



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF MANAGEMENT SCIENCES**

**COURSE CODE: BHM 714**

**COURSE TITLE: PRINCIPLES OF MANAGEMENT**



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF MANAGEMENT SCIENCES**

**COURSE GUIDE**

**Course Code:** BHM 714

**Course Title:** Principles of Management

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## **Introduction**

BHM 714: Principles of Management is a second semester course work of 2 credit unit hours, which is available and compulsory for all learners undertaking Postgraduate Diploma Programme in Business Administration in the School of Management Sciences.

Principles of management deals with the development of management thought and the historical background of management analyzing and comparing management thoughts of yester years with contemporary management. The course also focuses on the work of the manager, how he functions in his environment. The organization structure, design, relationships, leadership, motivation and organizational development, which are all aspects of management, were all researched and discussed in details.

This course guide will tell you how the course is structured, the materials you will be using to ensure adequate success as well as how you will be assessed at the end of the semester.

## **Course Contents**

The course contents are as follows: The development of management thought; theories and models of management; the manager and his environment; organization structure and relationships; leadership and motivation; organization development, the management functions and procedures; planning; organizing; directing; controlling, etc.

## **Course Aims**

The overall aim of the course can be summarized as introducing you , the student to the evolution of management principles and the general philosophy about management and the organization. This will be achieved in the following ways:

- Introducing you to the development of management thought and management theories
- Presenting the organization structure and the relationship and or interactions that exists in the organization.
- Explaining organizations and the reasons for organizations
- Making you gain understanding on how organizations develop and the role of Leadership and motivation in developing and maintaining viable organizations

## **Course Objectives**

To achieve the broad aims set up above, the course objectives are set out below and which on the successful completion of this course, you should be able to:

- Describe the early management practices in the history of development of management
- Enumerate the historical events that played a role in the study of management
- Identify the different stages management theory and practice passed.
- State the management theory that dominated each period of the development of the management thinking.
- Discuss why managers are referred as resources
- State the need for managers to be effective and efficient in the organization
- Explain the sequence of the performance of managerial functions
- Identify the importance of managerial functions
- Discuss the nature of management principles
- Distinguish Principles of management from management principle
- Explain what a manager's day looks like
- Mention with examples the coping strategy managers can use to manage their day
- Define an organization
- Explain the nature of organizations
- Identify the scheme for classifying organizations
- Classify organizations according to objectives of members
- Understand the purposes of organizations
- Define leadership
- Identify and explain a number of leadership theories
- Define environment
- Identify types of environment

## **Course Materials**

- Course Guide
- Study Modules and Units
- Textbooks, Journals conference papers and others
- Assignment File
- Tutor Marked Assignment

## **Study Modules and Units**

There are three modules and each of these modules is made up of five (5) units each, making a total of fifteen (15) units. The course guide is a unit on its own; therefore with the course guide and the fifteen (15) units which make up the three (3) modules, you have a total of sixteen ( 16) units to read in this course material. These Modules and Units which should be studied carefully include the following:

## **MODULE 1 THE EVOLUTION OF MANAGEMENT**

Unit 1	The Development of Management Thought
Unit 2	Management Theories
Unit 3	Organizations and Managers
Unit 4	The Mix of the Work of the Managers
Unit 5	Management Principles

## **MODULE 2 ORGANIZATION STRUCTURE AND RELATIONSHIPS**

Unit 1	The Manager and his Environment
Unit 2	Organizations and Reasons for Organizations
Unit 3	Types of Organizations
Unit 4	Organizations and elements of Organizations
Unit 5	Approaches to Organizational Design

## **MODULE 3 ORGANIZATION DEVELOPMENT**

Unit 1	Leadership
Unit 2	Motivation
Unit 3	Developing and Maintaining Viable Organizations
Unit 4	Organizational Change
Unit 5	Environment and Organizational Development

Each Study Unit is made up of the Introduction, Objectives, Main Content, Self Assessment Exercise, Conclusion, Summary, Tutor-Marked Assignment and References /Further Readings. Each of these Study Units should take at least 2 to 3 hours of serious concentration and reading commitment after which you are expected to do the exercises. For additional information, you can consult the textbooks and journals under References and Further Readings.

### **Assessment**

The assessment for this course will be in two parts:

- i. Continuous assessment, using the Tutor-Marked Assignment (TMA)
- ii. Final written examination

### **Tutor-Marked Assignment**

The Tutor Marked Assignment is divided into four parts namely; TMA 1, TMA 2, TMA 3 and TMA 4. The mark obtainable for each TMA is 10%. The University will give directives as to when to do these assignments and when to turn them in to your facilitator. You are expected to utilize the information gathered from the study material and the reference in doing the assignment. The assignment will count for 30% of the total course work as your best three grades will be selected.

### **Final Examination and Grading**

The final written examination will be of 2 hours duration and will attract the remaining 70% of the total course mark. You are to expect all the areas covered in the course material as you will be assessed in any of them.

### **Summary**

The importance of principles of management is hinged on the fact that it exposes the students to the rudimentary aspects of management, beginning from the historical background of management and the historical events that promoted the study of management. The course also exposes students on the different management thought or theories on how organizations are formed, how the structures are set up, how viable organizations are developed, the work of managers and how the environment influences the work of managers. All these facts will equip you effectively to be able to discharge your duties effectively as a manager or an aspiring manager.



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**COURSE DEVELOPMENT**

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Course Developer: Mrs. Ihuoma Ikemba-Efughi(NOUN)

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## **MODULE 1 THE EVOLUTION OF MANAGEMENT**

Unit 1 The Development of Management Thought

Unit 2 Management Theories

Unit 3 Organizations and Managers

Unit 4 Managerial Principles

Unit 5 Managerial Functions

### **Unit 1 THE DEVELOPMENT OF MANAGEMENT THOUGHT**

#### **CONTENT**

1.0 Introduction

2.0 Objectives

3.0 Main Content

3.1 Historical Background of Management

3.2 Historical Events that promoted the study of Management

3.2.1 Division of Labour

3.2.2 Industrial Revolution

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignment

7.0 References/Further Readings

#### **1.0 INTRODUCTION**

The Development of Management thought is basically the historical background of management; management yesterday and management today. This unit introduces you to the early management

practices of division of labour to the industrial revolution up to the scientific management era, which established the framework for many of the contemporary ideas in organizations today.

## 2.0 OBJECTIVES

By the end of the unit you should be able to:

1. Describe the early management practices in the history of development of management
2. Enumerate the historical events that played a role in the study of management
3. Explain the nature of the influences these events had on management

## 3.0 MAIN CONTENT

### 3.1 Historical Background of Management

Management has been practiced as far back as the olden days when the only means of livelihood was **Agriculture (Subsistence Agriculture)**. At that time people lived in communal setting made up of father, wife or wives, sons, daughters, sons-in-law, daughters-in-law, children etc, so there were enough farm hands or workers. Regardless of what managers were called at that time, someone had to plan what was to be done, organize the family members and the farming tools and other materials, lead and direct the workers and impose some controls to ensure that everything was done well. This task usually fell on the head of the family, the father, who organizes the men and lead the way while the women follow after them.

The building of the ancient **Egyptian Pyramids** and the **great walls of China** gives credence to the fact that organized endeavours directed by people responsible for planning, organizing, leading and controlling activities have existed for thousands of years. The construction of a single pyramid occupied more than more than 100,000 people for 20 years. There were people, who were in charge; who ensured that there were enough stones at the site, told the workers what was to be done and organized them. With the ancient Egyptians, the whip, ball and chain were effective ways of getting things done through people.

Also in the olden days where the **feudal System** was practiced in the **Roman Empire**, the landowners needed no other principles to guide their management of the serfs but their hereditary title. This was a period of enormous extremes, characterized by the lords and the peasants, the emperor and the slaves, the haves and the have-nots etc . During this pre scientific –management period, all that was needed was for one to be in a position of authority, for authority meant power and control in the social and economic systems of the period

Another example of early management practices was during the **1400s** in the **city of Venice, Italy**. The Venetians developed an early form of business enterprise and engaged in various activities common to today's organizations such as an assembly line that standardized production, a warehouse, inventory system to monitor the contents of the warehouse, personnel functions required to manage the labour force and so forth.

### **3.2 Historical Events that Promoted the Study of Management**

#### **3.2.1 Division of Labour**

The first historical event that promoted the study of management was the publication of **The Wealth of Nations by Adam Smith (1776)**. In his writings, Adam Smith argued that organizations and the society would gain a lot of economic advantages from **division of labour** (the breaking down of jobs into narrow, repetitive tasks). Smith used a pin manufacturing as an example where he stated that 10 individuals each doing a specialized task could produce as much as 48,000 pins a day compared to when each person was working separately and performing different tasks all at the same time.

Smith was of the view that division of labour increased productivity by increasing each worker's skill and dexterity, by saving time that is commonly lost in changing tasks and by creating labour-saving inventions and machinery. The general acceptance of job specialization in service jobs today such as teaching, medicine and assembly lines is undoubtedly due to economic advantages cited more than 230 years ago.

#### **SELF-ASSESSMENT EXERCISE 1**

How did division of labour increase productivity in the views of Adam Smith?

##### **Answer**

According to Adam Smith, division of labour increased productivity by increasing each worker's skill and dexterity as each worker had to focus on a narrow repetitive task or a specialized task and did not have to perform different tasks at the same time which was time consuming.

#### **3.2.2 Industrial Revolution**

The Industrial Revolution is the second and possibly the most important pre-twentieth century influence on management. It began in the eighteenth century in Great Britain and by the end of the civil war it had crossed the Atlantic to America. The major contribution of Industrial Revolution was the substitution of machine power for human power which in turn made it more economical to manufacture goods in factories rather than at home. These large efficient factories using power-driven equipment required managerial skills because managers were needed to forecast demand, ensure that enough materials were on hand to make products, assign tasks to people, direct daily activities, coordinate various tasks, ensure that machines were in good working condition and so on.

The advent of machine power, mass production and efficient transportation led to the development of big corporations that would require formalized management practices. Due to the tremendous changes

brought about by the industrial revolution, there was the need for a formal theory to guide managers in running their organizations. The first major step toward developing such a theory was in the early 1900s.

## **SELF-ASSESSMENT EXERCISE 2**

What are some early evidences of management practice?

### **Answer**

Some early evidences of management practice were:

- i. The building of the ancient Egyptian pyramids and the great walls of China.
- ii. The Feudal system of the Roman Empire comprising the landowners and the serfs
- iii. The development of business enterprise in the 1400s in the city of Venice.

## **4.0 CONCLUSION**

Contemporary Management thinking can best be understood in the light of its historical development as far back as when the head of the family leads members of the nuclear and extended family to the farm lands planned and organized the work to be done in the farm.

The pre scientific period was also an era where workers were mostly dominated by their supervisors, a relationship based on social caste system of autocracy like the ancient Egyptians and feudal system of the ancient Roman Empire.

This era of social caste system of autocracy was subsequently followed up by two major historical events which promoted the study of management and these were the Publication of Wealth of Nations by Adam Smith in 1776, which focused on division of labour and the Industrial Revolution which began in the 18<sup>th</sup> century in Great Britain.

## **5.0 SUMMARY**

As you have learnt from this unit that in the past , the in environment of prescientific management that it was not necessary to study any organized body of management to be able to plan, organize work and people. One only needed to be in a position of authority, for authority meant power and control in the social and economic systems of the period. For example, authority as the head of the family to plan and organize farm work, authority as a lord to manage the serfs or the peasants as was the case in the ancient Roman Empire, etc.

During that era, people were content with their lot, or else they could do little or nothing about it. They were born into their place in life, knew nothing of the world beyond it, and aspired to nothing except continuing in it.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. How would you describe the influence or the impact of Division of labour and Industrial Revolution on the study of management?
2. In the environment of prescientific management what was the sources or basis of power? Support your answers with some examples.
3. Some of the early management practices carried out by the people in charge in that era were rather harsh and inhumane. Give some instances of these early management practices.

## **7.0 REFERENCES /FURTHER READING**

Daft, R.L. (1997) Management. (4<sup>th</sup>ed.) Texas: The Dryden Press

Hicks,H.G. & Gullett, C.R.(1981) Management Singapore: McGraw-Hill, Inc

Peretomode, V.F. & Peretomode,O. (2008) Fundamentals of Management and Organizational Behaviour. Lagos: O.O.P. Publishers LTD

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Smith, M. (2011) Fundamentals of Management. (2<sup>nd</sup> ed.) New York: McGraw-Hill  
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  - 3.2 Scientific Management and Administrative Management (1880-1930)
  - 3.3 Human Relations (1930-1950)
  - 3.4 Contemporary Management (1950-present)
    - 3.4.1 Systems Approach
    - 3.4.2 Contingency Theory
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The Industrial Revolution which began in Britain in 18<sup>th</sup> century and crossed over to America by the end of the civil war led to the advent of machine power, mass production and development of big Corporations. These changes brought about by Industrial Revolution meant that the need for a formal theory to guide managers in running their organizations had arrived. The first major step toward developing such a theory began in the early 1900s.

Management Theory is said to have evolved through four different time periods, reflecting the backgrounds and interests of the writers or theorists. This unit exposes you to different views and ideas that dominated during those periods which are the Pre-scientific Management Period, Scientific Management and Administrative Management Period, Human Relations and Contemporary Management which involves the Systems Approach and the Contingency Approach.

## 2.0 OBJECTIVES

By the end of this unit, you should be able to:

1. Identify the different stages management theory and practice passed.
2. State the management theory that dominated each period of the development of the management thinking.
3. Explain the relevance of scientific management to current management practice.
4. Identify Frederick W. Taylor's contribution to scientific management.
5. State the contributions of the contemporary management thought

## 3.0 MAIN CONTENT

### 3.1 Pre scientific Management (prior to 1880)

#### i. Background Factors

The Pre scientific management period is also referred to as **Period 1**. During this period, workers were almost completely dominated by their supervisors where the relationship is based on social caste systems of autocracy, the feudal systems and the management style of the Egyptians of old we discussed in unit 1.

#### ii. Management theory

In the environment of the pre scientific management, there were no management principles to guide them and it was not necessary to study any organized body of management concepts, all one needed only was to be in a position of authority, for authority meant power and control in the social and economic systems of that period. People were content with their fate; they were born into their place in life and had no aspirations.

During this period, groups of craftsmen who did the same work formed guilds, which were the forerunners of modern trade unions. These guilds however, were of minor consequence in the social system as their influence was not felt beyond the limits of the village. Their primary concern was the struggle to survive

This period however closed when a pair of French men named **Voltaire** and **Rousseau** was popularizing the cry for fraternity, liberty and equality. They called for a revolution in the field of politics, enlightenment in the field of intellectual thought, and a renaissance in the field of art. However, no coherent body of management thought was developed in this period.

### 3.2 Scientific Management and Administrative Management (1880-1930)

#### i. Background Factors



This period referred to as **Period 11** saw the rise of the business baron and the industrial revolution. The concept of wage rather than a subsistence allowance being paid for work was recognized. The doctrine of private property became a dominant theme. Complex business organizations built by such men as John D. Rockefeller and Andrew Carnegie began.

## **ii. Management theory**

The emphasis in the scientific management and the administrative management period was on the methods of production as the management theorist of this era emphasized the application of empirical studies to determine faster and better methods of production so as to obtain more efficiency, remedy inequities and prevent waste. Management literature centered on industrial technology as the focal point of good organization. However little thought was given to the effect on the worker or his or well being. The foremost exponent of this approach was the “father of scientific management” **Frederick W. Taylor**. He generated a series of principles in his work based on firsthand studies of manufacturing practices at the shop level.

Taylor recommended making management a science, resting on well recognized, clearly defined and fixed principles, instead of depending on more hazy ideas. Here the aim was to use all available resources and knowledge to realize ideals; Taylor and others of his period like Henri Fayol, Mooney and Reily, Lt. Col. Lyndall Urwick and Luther Gulick, stressed the need for more cooperation between management and workers. They were of the view that by maximizing the productive efficiency of each worker, scientific management would also maximize the earnings of workers and employers.

The scientific management and administrative management approach had some weaknesses as it dehumanized the organizational member as jobs became more and more narrowly specialized because most advances of period 11 were in technology and not in human areas. By the end of this period (1930), time was ripe for an emphasis on the human factors involved in management.

## **Self Assessment Exercise 1**

What was the management theory during the Pre scientific management era?

### **Answer**

In the pre scientific management era, there were no management principles to guide them and it was not necessary to study any organized body of management concepts, all one needed only was to be in a position of authority, for authority meant power and control in the social and economic systems of that period.

### **3.3 Human Relations (1930-1950)**

#### **i. Background Factors**

This period referred to as **Period 111** emphasized human relationships in organizations. This period represented a reaction to the dehumanizing aspects of scientific management.

In 1923 Oliver Sheldon began to bridge the gap between scientific management and human relations. He called for professional management to deal with the labour and social problems of business organizations alongside with the technical problems of production. Therefore Sheldon championed the emergence of the human relations movement which became the dominant theme of management thought in the 1930s.

#### **ii. Management theory**

The most important contributions made to management theory during this period came from the experiments at the Hawthorne plant of West Electric Company, widely referred to as the “Hawthorne experiments” The experiments revealed that an organization was more than a formal structure or arrangement of functions. According to Elton Mayo, who conducted this experiment with his colleagues, ‘an organization is a social system, a system of cliques, grapevines, informal status system, rituals and a mixture of logical, non-logical and illogical behaviour. He went further to say that effective management involved leading persons, not manipulating robots.

Mayo recommended the use of all social –science disciplines focused upon understanding and solving conflicts within the industrial system as he was of the view that management problem should be approached from the perspective of whatever knowledge of human nature we have. Mayo believed that a successful human relations approach would create organizational harmony, higher employee satisfaction and greater operational efficiency.

However, some “human relationists” abused the human relations movement when they carried the basic concepts of the theory too far by equating morale in the organization with high productivity. Nevertheless, the human relations movement made extremely significant contributions to management thought by highlighting human and social factors in organizations.

#### **Self Assessment Exercise 11**

State the basic tenets of the Scientific Management /the Administrative Management theorist and that of the Human Relations theorist.

### **Answer**

The basic tenet of the scientific management and the administrative management theorist was on the methods of production. They emphasized on the application of empirical studies to determine faster and better methods of production so as to obtain more efficiency, remedy inequities and prevent waste. For these theorists, industrial technology was the focal point of good organization.

The basic tenet of the Human Relations theorist was that the organization was more than a formal structure or arrangement of functions but rather it is a social system, a system of cliques, grapevines, informal status system, rituals and a mixture of logical, non-logical and illogical behaviour. Therefore effective management involved leading people the using all social –science disciplines focused upon understanding and solving conflicts within the industrial system.

## **3.4 Contemporary Management (1950-present)**

### **i. Background factors**

This period, referred to as **Period iv** began in 1950 and extends to the present time. It is characterized by processes of refinement, extension and the synthesis of management thought. During this period, scientific management has been brought to a high state of refinement in such areas as industrial engineering, motion and time study and operations research. Similarly, there have been advances in the human relations approach. Personnel management, industrial relations and other areas continue to emphasize the human relations approach.

An extension of the human relations approach is the use of knowledge gained from behavioural sciences, which takes a much broader view of human behaviour in organizations, for example, the use of such disciplines as psychology, sociology, psychiatry and cultural anthropology allow the investigation of organizational behaviour, which results to a more value-free approach to understanding persons in organizations than was taken by early human relations writers.

A major impact on current management thought is the is:

- The Systems Approach, and
- The Contingency Theory

### **3.4.1 The Systems Theory**

If one observes a complex organization, it is easy to recognize that all complex organizations, businesses or otherwise draw upon the environment for inputs. These inputs are processed by the organization to produce hopefully desired outputs.

Systems theory provides a conceptual overview of organizational functioning. The whole organizations and its subsystems are seen as interrelated. They are related to their environments.

Managers however need to know how a specific organization and its subsystems are related in a given environment and how to deal with a particular problem, hence the need for Contingency theory.

### **3.4.2 The Contingency Theory**

This theory recognizes that every organization is unique, existing in a unique environment. The contingency theory states that effective management varies with the organization and its environment. The theory attempts to analyze and understand these relationships with a view toward taking the specific managerial actions necessary to deal with the issue. This approach is both analytical and situational, with purpose of developing a practical answer to the question at hand. The best solution is the one that is responsive to the characteristics of the unique situation being faced. The motto of contingency is “it all depends”.

### **Self Assessment Exercise 111**

What is the major impact or the contributions of the contemporary management school of thought?

#### **Answer**

The major impact of the contemporary management school of thought are :

- i. The Systems theory- this provides a conceptual overview of organizational functioning where the whole organizations and its subsystems are seen to be interrelated. Therefore managers need to know how a specific organization and its subsystems are related in a given environment.
- ii. The Contingency theory – this theory recognizes that every organization is unique existing in a unique environment. This theory states that effective management varies with the organization and its environment. The theory attempts to analyze and understand these relationships with a view to taking specific managerial actions to deal with the issue.

## **4.0 CONCLUSION**

Present and future management thinking can best be understood in the light of its historical development and also in the understanding of the present. This unit analyzes the historical development of management thinking beginning from the Pre-scientific Management School, the Scientific and the Administrative

management school down to the Human relations school and then the Contemporary school which has made impact through the Systems theory and the Contingency theory.

## **5.0 SUMMARY**

In the environment of the pre scientific management, there were no management principles to guide them and it was not necessary to study any organized body of management concepts, all one needed only was to be in a position of authority.

The emphasis in the scientific management and the administrative management period was on the methods of production as the management theorist of this era emphasized the application of empirical studies to determine faster and better methods of production for efficiency.

The basic tenet of the Human Relations theorist was that the organization was more than a formal structure or arrangement of functions but rather, it is a social system, which involves leading people.

A major impact on current management thought is the is the systems theory and the contingency theory.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What contribution did Frederick Taylor make in the development of Management theory?
2. What were the short comings of the scientific and administration management theory?
3. Explain the all that transpired during the human relations era.

## **7.0 REFERENCES / FURTHER READINGS**

Daft, R.L. (1997) Management. (4<sup>th</sup>ed.) Texas: The Dryden Press

Hicks,H.G. & Gullett, C.R.(1981) Management Singapore: McGraw-Hill, Inc

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## **UNIT 3 ORGANIZATIONS AND MANAGERS**

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### **1.0 INTRODUCTION**

The fabrics of our lives are held together by organizations and managers and organizations go together hand in hand. The need for managers arises because organizations exist. We are going to discuss the managers as resources in the organizations, the work managers do which can be examined according to the roles they play and the functions they perform in the organization.

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to :

1. Discuss why managers are referred as resources
2. State the need for managers to be effective and efficient in the organization
3. Distinguish between the two main tasks in an organization
4. Enumerate the various roles managers assume in the organization.

5. Identify the functions that managers perform in the organization.

### **3.0MAIN CONTENT**

#### **3.1 Managers as Resources**

The profitability of a business, the efficiency which a city government is run, the win-loss record of a football team, and so on all centers or focuses attention on those who run the organization, i.e. the managers. Though the managers in an organization are not the only important resource, they however have a real impact on an organization's success. It is therefore very important for managers to be efficient and effective. The skill with which managers do their jobs affects the quality of our organizational experiences.

The crucial importance of management was recognized by a leading stockbroker who said, 'many experts view a company's management as the dominating element in evaluating the worth of the company. McClelland (of Achievement Motivation) found that the need for achievement among managers and entrepreneurs was crucial to nation's economic development.

Because of the influence managers have on organizational success, they are in demand and generally paid well.

#### **Self Assessment Exercise 1**

State why managers are regarded as resources and why they have to be efficient and effective

#### **Answer**

Managers are regarded as resources because the profitability of a business, the efficiency of the business or the win-loss record of an organization centers or focuses attention on those who run the organization, i.e. the managers.

Because managers have a real impact on an organization's success, it therefore becomes very important for managers to be efficient and effective. This is because the skill with which managers do their jobs affects the quality of our organizational experiences.

#### **3.2 WORK OF MANAGERS**

No one can learn to be a manager without hands-on experience. There is more to management than an in born decision-making ability plus on the job experience. Managers differ from other members of the

organization based on the tasks they perform. To understand the work of managers, it is important that we distinguish between two tasks in organizations

There exists two main tasks in any organization and these tasks are:

- i. **Operating** - this involves such as things as typing a letter, teaching a class of students, paying cash over the counter to customers of a bank, or giving medicine to a hospital patient, etc
- ii. **Managing** – this is the process of getting things done by and through others, it is for example supervising the work of a group of cashiers rather than paying or receiving money directly from customers, it is also serving as the Dean or the chairperson of a college department. It is coordinating the work of a giant corporation, rather than programming a computer.

There are essentially two approaches to analyzing the work of managers

- One approach focuses on the various roles managers assume and
- The other approach examines the functions managers play.

### 3.2.1 The Role of Managers

Henry Mintzberg (1971) studied managers at work and classified their work roles as follows:

#### 1. Interpersonal

Under the interpersonal roles that managers assume are such roles as:

- a. **Figurehead** - the manager performs certain functions such as receiving important visitors and signing documents.
- b. **Leader** – the manager motivates and encourages subordinates.
- c. **Liaison** – the manager establishes and maintains a network of relationships with outside persons to bring information and favours to the organization.

#### 2. Informational

Under the informational roles that managers assume are such roles as:

- a. **Nerve centre** – much of the non routine information coming into the organization is received by the manager.
- b. **Disseminator** – the manager must transmit much of the information received to subordinates.
- c. **Spokesperson** – information about the organization must be transmitted to outsiders.

#### 3. Decisional

Under the decisional roles that managers assume are such roles as :

- a. **Entrepreneur** – the manager acts as an initiator and designer of controlled change in the organization.



- b. **Disturbance handler** – the manager must deal with non routine problems.
- c. **Resource allocator** – the manager allocates the monetary and non monetary resources of the organization
- d. **Negotiator** – the manager frequently must negotiate with outsiders in matters affecting the organization.

### Self Assessment Exercise 11

Define the two main tasks that are performed in any organization

#### Answer

The two main tasks that exist or that are performed in any organization are:

- i. **Operating** – which is likened to serving for example, a secretary typing a letter, a cashier paying customers, a nurse giving medicine to a patient, a teacher teaching in the classroom, a driver driving his boss, etc
- ii. **Managing** – which is getting things done through others, for example, a principal or head teacher who manages a school, a managing director of a company.

### 3.2.2 Functions of Managers

The second approach or way to study managerial work is to focus on the functions managers perform. These functions segment the parts of the work to be performed so that the parts may be easily studied and understood. These functions managers play in an organization include:

- Planning
- Organizing
- Motivating and
- Controlling

- i. **Planning** – this is the first major function of management. Planning develops objectives for each level of the organization and determines ways to achieve those objectives. Strategies, policies, procedures, methods and budgets are examples of plans that help to accomplish objectives. All managers engage in planning, for example the managing director of a firm may develop plans for new product lines, expansion into new territories, and a new compensation program for employees. The higher one moves in an organization, the broader the scope of planning and the longer the time impact of the plans.

- ii. **Organizing** - this is also necessary at all managerial levels. It takes place when work is divided among departments and then among individuals. As work is distributed, persons are given authority to do their jobs and are held accountable for results. Whenever a job's duties are changed or work flow is rearranged, a manager is performing the organizing functions. Therefore, organizing is an ongoing process for managers.
- iii. **Motivating** – since all managers work with people, they create conditions that encourage employees to do a good job. Motivating others is an extremely complex process. It provides external rewards such as pay increases, praise and promotion. It also creates conditions so that persons can get “self administered” rewards such as satisfaction from accomplishing a challenging task. To be effective, managers must provide the right mix of both kinds of satisfaction
- iv. **Controlling** – this completes the cycle of managerial functions. It measures the results of activities, compares them against predetermined objectives and takes corrective action if necessary. This is the way a manager measures employees performance against objectives and if objectives are not being met, the manager takes corrective action. Controlling encompasses all the other managerial functions.

### **Self Assessment Exercise 111**

Why is planning the first major function of management?

#### **Answer**

Planning is the first major function of management because it develops objectives for each level of the organization and determines ways to achieve those objectives.

## **4.0 CONCLUSION**

In this unit, we discussed the topic, organizations and managers and under this topic the two main tasks that exist in organizations and how managers are seen as resources in the organization were discussed. We also discussed the work of managers and how their work differs from that of other members in the organization. We learnt that the work managers do can be studied through two approaches: the roles they assume and the functions they perform. We learnt that the various roles managers play in organizations can be grouped under interpersonal, informational and decisional.

## **5.0 SUMMARY**

In this unit, we discussed that the profitability of a business or the efficiency which any organization is focuses attention on those who run the organization, i.e. the managers. We also learnt that managers differ from other members of the organization based on the tasks they perform. There are two main tasks in an organization which are operating and managing. There are essentially two approaches to analyzing the work of managers which are the functions they play and the roles they assume. Managers assume three main roles which are decisional, interpersonal and international with some other sub roles under these major roles.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. State the major roles that managers assume in an organization and explain the sub roles under these major roles as explained by Mintzberg (1971)
2. Explain how a manager differs from other members of the organization
3. What step would you take to try to understand the work of a manager?
4. List and explain the functions managers perform in the organization.

## **7.0 REFERENCES / FURTHER READINGS**

- Daft, R.L. (1997) Management. (4<sup>th</sup> ed.) Texas: The Dryden Press
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## **UNIT 4      THE MIX OF WORK OF MANAGERS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Sequence of the Performance of Managerial Functions
  - 3.2 Importance of Managerial Functions
  - 3.3 Universality of Management Functions
  - 3.4 Transferability of managerial skills
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References /Further Readings

### **1.0 INTRODUCTION**

In this unit, you will be learning the varieties, the combination or the mix of the work of managers. This mix varies according to the organizational level of the manager as managers at higher levels tend to spend relatively more of their time performing managerial functions than do managers at lower levels. This unit will explain the sequence of the performance of managerial functions, the importance of managerial functions, the universality of management functions and the transferability of managerial skills in this unit.

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

1. Explain the sequence of the performance of managerial functions

2. Identify the importance of managerial functions
3. Define the 'universality' and the 'transferability' of managerial functions

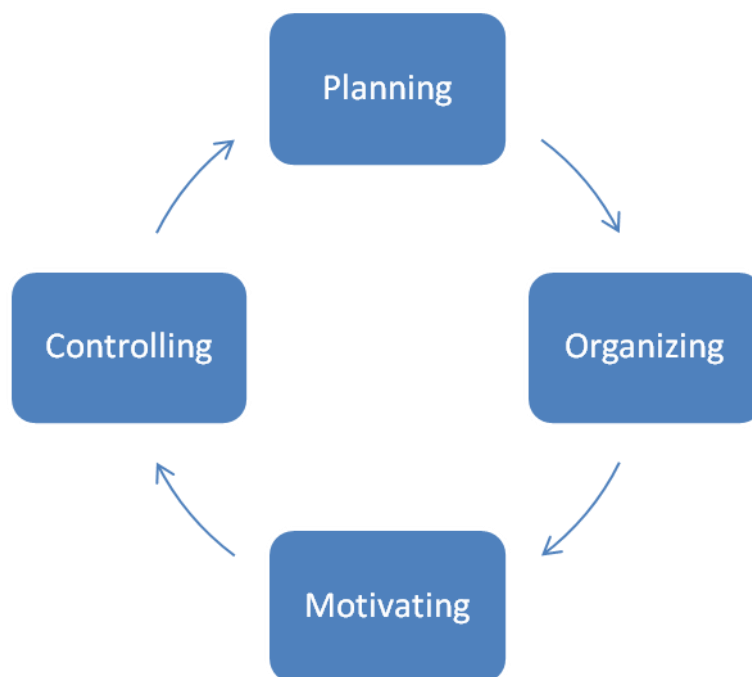
### 3.0 MAIN CONTENT

#### 3.1 Sequence of the Performance of Managerial Functions

For a particular organizational task, a manager will ordinarily perform the managerial function in this sequence: planning, organizing, motivating and controlling.

A manager will usually be simultaneously responsible for several organizational tasks. If you take a study of a manager's typical work day, you will find the person performing all four functions and may be several times during the day. The manager and the organization will be involved with projects which are at various stages, with some in the organizing stages and others in controlling and so on and so forth.

**Figure 3.1** below is the sequence of a manager's function, which begins with planning. All four functions which are centered on decision making are performed in a typical day because the manager is involved with projects in various stages of completion.



**Figure 3.1. The function of Managers**

#### 3.2 Importance of Managerial Functions

The mix of management function varies from task to task but they are all important and necessary to some degree in the accomplishment of any organizational goal. No one of the management functions is more important than the others. The wise manager will implement each of the functions in whatever ways will best accomplish the goals of the organization.

### **Self Assessment Exercise 1**

Describe the sequence of the performance of managerial functions

#### **Answer**

A manager ordinarily performs the managerial function in this sequence: planning, organizing, motivating and controlling.

### **3.3 Universality of Management Functions**

Managerial functions are essentially the same regardless of the type of organization or the level of the manager in the organization. This means that managers whether planning, organizing, motivating or controlling do essentially the same kind of work regardless of the kind of organization, the activity or rank in the organization. As koontz and O'Donnell (1972) put it as cited in Hicks and Gullett (1981), "Acting in their managerial capacity; presidents, department heads, foremen, supervisors, college deans, bishops and heads of governments agencies all do the same thing, however the operating skills required for various managerial posts vary from job to job.

### **3.4 Transferability of managerial skills**

Management functions can be transferred from one organization to another. This is because they are universal. The purer the managerial jobs are i.e the higher they are and the fewer the operating non managerial components are, the more transferable managers are. Therefore high level managers are often transferred from job to job within an organization or even to entirely different organizations for example, a retired president of university may make an excellent president of a country. The managerial skills in the presidential post are almost the same as those the president of the university may have demonstrated in the high level academia.

On the other hand, managers at relatively low organizational levels are not so easily transferred for example, an accounts clerk in a manufacturing company can hardly perform in the post of the Chief Executive Officer of the company.

### **Self Assessment Exercise 11**

Managerial functions are universal but operating skills are not, explain.

#### **Answers**

Presidents, department heads, foremen, supervisors, college deans, bishops etc all do the same thing in performing their duties i.e. Planning, organizing, motivating and controlling, however, their operating skills differ as a president will make references to policies from the legislative bodies in discharging his duties while the bishop will make references to the Bible or hymn books in the discharge of his duties. The rules and regulations in these two different sectors determine their operations as well as the operating skills.

## **4.0 CONCLUSION**

In this unit, we discussed the combination or the mix of the work of managers which we explained that it varies according to the organizational level of the manager.

We also discussed the sequence of the performance of managerial functions which goes like this - : planning, organizing, motivating and controlling. For a manager's typical work day, the cycle goes on and on. This is however dependent upon decision making on the part of the manager.

We also discussed how all the managerial functions are important. The universality of management functions was also discussed, stressing that all managers, regardless of the kind of organization do the same of planning, organizing, etc.

We also discussed the transferability of managerial skills especially at higher levels, though operating skills may differ.

## **5.0 SUMMARY**

The mix of the work of managers which includes planning, organizing, motivating and controlling to accomplish organizational objectives are performed in all kinds of organizations.

Because of the similarity of managerial functions, a manager skilled in performing them can transfer these skills from one organization to another. However, higher-level managers require less operating skills

knowledge and more emphasis on managerial functions; but all four managerial functions are performed by all managers to some degree in every managerial job.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Explain the concept of universality of management functions
2. Do you believe that managerial skills are transferable? Explain. Why are higher level managers more easily transferable than lower-level managers?
3. What are the four functions managers perform and what do you think will happen in an organization where no one performs these function?

## **7.0 REFERENCES / FURTHER READINGS**

Daft, R.L. (1997) Management. (4<sup>th</sup> ed.) Texas: The Dryden Press

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Higher Education



## **UNIT 5        MANAGEMENT PRINCIPLES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Characteristics of Management Principles
    - 3.1.1 Time Saving Techniques for Managers
  - 3.2 Validity of Management Principles
  - 3.3 Fayol's General Principles of Management
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References / Further Readings

### **1.0 INTRODUCTION**

Having studied about managerial functions, another way to understand more about management is to study management principles. Principles of management are guides for managerial action. You are about to study the characteristics of management principles, Some time saving techniques managers can adopt in the discharge of their duties, the validity of management principles and Fayol's general principles of management .

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

1. Discuss the nature of management principles
2. Distinguish Principles of management from management principle
3. State some time saving techniques that managers can adopt in the discharge of their duties

4. Appreciate the level of validity of management principles
5. State and explain Fayol's general principles of management.

### 3.0 MAIN CONTENT

#### 3.1 Characteristics of Management Principles

- Principles of management are guides for managerial action
  - A management principle is a statement of a general truth about organizations or management.
  - Principles of management may be thought of as the laws or fundamental truths of organizations and management
  - Principles usually prescribe a particular course of managerial action.
  - Inherent in the principle of management is the implication that if the principle is followed, improved organizational performance likely will result. Similarly a management principle implies that if the principle is not followed, organizational performance probably will suffer.
  - Although management principles are generally valid, they sometimes fail to indicate the best course of management action
  - Because principles of management have to do with human behaviour, they are not as exact or infallible as principles of the physical sciences.
  - On another note, many so-called principles of management have been criticized as being little or more than casual observations about organizations and management.
  - Most writers have complained that most principles of management have serious defects because of conflicts, inconsistencies and lack of empirical verification.
- Regardless of these negative views about principles of management, they are important features of management thought.

##### 3.1.1 Time Saving Techniques for Managers

There are time-saving “tricks” or techniques that most executives can profit by putting them into practice. Below are a few time – saving techniques that have worked with some having case studies. You can use some of your experiences at your work places to develop more case studies.

- Do not work on petty chores with the idea of working up to bigger projects. Start with the most important activity of the day and work your way down.  
**Case Study** - Chief. Dr. Wariboko is the CEO of Wariboko & Sons LTD. He sets daily priorities, using “A” for the most important things he has to do, “B” for the next and so on down the list. If he has extra time at the end of the day, he looks at the “Cs” and only a matter of time, all the “Cs” will wiped out altogether.
- Block out big chunks of time to see you through a tough problem. This may mean shutting your door to keep interruptions to a minimum.

**Case Study** – Dr. Harcourt, the MD of Freeway Bank blocks out time about twice a month to catch up on reading, however too many closed door sessions may irritate fellow employees.

- Give more of your own work to your secretary.

**Case Study**

Dr. Harcourt's secretary monitors investment journals for him, showing him only the few stories he most needs to see. This means you may have to promote your secretary to a position where he or she can help you even more or you may get another secretary who may serve as administrative assistant with the duties of a researcher and information gatherer.

- Write less. A phone call will often be as effective as a letter and when you must write, use a memo.
- Cut back on meetings
- Make lists ahead of time to organize your work

**Case Study**

Mrs. Thaddeus, the CEO of Lacoastal Enterprises jots down phone calls to be made, meetings to attend, and work to be done to give herself a head start on the next day, her biggest dividend is that she is no longer working from 8 to 7

- Analyze how you spend your time to see how much of it you are wasting. This you can do by recording your activities for a week, breaking them into 15-minute blocks and then determine what you need not have been done at all.
- Cut down on needless reports
- Cut the flow to your in-baskets
- Learn to use otherwise idle time

**Self Assessment Exercise 1**

State three characteristics or nature of management principles

**Answer**

- Principles of management have to do with human behaviour, therefore they are not as exact or infallible as principles of the physical sciences.
- Sometimes management principles fail to indicate the best course of management action, even though they are generally valid.

- Principles of management may be thought of as the laws or fundamental truths of organizations and management

### 3.2 Validity of Management Principles

Proper use of management principles probably improves organizational performance. This means that a manager who correctly employs available principles has a relatively high likelihood of realizing effective or improved organizational performance.

Principles used in the field of management generally are not comparable to principles used in fields such as the physical sciences. In the physical science field, for all practical purposes, principles are almost always valid.

However it is not necessary that a principle be valid for every conceivable circumstance, every time. It is quite enough that a principle be valid most of the time and for most circumstances. Because the principles described in this unit satisfy the condition of being valid most of the time, they are valuable aids for managerial use. However, it remains the manager's job to use judgment in determining when to apply a certain principle.

### 3.3 Fayol's General Principles of Management

The first principles of management were offered by Henri Fayol, a French industrialist in 1916. There was no English translation of his work at that time in the United States until 1937. It was in 1949 that Fayol's work appeared in book form in English and received wide circulation in the United States.

Fayol offered fourteen principles of management that he found useful in his career as an executive managing director of a large mining and steel complex for many years.

#### Below is a summary of Fayol's principles

1. **Division of work** – economists call this principle “specialization”. Division of work promotes efficiency because it permits an organizational member to work in a limited area, reducing the scope of work.
2. **Authority and responsibility** – authority and responsibility go together. The right and power to give orders is balanced by the responsibility for performing necessary functions
3. **Discipline** – Fayol saw discipline in terms of obedience, application, energy and respect and penalties for poor performance should be coupled with competent and fair supervision.

4. **Unity of command** – a subordinate should take orders from only one superior. According to Fayol, if the unity of command is violated, authority is undermined, discipline is in jeopardy, order disturbed and stability threatened.
5. **Unity of direction** – Fayol wrote that each organizational objective ought to have only one head and one plan.
6. **Subordination of individual interest to general interest** – the interest of the organization should come before the interest of the individual
7. **Remuneration of personnel** – pay should be fair. Time, job, piece rates, bonuses, profit sharing and other methods should be used to arrive at the best scheme of pay.
8. **Centralization** – there should be a central point in the organization which exercises overall directional control of all the parts
9. **Scalar chain** – there is an unbroken chain or scale of supervisors from the bottom to the top of the organization. This chain describes the flow of authority. Though quicker action is accomplished in many cases by direct communication.
10. **Order** – according to Fayol, ‘there should be a place for everyone and everyone should be in one’s place. An organization should be based on an orderly, rationally thought out plan.
11. **Equity** – Kindliness and justice on the part of managers will evoke loyalty and devotion from employees.
12. **Stability or tenure of personnel** – efficiency will be promoted by a stable work force.
13. **Initiative** – to ensure success, plans should be well formulated before they are executed
14. **Esprit de corps** – Fayol said that in union there is strength. The organization ought to function as a team, with every team member working to best accomplish organizational goals. He also emphasized the importance of good communication in achieving teamwork.

There are other management principles, these you can read up on your own from the list of references to widen your knowledge.

### Self Assessment Exercise 11

As a student, managing yourself to get the best out of your study in NOUN, describe how you go about making the best use of your time.

## **Answer**

I will analyze how I spend my time to see how much of it I am wasting. This I will do by recording my activities for a week, breaking them into 15-minute blocks and then determine what I need not have done at all.

## **4.0 CONCLUSION**

In this unit, we discussed the principles of management and we stated that a management principle is a statement of a general truth about organizations or management while Principles of management are guides for managerial action.

We also discussed some time saving techniques that managers can benefit from so as to more effective. The validity of management principles and Fayol's principles of management were discussed.

## **5.0 SUMMARY**

Having studied about managerial functions, we stated that another way to understand more about management is to study management principles. Principles of management are guides for managerial action. Inherent in the principle of management is the implication that if the principle is followed, improved organizational performance likely will result. Similarly a management principle implies that if the principle is not followed, organizational performance probably will suffer.

Management principles satisfy the condition of being valid most of the time, therefore they are valuable aids for managerial use. However, it remains the manager's job to use judgment in determining when to apply a certain principle

Henri Fayol, a French industrialist offered fourteen principles of management that he found useful in his career as an executive managing director of a large mining and steel complex for many years and some of these management principle include division of labour, unity of command, discipline etc.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Explain the management principles' you would apply to ensure that:

- a. the individual's scope of work is reduced

- b. He or she is held responsible for his or her work
  - c. order and stability is maintained
  - d. there is team spirit in the organization
2. State three time saving techniques or 'tricks' for managers and support these techniques with case studies.
3. Distinguish principles of management from management principles.

## **7.0 REFERENCES / FURTHER READINGS**

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## **MODULE 2 ORGANIZATION STRUCTURE AND RELATIONSHIPS**

Unit 1	The Manager and his Environment
Unit 2	Organizations and Reasons for Organizations
Unit 3	Types of Organizations
Unit 4	Organizations and elements of Organizations
Unit 5	Approaches to Organizational Design

### **UNIT 1 THE MANAGER AND HIS ENVIRONMENT**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	A manager's day
3.2	The Manager and Time Management
3.2.1	Time Log
3.2.2	Types of Time
3.3	Time Management Principles for Managers
4.0	Conclusion
5.0	Summary
6.0	References / Further Readings

#### **1.0 INTRODUCTION**



We can understand the managerial process by examining how managers typically spend their work day and how they respond to issues in their organizations. This unit exposes you to what a manager's day looks like, how the manager manages his time, the types of time in a manager's day and time management principles for managers on to better use their time.

## **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

1. Explain what a manager's day looks like
2. Mention with examples the coping strategy managers can use to manage their day
3. State and explain the device managers can use to measure how they use time
4. Distinguish the two types of time
5. Understand the different time –management principles

## **3.0 MAIN CONTENT**

### **3.1 A Manager's Day**

Henry Mintzberg in his studies of top-level managers found a pattern of behaviour that is common across organizations and industry lines. The pictures emerging from these studies is one of managers dealing with a large number of varied topics, each taking only a relatively short period of time.

Managers typically work at a rapid pace, with few if any “quiet times”. Most are constantly confronted with planned and unplanned events that eat up their available time. Telephone calls, visitors, meetings and incoming correspondence dominate their days. Even their lunch time may be working sessions with others, especially for top level executives.

From this description, it may appear that the manager is to a certain extent an unwilling puppet of others and would prefer to do things differently if only things could be slowed down and made more predictable.

Mintzberg is of the view that successful managers have adapted to this work style and often prefer it and in effect, the manager is encouraged to develop a particular personality which includes:

- To overload himself with work
- To do things abruptly
- To avoid wasting time
- To participate only when the value of participation is tangible
- To avoid too great involvement with any one issue
- To be superficial (though an occupational hazard of managerial work), however to succeed, the manager must become proficient at his superficiality.

As a result of this work style, managers prefer oral over written contact with others and also have a preference for current, short range issues over longer-range problems and opportunities. Therefore in this

sense, they operate in “real time”, responding to matters as they are confronted by them. However sometimes, managers must force themselves to do necessary long-range planning.

### **Self Assessment Exercise 1**

What is the nature of a manager’s day and what are the coping strategies he has adopted in order to succeed?

#### **Answer**

A manager’s day involves dealing with a large number of varied topics with each taking only a relatively short period of time. Managers work at a rapid pace, with few if any “quiet times”. Most are constantly confronted with planned and unplanned events such as telephone calls, visitors, meetings and incoming correspondence which dominate their days.

Managers try to develop a particular personality so as to succeed and this includes:

- i. To overload himself with work
- ii. To do things abruptly
- iii. To avoid wasting time, etc

(You can go on and give more examples.)

## **3.2 The Manager and Time Management**

Time is the most perishable of all resources since it cannot be stored or recovered, thus a manager’s scarcest resources is time. Thus an effective manager must attempt to use the time that is available in the most productive manner. Getting control of one’s time must therefore begin with an analysis of how time is used.

### **3.2.1 Time Log**

A Time Log is a device for measuring how one uses time. This tool is relatively simple to construct. It all involves taking a sheet of paper and dividing it into fifteen –minute intervals, there after categories of work are developed and each is given a code number. The manager then records the proper code for the work being done at each fifteen-minute interval. Keeping the log for two weeks will usually provide a good picture of time usage. Figure 3.2.1 is an example of a time log.

**Figure 3.2.1**

**Activity Time Log**

**Time Log**

Name \_\_\_\_\_

Day \_\_\_\_\_

Date \_\_\_\_\_

Time	Activity
8.00-----	
8.15-----	
8.30-----	
8.45-----	
9.00-----	
9.15-----	

### **3.2.2 Types of Time**

The activities of managers can be classified into two groups namely:

- i. **Response Time** – this is the time spent in reacting to others for information, decisions and opinions. This is by far the largest part of the manager's day.

- ii. **Discretionary time** – this is that portion of the workday that the manager controls. Much of the work of time-management consultants involves ways to control (but certainly not eliminate) response time and to enlarge discretionary time.

### 3.3 Time Management Principles for Managers

Most managers agree that good time management belongs with generally recognized principles of management, therefore good management practices and effective time management go together. The following are a number of widely prescribed time management principles

#### 1. Practice effectiveness, then efficiency

An effective manager is someone who knows which activities lead to the accomplishment of job objectives. **Effectiveness** involves doing the right things. Once the right things to do are identified, managers should concentrate on doing them right, this is referred to as **efficiency**.

#### 2. Delegate work to employees and train them

Most managers have a difficult time assigning to employees work they feel they can do better than themselves. Performing tasks that employees should be doing is a sure way for a manager to experience a work overload. A manager must analyze what work must be delegated and train employees to do them.

#### 3. Beware of Reverse Delegation

This problem occurs when an employee brings a decision to the manager that the employee should make. An acceptance of reverse delegation can increase the manager's work load significantly and hours or days of analysis may be needed before the decision is made. This will encourage the employee to be more dependent on the boss and thus repeat the action in the future.

#### 4. List Objectives for each day and determine their priorities

At the end of each work day, many managers make a habit of determining what they hope to accomplish the following day and the order of importance of those accomplishments; this way they have a clearer idea of what to spend their time on and how to spend it.

## **5. Practice Screening and Grouping**

One way to reduce unwanted interruptions is through screening. This process involves determining which messages and visits should get through immediately to the manager and which ones should be postponed or eliminated completely. For example one's secretary can be instructed to screen all incoming calls and put through only the most important ones.

## **6. Schedule quiet time daily**

The somewhat frantic pace of the typical manager's day makes it difficult for most to have any time for reflection and longer-range planning. However, some managers make it a practice to set aside a period each day called "quiet time", during which visitors, telephone calls and other interruptions are banned. This may be difficult for many managers, especially those at lower levels to arrange. Time-management consultants argue that every manager needs at least a few minutes each day for uninterrupted thinking and planning.

### **Self Assessment Exercise 11**

How would you describe an effective and an efficient manager?

#### **Answer**

Effectiveness involves doing the right things and an effective manager is someone who knows which activities lead to the accomplishment of job objectives. An efficient manager is one who identifies the right things to do and concentrates on doing them right. Therefore effectiveness leads to efficiency

## **4.0 CONCLUSION**

In this unit, we discussed the how the manager functions, manages himself and the environment around him. We started by explaining what a manager's day looks like, how the manager manages his time and the device (time log) which he uses to allocate activities or work to be done within a certain period of time, the two types of time at the disposal of a manager, which are discretionary time and response time. We also discussed a number of widely prescribed time-management principles that will help the manager function effectively in the office environment and any other environment he may find himself in.

## **5.0 SUMMARY**

Managers typically work at a rapid pace, with few if any “quiet times”. Most are constantly confronted with planned and unplanned events that eat up their available time each day such as telephone calls, visitors, meetings and incoming correspondence dominate their days.

According to Mintzberg, the manager is encouraged to develop a particular personality in order to cope successfully with the day’s activities, which includes: to overload himself with work, to do things abruptly, to avoid wasting time, etc.

Getting control of one’s time must therefore begin with an analysis of how time is used, to do this; the manager will need a time log. A time log is a device for measuring how one uses time. It all involves taking a sheet of paper and dividing it into fifteen –minute intervals, there after categories of work are developed and each is given a code number. The manager then records the proper code for the work being done at each fifteen-minute interval.

The activities of managers can be classified into two groups namely, discretionary time and response time. Response time is the time spent in reacting to others for information, decisions and opinions while discretionary time is this is that portion of the workday that the manager controls.

There are a number of widely prescribed time management principles which includes practicing effectiveness, then efficiency; Delegating work to employees and training them to do it, etc

## **6.0TUTOR MARKED ASSIGNMENT**

1. List and discuss any four widely prescribed time management principles that you will need to operate efficiently as a manager in your organization.
2. Explain with the aid of a diagram what you understand by a time log and give a case study of an instance where you have used a time log to plan your day.
3. Discuss the nature of a manager’s day and explain the types of time he has at his disposal in a particular day.
4. Assuming you have to drop off your children at school at 7a.m, meet up with an appointment with one of your companies’ clients at 9a.m., have a meeting with your subordinates at 11a.m, have a meeting with the chairman of the organization at 2pm to discuss the aftermath of the meeting you had, how would you go about planning this?

## **7.0REFERENCES / FURTHER READINGS**

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Higher Education

## **UNIT 2            ORGANIZATIONS AND REASONS FOR ORGANIZATIONS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The all-encompassing nature of organizations
  - 3.2 Reasons for organizations
    - 3.2.1 Social Reasons
    - 3.2.2 Material Reasons
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References / Further Readings

### **1.0 INTRODUCTION**

Organizations permeate almost everyone's life, as managers, employees, volunteers, customers, students and all of us are involved in organizations. This unit will expose you to the all encompassing nature of organizations; the unit will also enlighten you on the reasons for organizations which is viewed from the angle of the limitations that an individual faces , which could be as a result of biological capacities of the individual or the physical factors in the environment. The unit will go further to explain the two main reasons why people form organizations which are either for social or material reasons or for both, however the latter is what obtains in all societies everywhere in the world.

### **2.0 OBJECTIVES**

By the end of this unit, you should be to:

1. Define an organization
2. Explain the nature of organizations
3. State and explain the reasons for the formation of organizations.
4. Discuss how organizations compress time and how they are involved in specialization.

### **3.0 MAIN CONTENT**

#### **3.1 The all-encompassing nature of organizations**

Any time the behaviour of individuals is interrelated, some form of organization exists. We are all surrounded by organizations, big and small, formal and informal, organizations that are primarily economic, religious, military, governmental, educational, social or political. Organizations are part of the environment in which you work, play, relax or do just about anything. Organizations are a definite, definable, important daily influence on your life and the way you live it; the way you dress, what you eat, where you go and what you do. Your values and your hopes and dreams are products, in part, of organizations that influence you.

You have always been a member of some organization and have been affected by them and dependent on them. For example, at birth, you became a member of your family which is an organization. You depend on your family to care for you until you are ready to care for yourself.

The “organization person” is a product of our civilization, but has a host of ancestors. Anthropologists have discovered evidence of organizations in the primitive societies of the earliest known humans. Efficiency, sophistication and complexity are the principal changes that have occurred in organizations since their primitive beginnings.

Membership in organizations imposes many different costs which include money, time and work. But in a complex society, it is virtually impossible for a person to avoid participating in a number of organizations. However, the fundamental question for each person is not whether or not to belong to organizations, rather the question is how organizations can serve more effectively.

#### **3.2 Reasons for organizations**

Organizations meet different kinds of needs for individuals which are emotional, spiritual, intellectual, and economic. They are basically formed to meet objectives that can be met collectively.

There are several limitations within and around an individual. Barnard(1956) defined the limitations of individuals as the things that keep them from doing what each person wants to do. Limitations fall into two groups which are:

- i. Biological capacities of the individual and
- ii. The physical factors of the environment that the individual faces



To illustrate these limitations, Barnard cited a situation in which a person wanted to move a stone too large to be moved alone. The limitations may be stated in one or two ways which are:

- (i) “Stone too large for person” – this statement expresses the limitation in terms of the physical environment.
- (ii) ”person too small for stone”- this statement expresses the limitations in terms of the person.

From time immemorial, beginning probably with cave dwellers, human organizations were designed to overcome limitations of physical environment: to move stones, to kill tigers, to protect people from the cold.

Barnard however pointed out that when two persons work together to move a stone, they are increasing their individual strengths by pooling them. When they recognize this, they deliberately form an organization, thus we have a clear basis for organizations. Therefore organizations are designed by people to overcome individual limitations. Until the concept of organizations was perceived and acted upon, a person was limited by the combined effects of his or her individual capacities and the physical environment.

### **Self Assessment Exercise 1**

At what point can one say that an organization exists and what do you think is the basis for the formation of organization?

#### **Answer**

An organization is said to exist any time the behaviour of individuals are interrelated. Organizations are a definite, definable, important daily influence on your life and the way you live it. The way you dress, what you eat, where you go, what you do.

People form organizations because they know they can achieve much more by pooling their individual strength together instead of acting individually. Therefore organizations are designed by people to overcome individual limitations.

### **3.2.1 Social Reasons**

People are gregarious beings; they seem always to want relationships with other persons. Many organizations exist purely to meet this need for companionship. Others whose primary objectives may be intellectual or economic also answer it, whether consciously, deliberately, or in spite of themselves.

A large business organization can provide many satisfying contacts for its employees within the firm itself and with suppliers and customers.

Sometimes a person’s social needs are completely met by the company she works for that others may say “her job is her life” or “his job is his life”. He or she seems completely happy just to go to work to associate with his fellow employees. Another person may work with a volunteer group, may be a church,

a charitable organization, or even a volunteer fire department because he agrees with its humanitarian purpose

Sports organizations often provide social values. The competition and companionship of athletes and teams frequently produce intense personal involvement of spectators as well as players.

Persons therefore organize because they need and enjoy the social satisfactions organizations provide.

### 3.2.2

#### Material Reasons

People also organize for material reasons. Through organizations they can do three things that they could not do alone which are:

- i. To enlarge abilities
- ii. To compress the time required to accomplish an objective
- iii. To take advantage of the accumulated knowledge of previous generations.

#### i. Enlarge abilities

The first material reason for organizations is that they enlarge person's abilities. That is, through organizations one can do many things more efficiently than if working without the association of others. In fact, many things that people want to do can be done only through organized efforts.

People found that many things for example; mutual defense and production of goods could be achieved better with organized effort than individual effort. With organizations, persons could develop legal systems and governments, insurance companies, sports and athletic teams. Organizations produce gains in productivity because they make **specialization** and **exchange** possible.

#### • Specialization

You will recall we discussed in Module 1 and Unit 1 of this course material that Adam Smith in the Wealth of Nations (1776) recognized the value of specialization in his famous example of the making of pins. By World War II, the same principles, extensively applied, had resulted in harnessing the power of the atom. And every day, specialization enables business organizations to produce more at a lower cost than could possibly be done by individual efforts and more so each person can do the particular job for which he or she is best suited and trained. Persons often identify themselves in terms of specializations. Specialization is advantageous for a number of reasons which include:

- (a) It is not possible for anyone to become expert in all the skills and areas of knowledge in modern society, thus people tend to restrict themselves to relatively few activities in which they become expert.

- (b) Persons differ in their interests, nature, capacities, experiences and skills. Therefore their manual dexterity and other physical and mental factors suit them for their work.

On the other hand, some effects of specialization may be undesirable such as:

- (a) The monotony of specialized work can be very boring.
- (b) The large and complex organizations required for high degrees of specialization may be overwhelming to the individual.
- (c) One's work may be fractionalized, for example fixing a bolt to each car on an assembly line. It may be difficult to feel worthwhile performing this task.
- (d) Most large organizations may be impersonal which may result to members having feelings of alienation and nonparticipation.

- **Exchange**  
Specialization implies exchange. The exchange process also can be viewed as an organizational process that creates value. Exchange as an organizational activity is undertaken by all participants with the expectation that they will benefit from the exchange. Thus, organizations enlarge people's abilities or productivity through the exchange process. Whenever you benefit from any exchange, you are benefitting from an organization.

### Self Assessment Exercise 11

State two social reasons and two material reasons for the formation of organization

#### Answer

- i. Social reasons for the formation of organizations
- (a) People are gregarious beings and they seem always to want relationships with other persons, hence many organizations exist purely to meet this need for companionship.
- (b) A large business organization can provide many satisfying contacts for its employees within the firm itself and with suppliers and customers.
- ii. Material reasons for the formation of organizations
- (a) The first material reason for organizations is that they enlarge person's abilities. That is, through organizations one can do many things more efficiently than if working without the association of others.

- (b) Another reason for organization is to take advantage of the accumulated knowledge of previous generations.

**ii. Compress time**

The ability of organizations to compress the time required to reach an objective is the second material reason for their existence. In many cases, reducing total elapsed time is more important than ordinary efficiency. Hence an objective that could be accomplished by an individual or a relatively small group might be assigned to a large organization, even though the larger group will expend more effort or money. The elapsed time that an individual or small group would take to do the job might be too long to be acceptable.

Time is a significant factor in the accomplishment of many if not most human objectives. By permitting some objectives to be accomplished sooner, organizations provide a time value. Saving total expended time through specialization and compressing total elapsed time can both be accomplished through organizations.

**iii. Accumulate knowledge**

The third material reason for organizations is that they allow persons to take advantage of accumulated knowledge, to “stand on the shoulders” of those who have gone before. Without organizations, every person of every era will have to learn everything alone. In the past early people transmitted accumulated knowledge by word of mouth, through legends and folktales handed down with the tribe, but now in the contemporary times, many devices are being used for example a modern library, the internet, etc. A modern educational system provides for quick communication of this knowledge.

A highly important reason for organizations is that they provide the means for persons to take advantage of the experience and insights of those who have gone before.

**4.0 CONCLUSION**

In this unit, you learnt about organizations and the reasons for organizations, the pervasive or the all-encompassing nature of organizations, the reasons for organizations which are either social or material reasons. The material reasons comprises the enlarging of abilities, compressing the time required to accomplish an objective and taking advantage of the accumulated knowledge of previous generations.

## 5.0 SUMMARY

In this unit, you learnt that any time the behaviour of individuals is interrelated, some form of organization exists and that we are all surrounded by organizations, big and small, formal and informal, organizations that are primarily economic, religious, military, governmental, educational, social or political.

You also learnt that organizations meet different kinds of needs for individuals which are emotional, spiritual, intellectual, and economic and that they are basically formed to meet objectives that can be met collectively. There are several limitations within and around an individual. These limitations of individuals are the things that keep them from doing what each person wants to do. Limitations fall into two groups which are; biological capacities of the individual and the physical factors of the environment that the individual faces.

You also learnt that there are fundamental reasons why people form organizations and these reasons can be because they need and enjoy the social satisfactions organizations provide (i.e. social reasons) such as providing many satisfying contacts for its employees and meeting the individual's needs for companionship or for the material satisfaction (i.e. material reasons) that organization also provide such as increasing or enlarging one's abilities, compressing the time required to accomplish an objective and taking advantage of the accumulated knowledge of previous generations.

## 6.0 TUTOR MARKED ASSIGNMENT

1. State and explain what individuals stand to benefit materially when they choose to organize
2. Critically examine the role that specialization has to play in the life of an employee in a large business organization.
3. There are several limitations within and around an individual that keeps them from doing what each person wants to do, therefore they form organizations to meet objectives collectively. Discuss

## 7.0 REFERENCES / FURTHER READINGS

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### **UNIT 3            TYPES OF ORGANIZATION**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Classification of Organizations
3.1.1	Formal and Informal Organizations
3.1.2	Primary and Secondary Organizations
3.2	Basis for the Classification of Organizations
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	References / Further Readings

#### **1.0 INTRODUCTION**

To a great extent, organizations are variable as there are many different organizations as there are persons who are their members. An organization can be the central focus of a person's life or an incidental servant. An organization can be rigid, cold, and impersonal and on the other hand it can have warm and flexible relationships. In this unit, you are about to learn the different types of organizations which may

fall under informal or formal, primary or secondary and the basis or the reasons behind such classifications.

## **2.0**

## **OBJECTIVES**

By the end of this unit, you should be able to:

- |    |   |
|----|---|
| 1. | Identify the scheme for classifying organizations         |
| 2. | Classify organizations according to objectives of members |
| 3. | Understand the purposes of organizations                  |
| 4. | Identify the values that organizations create             |

## **3.0 MAIN CONTENT**

### **3.1 Classification of Organizations**

The traditional or generally accepted scheme for classifying organizations is to label them as “formal” or “informal” depending on the degree to which they are structured.

Another way to classify organizations is as primary or secondary organizations, according to the emotional involvement of its members.

These designations however, are only extremes because it very difficult if not impossible to find a completely formal or completely informal organization and the same applies for primary and secondary organizations

#### **3.1.1 Formal and Informal Organizations**

##### **i. Formal Organizations**

- A formal organization has a well defined structure that may describe its authority, power, accountability, and responsibility relationships.
- The structure can also define the channels through which communications flow
- Formal organizations have clearly specified jobs for every member
- The hierarchy of objectives of formal organizations is explicitly stated
- Status, prestige, pay, rank, and other perquisites are well ordered and controlled

- Formal organizations are durable and planned and because of their emphasis on order, they are relatively inflexible
- Membership in formal organizations is gained consciously, at a specific time and usually openly
- Examples of formal organization are large business corporations, federal and state governments and universities.
- Formal organizations can be converted to informal organization if the defined and structured relationships are not enforced and are replaced by new, unspecified, and uncontrolled relationships.

## **ii. Informal Organizations**

- Informal organizations are loosely organized, flexible, ill defined and spontaneous
- Membership in informal organizations may be gained either consciously or unconsciously and it is often difficult to determine the exact time when a person became a member
- In informal organization, one's membership or involvement may just "grow" through time.
- The exact nature of the relationships among the members and even the goals of the organization are unspecified.
- Examples of informal organization are a bridge club, a dinner party, passersby who rescue the injured in a car accident and a friendship
- Informal organization can be converted to formal ones when the relationships and activities are defined and structured.

## **3.1.2 Primary and Secondary Organizations**

### **i. Primary Organizations**

- Primary organizations claim the complete, personal and emotional involvement of their members
- They are characterized by personal, direct, spontaneous, face-to-face relationships
- They are based on mutual expectations rather than upon precisely defined obligations
- Primary organizations are satisfying ends in themselves
- Examples of primary organizations are some families, persons dedicated to their professions, and organizations that support causes dear to the hearts of their members.



## ii.Secondary Organization

- In secondary organizations, relationships are intellectual, rational and contractual
- Relationships tend to be formal and impersonal with explicitly defined obligations
- They are not satisfying ends in themselves, but they have members because they can provide the means such as pay to the members' ends.
- Members involve themselves in only limited ways in these organizations. For many employees, students, and soldiers, their respective organizations represent only limited commitment.

In conclusion, organizations can have some members for whom the organization is primary and others of the same organization may regard it as secondary.

- The potential for productivity in primary organizations is immensely superior to that in secondary organizations
- In primary organization, the member is willing to commit to total personal effort, whereas in secondary organizations, personal involvement is only partial.

## Self Assessment Exercise 1

On what basis can organizations be grouped?

### Answer

i. Generally, organizations are classified as formal or informal depending or based on the degree to which they are structured. Organizations can also be classified as secondary or primary organization based on the emotional involvement of its members.

## 3.2

### Basis for the Classification of Organizations

Every organizations is formed to achieve some purpose or purposes which can be broadly described as satisfying the wants , needs, desires or objectives of its members. Organizations can be classified according to the particular objectives of its members that it seeks to serve. For example

1. **Service organizations** – these organizations stand ready to assist persons without requiring full pay from each recipient of service. They include charities, public school boards, park and zoo commissions, high way departments , etc

2. **Economic organization** – these organizations provide goods and services in return for some form of payment. Examples are corporations, proprietorships, partnership, etc
3. **Religious organizations** – these organizations provide for the spiritual needs of members, for example, churches, synagogues, sects, orders, etc.
4. **Protective organizations** – these are organizations that protect persons from harm for example, police departments, the military, fire departments , etc.
5. **Government organizations** – these are organizations that satisfy the need for order and continuity for example, federal governments, states, cities, courts, etc.
6. **Social organizations** – these are organizations that serve the social needs of persons for contact with others , identification, and mutual support for example, fraternities, clubs, teams , etc.

### Self Assessment Exercise 11

Organizations may be formal, informal, primary or secondary depending on the degree to which they are structured and emotional involvement of its members respectively. State at least two features of each of these types of organizations.

#### Answer

##### i. Formal organizations

- Formal organizations have a well defined structure that may describe its authority, power, accountability, and responsibility relationships.
- Formal organizations are durable and planned and because of their emphasis on order, they are relatively inflexible

##### ii. Informal organizations

- Informal organizations are loosely organized, flexible, ill defined and spontaneous
- In informal organization, one's membership or involvement may just "grow" through time.

##### iii. Secondary organization

- In secondary organizations, relationships are intellectual, rational and contractual
- Relationships tend to be formal and impersonal with explicitly defined obligations

iv. Primary organization

- Primary organizations claim the complete , personal and emotional involvement of their members
- They are characterized by personal , direct, spontaneous, face-to-face relationships

## 4.0 CONCLUSION

In this unit, we discussed the different types of organizations and you learnt that organizations can be labeled as formal or informal depending upon the degree to which they are structured. You also learnt that organization can also be classified as primary or secondary, depending on the emotional involvement of its members and finally that organizations can be classified according to the principal objective or purposes which can be broadly defined as satisfying the needs and desires of its members.

## 5.0

## SUMMARY

Organizations are variable to large extent because there are many different organizations as there people who are their members. The traditional or generally accepted scheme for classifying organizations is to label them as “formal” or “informal” depending on the degree to which they are structured.

Another way to classify organizations is as primary or secondary organizations, which depends on the emotional involvement of its members. These designations however, are only extremes because it very difficult if not impossible to find a completely formal or completely informal organization and the same applies for primary and secondary organizations

A formal organization has a well defined structure that may describe its authority, power, accountability, and responsibility relationships. Examples of formal organization are large business corporations, federal and state governments and universities.

Informal organizations are loosely organized, flexible, ill defined and spontaneous. Examples of informal organization are a bridge club, a dinner party, passersby who rescue the injured in a car accident and a friendship.

Primary organizations claim the complete , personal and emotional involvement of their members, they are characterized by personal , direct, spontaneous, face-to-face relationships. Examples of primary organizations are some families, persons dedicated to their professions, and organizations that support causes dear to the hearts of their members.

Secondary organization is characterized by relationships that are intellectual, rational and contractual and tend to be formal and impersonal with explicitly defined obligations

Organizations can be classified according to the particular objectives of its members that it seeks to serve. For example Service organizations, Economic organizations, etc.

## **6.0**

### **TUTOR MARKED ASSIGNMENT**

1. Compare and contrast formal organizations and informal organizations.
2. Every organization is formed to achieve some purpose or purposes which can be broadly described as satisfying the wants, needs, desires or objectives of its members. State five organizations you know and explain the purpose for their formation.
3. The potential for productivity in primary organizations is immensely superior to that in secondary organizations, discuss.

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Higher Education

## **UNIT 4            ORGANIZATIONS AND ELEMENTS OF ORGANIZATIONS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 What is an Organization?
  - 3.2 Elements of Organizations
    - 3.2.1 Core Elements: Persons
    - 3.2.2 Working Elements: Resources
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References /Further Readings

### **1.0 INTRODUCTION**

In order to have a very meaningful study of organization, there is the need for a clear definition of just what an organization is. In the previous units, we have discussed severally about organizations without really breaking it down into its fundamental parts or elements. Therefore, in this unit, you are going to learn about organizations and elements of organizations. The unit will expose you to the core elements of organizations, which are people; their personal objectives and their organizational objectives. You will also learn about the other elements, referred to as the working elements and these are the resources, both human and non human resources respectively. So get set let's go on a wonderful learning experience!

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

- |    |  |
|----|--|
| 1. | Give a clear and exact definition of an organization                             |
| 2. | Identify easily the core and the working elements of an organization             |
| 3. | Differentiate persons' personal objectives from their organizational objectives. |

### **3.0 MAIN CONTENT**

#### **3.1 What is an Organization?**

An organization is a structured process in which persons interact for objectives. What occurs in organizations are interactions. The organization's structure describes these interactions, setting forth roles, relationships, activities, hierarchies of objectives and other features of the organization.

For Formal organizations, structure is likely to be recognized as a primary feature but for informal organizations, the structure is less important.

There are five facts that are common to all organizations and these are:

- i. An organization always includes persons
- ii. These persons are involved with one another in some way that is , they are interacting
- iii. These interactions can always be ordered or described by some sort of structure
- iv. All persons in the organization have personal objectives, some of which are the reasons for their actions. Each person expects that participation in the organization will help to achieve personal objectives.
- v. This interaction can also help to achieve compatible joint objectives, perhaps different from, but related to their personal objectives.

Members of organizations work toward these joint, organizational objectives in order to achieve their personal objectives.

### **3.2 Elements of Organizations**

The definition of organization enables us to identify an organization, sometimes with unexpected results. The definition also identifies extremely complex organizations, such as a university. In the university, there are countless interactions among thousands of persons. These include students, professors, cafeteria workers, deans, repair persons, secretaries, etc. Each is pursuing consciously or not, personal purposes while working for the university which may be met when the university is carrying on its work. Therefore these persons have come together and their interactions are centered around the campus.

A large organization can be either casual or exquisitely complex. A large organization has numerous small organizations within them. For example, a university has classes, social groups, and academic societies. Each is an organization unto itself. Many organizations come into being, succeed or fail and often die quietly, without ever having been recognized as organizations, even by their members. However, within all these variety and complexity, there are two kinds of elements common to all organizations and these are:

- i. The Core Elements
- ii. The Working Elements

### **Self Assessment Exercise 1**

Define an organization and state at least two facts that are common to organization

### **Answer**

An organization is a structured process in which persons interact for objectives. There are five facts that are common to all organizations. Two of these facts are that

- an organization always includes persons
- these persons are involved with one another in some way that is , they are interacting

### **3.2.1The Core Elements**

The core elements of any organization are persons i.e. the particular people whose interactions compose the organization. Every organization is constantly changing, hence the use of the term process in the definition of organization given above (3.1) to convey the dynamic nature of organizations. The names or membership roll call may change but there are always some persons involved, whose relationships can be expressed in some sort of structure, or no organization exists. Interacting persons are the necessary and sufficient element, and therefore they constitute the core element of organizations.

The necessary condition for organization is interaction between two or more persons who perceive that their individual desires can best be satisfied through the combination of personally possessed capabilities or resources. The success or failure of any organization is basically determined by a quality of interactions among the core elements, its members. When persons interact in some structured way an organization exists. These interactions cannot take place without their objectives. Objectives come first both in the history of any organization and in the study of organizations as a whole. These objectives are both personal and organizational objectives.

#### **i. Persons and their Personal Objectives**

There are questions that persons ask, which are always a part of a person's decision to go into , remain in or stay out of any organization, for example, should I stay with this company or look for another job, should I stay outside of the student association, etc. An individual supports an organization if she or he believes that through it personal objectives are being attained; if not, the person loses interest.

#### **Importance of Personal Objectives in Organizations**

Not everyone is completely aware of personal objectives. A specific person may not even be aware that he or she has objectives. However, effective organizations exist in spite of these deficiencies. This brings us to the question, “why is it important for managers to recognize that the personal objectives of each member of an organization are related to that member’s participation in the organization?” The answer to this question is that the effectiveness of the member’s participation is directly related to that person’s idea of how the organization helps to achieve one’s individual objectives and if one believes that it does, a highly productive cycle can operate. The person works wholeheartedly towards achieving personal objectives, understanding they are most likely to be accomplished when she or he contributes to the organization. This helps move the organization toward the organizational objectives, which moves the organization closer and so on.

## **ii. Persons and their organizational Objectives**

The effectiveness of a given organization is determined by how well the objectives of that organization are being achieved. An organization may not be fulfilling its objectives as well as it might, but it continues to exist, it is because some persons view it as at least partially effective. We speak of an organization as a thing unto itself, an entity with its own objectives, in terms of which its effectiveness can be measured. But within the organization are the members, each of whom has individual objectives. When we begin to speak of the objectives of the organization, does it mean we are ignoring the objectives of the individuals? Is there therefore a relationship between individual objectives and organizational objectives?. The following points below will answer these questions.

### **The relationship of individual and organizational objectives comes about in this ways:**

- The objectives of the individuals lead to action by those individuals.
- When action by one individual involves another individual in some way, the second individual reacts, in accordance with individual objectives. This interchange of action and reaction constitutes interaction, which can be described as a structure. This interaction of persons makes up the productive part of an organization.
- The individual objectives that lie behind the actions and reactions thus are responsible for the existence of the organization.
- Each member of the organization has two sets of concepts about himself or herself and the organization which are: (a) the person’s concept of personal objectives that are expected to be achieved by participating in organization; (b) the person’s concept of the objectives of the organization. However, one does not think of them as “concept a” and “concept b”
- The most effective organizations are those in which, first, concepts a and b are complementary for all members; not only do the members think they might be, they are.

## **Self Assessment Exercise 11**



What would you say is the necessary condition for the survival of an organization?

**Answer**

The success or failure of any organization is basically determined by a quality of interactions among the core elements, i.e. its members. When persons interact in some structured way an organization is said to exist.

### **3.2.2 Working Elements: Resources**

The working elements of an organization are those resources within it that can determine whether or not it is effective. Since the manager is the person most responsible for making the organization effective, he or she must know what these resources are and how they are available. The resources available to an organization fall into two broad categories namely: (a) non human and (b) human. They include everything, every person, every concept and every condition with which an organization has to work.

**(a) Nonhuman Resources: Tangible Assets of organizations**

Some human resources are free and easily accessible to organizations and others are not. Nature provides free goods in abundance, air, climate and in some cases even water. For example a fishing company has a free ocean in which to fish as well as free fish. On the other hand, most tangible resources are not free. The first problem for any organization is to provide itself with the materials and facilities that will be needed to accomplish its objectives.

**(b) Human Resources**

Humans, the core elements of the organization are also referred to as working elements. Persons within the organization utilize free resources and arrange for the organization to acquire other necessary resources. Without effective management, resources are likely to be wasted. If the organization's objectives are accomplished at all, they will be accomplished only accidentally. Resources should be managed and this is done by the manager and the manager needs to recognize that in their role as a working element, humans can bring to the organization three kinds of resources which include:

- i. **Their own ability to do** – every organization needs some members who can themselves perform the activities needed to achieve its objectives.
- ii. **Their ability to influence others** – there is the ability to influence others to do. A person's influence may be derived from economic power, social position, political power or individual personality. Ability to influence is essentially the same as power because power can be defined as the ability to alter the behaviour of others.

- iii. **Their ability to comprehend and use concepts –**  
the manager needs both influence or power and the ability to use concepts to coordinate all the resources of the organization to direct them effectively toward accomplishing organizational objectives. The manager uses concepts as tools, which may be divided into the areas of planning, organizing, motivating, and controlling. ( you will recall that we have discussed these concepts in unit 3, Organizations and Managers under Module 1, so you can refer to it to refresh your memory)

### **Self Assessment Exercise 111**

What are the working elements in an organization?

#### **Answer**

The working elements in an organization are the resources which may be divided into:

- Human resources – persons within the organization
- Non human resources – Tangible assets of an organization

## **4.0 CONCLUSION**

In this unit, we discussed organizations and we tried to define organizations. We also discussed the elements of organizations which may be divided into core and working elements. We also discussed that persons are the core elements of the organization and that the working elements are the resources which include human resources and non human resources.

## **5.0 SUMMARY**

In this unit, we defined organizations as a structured process in which persons interact for objectives and we said that what occurs in organizations are interactions. There are two kinds of elements common to all organizations and these are: the core elements and the working elements. The core elements of any organization are persons i.e. the particular people whose interactions compose the organization. While the working elements of an organization are those resources within it, that can determine whether or not it is effective. Since the manager is the person most responsible for making the organization effective, he or she must know what these resources are and how they are available. The resources available to an organization fall into two broad categories namely: (a) non human and (b) human. They include everything, every person, every concept and every condition with which an organization has to work.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Human beings are the working elements of an organization, what kind of resources can they bring to the organization?
2. What are the necessary conditions for an organization to exist?
3. People in organizations interact to achieve both personal and organizational objectives, summarize the relationship between personal and organizational objectives.

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## **UNIT 5      APPROACHES TO ORGANIZATIONAL DESIGN**

### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Understanding Organizational Structure and Design
3.2	The Contingency Approach to Organizational
Design	
3.2.1	Mechanistic and Organic Organizations
3.2.2	Contingency Factors that influence the Structure Decision
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	References / Further Readings

### **1.0**

### **INTRODUCTION**

Numerous designs may be used to build and maintain formal organizations. Some of these basic formats have been used by both business and non-business organizations for many years. No other topic in management has undergone as much change in the past a few years as that of organizing and organizational structure (Robbins and Coulter, 1999).

In this unit, we will focus our discussion on the contingency approach to organizational design and the contingency factors that influence the structure decision. You will also learn the two generic models of organizational design (Mechanistic and Organic Organizations) , but first of all we try to explain what organizational structure and design are.

## 2.0

## OBJECTIVES

By the end of this unit, you should be able to:

1. Define Organizational Structure and Design
2. Explain what the contingency view point is all about
3. Identify the basic characteristics of the two generic models of Organizational Design
4. State and explain the Contingency factors that influence these designs or structure decision.

## 3.0

## MAIN CONTENT

### 3.1 Understanding Organizational Structure and Design

Organizing, which is one of the managerial functions takes place when work is divided among departments and then among individuals. **Organizing** can therefore be defined as the process of creating an organization's structure.

One of the major challenges of managers is how to design an organizational structure that allows employees to effectively and efficiently do their work while accomplishing organizational goals and objectives.

What then is organizational structure? **An organizational structure** may be defined as the formal framework by which job tasks are divided, grouped, and coordinated.

When managers develop or change an organization's structure, they are engaged in **organizational design**. Organizational design is a process that involves decisions about six key elements which are:

- **Work specialization** – this can be traced back to Adam Smith's discussion on division of labour and his conclusion that it leads to increased productivity. Today, work specialization or division of labour is used to describe the degree to which tasks in an organization are divided into separate jobs.
- **Departmentalization** – the basis on which jobs are grouped in order to accomplish organizational goals is called departmentalization. One of the most popular ways to group work activities is by the functions performed or **functional departmentalization**, there are other ways too like, **product departmentalization** ( i.e. by the type of product the organization produces), **geographical departmentalization** (on the basis of

geography or territory), **process departmentalization** (on the basis of product or customer flow) and **customer departmentalization** (by the type of customer the organization seeks to reach).

- **Chain of command** – this is an unbroken line of authority that extends from the upper levels of the organization down to the lowest levels and clarifies who reports to whom. It helps employees determine who to go to if they have a problem and also to whom they are responsible. Chain of command cannot be discussed without discussing these three related concepts which are:
  - i. **Authority** – the rights inherent in a manager to give orders and to expect the orders to be obeyed.
  - ii. **Responsibility** – when one is given the right to do something, one also assumes a corresponding obligation to perform those assigned activities. This obligation or expectation to perform is known as responsibility.
  - iii. **Unity of command** – this is one of Henri Fayol's 14 principles of management. It helps to preserve the concept of an unbroken line of authority.
- **Span of control** – this concept refers to how many subordinates a manager can effectively and efficiently supervise.
- **Centralization and Decentralization** – centralization describes the degree to which decision making is concentrated in the upper levels of the organization. If organization's key decisions are made at the top with little or no input from the lower level employees, then the organization is centralized. If on the other hand, the lower level employees provide input or are given the discretion to make decisions, then the organization is decentralized.
- **Formalization** – this refers to the degree to which jobs within the organization are standardized and the extent which employee behaviour is guided by rules and procedure.

### Self Assessment Exercise 1

How would you explain the concept, “organizational design?”

#### Answer

Organizational design takes place when managers develop or change an organization's structure. It is a process that involves decisions about six key elements which are: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization.

### 3.2

#### Design

### The Contingency Approach to Organizational

The contingency approach to organizational design identifies the fact that every organization is unique, existing in a unique environment. Organizations are not all structured in exactly the same way and what works for one organization may not work for another. Structural differences among organizations do not happen by chance. Top managers of most organizations typically put a great deal of thought into designing an appropriate structure. This appropriate structure depends on four contingency variables which are:

- |      |   |
|------|---|
| i.   | The organization's strategy and structure             |
| ii.  | The organization's size and structure                 |
| iii. | The organization's technology and structure           |
| iv.  | The degree of environmental uncertainty and structure |

The ideal organizational design depends on various contingency factors. There are two generic models of organizational design which are: **Mechanistic and Organic Organizations**. These models of organizations are influenced in one way or the other by the four contingency factors or variables mentioned above.

#### 3.2.1 Mechanistic and Organic Organizations.

The two generic models of organizational design are the Mechanistic and organic organizations.

##### i.

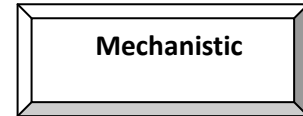
#### Mechanistic Organization

The mechanistic type of organizational structure tends to be efficiency machines well oiled by rules, regulations and routinization. This organizational design tries to minimize the impact of differing personalities, human judgment and ambiguity because these are seen as inefficient and inconsistent. Though no pure form of the mechanistic organization exists in reality, almost all large organization and government agencies tend to have many or at least some of the following characteristics of mechanistic organization listed below such as;

- |   |  |
|---|--|
| • | High specialization (which creates jobs that are simple, routine and standardized) |
| • | Rigid departmentalization(which increases impersonality )                          |
| • | Clear chain of command   |
| • | Narrow spans of control  |

- Centralization
- High formalization
- Limited information network (mostly downward communication)
- Little participation in decision making by low-level employees
- Strict adherence to the unity of command

The shape or structure of a mechanistic organization is represented as thus:



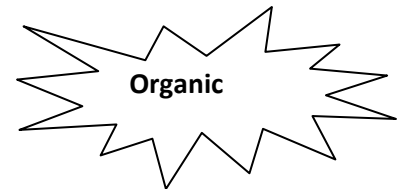
ii.

### **Organic organizations**

The organic organization is a direct contrast to the mechanistic form of organization. The organic organization is as highly adaptive and flexible a structure as the mechanistic organization is rigid and stable. Rather than having standardized jobs and regulations, the organic organization has flexibility, which allows it to change rapidly as needs require. The organic organizations have division of labour but the jobs people do are not standardized. Listed below are the unique characteristics of the organic organization which distinguishes it from the mechanistic organizations;

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

The shape or structure of an organic organization is represented as thus:



### **Self Assessment Exercise 11**

In our study of the two generic models of organization, one particular model is more interested in efficiency rather than human judgment and different personalities which are seen to be inefficient and inconsistent, which model is this?

#### **Answer**

The Mechanistic organization minimizes the impact of differing personalities and human judgment because these are seen as inefficient and inconsistent.



### **3.2.2 The Contingency Factors that influence the Structure Decision**

#### **i. Organization's Strategy and Structure**

An organization's structure is a means to help managers achieve their objectives. Because objectives are derived from the organization's overall strategy, therefore strategy and structure should be closely linked. To be specific, structure should follow strategy. Most current strategy-structure contingency framework s tend to focus on three strategy dimensions which are:

- Innovation – which reflects the organization's pursuit of meaningful and unique innovations
- Cost minimization – this reflects the organization's pursuit of tightly controlled costs; and
- Imitation - this reflects an organization's seeking to minimize risk and maximize profit opportunities by copying the market leaders.

#### **ii. The Organization's Size and Structure**

There is historical evidence that an organization's size significantly affects its structure. For example, large organizations with 2,000 or more employees tend to have more specialization, departmentalization, centralization and rules and regulations than do small organizations. Size affects structure at a decreasing rate, size becomes less important as an organization expands.

#### **iii. The Organization's Technology and Structure**

Every organization uses some form of technology to convert its inputs into outputs. To reach its objectives, the organization combines equipment, materials, knowledge, and experienced individuals into certain types and patterns of activities. The initial interest in technology as a determinant of structure can be traced to the work of British scholar, Joan Woodward in the 1960s. Her research was the first major attempt to view organizational structure from a technological perspective. She demonstrated that organizational structures adapt to their technology. Many organizational design researchers today agree that technology is the sole determinant of structure and also an important contributor.

#### **iv. The Degree of Environmental Uncertainty and Structure**

An organization's structure can be affected by its environment because of environmental uncertainty. Some organization face relatively stable and simple environments, while others face dynamic and complex environments. Because uncertainty threatens an organization's effectiveness,

managers will try to minimize it. One way to reduce environmental uncertainty is through adjustment in the organization's structure. There is substantial evidence relating the degree of environmental uncertainty to different structural arrangements. The scarcer the resources and the more dynamic and complex the environment is, the greater the uncertainty – the greater the need for the flexibility offered by an organic design.

### **Self Assessment Exercise 111**

Top managers of most organizations typically put a great deal of thought into designing an appropriate structure and these structures are hinged on certain variables, state and explain these variables in not more than two sentences.

#### **Answer**

The structures designed by managers are hinged on certain variables and these variables are:

- i. The organization's strategy and structure - An organization's structure is a means to help managers achieve their objectives. Objectives are derived from the organization's overall strategy; therefore strategy and structure are closely linked.
- ii. The organization's size and structure - There is historical evidence that an organization's size significantly affects its structure. Size affects structure at a decreasing rate, size becomes less important as an organization expands.
- iii. The organization's technology and structure - Every organization uses some form of technology to convert its inputs into outputs. Researchers have found that technology is the sole determinant of structure and also an important contributor.
- iv. The degree of environmental uncertainty and structure - An organization's structure can be affected by its environment because of environmental uncertainty. Some organizations face relatively stable and simple environments, while others face dynamic and complex environments.

### **4.0 CONCLUSION**

In this unit, the main focus of discussion is the contingency approach which is one of the major approaches to organizational design. Organizational Structure and Design were defined and the six key elements of Organizational design were identified and explained. The contingency approach to organizational design was discussed as the structure of any organization is dependent on four contingency

variables. The unit also discussed the two generic models of organizational design which are the mechanistic and the organic organizations and the contingency factors that influence these structure decisions – mechanistic or organic organization.

## **5.0 SUMMARY**

The contingency approach to organizational design, which is the main focus of our discussion in this unit identifies the fact that every organization is unique and exists in a unique environment. We tried to understand what organizational structure and organizational design means in order to have a better grasp of the topic. An organizational structure was defined as the formal framework by which job tasks are divided, grouped, and coordinated while organizational design is all about a change or development in an organization's structure by managers. The design process involves decisions about six key elements which are: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization.

The ideal organizational design depends on various contingency factors. There are two generic models of organizational design which are: Mechanistic and Organic Organizations. These models of organizations are influenced by four contingency factors or variables namely: The organization's strategy and structure, the organization's size and structure, the organization's technology and structure, and the degree of environmental uncertainty and structure.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. The structure decision of an organization is influenced by some key contingency factors, state and explain these factors.
2. Compare and contrast the mechanistic model of organization and the organic model of organization.
3. When managers are involved in organizational design, certain decisions about key elements are put into consideration, what are these key elements?

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Higher Education

### **MODULE 3 ORGANIZATION DEVELOPMENT**

- Unit 1 Leadership
- Unit 2 Motivation
- Unit 3 Developing and Maintaining Viable Organizations
- Unit 4 Organizational Change
- Unit 5 Environment and Organizational Development

## **UNIT 1            LEADERSHIP**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition
  - 3.2 Concept of Leadership and Leadership Theories
    - 3.2.1 Trait Theory
    - 3.2.2 The Group Basis of Leadership
    - 3.2.3 The Situational Approach to Leadership
    - 3.2.4 Forces in the Subordinates
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Whenever two or more people direct their efforts towards achieving a desired objective, one of the actors or participants usually exert influence on the group behaviour than the others and there is always somebody the group looks up to for direction, instruction and vision. This individual maybe classified as a leader.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- 1. Define leadership
- 2. Identify and explain a number of leadership theories
- 3. Differentiate types of power in leadership

### **3.0MAIN CONTENT**

#### **3.1 Definition**

Leadership has been defined by McKinney and Howard as “the person who can mesh divergent and conflicting forces, recognize and create opportunities, use the influence and morale basis of his or her position, and employ the minimal amount of resources to maximally achieve publicly desired ends. The concept of leadership in Business Management has been surrounded by controversy arising not from conceptual clarification but rather the identification of who truly is a leader. Leadership is synonymous with position, authority or with the task process or the exhibition of a particular behaviour.

Leadership is multi-dimensional, the use of influence, the dimension of interpersonal relations, leadership as an agent of change and goal accomplishment. There are different approaches to the study of leadership and these are the group approach to leadership, the situational approach to leadership and through the forces in the subordinates

### 3.2 Study of the Concept of Leadership

The concept of power and its application is pivotal to leadership effectiveness. Power refers to the ability to influence other people. In the context of the organization, power refers to the ability to get things done or accomplishing one's goal through people even in the existence of resistance and opposition. In an organizational context, leadership derives their power from the basic sources:

- **Legitimate Power:** This is a type of power that resides in an office, the occupant of that office inherits and exercises the power emanating from that office, and this becomes a basis to request others to comply; since employees are likely to resist instructions given to them by a supervisor who is acting outside or beyond their jurisdiction or authority. Legitimate power is a power derived from position authority. The higher an employee moves up the organization hierarchy, the more power him or her exercises.

- **Reward Power:** This refers to the ability of the leader to reward. Those who comply with, exhibit effort or achieve organizational goals. The presence of this power is enough to induce compliance from those employees who desire the reward. Reward power as an instrument at the disposal of the leader is sometimes restricted in situations where reward is based on standard bargaining.

- **Coercive Power:** This is the use of punishment to accomplish organizational goal. Employees comply with regulations or rules to avoid being sanctioned by the leader.

- **Referent Power:** Referent Power is deduced from the personal characteristics that leaders bring to organizational setting. These characteristics of the leader appeal to others in the work setting. These characteristics of the leader appeal to others in the work setting and consequently elicit the compliance.

- **Expert Power:** This refers to the expertise, competence or business knowledge possessed by the leader that makes subordinates to comply, because they believe that, they can learn from the leader.

As a result of the central role played by leadership in organizational effectiveness research outcome have grouped them into three:

- 1) Trait
- 2) Behaviour
- 3) Situation

#### Self Assessment Exercise 1

Define leadership and state the five basic sources from which leadership derives power

##### Answer

Leadership has been defined by McKinney and Howard as “the person who can mesh divergent and conflicting forces, recognize and create opportunities, use the influence and morale basis of his or her position, and employ the minimal amount of resources to maximally achieve publicly desired ends.

The five basic sources of leadership are: - Legitimate Power, reward power, coercive power, referent power and expert power.

### 3.2.1 The Leaders Attributes (Trait Theory)

Leadership was traditionally presented in terms of the traits that the leader possessed and how they influenced the achievements of organizational goals. A leadership trait is a physical or personality characteristics that can be used to differentiate leaders from followers. The trait theory was the dominant thought in the early 20th century; its focus was on the identification of the attributes or traits that are to be found in leaders.

The central theme is that leaders are not made but born. Therefore there must be distinctive characteristics between the leaders and other members of the group. The trait theorists argued that individuals with a need for power prefer such professions as the military, clergy and teaching where they can truly control people.

The major characteristics of Trait Theory are as follows:

**i. Drive:** this is a set of characteristics that reflect a high level of effort. It includes the need for achievement striving for continuous improvement, ambition, energy, tenacity and initiative.

These derived, characteristics, though in-born in some people can also be acquired by others through behavioural modification.

**ii. Leadership Motivation:** The instinct or desire to influence people is sometimes inborn in people. From the trait theory perspective, leaders want to lead rather than be led. Leaders have a high view for power. A need for power induces people to attempt to influence others and sustain interest and satisfaction in the process of leadership.

**iii. Integrity:** this is the correspondence between action, behaviour and utterances and the extent to which a leader is honest and credible. Integrity also includes the extent to which a leader displays morality and subscribes to professional ethics.

**iv. Self- Confidence:** This is the ability to stir in the face of difficulties and that setbacks are only temporary restrain. Self-confidence allows a leader to stir in the midst of difficulties and obstacles, make decision despite uncertainty and instill confidence in others.

**v. Knowledge of the Business:** Effective leaders have a high level knowledge about their industries or business, if a leader is to lead, show way, guide or direct or move others, such leaders must be knowledgeable in that endeavour.

### Self Assessment Exercise11

State the central theme of the trait theory and the major characteristics

#### Answer

The central theme of trait theory is that leaders are not made but born and therefore there are distinctive characteristics leaders must possess which are: drive, integrity, knowledge of the business, self confidence and leadership motivation.

### 3.2.2 Group Approach to Leadership

The group approach to leadership involves the following:

- Wide participation in decision-making
- Face-to-face group interactions
- Mutual confidence is the primary integration in the organization

- Inter-Group and Intra-Group communication
  - Growth for members of the organization is recognized as a priority objective.
- As the group approach to leadership become acceptable in theory, the leader's role becomes primarily one of helping the group to clarify and achieve its goals. One important consequence of this change was a shift in emphasis or even displacement of organizational goals for the groups.
- Another was almost unnoticed shift of leadership from executive to managerial and supervisory levels.
- The group approach also:
- Produced a functional leadership that varied with group needs.
  - Recognized the latent power over time of group norms to transform externally, introduced rule like the one from the legislature.
  - Transform the leader into a co-ordinator partly leading and partly being led.

### **3.2.3 The Situational Approach to Leadership**

The situational approach maintains that the situation dictates the qualities of leadership. Rather than adjusting the organization to fit the leader, here the leader is adjusted to organizational requirements. Among the situational variables identified are:

- Expectations of following
- Technology associated with the task to be performed.
- Pressures of schedules and the delivery environment.
- Required degrees of interpersonal contact.
- Various stages of organizational development

There are six – identified organization development that calls for different kinds of leadership.

- Creation of a new organization
- Survival of a continuing system
- Attainment of stability
- Gaining reputation and prestige
- Achieving uniqueness and adaptability
- Contributing to the society

### **3.2.4 Forces in the Subordinates**

Before deciding how to lead a certain group, the manager will also want to consider a number of forces affecting his subordinate's behaviour. Subordinates are influenced by many personality variables. In addition, such subordinate has a set expectation about how a boss should act in relation to him. The better the manager understands these factors, the more accurately he can determine what kind of behaviour on his part will enable his subordinates to act most effectively.

The manager can allow his subordinates greater freedom of the following essential conditions exists:

- If the subordinates have relatively high need of independence.
- If the subordinate have a readiness to assume responsibility for decision-making
- If they have relatively high tolerance for ambiguity.
- If they are interested in the problem and feel that it is important.
- If they understand and identify with the goals of the organization.
- If they have the necessary knowledge and experience to deal with the problem.
- If they have learnt to expect to share in decision-making.

The restructure effect of many of the forces will of course, be greatly modified by the general feeling of confidence which subordinates have in the boss where they learnt to respect and trust him, he is free to vary his behaviour. He will not be perceived as an authoritarian boss on those occasions when he makes decision by himself.



#### **4.0 CONCLUSION**

In this unit we have dealt with leadership in the context of its traditional meaning and have also examined its study. The three most common theories in which its study is carried out have been explored i.e. the trait, group and situational approaches to the study.

#### **5.0 SUMMARY**

A common view of leaders is that they are heroes' phenomenically talented; they step forward in difficult times and save the day. But in these complex times one should not assume that any great top executive can solve all problems by himself or herself. No one person can deal with all of today's rapid changes, competitive treats and escalating customer demands. To hope that a single leader can save the firm is usually a prescription for disappointment. Effective leadership must permeate the organization not to rely on one or two super stars at the top. A leader is required to coach, develop, and challenge every individual to continually improve his or her abilities to make greater contribution.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Explain the Basic Sources of Leadership Power.
2. What are the Forces in the Subordinates?
3. Discuss the Situational Approach to Leadership.

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### **UNIT 2 MOTIVATION**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Conventional View-Theory X
    - 3.1.1 A New Theory of Management Theory Y
    - 3.1.2 The Carrot-and- Stick Approach
    - 3.1.3 The Works of McClelland and Hertzberg
    - 3.1.4 The Works of Maslow and Victor Vroom
- 4.0 Conclusion
- 5.0 Summary

## **1.0 INTRODUCTION**

This unit deals with organizational development approach to motivation. Its major thrust is on the behaviour of the individuals in the workplace. The different behaviour people bring to the work place will be explained using different theories such as theory X, theory Y, the carrot-and-stick approach, McClelland theory of motivation and the works of Hertzberg, Maslow and Vroom.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

1. Distinguish between McGregor's Theory X and Theory Y
2. Discuss the Carrot-and-stick approach as a motivation Theory
3. Explain the motivational work of McClelland and Hertzberg.

## **3.0 MAIN CONTENT**

The Motivational work of Douglas McGregor is classified under a movement called 'Industrial Humanism' and it is a movement standing on human relations theory and that of the behavioural scientists. So close was industrial humanism movement to that of the behavioural scientist that McGregor's Theory Y was born as a result of the work of the behavioural scientist.

### **3.1 The Conventional View–Theory X**

The conventional conception of management's task is harnessing human energy to organizational requirements. According to McGregor's theory Y has three (3) propositions that are:

- That management is responsible for organizing the elements of productive enterprise – money, materials, equipment, and people in the interest of economic ends.
- With respect to people, this is a process of directing their efforts motivating them, controlling their actions modifying their behaviour to fit the needs of the organization.
- Without this active intervention by management, people would be passive, even resistant to organizational needs. They must therefore be persuaded, punished, controlled -their actions must be directed. This is the task management of getting things done through other people. Behind this theory, there are several assumptions though less explicit, but widespread, nevertheless.
- The average man is by nature indolent – he works as little as possible.
- He lacks ambition, dislikes responsibility prefers to be led.
- He is inherently self-centred, indifferent to organizations needs.
- He is by nature resistant to change
- He is gullible, not very bright.

Conventional organizational structures and management policies, practices and programmes reflect these assumptions.

Using these assumptions as guides, management has tried two options to control and direct human behaviour – the hard and soft approaches. The hard approach involves coercion and threat, close supervision, and tight controls over behaviour in the modern day Nigeria, such hard approaches will be exemplified by such act as locking out late-comers to the office, getting subordinates to obtain permission every time they go out of the office and ensuring that they return at a given time, issuing query for every slip made, meting out punishments such as written warnings, cut in salaries, suspensions and reductions in ranks.

The soft approach also entails listening to suggestions on work and work procedures made by subordinates, listening to staff and waiving punishment particularly on compassionate grounds. In the

final analysis the soft approach is all that gives the impression of weak leadership. Both the hard and soft approaches have met with difficulties.

In the hard approach, it has been found that force breeds counterforce in form of restriction of output, antagonism, militant, unionism subtle but effective sabotage of management objectives.

The soft approach leads frequently to abdication of management to indifferent performance. People take advantage of it, constantly expecting more but giving less and less. Some try to tread the middle course by preaching the doctrine of “firm and fair” in an attempt to take advantage of both the hard and soft approaches.

### **3.1.1 The New Theory of Management Theory X**

McGregor says that the issue of managing people should be change, based on more adequate assumptions about human nature and human motivation. The broad dimension of such a theory is what is known as “Theory Y”.

The assumptions here include the following:

- Management is responsible for organizing the elements of productive enterprise – money, materials, equipment, and people – in the interest of economic ends.
- Human beings by nature are not passive or resistant to organizational needs. They have become so as a result of experience in the organization.
- The motivation, the potential for developing the capacity for assuming responsibility, the readiness to direct behaviour towards organizational goals, are all present in people. It is the responsibility of management to make it possible for people to recognize and develop these human characteristics for themselves.
- The essential task of management is to arrange organizational conditions and methods of operation so that people can achieve their own goals best by directing their own efforts towards organizational objectives.

This is a process primarily creating opportunities releasing potential, removing obstacles, encouraging growth and providing guidance; it does not involve the abdication of management, the absence of leadership, the lowering standards or the other characteristics usually associated with the soft approach under Theory X.

### **3.1.2 The Carrot -and- Stick Approach**

The Carrot-and-Stick theory of motivation according to McGregor works under certain circumstances. The means for satisfying main physiological and safety needs can be provided or withheld by management. Employment itself is such a means and so are wages, working conditions, and benefits. By these means the individual can be controlled so long as he is struggling for subsistence. But the carrot-and-stick theory does not work at all once man has reached an adequate level of subsistence and is motivated primarily by higher needs. Management cannot provide a man with self-respect or with the satisfaction of needs for self-fulfilment. It can create such conditions that he is encouraged and enabled to seek such satisfaction for himself, or it can thwart him by failing to create these conditions.

However, the creation of conditions is not in control. It is not a good device for directing behaviour. And so management finds itself in an odd position. The high standard of living created by our modern technology provides guide adequately for the satisfaction of

physiological and safety needs. But by making possible the satisfaction of low level needs, management has deprived itself of the ability to use as motivators the devices on which conventional theory has taught it, to rely i.e. Rewards, promises, incentives, or threats and other coercive devices.

The philosophy of management by direction and control, regardless of whether it is hard or soft is inadequate to motivate because the human need on which this approach relies on today are unimportant motivators of behaviour. Direction and control are essentially useless in motivating people whose important needs are social or egoistic. Both the hard and soft approaches fail today because they are simply irrelevant to the situation.

People deprived of opportunities, to satisfy at work, the needs which are most important to them behave exactly as we might predict – with indolence, passive resistance to change, lack of responsibility, unreasonable demands for economic benefits.

### **3.1.3 The Works of McClelland and Hertzberg**

McClelland theory of motivation is a very significant motivational theory due to the research conducted on this area. This theory of motivation is based on three major motives:

- The need for achievement and fear of failure
- The need for power
- The need for affiliation

Most of McClelland research and writing is based upon the need for achievement (n-arch) The main tenet of n-arch is that “it is said that there are two basic types of people. There are those who strive for success and are challenged by opportunity and are willing to spare no effort in order to attain a desired goal. There are also those who do not really care very much at all whether or not they are successful. So much has been the work on these that there exists a test used in assessing the achievement of NEED in people. One such test is known as the Thematic Appreciation Test (TAT).

The common characteristics of High N’ Arch people are:

- Setting goals that are moderately difficult to attain and pose a certain amount of challenge to their energy and resourcefulness. If goals are early achieved, they feel little sense of accomplishment.
- People with high n-arch are attracted by work situations which allow them to take personal responsibility for goal achievement.
- Concrete feedback on performance is essential for people with high n-arch, so that they know how well they are doing.
- They are more ignited about their environments.
- The final characteristics of individuals who have high needs for achievements are that they are more inclined to think spontaneously about how they might achieve this or that desired objective.

The work of Frederick Hertzberg is popular for propounding a two factor theory of motivation – the hygiene factors and the motivator factors. Here is known for the word motivating with KITA.

**(a) Negative Physical Kita:** This is a lateral application of the term. Hertzberg notes that Negative Physical Kita has three drawbacks. It directs, and stimulates automatically the nervous system; it is not elegant and contrasts the benevolence image of the organization which often results in negative feedback.

**(b) Negative Psychological Kita:** Rather than use physical force, Psychologists had advised for the use of psychology, by rights to make the punishment more painful. Those who practice it look like saints who would not physically hurt a fly but do more damage to the ‘ego than physical hurt. Hertzberg concludes discussion on negative Kita by saying that if you make someone do a piece of work by kicking him, you have “motivated”, but have moved him to doing something. Since negative Kita does not lead to motivation, he therefore posted for positive Kita.

**(C) Positive Kita:** This is where a worker is motivated in a positive manner by being rewarded maybe with promotion or overseas trip.

### **Self Assessment Exercise 1**

In contrast, compare Negative Physical Kita, Negative Psychological Kita, and Positive Kita. Which of these three in your opinion and in your environment is more effective?

### **ANSWER**

**(a) Negative Physical Kita:** This is a lateral application of the term. Herzberg notes that Negative Physical Kita has three drawbacks. It directs, and stimulates automatically the nervous system; it is not elegant and contrasts the benevolence image of the organization which often results in negative feedback.

**(b) Negative Psychological Kita:** Rather than use physical force, Psychologists had advised for the use of psychology, by rights to make the punishment more painful. Those who practice it look like saints who would not physically hurt a fly but do more damage to the 'ego than physical hurt. Herzberg concludes discussion on negative Kita by saying that if you make someone do a piece of work by kicking him, you have "motivated", but have moved him to doing something. Since negative Kita does not lead to motivation, he therefore posted for positive Kita.

**(C) Positive Kita:** This is where a worker is motivated in a positive manner by being rewarded maybe with promotion or overseas trip.

Therefore, POSITIVE KITA is more effective in working environment.

### **3.1.4 The Works of Maslow and Victor Vroom**

In 1943, Abraham Maslow presented a paper titled the theory of human motivation, where he stated that a person's motivational needs could be arranged in a hierarchical order as follows:

**- Physiological Needs:** These are the basic human needs to sustain life such as food, clothing, and shelter. Until these basic needs are satisfied to the degree needed, needs for the sufficient operation of the body. But once the physiological needs have been satisfied, other levels of need become important.

**- Safety or Security Needs:** These needs are essentially the desire to be free from fear of physical danger and the deprivation of basic physiological needs. There is a need for self-preservation and the concern for the future. Here Maslow stressed emotional as well as physical safety.

**- Social or Affiliation Need:** Social needs include the need to belong and be accepted by people, this also means belongingness, acceptance and friendship.

**- Esteem Needs:** The esteem needs represents self-esteem and recognition from others. The satisfaction of these needs produces feelings of self confidence prestige power and control. People begin to feel that they are useful and have some effect on their environment.

**- Self - Actualization:** This is the need to maximize one's potential, whatever it maybe.  
Self Actualization

### **Vroom's Expectancy Theory**

In 1946 Victor Vroom the pro founder of Expectancy theory of motivation defined motivation as a process governing choice among alternative forms of voluntary activity.

To understand the individual's choice of voluntary activities, it is important to first appreciate certain concepts that are embedded in the expectancy theory, these concepts are:

**- Outcome:** This is the result of doing a particular thing. The outcome can be first level or second level. The first level outcomes are the products of behaviour associated with doing the job such as productivity absenteeism, while the second level outcomes are the products of the first level outcome. This includes punishment and reward. First level outcome of students includes attendance of lectures, studying and partaking in class assignment, while the second level outcome is success or failure in examination and ultimately first class or second class degree status.

**- Instrumentality:** This is the individual's perception or belief that the first level outcome is associated with the second level outcome. E.g. do student believe that hardwork can result in examination excellence. This belief or otherwise is what is known as instrumentality. Instrumentality ranges from  $-1$  to  $+1$

**I** Instrumentality is the perception that attainment of second level outcome is certain without the first level outcome and that second level outcome is impossible with first level outcome.

**+I** Instrumentality is the perception that first level outcome is necessary and sufficient for the second level outcome to occur.

**O** Instrumentality is the perception that there is no linkage between first level and second level outcome.

### **C Valence**

This is the preference for second level outcome. Among the second level outcomes which to them do the student prefer. Does the student desire an A B C D E or F score in the examination. An outcome is positively valent when it is preferred; it is negatively valent when the individual is indifferent to it.

### **D Expectancy**

This refers to the individual belief concerning the likelihood or subjective probability that a particular behaviour will be followed by a particular outcome. That is an exhibited behaviour can elicit a particular outcome. Expectancy ranges from  $0$  to  $+1$

**O Expectancy:** This implies that there is no chance of the occurrence of an outcome after the behaviour.

**+1 Expectancy:** This implies that the outcome will certainly follow the behaviour.

**E-Force (M):** This is equalled to motivation. The intent of expectancy theory is to assess the magnitude and direction of all the forces acting on the individual. The act associated with the greatest force is most likely to occur.

**F-Ability (A):** This refers to a person's potential for doing a job. Ability could be physical or mental.

## **SELF ASSESSMENT EXERCISE 2**

Differentiate between Abraham Maslow, hierarchical theory and Vroom's Expectancy Theory

### **ANSWER**

#### **The Works of Maslow and Victor Vroom**

Abraham Maslow presented a paper titled the theory of human motivation, where he stated that a person's motivational needs could be arranged in a hierarchical order.

- **Physiological Needs** – which are the basic human needs to sustain life ; - **Safety or Security Needs** - these needs are essentially the desire to be free from fear of physical danger and the deprivation of basic physiological needs; **Social or Affiliation Need**- these needs include the need to belong and be accepted by people; **Esteem Needs** - the esteem needs represents self-esteem and recognition from others and then; **Self – Actualization** - this is the need to maximize one's potential, whatever it may be that one is engaged in.

On the other hand Vroom's Expectancy Theory of motivation which focuses on the process governing choice among alternative forms of voluntary activity. For Vroom, to understand the individual's choice of voluntary activities, it is important to first appreciate certain concepts that are embedded in the expectancy theory, these concepts are:

- **Outcome:** This is the result of doing a particular thing. The outcome can be first level or second level. The first level outcomes are the products of behaviour associated with doing the job such as productivity absenteeism, while the second level outcomes are the products of the first level outcome. This includes punishment and reward.

- **Instrumentality:** This is the individual's perception or belief that the first level outcome is associated with the second level outcome. E.g. do student believe that hard work can result in examination excellence. This belief or otherwise is what is known as instrumentality. Instrumentality ranges from 1 +0 + 1

**I** Instrumentality is the perception that attainment of second level outcome is certain without the first level outcome and that second level outcome is impossible with first level outcome.

**+I** Instrumentality is the perception that first level outcome is necessary and sufficient for the second level outcome to occur.

**O** Instrumentality is the perception that there is no linkage between first level and second level outcome.

### C Valence

This is the preference for second level outcome. Among the second level outcomes which to them do the student prefer. Does the student desire an A B C D E or F score in the examination. An outcome is positively valent when it is preferred; it is negatively valent when the individual is indifferent to it.

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**E-Force (M):** This is equalled to motivation. The intent of expectancy theory is to assess the magnitude and direction of all the forces acting on the individual. The act associated with the greatest force is most likely to occur.

**F-Ability (A):** This refers to a person's potential for doing a job. Ability could be physical or mental.

## 4.0 CONCLUSION

In this unit, you have been introduced to the works of most prominent theorists of motivation. Motivation has always been an important and puzzling subject for managers it use to sustain people's behaviours manager by definition work with and through people, hence they need understanding of why people

behave as they do so that they can influence people to perform in ways that the managers find desirable. Motivation is a puzzling subject because motives cannot be directly observed or measured they must be inferred from people's behaviour. In addition there are many theories, both old and new, about why people are motivated to behave as they do; these theories differ in what they implicitly suggest managers should do to obtain effective performance from the people around them.

## **5.0 SUMMARY**

Motivation was examined under Industrial humanism, behavioural sciences. Motivation is an extremely significant subject for managers, since managers need to influence the motivation of people to achieve personal and organizational goals. However, people abilities and role perceptions are so important factors in how well they will perform.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. List all the characteristics of high n-Arch people and explain three (3) fully.
2. Explain the Carrot -and- Stick Approach.
3. What are the Conventional View–Theory X.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 3    DEVELOPING AND MAINTAINING VIABLE ORGANIZATIONS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Organization Development
  - 3.2 Core Values of Organization Development
  - 3.3 Objective of Organization Development
    - 3.3.1 Improved Organizational Performances
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

In this unit you will learn how viable organizations are developed and the core values of organization development. The objectives of organizational development will be evaluated and one of such objectives is improved organizational performances, which will be analyzed in this unit.

### **2.0 OBJECTIVES**

By the end of this unit, you student should be able to:

- 1. Organization Development
- 2. Core Values of Organization Development
- 3. Objective of Organization Development
- 4. Improved Organizational Performances

### **3.0 MAIN CONTENT**

#### **3.1 Organization Development**

**Organization Development (OD)** is a deliberately planned, organization-wide effort to increase an organization's effectiveness and/or efficiency. OD theorists and practitioners define it in various ways. Its multiplicity of definition reflects the complexity of the discipline and is responsible for its lack of understanding. For example, Vasudevan has referred to OD being about promoting organizational readiness to meet change, and it has been said that OD is a systemic learning and development strategy intended to change the basics of beliefs, attitudes and relevance of values, and structure of the current organization to better absorb disruptive technologies, shrinking or exploding market opportunities and ensuing challenges and chaos. It is worth understanding what OD is not. It is not training, personal development, team development, HRD (human resource development), L&D (learning and development) or a part of HR although it is often mistakenly understood as some or all of these. OD interventions are about change so involve people - but OD also develops processes, systems and structures. The primary purpose of OD is to develop the organization, not to train or develop the staff.

### **3.2 Core Values of Organization Development**

Underlying Organization Development are humanistic values. Margulies and Raia (1972) articulated the humanistic values of Organization Development as follows:

1. Providing opportunities for people to function as human beings rather than as resources in the productive process.
2. Providing opportunities for each organization member, as well as for the organization itself, to develop to his full potential.
3. Seeking to increase the effectiveness of the organization in terms of all of its goals.
4. Attempting to create an environment in which it is possible to find exciting and challenging work.
5. Providing opportunities for people in organizations to influence the way in which they relate to work, the organization, and the environment.
6. Treating each human being as a person with a complex set of needs, all of which are important in his work and in his life.

### **3.3 Objective of Organization Development**

The objective of OD is:

To increase the level of inter-personal trust among employees.

1. To increase employees' level of satisfaction and commitment.
2. To confront problems instead of neglecting them.
3. To effectively manage conflict.
4. To increase cooperation among the employees.
5. To increase the organization's problem solving.
6. To put in place processes that will help improve the ongoing operation of the organization on a continuous basis.

But broadly speaking, all organizational development programs try to achieve the following objectives:

1. Making individuals in the organization aware of the vision of the organization. Organizational development helps in making employees align with the vision of the organization.
2. Encouraging employees to solve problems instead of avoiding them.
3. Strengthening inter-personnel trust, cooperation, and communication for the successful achievement of organizational goals.

4. Encouraging every individual to participate in the process of planning, thus making them feel responsible for the implementation of the plan.
5. Creating a work atmosphere in which employees are encouraged to work and participate enthusiastically.
6. Replacing formal lines of authority with personal knowledge and skill.
7. Creating an environment of trust so that employees willingly accept change.

According to organizational development thinking, organization development provides managers with a vehicle for introducing change systematically by applying a broad selection of management techniques. This, in turn, leads to greater personal, group, and organizational effectiveness.

### **SELF ASSESSMENT EXERCISE 1**

Explain the Core Values of Organizational Development.

### **Core Values of Organization Development**

Underlying Organization Development are humanistic values. Margulies and Raia (1972) articulated the humanistic values of Organization Development as follows:

1. Providing opportunities for people to function as human beings rather than as resources in the productive process.
2. Providing opportunities for each organization member, as well as for the organization itself, to develop to his full potential.
3. Seeking to increase the effectiveness of the organization in terms of all of its goals.
4. Attempting to create an environment in which it is possible to find exciting and challenging work.
5. Providing opportunities for people in organizations to influence the way in which they relate to work, the organization, and the environment.
6. Treating each human being as a person with a complex set of needs, all of which are important in his work and in his life.

### **3.3.1 Improved Organizational Performances**

The objective of OD is to improve the organization's capacity to handle its internal and external functioning and relationships. This would include such things as improved interpersonal and group processes, more effective communication, enhanced ability to cope with organizational problems of all kinds, more effective decision processes, more appropriate leadership style, improved skill in dealing with

destructive conflict, and higher levels of trust and cooperation among organizational members. These objectives stem from a value system based on an optimistic view of the nature of man — that man in a supportive environment is capable of achieving higher levels of development and accomplishment. Essential to organization development and effectiveness is the scientific method — inquiry, a rigorous search for causes, experimental testing of hypotheses, and review of results.

**Self-managing** work groups allows the members of a work team to manage, control, and monitor all facets of their work, from recruiting, hiring, and new employees to deciding when to take rest breaks. An early analysis of the first-self-managing work groups yielded the following behavioral characteristics (Hackman, 1986):

- Employees assume personal responsibility and accountability for outcomes of their work.
- Employees monitor their own performance and seek feedback on how well they are accomplishing their goals.
- Employees manage their performance and take corrective action when necessary to improve their and the performance of other group members.
- Employees seek guidance, assistance, and resources from the organization when they do not have what they need to do the job.
- Employees help members of their work group and employees in other groups to improve job performance and raise productivity for the organization as a whole.

### **Organizational self-renewal**

The ultimate aim of OD practitioners is to "work themselves out of a job" by leaving the client organization with a set of tools, behaviors, attitudes, and an action plan with which to monitor its own state of health and to take corrective steps toward its own renewal and development. This is consistent with the systems concept of feedback as a regulatory and corrective mechanism.

Weisbord (1987), presents a six-box model for understanding organization:

1. Purposes: The organization members are clear about the organization's mission and purpose and goal agreements, whether people support the organization's purpose.
2. Structure: How is the organization's work divided up? The question is whether there is an adequate fit between the purpose and the internal structure.
3. Relationship: Between individuals, between units or departments that perform different tasks, and between the people and requirements of their jobs.

4. Rewards: The consultant should diagnose the similarities between what the organization formally rewarded or punished members for.
5. Leadership: Is to watch for blips among the other boxes and maintain balance among them.
6. Helpful mechanism: Is a helpful organization that must attend to in order to survive which as planning, control, budgeting, and other information systems that help organization member accomplish.

### **Modern Development**

In recent years, serious questioning has emerged about the relevance of OD to managing change in modern organizations. The need for "reinventing" the field has become a topic that even some of its "founding fathers" are discussing critically.

With this call for reinvention and change, scholars have begun to examine organization development from an emotion-based standpoint. For example, DeKlerk (2007) writes about how emotional trauma can negatively affect performance. Due to downsizing, outsourcing, mergers, restructuring, continual changes, invasions of privacy, harassment, and abuses of power, many employees experience the emotions of aggression, anxiety, apprehension, cynicism, and fear, which can lead to performance decreases. DeKlerk (2007) suggests that in order to heal the trauma and increase performance, O.D. practitioners must acknowledge the existence of the trauma, provide a safe place for employees to discuss their feelings, symbolize the trauma and put it into perspective, and then allow for and deal with the emotional responses. One method of achieving this is by having employees draw pictures of what they feel about the situation, and then having them explain their drawings with each other. Drawing pictures is beneficial because it allows employees to express emotions they normally would not be able to put into words. Also, drawings often prompt active participation in the activity, as everyone is required to draw a picture and then discuss its meaning.

The use of new technologies combined with globalization has also shifted the field of organization development. Roland Sullivan (2005) defined Organization Development with participants at the 1st Organization Development Conference for Asia in Dubai-2005 as "Organization Development is a transformative leap to a desired vision where strategies and systems align, in the light of local culture with an innovative and authentic leadership style using the support of high tech tools.

## **SELF ASSESSMENT EXERCISE 2**

Explain the Six – Box Model for understanding organization presented by Weisbord (1987).

### **ANSWER**

1. Purposes: The organization members are clear about the organization's mission and purpose and goal agreements, whether people support the organization's purpose.
2. Structure: How is the organization's work divided up? The question is whether there is an adequate fit between the purpose and the internal structure.
3. Relationship: Between individuals, between units or departments that perform different tasks, and between the people and requirements of their jobs.
4. Rewards: The consultant should diagnose the similarities between what the organization formally rewarded or punished members for.
5. Leadership: Is to watch for blips among the other boxes and maintain balance among them.
6. Helpful mechanism: Is a helpful organization that must attend to in order to survive which as planning, control, budgeting, and other information systems that help organization member accomplish.

## **4.0 CONCLUSION**

In this unit you learn about Organization development. However, it also evaluates the objectives of organizational development framed work by keeping in view specific situations, which vary from one situation to another. In other words, these programs are tailored to meet the requirements of a particular situation.

## **5.0 SUMMARY**

In this unit, there was a call to action for greater demonstration by Organization Development practitioners of the ways in which we already use our values and tools to create positive work environments. The need in organizations to manifest socially responsible values and create win-win business results has never been greater. Organization Development is an excellent position to seize the opportunity to build bridges, find common ground, and address organizational and cultural divides.

## **6.0 TUTOR- MARKED ASSIGNMENT**

1. What is Organizational Development (OD)
2. Elaborate the Objectives of Organization Development.

- 3 Broadly speaking, all organizational development programs try to achieve some objectives. Discuss.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 4            ORGANIZATIONAL CHANGE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Managing Change
  - 3.2 How changes are carried out in the Organization
    - 3.2.1 Sacred Cow Hunts
    - 3.2.2 The Paper Cow
    - 3.2.3 The Meeting Cow
    - 3.2.4 The Speed Cow
  - 3.3 Employee Acceptance of Change
    - 3.3.1 Stages, employees go through during periods of changes
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 8.0 References/Further Readings

### **1.0 INTRODUCTION**

In this unit you will learn about how a leader can introduce changes that will be accepted by the employees in an organization. Three methods of introducing change are discussed. These include: sacred cow, in which employees evaluate old ways of doing things for possible changes. In the paper cow technique they look for ways of reducing paper work while still achieving the organizational goals. Wastage of time in organization is made understandable by costing man- hour lost as a result of long hours of meetings. This technique is known as meeting cow. The unit also contained information that speed cow which means pushing staff to complete work quickly may lead to low quality work. You will learn that ability to effect these changes depending on the following; denial, defense, discarding, adaptation and internalization.

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

1. How and why organizations change
2. How to increase employee acceptance of change

### **3.0 MAIN CONTENT**

#### **3.1 Managing Change**

Change occurs for many reasons and takes on many forms in organizations. Changes in organizations may be due to the need to downsize, reorganize, or the introduction of teams. Some changes are the result of such external mandates as managed care or new governmental regulations. Still other changes occur due to new leadership or new personnel.



## **3.2 How Changes are carried out in the Organization**

### **3.2.1 Sacred Cow Hunts**

According to Kriegel and Brandt (1996) the first step towards organizational change a “sacred cow hunt.” Organizational sacred cows are practices that have been around for a long time and invisibly reduce productivity. A sacred cow hunt, then, is an organization wide attempt to get rid of practices that serve no useful purpose. In a sacred cow hunt, an organization looks at all its practices and policies and asks such questions as:

- Why are we doing it? Does it add value, improve quality, improve service, or improve productivity?
- What if it didn't exist?
- Is it already being done by someone else?
- How and when did we start doing this?
- Can it be done better by another person, department, or company?

Types of sacred cows include the paper cow, the meeting cow, and the speed cow.

### **3.2.2 The Paper Cow**

Paper cows are unnecessary paperwork-usually forms and reports that cost organizations money to prepare, distribute, and read. To determine if some thing is a paper cow, consider the extent to which the paperwork increases efficiency, productivity, or quality. Ask if anyone actually reads the paperwork. A unique strategy tried by employees at one company was to stop sending a monthly report that had been distributed for years. The employees' thinking was that if the report were actually needed, they would receive complaints. Three months and three missing reports later, no one had complained!

A good annual practice is to review all forms and reports and determine whether they are still needed and, if they are, whether they are needed in their current format. To demonstrate the importance of this practice, review the forms used by your university or organization. How many of them are a third of a page or a quarter of a page? Probably none. There seems to be a unwritten rule that all forms must ask questions until the bottom of the page is reached. I was recently preparing contacts for our graduate assistants and noticed that I was being asked questions about the university from which the students had received their undergraduate degrees, their undergraduate GPA, and their work histories. Note that these were contacts, not application forms, where this information was already hunt, I called the graduate college to ask why this? Did anyone actually need this information? No. will you change the form for next year? No.

### **3.2.3 The Meeting Cow**

Another area ripe for change is the number and length of meetings. Think about meetings you have attended recently. How much meeting time was spent doing business as opposed to socializing? Was the meeting necessary? To reduce the number and length of meetings, some organizations ask the person calling the meeting to determine the cost of the meeting (e.g., 1-hour's salary of each attendee, cost of meeting room, cost of refreshments and supplies) and to consider whether the cost of the meeting will exceed the potential benefits. In some of these organizations, the meeting costs are actually posted at the beginning of the meeting! Needless to say, when people are forced to consider the benefits of most meetings against their cost, most meetings will not be held.

### **3.2.4 The Speed Cow**

Unnecessary deadlines are another source for potential change. Requiring work to be done “by tomorrow” is sometimes necessary. However, unnecessary deadlines cause employees to work at a faster than optimal pace, resulting in decreased quality, increased stress, and increased health problems. In addition to sacred cow hunts, Kriegel and Brandt (1996) suggested that effective change can be encouraged by using the following strategies:

- Think like a beginner: Ask stupid questions, constantly ask “why” things are being done a certain way, and don’t assume anything makes sense.
- Don’t be complacent with something that is working well. Keep looking for ways to improve, new markets to enter, new products to introduce.
- Do not play by everyone else’s rules; make your own.
- Rather than penalizing mistakes, reward employees for attempting to change or to try something new.

### **Self Assessment Exercise 1**

Critically examine how two (2) of the changes can be carried out without problems in an organization?

#### **Answer**

##### **1. The Paper Cow**

Paper cows are unnecessary paperwork-usually forms and reports that cost organizations money to prepare, distribute, and read. To determine if something is a paper cow, consider the extent to which the paperwork increases efficiency, productivity, or quality. Ask if anyone actually reads the paperwork. A unique strategy tried by employees at one company was to stop sending a monthly report that had been distributed for years. The employees’ thinking was that if the report were actually needed, they would receive complaints. Three months and three missing reports later, no one had complained! A good annual practice is to review all forms and reports and determine whether they are still needed and, if they are, whether they are needed in their current format. To demonstrate the importance of this practice, review the forms used by your university or organization. How many of them are a third of a page or a quarter of a page? Probably none. There seems to be an unwritten rule that all forms must ask questions until the bottom of the page is reached. I was recently preparing contacts for our graduate assistants and noticed that I was being asked questions about the university from which the students had received their undergraduate degrees, their undergraduate GPA, and their work histories. Note that these were contacts, not application forms, where this information was already found, I called the graduate college to ask why this? Did anyone actually need this information? No. will you change the form for next year? No.

##### **2. The Meeting Cow**

Another area ripe for change is the number and length of meetings. Think about meetings you have attended recently. How much meeting time was spent doing business as opposed to socializing? Was the meeting necessary? To reduce the number and length of meetings, some organizations ask the person calling the meeting to determine the cost of the meeting (e.g., 1-hour’s salary of each attendee, cost of meeting room, cost of refreshments and supplies) and to consider whether the cost of the meeting will exceed the potential benefits. In some of these organizations, the meeting costs are actually posted at the beginning of the meeting! Needless to say, when people are forced to consider the benefits of most meetings against their cost, most meetings will not be held.

### **3.3 Employee Acceptance of Change**

Employees are often initially reluctant to change. Though change is often beneficial to organizations. This reluctance is understandable, as employees are comfortable doing things the old way. They may fear that change will result in less favourable working conditions and economic outcomes than what they were used to. According to consultant William Bridges (1985), it is common for employees undergoing change

to feel out of control and feel as if they are losing identity (who am I? What am I supposed to do?), meaning (How do I fit into the newly changed organization?), and belonging (Why do I have to work with a bunch of new people I do not even know?).

### **3.3.1 Stages, employees go through during periods of change**

Employees go through five stages during major organizational changes: denial, defense, discarding, adaptation, and internalization.

**Stage 1: Denial.** During this initial stage, employees deny that any changes will actually take place, try to convince themselves that the old way is working, and create reasons why the proposed changes will never work (e.g., “We tried that before and it didn’t work,” “Something like that won’t work in a company like ours”).

**Stage 2: Defense.** After employees begin to believe that change will actually occur, they become defensive and try to justify their positions and ways of doing things. The idea here is that if an organization is changing the way in which employees perform, there is an inherent criticism that the employees must have previously been doing things wrong.

**Stage 3: Discarding.** At some point, employees begin to realize not only that the organization is going to change but that the employees are going to have to change as well. That is, change is inevitable, and it is in the best interest of the employee to discard the old ways and start to accept the change as the new reality.

**Stage 4: Adaptation.** At this stage, employees test the new system, learn how it functions, and begin to make adjustments in the way they perform. Employees spend tremendous energy at this stage and can often become frustrated and angry.

**Stage 5: Internalization.** In this final stage, employees have become immersed in the new culture, have become comfortable with the new system, and have accepted their new coworkers and work environment.

### **Self Assessment Exercise 11**

Elaborate on the Stages, employees go through during periods of change.

#### **Answer**

**Stage 1: Denial.** During this initial stage, employees deny that any changes will actually take place, try to convince themselves that the old way is working, and create reasons why the proposed changes will never work (e.g., “We tried that before and it didn’t work,” “Something like that won’t work in a company like ours”).

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#### **4.0 CONCLUSION**

In this unit, you learned what leaders do when they want to bring about a change. This is done in collaboration with the employees. It is expected that this makes it possible for employees to see the changes as theirs. This enables wild acceptance.

#### **5.0 SUMMARY**

You now have information on how organizations introduce changes in collaboration with employees in order to attract acceptance of the change by the employees.

#### **6.0 TUTOR- MARKED ASSIGNMENT**

1. Look into any organization undergoing change, what methods did they use? Discuss.
2. Explain the Sacred Cow Hunt.
3. Discuss the Speed Cow.

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 5                    ENVIRONMENT AND ORGANISATIONAL DEVELOPMENT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Environment
  - 3.2 Types of Environment
  - 3.3 Environmental Uncertainty
  - 3.4 Various Researchers and their Contributions to Organizational Environment
  - 3.5 Analysis of the Competitive Environment
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In this unit, you will learn about environment and its impact on an organization. This is based on the premise that there is need for organizations to understand and adapt to the environment in which they are operating. Environment is dynamic and full of a lot of uncertainties; organizations must confront these uncertainties in order to operate effectively and efficiently.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

1. Define environment
2. Identify types of environment
3. Evaluate the four kinds of environment proposed by Energy and Trust analyze the impact of organic and mechanistic environment on organizational structure differentiate between general, specific and actual/perceived environment.

### **3.0 MAIN CONTENT**

#### **3.1 Definition of Environment**

Organization is an open system; therefore, it interacts with its environment. Organizations depend on their environment. The need for mutual dependence and interdependence becomes the basis for cooperation and management of environmental forces.

For effectiveness and efficiency, organizations are expected to adapt to the environment, this will help them to reduce uncertainty. Since they cannot control or understand the effects of nature on desired outcome, it is necessary to adapt in order to achieve something worthwhile. As an open system, organisation must develop monitoring and feedback mechanisms, this will help to identify and make necessary adjustment in response to changes in the environment.

Stephen Robbin (1987) identifies environment as composed of those institutions or forces that affect the performance of the organization, over which it has little or no direct control. Another view on environment is that- if you take the universe, subtract from its subset that represents the organization,

what is left is environment. According to Galbraith (1977), anything that is not part of the organization is part of the environment. He also points out the boundaries of many organizations as amorphous.

**Environment** is derived from the word ‘environ’ which means to surround or to encircle. Environment therefore, means surroundings or conditions that influence develops or growth. This is further expanded to include outskirts of a city, neighborhood etc. a synonym of surrounding its territory, which refers to a particular area of earth’s surface in which an organization is located; such an area must have definite, generally recognized boundaries which may or may not overlap with an area of another organization.

By organization and its environment, therefore, we mean the interactions between an organization and its environment. The notion that environment has any form of an organization is a recent development. It is now generally accepted that the very nature, purpose, activities, structure and behaviour of an organization is determined or modified by the social, cultural, economic, political, legal, historical and technological factors in the environment. Indeed, it is a mutual process, because the environment is also modified by similar variables of the organization such as its people, culture and output. This may have informed the received wisdom in the field which stipulates that it is from the environment that the organization perceives the problems to be resolved, the alternative possibilities within which choices can be made, the resources to be employed, and the support and opposition to policies and programmes. Furthermore, within the environment are found the clients establish costs for the goods and services produced by the organization. Similarly, it is within the environment that the consequences or behaviours of an organization are to be judged right or wrong.

In fact, within the Nigerian environment, we find interplay of several factors and variables which determine the success or failure of various organizations located or situated in it. For instance, the climatic conditions appear to be the most determinant factor for the location, followed by successful operation, etc, of peculiar organizations and willingness or otherwise of people to operate in such an environment. We also have topography, demography, and the like, and their exerting influences. The social factor is equally the dominant factor which continues to shape and reshape the operational mechanizing of many organizations within the territory.

### **3.2 Types of Environment**

The following were the types of environment:

**1. General environment:** The general environment encompasses condition that may have an impact on the organization; but their relevance is not overtly clear as stated by Robbins (1987). They include economic factors, the ecological situation and cultural condition, political condition, social milieu and the legal structure.

**2. Specific environment:** This part of environment bears direct relationship and relevance to the attainment of organizational objectives. The effectiveness of an organization depends on these factors, and hence, they can affect the environment negatively or positively and therefore must be managed properly because they are critical to organizational growth and effectiveness. Every organization has a unique environment and it could change with conditions. Specific environment includes clients, customers, suppliers, competitors, and government regulations. Robbins points out that an organization’s specific environment will vary, depending on the domain it has chosen.

Domain is described as the claim that an organization stakes out for itself with respect to the range of products or services offered and the market served. It identifies the organization’s niche. For instance, Guinness Nigeria Plc, and Nigeria Breweries Plc are both companies in Nigeria, operating in a distinctly

different domains. University of Lagos and Yaba College of Technology are institutions of higher learning, within the education sector. These two institutions have different domains. The concept of domain is important because it is what determines the point at which an organization is dependent upon its specific environment. Change the domain; you will eventually change the specific environment.

**3. Actual/perceived environment:** An attempt to define environment requires making a distinction between objective or actual environment and the one that the manager perceives. Evidence indicates that measures of perceived characteristics are not highly correlated. It is a matter of perception, not reality, which leads to the decisions that managers make regarding organizational design. The same environment that one organization perceives as unpredictable and complex may be seen as static and easily understood by another organization. People on the lower cadre in an organization may select part of that something “out there” and call it specific environment, whereas people higher up in that same organization will see something else to be the firm’s specific environment.

These differences in perception may be based on background, education, functional area within which the individual work. In other words, this implies that organizations construct or invent their environment and the environment created depends on perception. It is good to note that perceived environment counts, managers respond to what they see. Stephen Robbins concluded that the structural decisions that managers make to better align their organization with the degree of uncertainty in their specific environment depends on the manager’s perception of what should make up the specific environment and the assessment of uncertainty.

### **SELF-ASSESSMENT EXERCISE 1**

Differentiate between Specific and General Environment.

### **ANSWER**

1. General environment: The general environment encompasses condition that may have an impact on the organization; but their relevance is not overtly clear as stated by Robbins (1987). They include economic factors, the ecological situation and cultural condition, political condition, social milieu and the legal structure.
2. Specific environment: This part of environment bears direct relationship and relevance to the attainment of organizational objectives. The effectiveness of an organization depends on these factors, and hence, they can affect the environment negatively or positively and therefore must be managed properly because they are critical to organizational growth and effectiveness.

### **3.3 Environmental Uncertainty**

Environment plays strategic role in organizational development, but they are not the same. Some organizations may face relatively static environments; in other words, changes may be a little bit slow, in terms of competition, technology, and so on. Other organizations may have a very dynamic environment, which means rapid changes in terms of new competitors, continuous changing product preferences by customers and government regulation, technology and so on.

Static environment is associated with less uncertainty for managers than dynamic environment. Uncertainty constitutes a threat to organizational effectiveness; therefore, management has to minimize this uncertainty. This is often done through manipulation of organizational structure.

### 3.4 Various Researchers and their Contributions to Organizational Environment

The following were researchers that contributed to Organizational Environment:

(A.) Ten Burns and G. M Stalker, in their research work, evaluated the environmental conditions of firms, in terms of the rate of changes in their scientific technology and their relevant product market through interviews with managers and observations. They discovered that the type of structure that existed in rapidly changing and dynamic environment was significantly different from that of organizations with stable environments.

They described the two structures as organic and mechanistic. (if you recall we discussed these two structures in the previous module, under Unit 5, Approaches to Organizational Design)

#### i. Mechanistic structures

These structures were associated with high complexity, formalization and centralization. Consequently, they perform routine tasks, behaviours and are heavily programmed; also they were found to be relatively slow in responding to the unfamiliar.

#### ii. Organic structure

These are relatively flexible and adaptive with emphasis on internal rather than vertical communication; here, influence is based on expertise and knowledge, rather than authority of position. Also, responsibilities are loosely defined, and emphasis is on exchanging information, rather than ongoing directions. It was observed that the most effective structure is one that adjusts to the requirements of the environment; which means, using a mechanical design in a certain, stable environment, and the organic form in a turbulent environment.

However, the mechanistic and organic forms have been recognized to be the ideal types, defining two ends of a continuum. Organic is purely mechanistic or purely organic but, rather moves towards one or the other. Suffice it to say that one is not preferred over the other; the nature of organizational environment determines which one is superior

(Robbin, 1987: 44).

(B.) Energy and Trust: This effort made vital contributions to the understanding of the environment of an organisation. Here, four kinds of environment have been identified, as shown below.

**a. Placid-randomised environment** . This poses little threat to the organisation because it is relatively unchanging. It is analogous to the economist's state of pure competition; in which there are enough buyers to absorb the market, consequently uncertainty is low. Since change is low and random, they are predictable; and therefore, managerial decision -making is not likely to give much consideration to the environment.

#### b. Placid-clustered environment

This is associated with low changes. However, its threat to the organization is clustered, rather than random. This indicates that forces in the environment are linked to one another. For example, suppliers and distributors may join forces to form a powerful coalition. Organizations that are in a placid clustered environment are motivated to engage in long range planning and their structure will tend to be centralized.

#### c. Disturbed-reactive environment

This is much more complex because different competitors seek similar ends. In this situation, one or more large organizations or companies may dominate or exert greater influence in the environment, and over



other organizations; they may also exert price leadership in such industrial sector. For instance, Coca-Cola Nigeria exerts tremendous influence in the soft drink industry. However, in a bid to measure up, Seven-up Bottling Company started fifty (cl) bottles with a price, almost, equivalent to the price of Coca-Cola's 35 (cl). Almost immediately, Coca-Cola started its own fifty (cl); and since Coca-Cola dominates the market, people tend to prefer it to Seven-up. So, organizations in this type of environment need to be strategic, in order to proactively deal with competition in the market place.

#### **d. Turbulent field environment**

This is the most dynamic, and it is associated with high level of uncertainty of inevitable changes, with interrelated elements in this environment. Here, change is dramatic and cannot be predicted, management's efforts to anticipate it through planning will have little positive value. Organisations in turbulent field environment may be required to develop new products, or services, on a continual basis, to survive. There is also need to reevaluate its relationships to customers, suppliers and government agencies. Personal computer manufacturers, in the 1980s, dominated this environment.

According to the research findings of Energy and Trust on technology, the less of routine inherent in the technology, the greater the uncertainty, the less effective the mechanistic qualities, and the more important it is to use flexible structural forms. Uncertainty means stability and potential for major and rapid changes, only flexible structure can respond to such changes, according to Robbins (1987).

### **3.5 Analysis of the Competitive Environment**

Analysis of the competitive environment is a difficult process involving: definition, identification main characteristics and intensity of competitive forces analysis of competition and positioning them in an effort to achieve sustainable competitive advantages for the organization.

The environment includes organizations and competitive forces faced in conducting the activity: industry, suppliers, customers, potential new entrants, products and / or replacement services. The "industry" means all firms producing goods and/or services identical or substitutable, firms that are in close competition as meeting the same needs for the same category of consumers. Remember that identified and geographical reference, depending on the extension of environmental factors influence competitiveness and thus take various forms and different.

Competitive environment includes a number of factors impacting on the competitive behavior of the organization:

- a) market structure, aiming to market the type of organization operates and its degree of concentration;
- b) request: potential level, homogeneity, degree of concentration, flexibility, types of needs satisfied;
- c) the offer: level of concentration, size, etc. demand adequacy.
- d) the maturity of the industry with different impact on competition;
- e) type of competitive system that is committed organization, the impact on future strategies, aiming at compatibility with development environment.

In this competitive environment and competitive forces have tracked the intensity of competition, allowing the organization to anticipate the strategies of competition and to provide better value to its assets.

M. Porter identifies the percentage of the factors with direct influence in terms of intensity of competition:

- arrival of new competitors;

- bargaining power of consumers;
- bargaining power of suppliers;
- market rivalry;
- industrial conditions and the state as competitive factor.

Penetration of new competitors usually limited with the earning potential for those already existing in a particular market. Penetration process is difficult and is restricted to so called entry barriers, namely: the minimum size of organization, costs of production change, customer loyalty, access to distribution channels, relatively high initial capital, administrative barriers, etc.

Production costs are those costs associated with changes for the incumbent buyer when it passes from one vendor to another (training costs, costs associated with quality). The older they are the more difficult entered the market.

Bargaining power of consumers is given by their position: private, industrial, wholesale companies, retail etc. and:

- Degree of concentration of customers;
- Degree of standardization of products;
- Awareness of buyers;
- The risk of upstream integration.

Bargaining power of suppliers is the leading raw material costs. Their group is powerful if:

- Is dominated by a small number of firms;
- Supplied product is unique;
- Possibility to integrate downstream of the production.

Danger substitutes determine the extent to which other products meeting the same needs.

Usually, in other markets but fulfilling the same functions, are an indirect form of competition and limited earning potential.

Competitive rivalry is intense when:

- competitors are numerous and close power;
- Market growth is reduced;
- products/services are less differentiated;
- Fixed costs are high, with the downward trend in prices;
- market exit barriers are high.

Industrial Relations and the State can intervene by legislative barriers through market regulations as barriers to imports, banning exports, price controls impacting competition.

Follow the rivalry between organizations in the sector, may enter the competition of new organizations and the risk it implies this and not least the threat of substitutes, knowing that they usually reduce profits.

Finally, each organization seeks strategic position in the "industry" because not all are in competition with each other; each is interested in filling a place as favorable in this competitive environment. Expectations for interest analysis (shareholders, banks, public authorities, professional organizations) require particular attention, aiming to impact on the organization's activities:

- For shareholders, is aimed at enhancing the independence of the management team and involved more decision-making power;
- As regards banking, the aim of cooperation and in dependence;

- In terms of public authority, ranging from constraint relations (through various means) to support direct / indirect.

Influence the macro-environment analysis, aiming at the main features and trends in the global environment: economic (growth rate, inflation, income), technical (the technical and technological level of creativity, new products and services) socio cultural (demographic evolution, degree of culture and civilization), political etc.

Development outlook for the external environment is reflected in so-called scenarios, which will be taken into account in formulating policy guidelines. Scenario is a simplified representation of a possible future, consisting of several interrelated events, anticipating major events promoting and stimulating creativity. These scenarios, the often contrasting, allow reflection on strategic alternatives, the uncertainty and hence risk. Study aims to analyze the external environment of those major variables that influence the organization's work, thus providing information complementary to those offered by the indoor environment analysis.

Regardless of the level to which they are made, these tests seek referral opportunities and threats that exist, but key factors that can generate success in industry, real foreign policy variables that the organization needs to know to prosper.

## **SELF-ASSESSMENT EXERCISE 2**

According to Ten Burns and G. M Stalker , what are the structures that contributed to organization environment?

## **ANSWER**

Ten Burns and G. M Stalker, in their research work, evaluated the environmental conditions of firms, in terms of the rate of changes in their scientific technology and their relevant product market through interviews with managers and observations. They discovered that the type of structure that existed in rapidly changing and dynamic environment was significantly different from that of organizations with stable environments.

They described the two structures as organic and mechanistic.

### **i. Mechanistic structures**

These structures were associated with high complexity, formalization and centralization. Consequently, they perform routine tasks, behaviours and are heavily programmed.

### **ii. Organic structure**

These are relatively flexible and adaptive with emphasis on internal rather than vertical communication; here, influence is based on expertise and knowledge, rather than authority of position.

## **4.0 CONCLUSION**

It should be evident to you, by now, that organizations have to interact with their environment; this is inevitable, as there is the need for mutual dependence and interdependence. This becomes the basis for cooperation and management of environmental forces. Since organizations have little or no direct control over their environment, effectiveness and efficiency in their operations demand that they adapt

to the environment to reduce uncertainty.

## **5.0 SUMMARY**

In this unit, you have learnt that an organization is an open system, and therefore, it interacts with its environment. This unit also considered the types of environment and reviewed environmental uncertainty and research findings on the organization and its environment.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Identify the relationship between environment and component of organizational design (complexity, formalisation and centralisation).
2. Explain, what you understand by Actual/perceived environment.
3. Discuss the Bargaining Power.

## **7.0 REFERENCES/FURTHER READING**

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