ESSENTIALS OF MANAGEMENT

HUM 3022
EOM

COURSE OUTCOMES

At the end of this course the student must be

CO

HUM 3022 EOM

COURSE SYLLABUS

By the end of the semester, we will be

HUM 3022
EOM

COURSE ASSESSMENT

During the semester, we will be

1
2
3
4

ASSIGNMENT [TERM PROJECT]

- Each group consists of 5 members
- Each group is assigned a Fortune 500 COMPANY as a Topic
- Each member of the group selects one managerial function to work on the COMPANY ASSIGNED
- Managerial functions to pick – PLANNING, ORGANIZING, STAFFING, LEADING & CONTROLLING

There will be two part of evaluation for this term project

5 MARKS for the REPORT

5 MARKS for the PRESENTATION

[more instructions and guidelines will be shared shortly]

VERY IMPORTANT

As a Department Policy, there won’t be any remedial classes or extra classes engaged at the end of the semester for those falling short of 75% attendance.

It is essential that you MANAGE YOUR ATTENDANCE…

CHAPTER 1

BASIS OF MANAGEMENT THEORY AND PRACTICE

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BASIS OF MANAGEMENT THEORY AND PRACTICE

Introduction to Business
Classification of Industries
Importance of management for an engineer
Manager – Definition & classification
managers and administrators
Systems Approach to Management
Functions of Managers
3 Managerial Skills
14 Principles of Management by Henri Fayol
Mintzberg's 10 roles played by managers

External Environment
Social Responsibility of managers
Ethics in managing – an integrated approach
Trust as the Basis for Change Management
International Business

BUSINESS

A business is an organization that strives for a profit by providing goods and services desired by its customers.

Businesses meet the needs of consumers by providing medical care, autos, and countless other goods and services.

Goods are tangible items manufactured by businesses, such as laptops.

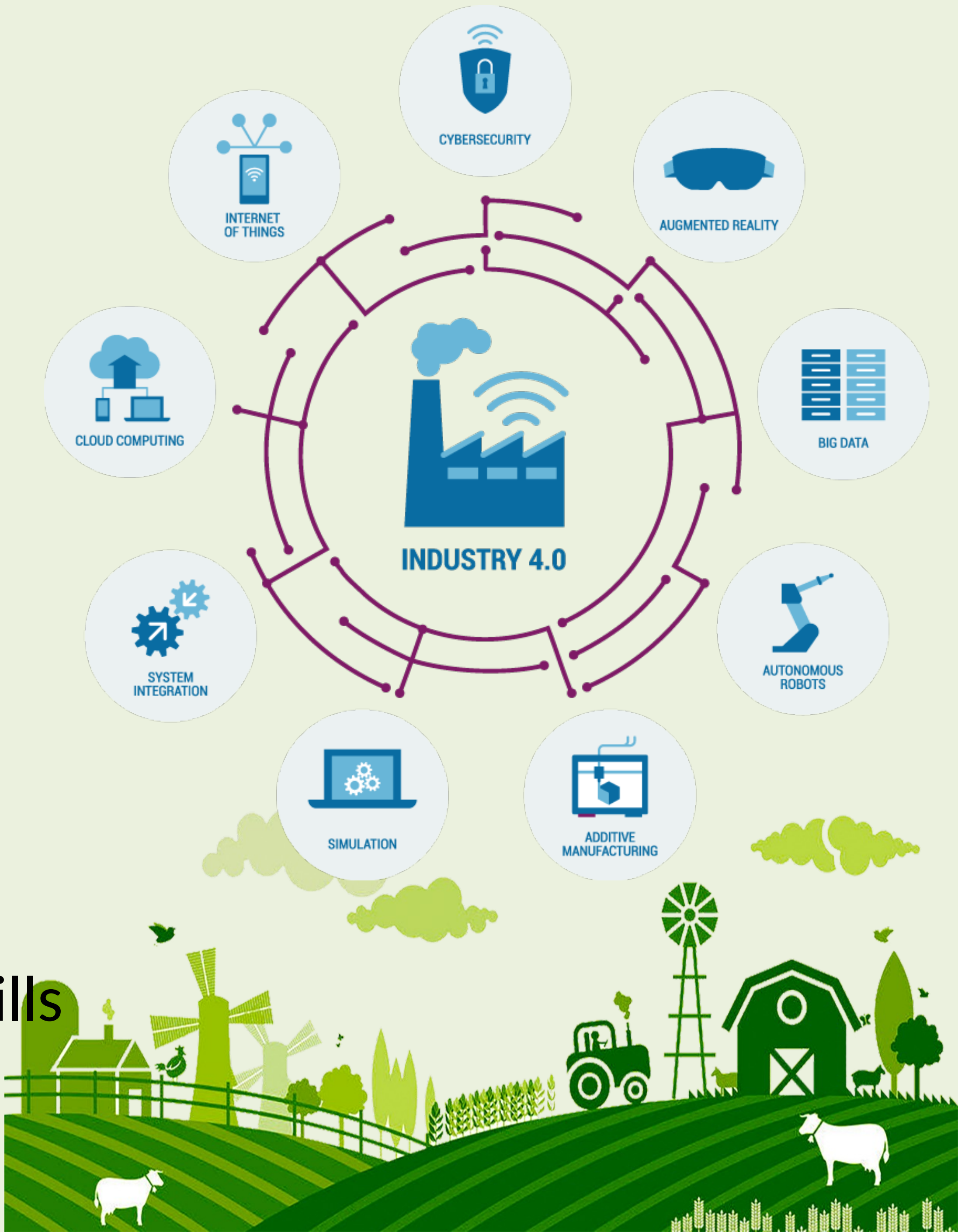
Services are intangible offerings of businesses that can't be held, touched, or stored.

INDUSTRY

Industry refers to economic activities, which relate to conversion of resources into useful goods.

Industry is concerned with the production or processing of goods and materials as well as breeding and raising of animals.

The term industry is also used for activities in which mechanical appliances and technical skills are involved.



INDUSTRY Vs BUSINESS

An **industry** refers to a group of companies or organizations that produce similar goods or services.

It represents a specific sector of the economy. Industries are characterized by the type of products or services they offer, and the activities involved in their production.

Example:
Automotive industry
Technology industry

A **business**, on the other hand, refers to an individual company or organization engaged in commercial activities.

It is an entity that operates within a specific industry and aims to generate profits by offering products or services to customers.

Example:
Tesla
Apple

How can industrial activity be classified?

There are many different types of industry.

We can classify industry into FOUR main categories:

PRIMARY

These industries extract raw materials directly from the earth or sea.

SECONDARY

These industries process and manufacture products from raw materials.

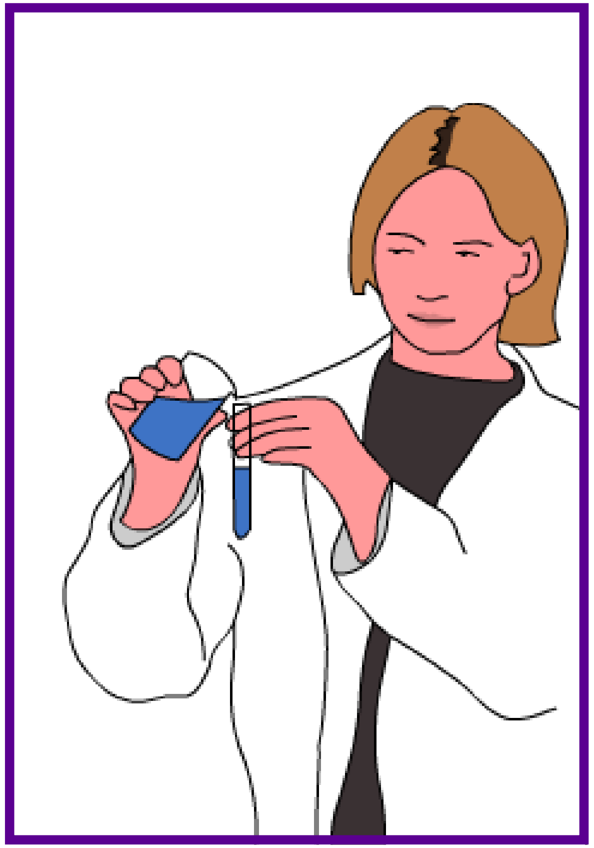
TERTIARY

These industries provide a service.

QUATERNARY INDUSTRIES

?

What is a quaternary industry?



These industries incorporate a high degree of research and technology in their processes and employ highly qualified people.

Biotechnology and computer programming are examples of quaternary industries.

Classification of industry

Are these industries primary, secondary or tertiary?

Industry	Primary	Secondary	Tertiary
Car manufacturing		✓	
Retailing			✓
Coal-mining	✓		
Iron and steel industry	✓		
Teaching			✓
Farming	✓		
Fishing	✓		
Dentistry			✓

Listen to this case and you need to decide on which team will you join? And why?

SNE
HA

JOH
N

Importance of Management for an Engineer

MANAGERS

Managers are individuals in an organization who direct the activities of others.

So before we can identify who managers are and what they do, we need to define what an organization is:

"a deliberate arrangement of people brought together to accomplish some specific purpose"

MANAGERS

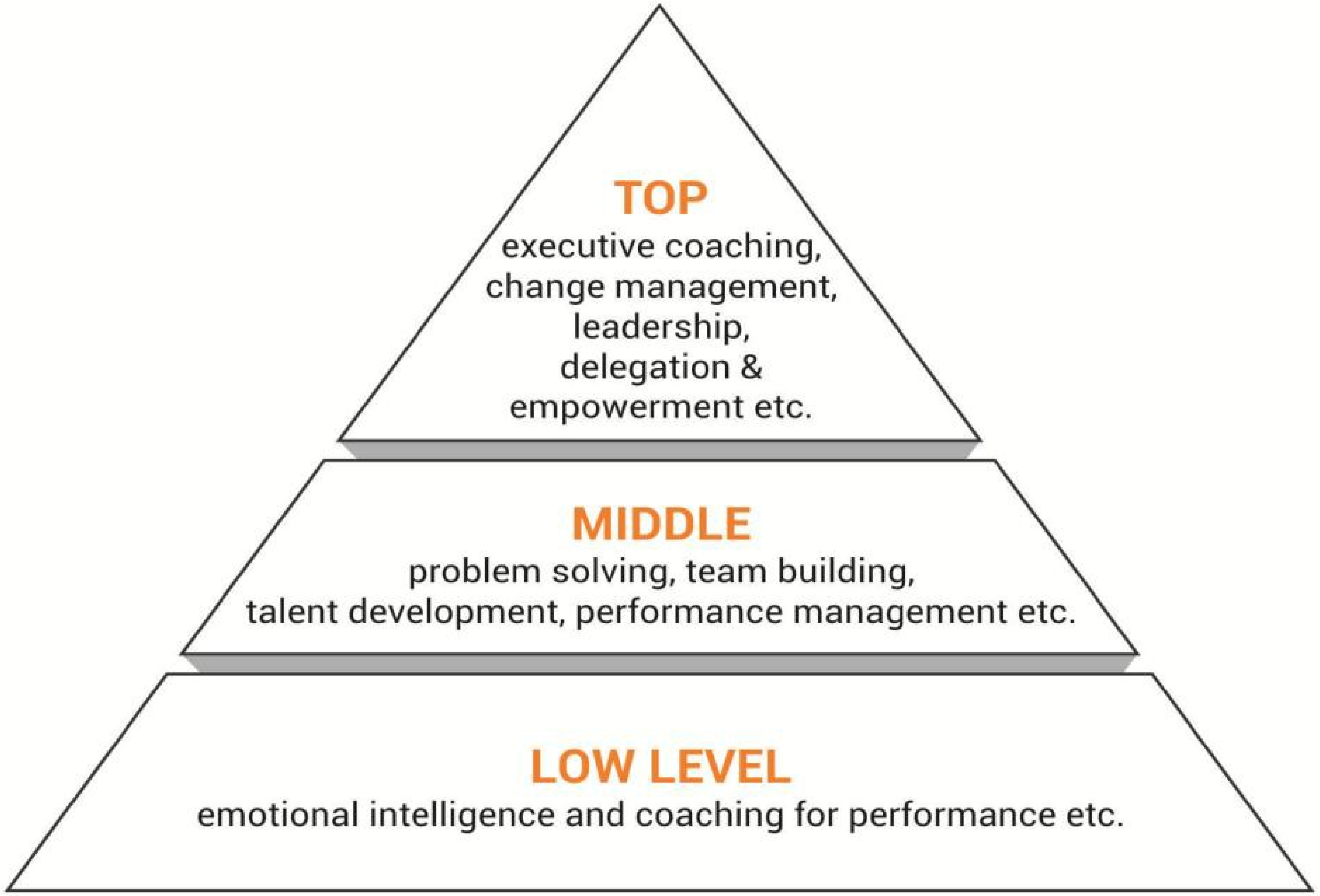
A manager is an individual responsible for planning, organizing, leading, and controlling resources and activities within an organization to achieve specific goals.

Managers play a crucial role in ensuring that their team or department operates efficiently and effectively, aligning with the overall objectives of the organization.

Types of Managers

LEVELS OF MANAGEMENT

The levels of management can be classified in three broad categories:



MANAGERIAL SKILLS

Guess the management Level from the skills shown

Conceptual

Human

Technical

BOTTO

Conceptual

Human

Technical

TO

Conceptual

Human

Technical

MIDD

FUNCTIONS OF MANAGERS

FUNCTIONS OF MANAGERS

Planning

Planning involves selecting missions and objectives as well as the actions to achieve them; it requires decision-making, which is choosing future courses of action from among alternatives.

FUNCTIONS OF MANAGERS

Organize

Organizing is that part of managing which involves establishing an intentional structure of roles for people to fill in an organization.

It is intentional in the sense of making sure that all the tasks necessary to accomplish goals are assigned and, it is assigned to people who can do them best.

FUNCTIONS OF MANAGERS

Staffing

Staffing involves filling and keeping filled the positions in the organization structure.

This is done by identifying workforce requirements; inventorying the people available; and recruiting, selecting, placing, promoting, appraising, compensating, and training so that tasks are accomplished effectively and efficiently.

FUNCTIONS OF MANAGERS

Leading

Leading is influencing people so that they will contribute to organizational and group goals; it has to do predominantly with the interpersonal aspect of managing.

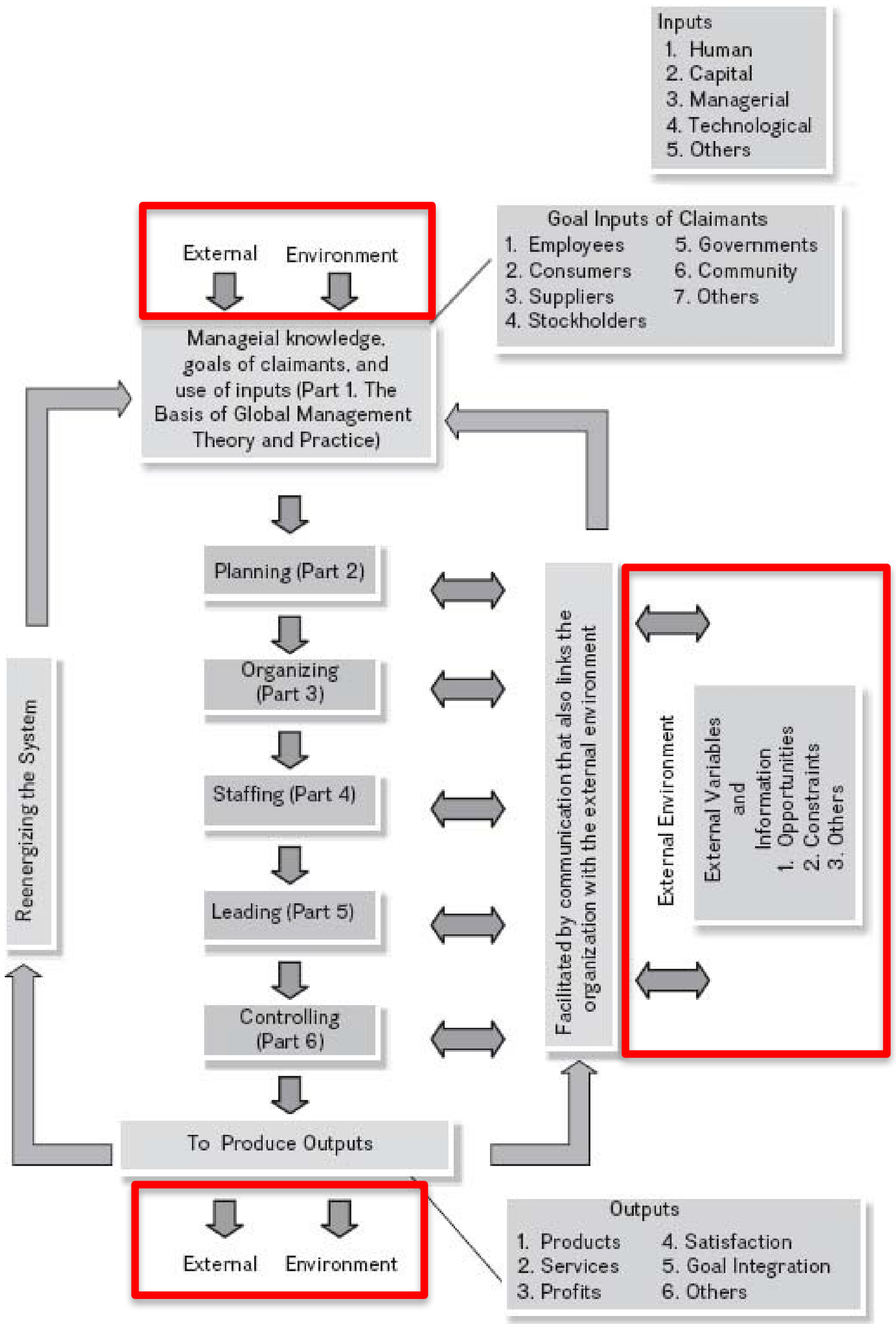
Since leadership implies followership, and people tend to follow those who offer means of satisfying their own needs, wishes, and desires, it is understandable that leading involves motivation, leadership styles and approaches, and communication.

Controlling

Controlling is measuring and correcting individual and organizational performance to ensure that events conform to plans. It involves measuring performance against goals and plans, showing where deviations from standards exist, and helping to correct deviations from standards.

In short, controlling facilitates the accomplishment of plans. Although planning must precede controlling, plans are not self-achieving.

SYSTEMS APPROACH TO MANAGEMENT



SYSTEMS APPROACH TO MANAGEMENT

- Organization is an open system
- Dependent on its external environment for inputs
- Various inputs are transformed through the managerial functions
- Communication is essential to all phases
- Some of the outputs become inputs again

YOUR READING

Systems Approach to Management

An organization consists of many sub-systems. All the sub-systems are mutually related to each other. The sub-parts should be studied in their inter-relationships rather than in isolation from each other.

The organization provides a boundary, which separates it from other systems. It determines which parts are internal and which parts are external. The organization is responsive to environmental effects. It is vulnerable to the changes in the environment.

An organization is a system consisting of many interrelated and interdependent parts or sub-systems. These elements are arranged orderly according to some scheme such that this is more than the sum of the parts.

YOUR READING

Systems Approach to Management

As a system an organization draws inputs (energy, information, materials, finance etc.) from its environment, it transforms these inputs and returns the output back into the environment in the form of goods and services.

Every system is a part of a super system.

Organization is an open system and it interacts with its environment. It is also a dynamic system as the equilibrium in it is always changing. Management is expected to regulate and adjust the system to secure better performance. Management is multidisciplinary as it draws and integrates knowledge from various disciplines.

HENRI FAYOL'S 14 PRINCIPLES
of management

Henry Fayol, also known as the **Father of Modern Management Theory**, gave a new perception on the concept of management. He introduced a general theory that can be applied to all levels of management and every department.

He envisioned maximizing managerial efficiency. Today, Fayol's theory is practiced by the management to organize and regulate the internal activities

HENRI FAYOL'S 14 PRINCIPLES of Management

A PRINCIPLE REFERS TO A FUNDAMENTAL TRUTH.

It establishes **cause and effect relationship** between two or more variables under given situation. They **serve as a guide** to thought & actions.

Therefore, management principles are the statements of fundamental truth based on logic which provides guidelines for managerial decision making and actions.

These principles are derived on the basis of

- observation and analysis i.e. practical experience of managers
- by conducting experimental studies.

HENRI FAYOL’S 14 PRINCIPLES

1. Division of LABOR
2. AUTHORITY & RESPONSIBILITY

Watch the clip and identify the principles used from HENRY FAYOL’s LIST

14. Centralization & De-Centralization

HENRI FAYOL'S 14 PRINCIPLES of Management

1

Division of Labor

- Henry Fayol has stressed on the **specialization of jobs**.
- He recommended that work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.
- **Subdivision of work makes it simpler and results in efficiency**.
- It also helps the individual in **acquiring speed & accuracy in his/her performance.**
- Specialization leads to efficiency & economy in spheres of business.

HENRI FAYOL'S 14 PRINCIPLES of Management

2

Authority & Responsibility

- Authority & responsibility are co-existing.
- If authority is given to a person, he should also be made responsible and vice versa.
- **Authority refers to the right of superiors to get exactness from their sub-ordinates whereas responsibility means obligation for the performance of the job assigned.**
- They must go hand in hand.
- Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective.

Compliant means disposed to agree or obey rules, in accordance with rules or standards

HENRI FAYOL'S 14 PRINCIPLES of Management

3

Unity of command (Principle of One Boss)

- A sub-ordinate should receive orders and be accountable to one and only one boss at a time.
- In other words, a sub-ordinate should not receive instructions from more than one person because:
  - It undermines authority
  - Weakens discipline
  - Divides loyalty
  - Creates confusion
  - Delays and chaos
  - Escaping responsibilities
  - Duplication of work
  - Overlapping of efforts
- Therefore, dual sub-ordination should be avoided unless and until it is absolutely essential.
- Unity of command provides the enterprise a disciplined, stable & orderly existence.
- It creates harmonious relationship between superiors and sub-ordinates.

HENRI FAYOL'S 14 PRINCIPLES of Management

4

Unity of Direction

- Fayol advocates **ONE HEAD-ONE PLAN** which means that there should be one plan for a group of activities having similar objectives.
- Related activities should be grouped together. There should be one plan of action for them and they should be under the charge of a particular manager.
- According to this principle, efforts of all the members of the organization should be **directed towards common goal**.
- Without unity of direction, unity of action cannot be achieved.
- In fact, **unity of command is not possible without unity of direction**.

HENRI FAYOL'S 14 PRINCIPLES of Management

4

Basis	UNITY OF COMMAND	UNITY OF DIRECTION
Meaning	It implies that a sub-ordinate should receive orders & instructions from only one boss.	It means one head, one plan for a group of activities having similar objectives.
Nature	It is related to the functioning of personnel's.	It is related to the functioning of departments, or organization as a whole.
Necessity	It is necessary for fixing responsibility of each subordinates.	It is necessary for sound organization.
Advantage	It avoids conflicts, confusion & chaos.	It avoids duplication of efforts and wastage of resources.
Result	It leads to better superior sub-ordinate relationship.	It leads to smooth running of the enterprise.

HENRI FAYOL'S 14 PRINCIPLES of Management

5

Equity

- Equity means combination of fairness, kindness & justice.
- It implies that managers **SHOULD BE FAIR AND IMPARTIAL** while dealing with the subordinates.
- Equity is **essential to create and maintain cordial relations** between the managers and sub-ordinate.
- But equity does not mean total absence of harshness.
- Fayol was of opinion that, "at times force and harshness might become necessary for the sake of equity".

HENRI FAYOL'S 14 PRINCIPLES of Management

6

Order

- This principle is concerned with **proper & systematic arrangement of things and people**.
- Arrangement of things is called **MATERIAL ORDER** and placement of people is called **SOCIAL ORDER**.

Social order - Selection and appointment of most suitable person on the suitable job. There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises.

Material order - There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.

5 S

5S is a workplace organization method that uses a list of five Japanese words

Japanese 5S's	English Translation	American 5S Standard
Seiri (整理)	Put Things in Order	Sort
Seiton (整頓)	Proper Arrangement	Straighten, Set in Order, Simplify
Seiso (清掃)	Clean	Shine, Scrub, Sweep
Seiketsu (清潔)	Purity	Standardize
Shitsuke (躾)	Commitment	Sustain, Discipline

HENRI FAYOL'S 14 PRINCIPLES of Management

7

Discipline

- "Discipline means **sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise**".
- This principle applies that subordinate should respect their superiors and obey their order.
- Discipline is not only required on the part of subordinates but also on the part of management.
- Discipline can be enforced if
  - There are good superiors at all levels.
  - There are clear & fair agreements with workers.
  - Sanctions (punishments) are judiciously applied.

HENRI FAYOL'S 14 PRINCIPLES of Management

8

Initiative

- Workers should be encouraged to take initiative in the work assigned to them. It means **eagerness to initiate actions without being asked to do so**.
- Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences & new method of work.
- It helps in developing **an atmosphere of trust and understanding** as people then enjoy working in the organization because it adds to their zeal and energy.
- They can be encouraged with the help of monetary & non-monetary incentives.

HENRI FAYOL'S 14 PRINCIPLES of Management

9

Fair Remuneration

- The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory & rewarding of the efforts.
- As far as possible it should accord satisfaction to both employer and the employees.
- Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc.
- Fayol also recommended provision of other benefits such as free education, medical & residential facilities to workers.

HENRI FAYOL'S 14 PRINCIPLES of Management

10

Stability of Tenure

- Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- According to Fayol "Time is required for an employee to get used to a new work & succeed in doing it well but if he is removed before that he will not be able to render worthwhile services". As a result, the time, effort and money spent on training the worker will go waste.

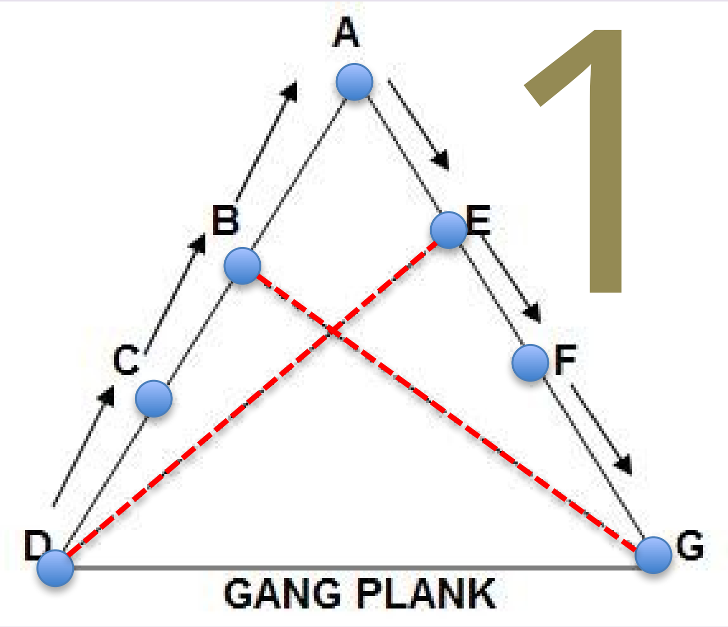
Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.

HENRI FAYOL’S 14 PRINCIPLES of Management

11

Scalar Chain

- Fayol defines scalar chain as ’The chain of superiors ranging from the ultimate authority to the lowest”.
- Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.
- But, for the sake of convenience & urgency, this path can be cut short and this short cut is known as Gang Plank.
- A **Gang Plank** is a temporary arrangement between two different points to facilitate quick & easy communication.



Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be molded and modified as per the requirements of situations

HENRI FAYOL’S 14 PRINCIPLES of Management

12

Sub-Ordination of Individual Interest to General Interest

- An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.
- As far as possible, reconciliation should be achieved between individual and group interests.
- But in case of conflict, individual must sacrifice for bigger interests.
- In order to achieve this attitude, it is essential that
  - Employees should be honest & sincere.
  - Proper & regular supervision of work.
  - Reconciliation of mutual differences and clashes by mutual agreement.

Reconciliation means settlement, understanding, resolution or even sometimes compromise

HENRI FAYOL'S 14 PRINCIPLES of Management

1

Esprit De' Corps **(can be achieved through unity of command)**

esprit de corps

/ɛˌspriː də ˈkɔː/

noun

a feeling of pride and mutual loyalty shared by the members of a group.

"they developed some esprit de corps through athletics competitions"

HENRI FAYOL'S 14 PRINCIPLES of Management

13

- To inculcate Esprit De' Corps following steps should be undertaken -
  - There should be **proper co-ordination of work** at all levels
  - Subordinates should be **encouraged to develop informal relations** among themselves.
  - Efforts should be made to **create enthusiasm and keenness among subordinates** so that they can work to the maximum ability.
  - Efficient employees **should be rewarded** and those who are not up to the mark should be given a chance to improve their performance.
  - Subordinates should be made conscious of that **whatever they are doing is of great importance** to the business & society.
- He also cautioned against the excessive use of **Britain communication** with the subordinates rather he suggests a more face to face communication should be developed. The managers should infuse team spirit & belongingness. There should be no place for misunderstanding. People then enjoy working in the organization & offer their best towards the organization.

HENRI FAYOL'S 14 PRINCIPLES of Management

14

Centralization & De-Centralization

- Centralization means concentration of authority at the top level. In other words, centralization is a situation in which **top management retains most of the decision making authority**.

- Decentralization means disposal of decision making authority to all the levels of the organization. In other words, sharing authority downwards is decentralization.

HENRI FAYOL'S 14 PRINCIPLES of Management

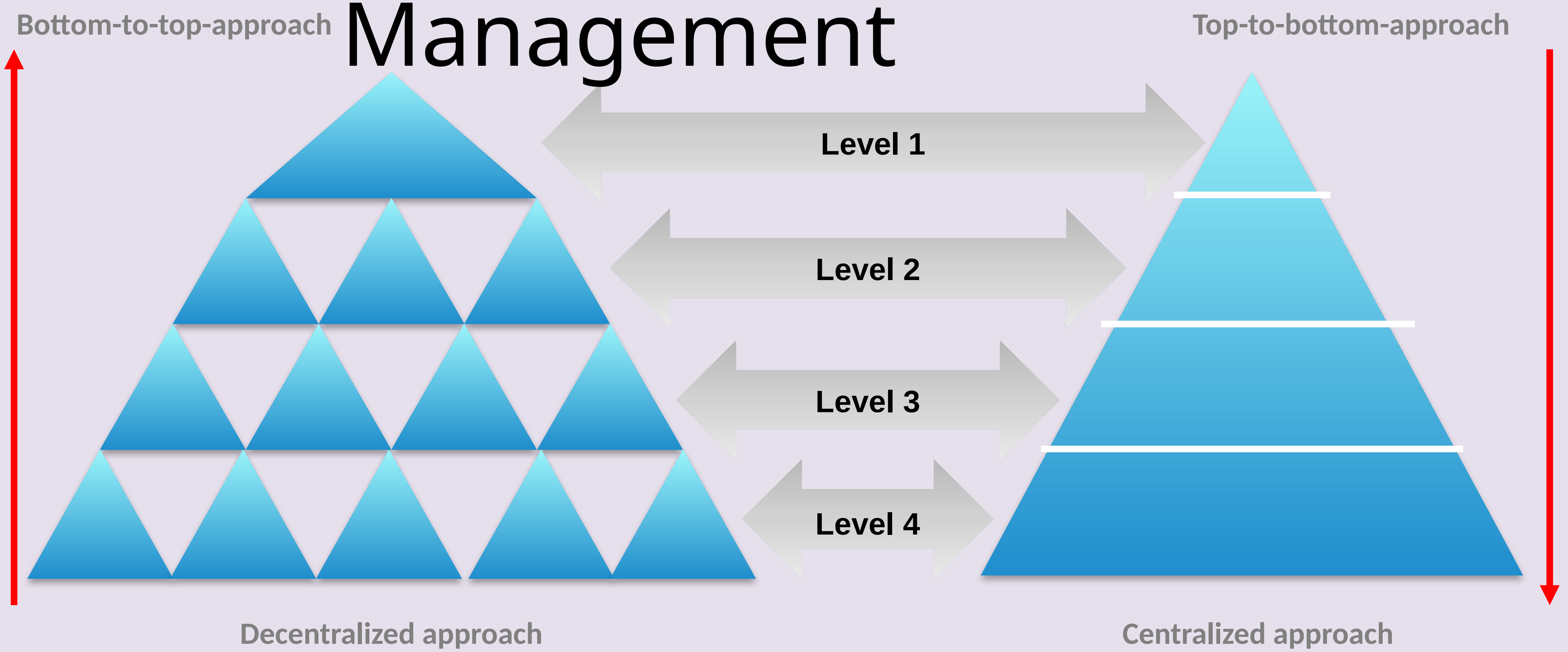
14

Centralization & De-Centralization

- According to Fayol, "Degree of centralization or decentralization depends on number of factors like size of business, experience of superiors, dependability & ability of subordinates etc.
- ***Anything which increases the role of subordinate is decentralization & anything which decreases it is centralization.***
- Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.

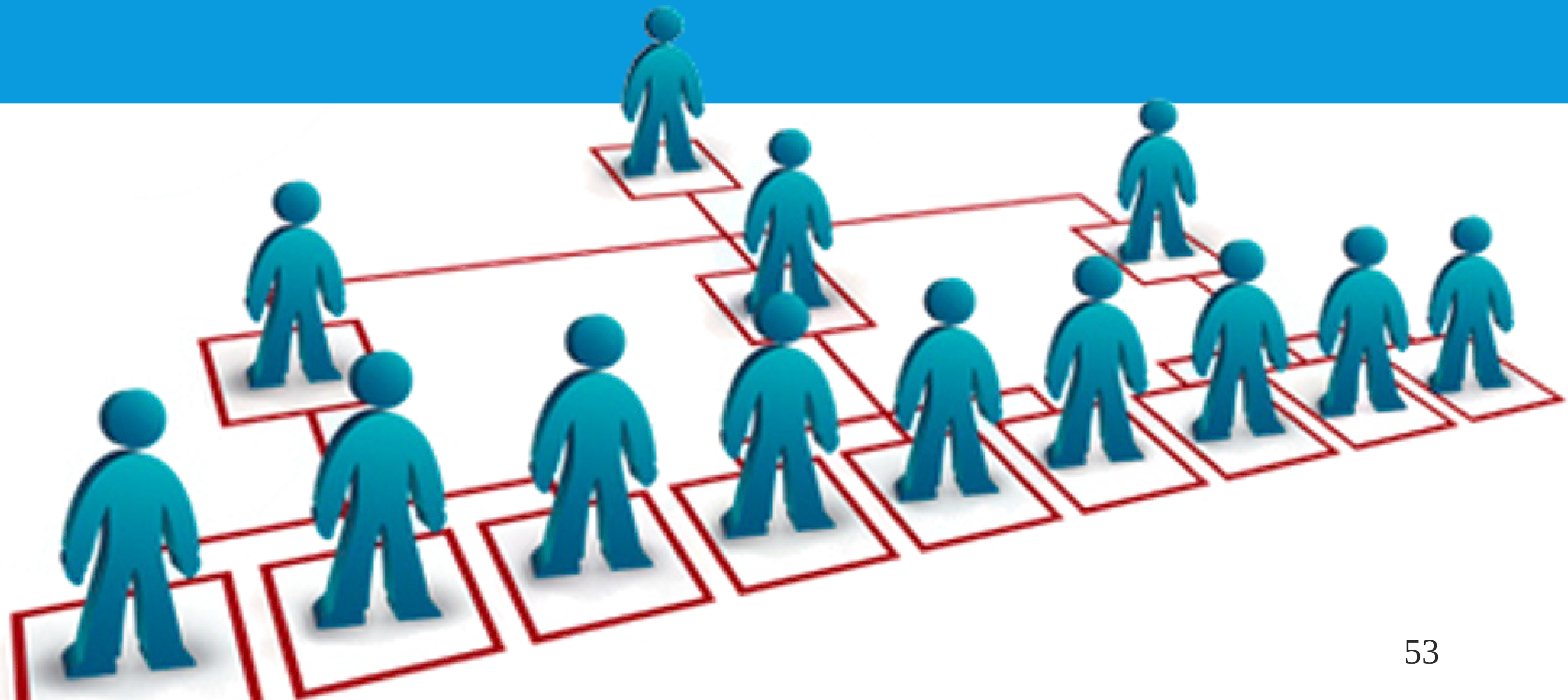
HENRI FAYOL'S 14 PRINCIPLES of Management

14



One widely discussed approach to management theory is the managerial roles approach, popularized by Henry Mintzberg of McGill University.

MANAGERIAL ROLES



MANAGERIAL ROLES

In this **Henry Mintzberg's** model, managers play ten different roles (organized sets of behaviors identified with a position) that fall into three basic categories:

A

Interpersonal roles:

1. Figurehead role
2. Leader role
3. Liaison role

B

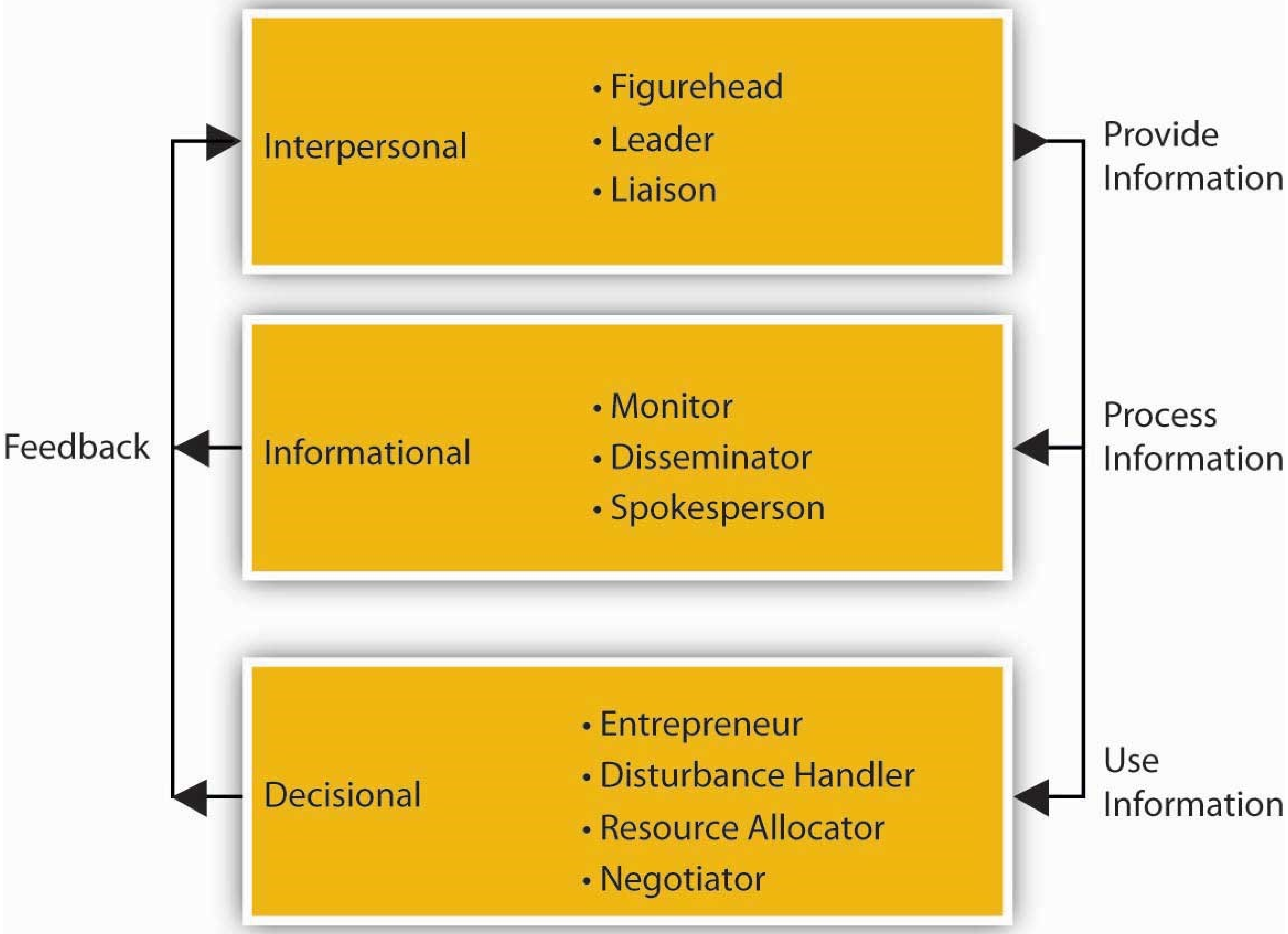
Informational roles:

4. Monitor role
5. Disseminator role
6. Spokesman role

C

Decisional roles:

7. Entrepreneurial role
8. Disturbance handler role
9. Resource allocator role
10. Negotiator role

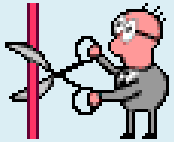

Interpersonal
• Figurehead
• Leader
• Liaison
Informational
• Monitor
• Disseminator
• Spokesperson
Decisional
• Entrepreneur
• Disturbance Handler
• Resource Allocator
• Negotiator
Feedback
Provide Information
Process Information
Use Information

MANAGERIAL ROLES

A. Interpersonal roles:

1. Figurehead role
2. Leader role
3. Liaison role

1. Figurehead role



<u>By virtue of his position</u> as head of an organizational unit, every manager must perform some duties of ceremonial nature.

a. The president greets the touring dignitaries (attends ribbon cutting ceremonies),
b. the foreman attends the wedding of a lathe operator, and
c. the sales manager takes an important customer to lunch.

Duties that involve interpersonal roles may sometimes be routine, involving little serious communication and no important decision-making.

Nevertheless, they are important to the smooth functioning of an organization and cannot be ignored by the manager.

2. Leader role

Because he is in charge of an organizational unit, the manager is responsible for the work of the people of that unit. His actions in this regard constitute the leader role.

Some of these actions involve leadership directly – for example,

a. in most organizations the manager is normally responsible for hiring and training his staff.

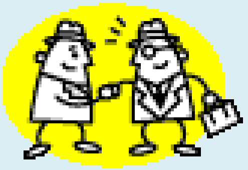
In addition, there is the indirect exercise of the leader role.

b. Every manager must motivate and encourage his employees, somehow reconciling their individual needs with the goals of the organization.

The influence of the manager is most clearly seen in the leader role.

Formal authority vests him with great potential power; leadership determines in large part how much of it he will realize.

3. Liaison role



In the liaison role the manager **makes contacts outside his vertical chain of command**. Managers spend as much time with peers and other people outside their units as they do with their own subordinates, and surprisingly little time with their own superiors.

The manager cultivates such contacts largely to find information.

In effect, the liaison role is devoted to **building up the manager's own external information system** – informal, private, verbal, but nevertheless effective.

MANAGERIAL ROLES

B. Informational roles:

4. Monitor role
5. Disseminator role
6. Spokesman role

4. Monitor role

As monitor, the manager continuously scans his environment for information, interrogates his liaison contacts and his subordinates, and receives unsolicited information, much of it as a result of the network of personal contacts he has developed.

A good part of the information the manager collects in his monitor role arrives in *verbal form, often as gossip, hearsay, and speculation*. By virtue of his contacts, the manager has a natural advantage in collecting this soft information for his organization.

5. Disseminator role

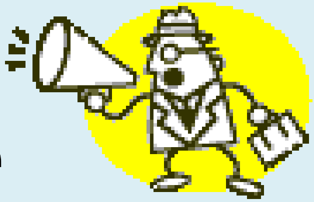
The manager must share and distribute much of information.

Information he gathers from outside personal contacts may be needed within his organization.

In his disseminator role, the manager passes some of his privileged information directly to his subordinates, who would otherwise have no access to it.

When his subordinates lack easy contact with one another, the manager will sometimes pass information from one to another.

6. Spokesman role



In his spokesman role, the manager sends some of his information to people outside his unit.

In addition, as part of his spokesman role, every manager must inform and satisfy the influential people who control his organizational unit.

The president of a large corporation may spend a great deal of his time dealing with a host of influences.

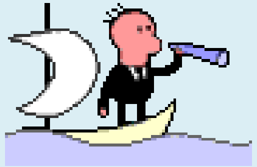
- Directors and Shareholders must be advised about **financial performance**;
- Consumer Groups must be assured that the organization is fulfilling its **social responsibility**; and
- Government Officials must be satisfied that the organization is **abiding by the law**.

MANAGERIAL ROLES

C. Decisional roles:

7. Entrepreneurial role
8. Disturbance handler role
9. Resource allocator role
10. Negotiator role

7. Entrepreneurial role



The entrepreneurial role describes the manager as the voluntary initiator of change.

As entrepreneur, the manager seeks to improve his unit and to adopt it to changing conditions in the environment.

In his monitor role, the president is constantly on the lookout for new ideas. When a good one appears, he initiates a development project. The chief executive appears to maintain a kind of inventory of the development projects that he himself supervises.

Like a juggler, he keeps a number of projects in the air: periodically one comes down, is given a new burst of energy, and is sent back into orbit. At various intervals, he puts new projects on-stream and discards old ones.

8. Disturbance handler role

While the entrepreneurial role describes the manager as the voluntary initiator of change, the *disturbance handler role depicts the manager involuntarily responding to pressures*.

Here ***change is beyond the manager's control***.

He must act because the pressures of the situation are too severe to be ignored:

a strike looms, a major customer has gone bankrupt, road accident delays the raw materials etc.

Every manager must spend a good part of his time responding to high-pressure disturbances.

Disturbances arise not only because poor managers ignore situations until they reach crisis proportions, but also because good managers cannot possibly anticipate all the consequences of the actions they take.

9. Resource allocator role

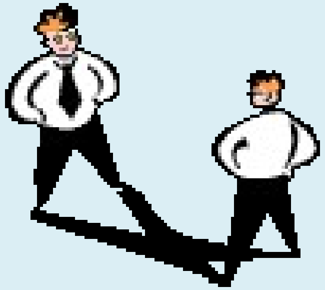
Managers have the responsibility of deciding who will receive what in his organizational unit.

Perhaps the most important resource the manager allocates is his own time.

Access to the manager constitutes exposure to the unit's nerve center and decision-center. The manager is also charged with designing his unit's structure, that pattern of formal relationships that determines how work is to be divided and coordinated.

Also in his role as resource allocator the manager authorizes the important decisions before they are implemented.

MANAGERIAL ROLES C. Decisional roles:

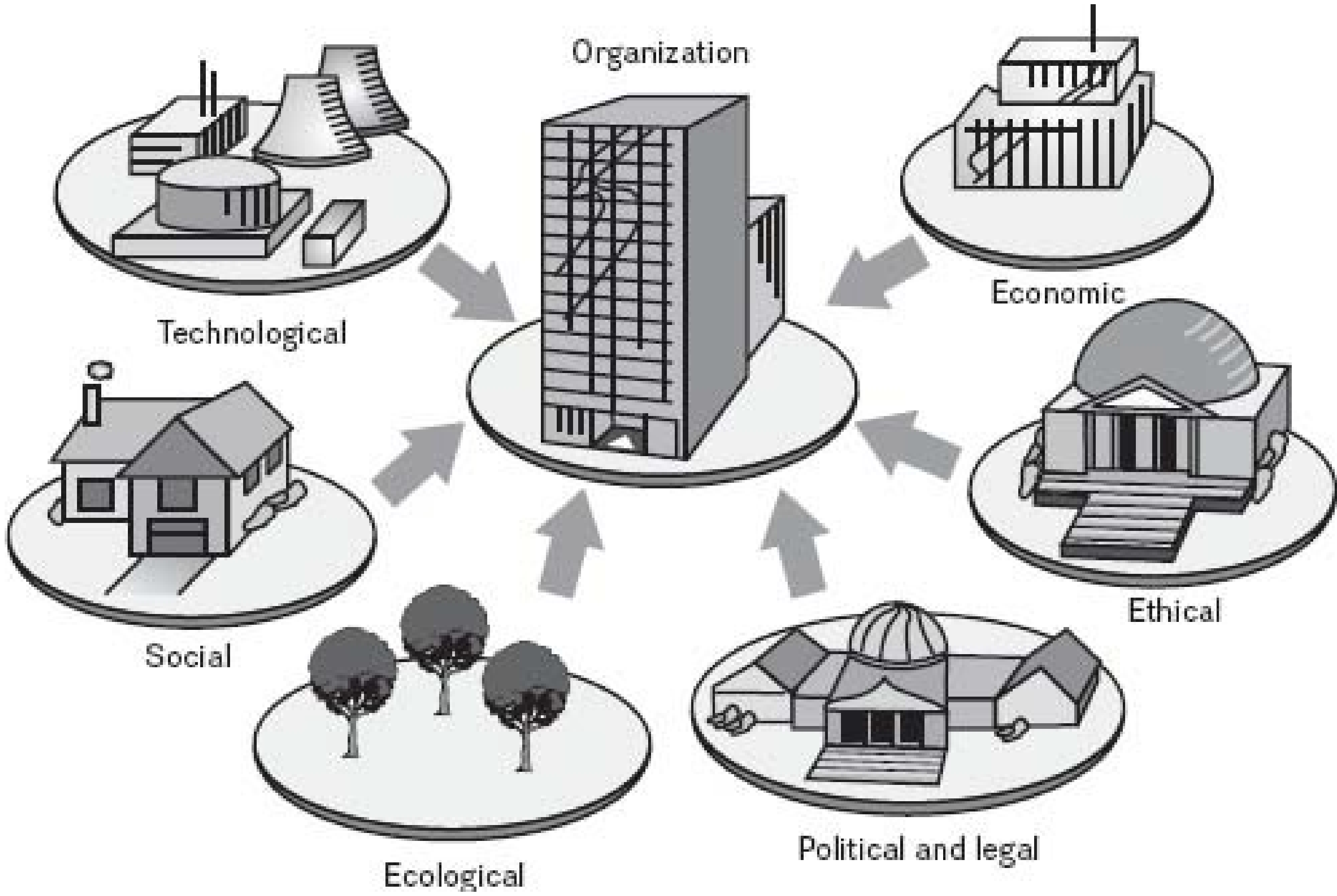


10. Negotiator role

Studies of managerial work at all levels indicate that managers spend considerable time in negotiations. Negotiations are duties of the manager’s job; perhaps routine, they are not to be shirked.

Shirked means avoided, dodged, evaded

External Environment



Social Responsibility of Managers

Society expects organizations and managers to be responsible and ethical.

But there are examples of notorious financial scandals, scams with quality of materials utilized, and most of the time simple negligence, which proves that managers don’t always act responsibly or ethically.

Social Responsibility of Managers

On one side is the classical or purely economic view that management's only social responsibility is to **MAXIMIZE PROFITS**.

On the other side is the socioeconomic position, which holds that management's responsibility goes beyond making profits to include **PROTECTING AND IMPROVING SOCIETY'S WELFARE**.

Social Responsibility of Managers

When we talk about social responsibility (also known as corporate social responsibility, or CSR), we mean a business firm's intention, beyond its legal and economic obligations, **to do the right things and act in ways that are good for society**.

Note that this definition assumes that a business obeys the law and pursues economic interests. But also note that this definition views a business as a moral agent. In its effort to do good for society, it must differentiate between right and wrong.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility comes from integration of three words: ‘corporate,' 'social,' and 'responsibility.’

Corporate: Organized business

Social: Everything dealing with the people

Responsibility: Accountability between the two

CSR DEFINED

CSR is the Corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare.

The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit, but instead promote positive social and environmental change.

DRIVERS OF CSR

1. Employees and shareholders
2. Brand equity
3. Ethical marketing practices and social awareness
4. The environment consciousness
5. Energy conservation and global warming
6. Responsibility towards the government

Brand equity is the value of a brand, determined by the consumer's perception of its quality and desirability.

- Increased employee satisfaction **leads to employee competence** which results in superior service delivery and customer satisfaction.

- It takes decades for business organizations to **build goodwill and trust** in the minds of customers and shareholders.

- Building an ethically responsible culture can **reduce the chances of employees indulging in unfair practices** within the organization by emphasizing on professionalism and transparency.

- Socially responsible investments, effective communication, employee participation, fairness, and promotions, adequate compensation and personal development.

ETHICS IN MANAGING
– An Integrated Approach

ETHICS IN MANAGING – an integrated approach

Ethics is defined as “the discipline dealing with what is good and bad and with moral duty and obligation.”

Business Ethics is concerned with a systematic study of morals.

It strives to provide methods to distinguish between actions and attitudes that are detrimental for business and those that are ethically sound and inspire businesses.

ETHICS IN MANAGING – an integrated approach

Ethical concepts have quite often been dismissed in management theory as “soft” factors and often as useless chatter.

The fundamental problem stems from the fact that ethics has usually in theory and teaching not consistently been related to other management disciplines such as economics and finance.

Ethical considerations have quite often been rejected right away as related to values and religion.

ETHICS IN MANAGING – an integrated approach

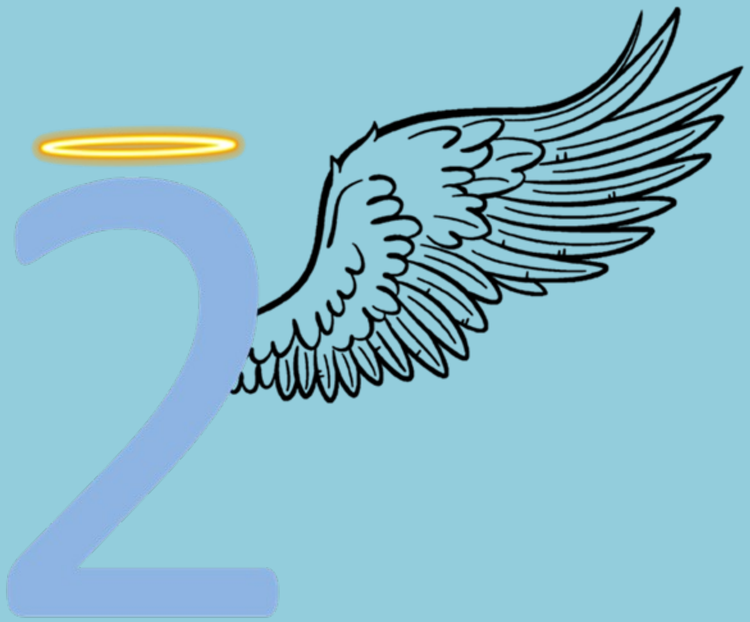
ETHICS IN MANAGING – an integrated approach

Three basic types of moral theories in the field of normative ethics have been developed.

First, the **UTILITARIAN THEORY** suggests that plans and actions should be evaluated by their consequences. The underlying idea is that plans or actions should produce the greatest good for the greatest number of people.

ETHICS IN MANAGING – an integrated approach

Three basic types of moral theories in the field of normative ethics have been developed.



Second, the theory **BASED ON RIGHTS** holds that all people have basic rights.

Examples are the rights to freedom of conscience, free speech, and due process.

ETHICS IN MANAGING – an integrated approach

Three basic types of moral theories in the field of normative ethics have been developed.

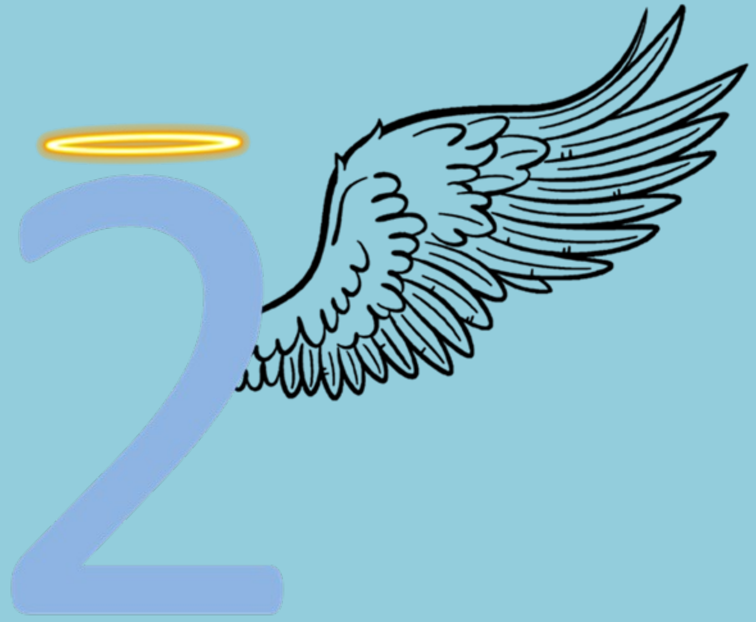
Third, the **THEORY OF JUSTICE** demands that decision makers be guided by fairness and equity as well as impartiality.

examples | guess the ethical concept used ?

A tech company ensures user data privacy by refusing to sell personal information.

A media company protects journalists' right to publish unbiased reports without censorship.

A firm provides employees with paid leave for voting to support their civic rights.



THESE EXAMPLES ARE

BASED ON RIGHTS

examples | **guess the ethical concept used ?**

A corporation ensures equal pay for employees performing the same work, regardless of gender or background.

A retailer adopts a fair pricing policy to ensure small vendors are treated equitably.

A school provides scholarships to economically disadvantaged students to promote fairness.

THESE EXAMPLES ARE FOR

THEORY OF JUSTICE

examples	guess the ethical concept used ?

A company decides to implement a recycling program that benefits the environment and reduces waste for the entire community.

A pharmaceutical firm prices a life-saving drug affordably to maximize accessibility for more people.

A manufacturer shuts down a high-polluting unit to ensure long-term health for surrounding communities.

THESE EXAMPLES ARE FOR

UTILITARIAN THEORY

ETHICS IN MANAGING – an integrated approach

Managers, especially top managers, do have a responsibility to create an organizational environment that fosters ethical decision-making by institutionalizing ethics.

This means applying and integrating ethical concepts with daily actions. this can be accomplished in three ways:

(1) by establishing an appropriate company policy or a code of ethics,

(2) by using a formally appointed ethics committee, and

(3) by teaching ethics in management development programs

TRUST

as the basis for CHANGE MANAGEMENT

Trust as the Basis for Change Management

Change management is a systematic approach to dealing with the transition or transformation of an organization's goals, processes and technologies.

The purpose of change management is to implement strategies for effecting and controlling change and helping people to adapt to change.

Trust as the Basis for Change Management

Managers are bombarded with new managerial concepts and old ones often are disguised by new terminology-all designed for coping with managerial change demanded by global competition, customer expectations, and the need to respond quickly to environmental changes.

Although various approaches to managing change in the New Age are available, but the one often overlooked concept is trust.

Trust is at the center of communication, collaboration, and the willingness to change.

Trust as the Basis for Change Management

Traditionally, the concept of trust is equated with integrity, loyalty, caring, and keeping promises in the relationships between and among individuals.

But trust should go beyond individual relationships and extend to the organization through the creation of a culture of trust that transcends individual leadership. Leaders come and go; the organization continues.

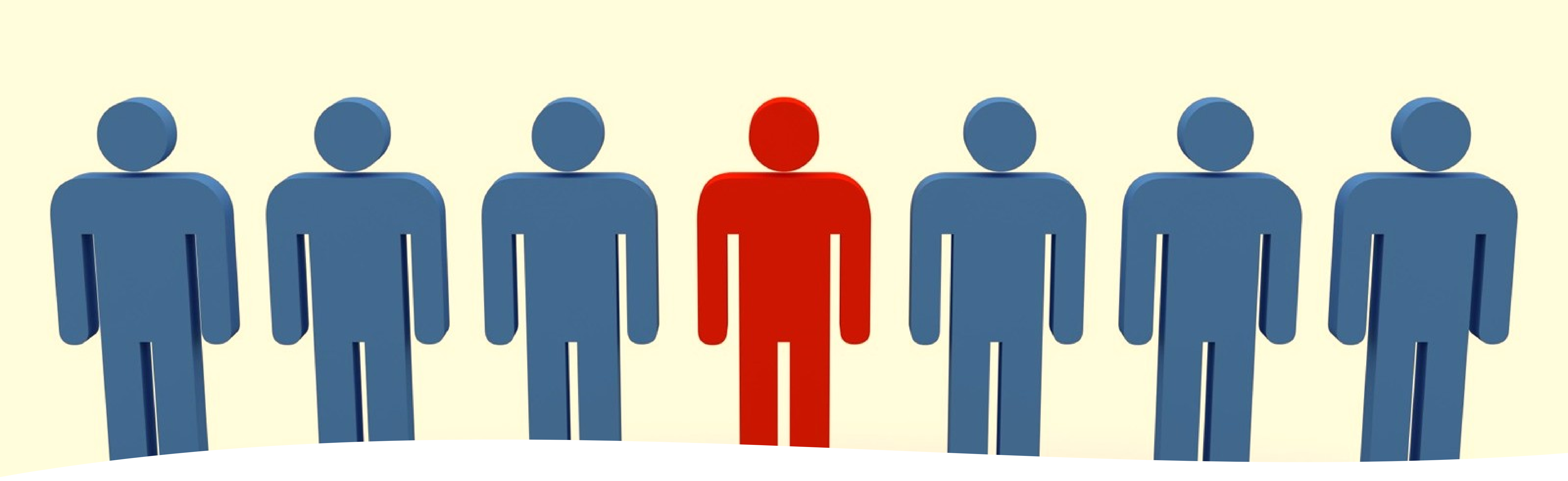
INTERNATIONAL BUSINESS

INTERNATIONAL BUSINESS

Country's culture impacts on the behaviour of employees and subsequently on the management practices.

The behaviours can be categorized into five dimensions.

(1) **individualism vs collectivism**

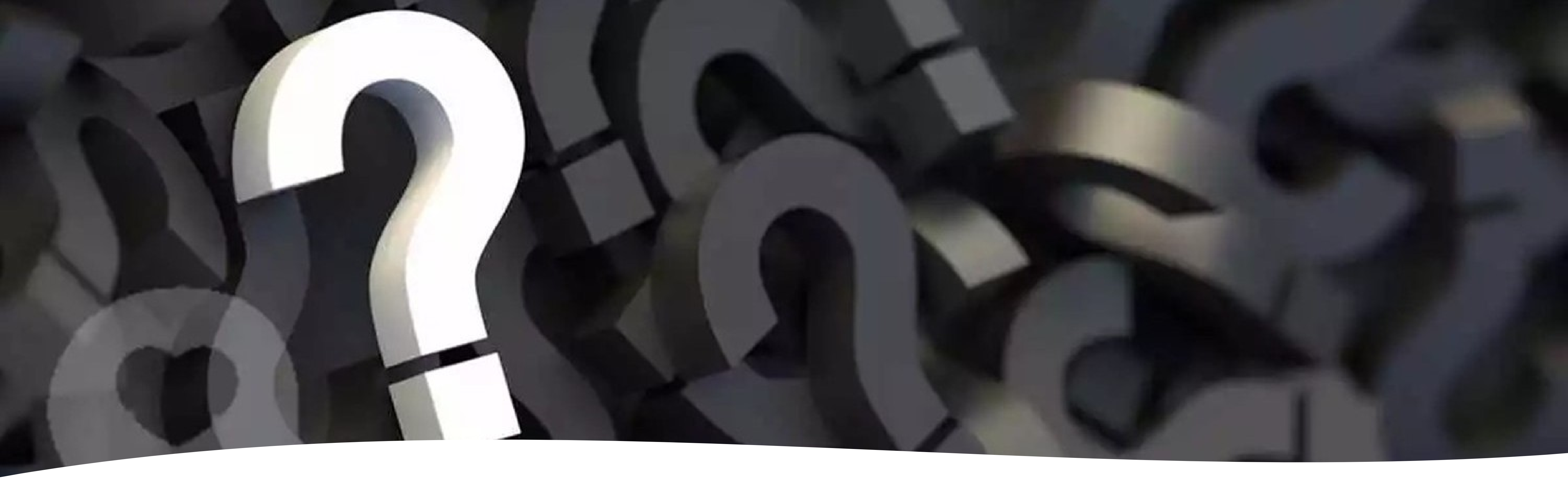


INTERNATIONAL BUSINESS

Country's culture impacts on the behaviour of employees and subsequently on the management practices.

The behaviours can be categorized into five dimensions.

(2) **large power distance vs small power distance**



INTERNATIONAL BUSINESS

Country's culture impacts on the behaviour of employees and subsequently on the management practices.

The behaviours can be categorized into five dimensions.

(3) **uncertainty tolerance vs avoidance**

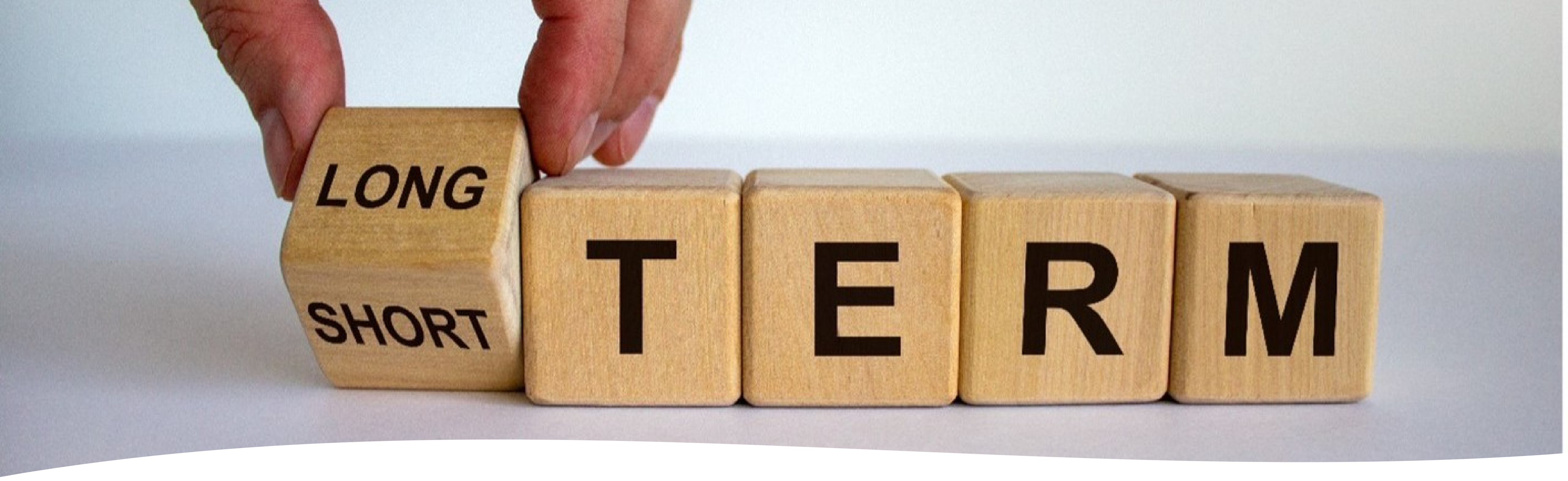
INTERNATIONAL BUSINESS

Country's culture impacts on the behaviour of employees and subsequently on the management practices.

The behaviours can be categorized into five dimensions.

(4) **masculinity vs femininity**

(aggressive vs passive goal behaviour)



INTERNATIONAL BUSINESS

Country's culture impacts on the behaviour of employees and subsequently on the management practices.

The behaviours can be categorized into five dimensions.

(5) **short-term vs long-term orientation**

INTERNATIONAL BUSINESS

This suggest that managers need to understand the cultural environments and their implications to be successful in the country in which they do business.

International Business

German Management

In the past and to a lesser extent today, the German cultural environment favored reliance on authority in directing the workforce, although it was often benevolent authoritarianism (managerial function of leading). Even today, while managers may show concern for subordinates, they also expect obedience.

International Business

Austrian management

Management in Austria (and Germany) is characterized by self-realization and leadership. Independence and competitiveness are valued. Tolerance for risk taking is rather low.

Australian Management

Managing in Australia is influenced by the country's moralistic stance and its emphasis on political and social values, achievement, and risk taking.

International Business

Italian Management

Italian managers operate in an environment of low tolerance for risks. Italians are very competitive, but at the same time they like group decision-making.

England Management

In Britain, job security is important and so are resourcefulness, adaptability, and logic. Individualism is also highly valued.

International Business

Aspect	KOREAN Management Style	JAPANESE Management Style	AMERICAN Management Style
Decision-Making	Top-down, hierarchical	Consensus-driven, participative	Top-down, fast, individual decision-making
Employment Practices	Focus on loyalty and seniority	Lifetime employment, loyalty	Performance-based, high employee mobility
Communication	Indirect, high-context	Indirect, high-context	Direct, low-context
Workplace Relationships	Emphasis on hierarchy and respect for elders	Emphasis on group harmony and team cohesion	Emphasis on individualism and personal achievement
Leadership Style	Authoritative, paternalistic	Facilitative, consensus-oriented	Authoritative, results-oriented
Motivation	Loyalty to company, respect for authority	Group harmony, job security	Individual achievement, rewards
Conflict Resolution	Avoidance, maintaining face	Avoidance, maintaining harmony	Confrontational, seeking quick resolution

International Business

Aspect	KOREAN Management Style	JAPANESE Management Style	AMERICAN Management Style
Training and Development	Emphasis on in-house training, seniority-based	Extensive in-house training, long-term orientation	Formal education, continuous professional development
Innovation and Change	Slow to adopt, cautious	Incremental improvements, cautious	Rapid adoption, proactive
Work-Life Balance	Long working hours, high dedication	Long working hours, strong commitment	Emphasis on work-life balance, flexible working hours
Performance Evaluation	Based on seniority and loyalty	Group performance and seniority	Individual performance, results-oriented
Corporate Social Responsibility (CSR)	Emerging importance	High importance, integrated into business practices	High importance, driven by stakeholders and regulations

THEOR
Y Z


SUNRISE COUNTRY, TERRITORY BY THE FOUR LARGEST ISLAND OF HOKKAIDO, HONSHU, SHIKOKU, AND KYUSHU AND MORE THAN 7200 ISLANDS
日本
JAPAN
印象

JAPANESE TYPE ORGANIZATION

1. Lifetime employment
2. Collective decision making
3. Collective responsibility
4. Slow evaluation and promotion
5. Implicit (understood, implied) control mechanisms
6. Non-specialized career path
7. Holistic concern for employee as a person

AMERICAN TYPE ORGANIZATION

1. Short-term employment
2. Individual decision–making
3. Individual responsibility
4. Rapid evaluation and promotion
5. Explicit (clear, precise, unambiguous) control mechanisms
6. Specialized career path
7. Segmented concern for employee as an employee

THEORY Z

William Ouchi, a management researcher developed this new theory of management in the 1980s. Theory Z is **a business management theory** that integrates Japanese and American business practices. The Japanese business emphasis is on collective decision making, whereas the American emphasis is on individual responsibility.

Theory Z focuses on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job.

According to Ouchi, **Theory Z management** tends to promote stable employment, high productivity, and high employee morale and satisfaction.

THEORY Z TYPE ORGANIZATION

1. Long-term employment
2. Consensual, participative decision-making
3. Individual responsibility
4. Slow evaluation and promotion
5. Implicit, informal control with explicit, formalized measures
6. Moderately specialized career path
7. Holistic concern, including family