, consider whether the decisions are programmed.

Decision Makers.

Especially in highly centralized organizations, a person's level in the hierarchy plays a role in the kinds of decisions he or she makes. Decisions at lower levels are more likely to be programmed, with nonprogrammed decisions handled at higher levels. Organizations that empower employees are more likely to involve them in nonprogrammed decisions. For example, a team of workers might be responsible for hiring decisions.

No matter what the organization's structure or practices regarding empowerment, managers are often involved in nonprogrammed decisions. A chief executive who spends significant time on programmed decisions has neither delegated effectively nor made efficient use of policies and procedures.

This does not mean, however, that programmed decisions are less important. Following procedures for launching the space shuttle, filling prescriptions at a pharmacy, or answering calls to 911 involve decisions that can avoid disastrous consequences. Also, the survival of any organization depends on the ability and motivation of its employees to properly make routine decisions that lead to high quality and customer satisfaction.

2.THE DECISION-MAKING PROCESS

In addition to the broad types of decisions made in organizations, managers also should understand the way in which people make those decisions. We can describe this process in theoretical terms that explain how a person chooses the optimal alternative. We can also look at the way individuals and groups actually make decisions in organizations.

The Steps in the Decision-Making Process

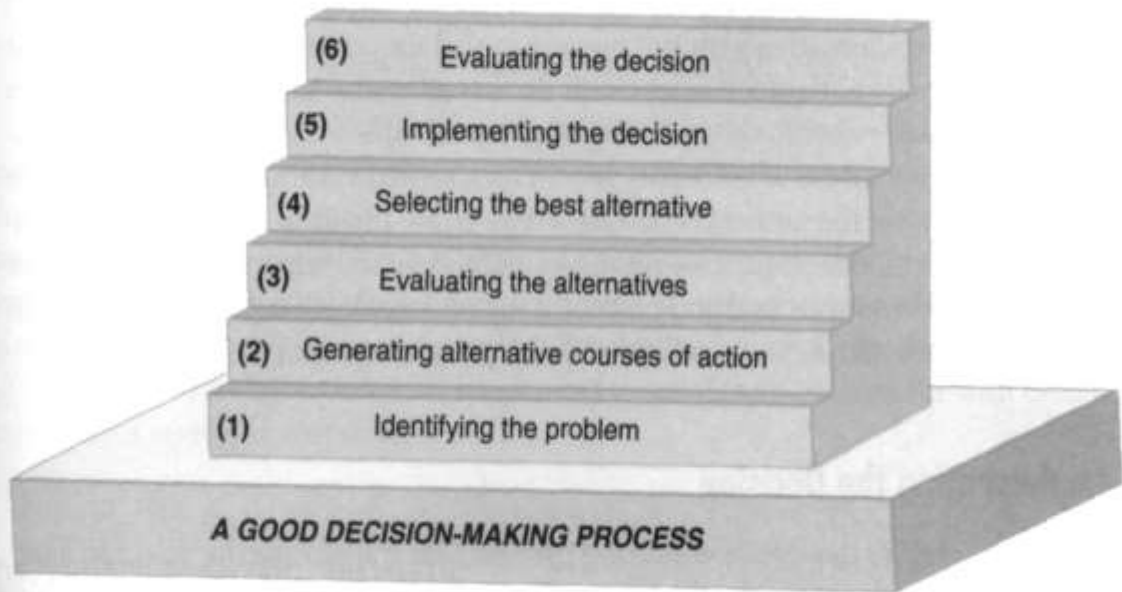
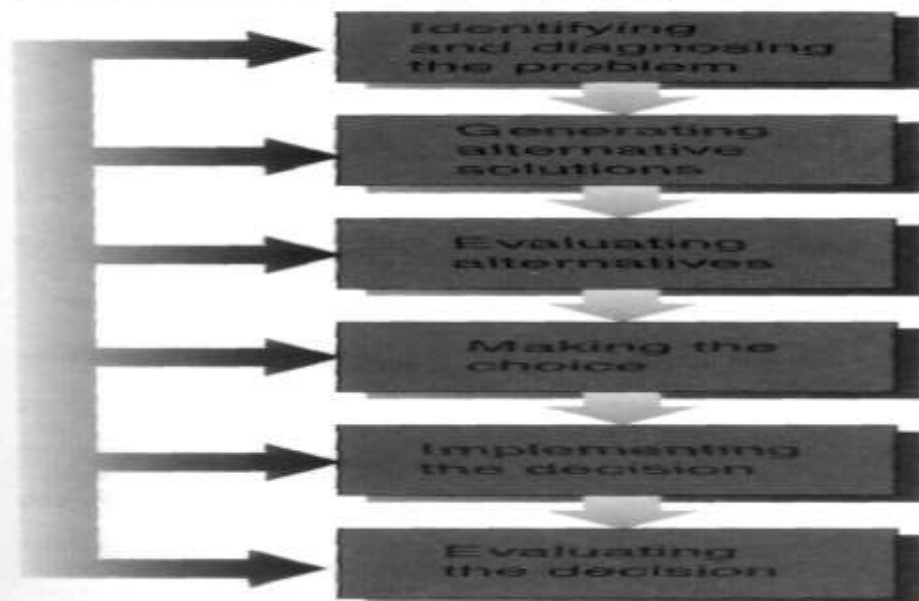


FIGURE 4.2

The stages of decision making

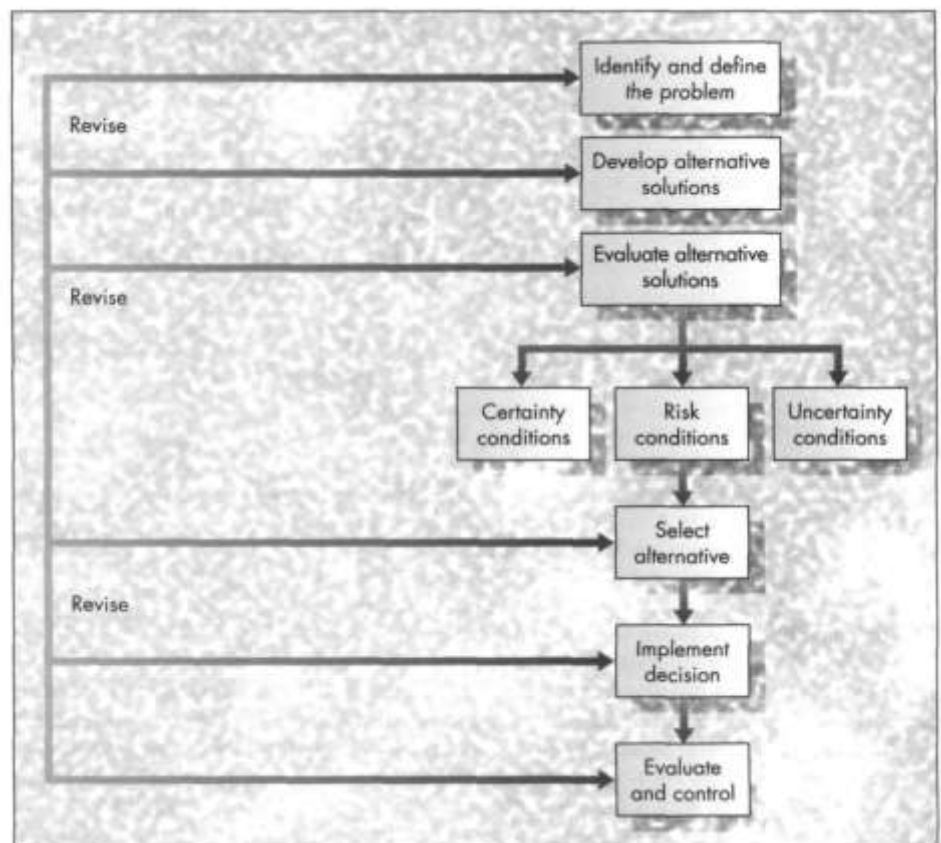


As you study these two approaches to describing the decision-making process, keep in mind that the details vary from one decision to another. In part, this is because decision makers have individual differences, including cognitive styles. A recent study of chief executives found that those with greater cognitive ability, use of intuition, tolerance for risk, and propensity to act tended to make decisions faster. The amount of time and effort decision makers will commit also depends on situational factors such as the significance of the issue, the irreversibility of the solution, and the degree to which the decision maker is responsible for the outcome.

FIGURE 5-2

The Process of Decision Making

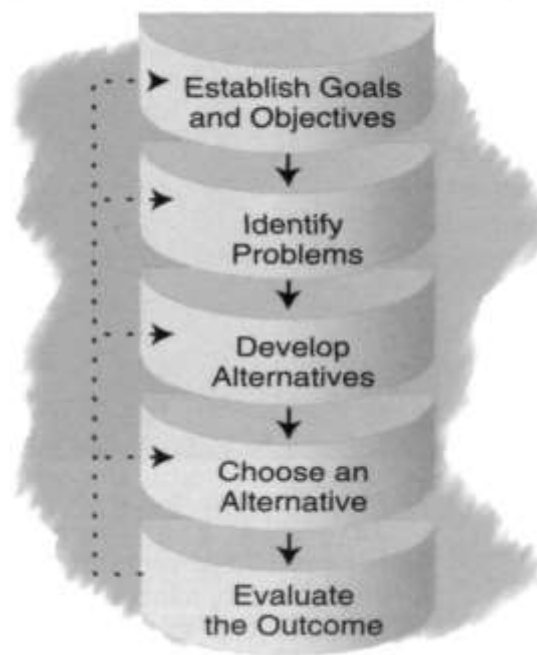
In the decision-making process, taking certain specific steps contributes to high-quality decisions.



RATIONAL DECISION MAKING

To understand how decision making works, it is useful to begin by viewing it as a rational process. Here, *rational* describes efforts to logically and consistently seek outcomes that maximize benefits to oneself. In other words, **rational decision making** is a logical, consistent process for identifying the alternative with the greatest utility, or usefulness for a purpose. It can serve as an ideal against which decision makers can measure their efforts. Decision makers are also likely to apply this approach when using the quantitative techniques that are becoming more widespread thanks to the availability of computerized information systems and decision support systems.

A Model for Rational Decision Making



Identify Issues.

People make decisions to resolve issues.⁶ The issues requiring a decision fall into three basic categories: crises, routine problems, and opportunities.⁷ Each of the first two categories is a type of **problem**—the cause of a difference between the way things are and the ways things should be. Konica's problem was to determine the reason for its loss of share in the camera market and find ways to boost it to acceptable levels. In the earlier example of Delta, the airline learned that transatlantic passengers were demanding better cabin air quality.

The nature of the issue influences the nature of the decision. To solve a problem, the decision maker must figure out how to correct whatever is interfering with achievement of goals and objectives. When the issue is an opportunity, the decision maker must figure out whether achieving goals and objectives is more likely to result from acting on the opportunity or concluding it is not worthwhile at the time.

The decision maker can make the best choice only if he or she first defines what the issue is. Konica's employees did this after they began evaluating customer research and realizing that even if the company added every feature customers asked for, the result would be a camera that did not significantly stand out from its competitors. Fortunately for Konica, a young engineer had the insight to ask, "Why does the customer buy a camera?" and the decision makers realized that the issue was whether the company could design a camera that better met consumers' reasons for buying.'

3.HOW ORGANIZATIONS ACTUALLY MAKE DECISIONS

Decision makers in organizations like to think of themselves as rational beings, and they tend to describe their approach to making decisions as much like the formal process described earlier. Many organizations support rational decision making by providing tools for management science and using modern information systems . Although decision makers can learn to use these tools and recognize biases, decision making in organizations departs from the rational model for a variety of reasons.

The process for making most decisions in organizations is simplified to reflect the high cost and even impossibility of gathering complete information and perfectly interpreting alternatives and feedback. Decisions in organizations typically involve a combination of satisfying and sequential consideration of alternatives. Many decisions are further simplified through performance programs, expert development, and loose coupling of the organization's parts.

Satisficing-Decision making based on finding an alternative that meets a minimum level of acceptability.

Satisficing.

Rational decision making implies the decision maker will select the best alternative. In practice, most decision making in organizations seeks the more attainable objective of finding an alternative that meets a minimum level of acceptability. This decision-making practice is called **satisficing**.

Sequential Consideration of Alternatives.

In practice, decision makers typically identify an alternative, determine whether it is acceptable, and seek another alternative only if it is not acceptable. The decision maker may determine acceptability by comparing each alternative to a minimum standard (satisficing) or by comparing one alternative to another and then comparing the better of the two alternatives to the next alternative. Lois Mitten used the former approach; she looked for a differentiation idea she deemed good enough. United's Stephen Wolf used the latter approach in selecting the redesign of his company's planes. He looked at six final designs, reportedly staring silently at the pictures for five minutes, then selecting the winning design. As in these examples, the sequential process continues only until the decision maker identifies an acceptable alternative. Other alternatives may exist, but the decision is complete.

Performance Programs.

Even the sequential consideration of alternatives may be too complex (and costly) for decisions that are routine. In the case of routine decisions such as where to file documents or how to process an order, the organization further simplifies decision making by establishing **performance programs**. These are detailed procedures for how to handle a particular situation. In effect, these procedures make decisions programmed.

Expert Development.

The organization can expect that circumstances will sometimes require modifications to its performance programs. In a rapidly changing environment, formal guidelines cannot keep up with every situation. Furthermore, when an

organization has a quality focus, it must adapt quickly when customer needs arise or change. These circumstances lead organizations to develop experts having authority to modify performance programs as needed. Typically, the organization spells out the limits of the person's authority to make changes and develops the person's authority within those bounds.

Coupling of Parts.

When employees specialize in a particular function, product, or other area, they can become experts in certain decisions. But because the decisions of one employee affect others in the organization, each employee's efforts must be integrated with the efforts of employees in other areas. The challenge is the earlier-mentioned pitfall that employees in different areas do not necessarily share the same objectives.

Nominal Group Technique.

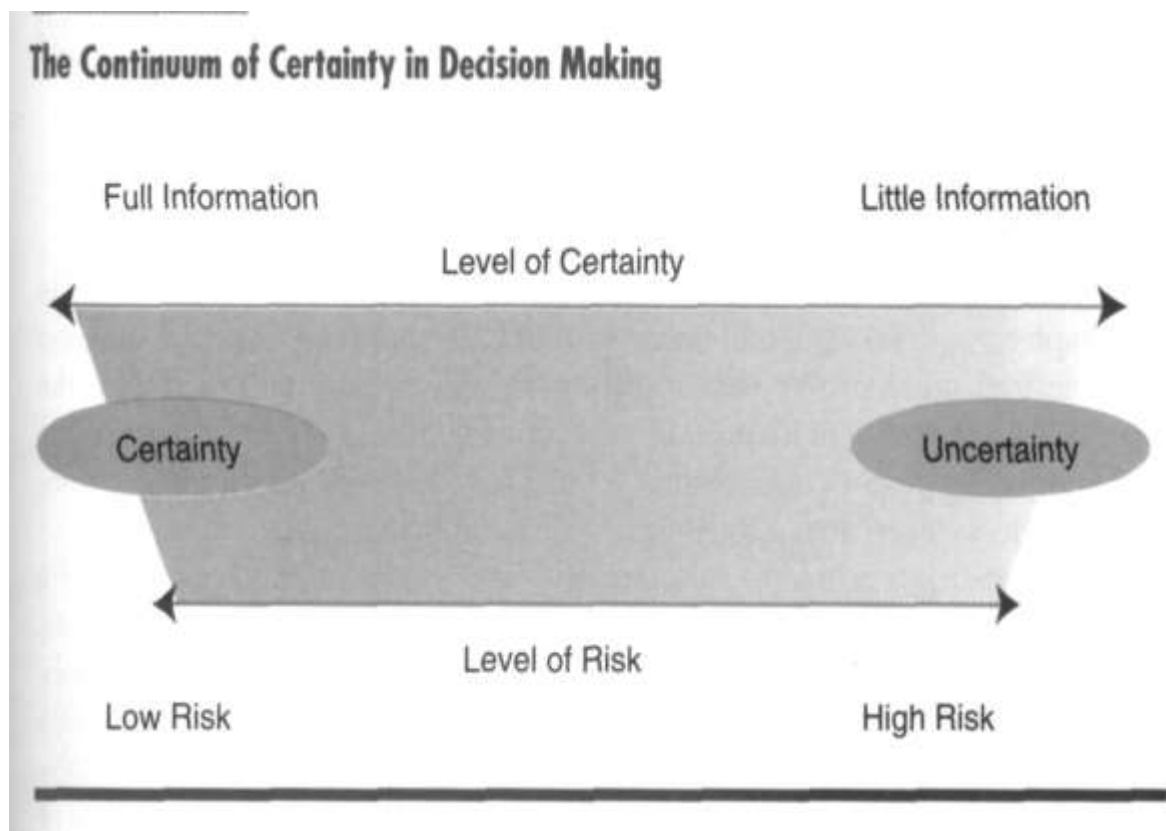
A group that wishes more direct communication among participants may prefer the **nominal group technique**.

This technique is a structured group meeting in which participants generate ideas individually, discuss them one by one, and vote on them by secret ballot. The alternative selected is the one with the highest overall ranking based on the vote.

Certainty- A condition in which the decision maker knows the outcome of carrying out each alternative under consideration.

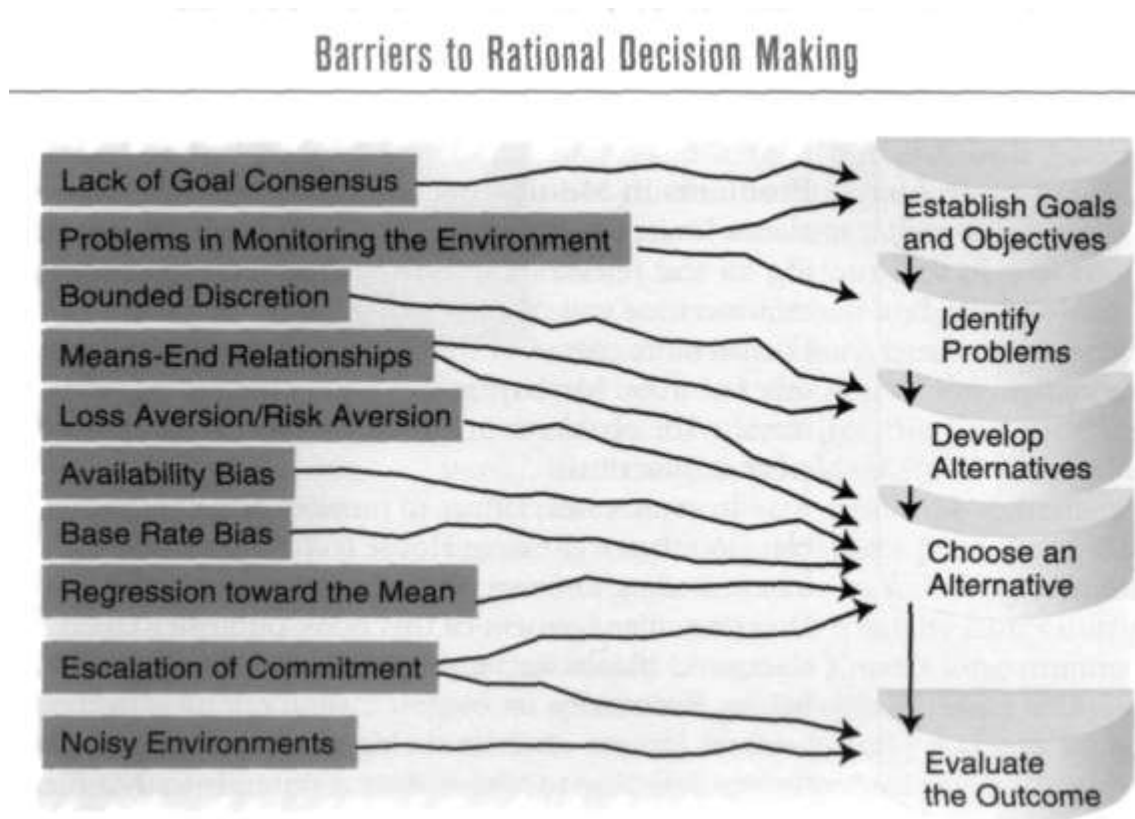
Risk- A decision-making situation where the decision maker can estimate the probability of each possible outcome.

Uncertainty- A condition under which the decision maker has no knowledge of the outcome of each alternative.



BARRIERS TO RATIONAL DECISION MAKING

The rational model of decision making is useful for showing what people should do to select the optimal alternative for resolving an issue, but it does not accurately reflect most human behavior. In most decision situations, people fall short of the rational model because barriers—in the form of biases and environmental constraints—interfere with rationality



Lack of Goal Consensus. A group is most likely to agree on what is the best alternative if they agree on the goals of the decision. Unfortunately, most situations are too complex for goal consensus. Individuals are likely to have different values and different assessments of what is achievable and desirable. Is it more desirable to select the goal that is best by some rational measure, such as expected value, or the one that is easiest to justify to higher authorities? Should the outcome minimize financial cost, effort, conflict, or regret? The answers will depend on differences in the individual and the context in which the decision is being made. As a result, most decisions in the real world involve a degree of negotiation and compromise rather than objective identification of the superior alternative.

Problems in Monitoring the Environment. The rationality of decision making also is limited because people have trouble gathering, interpreting, and remembering all the relevant information. Monitoring external and internal environments requires time and money—often more than the organization considers worthwhile. Furthermore, some of the information gathered may

contradict information from other sources. Identifying and interpreting these conflicts requires yet more time and money. The problems in monitoring the environment can make fully informed decisions impractical.

bounded discretion -A condition in which decision makers are limited to a subset of the possible alternatives.

Bounded Discretion. Sometimes decision makers are limited to a subset of the possible alternatives—a condition called **bounded discretion**. Social, legal, and moral norms constrain the possible choices. In addition, the organization's policies, rules, and culture may limit the actions considered acceptable. For instance, a manager making decisions about launching a new venture will likely have to work within a budget. Or, in an organization that discourages risk-taking behavior, decision makers will be limited to relatively conservative alternatives.

Means-End Relationships. In generating alternatives, decision makers cannot always correctly define the outcomes associated with each alternative. In complex situations, too many variables are involved. Some situations involve uncertainty; even if the decision maker can identify possible outcomes.

Noisy Environments. A complex environment not only makes it difficult to gather enough relevant information, it also impairs the process of evaluating outcomes. Because complex environments interfere with receiving accurate feedback, they are called "noisy." In noisy environments, it is difficult for the decision maker to accurately measure the link between a given course of action and the results of that action. A typical consequence is that the decision maker assigns too much importance to his or her decision, concluding that a particular outcome occurred because of that decision. Sometimes other forces in the short run make the alternative appear better or worse than it would be if the organization continued implementing the chosen alternative.

For an organization to carry out its strategy effectively, its people must make good **decisions** through a fair and efficient process. These may be **programmed** **nonprogrammed decisions**. Programmed decisions are designed to enhance efficiency by limiting the resources devoted to handling routine issues. Nonprogrammed decisions, which involve more creativity, require that decision makers correctly interpret the situation and alternatives available. Both types of decisions are important to an organization, which needs people who are capable of handling one or the other (or perhaps both).

Decisions are made under three possible conditions: **certainty** (in which the outcome is predictable), **risk** (in which the decision maker can estimate the probability of each outcome occurring), and **uncertainty** (in which the decision maker has no knowledge of the outcome of each alternative).

Rational decision making is a logical, consistent process for identifying the alternative with the greatest utility. The process follows five steps: establishing goals and objectives, identifying the issue, developing alternatives, choosing an alternative, and evaluating the alternative. Goals and objectives must be measurable. An issue may be a problem—in the form of a crisis or routine problem—or an opportunity. The most common ways to develop alternatives are through historical decision models and off-the-shelf decision models. In the rational model,

decision makers select the alternative that will generate the greatest return, or expected value. In evaluating an outcome, it is important to consider all stages of the decision process.

Barriers to rational decision making include lack of goal consensus, problems monitoring the environment, bounded discretion, means-end relationships, loss aversion bias and risk aversion bias, availability bias, base rate bias, regression toward the mean, escalation of commitment, and noisy environments. The process for making most decisions in organizations is simplified to reflect the high cost and even impossibility of gathering complete information and perfectly interpreting alternatives and feedback. Decisions in organizations typically involve a combination of satisficing and sequential consideration of alternatives. Performance programs and experts may also be developed.

Research into group decision making has found that group efforts outweigh individual efforts in some situations. Group decisions tend to be more accurate than those of the average group member. Also, group solutions are typically more creative. Group decision making is especially useful when the potential benefits of the decision are great, the costs of a wrong decision are high, information is incomplete or uncertain, there are many feasible alternatives, the optimal alternative is hard to identify, and feedback will come long after implementation has begun. There are some problems with group decision making: pressure to conform, groupthink, and the amount of time it consumes.

A group can use several techniques to stimulate creativity in decision making: brainstorming, the Delphi method, and the nominal group technique. Research has shown that the latter two are the most effective.

6-Theme.

Plan.

- 1.The Role of Information in Management
- 2.Characteristics of Useful Information
- 3.Management information system (MIS)
- 4.Managing Information for Better Decision Making
- 5. Communication**

Data - Unorganized facts, statistics, opinions, and predictions gathered from various sources inside and outside the company,

Information - Data placed into a useful context

Information - Data that are relevant for a specific purpose

Information system - A set of resources and procedures dedicated to gathering and organizing data and disseminating information.

Information technology - Electronic hardware and software used for communications and information processing.

Managers spend a great deal of time making decisions—planning for future operations, implementing current plans, and evaluating past performance. Managers constantly need information to aid their decision making, information

about not only the current situation but also the past and the future. Indeed, in recent years, it has become evident that information must be considered a basic resource much like capital, human resources, raw materials, and plants and equipment. In today's dynamic and increasingly global business world, having timely and accurate information is more important than ever before. At the same time, computers and other information processing technologies are making this information increasingly accessible to organizations of all sizes and functions that know how to capture and use it. In short, the technological revolution has greatly influenced the ways that business is conducted, as well as the activities and responsibilities of managers. Nowhere is this impact more evident and important than in the area of information management.

INFORMATION AND MANAGEMENT

All managers need information to make decisions so that they may achieve their firms' objectives. Kellogg Company managers, for example, need information about how many boxes of cereal the firm has sold and whether sales measure up to expectations. They need to know whether promotional efforts have been effective in increasing sales and enhancing the firm's image, and if they have set the best price for the firm's products. But they also need information about the quality of Kellogg's products, as well as human resource information about the number, location, and productivity of the firm's employees. The managers need to know how the company's investments are performing and whether its financial resources are contributing to the firm's objectives.

Obtaining and understanding information about these and many other subjects is critical in strategic and tactical planning as well as in implementing business plans. Moreover, such information indicates the success or failure of a firm's past efforts, helping managers to make more informed decisions about future activities. Obtaining, analyzing, and understanding information about the business environment are therefore important activities in any business.

Managers need information, not just data. **Data** are unorganized facts, statistics, opinions, and predictions gathered from various sources inside and outside the company. But, confronted with a pile of raw data, a manager would have a hard time making a decision. Data must be sorted and logically organized to produce relevant information. **Information** is data that are relevant for a specific purpose. A sales manager, for example, might want to rank total annual sales by territory over the past five years. Presented with lists of each salesperson's monthly sales reports for those five years, the manager could spend days trying to make sense out of all the names and numbers.

Characteristics of Useful Information

Although each manager's information needs vary according to his or her function and in terms of factors such as the nature of the company's business, the state of the environment, and even cyclical or seasonal business trends, all managers require accurate, timely, complete, and relevant information. Additionally, it is important to recognize that information is often shared with other departments within the same organization.

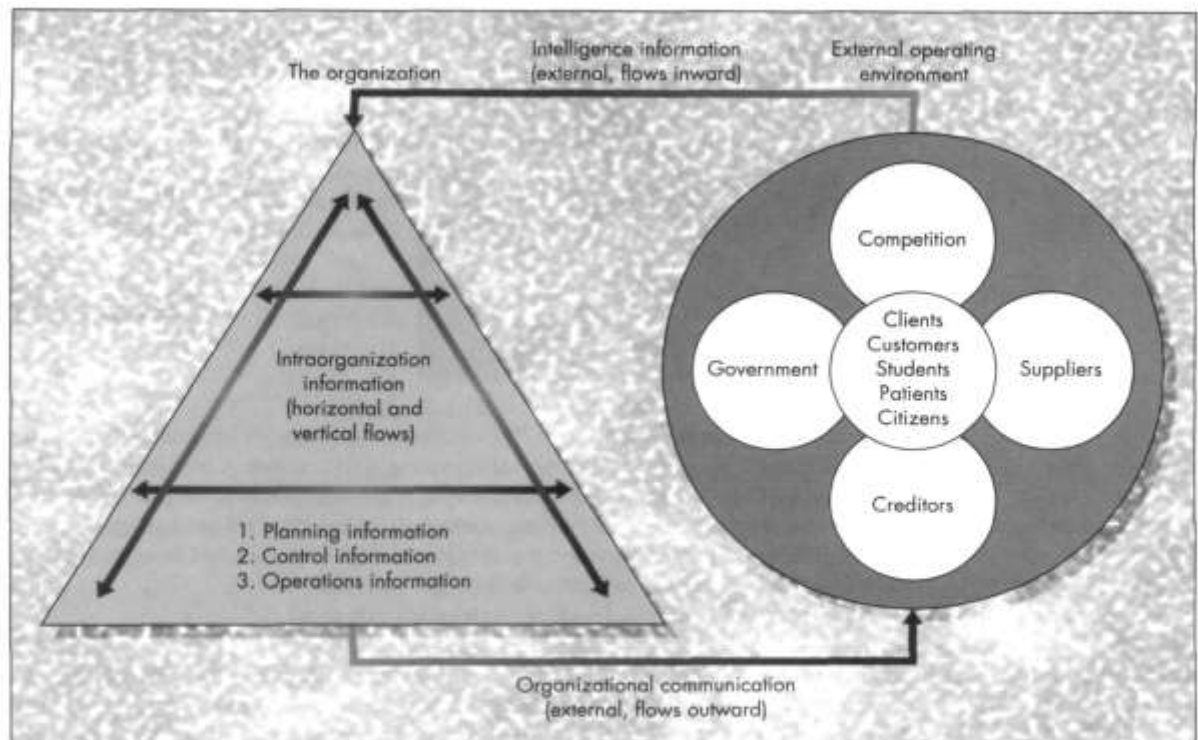


FIGURE 19-1

Information Flows and Types of Information

Information flows both to and from the organization; once inside the organization, it moves both vertically and horizontally.

The Role of Information in Management

Accurate information provides a true, reliable picture of the situation. Inaccurate information is of little or no use for decision-making purposes. Consider, for example, a sales manager who has received overstated sales figures and exaggerated sales forecasts from a regional sales representative trying to impress the boss. If the manager uses that information to prepare company-wide sales projections for the next planning period, the result may be misallocation of marketing resources, with the region whose sales representative supplied the inaccurate information gaining a disproportionate percentage of the expenditures. Under this scenario, the firm's other sales regions would not receive optimal marketing support, and the sales and profits of the whole organization might suffer.

Timely information is available for use when needed. Timely does not necessarily mean quick or immediate availability; rather, it means information that is accessible precisely when it is needed in the decision-making process. Timeliness depends on each manager's unique situation and needs.

Complete information includes all the facts and details required for a particular situation. If a manager receives incomplete information, the decision-making process then takes on an added level of uncertainty and risk. For example, suppose a human resource manager turns in estimates of projected quarterly hirings for only three of the company's four operating regions. To meet approaching deadlines, his superior hastily projects the missing figure based on last year's forecast, failing to consider the likely effect of a slowing economy. Misallocation of resources is the likely result.

Relevant information meets the requirements of the manager's particular needs and circumstances. The information needs of a marketing manager, for example, will probably differ considerably from those of a human resources manager. While information regarding the results of a recent direct-mail promotional campaign targeted at purchasing managers of heavy industry clients in Singapore and Malaysia may be highly relevant to the marketing manager, the same information is likely to hold little interest for the human resources manager.

MANAGEMENT INFORMATION SYSTEMS

Management information system (MIS) A system that organizes past, present, and projected data from both internal and external sources and processes them into usable information.

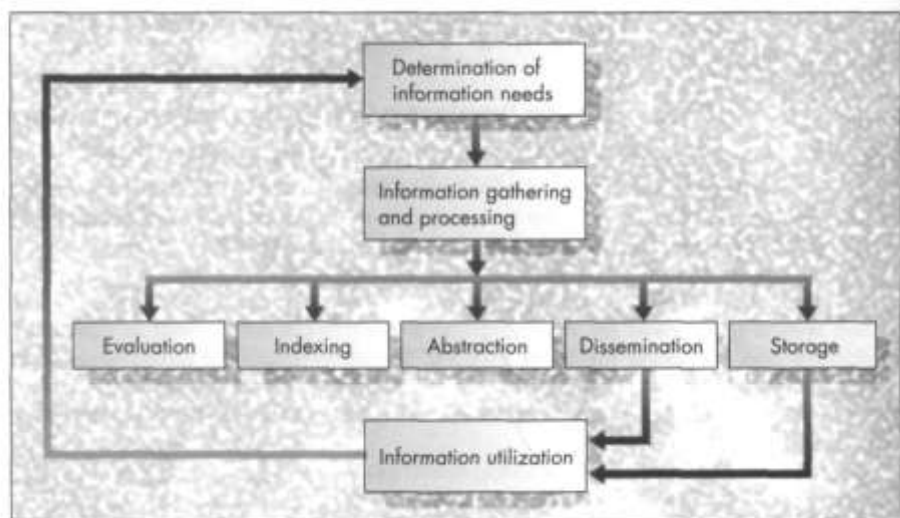
To gain access to accurate, timely, complete, and relevant information, many organizations have turned to management information systems to manage a sometimes overwhelming amount of information. A **management information system (MIS)** organizes past, present, and projected data from both internal and external sources and processes them into usable information, which it then makes available to managers at all organizational levels. Because managers—and other users of MISs—have different needs, information systems must be able to organize data into usable and accessible formats. Frito-Lay managers, for example, were able to pinpoint the problem behind a sales decline of Tostitos chips in San Antonio and Houston supermarkets because the company's MIS made data usable and accessible. Analysis of the data for south Texas showed that a competitor's white-corn tortilla chip was selling well at Tostitos' expense. Based on this information, Frito-Lay introduced a white-corn version of Tostitos, which quickly regained market share for Frito-Lay in those areas. Frito-Lay's MIS obtains daily sales data from retailers, analyzes them for trends, and even alerts managers about problems and opportunities in each of Frito-Lay's markets. By sorting and analyzing data, the system helps managers glean important information quickly without having to sort through "forklift trucks" of data.¹

How on MIS Works

FIGURE 19-2

The Functions of a Decision Support System

The outcomes from decisions based on DSS information become inputs in the system to determine future informational needs.



Database - A collection of related data—past, present, and projected—organized for convenient access.

The major task of a management information system is to gather, store and update, analyze, and report data. Companies with large management information systems generally employ an MIS manager to coordinate the workings of the system and manage the technicians and specialists who actually process the data.

Users enter data into a **database**, a collection of related data—past, present, and projected—organized for convenient access. Data are stored, typically in a computer, where they are accessible to all authorized users of the system. Although computers are not essential to the storing of data and updating of databases, they greatly facilitate the task, as we shall see later.

The Management in Action touches on the compelling management issue that we will address in the following discussion: What information do managers need to make a decision, and how can managers design systems that enable them to obtain that information? As pointed out in the Management in Action, managers can obtain relevant information from external as well as internal sources. In fact, were it not for the Australian government's efforts to obtain national data pertaining to health, individual hospital managers would be hard-pressed to develop standards to guide their process improvement efforts.

As organizations grow in complexity, managers depend more heavily upon various internal and external sources of information. Growing complexity also increases the number of points at which decisions must be made, ranging from individual decision makers at the lowest operating levels to strategic decision makers at the top. The need to manage information and to make it available to decision makers is certainly not a recent realization. In fact, we can trace information-management efforts to the very earliest days of the development of accounting systems. In addition to accounting systems, many firms have marketing information systems, customer information files, warehouse information systems, and others. Generally we use the term *management information systems* to refer to all these different types and sources of information. But in recent years, one very important idea moves beyond the management information system: the decision support system.'

This chapter presents the major issues that managers must take into account when designing a system to manage information to support decisions. First we examine the sources of information that flow into and out of organizations; next we discuss the need for decision support systems; then we examine the specific functions of decision support systems; and finally we review issues related to the design of decision support systems.

Sources of Information

External Information Flows

These flows proceed from the organization to its environment and/or from the environment to the organization. The inward flow is referred to as intelligence information and the outward flow as organizational communications.

Intelligence Information These flows relate to the various elements of the organization's operating environment—such as clients, patients, customers, competitors, suppliers, creditors, and the government—for use in evaluating short-

run, strategic- planning information on the economic environment—such as consumer income trends and spending patterns for a business organization—as well as tracing developments in the social and cultural environment in which the organization operates. This type of information has long-run significance to the organization and aids in long-range strategic planning. Increasingly technological advancements in computer and computer-related hardware have eased the burden of gathering intelligence information as Frito-Lay discovered.

Organizational Communications These flows move outward from the organization to the various components of its external operating environment. Advertising and other promotional efforts are considered organizational communications. Whatever the type of organization, the content of this information flow is controlled by the organization. Although an important information flow, it nevertheless is an outward flow, with which we will not be concerned in this book.

Managing Information for Better Decision Making

As we have seen throughout this book, the quality of a decision depends greatly on understanding the circumstances surrounding an issue and selecting the strategy appropriate to the issue. The better the information, the better the resulting decision, because there is less risk and uncertainty. If new, advanced information technology is to support management decision making, organizations must plan now. The need for comprehensive decision support systems has resulted from three factors: the importance of information in decision making,⁴ mismanagement of current information,⁵ and the increased use of personal computers by individual decision makers.⁶

Although the specific issues associated with managing production and operations are the focus of this chapter, we should understand that decision support systems are critical for decision making in all aspects of management. Strategic planning, designing jobs and organizations, selecting, placing, and appraising personnel are all assisted by the development of effective decision support systems. An effective decision support system integrates decision making throughout the organization and provides means for managing rivalry among the units which make up the organization.⁷

The Importance of Information in Decision Making

Information is really a fuel that drives organizations. A major purpose of a manager is to convert information into action through the process of decision making. Therefore, a manager and an organization act as an information-decision system.⁸

Information-decision systems should be considered in conjunction with the fundamental managerial functions: planning, organizing, and controlling. If organization is to implement planning and control, if organization is tied to communication, and if communication is represented by an information-decision system, then the key to success in planning and controlling any operation lies in the information-decision system.

Viewing an organization as an information-decision system points out the importance of only generating information that is necessary for effective decision

making. If management converts information into action, then how effective the action is depends on how complete, relevant, and reliable the information is. The effectiveness of an organization is more often than not at the mercy of the information available to its managers.

Determination of Information Needs

At the start, the manager must attempt to answer questions such as the following: How much information is needed? How, when, and by whom will it be used? In what form is it needed? In other words, the manager begins with an examination of the output requirements.

As discussed earlier in this book, research and practical experience have demonstrated the need to involve people in changes that affect them. The same is true if a decision support system is being installed: Managers who are expected to use it should be involved in implementing it.²³ Thus, output requirements are based on answers to such questions as the following: What information is necessary for planning and controlling operations at different organizational levels? What information is needed to allocate resources? What information is needed to evaluate performance?

These types of questions recognize that a different kind of information is needed for formulating organizational objectives than for scheduling production. They also recognize that too much information may actually hinder a manager's performance. The manager must distinguish between "need-to-know" types of information and "nice-to-know" types of information. More information does not always mean better decisions.

Determining what information a manager needs for decision making is a useless exercise unless that information can be obtained. For example, any production manager would like to know exactly how many employees are going to show up each day. With that information, the production manager could always schedule the use of part-time temporary employees. But such information is seldom available.

Other information that a manager might need is likely to be found in the mind of experts who have done a particular task for many years but are unable to articulate what it is that they do.²⁴ For example, Campbell Soup Company recently faced the problem of replacing an employee who was retiring after 44 years with the company. This particular employee knew more about operating the company's huge soup kettles than anyone in the organization. To replace him was next to impossible.²⁵

In response to the problem of obtaining information about the kettle operation, Campbell Soup developed an *expert-decision system*,²⁶ The system incorporates the latest in decision-system technology and includes computer software that simulates the thought processes that the retired employee had used when running the kettles. Other companies are also engaged in the development of these systems for application in production management.²⁷

Yet the field of artificial intelligence is just now beginning to develop.²⁸ It promises to be an exciting extension of decision support systems.²⁹

Information Gathering and Processing

The purpose of this service is to improve the overall quality of the information. It includes five component services:

- Evaluation involves determining how much confidence can be placed in a particular piece of information. Such factors as the credibility of the source and reliability of the data must be determined.
- Abstraction involves editing and reducing incoming information in order to provide the managers with only information relevant to their particular task.

To develop an information center, three tasks are necessary:

- Dispersed information activities must be identified throughout the organization.
- These activities must be viewed as parts of a whole.
- These activities must be brought under the management of a separate, centralized information center.

The information center is a consultant, coordinator, and controller for the functions of a DSS—determination of information needs, information gathering and processing, and information utilization. In order to justify its existence, it must facilitate improved managerial performance through more, as well as better, information availability and use.³³

Communication

Communication - The transmission of information and understanding through the use of common symbols.

Communication - The process through which information and meaning are transferred from one person to another

Communication takes place whenever two or more people interact. The survival of an organization depends on effective communications among employees and within the organization's task environment. Communication is such an important skill for managers that it is significantly related to their performance within the organization.

The communication process takes place in three steps: **encoding**, transmitting, and receiving/decoding. Communication may be blocked by **noise** anywhere in the process. To transmit the message, the sender uses some kind of **channel**, such as **oral communication** or **written communication**. When a person **receives** the message, one or more of his or her senses registers the message, then **decodes** it. Receiving and decoding messages are types of perception. The receiver's reaction to the message then provides feedback to the sender.

Face-to-face communications provide an opportunity to use verbal as well as **nonverbal communication**, which includes **body language** such as gestures and facial expressions. A person's tone of voice, arrangement of territory, **personal space**, and physical appearance are also types of nonverbal communication. People typically encode nonverbal messages unconsciously or subconsciously.

People have different styles of communicating. A popular model for describing these differences is the **Johari window**, a grid that illustrates possible tendencies

for facilitating or hindering interpersonal communication. Communication styles reflect individual and group differences as well as situational needs.

Within the organizations hierarchy, **formal communication** may travel **upward, downward, or laterally**. To understand and manage group behavior, managers must understand the characteristics of the **communication network** within their organization. This network may follow a **chain, Y, wheel, circle, or all-channel** pattern. **Informal communication** may travel through the **grapevine**, typically in a cluster pattern. Informal communication may also take place within an **old-boy network**.

Various characteristics of the sender, receiver, and communication situation can create barriers to effective communication. The sender may lack communication skills, be in a highly emotional state, resort to **jargon**, use conflicting signals, lack credibility with the receiver, or simply be reluctant to communicate. The receiver may also lack communication skills, be in a highly emotional state, or make errors in perception—sometimes as a result of **frame of reference**. Interpersonal dynamics also can lead to distortions in a message. For instance, bad news may be **filtered** by the sender. The organization's environment can generate barriers to communication such as noise and overload. International communication has its own barriers: distance, language, and culture.

Managers can and should work to improve communication in their organizations. As message senders, they can match the message to the receiver, make the most of feedback, avoid communicating when upset or angry, use **supportive communication**, and build their credibility. They should also choose appropriate channels, taking into account information richness and technology. They should cultivate their role as receiver, using **active listening** and considering the sender's viewpoint. Finally, they should foster effective communication by arranging the work area appropriately, minimizing information overload, and developing an organizational culture that includes trust and openness to new ideas.

7-Theme. The Manager's job Plan

- 1.The Manager's job
- 2.Management functions
- 3.Management roles, Management skills

1.The Manager's job

The job of a manager is extremely difficult to describe. Job descriptions exist, and all will be different.

One of the major challenges for managers is exactly what is outlined above with Tasneem - the job is fragmented and constantly changing, even as the day progresses. Planning can be difficult with so many interruptions. As shown with Tasneem's day, it can be difficult to get done what needs to get done. On top of that, if the manager is "fighting fires" and dealing with crises and unforeseen

events, then getting tasks done becomes even more of a problem.

The job description for a manager also changes depending on what industry they are in, what type of “organizational culture” they are part of and whether they are junior or senior in the organization. It can also depend on factors including how the manager gets rewarded, their own personality and whether they work in a for-profit or not-for-profit organization.

The term “manager” can be used in relation to all the various levels of management in the company. Most of the time, the term “manager” is used to describe someone who supervises others. Some examples of manager job titles are:

- Team or area leader
- Front-line supervisor
- Mid-level manager
- Department head
- Vice-President
- President
- Officer, Chief Officer
- Managing Director
- Deputy Officer

If we look at the question, “what does a manager do?” the answer is not straightforward!

2. Management functions

Managers are involved in four main functions that form the basis of this text.

These functions are planning, organizing, leading and controlling.

Planning - managers have to plan what they want to accomplish and develop specific actions in order to reach those goals.

Organizing - managers must figure out how many people are needed to get the jobs and tasks done. They also determine how the job flow happens (who does what). Generally, we talk about what kind of structure will be put in place to get these tasks done.

Leading - managers must supervise, lead, motivate, train, coach, guide, hire and assess employees. There are a lot of ways that these can be done.

Controlling - managers must monitor what’s going on in their area, to make sure that the goals or objectives are going to be met. If the goals are not going to be met, then corrective action can be taken. The earlier the corrective action is taken, the easier it is to correct.

3. Management roles

One of the most important pieces of research into the job of a manager comes from Henry Mintzberg. He is a Canadian academic and researcher who has studied management for years. He believes that a manager’s work is never really done!

He was the person who categorized the various roles that a manager plays in the organization. The following chart outlines Mintzberg’s categories and roles. It also gives brief examples of the roles.

When looking at the roles in the chart, you can see that Tasneem, in her one

day outlined above, acted in almost all of those roles. If we describe the manager as wearing different “hats” representing the different roles they are doing, then we can see that Tasneem has indeed worn many hats during the day.

Different levels of managers will play these roles to a different extent. For instance, a front-line (junior) supervisor will likely be a resource allocator and a disturbance handler to a far greater extent than they will act as a figurehead. A Chief Executive Officer likely will act as a spokesperson and perhaps an entrepreneur more than they will act as a monitor.

Management skills

Management texts talk about different skills needed to be a manager. The skills are conceptual, technical and human skills.

Conceptual - be able to see the “big picture” of the situation. Ability to arrive at ideas, create a vision and plan for the future.

Technical - possess specific knowledge or have a specialized expertise.

Human - be able to work well with others both individually and in a group setting.

According to management writings, all managers need to have all three skills, but they need them in different amounts, depending on their position in the organization. So, for instance, a senior level manager will need to have and use more conceptual skills, while a lower level manager will likely use more technical skills. All levels will use human skills.

Mintzberg's roles of the manager

Category	Role	Activity
Informational	Monitor	Look for and receive information, review papers and reports, maintain interpersonal contacts and
	Disseminator	Pass information on to others by phone, in
	Spokesperson	Represent the area or organization to people outside the area or organization in speeches and reports. Deal with the media. Make presentations
Interpersonal	Figurehead	Perform ceremonial and symbolic duties inside the organization, receive visitors. Give
	Leader	Supervise direct subordinates, including recruiting, selecting, motivating, training and leading them.
	Liaison	Be the conduit (the in-between person) for information flowing in and out of the organization.
Decisional	Entrepreneur	Initiate change. Plan new projects, spot opportunities, identify areas of business
	Disturbance handler	Take corrective action during crises or operational breakdowns, resolve conflicts amongst staff, adapt
	Resource allocator	Decide who gets resources, sets the schedule, budget, set priorities

	Negotiator	Represent department during negotiations with unions, suppliers, and generally defend interests.
--	------------	--

The roles of a manager or supervisor in the not-for profit organization are in large part very similar to those described above. Two additional challenges exist in the not-for-profit organization. One is that they deal with volunteers who contribute their work to the organization. This generally is not something that occurs in a for-profit organization. It requires different management skills to utilize and recognize volunteer contributions of time, energy and task performance. The second challenge is that the funding in a not-for-profit comes from very different sources than a for-profit. In a for-profit company, revenue comes from sales of a good or a service. In the not-for-profit world, revenue comes in as a result of fund-raising and/or it comes from government sources or other funding groups. Generating revenue in this way requires unique skills in order to organize events to solicit money and requires talent and time to liaise with government or funding groups and write proposals to raise both on-going and project funding.

Questions for the manager's job:

1. Review the management functions, roles and skills. Which ones can you apply to Tasneem at Calm Seas?
2. Review the management functions, roles and skills. Relate these to a manager you know.
3. Review the management functions, roles and skills. Which ones are skills that you have? Which ones do you need to work on?
4. Do you agree that “a manager is responsible for the application and performance of knowledge” as Drucker says? Why or why not?
5. Do you think that management functions, roles and skills are different depending on the industry? Give some examples.
6. When you examine the management functions, roles and skills of a manager in a not-for-profit organization, how would they differ from a manager in a for-profit organization?

8-Theme. Personnel and human resource management

Plan

1. MANAGEMENT OF INDIVIDUAL DIFFERENCES.

2.IMPORTANCE OF HUMAN RESOURCES MANAGEMENT

3.HUMAN RESOURCE MANAGEMENT FUNCTION

4. HUMAN RESOURCE PLANNING.

Human resource management (HRM)

To meet the challenges of managing, managers must understand the potential of human resources and then secure, retain, and develop these resources. This requirement is the foundation of human resource management (HRM).

The management of any organizational unit or department—marketing, finance, accounting, or production—involves the accomplishment of objectives

through use of the skills and talents of people. Thus, HRM is considered both a line-management responsibility and a staff function.

In organizations of any size, human resources must be recruited, compensated, developed, and motivated. The small organization typically cannot afford to have a separate HRM (sometimes called personnel or industrial relations) department that continually follows the progress of individuals and reviews the accomplishment of goals. Instead, each manager is responsible for using the skills and talents of employees. Larger firms usually have an HRM department that can be a source of help to line managers. In either case, much of the work in recruitment, compensation, and performance appraisal must be finalized and implemented by managers.

In any organization, “The management of Man” is a very important and challenging job; it is important because it is getting a job done, not of managing but of administering a social system. The management of men is a challenging task because of the dynamic nature of the people. People are responsive; they feel, think, and act, therefore, they cannot be like a machine or shifted and altered like a template in a room layout. They, therefore, need a tactful handling by management personnel. If manpower is properly utilized, it may prove a dynamic motive force for running an enterprise at its optimum results and also work as an excellence output for maximum individual and group satisfaction in relation to the work performed.

Human resource management (HRM) - The management activities related to investing in human resources: acquiring employees, assessing their performance, providing training and development, and determining the appropriate level and type of compensation.

Human resource management (HRM) - All activities that forecast the number and type of employees an organization will need and then find and develop employees with necessary skills

Human resource managers - Managers concerned with developing and carrying out programs used to make decisions about employees, such as selection, training, and compensation

Human resource management (HRM) consists of the management activities related to investing in human resources: acquiring employees, assessing their performance, providing training and development, and determining the appropriate level and type of compensation. In many medium-sized and large organizations, a functional specialist or department handles many HRM responsibilities. But regardless of whether the organization has a human resource manager or department, each manager is responsible for assessing needs and for maintaining his or her own human resources—from interviewing and selecting job applicants to estimating future needs, appraising performance, identifying training needs, and making pay level decisions. More broadly, all managers must find, develop, and keep employees who excel, because the organizations competitive advantage is tied so closely to its human resources.

Yodder, Heneman had discussed about the importance of human resource management from three standpoints, social, professional and individual enterprise.



(A) Social Significance: Proper management of personnels, enhances their dignity by satisfying their social needs, this it does by: (a) maintain a balance between the jobs available and the jobseekers. According to the qualifications and needs; (b) providing suitable and most productive employment, which might bring them psychological satisfaction; (c) making maximum utilization of the resource in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; (d) eliminating waste or improper use of human resources, through conservation of their normal energy and health; and (e) by helping people make their won decisions, that are in their interests.

(B) Professional Significance: By providing healthy working environment it promotes team work in the employees. This it does by: (a) maintaining the dignity of the employee as a 'human-beings' (b) providing maximum opportunities for personnel development; (c) providing healthy relationship between different work groups so that work is effectively performed (d) improving the employee's working skill and capacity; (e) correcting the errors of wrong postings and proper reallocation work.

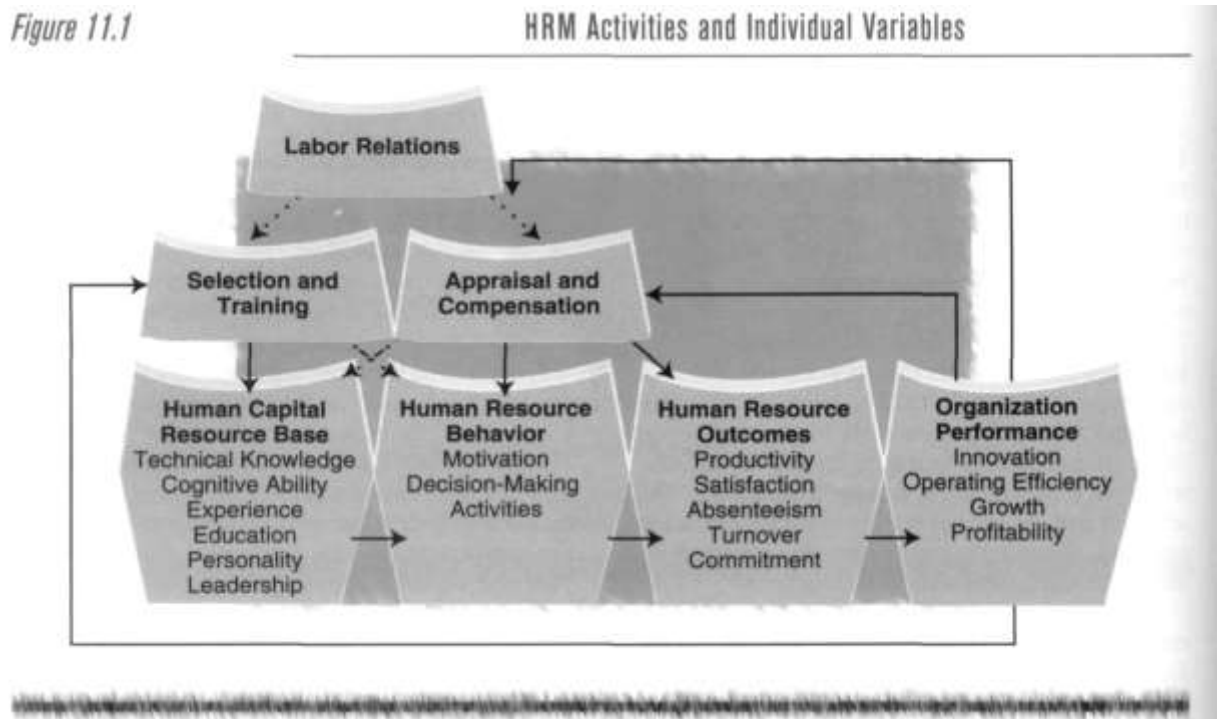
(C) Significance for Individual Enterprise: It can help the organisatoin in accomplishing its goals by; (a) creating right attitude among the employees through effective motivation; (b) utilizing effectively the avail able human resources; and (c) securing willing co of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualization.

MANAGEMENT OF INDIVIDUAL DIFFERENCES

Human resource management provides an organization's formal policies and procedures for managing individual differences. As shown in Figure 1, each HRM

activity is related to one or more of the individual characteristics and behaviors described in this part.

Figure 11.1



Human resource management can be defined as the process of accomplishing organizational objectives by acquiring, retaining, terminating, developing, and properly using the human resources in an organization. Accomplishing objectives is a major part of any form of management. Unless objectives are regularly accomplished, the organization ceases to exist.

Developing human resources involves training, educating, appraising, and preparing personnel for present or future jobs. These activities are important for the economic and psychological growth of employees. The need for personal growth cannot be satisfied in an organization that does not have an active employee development program.

The proper use of people involves understanding both individual and organizational needs so that the full potential of human resources can be utilized. This part of human resource management suggests that it is important to match individuals over time to shifts in organizational and human needs.

HRM in larger organizations such as Alcoa, Bausch & Lomb, Polaroid Corporation, and Marriott Corporation is performed in a staff department like the one shown in Figure 15-1. At the Northbank Restaurant in La Jolla, California, HRM activities such as hiring employees, answering complaints about employees' service, sending a chef to school to learn how to prepare new seafood dinners, and properly developing an assistant manager to take over when the manager retires in six months are performed by the owner, Pablo Mazzeriti. He is responsible for

HRM. Remember, each company organizes its department according to its own set of needs, objectives, and size.

One of the basic principles of management is that: all the work performed in an organization should, in some way, directly or indirectly contribute to the objectives of that organization. This means that the determination of objectives, purposes or goals is of prime importance and is a prerequisite to the solution of most management problems. Objectives are pre determined ends or goals at which individual or group activity in an organization is aimed.

The formations of the objectives of an organization is necessary for the following reasons:

1. Human beings are goal-directed. People must have a purpose to do some work. Announced organizational goals invest work with meaning.
2. Objectives serve as standards, against which performance is measured.
3. The setting of goals and their acceptance by employees promotes voluntary co-operation and co-ordination, self-regulated behavior is achieved.
4. The objectives stand out as guidelines for organizational performance . They help in setting the pace for action by participants. They also help in establishing the “character” of an organization.

Ralph C, Davis has divided the objectives of an organization into two categories:

(a) Primary objectives, and (b) Secondary objectives.

A) Primary objectives, in the first instance, relate to the creation – and distribution of some goods or services. The Personnel Department assists those who are engaged in production, in sales, in distribution and in finance. The goal of personnel function is the creating of a work force with the ability and motivation to accomplish the basic organizational goals. Secondly, they relate to the satisfaction of the personal objectives of the members of an organization through monetary and non-monetary devices. Monetary objectives include profits for owners; salaries and other compensation for executives; wages and other compensation for employees; rent for the landowners and interest for share/stock-holders. Non-monetary objectives include prestige, recognition, security, status, or some other psychic income. Thirdly, they relate to the satisfaction-of community and social objectives, such as serving the customers honestly promoting a higher standard of living in the community, bringing comfort and happiness to society, protecting women and children, and providing for aged personnel.

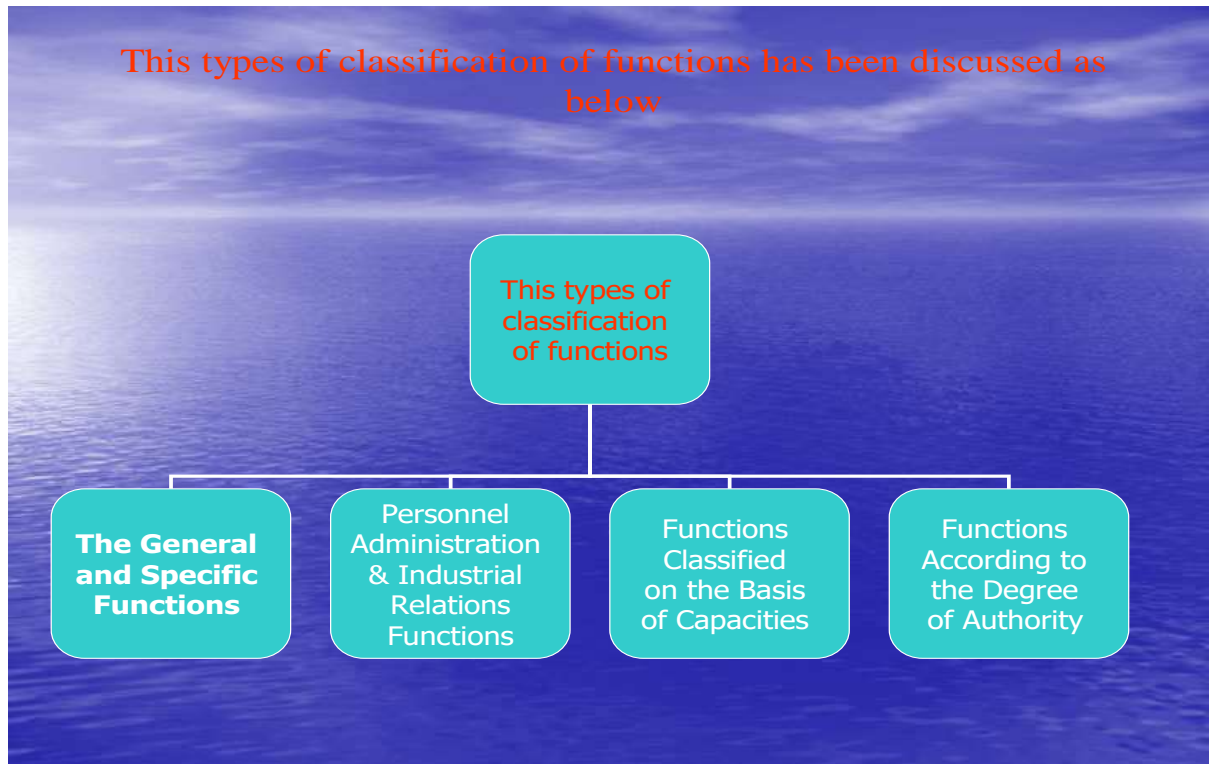
B) The secondary objectives aim at achieving the primary objectives economically, efficiently and effectively.

The fulfillment of the primary objectives is contingent upon:

1. The economic need for, or usefulness of, the goods and services required by the community/society.
2. Conditions of employment for all the members of an organization which provide for satisfaction in relation to their needs, so that they may be motivated to work for the success of the enterprise.
3. The effective utilization of people and materials in productive work.
4. The continuity of the enterprise.

CLASSIFICATION OF FUNCTIONS

Various philosophers and experts have generally classified the functions into two major categories, managerial functions and operative functions. Others have classified functions as general and specific functions, and yet others as 'personnel administration functions' and 'Industrial Relation Functions'. Functions have also been classified on the basis of the capacities, or on the basis of authority.



Yoder's Classification: According to Yoder, in a typical industrial relations and personnel department, the principal activities of manpower management are:

- 1.Setting general and specific management policy for relationships and establishing and maintaining a suitable organization for leadership and co-operation.

- 2.Collective bargaining, contract negotiations, contract administration and grievances.

- 3.Staffing the organization, finding, getting and holding prescribed types and number of workers.

- 4.Aiding the Self-development of employees at all levels, providing opportunities for personnel development and growth as well as for requisite skills and experience.

- 5.Incentivating, developing and maintaining motivation for work.

- 6.Reviewing and auditing manpower management in an organization.

- 7.Industrial relations research, carrying out studies designed to explain employment behaviour and thereby effecting improvements in manpower management.

HUMAN RESOURCE PLANNING

The implementation of a human resource strategy begins with acquiring human resources. This HRM task is more than simply hiring employees. It begins with human resource planning, then continues through the processes of recruitment and selection.

To gain a competitive advantage through human resources, the organization must know the strengths and weaknesses of its existing employees and its future needs in light of its strategy. Then it must determine how to make the necessary changes to meet those needs. This effort to assess current resources, future needs, and ways to correct any discrepancies is called **human resource planning**. Unfortunately, despite the obvious strategic advantage of anticipating human resource needs, few organizations engage in formal human resource planning.⁵ Organizations that do use human resource planning follow a process such as the one shown in Figure 2.

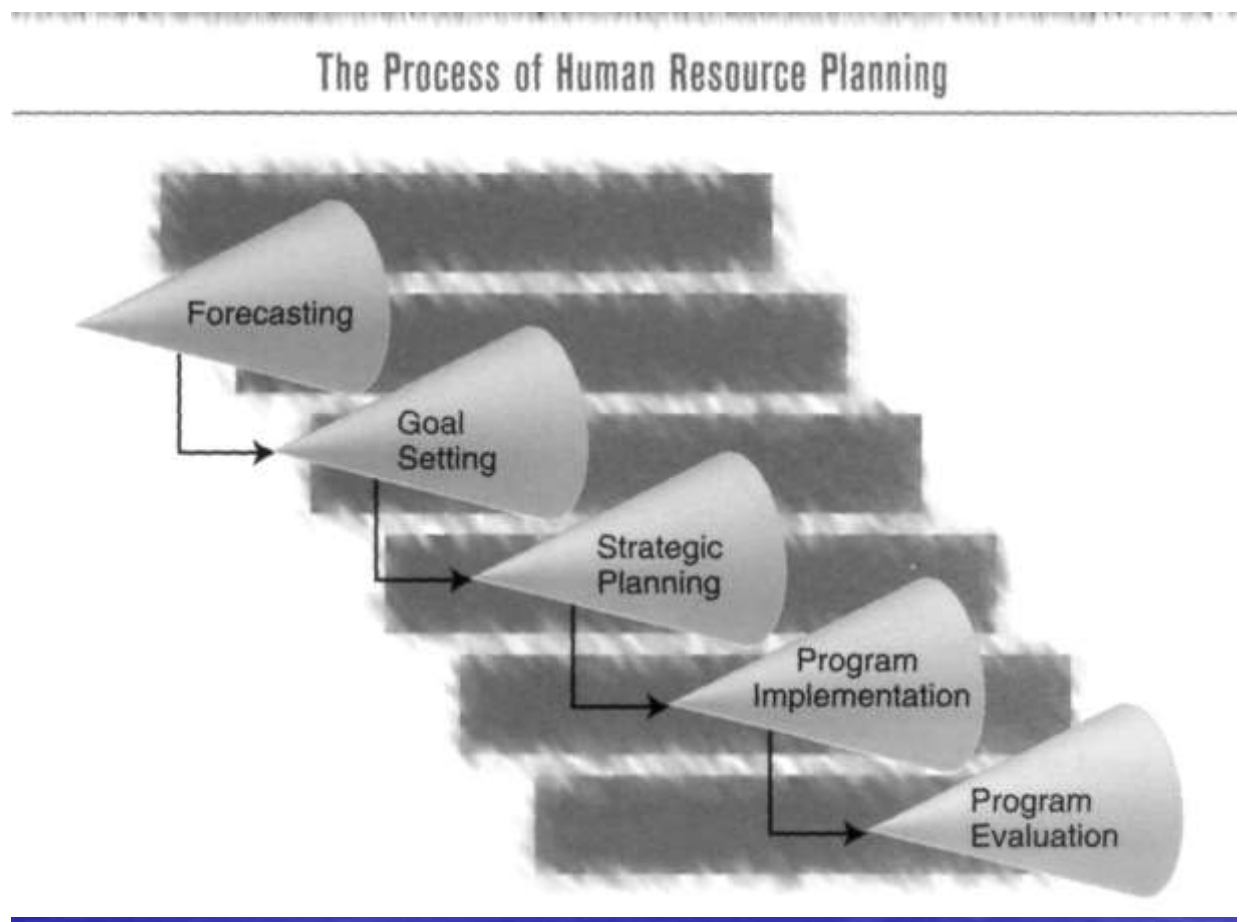
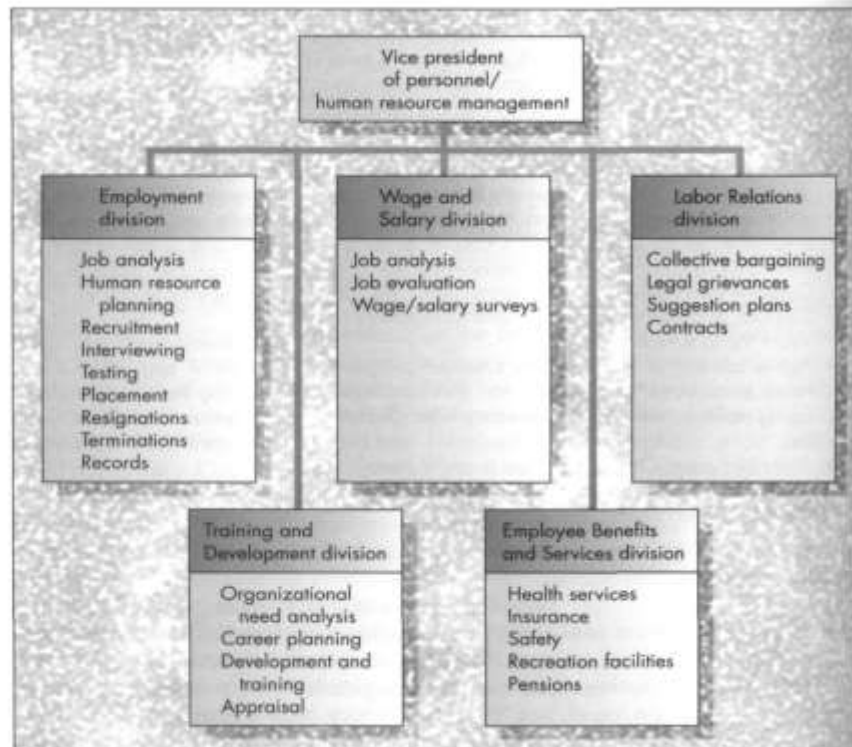


FIGURE 15-1

A Personnel/Human Resource Management Department

Human resource departments in large organizations are organized according to company needs and objectives.



SUMMARY

Human resource management (HRM) consists of the management activities related to investing in human resources. Human resource activities are related to individual characteristics and behaviors: abilities, personality, perceptions, values, attitudes, motivation, leadership, and individual performance. All managers are responsible for finding, developing, and keeping the kind of employees who can give the organization a sustainable competitive advantage. HRM policies and practices can lead an organization toward a sustained competitive advantage by influencing the selection and development of employees and by influencing the behavior of employees. The organization needs to attract and select employees with the abilities and attitudes that support its cost or differentiation strategy. In addition, the human resource function must formulate its own strategy for delivering its service—the best employees—to its customer (the organization).

The organization must engage in **human resource planning** to assess current resources and future needs as well as decide how to correct any discrepancies. This process includes forecasting, goal setting, strategic planning, program implementation, and evaluation. When planning indicates a need to hire additional employees, the organization uses **recruitment** activities. When considering how to fill vacancies, the organization relies on its **personnel policies**. It uses internal sources, most notably **job postings** as well as external sources such as referrals, advertisements, employment agencies, school placement offices, and job fairs. The organization then screens out unqualified candidates and decides whom to hire in the process of employee **selection**. Selection methods include job interviews,

background information, tests, and work samples. Managers must make certain the selection methods are reliable, valid, generalizable, useful, and legal.

Through **training** and **development**, the organization can increase the abilities of its employees. Effective training is an important factor in achieving competitive advantage through human resources. Training methods include **presentation methods**, **hands-on training**, **apprenticeship**, **group-building techniques**, and **cross-cultural training**. Development efforts include formal education, **assessment**, job experiences, and relationships (including a **mentor**).

Compensation is the pay and benefits an organization gives employees in exchange for doing their job. Compensation is an important issue for both employer and employee. HRM often must develop a **pay structure** for the organization, deciding how much it will pay employees relative to other organizations and how pay rates will differ among jobs within the organization. Market pressures and job structure are important factors in determining pay structure. **Skill-based pay** adjusts compensation levels to reflect the blocks of skills an individual acquires. **Variable pay** plans base a portion of pay on achievement of certain goals (e.g., sales or profits). The usual programs for recognizing individual contributions to the organization include incentive pay, merit pay, profit sharing, ownership, and gainsharing.

Benefits, which are part of compensation, include insurance, pensions, paid time off, workers' compensation, and unemployment insurance. In unemployment insurance, an organization's tax rate depends on its **experience rating**, which is its history of laying off workers. Organizations attempt to control benefit costs through staffing practices, reducing workers' compensation claims through safety programs, and reducing health care costs through several programs, such as **health maintenance organizations** and **preferred provider organizations**. There are many systems for allocating benefits to employees, but one gaining popularity is the **cafeteria-style benefit plan**, which allows employees the most options.

Managing the human resource issues concerning the relationship between union and management is called **labor relations**. A union obtains the right to represent a company's employees through the process of **organizing**. Managers and union organizers usually see themselves on opposite sides of the same coin. Successful contract administration often depends on the use of the formal **grievance procedure**. The National Labor Relations Board has not fully endorsed many organizations' move toward employee empowerment and involvement, relying on a law passed in 1935 designed to protect workers in other ways.

Performance management is the means through which managers ensure employees' activities and outputs support the organization's strategic goals. Performance management consists of defining what performance is desired, measuring actual performance, and providing feedback. Employee performance may be measured comparatively, by attributes, by behaviors, or by results such as in the use of **management by objectives (MBO)**. The total quality approach recommends providing a combination of subjective and objective feedback to employees about their performance. Information for **performance feedback** can come from supervisors, peers, subordinates, customers, and employees themselves.

GLOSSARY

hardiness - A personality style characterized by commitment, control, and challenge.

health maintenance organizations (HMOs) - Health care providers that focus on preventive care and outpatient treatment require employees to use only HMO service, and provide benefits on a prepaid basis.

hedonism - The concept that people generally behave in ways intended to maximize pleasure and minimize pain,

heroes - Role models who embody the attributes of the culture,

hierarchy - A pattern of reporting relationships in the organization,

high technology - The applications of technology that are new at the time the term is being used.

horizontal integration - Mergers with or acquisitions of competitors or organizations in related industries.

horizontal specialization - The extent to which the organization's jobs have limited task variety.

host-country national - Someone from a host country hired by an organization to work in its facility.

human capital resources - An organization's employees, described in terms of their training, experience, judgment, intelligence, relationships, and insight.

human relations school - School of management based on the view that satisfied employees will work harder.

human resource management (HRM) - The management activities related to investing in human resources: acquiring employees, assessing their performance, providing training and development, and determining the appropriate level and type of compensation,

human resource planning - Assessment of current resources, future needs, and ways to correct any discrepancies,

hygiene factors - The characteristics of the work situation that affect employee dissatisfaction.

hardware - The basic physical components of a computer,

Hawthorne studies - A group of studies that provided the stimulus for the human relations movement within management theory and practice

histogram - A graphic summary of data that enables a user to interpret patterns that are difficult to see in a simple table of numbers,

holding company - An organization composed of several very different kinds of businesses, each of which is permitted to operate largely autonomously,

horizontal communication - The exchange of information among individuals on the same organizational level, either across or within departments,

horizontal coordination - The linking of subunits on the same level,

horizontal specialization - The division of labor at the same level of the organization into simple, repetitive tasks,

human resource management (HRM) - All activities that forecast the number and type of employees an organization will need and then find and develop employees with necessary skills, **human resource managers** - Managers

concerned with developing and carrying out programs used to make decisions about employees, such as selection, training, and compensation,

human resource planning - The forecasting of an organization's future demand for employees and the future supply of employees within the organization, and the designing of programs to correct the discrepancy between the two.

human-relations movement - A practice whereby employees came to be viewed as informal groups of their own, with their own leadership and codes of behavior, instead of as unrelated individual workers assigned to perform individual tasks,

hybrid structure - A combination of several different structures; the most common form of organizational structure,

9-Theme. Leadership

Plan

1.LEADERSHIP AS DISTINCT FROM MANAGEMENT

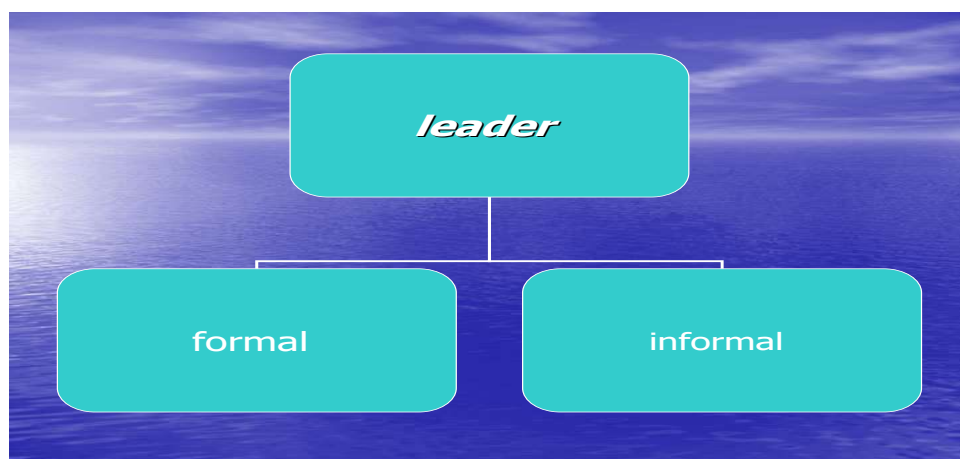
2. CHARISMATIC LEADERSHIP

leadership is the process of inspiring and empowering others to voluntarily commit themselves to achieving the leader's vision. When the leader's vision is consistent with the organization's mission, the leader becomes a constructive and powerful force for change, commitment, and motivation. In a well-led organization, employees know where they are going—and they want to get there.

Almost every organization has managers, but not every manager is a leader. Conversely, a leader need not be a manager. These possibilities exist because of the differences between leadership and management.

Basically, an organization gives its managers authority to manage.

Authority is the right to make decisions and direct activities as a result of a person's position in the organization. A sales manager has the right to make decisions concerning selling, and a chief operating officer has the right to make decisions about operations. Generally speaking, when we say managers have the authority to manage, we mean the authority to direct the use of the organization's resources in a way that efficiently accomplishes the organization's goals.



Leadership, in contrast, is not necessarily related to a person's formal authority. Rather, it describes the process of influencing others to behave in a certain way. Regardless of a person's position in the organization, if that person energizes others to voluntarily commit themselves to his or her goal, the person is exercising leadership. Suppose a production manager gets injured in a traffic accident, and one of the production workers rallies her coworkers to finish a job for a major client. Inspired, they do their best work ever. That production worker is exercising leadership.

From the organization's perspective, she is an informal leader because her leadership activities are unrelated to her position in the organization. In contrast, when a manager leads his or her employees, the manager is acting as a formal leader. Carrying out the role of formal leader is among the basic responsibilities of a manager.

Table 10.2 Practices Associated with Leadership by Managers

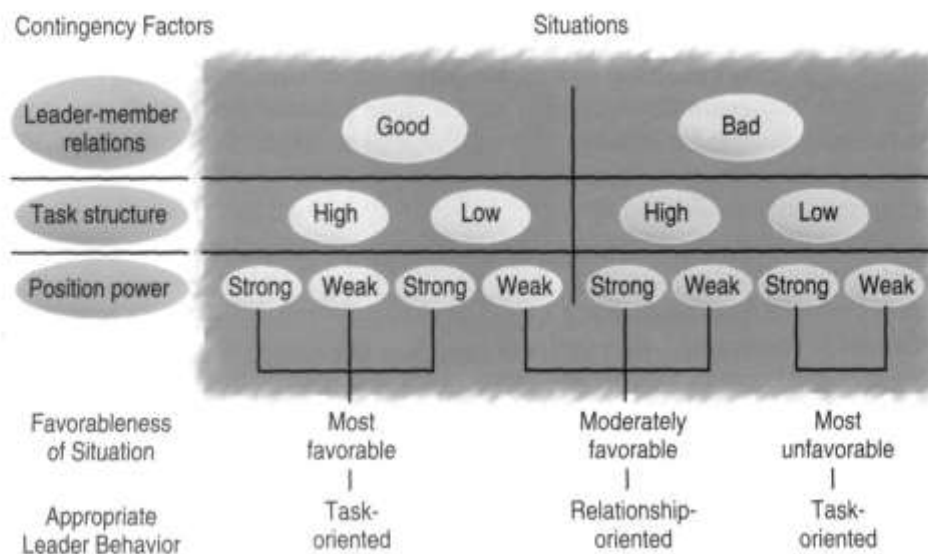
Planning and Organizing	Determining long-term objectives and strategies; allocating resources according to priorities; determining how to use personnel and resources efficiently to accomplish a task or project; determining how to improve coordination, productivity, and effectiveness
Problem Solving	Identifying work-related problems; analyzing problems in a systematic but timely manner to determine causes and find solutions; acting decisively to implement solutions and resolve crises
Clarifying	Assigning work; providing direction in how to do the work; communicating a clear understanding of job responsibilities, task objectives, priorities, deadlines, and performance expectations
Informing	Disseminating relevant information about decisions, plans, and activities to people who need the information to do their work
Monitoring	Gathering information about work activities and external conditions affecting the work; checking on the progress and quality of the work; evaluating the performance of individuals and the effectiveness of the organizational unit
Motivating	Using influence techniques that appeal to logic or emotion to generate enthusiasm for the work, commitment to task objectives, and compliance with requests for cooperation, resources, or assistance; setting an example of proper behavior
Consulting	Checking with people before making changes that affect them; encouraging participation in decision making; allowing others to influence decisions
Recognizing	Providing praise and recognition for effective performance, significant achievements, and special contributions
Supporting	Acting friendly and considerate; being patient and helpful; showing sympathy and support when someone is upset or anxious
Managing Conflict and Team Building	Facilitating the constructive resolution of conflict; encouraging cooperation, teamwork, and identification with the organizational unit
Networking	Socializing informally; developing contacts with people outside of the immediate work unit who are a source of information and support; maintaining contacts through periodic visits, telephone calls, correspondence, and attendance at meetings and social events
Delegating	Allowing subordinates to have substantial responsibility and discretion in carrying out work activities; giving them authority to make important decisions
Developing and Mentoring	Providing coaching and career counseling; doing things to facilitate a subordinate's skill acquisition and career advancement
Rewarding	Providing tangible rewards such as a pay increase or promotion for effective performance and demonstrated competence by a subordinate

CHARISMATIC LEADERSHIP

Some people have a strong, seemingly magical charm that draws others to them. This power is called *charisma*. When a person uses charisma to lead others, that person is exercising charismatic leadership.

Figure 10.2

Fiedler's Contingency Model of Leadership



The model support Fiedler's conclusions with regard to the most favorable and unfavorable situations. That support comes in spite of the controversy surrounding the *IPC* scale itself. Researchers question whether it really measures behavior, personality, or something else." Also, the tests of Fiedler's model have been limited to comparing leaders within a given situation rather than assessing their performance across a variety of situations. A study that addressed this shortcoming found only limited support for the contingency model. It did, however, find that there were situations in which one or the other leadership style was clearly more effective

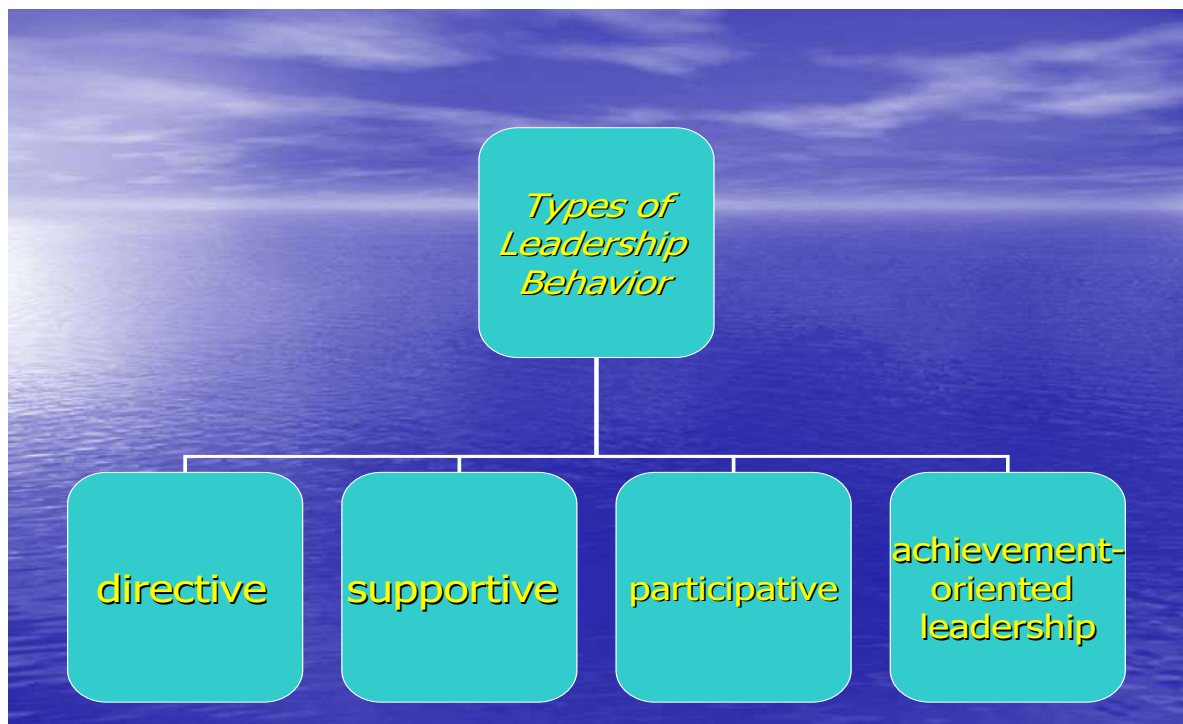
Application of the Model. A common misconception is that Fiedler recommends managers choose a leadership style to fit the favorableness of the situation. But remember, Fiedler describes leadership style as an outgrowth of personality; it is inflexible. He suggested that managers assess the favorableness of a situation and assign a leader with a leadership style likely to succeed in that type of situation.

A manager who is already in a situation that does not match his or her leadership style is not doomed to fail. Rather, Fiedler recommends changing the situation to make it more or less favorable. A manager with a relationship-oriented style of leading would seek to make situations at either extreme moderately favorable. A task-oriented manager would seek to make a moderately favorable situation more favorable.

Path-Goal Theory. Believing that the main purpose of leadership is employee motivation, Martin Evans and Robert House developed a theory of leadership based on the expectancy theory of motivation. Path-goal theory asserts leadership is a process of making valued outcomes available, then coaching and

directing employees to help them obtain those outcomes and to persuade them they can succeed. In other words, the leader shows employees the path toward the desired goal. Path-goal theory is a contingency theory of leadership because it implies that the leader's specific approach should vary according to the type of goal, the means of achieving it, and employees' perceptions.

Types of Leadership Behavior. According to path-goal theory, leaders can behave in four ways: directive, supportive, participative, and achievement-oriented leadership. *Directive leadership* is letting followers know what is expected of them, giving specific directions, and scheduling work. *Supportive leadership* is being friendly and approachable, and showing concern for followers' well-being. *Participative leadership* is consulting followers and asking for suggestions, with the supervisor ultimately making decisions. Finally, *achievement-oriented leadership* is setting challenging goals, expecting and encouraging followers to perform at high levels, and showing confidence in their abilities.



Path-goal theory assumes that a person can choose from among these possible leadership behaviors. As shown in Figure, the choice should reflect the followers' personal characteristics and the characteristics of the situation. Personal characteristics that affect the choice of leadership style include followers' experience, self-efficacy, and locus of control (their beliefs about whether they control the things that happen to them). In general, a person with low self-efficacy will appreciate the help that comes from directive leadership. People with an *internal* locus of control (those who believe that what happens to them results from their own actions) tend to prefer participative leadership. Those with an *external* locus of control (who say fate or some other external force controls what happens to them) tend to prefer directive leadership.

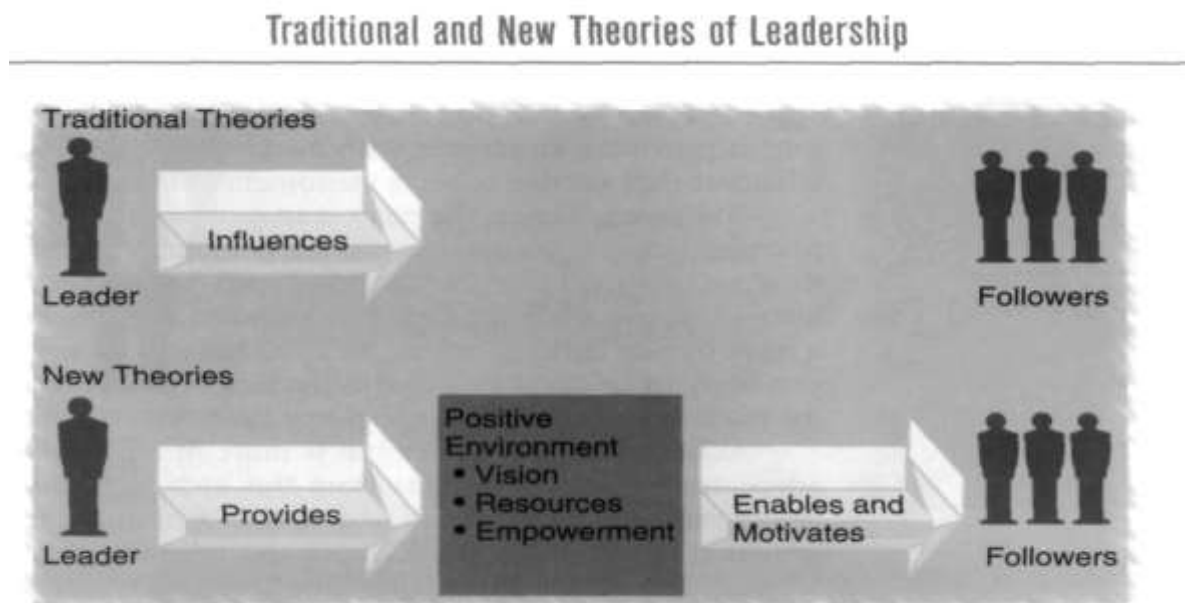
Relevant situational characteristics include the task structure, the degree to which the organization's authority system is centralized, and the nature of the work group. For a task that is highly structured, directive leadership is not very effective. Employees tend to resent such leadership under these conditions. With a formal, centralized authority system, employees again tend to thrive under leadership that is more employee centered. Directive or achievement-oriented leadership is most helpful when followers find the task ambiguous, poorly defined, and unstandardized, as in the case of developing a new product. Employees also appreciate directive leadership when there is conflict within the work group. Finally, when tasks are structured or the work group gives followers little support and satisfaction, supportive leadership may be important.



As shown in Figure , the combination of follower characteristics, environmental characteristics, and leader behavior influence the motivation of followers. When the three are a good match, the result is effective leadership. So far, research supports aspects of this model.³⁸ However, because the model is complex, no researcher has yet conducted a test of every variable.

Life Cycle Model. Another view of leadership, called the life cycle model, holds that the leader should choose a leadership style that matches the readiness of the followers. These styles include telling, selling, participating, and delegating. As the followers become more motivated, experienced, and competent, the leader should adopt a more participative leadership style and ultimately delegate complete responsibility to task ready employees. As shown in Figure, the leader should decrease task-oriented behavior as followers reach high readiness and the leader's employee-oriented behavior should increase.

Although this model is popular in leadership training programs, it has received little empirical support." Most notably, one study found no link between appropriate (according to the model) leadership style and satisfaction, and the only link to



SUMMARY

Leadership is the process of inspiring and empowering others to voluntarily commit themselves to achieving the leader's vision. When the leader's vision is consistent with the organization's mission, the leader becomes a constructive and powerful force for change, commitment, and motivation.

Almost every organization has managers, but not every manager is a leader even though he or she may have the authority to make decisions and direct action as a formal leader. Conversely, not every leader is a manager; an informal leader conducts leadership activities that are unrelated to his or her position within the organization. In any case, the leader creates a vision, then inspires people to share that vision.

10-Theme. Conflict and stress management

Plan

1. THE NATURE OF CONFLICT
2. STAGES and LEVELS OF CONFLICT
3. MANAGING CONFLICT
4. STRESS IN ORGANIZATIONS: CAUSES AND CONSEQUENCES

Conflict—A perception that values, goals, or needs are incompatible.

Stress—A person's adaptive response to a demand on the person.

Conflict and stress are natural parts of human life. People bring unique hopes, ideas, and values to the workplace, and not everyone sees eye to eye. So, employees and their managers must learn to cope with conflict and stress effectively to reach organizational goals. **Conflict** refers to a perception that values, goals, or needs are incompatible. It underlies many of the management challenges described so far in this book: managing a diverse work force, enhancing motivation to support organizational objectives, building group cohesiveness and cooperation, and choosing a strategy or making a decision when no alternative is clearly best for everyone. For managers and other employees, conflict is among the major sources of **stress**—a person's adaptive response to a demand on the person.

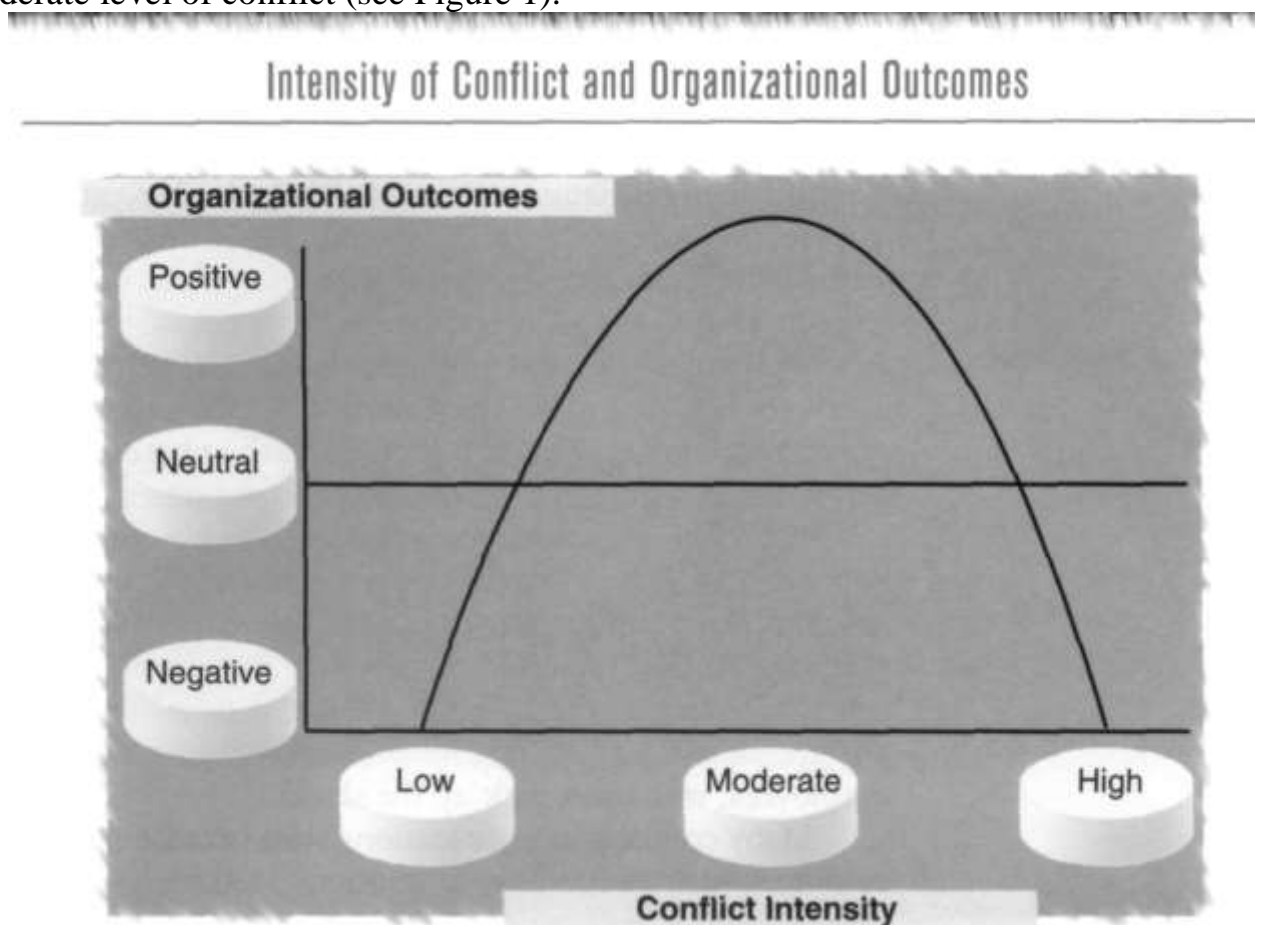
This chapter examines the impact of conflict and stress in organizations. First, we describe the nature of conflict, including its consequences (some of which are positive). Then we identify basic levels of conflict: intrapersonal, interpersonal, and intergroup. We next discuss the management of conflict, including managers' roles in resolving disputes.

CONFLICT: SHOULD IT BE AVOIDED AT ALL COSTS?

Conflict is usually uncomfortable, so people tend to think of it as bad. However, if people handle a conflict with mutual respect and trust and achieve an outcome that is favorable to the organization, conflict can be a positive force. Lack of resources in an organization can spur employees to put forth their best efforts to operate efficiently. For example, the *Tallahassee Democrat* formed a cross-

functional team to eliminate errors in its advertising process. At first, team members blamed one another for problems. But when some team members began to take the risks related to accepting responsibility, the group was able to collaborate, capitalize on different viewpoints, and make major improvements.¹ The higher level of trust among team members transformed the conflict into a positive force for change.

A total absence of conflict is therefore as undesirable as excessive conflict. Lack of conflict may be a sign that employees are complacent, that they have given up on participating, or that the organization suppresses creative thinking. A high level of conflict tends to be disruptive because it damages morale, interferes with coordination, and prevents employees from efficiently accomplishing their objectives. Logically, then, organizational outcomes should be best with a moderate level of conflict (see Figure 1).



At a moderate level, conflict may be a source of needed change and can increase employees' motivation to think creatively and do their best.

THE NATURE OF CONFLICT

Conflict in organizations can range from trivial to catastrophic and occurs within a person, between people, and between groups. Intrapersonal conflict (conflict within one person) could occur when an employee needs to work late to finish a big project but she also wants to attend her son's soccer match. A personality clash between coworkers is an example of interpersonal conflict, and the friendly rivalry of two work teams vying to set the company's safety record is

an example of intergroup conflict. A conflict over who should use the photocopier first may be resolved in a few seconds, whereas other conflicts may simmer as long as the organization exists.

Conflicts occur for the basic reason that none of us can have everything we want, no matter how worthy our goals may be. To attend college, you must sacrifice some income, family time, or personal time. The sales manager who gives a 6 percent raise to the top performer will have that much less in the budget to reward the other salespeople. Organizations that cut costs by downsizing may benefit their shareholders at the expense of their laid-off middle managers (and the remaining employees, who must pick up the slack).

Many conflicts in organizations arise because people or groups want the same resources such as funding, promotions, desirable work or working conditions, or management attention or approval. Often employees perceive that too little of the desired resources are available to meet everyone's objectives—a condition called

resource scarcity-A condition in which too little of the desired resources are available to meet everyone's objectives.

Latent conflict-The first stage of conflict, during which employees' differences in goals or opinions lead to an awareness of conflict.

perceived conflict-The second stage of conflict, during which employees either act on or ignore the problem.

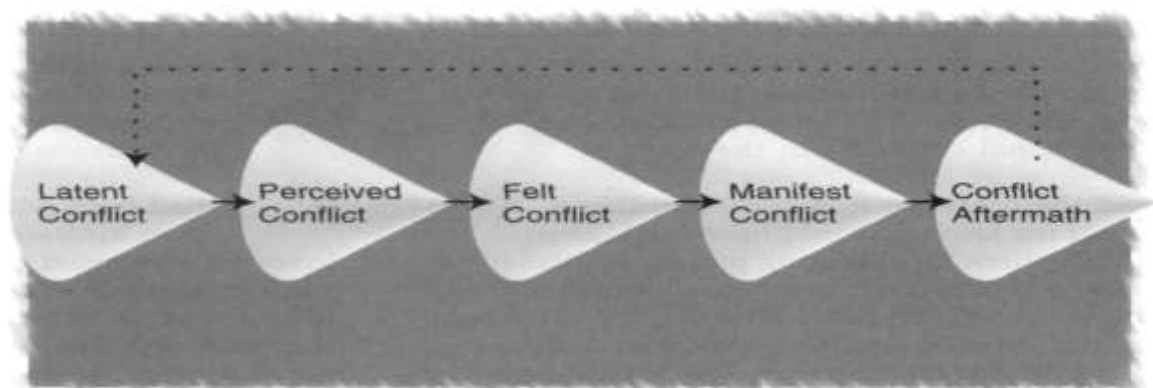
Felt conflict-The third stage of conflict, during which employees have an emotional reaction to the problem.

manifest conflict-The fourth stage of conflict, during which employees act out conflict by intentionally frustrating their opponents.

STAGES OF CONFLICT

When two employees are arguing, a conflict clearly exists. But arguments usually take place because of a conflict that started sometime earlier. The argument is merely a way to express the conflict. More formally stated, conflict follows the stages shown in Figure 2: latent, perceived, felt, manifest, and aftermath.² Although there are different levels of conflict, this general model explains the basic stages of conflict.

Stages of Conflict



During the first stage, **latent conflict**, conditions such as differences in goals or opinions lead employees to suspect or become dimly aware that there may be a conflict. They may sense a basis for arguing or competing. Sometimes the aftermath of an earlier conflict leads to such conditions. Often, latent conflict is initiated by a change—for example, a decrease in resources or the establishment of new objectives.

Eventually, the people involved perceive that a conflict exists, although they cannot necessarily define it. During this stage, called **perceived conflict**, employees may choose to act on or to ignore the problem. Taking action at this stage can prevent the conflict from moving to later stages.

Next, during the stage of **felt conflict**, employees not only are aware of the conflict, they have an emotional reaction to it: They may be angry, tense, or worried. Such feelings emerge as the employees become personally involved and try to cope with the conflict. Defusing a conflict at this stage must include giving employees a chance to vent their feelings.

During the manifest conflict stage, employees act out the conflict by intentionally frustrating their opponents. Their behavior may be subtle, such as a quiet refusal to cooperate, or as obvious as physical aggression or sabotage. Individuals or groups become unable to work together to achieve mutual objectives. This behavior is destructive, so conflict must be resolved quickly at this stage.

Finally, during the conflict aftermath, a conflict that is no longer manifest creates conditions for later situations. If the conflict was resolved positively, the aftermath includes ingredients for greater cooperation. If the conflict was suppressed or avoided, new conflicts are likely to surface later. If employees are frustrated by failure to resolve the initial conflict, the renewed conflict may be even more problematic.

The early stages of conflict are especially important to recognize because conflicts then are easier to resolve than in the late stages. Furthermore, a lack of open conflict in an organization generally means conflict is latent, not absent. Whenever a group of people come together, they are bound to have differences. These conflicts can be resolved only if they are acknowledged.

Conflict aftermath-The final stage of conflict, during which conditions are created for later situations, either positive or negative.

CONSEQUENCES OF DYSFUNCTIONAL CONFLICT

Conflict is dysfunctional if employees cannot collaborate on meeting group and organizational objectives or if they express their disagreements with insults or evasion. The way employees handle conflict simply worsens relationships and damages cooperation.

Dysfunctional conflict results in reduced morale and coordination. Morale falls as employees direct their energy toward the unresolved disputes. They may become frustrated, angry, and stressed. Employees with low morale may exhibit withdrawal

LEVELS OF CONFLICT

Intrapersonal conflicts-Conflicts between an individual's values, goals, and needs.

Interpersonal conflict-Conflicts between two or more individuals with differing values, goals, or needs.

In any organization, conflict can occur on several levels. On the intrapersonal level, an individual's own values, goals, and perceptions often are incompatible. Individuals also experience conflicts with one another. Finally, conflicts arise among groups.

INTRAPERSONAL CONFLICT

Conflicts between an individual's values, goals, and needs are intrapersonal conflicts. These conflicts arise when acting in accordance with one value, goal, or need makes it impossible to fulfill some other value, goal, or need. The types of intrapersonal conflict: approach-approach, avoidance-avoidance, and approach-avoidance. Employed parents routinely experience approach-approach conflicts between their dual roles of parent and employee. When David Sokol took the helm of a company with serious financial problems, he faced avoidance-avoidance conflict when he had to choose between ignoring the problems and allowing finances to become worse or laying off hundreds of employees. Both choices were unpleasant. Today, many employees face approach-avoidance conflict between the desire for career success (which often requires working long hours) and the desire for more personal time (which can limit career success and even job security). This type of conflict is most intense when it involves many alternatives, the alternatives offer a roughly equal blend of positive and negative outcomes, and the underlying issue is important.

INTERPERSONAL CONFLICT

When two or more individuals have differing values, goals, or needs, the result is interpersonal conflict. This level of conflict is likely in situations where individuals are competing for resources, such as promotions or work assignments. It also is likely within groups that are heterogeneous—not only in the sense of representing the diversity of the work force but also when representing different functions, as in the case of a cross-functional team.

Many interpersonal conflicts involve what are commonly called "personality clashes"—that is, when one person's style of behavior routinely baffles or irritates the other person. Intentionally or unintentionally, people involved in a personality clash seem unable to cooperate with or appreciate one another. If they fail to recognize one another's strengths, such a relationship can degenerate into distrust and active dislike.

Intergroup conflict-Conflict between two or more groups with differences in values, goals, or needs.

Line-staff conflict-Conflict arising from the role and perceptual differences between line and staff employees.

INTERGROUP CONFLICT

Differences in the values, goals, or needs of two or more groups lead to **intergroup conflict**. This level of conflict in organizations often arises between line employees (those directly involved in producing or selling products) and staff employees (those who provide support services to line employees). Thus, **line-staff conflict** is conflict arising from the role and perceptual differences between line and staff employees.

Effects of Intergroup Conflict. Intergroup conflict can affect behavior within each group. Research has found that intergroup conflict is associated with increases in group cohesiveness, task orientation, loyalty to the group, and acceptance of autocratic leadership.⁶ A group that has experienced conflict tends to be strongly focused on banding together to defeat the "enemy."

Changes also occur in the groups' relationships with one another. Group members tend to develop hostility (a we/they mentality), distorted perceptions and negative stereotypes about the other group, and reduced communication between the groups. The more negative the group members' attitudes about the other group, the more distorted their perceptions become. Groups covertly monitor one another, rather than communicate directly, and this behavior interferes with conflict resolution.

Reasons for Intergroup Conflict. Intergroup conflict occurs for four basic reasons: the groups are interdependent, they have different goals, their perceptions are different, and the organization increasingly needs specialists.

Interdependence. An organization's groups depend on one another to achieve their objectives. Areas of interdependence are potential sources of conflict; unrelated areas provide no basis for conflict. Thus, the nature of intergroup conflict depends on the type of interdependence (defined in Chapter 4):⁷

- Pooled interdependence—Each group operates independently, but the organization's overall success depends on the combination of the groups' outcomes. Relatively little conflict tends to surface. Instead, the organization can coordinate group efforts through standard policies and procedures.
- Sequential interdependence—One group's outputs serve as another group's inputs. Poor performance by the first group can make the second group perform poorly, so conflicts between the groups can be intense. Good planning can prevent such conflicts.
- Reciprocal interdependence—Each group's outputs serve as inputs to other groups. The close links among the groups provide many areas for potential conflict. Managers therefore need a variety of strategies for conflict management, such as structuring groups to achieve coordination (see Chapter 4), establishing goals and reward systems that foster collaboration, encouraging communication across groups, and using many of the strategies described in this chapter.

Suppose an organization uses self-directed teams to handle production with support staff operating in functional departments. The teams view the staff departments as being old-fashioned and slow, seeing themselves as the quick-thinking, customer-oriented part of the company. If the human resource department issues new forms for teams to fill out when they want to hire or discipline team members,

teams are likely to perceive this as bureaucratic meddling that inhibits flexibility. The result: conflict.

Greater Demand for Specialists. As the demand for technical expertise continues to expand, organizations typically hire more specialists for staff positions. The greater use of staff specialists generates more possibilities for line-staff conflict. At the same time, downsizing has brought about many cuts in line (and staff) jobs. In organizations that have cut back their use of line personnel, resentment of an increase in staff positions would only intensify line-staff conflict.

MANAGING CONFLICT

Employee assistance programs (EAPs)

Employer-sponsored programs that refer employees with personal problems to mental health or medical professionals who are on staff or employed by organizations that provide such services.

In handling conflict, managers must remember that cultural differences play a part in the success of a particular method. Some cultures value assertiveness; others emphasize group harmony. In the latter type, a manager must proceed with caution in attempting to bring a dispute into the open.

MANAGING INTRAPERSONAL CONFLICT

Sometimes an employee cannot resolve an intrapersonal conflict alone. If intrapersonal conflict results from employees' inability to successfully deal with role conflicts (e.g., work and family issues), managers can help by altering when or where their work is performed, if possible. In a study of health care professionals, when organizations helped employees cope with work-family conflicts through such means as flexible scheduling and supportive managers, negative effects (including job dissatisfaction and illness) were significantly less.⁹

Managers may also want to refer employees to professionals who have expertise in handling such matters—therapists, religious leaders, career counselors, and the like. Some organizations offer **employee assistance programs (EAPs)**, which refer employees with personal problems to mental health or medical professionals who are on staff or employed by organizations that provide such services. EAPs are available to about half of all full-time employees in the United States.¹⁰ According to recent estimates, 5 to 10 percent of eligible employees use the services of an EAP each year—about two-thirds of them on their own initiative." EAPs also are growing in Europe, although employees there are more likely to get help through state-provided services.

MANAGING CONFLICT AMONG INDIVIDUALS AND GROUPS

Managers and nonmanagement employees are often called on to manage conflicts among themselves or their group and others in the organization. At times, managers also must manage conflicts that involve individuals or groups reporting to them. Several strategies exist, and implementing them often calls for negotiation.

STRESS IN ORGANIZATIONS: CAUSES AND CONSEQUENCES

Stressor-The stimulus that causes stress.

General adaptation syndrome-Describes the way a person tries to adapt to a stressor.

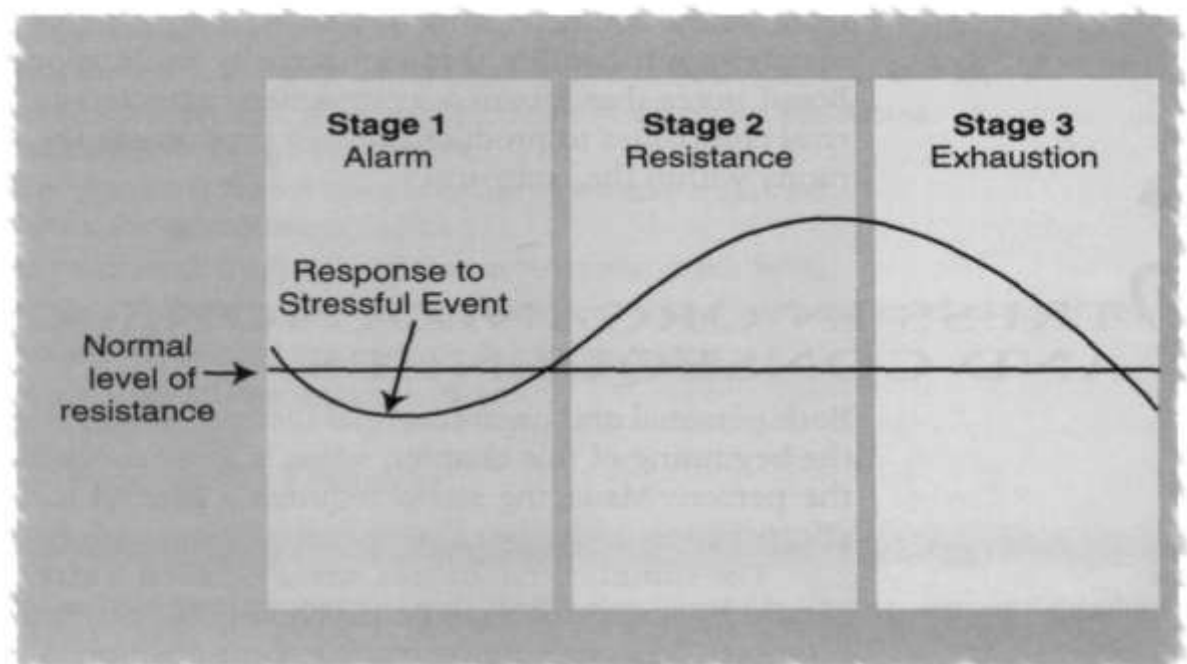
Both personal and organizational life contributes to employees' stress. As defined at the beginning of this chapter, stress is a person's adaptive response to a demand on the person. Managing stress requires a general idea of its sources and the way it affects people.

The stimulus that causes stress is called a stressor. The demands placed on a person by a stressor may be psychological, physical, or both. For example, being promoted to a challenging management position is psychologically stressful; working in a noisy environment is physically stressful. As in the case of being promoted, some stressors can be highly desirable. However, the experience of stress is generally uncomfortable.

PSYCHOLOGICAL AND PHYSIOLOGICAL RESPONSES TO STRESS

Stress is uncomfortable because, when faced with a challenge, the human body reacts as if it is facing a physical threat. The energy and tension felt in a stressful situation are useful to fight ferociously or run fast, so the stress response is useful in an evolutionary sense. Of course, most stressors in the modern world do not call for a physical response.

The General Adaptation Syndrome



A widely recognized model of the stress response is the general adaptation syndrome, shown in Figure 3. The general adaptation syndrome describes the

psychological and physical response to stress—that is, the way a person tries to adapt to a stressor. The syndrome is called "general" because the stress response occurs in several areas of the body.

According to this model, the general adaptation syndrome begins when a person encounters a stressor and enters the *alarm* stage. A person in this stage wonders how to cope and feels anxiety, even panic. The person breathes faster, blood pressure rises, pupils dilate, and muscles tense. At this stage, the person is coping ineffectively.

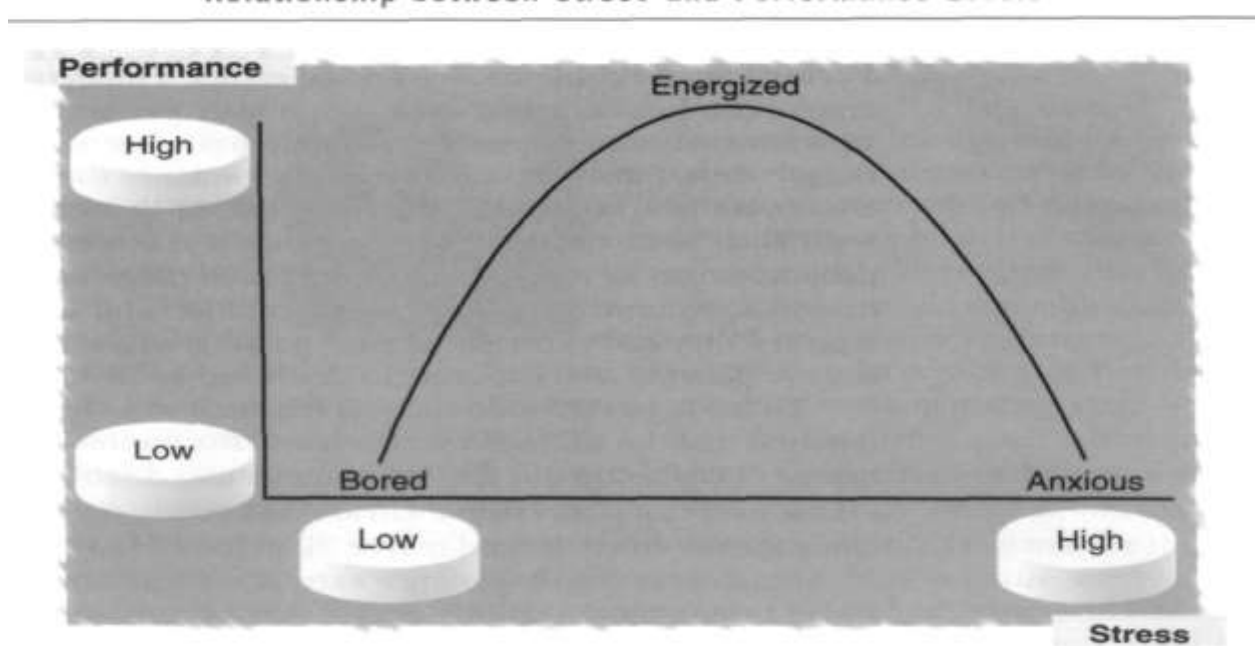
Assuming the person can summon the resources to cope with the stressor, he or she begins to feel more confident and to think of how to respond. During the second stage of the general adaptation syndrome, *resistance*, the person channels his or her energy and uses it to resist the stressor's negative effects. The person tackles the problem, delegates the challenge, or adjusts to the change. Resistance to the stressor is high, but the person's resistance to other stressors may be low because the body's resources are being used up. Evidence shows that a person's immune system function tends to decline during periods of stress.

Many stressors are short term—the person can solve the problem, or the situation ends on its own. In such cases, the general adaptation syndrome ends during the resistance stage. But occasionally a stressor persists. For instance, if a department is understaffed, its employees will feel pressured day after day. In situations where stressors persist, the person may enter the third stage: *exhaustion*. In this stage, the symptoms of the alarm stage return, and the person eventually uses up his or her adaptive energy.

COSTS OF STRESS

Not all stress hurts employees and the organization. If no demands are placed on employees, they will become bored and lack motivation (see Figure .4).

Relationship between Stress and Performance Levels



A moderate level of stress, such as challenging but achievable goals, can energize and motivate employees. According to Michael K. Lorelli, president of PepsiCo's Pizza Hut International division, an early career experience that involved 18 months of leading a high-powered team under intense pressure at Clairol "gave me management skills I couldn't have developed in ten years."²¹ But when stress goes beyond the moderate level, the organization must be concerned.

Organizations must care about stress because too much stress may be costly. Excessive stress may lead to health problems, which in turn make health insurance more expensive to provide. Ill health and other consequences of stress also add to costs because they increase absenteeism and turnover. Finally, too much stress may impair employees' performance.

Health Problems. Many health problems have been linked—directly or indirectly—to stress. Unfortunately, most of the studies conducted on this subject have merely obtained self-reports on whether the workplace is stressful and whether subjects have experienced ill health." But until researchers conduct more studies that include objective measures of stress and health, it is difficult to discount that hundreds of studies have found at least some link between stress and illness, including heart disease and stroke; headaches; backaches; ulcers and related disorders of the stomach and intestines; skin conditions, including acne and hives; sleep disturbances; sexual dysfunction; depression; and family problems.²³ Some people try to cope with stress through drinking, smoking, overeating, and drug use. These tactics can lead to alcoholism, lung and heart disease, obesity, and drug addiction.

When stress leads to health problems, not only do the employees suffer, but the organization ultimately bears higher costs. The cost of providing health insurance to employees has risen much faster than wages over the last few decades, so poor mental and physical health is expensive for employers. According to UNUM Life Insurance, a leading underwriter of private disability policies, disability claims for mental and nervous illness rose from 7.8 percent to 10.2 percent in a recent four-year period.²⁴ Employers are increasingly being held liable for specific cases of stress-related illness. The fastest-growing category of occupational illness is stress-induced mental disorders, and the number of lawsuits in which employees seek damages for stress is growing.²⁵

Absenteeism and Turnover. Although little research has been conducted in this area,²⁶ stress could lead to greater absenteeism and turnover. The health problems associated with stress may lead employees to be absent more often than they otherwise might be. In addition, stress can contribute to absenteeism by making employees less motivated to be at work. A belief that the job or the organization is the source of negative stress also is among the reasons an employee might seek another job. Therefore, organizations with excessive stress may experience higher turnover.

Performance Problems. As noted earlier, a moderate level of stress can energize employees, but excessive stress can impair performance in a number of ways. A person who is under stress focuses on the stressor, so the person's concentration on the job slips. Stress also can impair performance through the

personal toll it takes; employees who are exhausted, distracted, or depressed simply cannot perform as well. Their relationship with others inside and outside the organization will suffer. A national survey of resident physicians found more negative work behaviors (such as missed appointments, interpersonal conflict, and errors) among those who also reported they had experienced such possible stressors as changing work schedules, abusive patients, and exposure to death and suffering.²⁷

Following a television station's restructuring, the station's director of marketing reported that the stress of overwork and frustration had taken a toll on her performance: "I walked in one day last summer and discovered I had three full-time jobs. With a load that size, I hate them all. As a result, my employer is getting 10 percent of my former creativity and maybe 50 percent of my energy."²⁸

Employees who experience excessive stress also tend to have more accidents and to behave more violently. Such behavior is damaging to the employee and those around him or her. It also is a sign that the employee is not handling hazards and conflicts in an optimal way.

Burnout. Persistent stress with insufficient sources of satisfaction to compensate can lead to a condition called **burnout**. This is a general feeling of exhaustion, frustration, and helplessness. A burned-out employee generally loses self-confidence and experiences psychological withdrawal. Even if the employee works longer hours, he or she seems to get less and less done. The employee also tends to depersonalize other people, treating them as objects. Initial research into burnout focused on the "helping professions," like nursing, social work, and teaching. However, burnout has since been studied in a wide range of jobs involving interaction with other people.²⁹ Before an employee becomes burned out, he or she follows a pattern of behavior that begins with intense involvement in the job. Then the employee stagnates, feeling that he or she really is not accomplishing much. The employee becomes detached and exhibits withdrawal behaviors, followed by the physical and behavioral symptoms of burnout.

CAUSES OF STRESS

Employees experience stress as a result of any stimulus that requires them to make an adjustment. These stressors may be work related or occur outside of work; either way, the stress response is likely to affect employees while on the job. Managers need to be particularly concerned about causes of stress arising in the workplace, since these are the ones over which the organization has the most control. The work-related stressors that are most often reported and studied involve conflict and uncertainty, negative characteristics of the work environment, and tasks and job demands.

Conflict and Uncertainty. Employees may experience stress as a result of conflict at all levels—intrapersonal, interpersonal, and intergroup. Research provides some support for the idea that interpersonal conflict is a significant source of stress.

SUMMARY

In almost every organization, employees and managers face **conflict** and **stress**, and must learn ways to cope with both. In many cases, conflicts in organizations arise because of **resource scarcity**.

In some cases, conflict can be a positive force in an organization. It can cause people to put forth their best effort and to think creatively. At a moderate level, it can be a source of needed change. Dysfunctional conflict, on the other hand, can hamper the organization from achieving its goals.

Conflict follows stages: **latent conflict**, **perceived conflict**, **felt conflict**, **manifest conflict**, and **conflict aftermath**. It is especially important for managers to recognize early stages of conflict because conflict is easier to resolve sooner rather than later.

Conflicts can be **intrapersonal**, **interpersonal**, or **intergroup**; a common type of conflict in the last category is **line-staff conflict**. Intergroup conflict affects behavior in each group, and occurs for four basic reasons: the groups are interdependent, they have different goals, their perceptions are different, and the organization increasingly needs specialists.

Managers can handle conflicts in a variety of ways; they can even help with intrapersonal conflicts through measures such as **employee assistance programs (EAPs)**. Strategies for managing interpersonal and intergroup conflict include **avoiding**, **accommodating**, **compromising**, **competing**, and **collaborating**. Often, implementing these strategies requires some level of **negotiation**. Negotiation is most often a competitive or collaborative process but does not have to be restricted to these strategies. If a conflict is emotionally charged, a third-party intervention may help. The third party can take one of several roles: **inquisitor**, **mediator**, **judge**, **avoider**, **delegator**, or **provider of impetus**. Some organizations designate an **organizational ombudsman** to serve as a third party in resolving conflicts. In some cases, managers may actually stimulate conflict (say, through competition) that is positive.

The conflict of organizational life is one of the reasons employees experience stress in their work. A stimulus that causes stress is called a **stressor**. Stress evokes a physical response in the person experiencing it, described by the **general adaptation syndrome**. The costs of stress can include health problems, absenteeism and turnover, performance problems, and **burnout**.

GLOSSARY

Cafeteria-style benefit plans - Benefit plans in which employees choose the types and amounts of benefits.

Capacity - The maximum output the organization can produce with its existing facilities.

Capital productivity - The ratio of outputs to capital used in production.

Cellular layout - The arrangement of employees and equipment into cells responsible for an entire work process.

Centralization - The concentration of authority and decision making at the top of the organization.

Certainty - A condition in which the decision maker knows the outcome of carrying out each alternative under consideration, chain network Communication network in which information travels up and down through the hierarchy.

Chain of command - The continuous line of authority extending from the person with ultimate authority down through the hierarchy to nonmanagement employees.

Channel - The observable carrier of the message.

Charismatic leadership - Leadership based on the leader's seemingly magical charm that draws others to follow.

Circle network - Communication network in which employees communicate only with adjoining members of the organization, coalition A group that forms to achieve political objectives, coercive power Power arising from control over administering undesirable outcomes.

Cognitive abilities - The capabilities to think intelligently and to analyze information.

Cognitive dissonance - A conflict involving a person's attitudes and behavior.

Cognitive style - The different ways people perceive and process information. cohesiveness The commitment of members to a group and the strength of their desire to remain in the group, collaborating Working together to achieve both parties' objectives, command group A group consisting of a manager and the employees reporting to him or her.

Communication - The exchange of information using a shared set of symbols.

Communication network - The pattern of directions in which information flows in an organization.

Compensation - The pay and benefits the organization gives employees in exchange for doing their job.

Competency-based designs - Organizing by employees' capabilities competing Attempting to win with the presumption that others will lose.

Competitive group reward - A system of rewarding individual group members for successfully performing as individuals within the group, complexity The characteristic of being subject to many different forces.

Comprehensive job enrichment - Programs that combine job enlargement with the basic form of job enrichment, compromise coalition A coalition in which the members are interested in the same issue and willing to settle for only part of what they want.

Compromising - Reaching a mutually acceptable solution in which each person gets only part of what he or she wanted, computer-aided design (CAD) The use of computer software to design products.

Computer-aided manufacturing (CAM) - A system used with CAD to direct the production of a particular product.

Computer-integrated manufacturing (CIM) - The use of a computer system that integrates automated facilities by controlling the flow of resources throughout the plant as well as the machines that perform many production tasks.

Confirmation bias - The tendency to heavily weight information that reaffirms past judgments while discounting information that would contradict them.

Conflict - A perception that values, goals, or needs are incompatible,

Conflict aftermath - The final stage of conflict, during which conditions are created for later situations, either positive or negative,

Conjunctive tasks - Tasks where each person's efforts are tightly linked to the efforts of others; group members are highly interdependent,

Conscientiousness - A person's dependability and perseverance,

Consideration behavior - Demonstrating concern for followers and trying to establish a friendly and supportive work climate based on mutual trust.

Consultation - Inclusion of others in planning and decision making,

Contingency theories - Theories that take into account how different kinds of leaders or leadership behavior are more suited to some followers and situations.

Continuous process production - Producing the same product over an extended period of time using automated equipment,

Contrast effect - Perceiving something as larger or smaller than it is because of the size of a reference point.

Control - Comparing performance with a standard and making corrections.

Controlling - The process of measuring performance, comparing it with objectives, and making any necessary adjustments,

Convergent thinking - Seeing similarities between situations,

Cooperative group reward - A reward tied to the group's overall performance, with each member receiving the same reward,

Cooptation - Making allies of former adversaries by engaging them in a common effort.

Coordination - Integration of the organization's parts to achieve desired outcomes.

Core competencies - The processes in which the organization excels and that are key to its success.

Core technology - The dominant technology used for producing goods and services at the lowest level of an organization's hierarchy,

Counterproductive behavior - Activity that damages the employer, such as drug use and white-collar crime.

Creativity - A person's ability to generate new ideas or fresh ways of viewing existing ideas.

Cross-cultural training - Training in recognizing and adapting to cultural differences.

Cross-functional team - A team with members from several functions that is responsible for a project that crosses functional lines,

Culture - The set of assumptions group members share about the world and how it works and the ideals worth striving for.

Culture shock - The confusion, anxiety, and frustration that result from immersion in a strange culture.

Cycle time - The time that elapses between a customer's request and the fulfillment of that request.

11-Theme. Business management Plan

1. STARTING A SMALL BUSINESS
2. BUSINESS ETHICS
3. THE GLOBAL BUSINESS ENVIRONMENT
4. REASONS FOR SMALL-BUSINESS SUCCESS

Like all managers, small business owners must collect and analyze information about work performance and take corrective action if this information indicates that performance is not contributing to goal achievement. If the firm's control systems do not alert the manager that there are such problems as cash flow, excess inventory, high defect rates, or declining sales, it may be difficult or impossible to survive. For example, managers of the Wallace Company, a Houston-based industrial distributor which won a Malcolm Baldrige National Quality Award in 1990, may have let the award distract them. While company officials were busy going around the country making presentations about the quality-improvement program that helped their company win the award, they failed to respond to declining sales during a recession.

STARTING A SMALL BUSINESS

To start a business, an entrepreneur must first have an idea. Sam Walton, founder of Wal-Mart stores, had an idea for a discount retailing enterprise and spawned a global retailing empire that changed the way traditional companies look at their business. Next, the entrepreneur needs to devise a business plan to guide planning and development. Finally, decisions must be made as to the form of ownership, the financial resources needed, and whether to buy an existing business, start a new one, or buy a franchise.

business plan-A meticulous statement of the rationale for the business and a step-by-step explanation of how it will achieve its goals.

business plan-A key element of business success is a business plan—a meticulous statement of the rationale for the business and a step-by-step explanation of how it will achieve its goals. The business plan should include an explanation of the business, an evaluation of the competition, estimates of income and expenses, and other information. It should establish a strategy for acquiring sufficient funds to keep the business going. Indeed, many financial institutions base their decision of whether or not to loan a small business money on its business plan. However, the business plan should act as a guide and reference document, not a shackle to limit the business's flexibility and decision making.

The situation analysis examines the difference between the firm's current performance and past stated objectives. In a brand new firm, it assesses where the entrepreneur is now in his or her development. The situation analysis may also include a summary of data relating to the creation of the current business situation obtained from both the firm's external and internal environment. Depending on the situation, details on the composition of the target market segment, marketing

objectives, current marketing strategies, business trends, sales history, and profitability may also be included.

In the analysis of strengths, weaknesses, opportunities, and threats, the business plan must address both internal and external elements. Internally, the firm must look at the strengths and weaknesses of its major functional areas: operations, finance, management, and marketing, as well as the opportunities and threats of

business-level strategy-The area of responsibility usually assigned to the divisional-level managers.

Business-level strategy is normally the area of responsibility for the divisional-level managers (unless the organization has only one business; in that case, corporate and business-level strategies would be carried out by the same group of managers). By focusing on the synergy and distinctive competencies components, business-level strategy attempts to answer the question, "Given our particular product/market, how do we best compete?" For example, managers of PepsiCo's beverage division began venturing beyond just cola drinks into fruit juices and even Lipton Iced Tea in the 1990s. However, when business fell off for Pepsi and Diet Pepsi, analysts questioned whether too much attention and advertising money had been diverted away from Pepsi's core business.¹⁶ At Philip Morris, both tobacco and food products have their own distinctive business strategies.

Narrowing their scope, organizations must also establish strategies for functional areas such as marketing, operations, research and development, finance, and human resource management—which are unique to a given business. Managers at the functional level will typically develop short-term goals and strategies but their primary purpose is to implement selected aspects of the firm's strategic plan. For instance, Philip Morris's tobacco business has, in recent years, concentrated its marketing efforts on increasing international consumption of cigarettes. For another example, consider that Southwest Airlines has an overall strategy of continued growth into different markets. However, at the functional level, say finance, Southwest is still concerned with a strategy of cost containment that can facilitate the growth process, in keeping with overall corporate strategy.¹⁷

business ethics-Moral principles and standards that define acceptable behavior in business.

WHAT IS BUSINESS ETHICS?

The term *ethics* refers to the study of morals and values and focuses on the standards, rules, and codes of conduct that govern the behavior of individuals and groups. Business ethics refers to moral principles and standards that define acceptable behavior in business. The public, government regulators, interest groups, competitors, and an individual's personal morals and values determine what is acceptable behavior in business. For example, we generally feel that ethical managers strive for success while being fair, just, and trustworthy.

This chapter does not prescribe a particular philosophy or process as the best or most ethical; it does not tell you how to judge the ethics of others. It will help you detect ethical issues and see how decisions are made within individual work groups as well as within the organization as a whole. Understanding *how* people

make ethical decisions should help you improve your own ethical performance. Although we do not tell you what you ought to do, others—your superiors, coworkers, and family—will make judgments about the ethics of your actions and decisions. Learning how to recognize and resolve ethical issues is an important step in evaluating ethical decisions in management.

Why Is Ethics Important in Management?

We said that making decisions is an important aspect of management. Ethical considerations exist in nearly all management decisions. The most basic ethical concerns have been codified as laws and regulations that encourage conformity to society's values and attitudes. At a minimum, managers are expected to obey these laws and regulations. Most legal issues arose as incorrect ethical choices that society deemed unacceptable. However, all actions deemed unethical by society are not necessarily illegal, and both legal and ethical concerns change over time.

It is important to recognize that business ethics goes beyond legal issues; ethical decisions foster trust among individuals and in business relationships. Unethical decisions destroy trust and make the continuation of business difficult, if not impossible.³ If you were to discover that a manager had misled you about company benefits when you were hired, for example, your trust and confidence in the company would probably diminish. If you learned that a colleague had lied to you about something, you would probably not trust or rely on that person in the future. From another perspective, mistakes may be unintended or events may alter a manager's intent or commitments. There may be miscommunication concerning promises in some cases. Therefore, business ethics involves many gray areas or borderline decisions about what is ethical or unethical. Martin Marietta, the United States's largest defense contractor, acknowledges the ambiguity in ethics training by having all its employees play a board game called "Gray Matters."

Well-publicized incidents of unethical activity strengthen the public's perception that ethical standards and trust in business need to be raised. American Home Products Corporation, for example, closed two major manufacturing plants and moved some of its operations to Puerto Rico. Although the company claimed that workers would not be harmed by the move, its employees' union, the Oil, Chemical and Atomic Workers International, filed a class-action suit against the company, claiming that the promise not to harm workers had been violated. The company agreed to a settlement, paying 1,180 workers more than \$9,000 each.⁴ Obviously, the workers questioned the ethics of the plant closing decision. In another instance, Arthur Andersen & Company agreed to pay \$3.5 million after being charged with misleading investors of Colonial Realty Company and having improper ties with the Connecticut real estate company, which failed in 1990.⁵ Often, questions that start as ethical conflicts turn into legal disputes when cooperative conflict resolution cannot be accomplished.

global business (globalization)-A strategy in which organizations treat the entire world or major regions of it as the domain for conducting business,

international business -The buying, selling, and trading of goods and services across national boundaries.

Global business (globalization) is a strategy in which organizations treat the entire world or major regions of it as the domain for conducting business. It includes management decisions about business activities for the whole world, including the United States, rather than focusing on trade between countries. International business is a narrower concept defined as the buying, selling, and trading of goods and services across national boundaries. Falling political barriers and advancing communications and transportation technology are enabling many companies to sell their products overseas as well as in their own countries. And, as cultural and other differences among nations narrow, the trend toward the globalization of business is becoming increasingly important.

Already, consumers around the world can drink Coca-Cola and Dr Pepper; eat at McDonald's and Pizza Hut; see movies from Mexico, France, Australia, Japan, and China; and watch Cable News Network (CNN) and MTV on Toshiba and Sony televisions. The products you consume today are just as likely to have been made in Korea or Germany as in the United States. Similarly, consumers in other countries buy Western electrical equipment, clothing, rock music, cosmetics, and toiletries, as well as computers, robots, and earth-moving equipment. Brands such as Coca-Cola, Sony, British Petroleum, and Levi Strauss seem to make year-to-year gains in the global market.

THE GLOBAL BUSINESS ENVIRONMENT

Managers considering international business must research a country's social, cultural, political, and legal background and obtain information about how to deal with its tariffs, quotas, and currency as well. Such research will help the company choose an appropriate level of involvement and operating strategies.

The Sociocultural Environment

Most businesspeople engaged in international trade underestimate the importance of social and cultural differences, but these differences can create nightmares for managers. Culture can be defined as a sort of blueprint of acceptable behavior in a society that is passed from one generation to the next. Unfortunately, cultural norms are rarely written down, and what is written down may well be inaccurate.

Cultural differences include variations in language and body language. Although it is possible to translate words from one language to another, the true meaning is sometimes misinterpreted or lost. For example, General Motors successfully marketed the Chevrolet Nova in the United States for many years, but GM had some problems selling the car abroad. In English, *nova* means "bright star," an acceptable name for a car. In Spanish, however, *nova* (*no va*) means "it does not go," which certainly does not convey a positive image for the car. Similarly, *Esso* in Japanese translates to "stalled car," so not surprisingly the Japanese were reluctant to fuel up with Esso gasoline. Americans found a German chocolate confection particularly unappetizing: It was marketed under the name

Zit.¹ While such examples are humorous, they also illustrate the difficulties of conducting business in other languages and cultures.

Differences in body language and personal space are another aspect of culture that may affect international trade. Body language is nonverbal, usually unconscious communication through gestures, posture, and facial expression. Personal space is the distance at which one person feels comfortable talking to another. Americans tend to stand a moderate distance away from the person with whom they are speaking. Arab businessmen tend to stand face to face with the object of their conversation. Additionally, gestures vary from culture to culture, and gestures considered acceptable in American society—such as pointing—may be considered rude in others. Such cultural differences may generate uncomfortable feelings or misunderstandings when businesspeople of different countries interact.

The people of other nations quite often have a different perception of time as well. Americans and Germans value promptness: A business meeting scheduled for a specific time seldom starts more than a few minutes late. In Mexico and Spain, however, it is not unusual for a meeting to be delayed half an hour or more.

Although many management students go to work for large corporations upon graduation, others may choose to start their own business or find employment opportunities in small businesses with 500 or fewer employees.

Entrepreneur—A person who creates a business or product, manages his or her resources, and takes risks to gain a profit,

Entrepreneurship—The process of creating and managing a business to achieve desired objectives.

THE NATURE OF ENTREPRENEURSHIP AND SMALL BUSINESS

small business—Any business that is not dominant in its competitive area and does not employ more than 500 people.

Small Business Administration (SBA)—An independent agency of the federal government that offers managerial and financial assistance to small businesses.

An entrepreneur is a person who creates a business or product, manages his or her resources, and takes risks to gain a profit. Entrepreneurship is the process of creating and managing a business to achieve desired objectives. In the past, entrepreneurs were often inventors who brought together the factors of production to produce a new product. Thomas Edison, whose inventions include the record player and light bulb, was an early American entrepreneur. Entrepreneurs have been associated with such uniquely American products as Levi's 501 blue jeans, Dr Pepper, and Apple Computers. More recent entrepreneurial ventures have included Lone Star Steakhouse and Saloons, Gateway Computers, and Bombay retail furniture stores. Of course, smaller businesses do not have to evolve into such highly visible companies with large market shares to be successful, but those entrepreneurial efforts that result in rapidly growing businesses become more visible with their success. Notably successful recent entrepreneurs are Michael Dell and Bill Gates.

The entrepreneurship movement is accelerating, with many new smaller businesses emerging. Computing power that was once available only to the largest firms can now be acquired by a small business for less than \$2,000. Technology—including printers, voice mail, computer bulletin boards and networks, faxes, copiers, and even overnight delivery services—enables small businesses to be more competitive with today's giant corporations. Small business can also develop alliances with other businesses to produce and sell products in domestic and global markets.' Indeed, John F. Welch, Jr., chairman of giant General Electric, says, "Size is no longer the trump card it once was in today's brutally competitive world marketplace—a marketplace that ... demands value and performance."²

Defining Small Business

What *is* a small business? This question is difficult to answer because size is relative. For example, Spartan Motors, a small Charlotte, MI, manufacturer of vehicle chassis, has sales of \$153.4 million a year, enough to rank the company number 92 on *Business Week* magazine's list of 250 "Companies on the Move."³ But that figure is small in comparison to General Motors' annual sales of approximately \$130 billion. On the other hand, Spartan is certainly not small compared to a neighborhood auto repair shop.

While there is no generally accepted definition, research has shown that the average person uses the term *small business* to refer to an owner-managed business that employs a handful of people—usually not more than 20 or 25.

REASONS FOR SMALL-BUSINESS SUCCESS

There are many reasons why small business entrepreneurs succeed. Entrepreneurs are often obsessed with their vision of success and are willing to work hard and long hours. The ever-present risk of failure may place a degree of excitement and concern on each decision. The small business is more flexible in responding to the marketplace through innovative products and staying close to the customer. Small businesses usually have only one layer of management—the owner(s)—so they can make decisions without consulting multiple levels and departments within the organization. Flexibility and rapid decision making mean that new product development can occur more rapidly in small businesses than in larger ones. The "Ethics Encounter" box describes a company that sets itself apart from the competition with an environmental focus.

Entrepreneurs go into business for themselves for many reasons, but most say it is so that they can use their skills and abilities, gain control of their life, build for their family, and simply enjoy the challenge. Other reasons include being able to live in a location of their choosing, gain respect and recognition, earn lots of money, and fulfill others' expectations. Others say that it was the best alternative available at the time.²⁴ Small businesses sometimes emerge because of a distinctive competency to meet a consumer need not being addressed by other firms. For example, Merry Maid took a simple service (housecleaning) and offered standardized service in cities across the country.

Independence and autonomy are linked to success and probably are the leading reasons that entrepreneurs choose to go into business for themselves. Being

a small-business owner means being your own boss. Many people start their own businesses because they believe they will do better for themselves than they could do by remaining with their current employer or by changing jobs. They may feel stuck on the corporate ladder or feel that no business would take them seriously enough to fund their ideas. Sometimes people who venture forth to start their own small business are those who simply cannot work for someone else. Such people may say that they just do not fit the "corporate mold." More often, small-business owners just want the freedom to choose whom they work with, the flexibility to pick where and when to work, and the option of working in a family setting. Many small businesses start in the entrepreneur's home and then expand to a separate office or facility.

CAUSES OF SMALL-BUSINESS FAILURE

Despite the importance of small businesses to our economy, there is no guarantee of small-business success. According to the Small Business Administration, 24 percent of all new businesses fail within two years, and 63 percent fail within six years.²⁷ Neighborhood restaurants are a case in point. Look around your own neighborhood, and you can probably spot several restaurants that have gone out of business.

Small businesses fail for many reasons. A poor business concept—such as insecticides for garbage cans (research found that consumers are not concerned with insects in their garbage)—will produce disaster nearly every time. Expanding a hobby into a business may work if a genuine market niche exists, but all too often people start such a business without identifying a real need for the goods or services. Other notable causes of small-business failure include the burdens imposed by government regulation, insufficient funds to withstand slow sales, and vulnerability to competition from larger companies. However, three major causes of small-business failure deserve a close look: undercapitalization, managerial inexperience or incompetence, and poor control systems.

Franchise—A license to sell another's products or to use another's name in a business, or both.

Franchiser—The company that sells a franchise, franchisee

The purchaser of a franchise.

Franchising. Many small-business owners find entry into the business world through franchising. A license to sell another's products or to use another's name in business, or both, is a franchise. The company that sells the franchise is the franchiser. Dunkin' Donuts, McDonald's, and Jiffy Lube are franchisers with national visibility. The "Magnifying Management" box profiles another franchiser: Back Yard Burgers. The purchaser of a franchise is the franchisee.

The franchisee acquires the rights to a name, logo, methods of operation, national advertising, products, and other elements associated with the franchiser's business in return for a financial commitment and the agreement to conduct business in accordance with the franchiser's standard of operations. Depending on the quality of the franchise, the initial fee and start-up costs can range from \$1,000

to more than \$2 million. Table 8.5 shows the initial start-up costs for *Entrepreneur* magazine's top 20 franchisers. In addition, the franchisee pays the franchiser a monthly or annual fee based on a percentage of sales or profits. In return, the franchisee often receives building specifications and designs, site recommendations, management and accounting support, and, perhaps most importantly, immediate name recognition.

12. Theme. Marketing management Plan

1. MARKETING MANAGERS

2. MARKETING FUNCTIONS

Marketing managers-Managers who develop programs that provide information about the company's goods or services and encourage potential customers to purchase these.

finance managers-Managers concerned with the value of the organization's assets and various investment strategies that would increase net worth.

production and operations managers-Managers who schedule and monitor the work process that turns out the firm's goods and services.

Area of Management

We will discuss functional units, or areas of organization, in Chapter 3. For now we will refer to these functional areas in terms of jobs with similar technical content. Human resource management, marketing, and production could all be functional areas of one organization, and managers in each of these areas must gather information, make decisions, and implement programs that are appropriate for their area. For example, **human resource managers** are concerned with developing and carrying out systems that are used to make decisions about employees such as selection, training, and compensation. **Marketing managers** develop programs that provide information about the company's goods or services and encourage potential customers to purchase these. **Finance managers** are concerned with the value of the firm's assets and various investment strategies that would increase net worth. **Production and operations managers** schedule and monitor the work process that turns out the goods or services of the organization.

Although each of these managers engages in planning, organizing, leading, and controlling, these functions take different forms due to the different technical information among them. The human resource manager may plan an instructional program on sexual harassment, while a marketing manager may plan a national television sales campaign. Both programs are developed to provide information to others. However, how the two proceed and the activities that they perform are quite different.

The managers responsible for each of these products asked the division's marketing director for more support staff. Instead of assigning a few key staffers to each product group, the marketing director focused on her own priority: improving marketing department performance through a program of strategic planning and team building. Worried that an important opportunity was slipping away, the

product managers complained to the division's vice president who, in turn, assigned key marketing employees to the product groups. This action left the marketing director with only a skeletal staff.³

MARKETING FUNCTIONS

If production is to meet needs, two things are necessary. The first is that producers must know what to produce. And the second is that consumers must know what is being produced. Linking these two factors together is the task and responsibility of the marketing staff.

Marketing involves keeping producers aware of the needs of consumers and ensuring that their products are made available to consumers in the way and form they want.

There are some functions that marketing involves:

1. Market research. The object of market research is primarily to find out what the public wants. Market researchers should find out what consumers want and advise producers accordingly. They also recommend the standard of quality, style of packaging, choice of brand – name and general design of the products concerned.

2. Distribution. Products can be distributed to consumers in different ways. Some are best distributed through the manufacturer's own retail outlet, some through a network of wholesalers and retailers, others by direct mail-order.

3. Pricing. Marketing managers should always be in close touch with market conditions so that they can advise on the best price to charge for products.

4. Advertising. If customers don't know about new products, they will never buy them. Marketing managers are expected to know the best ways to advertise products. This involves choice of media (radio, television, press and boarding). It also involves knowing the best form of advertisement to be taken and the advertising slogan to be used.

5. Selling. This involves the skills of personal selling, together with display and presentation skills such as those involved in window displays, exhibitions, news releases, and product promotions.

13. Theme. Innovation management Plan

1. INNOVATION

2. ORGANIZING FOR INNOVATION

3. IMPLEMENTING DEVELOPMENT PROJECTS

Two Stanford business professors recently completed a study of 18 great companies. Impressed with all the companies, the authors still were able to choose one above them all that they believed would be the most successful over time. That company was 3M, and the reason is its extraordinary ability to innovate.¹⁹

Innovation is the introduction of new goods and services. Your firm must adapt to changes in consumer demands and to new sources of competition. Products

don't sell forever; in fact, they don't sell for nearly as long as they used to, because so many competitors are introducing so many new products all the time. Your firm must innovate, or it will die. Like the other sources of competitive advantage, innovation comes from people; it must be a goal; and it must be managed. You will learn how 3M and other companies innovate in later chapters.

Remember three key points about these sources of competitive advantage. First, they represent the crucial results that your firm, and you, must achieve. Second, each is directly affected by your decisions and actions and by the decisions and actions of others with whom you work. Third, it is *how you manage* that determines how well you and your people achieve competitive advantage and deliver the valued results. Because of the importance of focusing on the sources of competitive advantage, and because managers can easily and often lose sight of them, we will highlight them throughout the book.

ORGANIZING FOR INNOVATION

Organizing for innovation requires a balance between unleashing people's creative energies and capabilities and controlling the results to meet market needs in a timely manner.

UNLEASHING CREATIVITY

3M derives about one-third of its revenues from new products.²⁶ 3M, along with other companies such as Merck, Hewlett-Packard, and Rubbermaid, have well-established histories of producing many successful new technologies and products. What sets these and other continuous innovators apart? The one thing these companies have in common is an organization culture that encourages innovation.

Consider the 3M legend from the early 1920s of inventor Francis G. Okie. Okie dreamed up the idea of using sandpaper instead of razor blades for shaving. The aim was to reduce the risk of nicks and avoid sharp instruments. The idea failed, but rather than being punished for the failure, Okie was encouraged to champion other ideas, which included 3M's first blockbuster success: waterproof sandpaper. A culture that permits failure is crucial for fostering the creative thinking and risk taking required for innovation.

As strange as it may seem, *celebrating* failure can be vital to the innovation process.³⁷ Failure is the essence of learning, growing, and succeeding. Innovative companies have many balls in the air at all times, with many people trying many new ideas. A majority of the ideas will fail—but it is only through this process that the few big "hits" will emerge that make a company an innovative star.

3M uses the simple set of rules listed in Table 20.2 to help foster innovation. These rules can be—and are—copied by other companies. But 3M has an advantage in that it has followed these rules since its inception and ingrained them in its culture. This culture is shared and passed on in part through stories. One such legend is about the 3M engineer who was fired because he refused to stop working on a project that his boss thought was wasting resources. Despite being fired, the engineer came to work as usual, finished the project, and demonstrated the value of

his innovation. The engineer eventually was promoted to head a new division created to manufacture and market the innovation.

BUREAUCRACY BUSTING

Bureaucracy is an enemy of innovation. While bureaucracy is useful to maintain orderliness and gain efficiencies, it also can work directly against innovativeness. Developing radically different technologies requires a more fluid and flexible (organic) structure that does not restrict thought and action. However, such a structure can be chaotic and disruptive to normal operations. Consequently, companies often establish special temporary project structures that are isolated from the rest of the organization and allowed to operate under different rules. These units go by many names, including "skunkworks", "greenhouses," and "reserves."

In Japan, *angura* is an "underground research" policy that allows scientists to spend up to 20 percent of their time pursuing projects that only the immediate supervisor knows about.²⁸ When Apple developed the Macintosh, Steve Jobs took a small group of young engineers and programmers and set up operations apart from the remainder of the plant. They started from scratch, trying to completely rethink the personal computer. A pirate's flag was flown over their operation to demonstrate that they were not part of the regular bureaucratic operating structure and defied conventional rules. The result was a very successful new product. Other structural arrangements also facilitate innovation.²⁹ *Flat structures* reduce bureaucracy and allow flexibility and innovation. *Granting autonomy* to divisions, including giving them spending authority and other necessary resources, does the same. It is particularly important to break down differentiation based on functional area, as typified by the traditional, vertical hierarchy. Instead, the organization should create a *horizontal orientation* in which communications flow across functions. The best way to do this is to establish *cross-functional teams*. The aim should be to destroy the traditional boundaries between design, engineering, manufacturing/operations, purchasing, marketing, and other functions.

IMPLEMENTING DEVELOPMENT PROJECTS

A powerful tool for managing technology and innovations is the **development project**.¹⁰ A development project is a focused organizational effort to create a new product or process via technological advances. For example, in 1987 Eastman Kodak launched a development project to create the FunSaver Camera. The concept was simple: to package film in an inexpensive plastic camera body so that after the pictures were taken, the consumer could simply drop the whole assembly with a photo finisher. While the Fun Saver utilized existing design knowledge, it was developed on a unique computer-aided design and manufacturing (CAD/CAM) system. Two years earlier, Hewlett-Packard had initiated a development project of its own to design a new class of low-cost computer printers based on ink-jet technology. HP's Deskjet Printer was one of the company's first attempts to integrate manufacturing, marketing, and R&D. The development

project allowed the company to achieve an unprecedented advantage in both cost and speed.

In general, development projects fall into one of four categories: (1) *research or advanced development projects* designed to invent new science for application in a specific project; (2) *breakthrough development projects* designed to create the first generation of a product or process; (3) *platform development projects* that establish the basic architecture for a whole set of follow-on projects; and (4) *derivative development projects* that are narrower in scope and are designed to provide incremental improvements to an existing product or process.³¹ Development projects such as these typically feature a special cross-functional team that works together on an overall concept or idea. Like most cross-functional teams, their success depends on how well individuals work together to pursue a common vision. And in the case of development projects, teams must frequently interact with suppliers and customers—making the complexity of their task that much greater. Because of their urgency and strategic importance, most development projects are conducted under intense time and budget pressures, thus presenting a real-time test of the company's ability to innovate.

Managers should recognize that development projects have multiple benefits. Not only are they useful for creating new products and processes, but they frequently cultivate skills and knowledge that can be used for future endeavors. In other words, the capabilities that companies derive from a development project frequently can be turned into a source of competitive advantage. For example, in 1986 when Ford created a development project to design an air-conditioning compressor to outperform its Japanese rival, executives also discovered they had laid the foundation for new processes that Ford could use in future projects. Their new capability in integrated design and manufacturing helped Ford to reduce the costs and lead-times for other product developments. Thus, *organizational learning* had become an equally important criterion for evaluating the success of the project.

For development projects to achieve their fullest benefit, they should: build on core competencies ; have a guiding vision about what must be accomplished and why ; have a committed team ; instill a philosophy of continuous improvement; and generate integrated, coordinated efforts across all units.

Terminology

A.I.R.M.I.C. Association of Insurance and Risk Managers in Industry and Commerce

ABC inventory management - управление запасами типа ABC (система отслеживания и контроля товарно-материальных, которая предполагает разделение их на три категории по степени значимости или стоимости: А — высокая, В — средняя, С — низшая)

abdicate responsibility - слагать полномочия

able to meet competition - конкурентоспособный

absentee management - заочное управление (управление, осуществляемое менеджером без его ежедневного присутствия на работе)

absentee management system - система учета рабочего времени (система автоматического контроля за присутствием на работе)

abuse of office - должностное злоупотребление, злоупотребление служебным положением (использование служебного положения в личных интересах, вступающее в конфликт с профессиональными интересами и должностными обязанностями)

acceptance inspection - приемочный контроль (проверка предложенной к поставке партии изделий на соответствие установленным для данной продукции стандартам качества) to make [carry out] an acceptance inspection — проводить приемочный контроль to pass an acceptance inspection — пройти приемочный контроль

acceptance sampling plan - план выборочного (приемочного) контроля, план приемочного выборочного контроля (план проведения контроля качества партии товара, включающий определение размера проверяемой выборки, критериев приемки или неприемки, приемочного числа и т. п.)

acceptance theory of authority - теория восприятия, теория принятия власти (концепция Ч. Барнарда, утверждающая что персонал является реальным держателем власти в организации, так как он решает, подчиниться или нет распоряжениям сверху; обычно подчиненные с готовностью выполняют решения руководства лишь в том случае, если они понимают смысл этих распоряжений, хотят и способны их исполнить)

accident control - предупреждение несчастных случаев а) (система правил по обращению с чем-л. или поведения где-л., а также мероприятий, направленных на предотвращение несчастных случаев) an accident control program for motor vehicle fleets — программа предотвращения несчастных случаев при эксплуатации корпоративного автопарка

achievement motive - мотив достижения (стремление человека к успехам в различных видах деятельности; в основе лежат эмоциональные переживания, связанные с социальным принятием этих успехов) Individuals with an achievement motive want to set and acquire goals that involve their personal efforts. — Обладающие мотивом достижения люди предпочитают ставить и достигать цели, которые требуют использования их способностей.

acting director - (временно) исполняющий обязанности директора [руководителя]

acting manager - исполняющий обязанности руководителя (директора, управляющего, заведующего и т. д.)

action plan план - [программа] действий (перечень действий, которые планируется совершить для реализации какого-л. проекта или достижения какой-л. цели, напр. план маркетинговой деятельности)

adaptive control AC - адаптивное управление, адаптивный [гибкий] контроль (метод управления, при котором параметры контролирующей системы пересматриваются по мере изменения параметров управляемой системы)

adaptive control system - система адаптивного управления (система управления и контроля, позволяющая учитывать изменения ситуации и соответственно корректировать характеристики управляющей системы, например, корректировать поставленные цели в течение планового периода)

adaptive management адаптивное - [гибкое] управление (подход к управлению, в котором во главу угла ставится оперативность реакции на изменяющиеся условия внутренней и внешней среды)

adaptive planning - адаптивное планирование (система планирования, предусматривающая корректировку планов в случае изменения каких-л. параметров среды, в которой осуществляется планируемая деятельность)

adaptive structure - адаптивная [органическая, органистическая] структура

administration decision-making - административное принятие решений (процесс принятия обязательных к исполнению управленческих решений исключительно руководящим лицом без участия персонала)

administration leadership style - административный стиль руководства (характеризуется требованием четкого исполнения предписанных правил, инструкций, директив, а также исключением персонала из процесса принятия решений)

administration of guarantees - обслуживание гарантий, управление гарантиями

administrative activity - администрирование, административная деятельность (включает формирование и исполнение бюджета, делопроизводство, контроль за процедурами и т. д.)

administrative agency - правительственное агентство, административный орган

administrative approach to management - административный подход к управлению

administrative authority - административные полномочия, административная власть

administrative centralization - административная централизация

administrative control - административный контроль (методы и процедуры, основанные на административных полномочиях и используемые управляющими для регулирования труда своих подчиненных)

administrative director - исполнительный

administrative function - административная функция (функция управления, связанная с бюджетированием, документооборотом и другими видами деятельности, касающимися обеспечения работы организации как системы)

administrative manager - административный менеджер (осуществляет распорядительскую деятельность в рамках стратегических решений, принятых руководством)

administrative methods of management - административные методы управления (методы управления, основанные на использовании распоряжений, приказов, предписаний, норм, обязательных для выполнения управляемыми людьми и подсистемами)

administrative planning - административное планирование (планирование доходов, расходов, распределения ресурсов, отчетности и т. п., осуществляемое административным руководством организации)

administrative professional - офисный работник (обобщающее название для секретарей, офис-менеджеров, администраторов и т. п.)

Advanced Product Quality Planning APQP - перспективное планирование качества продукции (метод управления качеством, при котором существенное внимание уделяется обнаружению и исправлению дефектов до того, как продукция попадет к потребителю)

advertising agency manager - менеджер [директор] рекламного агентства (по DOT: относится к группе "специальности, связанные с менеджментом по продажам и распределению")

Advertising Management Occupations - специальности, связанные с рекламным менеджментом [менеджментом в области рекламы] (раздел 164 в "Словаре названий профессий"; включает в себя 4 профессии)

advertising, marketing, promotions, public relations, and sales managers - менеджеры по рекламе, маркетингу, продвижению, общественным связям и продажам (входят в раздел "управленческие профессии" в Системе стандартной классификации профессий (SOC))

advisory authority - рекомендательные полномочия (включают разработку и предложение административных решений, которые могут быть как приняты, так и отвергнуты линейным руководителем)

affirmative action plan - план компенсирующих действий (план действий компании по устранению существующей в этой организации дискриминации некоторых социальных групп при найме на работу)

after-the-fact control system - реактивная система управления (система контроля, согласно которой корректирующее воздействие осуществляется после завершения планового периода, когда отклонения станут очевидны; в этом случае изменения вносятся для того, чтобы исправить ситуацию в следующем плановом периоде)

agent of management - агент [субъект] управления (лицо, уполномоченное выполнять управленческие функции или выступать в роли представителя управляющего органа)

aggregate planning - укрупненное [агрегированное] планирование

alleged discriminatory official ADO - должностное лицо, подозреваемое в дискриминации (работник или руководитель, указанный в жалобе как лицо, совершившее или позволившее совершить дискриминационные действия, напр., при найме на работу)

alternate director - исполняющий обязанности директора (лицо, наделенное всеми полномочиями директора на время его отсутствия; в отличие от заместителя директора в период своего управления обладает всей полнотой власти)

American Management Association AMA - Американская ассоциация по совершенствованию методов управления

annual meeting of shareholders - ежегодное собрание акционеров

application management system - система управления внедрением (комплекс мероприятий (в том числе контрольных), направленных на эффективное введение инноваций на производстве, реализацию новых проектов)

approach to management - подход к управлению

assessment of management quality - оценка качества управления (процедура оценки профессионализма руководителя)

assistant manager - помощник [заместитель] руководителя

authoritarian management - авторитарное управление

authoritarian leadership style - авторитарный стиль руководства, авторитарное лидерство (характеризуется единоличным принятием решений, требующих беспрекословного исполнения)

authority-compliance management - властное управление (стиль управления, при котором руководитель большое внимание уделяет достижению поставленных целей и не заботится о подчиненных)

autocratic leadership style - автократичный [авторитарный] стиль руководства

autocratic management style - автократичный стиль управления (стиль управления, проявляющийся в единоличном принятии решений, игнорировании мнения подчиненных, формальном использовании властных полномочий и т. п.)

automated management - автоматизированное управление (осуществление ряда управленческих операций с помощью технических средств автоматически, т. е. без непосредственного участия человека)

automated production management - автоматизированное управление производством (комплексное управление производственным процессом, осуществляемое при помощи информационных систем управления)

backward planning - обратное планирование, планирование от цели

bank management - банковский менеджмент, управление банком (учебная дисциплина или практическая деятельность, связанная с управлением банком как организацией)

bargaining strategy - стратегия ведения переговоров (план достижения согласия между сторонами в рамках поставленных ими задач)

bargaining structure - система коллективных переговоров, структура системы коллективных переговоров

base staff - базовое количество персонала [сотрудников], основной состав (минимальное количество сотрудников, необходимое для достижения уровня обслуживания и соблюдения временных ограничений; используется при планировании работы центров обработки звонков)

basic solution - базисное решение, опорный план

behavioral approach to leadership - поведенческий подход к лидерству (теория, основанная на предположении, что лидерами не рождаются, а становятся; фокусируется на поведении лидеров, а не на том, кем являются лидеры)

behaviour management - управление поведением (деятельность преподавателей, направленная на поддержание определенного типа поведения учащихся)

behavioural autonomy - поведенческая автономия (способность человека самостоятельно принимать решения и действовать в соответствии с задуманным)

behavioural science approach to management - бихевиористский [поведенческий] подход (к управлению)

benefits manager - менеджер по оплате

benevolent leadership - благожелательное лидерство [руководство] (стиль руководства, основанный на жесткой иерархии, контроле, дисциплине, дистанции между менеджерами и работниками, при отеческом отношении менеджеров к работникам)

benevolent-authoritative - благожелательно-авторитарная

board of administration - руководящий [административный] совет (орган, создаваемый для координации распорядительской деятельности на предприятии, в международных организациях, в области государственного и муниципального управления)

board of directors - совет директоров

bottom management - нижний уровень управления (менеджеры, работающие непосредственно с рядовыми сотрудниками; реализуют решения руководства компании, в принятии которых чаще всего не участвуют)

bottom-up management - управление по принципу "снизу-вверх" (руководство предприятием с участием рабочих или рядовых сотрудников)

building manager - главный смотритель [комендант] здания ; управляющий зданием (осуществляет контроль за помещениями и зданием в целом, работы по тепло- и энергоснабжению и др.; руководит работой смотрителей, сторожей, заведующих хозяйством и т. д.)

bureaucracy - бюрократия (согласно М. Веберу: модель организации, основанная на формальных, обезличенных правилах (положительное свойство современного бессловного общества, в котором все равны перед законом), где продвижение возможно исключительно в силу квалификации; в этой модели присутствует детальная структуризации организации и четкое описание роли каждого ее элемента)

business administration - деловое администрирование

business management - управление коммерческими организациями (теоретическая дисциплина и практическая деятельность, связанная с управлением коммерческим предприятием; является одним из разделов общей теории управления организацией)

business planning - бизнес-планирование (составление бизнес-плана)

business strategy – 1) business policy 2) деловая стратегия (устойчивая линия поведения фирмы, нацеленная на реализацию долгосрочных интересов и определяющая направления развития фирмы)

business-manager - управляющий делами, коммерческий директор

career development - профессиональное развитие; организация и планирование карьеры

career management - карьерный менеджмент, управление карьерным ростом

centralization of management - централизация управления

centralized organization - централизованная организация

certified management consultant CMC - дипломированный консультант по управлению

chairman of the board - председатель совета директоров [правления]

change management - управление изменениями

change of management - изменение администрации

charismatic leadership - харизматичное лидерство , лидерство, основанное на харизме

classical approach to management - классический подход к управлению

classical organization theory - классическая организационная теория

classical school of management - классическая школа менеджмента

co-management - совместное [смешанное] управление, совместный контроль

command structure - командная структура (управления)

complacent management - самоуспокоенный менеджмент

complex management environment - сложная управленческая среда

conflict management - управление конфликтами

construction management - управление строительством; строительный менеджмент

contingency approach to management - ситуационный подход к управлению [лидерству]

contract management - управление контрактами, управление контрактом

control over management - контроль за управлением

corporate management - управление корпорацией, корпоративный менеджмент

crisis management - антикризисное управление

data processing manager - менеджер по обработке данных

database management - управление базами данных

database management system - система управления базами данных

day-to-day management - повседневное руководство; оперативное управление

decentralization of management - децентрализация управления

delivery management - управление поставками

democratic leader - демократичный лидер (привлекающий большинство членов коллектива к процессу принятия решений)

democratic leadership style - демократичный стиль руководства

democratic management style - демократичный стиль управления

departmental organization - организационная структура департамента [отдела, подразделения] (порядок устройства отдела учреждения или департамента (управления))

deputy administrator - заместитель руководителя

design manager - менеджер по дизайну, дизайн-менеджер

detective control - выявляющий контроль

direct control - прямой [полный] контроль; прямое [непосредственное] управление [регулирование] (возможность непосредственно и зачастую единолично влиять на контролируемую систему, процесс и т. д.)

economic mismanagement - неэкономичное управление; бесхозяйственность (получение недостаточно высоких результатов управления при серьезных затратах)

employee motivation - мотивация работников [труда]

enterprise resource planning system ERP system, ERP - система планирования бизнес-ресурсов, ERP-система

entrepreneurial manager - предприимчивый руководитель

facilities management - техническое управление, управление оборудованием [техникой, эксплуатацией оборудования]

facilities management company - служба технического управления

factory management - 1) управление заводом [фабрикой] (как вид деятельности) 2) руководство [правление] завода [фабрики] (руководители и управляющие заводом)

factory services manager - управляющий вспомогательными службами

functional authority - функциональные полномочия (право принимать самостоятельные решения, если они относятся к определенной функциональной области)

functional management - функциональное управление

functional structure (линейно-)функциональная структура

fund management - 1) = money management 2) , управление фондом (распоряжение средствами фонда)

general management - общее руководство, общее управление

general manager - генеральный директор [менеджер] (главный менеджер организации, подчиняется только совету директоров)

hands-off - management style пассивный стиль управления (характеризуется бессистемностью в применении методов и механизмов управления, отсутствием четких планов, отсутствием системы контроля и т. п.)

human resource management HRM - управление трудовыми ресурсами (направление менеджмента, базовой идеей которого является повышение производительности посредством создания благоприятных условий для деятельности сотрудников организации)

human resources records - management кадровый учет (ведение документации, связанной с наймом, продвижением, поощрением и увольнением сотрудников)

impooverished management - потерянное управление (стиль управления, при котором управляющий теряет контроль как за ходом выполнения задач, так и за поддержанием хороших отношений с подчиненными и сохранения благоприятной психологической атмосферы в коллективе)

impression management - управление впечатлением (приемы, позволяющие человеку корректировать впечатление, производимое на окружающих людей; исследование управления впечатлением берет свое начало от работы И. Гоффмана "Представление себя другим", 1959 г.)

incumbent management - действующее руководство (лица, находящиеся на данный момент у власти, т. е. на высших должностях организации)

industrial management - управление промышленностью (организация и поддержка деятельности промышленного производства)

industrial organization manager - руководитель промышленного предприятия

industrial production managers - производственные менеджеры

information management - управление информацией [потоками информации]

innovation management - управление инновациями (направление стратегического менеджмента, занимающееся управлением разработкой и производством новых товаров и услуг)

integrated management system IMS - интегрированная система управления

interface management - управление [руководство] взаимодействием (между взаимозависимыми объектами управления (напр. двумя организациями, подразделениями, фазами производства и т. п.))

international management - международный менеджмент

job management - организация труда (деятельность менеджера по созданию наилучших условий для эффективного труда каждого работника и персонала в целом)

joint managing director - содиректор (разделяет полномочия исполнительного директора)

joint venture administration JV administration - правление совместного предприятия

junior manager - младший менеджер , младший администратор, помощник управляющего

Labor-Management Relations Act - закон о регулировании трудовых отношений

labour of management - управленческий труд

labour-management relations - производственные отношения (отношения между руководством организации и ее работниками в лице профсоюзов)

level of management - уровень управления (положение в иерархии управления, определяемое набором функций, полномочий, обязанностей менеджера)

line management - линейное управление, линейное руководство, линейная система управления

management activity - управленческая деятельность

management and administration - менеджмент и администрирование

management by commitment - управление по обязательствам

management by consensus - консенсусное управление

management by walking around MBWA - управление [менеджмент] методом хождения , управление путем личных встреч , управление через общение с коллективом , управление "из среды подчиненных"

management capabilities - управленческие способности

management occupations - управленческие профессии (раздел в Системе стандартной классификации профессий (SOC))

management potential analysis - анализ потенциала управления; оценка потенциала управленческого персонала

management science approach - подход с точки зрения науки управления

management theory - теория управления (совокупность научных положений, описывающих общие закономерности в управлении)

managerial skills - управленческая квалификация; управленческие способности; компетентность в управлении

metamanagement - метауправление, метаменеджмент (приемы руководства управленческими процессами)

middle of the road management - сбалансированное [гармоничное] управление

office and management personnel - административно-управленческий персонал [аппарат] (менеджеры и обслуживающие их работу сотрудники)

office manager - администратор, офис-менеджер

operations management - управление операциями

operations specialties managers - операционные менеджеры (по SOC: занимаются управлением внутрифирменными процессами; входят в раздел "управленческие профессии")

operative management - оперативное управление (управление предприятием, учреждением без получения права собственности, т. е. с определенными ограничениями по владению и распоряжению его имуществом, решению стратегических вопросов)

organization department - структурное подразделение, подразделение организации

organizational leadership - руководство [управление] организацией

organizational structure - организационная структура, структура организации (система отделов и подразделений, из которых состоит организация, и административно-финансовые отношения между ними)

overall management - общее управление; общее руководство (деятельность по установлению наиболее выгодных взаимосвязей всех элементов управляемой системы и обеспечению эффективности ее работы в целом)

owner-manager - собственник-распорядитель (собственник предприятия, осуществляющий функции управляющего)

personal motivation - личностная мотивация, личный мотив, мотив личного характера

personnel administration - подбор и расстановка кадров, кадровое управление

personnel management - управление персоналом

productivity of management - продуктивность управления, производительность управления (измеряется динамикой производительности/продуктивности организации в целом)

professional management - профессиональное управление (управление, осуществляемое в соответствии с основными положениями теории управления и соответствующее лучшим стандартам качества в этой профессии)

project management - проектный менеджмент, управление проектом

promotion manager - менеджер по продвижению (по DOT: специалист (относится к группе "Специальности, связанные с менеджментом по продажам и распределению"), занимающийся планированием и управлением политикой продаж)

psychology of management - психология управления (отрасль психологии, изучающая психологические закономерности управленческой деятельности)

purchasing manager - менеджер по закупкам; заведующий [управляющий] отделом закупок

qualification structure - квалификационная структура (иерархия ступеней квалификации, т. е. соотношение квалификационных показателей (уровня образования, стажа и др.) специалистов отдела, организации, отрасли, социально-профессиональной группы и т. п.)

quality management - управление качеством

research management - 1) руководство [управление] исследованиями (научными) 2) руководство исследовательских работ (управленческий персонал, начальство)

safety manager - менеджер по безопасности (

sales-force management - управление торговым персоналом (совокупность принципов, методов и форм отбора, обучения и мотивации торгового персонала фирмы)

self-assessment of management quality - самооценка качества управления

self-management - 1) = self-administration 2) , самоуправление (форма промышленной демократии, при которой работники выступают одновременно субъектами управления и производства)

shift boss - начальник [старший, бригадир] смены, сменный мастер (лицо, контролирующее действия работников и несущее ответственность за работу цеха, производственной линии и т. д. в течение рабочей смены)

situational management - ситуационное управление [лидерство, руководство]

social management - социальный менеджмент управление социальным обслуживанием, организация социального обслуживания (организация мероприятий по оказанию социальных услуг; также академическая дисциплина)

staff management - штабное управление [руководство]

technology management - технологический менеджмент, менеджмент технологий

top management - высшее руководство, высшая администрация, высший уровень управления

vice-manager - вице-управляющий, вице-менеджер, вице-руководитель; помощник [заместитель] руководителя

**The questions of final control work from subject “Management”
Version № 1**

- 1. Management and manager's job** (management, manager, organization, levels of management, leader)
- 2. The types of classification of functions** (the general and specific functions, personnel administration & industrial relations functions, functions according to the degree of authority)
- 3. Managing conflict** (conflict, employee assistance programs, cultural differences, particular method)
- 4. Characteristics of Useful Information** (accurate information, timely information, complete information, relevant information)

Executed: Ibragimov I

**The questions of final control work from subject “Management”
Version № 2**

- 1. The importance of human resource management** (human resource management, social significance, professional significance, individual enterprise, effective motivation)
- 2. Barriers to rational decision making** (lack of goal consensus, problems in monitoring the environment, bounded discretion, noisy environments)
- 3. Types of Management** (business management, personnel management, human resource management, risk management, investment management)
- 4. Costs of stress** (health problems, absenteeism and turnover, performance problems, burnout)

Executed: Ibragimov I

**The questions of final control work from subject “Management”
Version № 3**

- 1. Human resource management** (human resources, potential of human resources, recruited, compensated, developed, motivated, human resource managers)
- 2. The importance of information in decision making** (information, decision making, quality of the information, managerial functions)
- 3. Basic management models and theories** (motivation and leadership, [Classical Management Theory](#), [Human Relations Theory](#), [Neo-Human Relations Theory](#), [System Theory](#))
- 4. Types of leadership behavior** (directive, supportive, participative, achievement-oriented leadership)

Executed: Ibragimov I

**The questions of final control work from subject “Management”
Version № 4**

- 1. The decision making process** (identifying the problem, evaluating the alternatives, selecting the best alternative, evaluating the decision)
- 2. Classical Management Theory** (management theory, [Henri Fayol](#), emphasis on structure, mechanics of organizations)
- 3. Types of leadership** (leader, leadership style, autocratic, democratic, liberal)

4. Controlling and motivation (determine the behavior, reason, direct people's, desire or willingness, instance of motivating)

Executed:

Ibragimov I

The questions of final control work from subject "Management"
Version № 5

- 1. Types of Management functions** (planning, organizing, conforming, controlling and motivation)
- 2. How organizations actually make decisions?** (Satisficing, sequential consideration of alternatives, performance programs, expert development, nominal group technique)
- 3. Stages and levels of conflict** (conflict, latent conflict, perceived conflict, felt conflict, manifest conflict, intrapersonal conflicts, interpersonal conflict)
- 4. Management and manager's job** (management, manager, organization, levels of management, leader)

Executed:

Ibragimov I

The questions of final control work from subject "Management"
Version № 6

- 1. Stress in organizations.** (stress, general adaptation syndrome, physical threat, physical response, communication)
- 2. The Role of Information in Management** (Information, data, unorganized facts, statistics, opinions, making decisions - planning)
- 3. Planning and organizing** (alternative plans, allocating resources, duties and responsibilities, coordinate the activities)
- 4. How organizations actually make decisions?** (Satisfying, sequential consideration of alternatives, performance programs, expert development, nominal group technique)

Executed:

Ibragimov I

The questions of final control work from subject "Management"
Version № 7

- 1. Management information system (MIS)** (system, projected data, internal and external sources, information systems)
- 2. The nature of conflict** (conflict, values, goals, needs are incompatible, intrapersonal conflict, resource scarcity)
- 3. Communication** (information, transmission, communication process, oral communication, written communication, encoding, transmitting, and receiving/decoding)
- 4. Types of managerial decisions** (decision, decision making, problem, programmed decisions, nonprogrammed decision)

Executed:

Ibragimov I

The questions of final control work from subject "Management"
Version № 8

- 1. The types of classification of functions** (the general and specific functions, personnel

administration & industrial relations functions, functions according to the degree of authority)

2. Types of Management functions (planning, organizing, conforming, controlling and motivation)

3. Stress in organizations. (stress, general adaptation syndrome, physical threat, physical response, communication)

4. The Role of Information in Management (Information, data, unorganized facts, statistics, opinions, making decisions - planning)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 9

1. Stages and levels of conflict (conflict, latent conflict, perceived conflict, felt conflict, manifest conflict, intrapersonal conflicts, interpersonal conflict)

2. Management and manager's job (management, manager, organization, levels of management, leader)

3. Barriers to rational decision making (lack of goal consensus, problems in monitoring the environment, bounded discretion, noisy environments)

4. Types of Management (business management, personnel management, human resource management, risk management, investment management)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 10

1. The importance of information in decision making (information, decision making, quality of the information, managerial functions)

2. Basic management models and theories (motivation and leadership, [Classical Management Theory](#), [Human Relations Theory](#), [Neo-Human Relations Theory](#), [System Theory](#))

3. Types of Management functions (planning, organizing, conforming, controlling and motivation)

4. Stress in organizations. (stress, general adaptation syndrome, physical threat, physical response, communication)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 11

1. Stress in organizations. (stress, general adaptation syndrome, physical threat, physical response, communication)

2. Management information system (MIS) (system, projected data, internal and external sources, information systems)

3. The nature of conflict (conflict, values, goals, needs are incompatible, intrapersonal conflict, resource scarcity)

4. How organizations actually make decisions? (Satisfying, sequential consideration of alternatives, performance programs, expert development, nominal group technique)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 12

- 1. The Role of Information in Management** (Information, data, unorganized facts, statistics, opinions, making decisions - planning)
- 2. Planning and organizing** (alternative plans, allocating resources, duties and responsibilities, coordinate the activities)
- 3. Communication** (information, transmission, communication process, oral communication, written communication, encoding, transmitting, and receiving/decoding)
- 4. Types of managerial decisions** (decision, decision making, problem, programmed decisions, nonprogrammed decision)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 13

- 1. The types of classification of functions** (the general and specific functions, personnel administration & industrial relations functions, functions according to the degree of authority)
- 2. Communication** (information, transmission, communication process, oral communication, written communication, encoding, transmitting, and receiving/decoding)
- 3. Stages and levels of conflict** (conflict, latent conflict, perceived conflict, felt conflict, manifest conflict, intrapersonal conflicts, interpersonal conflict)
- 4. Barriers to rational decision making** (lack of goal consensus, problems in monitoring the environment, bounded discretion, noisy environments)

Executed:

Ibragimov I

The questions of final control work from subject “Management”

Version № 14

- 1. Management and manager's job** (management, manager, organization, levels of management, leader)
- 2. Types of Management** (business management, personnel management, human resource management, risk management, investment management)
- 3. Stress in organizations.** (stress, general adaptation syndrome, physical threat, physical response, communication)
- 4. The Role of Information in Management** (Information, data, unorganized facts, statistics, opinions, making decisions - planning)

Executed:

Ibragimov I

Midterm Exam

1. Management and manager's job (management, manager, organization, levels of management, leader)
2. Basic management models and theories (motivation and leadership, [Classical Management Theory](#), [Human Relations Theory](#), [Neo-Human Relations Theory](#), [System Theory](#))
3. Types of Management (business management, personnel management, human resource management, risk management, investment management)
4. Classical Management Theory (management theory, [Henri Fayol](#), emphasis on structure, mechanics of organizations)
5. Types of Management functions (planning, organizing, conforming, controlling and motivation)
6. Planning and organizing (alternative plans, allocating resources, duties and responsibilities, coordinate the activities)
7. Controlling and motivation (determine the behavior, reason, direct people's, desire or willingness, instance of motivating)
8. Types of leadership (leader, leadership style, autocratic, democratic, liberal)
9. Types of leadership behavior (directive, supportive, participative, achievement-oriented leadership)
10. Types of managerial decisions (decision, decision making, problem, programmed decisions, nonprogrammed decision)
11. The decision making process (identifying the problem, evaluating the alternatives, selecting the best alternative, evaluating the decision)
12. How organizations actually make decisions? (Satisficing, sequential consideration of alternatives, performance programs, expert development, nominal group technique)
13. Barriers to rational decision making (lack of goal consensus, problems in monitoring the environment, bounded discretion, noisy environments)
14. The Role of Information in Management (Information, data, unorganized facts, statistics, opinions, making decisions - planning)
15. Characteristics of Useful Information (accurate information, timely information, complete information, relevant information)
16. Management information system (MIS) (system, projected data, internal and external sources, information systems)
17. The importance of information in decision making (information, decision making, quality of the information, managerial functions)
18. Communication (information, transmission, communication process, oral communication, written communication, encoding, transmitting, and receiving/decoding)
19. The nature of conflict (conflict, values, goals, needs are incompatible, intrapersonal conflict, resource scarcity)
20. Stages and levels of conflict (conflict, latent conflict, perceived conflict, felt conflict, manifest conflict, intrapersonal conflicts, interpersonal conflict)
21. Managing conflict (conflict, employee assistance programs, cultural differences, particular method)
22. Stress in organizations. (stress, general adaptation syndrome, physical threat, physical response, communication)
23. Costs of stress (health problems, absenteeism and turnover, performance problems, burnout)
24. Human resource management (human resources, potential of human resources, recruited, compensated, developed, motivated, human resource managers)
25. The importance of human resource management (human resource management, social significance, professional significance, individual enterprise, effective motivation)
26. This types of classification of functions (the general and specific functions, personnel administration & industrial relations functions, functions according to the degree of authority)

1. ARE YOU AN EFFECTIVE COMMUNICATOR?

Mark "T" for "true" or "F" for "false" next to each of the following statements.

- ____ 1. When speaking with people who are not specialists in my field, I avoid using jargon.
- ____ 2. If I am angry, I wait until I calm down to discuss something.
- ____ 3. I don't worry about nonverbal messages I convey; I expect people to rely on my words.
- ____ 4. I don't like to deliver bad news to people because I am afraid of how they will react.
- ____ 5. When warning someone about the serious consequences of their actions, I smile so that they will feel comfortable.
- ____ 6. When describing a complicated event or process, I try to keep my language simple.
- ____ 7. When explaining to my employer why I have to leave work early today, I will tell her
I understand she is short of staff and will do what I can to help out in other ways.
- ____ 8. When talking on the phone, I give the other person a chance to respond to my comments before changing the subject.
- ____ 9. When I receive a letter or memo from someone, I try to respond as soon as possible.
- ____ 10. I speak to someone in person whenever possible because I don't believe written communications are very effective.

2. DO YOU PREFER CERTAIN, RISKY, OR UNCERTAIN DECISION-MAKING CONDITIONS?

Mark "T" for true or "F" for false next to each of the following decisions.

- ____ 1. I get my hair cut at Judy's Salon every month because I know it will always be cut the same way.
- ____ 2. I know that if I hire the job candidate who has a master's degree in engineering, she'll have the knowledge to do the job.
- ____ 3. With the growing consumer market in China, I think we have a chance to sell our products there.
- ____ 4. This new computer is expensive, but I estimate that we will generate enough business to cover the cost in just four months.
- ____ 5. Both auto shops are reliable and say they can repair my car tomorrow, but the first one says they can do it for \$25 less. So I'll take my car to the first one.
- ____ 6. If we don't jump into the service sector of our market, we may miss a golden opportunity.
- ____ 7. Pete always gets to the office by 8:30 AM, so I'll call him there at 8:45.
- ____ 8. If I buy one health-insurance policy, I'll pay less money in premiums but a higher deductible; if I buy another policy, my premiums will be high and deductible lower. Since I'm generally healthy, I'll buy the first policy.

_____ 9. We think that switching to environmentally responsible packaging will appeal to our customers, even though the packaging is not as attractive.

_____ 10. One hardware store opens at 7:00 AM and another at 9:00 AM. Only the second store carries the brand of batteries I prefer. I don't need them first thing in the morning, so I'll wait until the second store opens.

3. Complete these sentences

- **Management** is –

- The duties of a manager include

- Managers are involved in four main functions...

- Motivation - a reason or reasons for...

- Autocratic manager, that person

- We know three types of leadership....

- Leadership is the process of

- A decision is a choice

- Decision making

- Information -

- Characteristics of useful Information....

- Conflict a perception that.....

4. Инглиз тилига таржима қилинг.

- Бошқарув усуллари ва унинг турлари –

- Менежмент тамойиллари –

- Менежмент фанининг мақсади ва предмети -

- Хулқ-атвори бошқариш –

- Менежмент мактаблари; илмий менежмент, маъмурий менежмент, инсон муносабатлари мактаби, тизимли ёндашув –

- Бошқарувни номарказлаштириш –

- Расмий ва норасмий лидерлик –

- Қарор қабул қилиш босқичлари –

- Низони келтириб чиқарувчи омилар -

The duties of a manager include making sure company objectives are met and seeing that the business operates efficiently.

Motivation - a reason or reasons for acting or behaving in a particular way

Autocratic manager, that person will basically tell their employees what to do.

Leadership is the process of inspiring and empowering others to voluntarily commit themselves to achieving the leader's vision.

A **decision** is a choice made from alternative courses of action in order to deal with a problem.

Decision making the process of choosing among alternative courses of action to resolve a problem.

Information - Data that are relevant for a specific purpose

Conflict a perception that values, goals, or needs are incompatible.

Themes for the INDEPENDENT WORK

Conflict Management

Ethical Management

Management and Information Technology

Managing Generation X'ers

Motivation and Rewarding Employees

Situational Leadership Strategies

Empowering Employees

Human Resource Management

Managing International Project Teams

MBO (Management by Objectives)

Poor vs. Good Management Strategies

Teams and Teamwork Dynamics

Planning in the organization

Strategic planning process

SWOT analysis

Factors outside the organization

Action/implementation plan

Managerial Functions

Objectives of Human Resources Management

Management of Men is a Challenging job.

Importance of Human Resources Management

Control in the organization

Good vs. bad bosses

Motivation Theories and Concepts

Leading in the organization

Literature

1. Management basics. Susa Quin. 2010.
2. Management of organizations. Patrick M. Wright Raymond A. Noe 2011
3. Successful Project Management, 4th Edition by Jack Gido & James Clements (Book reviews by R. Max Wideman), 2009
4. Managing for Quality in Higher Education: A Systems Perspective © 2012 Ben A. Maguad, Ph.D. & Robert M. Krone
5. English for Bankers, Brokers, Managers and Market Specialists. Kovtun L.G. 2010
6. Developing Measurement Systems for Managing in the Knowledge Era. Bassi, L & McMurrer, D 2005,
7. 'Trust in Leadership: Meta- Analytic Findings and Implications for Research and Practice. Dirks, KT & Ferrin, DL 2002,
8. Management: Tasks, Responsibilities, Practices, Harper & Row, New York. Drucker, P 1994
9. Menedjment asoslari. Sharifxo'jaev M. Abdullaev Yo. T. 2002 yil
10. Korxonalarda boshqaruv faoliyatining asoslari. Toshniezov M. T. 1996 yil
11. Ma'muriy menejment. A. To'xtabaev, T. 2003 yil
12. M. Sharifxo'jaev, Abdullaev Yo. Menejment. Darslik. T. «O'qituvchi», 2002 yil.
13. Basakov M.I. Menedjment. Uchebnoe posobie. – M.: 2010.
14. Ivankov A.E., Ivankova M.A. Menedjment. Uchebnoe posobie. M.: 2010.
15. Razu M.L. Menedjment. Uchebnoe posobie. M.: 2010.