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SBU 101 **FUNDAMENTALS OF** **BUSINESS I**

CHAPTER FIVE


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TOPIC MANAGEMENT AND ORGANIZATIONS



Meaning of Management

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 Management is defined as the process of planning, organising, leading and controlling efforts of organisational resources to achieve stated organisational goals.

 Fayol (1948) defined management as forecasting and planning to organise, command, coordinate and control.

 Drucker (1968) defined management as the systematic organisation of economic resources.



Objective of Management

 The three basic objectives of management are:

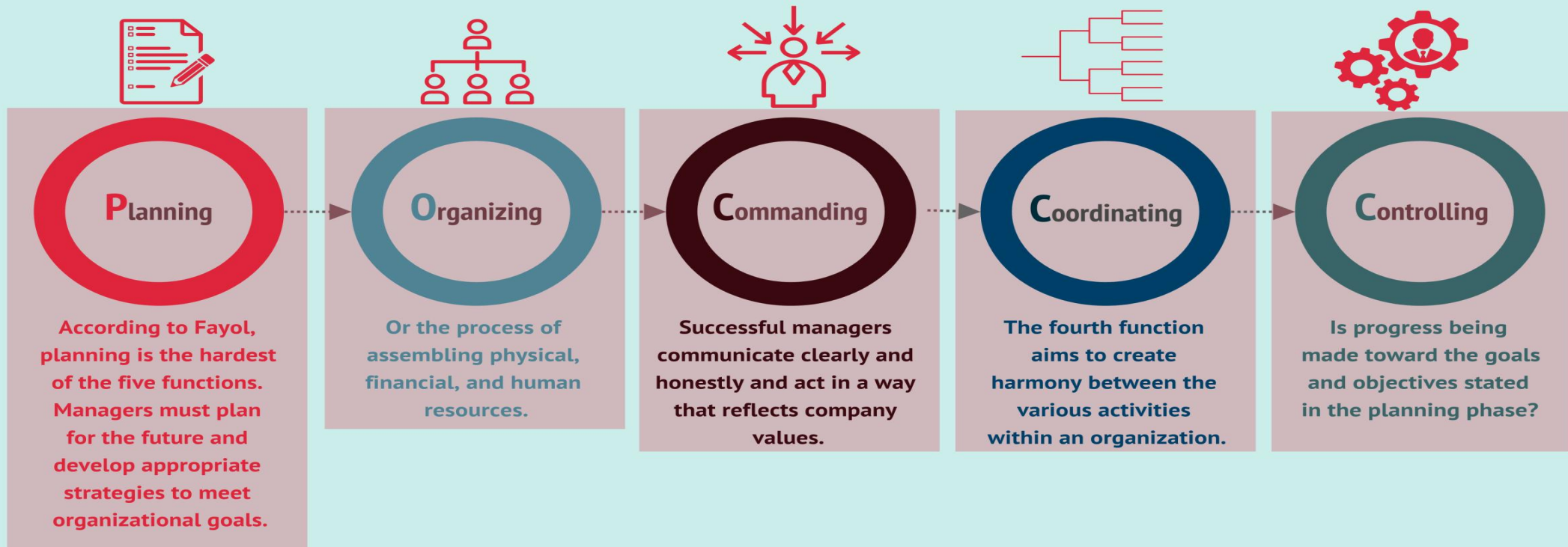
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- to ensure the achievement of organisational goals with the best use of scarce resources
- safeguard the health, welfare and safety of employees
- maintain the assets (including human resources) of the organisation in the best way.



The Five Functions of Management In A Nutshell

The Five Functions of Management was first described by Henri Fayol in his 1916 book *Administration Industrielle et Generale*. The Five Functions of Management is a general theory of business administration. It argues that management is comprised of five general functions: planning, organizing, staffing, leading, and controlling.



Functions of Management

 The four basic functions of management are discussed below:


- Planning:
 - systematically making decisions about goals and activities
 - the overall organisation will pursue in the future.
- Organising:
 - creating a structure of relationships
 - enable employees to carry out management plans and meet their objectives.
- Leading/Directing:
 - communicating with and motivating others to perform tasks
- Controlling:
 - measuring progress
 - comparing it with the planned
 - taking corrective action.

Functions of Management

 Other major elements of the management process include:

- Staffing: The staffing function involves the recruitment, selection, placement, training, development, appraisal and compensation of the members of the firm.
- Coordination: The process of building an organisational performance through the glueing together of active pieces or efforts by different organisational actors.

Managers

 A manager is someone who allocates human and material resources, directing the operations of a department or an entire organisation.

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Managers can also be classified as functional or general

Functional Managers

These are managers who supervise employees having skills in a single area of operation, such as accounting, personnel, payroll, finance, marketing or production.

General Managers

General managers oversee the operations of larger units, such as companies or divisions, and typically supervise functional managers. By definition, top and middle-level managers are categorised as general managers.



Management Styles: A Breakdown

Managers can be categorised based on their **level** within the organisational hierarchy or according to their **functional area** of specialisation.

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Managerial Levels

Top-level managers

These executives set the strategic direction for the entire organization, responsible for making decisions about the overall mission, goals, and policies.

Middle-level managers

These managers oversee the work of lower-level managers and are responsible for implementing the strategic goals set by top management.

First-line managers

These managers are responsible for the day-to-day operations of a specific work unit and are responsible for supervising the work of employees.



Type of Managers

Type per Functional Areas of Specialisation

1. **Human resource managers.** Responsible for and focused on recruiting, training, and managing employee relations within firms.
2. **Operations managers.** Oversee production processes, quality control, and supply chain management in organisations.
3. **Marketing managers.** Responsible for market research, product promotion, and customer engagement.
4. **Financial managers.** Handle budgeting, financial planning, and resource allocation.
5. **Information technology (IT) managers.** Often handle system maintenance, manage technology infrastructure, and data security of organisations.



Managerial Roles

Mintzberg Managerial Roles




Managerial Roles

Interpersonal roles of managers :

- Leadership Role: This is an interpersonal role that managers play when they direct and coordinate the activities of subordinates to accomplish organisational objectives.
- Figurehead Role: In the figurehead role, the manager represents the organisation at ceremonial functions.
- Liaison Role: This is the interpersonal role played by managers when they deal with people outside the organisation.

Managerial Roles

 **Informational Roles:** It establishes the manager as the central focus for receiving and sending non-routine information.

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- Monitor Role: It involves seeking, receiving and screening information.
- Disseminator Role: The manager shares information with subordinates and other members of the organisation.
- Spokesperson Role: The manager provides others with information regarding the official position of the organisation on some matters.



Managerial Roles

Decisional Roles:

- Negotiator Role: It is played by managers when they meet with individuals or groups to discuss differences and reach some conclusions.
- Resource Allocator: The manager must endeavour to divide the organisation's resources among those who demand them to avoid conflict.
- Disturbance Handler: This is played by managers when they deal with problems and changes beyond their immediate control.
- Entrepreneurial Role: The manager can recognise problems and opportunities and initiate the necessary actions that will move the organisation in the desired direction.

Managerial Skills

Management at different levels needs to be endowed with some basic managerial skills to perform their functions effectively and efficiently

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Managerial Skills

 Skills are abilities related to performance that are not necessarily inborn. Managerial skills may include:

- **Technical Skills:** It is the ability to perform a specialised task that involves a certain knowledge, method, process, procedure, and technique in a specialised field.

Managerial Skills



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Interpersonal Skills:

These include the ability to lead, motivate, manage conflict, and work with others

Conceptual and Decisional Skills:

These involve the manager's ability to recognise complex and dynamic issues, examine the numerous and conflicting factors that influence these issues or problems



Managerial Skills

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🏰 **Communication Skills:** The ability to send and receive information, thoughts, feelings, and attitudes.

🏰 **Critical Thinking Skills:** This is the careful consideration of the implications of all known aspects of a problem, of all known elements of a problem



Leadership vs Management

Leadership

- 🏰 A leader's job is to decide where the team they are leading is heading.
- 🏰 They will set the ultimate aim, objective, and goals for the team.
- 🏰 They will then inspire and motivate the team to achieve the objectives set

Management


- 🏰 A manager's job is to set how the team will achieve the objectives the leader sets.
- 🏰 They will overcome problems the team encounters and decide how to deal with complexity.



Organizational Effectiveness

 Organisational effectiveness refers to the extent to which an organisation can achieve its goals and objectives efficiently and with high performance.

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 It involves assessing and optimising various aspects of an organisation to enhance its overall productivity, performance, and ability to meet its intended outcomes.

 Organisational effectiveness is a multifaceted concept that encompasses several key components:




Organisational Effectiveness Component

Strategic Alignment:

 Ensuring that the organisation's goals, mission, and strategies are well-defined, clearly communicated, and aligned with each other

Leadership and Management:

 Leaders and managers must provide clear direction, motivate employees, and create a positive work culture that fosters productivity and innovation.



Organisational Effectiveness Component

Efficient Operations:

Streamlining internal processes and workflows to reduce waste, optimise resources, and improve


Employee Engagement and Satisfaction:

Ensuring that employees are motivated, satisfied, and engaged in their work.




Organisational Effectiveness Component

Communication:

 It ensures that everyone within the organisation is well-informed and aligned with its objectives.


Innovation and Adaptability:

 Encouraging a culture of innovation and adaptability that allows the organisation to respond to changing market conditions and seize new opportunities.




Organisational Effectiveness Component

Customer Focus:


 Organisations should have a customer-centric approach to provide value to their customers or clients.

Financial Performance:


 This includes managing budgets, controlling costs, and generating revenue.

Organisational Effectiveness Component


Quality Assurance:

 Ensuring that products or services meet or exceed quality standards.


Measurement and Evaluation:

 Regularly measuring and evaluating performance through key performance indicators (KPIs) and metrics.

Departmentalisation

 **Departmentalisation** means grouping activities and people into departments, which allows organisations to expand organisations, at least in theory.

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 **Departmentalisation** refers to the formal structure of the organisation, composed of various departments and managerial positions and their relationships with each other.



Types of Departmentalization

Functional

Product Dept.

Marketing Dept.

Finance Dept.

HR Dept.

Geographic

EMEA Dept.

APAC Dept.

North America
Dept.

Latin America
Dept.

Product

Health Dept.

Beauty Dept.

Food Dept.

Baby Care
Dept.

Customer

Retail Dept.

Wholesale Dept.

Government
Contracts Dept.

Online Sales
Dept.

Process


Raw Materials
Collection Dept.

Raw Materials
Processing Dept.

Packaging Dept.

Shipping Dept.

Types of Departmentalization

 An organisation's structure and design are shaped significantly by the departmentalisation. Some of the departmentalisations are:

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- **Functional Departmentalisation groups jobs** involving the same or similar activities. It allows the organisation to staff all important positions with functional experts and facilitates coordination and integration.



Types of Departmentalisation

- **Departmentalisation by Territory:** This method is followed where; unless local conditions appear to offer advantages, such as low cost of operation and opportunities to capitalise on attractive local conditions as they arise.
- **Customer departmentalisation is when** the organisation's activities are ready to respond to and interact with specific customers or customer groups.




Types of Departmentalization


- **Matrix departmentalisation:** It attempts to combine functional and task force (project) departmentalisation designs to improve the synchronisation of multiple components for a single activity (i.e., a moon launch), to improve the economics of scale, and to better serve the customer and company.
- **Planning Task Force:** The planning task force is most often formed when the organisation requires addressing special circumstances.



Centralisation and Decentralisation

 **A centralised organisation** is where authority is systematically kept at the top level of the organisation. A highly centralised organisation is one in which little authority is exercised outside a key group of senior managers.

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 **Decentralisation** is a process in which authority is systematically delegated to lower levels in the organisation. A highly decentralised organisation is one in which the authority to organise men, materials, machines, and money is widely diffused throughout all levels.



Merits of Centralised Structure

- Senior managers enjoy greater control over the organisation.
- The use of standardised procedures can result in cost savings.
- Decisions can be made to benefit the organisation as a whole.
- The organisation can benefit from the decision-making of experienced senior managers.




Merits of Decentralised Structure

 Senior managers have time to concentrate on the most important decisions.

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 Decision-making is a form of empowerment.

 People lower down the chain have a greater understanding of the environment they work in and the people that they interact with.

 Empowerment will enable departments and their employees to respond faster to changes and new challenges.



Delegation

Effective Task Delegation



- Delegation (also called deputation) is the assignment of authority and responsibility to another person (normally from a manager to a subordinate) to carry out specific activities.
- Delegation is a skill of which we have all heard - but which few understand.
- It can be used either as an excuse for dumping failure onto the shoulders of subordinates or as a dynamic tool for motivating and training your team to realise their full potential.



How to Delegate in an Effective Manner

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How to delegate successfully



Successful delegation requires the following:

- Include your team members in the delegation process, as they can provide certain new ideas or suggestions to help in this process.
- You have to match the amount of authority with the amount of responsibility.
- Provide adequate support to your group to let them accomplish their task.
- Focus on results, analyse and assess their skills daily to understand whether the work delegated is accomplished properly and which person is best suited for which work.



Benefits of Delegation

 There are several benefits derived from delegation. They include:

- **Time management.** Delegation allows managers to focus on higher-level responsibilities by distributing tasks to others, enabling better prioritisation and use of time.
- **Employee development.** By assigning challenging tasks, employees gain experience, develop new skills, and build confidence, preparing them for greater responsibilities
- **And improved efficiency.** Assigning tasks to the right people based on their strengths ensures that work is completed faster and with better quality
- **And increased productivity.** Delegating tasks ensures that more work is accomplished in less time by leveraging the combined efforts of a team's
- **Innovation and creativity.** Involving team members in tasks and decisions encourages diverse ideas and innovative approaches to problem-solving



Costs of Delegation

 Despite the benefits, the delegation has its drawbacks and these include:


- Loss of Control
- Time-Consuming Process
- Miscommunication
- Miscommunication
- Accountability Issues
- Risk of Poor Outcomes

STEPS IN DELEGATION

Steps for Successful Delegation



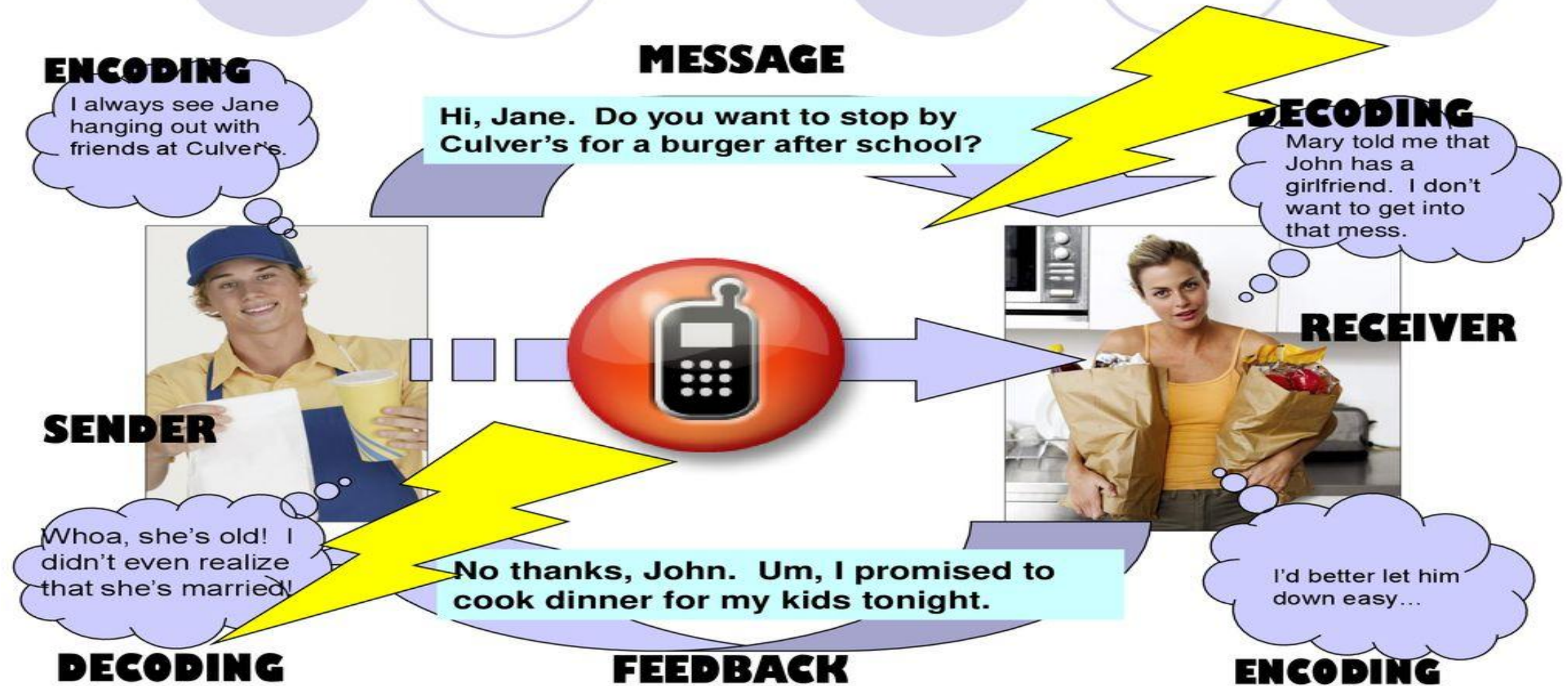
Communication

 It is any process by which people exchange information using the transmission of symbolic messages to reach a common understanding.

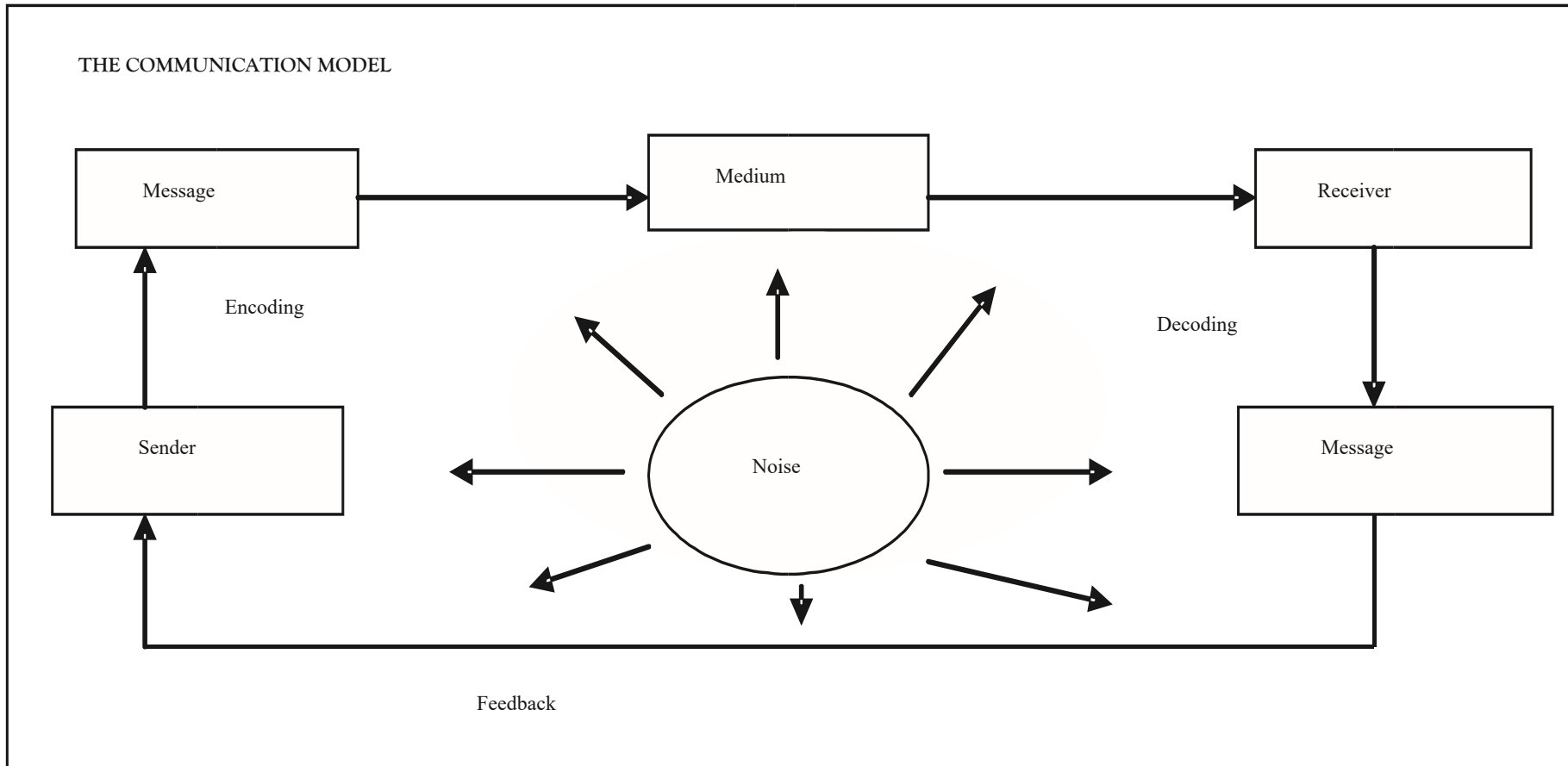
 The role of communication in the firm includes

- Decision-making
- Organising
- Providing feedback
- Promoting interpersonal relationships
- Exchange of information.

The Communication Process




The Communication Process




Methods of Communication

Three identified methods of communication can be identified within the organisation:

 **Upward communication**, which originates from lower levels to higher levels in the organisation

 **Downward communication** flows from the superior to subordinates and is used by those up the organisational ladder in giving job instructions to those lower the hierarchy

 **Horizontal/lateral communication** takes place between people of the same level in the organisation and is used by its tactical staff in exchange of information. A blend of oral, written and non-verbal channels is used in the firm.



Barriers to Effective Communication

Certain organisational bottlenecks tend to impede the successful execution of communication in the firm. Some of these include:

- **Filtering of Information:** This occurs when information is modified or withheld as it passes through different levels in an organization, often to align with personal interests or organizational hierarchy.
- **Interferences in Communication Gadgets:** This refers to disruptions or technical issues in devices such as phones, computers, or radios that hinder effective communication.
- **Selective Perception:** This happens when individuals interpret messages based on their personal beliefs, experiences, or expectations rather than the actual content.




Barriers to Effective Communication

- **Emotional Attachment:** Strong emotions can cloud judgment and affect how messages are conveyed or received, leading to biased communication.
- **Language Differences:** Variations in language, dialects, or vocabulary can create misunderstandings and barriers in effective communication.
- **The Use and Misdirection of Nonverbal Cues:** Body language, facial expressions, or gestures can sometimes be misinterpreted or intentionally used to mislead, affecting the clarity of communication.



Suggestions for Effective Communication

 To overcome these barriers and make communication effective, the firm would need to consider the following suggestions:

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- The firm would have to put in place procedures and processes of exchanging both formal and informal information.
- Feedback systems should be used to check the accuracy of what has been communicated.



Organisational Culture

Organisational culture is the collection of beliefs, values and methods of interaction that create the environment of an organization.

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Organisational Culture

 Companies can express organisational culture in different ways:

- How a company or business does its work and treats employees and customers
- How much latitude employees are given to make decisions
- How information is conveyed to employees and customers
- Employee commitment toward providing a good product or service



Types of Organisational Culture

Clan culture:

- People are friendly, responsible and respectful.
- Companies often encourage employees to view leaders as mentors.
- These companies emphasise employee involvement and team building.

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Adhocracy culture:

- Companies maintain an innovative, dynamic and creative work environment.
- These workplaces encourage employees to experiment and test new ideas.
- The company views its leaders as calculated risk-takers.



Types of Organizational Culture

Market culture:


- An organisation with market culture values accomplishes tasks quickly and efficiently.
- These organisations often use competition to motivate both leaders and employees.
- In a market culture, people focus their work on contributing to defined goals.

Hierarchy culture:

- The workplace closely adheres to strict institutional procedures in a hierarchy culture.
- Leaders in these organisations strongly encourage employees to correctly follow all procedures.
- These kinds of organisations value efficiency and uniformity in their pursuit of results.



Tips for identifying company culture

-  Some ways you can discover information about company culture are:
- Have informational interviews with current employees.
 - Reach out to customers, partners and others connected with an organisation.
 - Look at the company's social media posts, videos or other facets of its online presence to develop a sense of what it deems important.

**DON'T STOP WHEN
YOU'RE TIRED.
STOP WHEN YOU'RE
DONE.**

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