NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: BHM 401

COURSE TITLE: PRINCIPLE AND PRACTICE OF MANAGEMENT

BHM 401;   PRINCIPLE AND PRACTICE OF MANAGEMENT

COURSE GUIDE

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COURSE GUIDE

1.0   INTRODUCTION
You are welcome to BHM 401: Principles and Practice of Management. BHM 401 is a two credit unit course for all undergraduate students in School of Business & Human Resources Management at the National Open University of Nigeria (NOUN) by adopting an approach that highlights the key areas of Management in private and public enterprises.

The course has fifteen units with appropriate local content for the Nigerian learner.

This course guide is intended for the distant learners enrolled in the B.Sc Programme of National Open University of Nigeria (NOUN). The guide is one of the diverse resource tools made available to the learner to facilitate timely completion of the programme.

The guide provides quite useful information on the course aims, objectives, what the course is all about, the course materials that the learner will be using, available support services for learning, information guidelines on assignments and examination, such as planning of the timing on the assignments and each unit. This guide also provides answers to several questions that you may ask. Thus, it is strongly recommended that the learner goes through this course guide.

The learner is however advised to contact his/her study centre if there are further questions. I wish you all the very best in your experience and successful completion of this study.
Course Aims

This course is intended to acquaint you with basic management principles, concepts and the practices that managers employ or carry out in accomplishing organisational set targets.

Course Objectives

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

- Mentions some meaning of management
- The evaluation of management thought.
- The planning process
- The functions of management
- Managerial roles
- The business environment
- Conflicts in Organization

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Course Materials and Structure

The learner is admonished to read through this course guide to get familiarised with the structure of the course. This is to be done by reading the study units properly and attempting all self assessment exercises, completing and submitting all tutor marked assignments for the course and consulting recommended sources for further reading.

Each unit contains self assessment exercises and in appropriate places you are required to submit assignments for assessment purposes. There will be a final examination at the end of the course. Each unit should take you about four (4) hours to complete, giving you a total of about sixty (60) hours to complete the course. In order to successfully complete the course on time, you are advised to draw up a personal time schedule that will enhance the achievement of this goal.

Find below the components of this course.

Course Guide Study Units

MODULE 1: CONCEPTS, PRINCIPLES AND FUNCTIONS OF MANAGEMENT

UNIT 1: **Nature and Theories of** Management

UNIT 2: Principles of Management

UNIT 3: The Functions of Management

UNIT 4: Managerial Roles

UNIT 5: Managerial Skills

MODULE 2: MANAGERIAL PRACTICE

UNIT 1: Decision making in Business

UNIT 2: Conflicts in Organization

UNIT 3: Motivating Employees

UNIT 4: Decision Making in Organizations

UNIT 5: Organisational and Planning

MODULE 3: ORGANIZATIONAL DEVELOPMENT

UNIT 1: Communication for effective management

UNIT 2: Organisational Structure

UNIT 3:   Total Quality Management

UNIT 4 ;   Approaches to the Management of Quality in Organisation

UNIT 5;   Social Responsibility

Course Summary
Module 1 introduces you to the Meaning of management ,The evaluation management thought ,The planning process, The functions of management, Managerial roles . Module 2 The managerial practice ,The business environment, Conflicts in Organization, Motivating employees, Decision making in organizations ,Making organizations more effective Module 3 Organisational development ,Communication theories and control of functions, Organizational Structure , Leadership ,Organization change and development ,Corporate social Responsibility

There are fifteen study units in the course and each unit consists of one week's work which requires about three to four hours (3-4 hrs) to complete there are specific objectives, guidance for the study, reading materials, self assessment exercises and tutor marked assignments to assist you in achieving the learning objectives in each individual study unit and the course in general.

2.0   STUDY PLAN
Find below the presentation of the course and how long it takes you to complete each study unit and the assignment that accompany each unit. This is to help you plan your own personal timetable.

Unit/module	Title of study unit	Week/activity	Assignment
	Course guide		Course guide form
Module 1	CONCEPTS, PRINCIPLES AND FUNCTIONS OF MANAGEMENT		
Unit 1	Nature and Theories of Management	1	Assignment
Unit 2	Principles of Management	1	Assignment
Unit 3	The Functions of Management	1	Assignment
Unit 4	Managerial Roles	1	Assignment
Unit 5	Managerial Skills	1	Assignment
Module 2	**MANAGERIAL PRACTICE**		
Unit 1;	Decision making in Business	1	Assignment
Unit 2;	Conflicts in Organization	1	
Unit 3	Motivating Employees	1	Tutor Marked Assignment
Unit 4	Decision Making in Organizations	1	Assignment
Unit 5	Making Organizations more effective	1	Assignment
Module 3	**ORGANIZATIONAL DEVELOPMENT**		
Unit 1	Communication for effective management	1	Tutor Marked Assignment
Unit 2	Organisational Structure	1	Assignment
Unit 3	Leadership	1	Assignment
Unit 4;	Organization Change and Development	1	Assignment
Unit 5;	Social Responsibility	1	Assignment

References/Further Readings

Although, the course material is the main text for this course, you are however encouraged to consult other sources as provided in the list of references and further readings below:

Adalikwu, C. (2003)."Total Quality Management and Organizational Change"

      The Nigeria Journal of Management Research, Vol. 3, No.1 July- Dec. 2003.

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      McGraw- Hill

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      Research and Development. Vol 1 No. 1 June.* Department of Business Administration,
      Faculty of Administration, Nasarawa State University, Keffi.

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      improving performance;* . Butterworth, Heinemann.

Osisioma, H.E. (2003): "TQM: Application in Nigerian Economy". The

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          Jersey. Prentice-Hall.

 Udo, S. U. and Akpa, G. O (2007). Educational Administration in Nigeria Theory and
          Practice. Jos. M. P. Ginac Concept, Ltd.

Weihrich, H and Koontz, H. (2005). Management: A Global Perspective New Delhi.
          McGraw Hill.

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Yukl, G. (1989). Leading in Organisations. 2nd ed. New York. Academic Press.

Web sources

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Mintzberg :The Managerial Roles. http://www.bola.biz/mintzberg/mintzberg2.html

    Retrieved 15th September, 2009.

Managerial Roles and Interfaces: Some Issues and Implications.
Http://idearepec.org/p/iim/iimawp/2005-08-06.html Retrieved 15th September, 2009.

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    Retrieved: 01-09- 2009

3.0   WHAT YOU WILL LEARN IN THIS COURSE

In distance learning, the study units replace the lecturer. There is the advantage of reading and working through the course material at the pace that suits the learner best. You are advised to think of it as reading the lecture as against listening to the lecturer. The study units provide exercises for you to do at appropriate periods instead of receiving exercises in the class.

Each unit has common features which are designed purposefully to facilitate your reading. The first feature being an introduction to the unit, the manner in which each unit is integrated with other units and the entire course. The second feature is a set of learning objectives which

allows the learner to know what should be done by the time the unit is completed. These objectives should guide your study. After completing the unit, you should go back and check whether you have achieved the objectives or not. The next feature is self assessment exercises, study questions which are found throughout each unit. The exercises are designed basically to help you recall what you have studied and to assess your learning by yourself. You should do each self assessment exercise and the study question as you come to each in the study unit. The next features are conclusion and summary at the end of each unit. These help you to recall all the main topics discussed in the main content of each unit. There are also tutor-marked assignments at the end of appropriate units. Working on these questions will help you to achieve the objectives of the unit and to prepare for the assignments which you will submit and the final examination.

It should take you between three to four hours (3-4 hrs) to complete a study unit including the exercises and assignments. Upon the completion of the first unit, you are advised to note the length of period it took you and use this information to draw up a timetable to guide your study of the remaining units. The margins on either sides of each page are meant for you to make notes on main ideas or key points for your usage when revising the course. These features are for your usage to significantly increase your chances of passing the course.

Course Delivery
There are many ways of learning as an open distant learner. You learn when you interact with the content in your course material just as a student interacts with the teacher in a conventional institution. You also learn when you are guided through the course. Though you are not taught the course, your course material is however your teacher and as such you will not be able to get answers to any questions which may arise from your study of the material. For this reason, apart from the course material which you have received, the delivery of this course is aided by tutorial, facilitation and counselling support services. There services are not compulsory but you are encouraged to maximally take advantage of them.

Tutorial Sessions
A total of eight (8) hours are set aside for this course and they form a part of your learning process as you have an opportunity to receive face-to-face interaction with your informal facilitator and to receive answers to questions or classifications which you may have. Also, you may contact your tutorial facilitator by telephone or e-mail.

As an open and distant learner, you are expected to prepare ahead of time by studying the relevant study units, write your questions so as to gain maximum benefit from tutorial sessions. Information about the location and time schedule for facilitation will be available at your study centre.

Note that tutorial sessions are flexible arrangements between you and your tutorial facilitator. You will need to contact your study centre to arrange the time schedule for the sessions. You will also need to obtain your tutorial facilitator's phone number and e-mail address.

Tutorial sessions are optional however; participating in them provides tremendous benefits because they provide a forum for interaction and group discussions which will maximise the isolation you may experience as an open and distant learner.

Facilitation

This is a learning process that takes place both within and outside of tutorial sessions. Your tutorial facilitator guides your learning by doing the following things.

i. Providing answers to your questions during tutorial sessions on phone or by e-mail
ii. Coordinating group discussions
iii. Providing feedback on your assignments
iv. Posing questions to confirm learning outcomes
v. Coordinating, marking and recording your assignments/examination score(s)
vi. Monitoring your progress.

English language is the language of instruction for this course. The course material is available both in print and in CD. It is also on the National Open University of Nigeria website. However, on your part, you are to prepare ahead of time by studying and writing your questions so as to maximally benefit from facilitation.

Information about the location and time of facilitation will be available at your study course. This is a flexible arrangement between you and your tutorial facilitator. You should contact your tutorial facilitator whenever:

i. You do not understand any part of the study unit
ii. You have difficulty with the self assessment exercises
iii. You have a question or a problem with an assignment, with your tutorial facilitator's comments on an assignment or with the grading of an assignment.

Counselling

Counselling is your part of learning which helps to facilitate the learning process. This service is available to you at two levels-academic and personal. At the study centre, student counsellors are available to provide guidance for personal issues that may affect your studies. In addition, your tutorial facilitators and study centre manager can assist you with questions on academic matters such as course materials, grades, facilitation, etc. Endeavour to have the telephone numbers and e-mail addresses of your study centre and these different individuals who provide counselling services to you at an open and distant learning study centre.

Assessment

The self assessment exercise assignments at the end of each unit, the tutor-marked assignments and the final written examination form three components of assessment for this course. In doing these assignments, you are required to use the information gathered during your study of the course. Find below detailed explanations on how to do each assignment.

Self Assessment Exercises (SAEs)

These are several self assessment exercises spread through your course material; you are expected to attempt each immediately after reading the section that precedes it. Possible answers to the exercises are sometimes given at the end of the course book. Nevertheless, you are advised to refer to them only after you must have attempted the exercises. This is because the exercises are meant to evaluate your learning. They are not to be submitted. These are also study questions spread through the study units. You are expected to attempt these questions after reading a study unit. These questions are to aid you assess knowledge of the contents of the unit only. You are not required to submit the answers to them too.

Tutor-Marked Assignments (TMAs)
There are four e- tutor-marked assignments for this course. These E- TMA are designed to cover areas treated in the course. You will be assessed on all four, but only the best three will constitute your continuous assessment. Each of these three carries 10% and altogether will court for 30% of your total score for the course.

Final Examination and Grading
The final examination for BHM 401 will be for 2 hours duration and will carry 70% of to the total course grade. The examination will be made up of questions which reflect the kinds of self assessment exercises, study questions and tutor marked assignments which you have previously encountered. Remember that all areas of the course will be assessed. The period between finishing the last unit and taking the examination should be used to revise the entire course. You are advised to review your answers to the self assessment exercises and the tutor marked assignments before the commencement of the examination. You are to note that the following determine your eligibility to sit for the final examination.

1.   Your submission of all the e-tutor-marked assignments
2.   Your registration to sit for the examination. The dateline for this registration will be provided at your study centre. Where you sit for the examination without having met these conditions means you will not have a score for the course.

Course Marking Scheme
The marks that make up the total score for this course are as shown in the table below:

Assessment	Marks
Assignments (four e-TMA but the best three will be selected	E-TMA 30%
Final examination	E-Examination score 70%
Total	Overall course score 100%.

4.0   CONCLUSION

All the features of this course guide have been designed to facilitate your learning process in order that you achieve the aims and objectives of this course. These features include the aims, objectives, course summary, course overview, self assessment exercises and study questions. You should endeavour to make maximum use of them in your study to achieve maximum results.

5.0   SUMMARY

BHM 401 – Principles and Practice of Management provides you a good and sound foundation upon which you will develop the full potentials and understanding of the field of management. The course is intended to equip you with the basic and fundamental ground towards the nature and development of managerial thought and practice.

This is done by introducing you to the theoretical concepts of management and contemporary managerial practices developed to give managers an edge over their competitors. Upon the completion of this course, you should be able to understand the nature of managerial principles, basic concepts and functions of management, the managerial planning and decision making processes, the environment of business and other key managerial practices such as managing conflicts, change, time, ethical considerations and quality even in managing personal matters.

I wish you success in the course and hope that you will find BHM 401 not only interesting but useful and rewarding.

BHM 401;   PRINCIPLES AND PRACTICE OF MANAGEMENT

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MODULE 1: INTRODUCTION TO MANAGEMENT

UNIT I: NATURE AND THEORIES OF MANAGEMENT

CONTENTS

1.0   INTRODUCTION

Resources by their nature are generally scarce, thus there is the compelling need of ensuring prudence in utilising them. The act/process of exercising prudence is what organisational leaders (managers) are engaged in. This process involves an efficient and effective coordination of the activities of organisation's employees with a view to achieving a wide range of goals. Management as a human practice has evolved over time and in recent times has become of great concern to humanity. This has led to the development of a variety of theories to help explain the concept (management). Management is practiced at all levels-low, middle and top - of an organization.

2.0   OBJECTIVES

At the end of this unit, the learner should be able to:
   i.   Describe the concept of management
   ii.   Analyse the approaches to the study of management
   iii.   Identify the various levels of management

3.0   NATURE AND THEORIES OF MANAGEMENT

3.1   Definition of Management

The term management is being loosely understood by a wide variety of people even those in business. This perhaps explains why Drucker (1989:7) posited that management is the least known and the least understood of our basic institutions. Even the people in business often do not know what management does and what it is supposed to be doing, how it acts and why, whether it does a good job or not". He went on to attest that we will only understand management by analyzing the functions of management. Thus, management is said to be the planning, organizing, directing and controlling of human and other resources to achieve organisational goals effectively and efficiently (Jones and George, 203:5). Drucker opined that management is the organisation and coordination of the activities of an enterprise in

accordance with certain policies and in the attainment of clearly defined objectives (http://en.wikipedia.org/w/index.php?)

The term effectiveness relates mostly to goal attainment. For example, when managers accomplish set goals, we say they are effective. Effectiveness measures the degree and appropriateness of the attainment of organisational set goals, i.e. when appropriate goals are chosen and are attained. On the other hand, efficiency is concerned with the relationship between inputs and outputs. Because managers deal with scare resources, when a manager is able to get more outputs from given inputs or can get the same output from less input, the manager is efficient. Efficiency measures how well or how productive resources are used in the achievement of set goals. The concern of management is not with either of these concepts, but with both since it is possible to be effective and yet ineffective. This occurs where goals are achieved but at a higher cost.

Self assessment exercise

Why is management concerned with both efficiency and effectiveness? Give concrete examples to buttress your position.

3.2   Basic Managerial Thoughts

The practice of management is not a recent phenomenon as there are quite a number of activities or events that indicate principles of management were employed in executing them. For example, the Biblical story of Moses and his father-in-law on delegation of authority to ease work, the building of the Egyptian Pyramids, the Chinese great walls, the early Greek and Roman Army, etc. potent that management as a practice is an old phenomenon.

However, the striking influence of management was perhaps the industrial revolution which began in Great Britain in the seventeenth and eighteenth centuries where machine power virtually replaced human power. This resulted into mass production and rapid expansions. These propelled the emergence of large corporations. These developments necessitated formal management practices to guide managers and perhaps this led to the emergence of what we call management theories. These management theories are:

    i.   Scientific Management Theory
    ii.   Administrative Management Theory
    iii.   Behavioural Management Theory
    iv.   Management Science Theory
    v.   Organisational Environment Theory

3.2.1   Scientific Management Theory

The scientific management theory is that which seeks the use of scientific methods to fine the "best way" of performing a task or job. Stoner, Freeman and Gilbert (1995:34) assert that this theory arose in part from the need to increase productivity since at the time of the introduction of this theory; skilled labour was in short supply. Its proponents thought that the only way to expand productive capacity was to raise the efficiency of workers. The proponents of the theory are quite numerous. The notable ones include:

Frederick Taylor (1856-1915). Taylor used time study as his base, broke each job down into its components and designed the quickest and best methods for performing each component. He strongly believed that if the amount of time and effort that each worker expended in producing a unit of output should be reduced by increasing specialization and division of labour, the production process would become more efficient. He opined that such best ways could be devised through scientific management techniques rather than intuition or other informal methods. His concern was with management at the shop level – supervisory job.

The application of the scientific approach led to an unprecedented production 'miracle' i.e. faster than Taylor expected. In addition, workers feared that the dramatic increases in productivity and higher pay would exhaust available work and cause layoffs. This made unions to become suspicious of the theory leading to mistrust and strained labour management relations for a long time.

Others include Henry L. Gant (1861-1919), Frank B and Lillian M. Gilbreth (1868-1924) and 1878-1972). Scientific management theories centre on studying personal task mix to increase efficiency in organizations.

3.2.2. Administrative Management Theory

The proponents of this school of thought (theory) believe in studying the entire organisation by developing more general theories of what managers do and what constitutes good management (Robbins and Coulter, 1996:43). The theory grew out of the desire to find appropriate guidelines for managing large and complex enterprises. The two prominent proponents of this theory are:

(i) Henri Fayol (1841 -1925)

Unlike Taylor, Fayol's concern was directed at the activities of managers in general since management is an activity common to all humans. In pursuance of this he postulated or identified 14 principles which he opined are essential to increase the efficiency of the management process. These principles and many others are the subject of unit 3.

Fayol's concept of management is that it could be taught once the principles underlying it are understood since managerial tasks can be identified and analysed. This implies that managerial skills are learned just like any other. This disposition led to the overthrow of the hitherto posture that "managers are born, not made".

(ii) Max Weber (1864-1920).

Weber's concern was the development of carefully contracted regulations of the activities of organisations since they are composed of large number of people. According to Leavitt (1978), Weber developed a theory of bureaucratic management which stresses the need for a strictly defined hierarchy governed by clearly defined regulations and lines of authority. This is so because, Weber considered an idea of organisation to be a bureaucracy whose activities and objectives are rationally thought out and explicitly spelled out.

The concern of Weber was to improve the performance of organisations by making predictable and productive operations. Thus he opined that technical competence be emphasised and that performance evaluations be made purely on the basis of merit Weber' construct of bureaucracy characterised by divisions of labour explicitly defined hierarchies, detailed rules and regulations and formal relationships. An ideal bureaucracy does not exist in the real sense of it, but merely a basis for postulating a theory about work and how it could be performed in large organizations.

3.2.3 Behavioural Management Theory

Proponents of this theory opined that the best approach to work and productivity is through an understanding of the worker and the work place. It follows that managers need to be equipped with the knowledge of social sciences for better perception of the employee and job performance (Udoh and Akpa, 2007:54). Major contributors to this theory include Chester Bernard, Herbert Simon, Mary Parker Follett, Abraham, Maslow, etc. The behavioural theorists studied a vast array of characteristics or factors in the work setting with a view to finding ways of improving or increasing efficiency. One of such studies is the Hawthorne study which found out that a manager's behaviour or leadership approach can affect workers

level of performance i.e. where managers are trained to behave in ways that would elicit cooperative behaviour from subordinates, productivity could increase. This shifted emphasis to managerial behaviour and leadership.

3.2.4 Management Science Theory

This theory to some extent is a contemporary extension of scientific management theory since it also has a quantitative approach to management in raising efficiency/productivity. This school of management thought began when a mixed team of experts from relevant diverse disciplines was called upon to analyse a problem and propose a course of action to management (Jones and George, 2003:59). To solve this problem, the team would rely on mathematical models which showed in symbolic terms all the relevant factors in the problem and their interrelationships. By varying the values of these factors and analyzing the equations, the effects of each changed situations could be determined. This scenario helps present management with objective basis for making decisions. The use of mathematical modelling and IT or computers, forecasting became much easier than previous theories could handle.

It could be deduced that this theory paid no emphasis on people and relationships; rather it promotes emphasis on aspects of the organization that can be captured numerically. This school of thought is often times called operations research (OR). The quantitative technique applicable to management includes statistics, optimisation models, information models, computer simulation, linear programming, work scheduling analysis, etc.

Management science was first initiated in solving warfare solutions during the World War II. The military officers who joined business organisations after the war employed OR techniques in solving business problems to improve decision making.

3.2.5   Organisational Environment Theory

The theories described earlier looked at organisations' problems basically as how managers may influence behaviours within the organisation only. The organisation environment theory is an attempt to view how managers relate with the external environment. Two of the views that are important here are the systems and contingency theories.

(i)   The Systems Theory

This theory holds that an organization is a diverse and unified system, composed of numerous interrelated parts. Thus, an organization is looked at as a whole and as an integral part of the larger external environment. This situation means that the activity of any sub-system of the larger environment affects in diverse ways the activities of all other segments. The theory opines that managers of each segment must make decisions only after they have identified the impact of such decisions on other sub-systems and on the entire system. This presupposes that the various parts must work together to promote efficiency and effectiveness i.e. an organizational system must create synergy (the whole is greater than the sum of parts) and thus increase efficiency and effectiveness. Synergy implies that units or segments that work together are more productive than they would be if they operated independently.

(ii)   Contingency Theory

This theory is often called situational theory. It was developed when researchers tried to apply the concepts of the major theories to real life situations. It was discovered that certain

methods were highly effective in certain settings but highly ineffective in others. Their logical conclusion was that results differ because situations differ (Stoner, freeman and Gilbert, 1995:48).

An effective and efficient manager is one who identifies which method will in a given situation, under a particular circumstance and at a given time will best contribute to the achievement of organisational goals. In other words, the organizational structures and control systems that a manager chooses are contingent on the characteristic of the external environment in which the enterprise is operating.

It follows therefore that managers may either use a mechanistic structure where the environment is stable or an organic structure where the environment is rapidly changing. Figure 3 .2. .1 describes this vividly

**FIG. 3. 2.1 Contingency Theory of Organisational Design**

Adapted from Jones and George (2003)
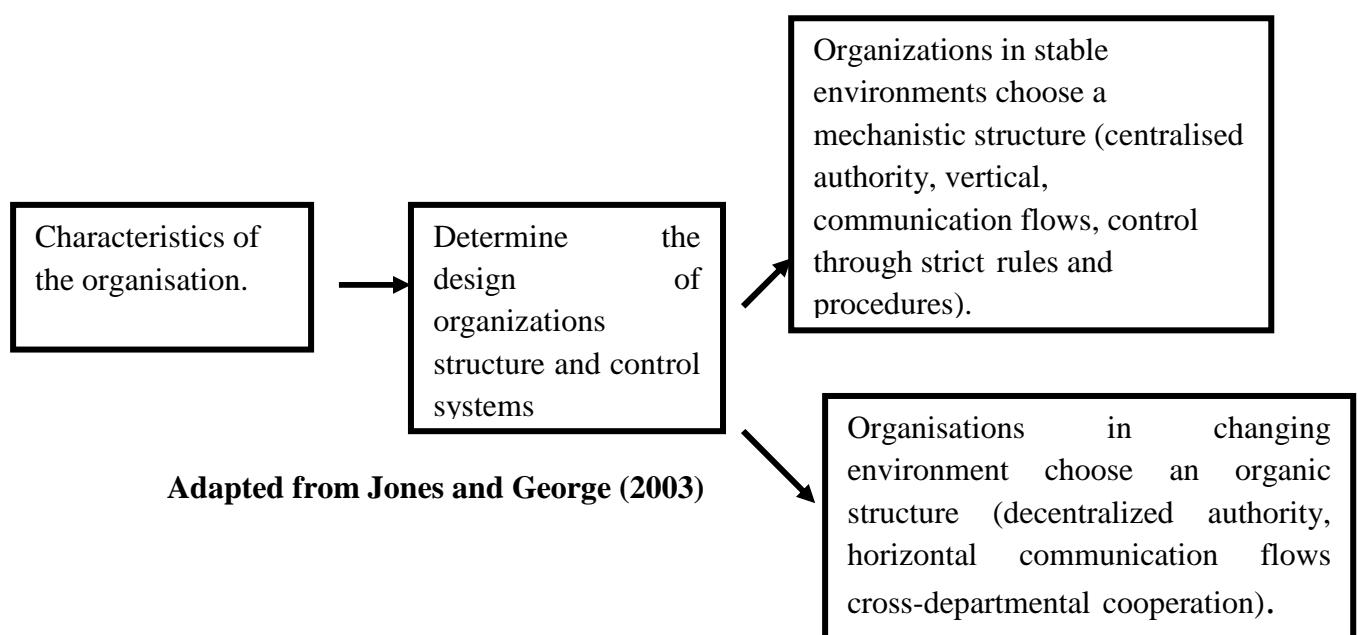
Self Assessment Exercise

What are the pitfalls in Max Weber's concept of bureaucracy?

3.3   Classification of Managers

Managers generally are all those who are responsible for performing the functions of management. However, it is imperative to note that the practice of management is at different levels within an enterprise, with varying organisational activities. The various levels are represented using this diagram.

Fig 3.3.1
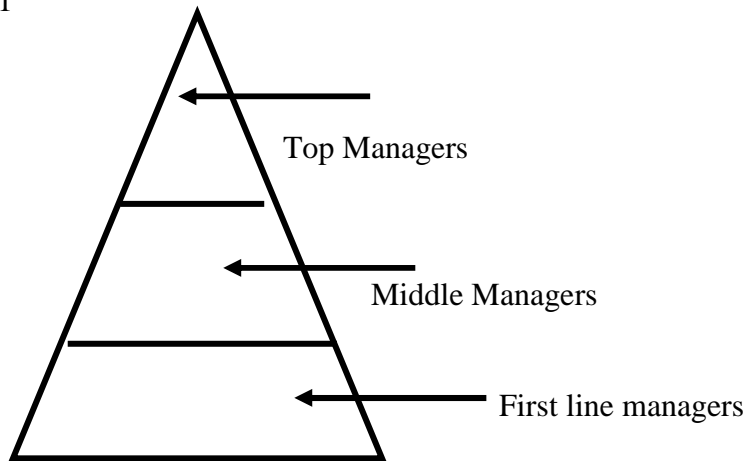
First line managers are those who are at the lowest level in the organisation and are saddled with the task of being responsible for the work of others. They normally direct non-management employees and do not supervise other managers. This group of managers include production supervisors in a manufacturing concern, clerical supervisors in large offices, etc. They are also called first-level managers and direct the activities of operating employees.

Middle level managers are those in between first-line managers and top level managers. Their main task is to direct the tasks that will implement their organisations' polices and to have a balance between the demands of their supervisors (Managers) and the capabilities of their subordinates.

Top level Managers are those level of managers who are concerned with the establishment of operating polices and guidelines for the organisation interactions with its environment. The top managers are basically responsible for the corporate management of an organisation. They are often referred to as chief executive officers, presidents, managing directors, etc. However, such titles vary from one enterprise to another.

A second mode of classification in not based on the level but on the scope of activities that they manage, namely:

i.   Functional Manager- These are managers who are only responsible for one organisational activity (function) e.g. marketing or finance alone. Thus, using this approach, we can a have marketing manager, finance manager, production or human resources manager, etc.

ii.   General Managers: These are group of managers who are responsible for all the functional areas of an organization or its subsidiary or unit. Hence, all of its activities are the concern of that manager i.e. he or she is responsible for efficiency and effectiveness in finance, production, marketing, etc.

Self Assessment Exercises

a. Why is classification necessary when looking at managers?
b. Discuss the quest for the development of management theories.

4.0   CONCLUSION

The above analyses show that management of organisations is inevitable and that explains the rationale or quest by numerous researchers, authors and practitioners in developing appropriate theories that can ensure effectiveness, productivity and efficiency in organisations. Also, the task of management becomes clearer and easier when managerial

duties are fit into appropriate classes or levels. This grouping inevitably puts managers into different classes too.

5.0   SUMMARY
In this unit, the concept of management was discussed along with the main theories that have been developed to help achieve increases in productivity. Each of these theories' view point was analysed and the merits/demands highlighted. Also, the different classes of managers were discussed.

6.0   TUTOR MARKED ASSIGNMENT
1.   Clearly analyse the rationale behind the development of the behavioural management theory.

3   What is the main area of commonality between management science and scientific management theories?

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UNIT 2 : PRINCIPLES OF MANAGEMENT
CONTENTS

1.0 INTRODUCTION

In the previous unit, we discussed the various theories of management and mentioned the contributions of major players in the development of management thought. In this unit, we will still discuss the contributions of some of these key players in the development of management as a discipline by analyzing their contributions in developing principles of management.

Principles by their nature are basic truths about a situation and they help provide direction and/or focus. Paramount principles of management include those developed by Frederick Taylor, Henri Fayol and Max Weber

2.0 OBJECTIVES

At the end of this unit, the learner is expected to be able to:

1. List key principles in management
2. Discuss the principles of management
3. Analyse the implications of the diverse principles of management as developed by many authors

3. 0   PRINCIPLES OF MANAGEMENT

3.1 Frederick Taylor' Principles of Management

Taylor's principles of management were aimed at achieving harmonious and corporative group relationships, developing the full potentials of the employees and organisations so as to work for maximum output and replacing rule of thumb with organised body of knowledge. Jones and George (2003:43-44) summarised Taylor's principles of management into four (4). They are further summarised as follows:

1. Improvement in Tasks Performance
   Taylor opined that there is every need to study the way tasks are performed by workers, through gathering of all the informal job knowledge that they possess and to experiment with ways of improving how tasks are performed by them. One of the

principal tools Taylor employed in achieving this principle was time and motion study which involved a careful timing and recording of the actions taken to perform a task. This practise enhanced the process of specialisation and in the reduction of the number of motions workers made to complete tasks.

2. Codification of new methods of performance into written rules and standard operating procedures and processes. When best procedures or methods were identified, Frederick Taylor recommended their recording and stipulation as standard procedures to be taught and applied to all employees performing similar tasks. In other words that became the standard mode of operation for that task. Taylor believed that could help ensure efficiency throughout the entire organisation.

3. Selection and training of employees with special abilities to carry on tasks according to established patterns. Taylor posited that to increase specialisation and efficiency, there was the pressing need for workers to understand thoroughly their tasks via training so as to perform such tasks at required minimum levels. This meant that those who could not attend such required minimum levels needed to be posted to other sections until such minimum acceptable levels of performance were attained.

4. Developing a good system of remuneration for workers that excel. Taylor being a manager with a flair for productivity recommended bonus pay system and some percentage for hard working employees who exceeded the required minimum acceptable levels of performance. This invariably meant that putting in place a system of reward for Workers who performed above the accepted minimum levels stipulated by management.

Self Assessment Exercise
Would you like Taylor think that improvement in task performance leads to efficiency?

3.2 Max Weber's Principles of Management

Weber was a German academic with much interest in developing formalised system of organisation and administration with a view to enhancing effectiveness and efficiency in operations. He placed much interest in the authority structure of organisations and developed the principle of bureaucracy. He emphasised that hierarch, authority and bureaucracy were necessary ingredients for success of all social systems (Agbaeze, 2006:76).

In their analysis of Weber's theory of bureaucracy, Jones and George (2003:48-49) summarised the principles of management from Weber's perspective as follows:

1. A manager's formal authority emanates from the position being held. Every manager is capable of commanding obedience and respect as a result of the position he/she occupies and that this permits the manager to control and direct compliance of the subordinates,

2. Occupation of position is derived from a manager's performance. This implies that job related skills should determine the kinds of positions managers occupy.

3. Clearly specified extent of authority, responsibility and relationship to other positions in the enterprise. This principle warrants every employee to know what is expected of him/her and what is expected from others as well. This permits for accountability.

4. Hierarchical arrangement of positions. This permits for who reports to an employee and who such employee is to report to.
5. Effective control of organisational members' behaviour. Weber opined that this can be achieved where well defined systems of rules, standard operation procedures and norms are clearly created. These provide behavioural guidelines and dictate best practices which can enhance improvements in accomplishing organisational tasks.

3.3 Fayol's Principles of Management

Henri Fayol, a notable guru in management identified fourteen (14) principles of management that he believed are essentially fundamental in the drive towards enhancing efficiency in the process of managing enterprises. These principles form the foundation of contemporary management theory and practice. Consequently, many scholars of management extol these principles and Fayol's contribution to the development of management as a discipline and practice. Jones and George (2003:50-53) Weihrich and Koontz (2005:14) identified these 14 principles as developed by Fayol as follows:

1. Division of Labour. This involves the separation of skill areas into functional areas based on specialisation. According to him, this will eliminate any uncertainty in the organisation,
   Division of labour also involves the specialization of the workforce, thereby creating specific personal and professional development within the labour force which entails increasing productivity and leads to increases in the efficiency of labour. By separating a small part of work, the speed and accuracy in the workforce's performance increases. This principle applies to the employees at both the technical as well as managerial levels.
2. Authority and Responsibility. Henri Fayol postulated that authority and responsibility are important, both as a result of manager's position as well as other forms of informal authority that emanates from personal expertise, technical knowledge, leadership abilities, etc .Fayol opines that where there are clear division of the levels of authority and responsibility, uncertainty in organisations will be reduced or even eliminated entirely. This reduces the tendency of any manager usurping another person's authority.
3. Unity of Command. The principle of unity of command emphasises that each organisational member should have only a single superior whom he/she reports to. Proponents of this concept believe that it lessens conflict, confusion, havoc within the organisational hierarchy and creates greater feelings of personal responsibility for results or accomplished tasks. Although, possibility of dual command exist in many because this practise is often inevitable. The chief problem with dual command is however the difficulty in appraising the responsibility and authority of organisation managers.
4. Line of Authority. By line of authority, we are referring to the chain of command from the top level down to the bottom of an organisational structure. The efficiency of communication in organisations is greatly influenced by the length of the chain of command. An organisation with a flatter structure (lesser levels) will be able to disseminate information at a faster pace. Also, its planning and controlling functions will be carried on much quicker too. This is because there are fewer interactions which invariably mean quicker decision making too.

5. Centralisation. This refers to concentrating power and authority at the top hierarchy of an organisation. Fayol opines that authority should not be so much concentrated at the top managerial hierarchy. This is so since centralisation entails only managers at the top hierarchy are charged with the making of most decisions, particularly, important decisions. This indicates danger as the lower level managers or subordinates have little or nothing at stake or are not participants in decision making. However, its chief advantage is that it permits top hierarchy the opportunity to have a good control over the affairs of the enterprise which means prompt and appropriate response to problems and issues within the enterprise.

6. Unity of Direction. This refers to having a single guiding plan. By this principle it means that tasks that have the same aim need to come under a single head and a common plan as guide. The rationale behind this principle is to be focused and avoid controversies that will arise with organisation members working at cross purposes.

7. Discipline. This refers to respect for organisational members so as to ensure reliability and hard work which are needed to achieve organisational goals. In specific terms discipline entails obedience, proper conduct in relation to others and respect of authority. Discipline is virtually essential for the smooth functioning of all organizations.

8. Equity. Where subordinates are loyal and committed to their duties, it is quite normal for top management to treat them with respect, fairness, impartiality, etc. When this occurs, the workforce is encouraged and motivated to attain higher levels of performance.

9. Order. Here, the emphasis is on the arrangement of organisational resources – human and material. Fayol's concern was with orderliness that could result into efficiency and resourcefulness in organisations. Hence, he recommended the use of organisational charts. Order will also enhance proper career planning and development along career paths.

10. Subordination of Individual Interests to the Common Interest. The concern here is due to the fact that there is diversity in interests of organisation members. The principle is emphasising the superiority of the interest of the organisation over and above those of individuals and groups if the organisation is to survive.

11. Initiative. Initiative simply means the possibility of subordinates to exercise creativity without direction or control from superiors. Initiative is a key ingredient in the ability to survive in any keenly competitive environment. Utilising the initiative of employees can add strength and new ideas to organizations because initiative is a source of strength for the organization because it provides new and better ideas. Fayol opined that managers must be encouraged to exercise their initiative potentials. Thus, being able to strike a balance between order and initiative is a vital managerial tool.

12. Remuneration. Fayol posited that the remuneration system which has important implication must be fair enough to encourage efficiency and productivity. He proposed bonus and profit sharing plans as a system of rewarding employees.

13. Stability of Tenure. Fayol argued that high labour turnover in organisations results from poor or bad management. He therefore recommended for long term employment. He believed this to be a factor that can bring about the development of skills that can improve organisational sense for proper utilisation of resources. The tenure of service should not be too short and employees should not be moved from positions frequently. Fayol argued that an employee cannot render useful

service if he is removed before he becomes accustomed to the work assigned to him and that such removals may to a large extent lead to labour turnover.

14. Esprit De Corps. This is a French word meaning "in unity there is strength". It emphasises the feelings of commitment or devotion with interest to a common cause among members of an organisation or group or team. This team spirit is usually is a catalyst that helps develop an atmosphere of mutual trust and understanding and can be used to initiate and aid the processes of management functions.

Why do you think Fayol think that stability of tenure is required in ensuring efficiency and effectiveness in organisations?

4.0 CONCLUSION

The above analyses show the efforts of practitioners and writers in the field of management in the development of appropriate principles in the field of management. The main concern of these principles is to bring about improvement, efficiency, effectiveness and productivity in the operations of organisations.

5.0 SUMMARY
In this unit, we examined the concept of principles and discussed the various principles developed by key scholars and practitioners in the field of management. This included the works of Henri Fayol, Frederick Taylor and Max Weber.

6.0 TUTOR MARKED ASSIGNMENT

I. Critique the principle of division of labour.
II. Discuss the benefits of codification of new methods of performance into rules and standard operating procedures.

7.0 REFERENCES/ FURTHER READINGS

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UNIT 3: THE FUNCTIONS OF MANAGEMENT

CONTENTS

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                    3.1.2 Planning tools
        3.2   The organizing function
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                    3.2.2 Type of organizational structures
        3.3   Leading
                    3.3.1   Leadership theories
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                    3.3.4   Efficiency in leadership
        3.4   Controlling function
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5.0   Summary
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1.0   INTRODUCTION

The task of management involves the use of resources to achieve set goals. Managers help accomplish this by performing a number of managerial functions. These functions have generally been condensed into the following four: Planning, organizing, leading and controlling (Robbins and Coulter, 1996:9). Managers at all levels, in all department whether small or large, profit or non-profit are responsible for performing these functions. The degree to which they perform these functions well determines how efficient and effective they are in an organization.

2.0   OBJECTIVES

At the end of this unit, the learner should be able to:
    i.   List the functions of managers in organisations
    ii.   Discuss how managers perform these functions;
    iii.   Identify pitfalls in the performance of any managerial function; and
    iv.   Describe corrective measures in ensuring efficiency in the performance of management/functions in organisations.

3.0   THE FUNCTIONS OF MANAGEMENT

3.1   The Planning Function

For any meaningful progress to be made, manages need to identify and choose appropriate goals as well as determine the courses of action to take. This is what the planning function involves. In this regard, Jones and George (2003:8) posit that planning involves identifying and selecting appropriate goals. Similarly, Robbins and Coulter (1996:9) opine that the

planning involves defining an organization's goals, establishing an overall strategy for achieving these goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities. From the above, planning helps give guidance, since it serves as a control mechanism. Without planning, the task of managing becomes haphazardly done with no meaningful results. Planning also forces managers to look ahead and reduces overlapping and wasteful activities.

3.1.1 Types of Plans

There are a variety of ways in which we can categorise plans. In this unit, the learner is exposed to categorisation that is based on breadth, time frame, specificity and frequently of use.

A. **Breadth**. Under this sub-division, we have two types, namely, strategic and operational plans. Strategic plans generally apply to the entire enterprise, establish the enterprise's overall objectives and seek to place the organisation in terms of its environment while operational plans specify the details required to achieve the overall objectives i.e. they define ways to attain the objectives. It follows that strategic plans cover a wider period than operational plans. Operational plans also deal with specifics as opposed to strategic plans which are broader.

B. **Time frame.** Here we may have short time plans (plans within less than one year), intermediate plans (period between 1-5 years) and long-term plans (plans exceeding five years).

C. **Specificity**

Plans may be specific or directional. Specific plans usually are explicit and with clearly defined objectives for example, "we want to attain 10% sales volume within the first quarter of 2009". It follows, clear procedures, budget allocations, schedules of activities must be designed to achieve this target. This represents a specific plan.

Directional plans on the other hand are plans that merely give general guidelines i.e. providing focus or direction with no specific objectives. This kind of plan is flexible and provides for misinterpretations.

D. **Frequency of use**

Here, we have single-use plans and standing plans. Standing plans by their nature are to provide guidance for events that are repetitive in an enterprise e.g. the national policy on gender mainstreaming. Single-use plans on the other hand are those that are planned specifically to meet unique needs. They are created in response to non-programmed decisions, since managers may not repeat such plans.

3.1.2   Planning Steps and Tools

The basic steps in planning are:

i. Readiness to engage in planning. The organization must be ready to engage in planning; otherwise it is an effort in futility. This step is to help clarify the organization's beliefs.

ii. Creating a vision. This means a statement of purpose and function. This means defining the organisation's preferred future.

iii. Stock taking. This implies a vivid understanding of the organisation's current status and it involves an exhaustive examination of both the internal and external context within which the enterprise's situation.

iv. Goals and objectives setting. Goals are simply a clearer statement of the visions which specify what is to be accomplished so that the vision becomes real. Objectives are only clearer statements of the specific activities that are required to achieve set goals.

v. Build a communication plan. Having a successful plan requires much of a sound communication campaign from the onset to create awareness and acceptance.

Self assessment exercise

i. What is the significance of planning?
ii. Identify reasons for lack of planning by some managers.

In utilising these steps, managers use a variety of planning tools. These are:

a. Environmental scanning. An in-depth analysis or screening of volumes of information to detect emerging trends and create scenarios

b. Forecasting. From the environmental scanning, forecasts (predictions of future outcomes) are made.

c. Benchmarking. This simply means a search for the best practices among competing or non-competing firms, leading to their superiority in such industries. The idea behind this practice is that it can lead to improvement in quality by analysing and/or copying the methods of leaders in different fields.

3.2 The Organising Function

There abound vast volumes of duties and/or tasks to be accomplished in every organization. These duties need to be properly organised to avoid confusion and duplication or waste. Organising involves assignment of responsibilities and authority to individuals or groups in establishments. Jones and George (2003:10) define it as the process of structuring working relationships that permit organisational members to interact and cooperate well to achieve organisational goals.

The resultant effect of organising is having organisational structures which specify tasks and reporting relationships that help in the coordination of organisation members. This helps provide for motivation to work together to achieve set goals and objectives.

3.2.1 Organisational Structures

Upon the determination of an organisation's goals, plans and strategies, management needs to establish an effective and efficient structure that will help in achieving set targets. An organisation structure is basically a system or formal framework that specifies authority and communication network within the organisation. In other words, it describes the process by which management decides on tasks and jobs relationships within the enterprise.

There are no hard and fast rules regarding structuring of enterprises. The major issue is ensuring that the structure fits the prevailing circumstance(s) that affect(s) the firm most, and it allows it to operate with some degree of certainty. Such factors include the organisational environment, strategy, human resources and technology. These factors determine whether the enterprise needs some level of flexibility or otherwise while designing organisational structures. The central issue is to permit for speed in decision making or not.

There are two basic processes of designing organisational structures. These are:

i. Grouping tasks into jobs. This is the first step where managers decide on how to divide tasks into specific jobs that have to be perfumed to help meet needs of customers.
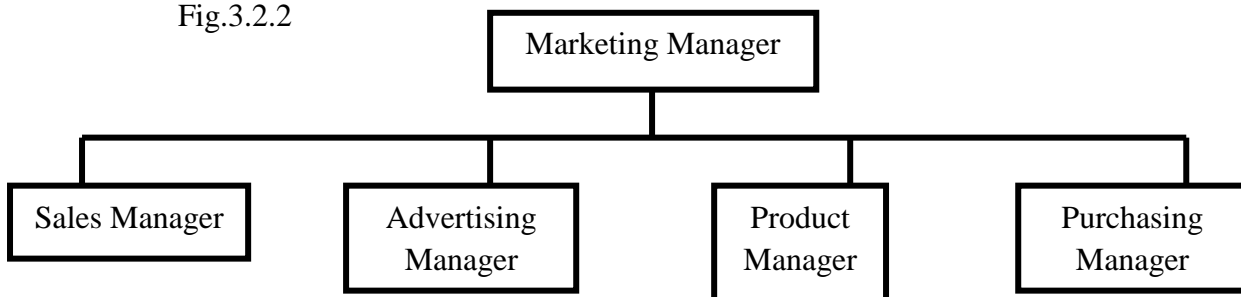
ii.   Grouping jobs into functions and divisions. This involves deciding on how to group jobs together so as to match best the needs of the organisation e.g. grouping jobs into departments according to functions, and divisions.

3.2.2. Types of Organisational Structures

There are various types of organisational structures. The basic ones are functional, product/market, geographic and metric types.

i.   Functional organizational structure. This structure makes use of expertise since members engage in one functional activity e.g. production. It is the most basic structure. Here, supervision is made easier. Here also, there is grouping of diverse tasks into seemingly similar roles e.g.
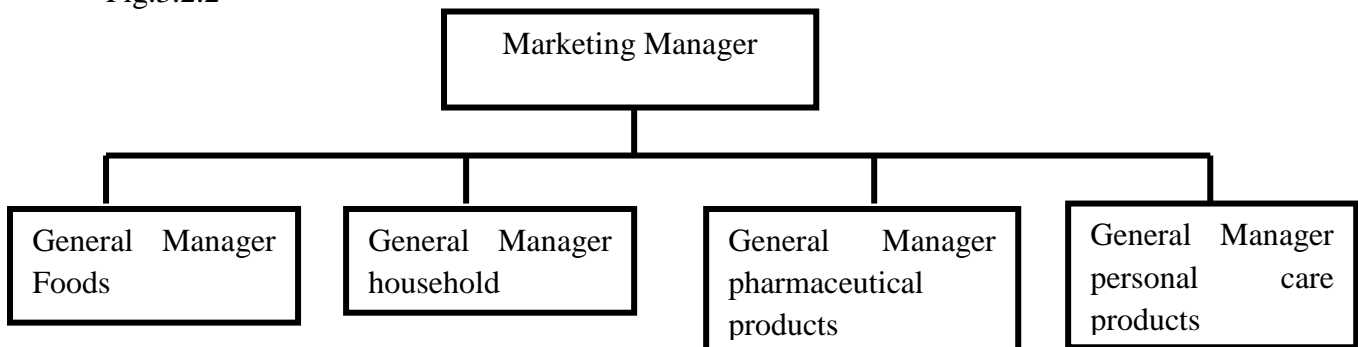
Fig.3.2.2

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                     ┌─────────────────────┐
                     │  Marketing Manager  │
                     └─────────────────────┘
          ┌──────────────┬──────────────┬──────────────┐
┌──────────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│ Sales Manager│ │  Advertising │ │   Product    │ │  Purchasing  │
│              │ │   Manager    │ │   Manager    │ │   Manager    │
└──────────────┘ └──────────────┘ └──────────────┘ └──────────────┘
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ii.   Product/Market Structure

In this type all those involved in the production or marketing of one or related product are brought under one division. This explains why it is often called organization by division.

This system is practiced mostly by organisations have large size and diverse products whole make functional structuring unwise. These divisions basically represent separate business units since the divisional heads focus primarily on their divisions. For example,

Fig.3.2.2

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                     ┌─────────────────────┐
                     │  Marketing Manager  │
                     └─────────────────────┘
        ┌────────────┬────────────┬────────────┐
┌──────────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│ General      │ │ General      │ │ General      │ │ General      │
│ Manager      │ │ Manager      │ │ Manager      │ │ Manager      │
│ Foods        │ │ household    │ │ pharmaceutical│ │ personal care│
│              │ │              │ │ products     │ │ products     │
└──────────────┘ └──────────────┘ └──────────────┘ └──────────────┘
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iii.   Matrix structure. This is basically a hybrid type since it simultaneously combines the other types disused earlier. As a result it utilises the merits inherent in both as well as relaxes their drawbacks.

It follows that employees have in effect two superiors, with one chain of command (functional or divisional) and the other is horizontal which combines people from various functional departments into a project team or a business team under a project or group manager (Stoner, Freeman and Gilbert, 1995:333).

Much complexity is seen in Matrix organisational structures. Here, there may be a product manager as well as a national manager. It follows that the same employee may report to the product manager as well as to the national manager where the need arises.

Self assessment exercise
a.   Identify the merits and demerits of the following:
i.   Functional organisational structures
ii.   Product organisational structure
iii.   Matrix organisational structures
b.   Why do firms organise?

3.3   The Leading Function

Leading implies influencing or guiding someone to act in desired ways. When managers are effective it implies that they are capable of motivating their subordinates to be efficient, effective and high performing. Yukl (1989) asserts that leadership is the process by which a supervisor exerts influence over subordinates and inquires, motivates and directs their activities to help attain group or organisational goals.

3.3.1 Leadership Theories

These are approaches aimed at determining what effective leaders are like and what they do that makes them effective. The approaches to the study of leadership are:

A.   The Trait Model
This was the first approach to the study of leadership. Its focus is to identify the personal characteristics of leaders. This model opines that leaders must possess certain inherent qualities such as charisma, intelligence; energy, etc. These were associated with effective leadership. However, recent studies indicate that traits alone are not the key to leadership effectiveness.

B.   The Behavioural Approach
The inability of a consistent relationship between traits and leadership effectiveness necessitated a shift from this conception. Researchers began to study the behaviours that permit leaders to effectively influence their subordinates to attaining established goals. Here, the concern is how leaders delegate duties, how they communicate, motivate, etc. Proponents of this approach opine that those things that make for effectiveness in leaders are learned.

C.   Contingency Leadership Model
The two models discussed above could not be concretely held to result into improved leadership effectiveness. This situation called for a deeper study of forces that bring about effectiveness in leading subordinates. They found out that several factors account for effectiveness in leadership, thus the emergence of the contingency theory. Given the fact that managers' role of leading occurs in a wide variety of situations/organisations and in diverse environmental contexts, thus traits and behaviours alone will not make a good leader.
This model takes into consideration the context or situation of the leader, and it opines that effectiveness in leadership is the function of what the leader is like, what the leader does and the situation is which leadership takes place.

3.3.2   Leadership Problems Today

There are a variety of situations where the leadership has failed to lead. A number of factors are responsible for the poor state of affairs in many organizations. These include the following:

i.   The attitude of replicating the poor leadership habits of others,
ii.   Lack of basic skills for common leadership demands
iii.   Lack of formal training in leadership
iv.   Lack of good models or mentors for the leader
v.   Lack of sound leadership values
vi.   Lack of conformity to set rules.

3.3.3   Leadership Styles

Three basic styles of leadership are:

i.   Autocratic leadership style- Here, the leader commands and expects compliance. In essence he/she centralises authority, dictates work methods and makes unilateral decisions thus, limiting the participation of subordinates.
ii.   Democratic leadership style- The leader who employs this style involves subordinates in decision making. He/she delegates authority, encourages participation of subordinates and uses feedback opportunities.
iii.   Laissez faire leadership style

This is a description of a leader who usually gives the group complete freedom to make decisions. The work is completed in whatever way the group sees it fit. In essence, the leader is not visibly seen.

3.3.4   Efficiency in Leadership

Although there are no specific rules that can ensure effectiveness and efficiency in leadership. However, certain features help make a successful leader. These are:

i.   Personal dignity
ii.   Self-confidence
iii.   Self-respect and respect for subordinates
iv.   Belief in self and others
v.   Sound judgement
vi.   Firmness
vii.   Ability to appraise human values
viii. Interest (in people and new ideas)
ix.   Tact
x.   Ability to communicate effectively
xi.   Dedication (to job and organisation).

Self assessment exercise

Identity pitfalls in leadership style of a given organisation and proffer possible solutions.

3.4   Controlling Function

The function of controlling helps in ensuring that plans are implemented accordingly. This is why Ball, McCulloch, Frantz, Geringer, and Minor (2004:490) attest that controls help put plans into effect, evaluate, their effectiveness, make desirable corrections and evaluate and reward or correct executive performance.

In management control means a system of monitoring and evaluating whether organisation's strategy and structure are performing what they were intended to, how they could be improved and how they might be changed where possible. The purpose of control is to ensure efficient utilisation of organisation's resources.

3.4.1 Types of Organisational Control Systems

Control systems are mechanisms which provide organisational managers with information regarding the efficiency and effectiveness of organisations strategy and structure. A good control system needs to be flexible enough to allow for quick response to unexpected situations, provide enough accurate information so as to give a true picture of a firm's performance and providing timely information.

Jones and George (2003:334) identified three kinds of control systems. These are:

Feed forward control. This is used at the input stage to anticipate problems before they actually arise so that they do not occur later during the process of converting inputs into finished goods. An example is stipulating strict specifications to suppliers in advance. The development of IT has helped in promoting feed forward control mechanisms.

Secondly, a concurrent control mechanism. At the conversion stage, this system gives organisational managers immediate feedback regarding the efficiency of transforming inputs into outputs so that problems can be corrected as they arise. It permits prompt reaction to problems.

Finally, a feedback control system which helps provide information about reactions of customers to products. This permits action(s) to be taken to correct any defects.

3.4.2 The Control Process

There are four principal steps in the control process-whether at the input, conversion or output stage. These are:
  i.   Establishment of standards of performance, goals or targets against the evaluation of performance
  ii.   Measurement of actual performance
  iii. Comparing actual performance against selected standards of performance
  iv.   Evaluating the results and initiating corrective measures particularly, where achieved results fall below established performance standards.

Self assessment exercise
What is the significance of control measures in organisations?

4.0 CONCLUSION

This unit discusses the functions that managers perform in organisations. It also highlights the fact that the functions of planning, organising, leading and controlling are necessary imperatives if organisations must be efficient and effective. The importance of managers in the performance of these functions cannot be over-emphasized, whether small, large, profit oriented or otherwise.

5.0 SUMMARY

This unit discussed the various functions that managers perform in every enterprise so as to achieve set goals. Also, the tasks involved in each of the four functions of managers were highlighted.

6.0 TUTOR MARKED ASSIGNMENT

  a. Identify and describe the steps and tools that managers employ in planning
  b. For successful leadership, what natures are required by those who hold such leadership positions?

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UNIT 4: MANAGERIAL ROLES

1.0 Introduction
2.0 Objectives
3.0 Main Content
       3.1 Interpersonal Roles of Managers
       3.2 Informational Roles of Managers
       3.3 Decisional Roles of Managers
4.0 Conclusion
5.0 Summary
6.0 Study Questions
7.0 References/ Further Readings

1.0 INTRODUCTION

The process of managing organisations as seen in unit 2 involves the performance of certain identified functions. Performing these functions entails that managers carry out a variety of sets of tasks or activities. These tasks at times are not only varied and complex in nature but not having a particular pattern. Some of these tasks may even be of a short duration, lasting a few minutes or hours or even days or weeks. As a result of Henry Mintzberg study of the activities of five chief executives in a variety of organisations, he found out that managers actually are engaged in a series of ten activities. Mintzberg's ten activities (roles) are as follows: figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator and negotiator. However, recent studies indicate that these ten activities can be grouped into three major categories: informational, decisional and interpersonal roles.

These roles are basically those specific tasks that are expected of every manager in an organisation as he/she goes about the actual job of managing.

2.0 OBJECTIVES

At the end of this unit, the learner is expected to be able to :

    a. Describe what managerial role are
    b. Identify the various managerial roles
    c. Discuss the components of the various roles of managers in the management of enterprises.

3.0 MANAGERIAL ROLES

3,1 Interpersonal Roles

What constitutes the interpersonal roles of managers is composed of three of the roles identified by Mintzberg. These are: leader, liaison and figurehead. Jones and George (2003:18) state that the rationale for the assumption of interpersonal roles by managers is usually to provide direction and supervision for the employees as well as the entire

organisation. For example, the figurehead role is required of a manager when he/she represents the organisation at organisational or company meetings, where organisational goals are outlined or ethical codes of standard of behaviours are unveiled for employees to comply or follow or at the commissioning of a facility, etc. The figurehead role is more often a routine activity with less or little serious communication and not much significant decision making. Nevertheless, it provides a sense of direction as to what the company is all about and the kind of workforce the enterprise employs (http://idea.repec.org/p/iim/iimawp/2005-08-06.html).

The next interpersonal role is the role of a leader. This role involves influencing or guiding employees to behave in a manner that facilitates the attainment of organisational established goals. These include the making of decisions, giving commands, mobilisation of the support of the workforce, recruitment, selection, training, etc which require the direct contact of the manager with the subordinates. Some leader roles require direct contact while others do not. The indirect ones include decision making responsibility.

The final interpersonal role of managers is liaison role. This role comes into play when a manager coordinates the works of the different sections of the organisation and that outside of the organisation. A good example is when an executive obtains vital and necessary information or input outside of his/her traditional domain to undertake tasks within another section or unit. This basically involves the strategic establishment of alliances between the different departments within the organisation and between different organisations outside the enterprise. A typical example is when a departmental head of a University sources needed information from another head of department of a different University regarding a prospective external examiner. The liaison role helps in networking which aids in the sourcing of information for completing organisational duties.

3.2 Informational Roles of Managers.

The informational roles of managers are made up yet another three of Mintzberg identified ten roles of managers. These informational roles include disseminator, monitor and spokesperson. As a result of the interpersonal roles discussed in **3.1**, a network of interpersonal contacts within and outside the organisation are created which make the manager responsible for collecting, receiving and disseminating information regarding the operations of organisational members and their various units.

The monitor role is enacted when a manager scans the environment for potential threats or opportunities. He/she does this by gathering information on those things that may impact the organisation either positively or negatively. The manager does the monitor work specifically by assessing the performance of employees and making improvements to avoid adverse future effects. The information may be gathered either informally (listening to competitors' planned marketing strategy) or formally (reading competitors' periodicals).

Upon the gathering of vital information, the manager's duty is to disseminate same to the employees and the organisation. This makes up the disseminator role. The information, according to Jones and George (2003:19) may include changes that are taking place in the external and internal environments (see unit 7) which may likely influence the organisation. The disseminator role may also involve the transmission of information that emanates from within the organisation, for example, the communication of organisational vision, mission statement and objectives or goals to the employees by management. When the disseminator role is played appropriately, it gives focus and demonstrates unity of purpose.

The third informational role is the spokesperson role. This involves speaking on the behalf of the organisation or unit to others either inside or outside the company about the corporate future intentions of the enterprise. The informational role may assume different forms ranging from lobby for fundamentally important resources to appeals to influential personalities. The corporate head of NNPC talking to Niger Delta youths on its social responsibility policy on education is a good example of spokesperson role. When the spokesperson role is properly performed it is capable of promoting an organisation both within and outside the company so that the company is better placed to favourably respond to external and internal issues.

Self Assessment Exercise

What factors hinder the efficient performance of the informational roles of managers?

3,3 Decisional Roles of Managers.

An executive of any organisation is responsible for the organisation's strategy making such as generating and making important decisions for the enterprise. This role is the sole preserve of an executive because he/she has the authority, information and capacity for control and integration over important decisions (http://www.bola.biz/mintzberg/mintzberg2.html).

Those things that make up the decisional roles of a manager include four (4) of those things that Mintzberg described as the ten roles of a manger. These include disturbance handler, entrepreneur, resource allocator and negotiator. These roles have close association with the methods employed by manages in their utilisation of the resources of the organisation. Perhaps, the decisional roles of a manager can be regarded as the most important roles. This explains the rationale for inferring that the interpersonal and informational roles are really the precludes to these roles (http://idea.repec.org/p/iim/iimawp/2005-08-06.html)

The first of the four decisional roles is the entrepreneur. This role is enacted when managers provide more useful or superior information which helps to bring about improvements in initiation and investment of resources that can lead to enhanced performance in the organisation. Normally, such actions result into adapting procedures that fit certain situations. The entrepreneurial role is achieved via the gathering of information in the monitor role. This to a large extent is managing changing situations or initiating changes that result into

improvements. An example is the development of a pay system that encourages and motivates employees to put in their best at work.

The second decisional role is disturbance handler. This role comes into play when a manager responds to changing circumstances that are like to hamper smooth organisational operations. As a disturbance handler, the manager is to swiftly act so as to effect corrective action that is capable of dealing with the disturbance(s). Such disturbance(s) might emanate either from within (internal) or outside (external) Examples include the detection of defects in products or kidnapping of company staff by militant groups within the community where the business is located.

The third decisional role is resource allocator. This involves making decisions regarding the quantum of resources to be given to the different sections within an enterprise and deciding on whom to receive such resources. The manager does this role by setting budgets for all the functional units, scheduling of time, programming of work and the authorisation of actions to be taken by employees. Essentially, it has to do with the choice of where to expend organisational efforts.

During the period of boom, the resource allocator role is less tedious or difficult. However, it becomes a critical issue during scarcity. This therefore means a proper appropriation of these resources to ensure an effective and efficient distribution and coordination of this role.

The final decisional role implies taking the role of a negotiator. This role is quite diverse because a large number of individuals are involved. The negotiator role encompasses reaching agreements with labour unions, suppliers and distributors, other lower levels of employees and other corporate bodies.

It is imperative to stress that the nature of the work of a manager will largely determine which of these three broad managerial roles a manager exercises. For example, an accountant does not require much of the interpersonal roles as a marketing executive needs since he/she is often in personal contact with people.

Self Assessment Exercise

How efficient are Nigerian managers in their performance of the resource allocator role?

4.0 CONCLUSION

The above discussion shows that managing organisations demands a lot from managers as they are seen performing a variety of tasks. The performance of these tasks invariably implies that they play key roles. These roles include interpersonal, informational and decisional roles. The relative importance of each of these roles is to an extent dependent on the position the manager occupies and the nature of the tasks being performed.

5.0 SUMMARY

In this unit, we examined the various roles played by managers. We equally pointed out that Mint berg identified ten roles but recent viewpoint is that these roles are grouped into three broad categories namely: interpersonal, informational and decisional roles. These roles were highlighted and analysed.

6.0 TUTOR MARKED ASSIGNMENT

   i.   Identify the relevance of the interpersonal roles to a marketer
  ii.   What is the importance of the figurehead role to a manager?

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UNIT 5:   MANAGERIAL SKILLS

CONTENTS

1.0   INTRODUCTION

In the preceding unit, it was pointed out that managers have varied and complex roles. Consequently, in this unit we will analyse those skills that managers need to possess appropriately put organisational inputs to their best use i.e. to perform the duties and activities that are linked to managing well.

These skills are categorised as conceptual, technical and human. The skills are basically abilities that can be developed via learning/training (education) and experience to place the manager in an advantageous position of conceptualising and analysing organisational situations. The possession of these skills helps in properly positioning the manager to be better focused and proactive particularly in a dynamic and competitive business environment as in the 21st century.

The task of ensuring effectiveness and efficiency in the management of organisations is however, quite demanding to the extent that the manager is prone to making mistakes. To reduce this tendency, managers must develop appropriate skills that are relevant to managing functional areas. Besides, they also need to learn how these can be integrated with their activities.

To arrive at fruitful outcomes, techniques which hitherto worked effectively need replacement. This implies that the viewpoints of managers must be broadened to help them become more resourceful, initiative and organised

2.0   OBJECTIVES

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

    i.   Explain what is meant by managerial skill
    ii.   List the skills that every manager requires
    iii.   Describe the details of each of the skills that managers require to perform managerial tasks.

3.0   MANAGERIAL SKILLS

3.1   Technical Skills

Technical skills refer to those knowledge areas or proficiencies/competencies in certain specialised fields that are required of a manager to be effective and efficient, Jones and George (2003) refer to technical skills as those job specific knowledge and techniques that are required to perform an organisational role.

There are quite a variety of such technical skills that are needed to facilitate managerial role accomplishment. Most first line managers and a large number of middle level managers are most often required to have a grasp of technical skills to fill in for any absence of those subordinates that handle certain technical aspects. For example, a marketing manager needs salesmanship skills to augment or fill in for an absent sales manager or sales representative.

In addition a reasonable level of proficiency of the marketing manager in salesmanship will help him/her to resolve problems and provide answers to questions that the sales manager or sales representative may encounter. This proficiency also helps in guiding subordinates who most often perform routine technical tasks such as engineering, accounting/finance, etc. Technical skills are required more by lower level managers than higher level ones.

As a manager moves up to higher managerial levels, he/she requires less of technical skills. This however does not imply the absence of such skills. This is so becomes it is imperative for all managers to possess all kinds of managerial skills to be effective and efficient. The absence of any of these may result into low standards of accomplishment.

3.2   Human Skills

The art of managing organisations implies working with people-individuals and groups. This presupposes that a good manager is one who gets along well with people irrespective of their backgrounds or dispositions. Hence, the ability to work with people (Human skills) is an imperative for successful management of an enterprise.

Human skills are quite diverse. They range from ability to influence, understand, control and change the behaviours of people-groups and individual, ability to communicate, motivate and ensure cohesiveness of organisational members. Managers can develop human skills via experience or learn through education or training at formal training sessions, workshops, seminars, symposia, etc.

It is imperative to stress that all levels of managers need the human skills since at all levels, interactions need to be managed properly so as to facilitate organisational goal attainment. Managers who possess human skills are capable of getting the best out of their subordinates since they are able to stimulate them by inspiring enthusiasm in them and their work.

Self Assessment Exercise

Explain the rationale behind the fact that all managers despite the variations in levels equally require human skills

3.3 Conceptual Skills

Koontz, O'donnel and WeIhrich (1980) opine that conceptual skills refer to the ability to see the "big picture" to recognise significant elements in the situation, to understand the relationships among the elements. Conceptual skills entail the ability to think, analyse and diagnosed situations. This will enable them to visualise the organisation as a whole and the relationships that exist among the divers segments and haw the enterprise fits into the wider environment. Conceptual skills are necessary for effective, decision making and the organisation and planning functions of the manager. Since top level managers are constantly involved in planning and organising, they require the best of conceptual skills. The possession of this skill helps them take advantage of identified opportunities by mobilising appropriate resources in order to capitalise on such opportunities.

Conceptual skills can be developed like human skills via education and training. Studying management as a discipline at an undergraduate or post graduate level is an important means of acquiring this highly significant managerial skill. At such training sessions, theories and techniques in the diverse areas of management that managers need to excel are learned e.g. in finance, production, human resources, marketing, etc.

It is important that managers at the different levels need all the three kinds of skills. However, the table below depicts the relative significance of the different skills at the three management levels.

Table 1: Skills Needed at Different Levels

	Conceptual skills	Human skills	Technical skills
Top managers			
Middle managers			
First line managers			

Self-assessment exercise

i.   Explain the rational for the differences in the requirement for conceptual and technical skills at the top and first line levels of management.
ii. Why are three 3 kinds of skills needed by all managers?

4.0   CONCLUSION

The above discussion depicts that irrespective of the level of management a manager occupies; he/she needs the three diverse categories of skills for efficiency and effectiveness. The conceptual skill helps managers have proper perspective of organisational situations, the human skill give them ability to carry on with people while the technical skills enable them to be proficient in the performance of their functions. Consequently, all skills are vital in the quest for efficiency and productivity in organisations.

5.0   SUMMARY

In this unit, we have examined the various kinds of skills that managers need to effectively and efficiently perform their managerial functions and roles. We saw that these skills range from technical, human to conceptual managerial skills and that irrespective of the level of

management one occupies, it is incumbent on them to possess these skills, although at some levels the relative importance of the skills varies.

6.0 TUTOR MARKED ASSIGNMENT

i.   Describe the technical skills that a restaurant manager needs to possess

ii.   Why are human skills of equal importance by all managers?

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UNIT 6:   DECISION MAKING   IN   BUSINESS

Table of Contents

1.0   INTRODUCTION

Decision making is one of the most crucial activities of management. The necessity to decide is the everyday preoccupation of management in all types of organisations, whether small enterprises or multi-national corporations. The decisions that management faces are sometimes simple and in other instances, complex and overwhelming. A decision to increase production in a particular industry could necessitate the employment of more labour, increase in plant capacity, acquisition of more equipment, borrowing of money and the mastering of new technological know-how. This decision could affect the entire economic climate resulting in full employment, with its attendant consequences – increase in money circulation and inflation.

In this unit, you will be introduced to decision making and all that is entailed in decision making.

2.0 OBJECTIVES

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

(i) define decision making;
(ii) identify the process involved in decision making;
(iii) classify decisions;
(iv) highlight the stages in decision making;
(v) describe group decision making;
(vi) discuss creative thinking and steps involved in creative thinking.

3.0 DECISION IN BUSINESS

In business, there are absolutely no right or wrong decisions but intelligent choices. What one considers a right decision in a particular time frame may turn out to be an unintelligent decision if the circumstances change. This is particularly true in developing countries where most of the variables required for intelligent decision are lacking. In some industries, the total production is unknown, the consumption pattern is not clear, the total population is a guess work, supply of raw materials is influenced by political consideration and the lead time for the supply of raw material is most unpredictable.

An entrepreneur may decide to import large quantities of raw material because it is under licence. The restriction could be lifted within a month after the importation, purely on political grounds without giving consideration to its consequences on the successful operation of the businessmen in the industry.

3.1 Decision Making Process

Definition

A decision is the selection of alternative course of action from available alternatives in order to achieve a given objective. The decision process is influenced by the unique environment of the decision maker, his organisational position, available knowledge and experience in decision making. A decision is a choice aimed at achieving optimum result in a given situation.

Decisions are made when a person finds himself in a situation where he must act and he is not quite sure of the choice that will give the best result. A decision could be seen as a mental process that forces us to analyse the situation in order to master it, or increase our knowledge on the area in which decision is to be made. An intelligent decision is one which yields the best intelligent response to a situation. Decisions aim at making things happen – in order to achieve an objective. Absence of a decision is a decision. A decision not to act or to postpone a major decision is a decision.

3.2 Classification of Decision

Decision making can be classified into three major groups:

    (1)   Decision making under certainty
    (2)   Decision making under risk
    (3)   Decision making under uncertainty.

3.2.1   Decision making under Certainty

Certainty – it is assumed that there is a single-space, complete and accurate knowledge of the consequence of each event.

A decision made with full knowledge of the occurrence of an event is said to be decision under certainty. In this situation, the decision maker knows what the stated value of the pay-off is expected to be. If for instance the value is 1.00, in making the decision one has to select the alternative that gives the expected pay-off of 1.00. Assuming that a service organisation wishes to determine the cheapest way of handling its security services and finds out that:

    (a)   if it subcontracts security service, it would cost ₦7,000 per annum;
    (b)   if it handles its own security by hiring 4 security-men, it would cost ₦10,000 per annum;
    (c)   if it installs burglary proof and other security measures it would cost ₦12,000 per annum.

In this situation, it is easy to select plan (a) since it entails the lowest cost.

3.2.2   Decision making under Risk

Uncertainty – the consequence of each choice cannot be defined by a correspondence relationship even within a probabilistic framework.
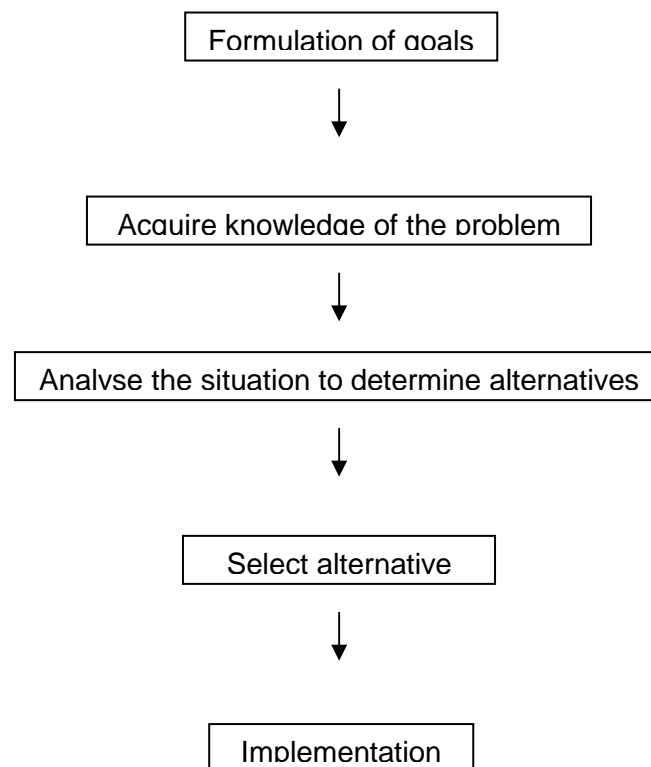
3.2.3   Decision making under Uncertainty

Risk – it is assumed that accurate knowledge about the probability distribution of the consequence of each alternative exists.

3.3   Stages in Decision Making

Every decision making process has some basic elements in order to be effective. They include

    (1)   the formulation of goal or goals
    (2)   mental process to acquire knowledge on the situation
    (3)   analysis to determine alternative course of action
    (4)   choice procedure
    (5)   implementation.

Table 1.2   Decision Making

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                    ┌─────────────────────────┐
                    │   Formulation of goals  │
                    └─────────────────────────┘
                                 │
                                 ▼
          ┌──────────────────────────────────────┐
          │   Acquire knowledge of the problem   │
          └──────────────────────────────────────┘
                                 │
                                 ▼
        ┌───────────────────────────────────────────┐
        │  Analyse the situation to determine alternatives │
        └───────────────────────────────────────────┘
                                 │
                                 ▼
              ┌──────────────────────────┐
              │    Select alternative    │
              └──────────────────────────┘
                                 │
                                 ▼
                ┌───────────────────────┐
                │    Implementation     │
                └───────────────────────┘
```

3.3.1   Formulation of Goals

For one to make a decision, one must have goals that one expects to achieve. The goals to be achieved may be determined by the organisation and could aim at minimizing cost or maximizing profit. In the case of the production manager, the decision at that level could be to reduce rejects by 20 percent or increase average output by 10 percent.

3.3.2   Acquire Knowledge

A rational decision requires the decision maker to acquire a thorough understanding of the problem in order to make an intelligent choice. This demands that the decision maker saturates himself with facts about the situation. At this stage he seeks information from employees who have expert knowledge about the situation understudy.   When vital decisions are to be made, "brainstorming" is encouraged in order to avoid costly, hasty decisions. It is advisable to hear both from those who are interested in the problem and those who are opposed to it. The step is likened to a situation where a "car won't start" in the morning. Why? What is the cause of the problem?

3.3.3 Analysis to Determine Alternatives

The essence of analysis at this stage is to determine possible courses of action – the search for alternatives. The number of alternative ways of solving the problem that could be thought out depends on the effort expended by the decision maker in the search for alternatives. This is one of the crucial steps in rational decision making. It involves the utilisation of the vital information gathered through the process of defining the problem. The decision maker could tap the brain of experts and engage in creative logical reasoning. This will help to achieve the objective with cost effectiveness in mind.

3.3.4 Decision

Decision is the selection of the course of action believed by the decision maker to yield the best result under the circumstances. The final selection is influenced by the decision maker's past experience, his value judgement, the logical process that has been established and followed in the previous steps 1 – 4 above.

It has to be pointed out that the selected solution may not necessarily be the most satisfactory solution but the most intelligent decision under the circumstance. This has often been called SATISFICING. An entrepreneur may decide in the circumstance to select the alternative that "minimises his risk or involves "minimum regret" or gives him optimum result in the short-run. There is a tendency for Nigerian entrepreneurs to seek short-run instead of long-run growth.

It is important at this stage to ask four vital questions:

(a) Did I consider all possible alternatives that bear on the question?
(b) Does the selected alternative contribute to the realisation of the intended objective?
(c) Will the decision lead to the attainment of the preferred solution?
(d) Is this alternative capable of implementation?

3.3.5 Implementation

A decision process is not completed until it is implemented. The essence of any decision is to secure action. If this stage is not properly carried out, the entire process is a waste of time and resources. For some important decision to be implemented effectively, the decision maker has to seek and obtain the willingness of operation of all involved. He has to "sell" the decision to the workforce. Factors involved in securing acceptance include effective communication, motivating the employees into accepting the decision and pointing

out the advantages to be achieved, effective control of the process for the implementation of the decision and, promote timing of events to aid coordination.

3.4   Group Decision Making

An organisation is not better than the people that make it up. The success or failure of an organisation depends on the creativity of its human resources.   Efficient and effective utilisation of these people to make use of their intellectual abilities, in part, helps the growth of the organisation. There is a popular saying that "two heads are better than one, even if they are 'coconut' heads". This illustrates the importance of participative decision making.

One of the major problems encountered in retaining young university graduates in many indigenous enterprises is the absence of participative decision making. The entrepreneur is reluctant to involve the young graduates in areas they believe they could contribute their best in the organisation. Thus, only 20 percent of the graduating class of the professional schools of the University of Nigeria would elect to work for indigenous enterprises. 65.8 percent of the graduates who left their employment with small businessmen gave lack of participation as one of the key reasons why they gave lack of participation as one of the key reasons why they changed employment. Other key reasons include lack of future prospect, lack of prestige and inability to use their expertise. Employees like to be involved in decisions that affect the organisation especially those that affect them directly.

Decisions are expected to be made in a social environment. It is a situation in which each participant contributes his ideas towards the realisation of a predetermined goal. No idea is useless no matter how stupid it sounds. In many instances, what some people call "stupid" or "crazy" ideas are those that disagree with their own. There is a popular saying that "where the people always agree, only one person is doing the thinking." Group decision calls for varied views, some optimistic and some pessimistic.

In the final analysis, what determines whether a decision is to be made by an individual or group is the type of decision to be made, and the importance of the decision to the immediate attainment of organisational objectives.

3.4.1   Committee Decision
A committee could be seen as a group of people assembled together to take action on an administrative task. In some organisations, there are committees for each key functional area such as finance, production, sales, auditing, purchasing, and engineering. These are generally permanent committees. These committees often meet regularly once or twice a month to discuss general problems affecting their operation. There are instances where committees are appointed to study and offer solution to a specified organisational problem. They stop functioning as soon as the assignment is completed. This is generally called an ad hoc committee. Committees such as salary adjustment committee, tenders board

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committee, employee grievance committee or question box committee could be ad hoc committees. They could also be permanent committees. The government makes use of some committees in dealing with specific assignments. In Imo State, the government appointed the University Planning Committee to help plan the State University. Anambra State appointed the Television Planning Committee, whereas the Federal Government appointed the Revenue Allocation Committee. These are ad hoc committees which fail to exist as soon as their functions are completed.

3.4.2   Selection of Committee Members

The effective use of committees in the solution of organisational problems depends on the selection of the right people to serve in the committee. Most of the criticisms often voiced in the use of a committee as an effective device in decision making depend on the quality of people appointed to serve on them. Committees are often seen as "a group of people who keep minutes and waste time and money". Hudson writing on this important issue observed that:

> "Equally sad and costly are the "good" people who are un-
>
> trained to the rigours of sound committee working – the
>
> people who debate on ideas, who lack a gift for negotiation,
>
> the people who are spineless, irrational, hyper-sensitive
>
> and over emotional people who are blindly devoted to an
>
> ideology, blindly loyal, or blindly combative.[3]

The selection of members of a committee should be based on qualifications such as knowledge of the subject matter to be assigned to the committee, interests, responsibility, availability and emotional maturity.

The number of people to serve in a committee is to be determined by the nature of the assignment. A large number is sometimes very cumbersome to manage and makes it often difficult to agree on a specific time and date for meetings.

3.4.3   Committee Chairman

The success or failure of a committee in most instances depends on the chairman. The chairman is expected to be a mature, intelligent, skillful, versatile person who is capable of accommodating varied opinions. A committee succeeds when the members believe that the chairman is equal to the task and is capable of leading the committee to arrive at mature conclusions.   A capable chairman is in a position to help reduce some of the major

disadvantages associated with committees such as cost, idle debates, danger of compromise and slow action.

3.4.4   Benefits and Limitations of Committees

Almost all formal organisations have committees because it has been very useful as one of the basic democratic ways of operation and the realisation that the concentration of tasks in one individual does not make for efficient and effective control. The following are the basic advantages:

(a)   Makes different view points available. The interaction between members brings out different viewpoints that could not have been considered or given due weight if the decision was made by one person. Collective views make for thorough and complete analysis. Thus it provides a forum whereby knowledge, experience and abilities of several experts are brought together.

(b)   Better coordination. Committee decision helps to promote better coordination in the company.   In any type of organisation, there is often constant need for coordination in order for everyone to pull in the same direction. The coordination of sales department with production, purchases and advertising departments brought about by their being in the same committee will help to achieve optimum results.

(c)   Committee as Advisers. A committee could be advisory in nature. This type of committee is created to advise, counsel and make recommendations to the managing director to help him make an intelligent decision. An administrative commission of inquiry is a typical example of an advisory committee.

(d)   Collective responsibility for decision. When the chairman of the committee takes a decision, it becomes a collective decision of the committee irrespective of whether a member likes it or not. The decision becomes the decision of the "group" who they cannot afford to disagree with. In some instances, there is an "overtone" which suggests to members that he would like them to "go along". What he really demands from them is support.

(e)   Lack of Accountability. One of the major disadvantages of a committee decision is that many committees only recommend or advise. To advise is not to decide as the decision lies with the chief executive who is accountable for the outcome of the decision.   In a committee decision, no one is held accountable or responsible for the decision because of the nature of the impersonality that characterises all committees. It has to be observed here that depending on the nature and authority a committee may serve in a service, advisory, coordinating information or final decision-making capacity.

3.5 Creativity in Decision Making

A good committee could be very creative. A creative committee is one that comes up with new ideas, new approaches, and new ways of doing old things, doing a common thing in an uncommon way, a new product, or new application or a combination of existing knowledge. Creative is one of the highly sought after talents in management. A creative manager seeks original solutions to existing problems. Creative thinking is necessary in business for the organisation is constantly in search of an imaginary solution to problems posed by its competitors and the total environment. Many organisations have in their midst individual great inventiveness, and the unusual ability to create new ideas is the realisation that some people are more creative than others, that committees are often used in the solution of some of organisational problems.

An ideal environment that is supportive of and promoting creative thinking is necessary for individuals to challenge that imagination. The recruitment of people who are creative is a necessary precondition in encouraging creativity in an organisation.

3.6 Steps in Creative Thinking

Studies have shown that certain steps are necessary in creative thinking. These can be summarised as follows:

(1) Problem identification
(2) Investigation
(3) Incubation
(4) Illumination
(5) Verification

3.6.1 Problem Identification

The first step in creative thinking is the perception that a problem exists. This could be in production, sales, customer relations or advertising. The discovery of this problem launches the creative individual immediately to seek for suitable solution. No creative work has been achieved without dissatisfaction with the existing situation which forces the "genius" to seek new ways.

3.6.2 Investigation

Investigation is the second step in creative thinking. In this step, the individual examines the problem and analyses old ways of performing the task. This could call for intensive research into existing knowledge on the subject. There could be an exploration into all the possible avenues that will lead to the discovery of such things as the interrelationships, and

associations. This step involves the accumulation of facts and figures that bear on the subject. A thorough examination which helps the individual to saturate himself with facts and figures on the problem will help to develop a creative solution.

3.6.3   Incubation

This is a very important stage in the process. Here, the entire mind reflects on the problem. Sometimes, a creative solution is not easily available and the individual leaves the subject for more reflection. Creative thinking is not a choice of alternatives as in decision making. It is a process of mulling the problem over. It may involve the use of the unconscious mind. The creative person is at this time in a special state of mental "stress", and detaches himself from things around him. He could go around the circles with a real solution arising and he could at this stage leave the problems for a while to avoid mental fatigue. This period is characterized by frustration and helplessness. This is often referred to as the gestation period. Rest is recommended. The rest period would refresh the mind.

3.6.4   Illumination

An ideal brainstorming session highlights the importance of new ideas. The rules for successful brainstorming session include:

(1)   Criticism of ideas must be withheld until after the session;
(2)   The group must welcome free-wheeling and encourage the wildest of ideas;
(3)   Developing a greater quality of ideas increases the likelihood of having one really useful idea;
(4)   Each member of the group should improve and relate his own ideas to the ideas of others.[7]

3.6.5   Verification

Some of the major criticisms of brainstorming are that it is time consuming. Many man-hours are spent in generating ideas and also in crystallizing them. It also produces many superficial ideas.

Nevertheless, its usefulness in creative thinking can hardly be overstated. In many organizations, it is indispensable in determining the name of a new product and determining a new advertising slogan. Political parties in Nigeria use it very extensively.

3.7   Qualitative Methods of Decision Making

The use of qualitative methods as aid in the decision making is well recognized in large organizations in developing countries, and to a less extent, in small industries. One of the major reasons for this is the limited education of the owners of small businesses. With increased education and the separation of owner-manager, these techniques will be increasingly found useful by small businessmen.

3.7.1   Operations Research (OR)

The mathematical techniques used as aid to decision making are often called operations research. Churchman et al defined operations research as:

> "an application of the scientific method to problems arising in the separation of a system which may be presented by means of a mathematical model and in solving of these problems by resolving the equation representing the system".

Operations research has gained wide acceptance because of its use in modern high speed electronic computers. Basically, operations research is the application of scientific method in the solution to business problems; OR is applied in a variety of business problems which include:

(1)   Productive scheduling
(2)   New product development
(3)   Long-range planning
(4)   Warehouse location selection
(5)   Retail outlet selection
(6)   Product mix selection
(7)   Air and highway traffic control
(8)   Portfolio management.

The use of OR entails the building of models called equations to represent the system.

3.7.2   Linear Programming (LP)

Linear programming is a relatively new mathematical technique in situations requiring the optimum allocation of resources, money, capital equipment, raw material and personnel. It is useful in production management because allocation problem pose great complexity involving a large number of variables can equally be solved through linear programming techniques. If the Nigerian Bottling Company wishes to determine the best cost method of distributing its products from its four bottling plants to a number of warehouses located all over Nigeria, linear programming technique will be employed.

3.7.3 Queuing Theory

Queuing theory is often called waiting-line theory. The system is used in determining the optimal utilisation of a facility in an intermittent service. In the use of the queuing theory,

4.0   CONCLUSION

We have discussed decision making as one of the most crucial activities of management. We have also emphasized that there is the need to make decisions in all types of organizations, whether small enterprises or multi-national corporations. The decisions that management faces are sometimes simple and in other instances, complex and overwhelming.

5.0   SUMMARY

In this unit, we have defined decision making, identified the process involved in decision making and classification of various decisions. Also, we have highlighted the stages in decision making, described what is understood by group decision making and finally, we discussed creative thinking and the steps involved in creative thinking.

6.0   TUTOR MARKED ASSIGNMENT

What do you understand by the term decision making in management? List and discuss the process involved in decision making.

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UNIT 7: CONFLICTS IN ORGANIZATION

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content

    3,1 Nature of Organisational Conflicts

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    3.3 Conflict Viewpoints

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1.0 INTRODUCTION

The mere fact that organisations are composed of diverse individuals indicates that differences are bound to exist. These differences quite often lead to incompatibilities among the diverse people. Thus, the people tend to thwart efforts of others. This is a good source of organisational conflict which requires effective and efficient management on the part of organisational managers.

Essentially, any state of perceived incompatibility or difference, whether real or not in an organisation is of great concern to mangers because such is capable of hampering the attainment of goals. It is therefore incumbent on managers to develop appropriate strategies to manage such conflicts. Some of these conflict situations are subtle, or extreme or indirect but with attendant attributes of resulting into strikes, riots or interference/opposition with organisational objectives.

2.0 OBJECTIVES

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

  I.   Describe what organisational conflict entails
  II.   Identify the sources of organisational conflicts
III.   Describe the various viewpoints of conflict

IV.   List and analyse various strategies that can be employed in managing organisational conflicts

3.0 MANAGING ORGANISATIONAL CONFLICTS

3.1 Nature of Organisational Conflicts

According to Jones and George (2003:549), is the discord that arises when the goals, interests, or values of different individuals or groups or departments and divisions are incompatible and these individuals or groups or departments or divisions block or thwart each other's attempt to achieve their goals. Conflict situation enables organisation members to look for ways of improvement in organisational functioning and effectiveness where debates and disagreements are viewed as necessary ingredients for effective decision making

Conflict by its nature is a natural outcome of human interactions or relationships. They would naturally erupt whenever there exist disagreements as a result of differences in beliefs, behaviours, attitudes values or needs, perceptions or expectations. When individuals or groups disagree about an action or decision, conflict may result. Conflict is therefore an inevitable phenomenon since individuals are never the same. It could also arise from past rivalries and personality differences or in the course of attempting negotiation before the timing is right or before needed information is available.

Conflict is not always bad, if it is kept task related and prevented from escalating to the levels of human emotions/temperaments. Unfortunately, conflict often becomes personal, and rather than focusing on the issues, each party sees the other as the problem Because of the natural tendency to suppress conflict, understanding the sources of conflict can help us deal with them rather than suppress them. Many times we hear of "personality clashes/ conflicts" in which people have divergent personal values and dispositions. What are the underlying causes of conflict behaviours and perceptions in organisations?

It is quite significant to point out here that conflicts are not generally destructive or harmful. There are instances where a conflict is quite constructive thus, desirable. This is because some conflict situations facilitate problem solving, increase involvement and commitment, and clarify issues or expectations. This position is capable of resulting into better decision outcome. For example, where all departmental officials hold the same view on every issue, decisions and outcomes cannot depict the full ramifications concerning that issue.

Here we agree with McShane and Von Glinow(2000) that conflict is a process in which one party perceives that its interests are being opposed or negatively affected by another party. We emphasize the word perception because conflict is a perception- a person's world view of things. The world is as people perceive it. Conflict exists whenever someone believes/ feels that another person/group might obstruct its efforts. Conflict in organizations is not a problem.

Conflicts whether constructive or destructive can be managed. Therefore managers need to be prepared to manage conflicts. The response of a manager to a conflict situation will affect the conflict. This presupposes that there is no single approach to conflict management.

Self Assessment Exercise

If organisational conflicts are natural outcomes, do managers need to be concerned about their presence in organisations?

3.2 Sources of Conflict

Organisational conflicts result from different sources. Jones and George (2003) identified six (6) main sources. These are:

a. **Resources** – When managers find it very difficult to acquire needed resources to keep their organisations operational, conflict is quite likely to arise, In such situations, employees become sceptical of pay rises, promotions or even who is in control of funds or other resources
b. **Overlapping authority** – This arises where two or more superior officers claim authority for a single function or task.
c. **Status inconsistencies** – Conflict may result when teams, groups or individuals or even sections within the same enterprise are more highly regarded than others.
d. **Task interdependences** – Conflicts can also arise where Mr A's task is dependent on Mr B's performance of his part of the operation and particularly where Mr B fails to complete his part of the task to permit Mr A carry on his. A good example is the interdependent relationship between production and finance departments. The production unit depends on the finance unit for funds to acquire materials while the latter depends on the former to turn out goods that can be sold so as to generate the much needed funds.
e. **Incompatible goals and time horizons-** By virtue of the fact that groups or units in an organisation exist presupposes that these units have diverse goals which may not only be incompatible but their attainment is at different time periods i.e. long or short time duration. This poses a conflict situation. For example marketing's concern is being responsive to their customers not only now but in the future. This may be costly. Production department may want efficiency and cost reduction. These are incompatible situations.
f. **Incompatible evaluation/reward systems** – Due to incompatibility of goals, reward systems may also vary. For example, production managers are rewarded for efficiency and cost reduction measures while marketers are rewarded for their ability in generating sales and customer satisfaction. This is capable of generating conflicts in organisations, since one is at par with the other.

3.3 Conflict Viewpoints

Conflict is viewed differently by many people. Initially, people saw it as destructive and must be avoided because it was an indication of a malfunction in the system. Proponents of this viewpoint opined that managers must get rid of conflicts in organisations because they lead to violence and destruction. Thus, conflict is harmful to organisations.

The second viewpoint is that conflict is quite natural, positive and not as harmful and negative as such. Consequently, it should not be eliminated because it is capable of contributing to organisational performance. This presupposes that managers should accept conflict and not eliminate it.

The third viewpoint is perhaps more extreme. It says that conflicts should not be only accepted but encouraged because a harmonious, peaceful and cooperative organisation is prone to becoming static and nonresponsive to needs for change and motivation (Robbins and Coulter, 1996). This notion means that managers should maintain a minimum level of conflict to ensure that enterprises are responsive and adaptable to changing situations.

It is worth mentioning here that whatever the viewpoint of conflict is being considered, conflicts have functional (those that support the goals of the enterprise) and dysfunctional (those that are destructive and prevent the organisation from attaining its goals) properties. Hence, managers need to develop appropriate strategies to manage conflict situations.

3.4 Managing Conflict

The initial task in managing conflict is to analyse its nature and type. To do this, you will find it helpful to ask questions to get more details. Once you have a good understanding of the conflict and those involved, you will need to analyse and select the most appropriate strategy. The key to managing conflict well is choosing and executing the strategy that best fits the conflict situation. It is important to note that conflict resolution and conflict management are not the same. The latter is directed towards reducing destructive tendencies in conflicts while the former is concerned with conflict elimination and this is quite often an impossible task. The following are strategies that a manager may employ in managing conflicts:

3.4.1 Forcing

This involves the use of formal authority or any other power that you possess to satisfy your concerns without regard to the concerns of the party that you are in conflict with. Where time is precious and if you have enough power to impose your will, forcing is more appropriate.

3.4.2 Collaboration

This results from a high concern for one's group own interests, matched with a high concern for the interests of other partners. The outcome is "win/win." This strategy is generally used when concerns for others are important. It is also generally the best strategy when the organisation's interest is at stake. When you find yourself in conflict over very important issues, you should normally try to collaborate with the other party. Collaborating is normally the best strategy for handling conflicts over important issues. Collaborating with the other party promotes creative problem solving, and it is a way of fostering mutual respect and rapport. It also helps build commitment and reduces bad feelings. The drawbacks are that it takes time and energy. In addition, some partners may take advantage of the others' trust and openness.

3.4.3 Compromise

This strategy results from a high concern for your group's own interests along with a moderate concern for the interests of other partners. The outcome is "win some/lose some."

This strategy is generally used to achieve temporary solutions, to avoid destructive power struggles or when time pressures exist. One drawback is that partners can lose sight of important values and long-term objectives. This approach can also distract the partners from the merits of an issue and create a cynicism.

3.4.4 Competition

This strategy is appropriate when a manager has a high concern for the interest of the group interests with less concern for others. The outcome is "win/lose." This strategy requires bargaining. It is generally used when basic rights are at stake or to set precedence. However, it can cause the conflict to escalate and losers may try to retaliate.

3.4.5 Accommodation

Accommodation is appropriate when there is a low concern for your group's own interests combined with a high concern for the interests of other partners. The outcome is "lose/win." This strategy is generally used when the issue is more important to others than to you. It is also appropriate when you recognise that you are wrong. When you find yourself in conflict over a fairly unimportant issue, using an accommodating strategy is a quick way to resolve the conflict without straining your relationship with the other party. Its demerits are that your own ideas and concerns do not get attention. Managers may also lose credibility and future influence.

3.4.6 Avoidance

A manager may employ avoidance strategy results when there is a low concern for his group's own interests coupled with a low concern for the interests of others. The outcome is "lose/lose." This strategy is generally used when the issue is trivial or other issues are more pressing. It is also used when confrontation has a high potential for damage or more information is needed. Avoiding should normally be reserved for situations where there is a clear advantage to waiting to resolve the conflict. Avoiding is appropriate if you are too busy with more important concerns and if your relationship with the other party is unimportant. The drawbacks are that important decisions may be made by default.

3.4.7 Negotiation

Negotiation is an important skill for coming to an agreement when conflicts develop. When negotiating, the manager is dealing with people who have their own unique needs, emotions and perceptions. Some conflicts are based on differences in thinking and perceptions. These conflicts may exist mainly in peoples' minds. It helps when managers empathise; they can understand each other's point of view, identify and openly discuss differences and being careful not to place blame(s).

When negotiating, it is important to focus on interests, rather than positions. This posture makes it possible to come up with better agreements. Even when people stand on opposite positions, they usually have a few shared interests. It takes time and effort to identify these interests. Groups may not even be clear about their own interests. It helps to write down each group's interests as they are discovered. It helps to ask why others take the positions or make the decisions they do. Partners will have multiple interests. When a manager is contemplating developing solutions that meet the interests of all sides, he/she should try to meet as many of

each side's interests as possible. Start by inviting all sides to brainstorm ideas (before reaching a decision.

A few key variables define conflict management situations and determine which conflict management strategies are likely to be effective. Time pressure is an important variable. If there were never any time pressures, collaboration might always be the best approach to use. In addition to time pressures, some of the most important factors to consider are issue importance (the extent to which important priorities, principles or values are involved in the conflict, relationship importance (how important it is that you maintain a close, mutually supportive relationship with the other party) and relative power (how much power you have compared to how much power the other party has).

Self Assessment Exercise

(i)   As a manager, which strategy would you prefer? Give reasons
(ii)   What is the relevance of competition as a conflict management strategy?

4.0 **CONCLUSION**

Our discussion shows that because organisations are made up of diverse people with diverse values/beliefs, expectations and viewpoints and that these differences are avenues for conflict within organisations. Organisational conflicts may emanate from a variety of sources. From whatever source, conflicts may contribute positively or negatively to the attainment of organisational goals.

The task of managers is to identify these conflicts and manage them appropriately so that they do not hamper the achievement of organisational goals. The manager can employ the strategy that best fits a given conflict situation since no single strategy is relevant in all situations.

5.0 **SUMMARY**

We have highlighted that organisations may be large or complex in nature. As a result of the diversity in their constituents, the manager is expected to be mindful of conflicts since they are inevitable. We also identified a number of sources that may lead to a conflict situation and the possible managerial action(s) that abound to manage conflicts.

6.0 TUTOR MARKED ASSIGNMENT

a. What are the sources of organisational conflicts in an educational establishment?
b. What conflict management strategy is most often employed? Give reason(s).

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UNIT 8 :   **MOTIVATING EMPLOYEES**

Table of Contents

1.0   INTRODUCTION

One of the major problems confronting management is that of motivating workers to perform assigned tasks to meet or surpass predetermined standards. It is not easy to motivate an individual, for the success of any motivational effort depends on the extent to which the motivator meets the needs of the individual employees for whom it is intended.

In this unit, we shall be discussing motivation, its process, types of motivation as propounded by various authorities to enable learners to comprehend and understand the concept.

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

(i) define motivation;

(ii) list and discuss the hierarchy of needs as propounded by Abraham Maslow;

McClelland, Herzberg and McGregor;

(iii) explain Herzberg's two-factor theory of motivation;
(iv) distinguish between Maslow, McClelland and Herzberg's theories of motivation.

3.0 MOTIVATION
Motivation is that energizing force that induces or compels and maintains behaviour.
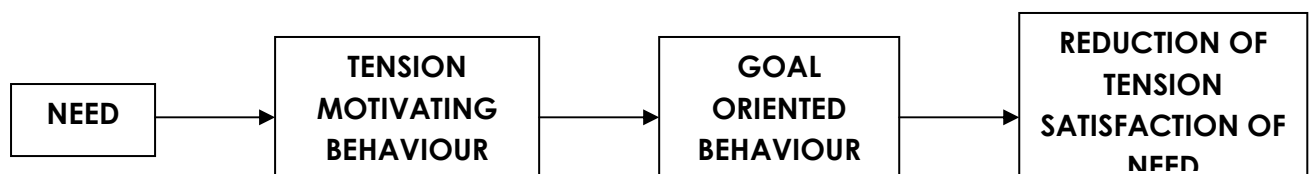
Human behaviour is motivated, it is goal directed. It can also be defined as an

internal psychological process whose presence or absence is inferred from observed

performance. Motivated behaviour has three basic characteristics, which are stated

as follows:

(1) It is sustained – it is maintained for along time until satisfied;
(2) It is goal-directed – it seeks to achieve an objective;
(3) It results from a felt need – an urge directed towards a need.

3.1 The Motivation Process
A need creates a tension in the individual who moves in a certain direction in order to

achieve the desired objective which reduces the tension. A satisfied need does not

motivate; conversely, an unsatisfied need motivates. Figure 3. 1..1 below shows the

process of motivation:

Figure 3. 1.1   The Process of Motivation

| NEED | → | TENSION MOTIVATING BEHAVIOUR | → | GOAL ORIENTED BEHAVIOUR | → | REDUCTION OF TENSION SATISFACTION OF NEED |

The process starts with a perceived need, then a tension is created which starts the motivating behaviour; then there is a move towards the realization of the need – a goal oriented behaviour. As soon as the need is satisfied, the tension relaxes. To motivate an employee, management must create real or imagined need for the employee to aspire. A real need could be a desire to achieve through promotion, increase in wages or enjoyment of increased organizational   favours, such as company cars with a chauffeur. Imagined needs of a staff could be an aspiration to have coffee at 10.00 a.m. which is the entitlement of successful executives, to have a secretary, have someone to carry his brief-case upstairs, have someone to run the office at the sound of the bell or visitors fill papers before they enter into his office.

For the purposes of this course, terms such as need, desire, aspiration and drive are used interchangeably. Since every employee has needs, he is capable of being motivated. The task of management is to determine what are the valued needs that will make him react according to organizational desires – increased productivity.

3.2   Maslow's Need Hierarchy
A hierarchy of needs theory was advocated by Abraham H. Maslow. According to him, man always has needs to satisfy. These needs can be classified in a hierarchical order starting from the basic needs to the higher order needs. Once a particular need is satisfied, it ceases to be a motivator of behaviours and another need emerges.

According to this psychologist, these needs can be classified into five as shown in figure 3.2 .1 below. These are physiological need, safety need, social need, esteem need and self-actualization need.
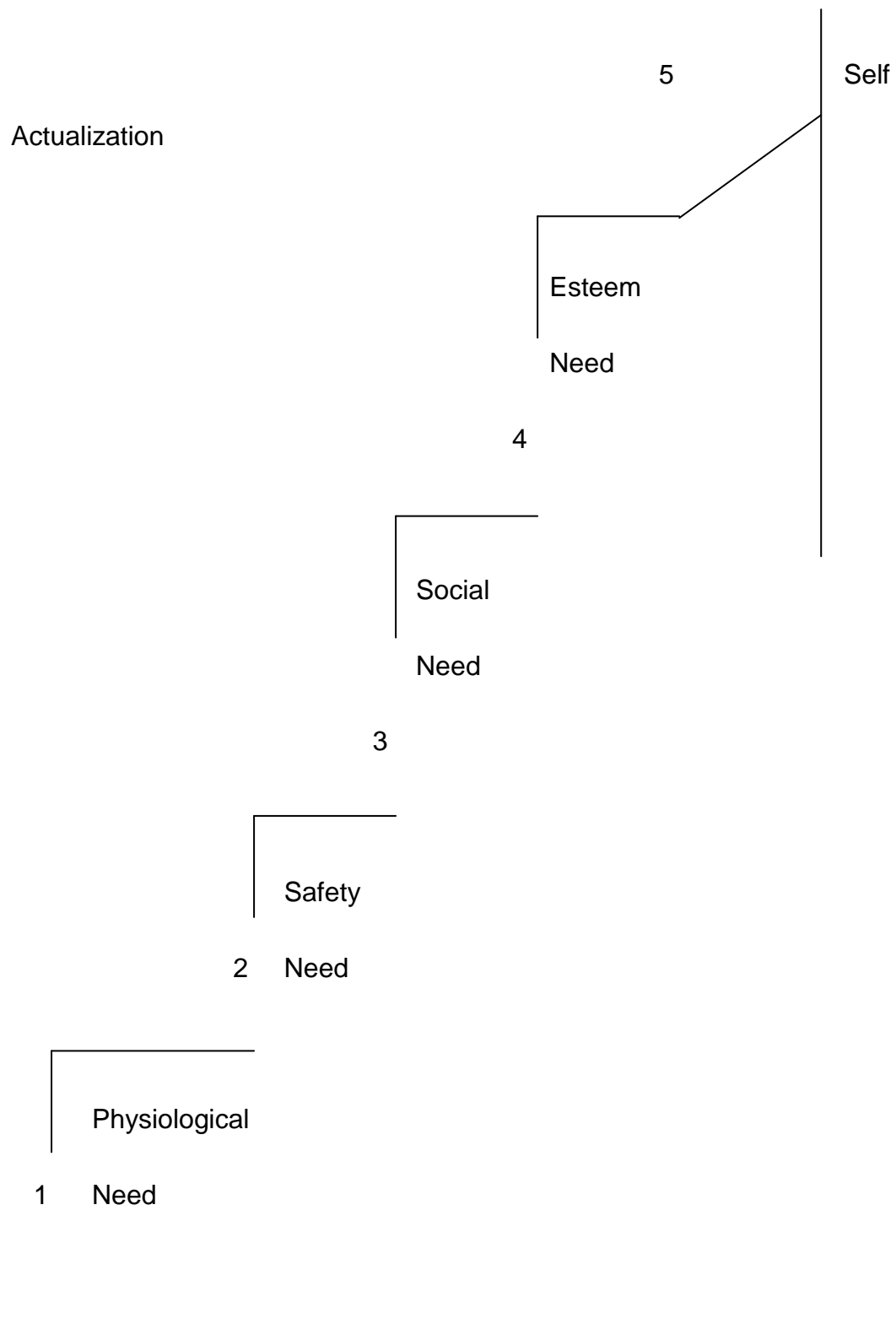
5   Self

Actualization

Esteem

Need

4

Social

Need

3

Safety

2   Need

Physiological

1   Need

Figure 3.2.1 Classification of Maslow's Hierarchy of Need

(a)   Physiological Need

This is the basic need of people – food, clothing and shelter. These needs are strongest in man's life and must be satisfied before other needs. This need can be satisfied with money. A man who is starting life needs money to obtain shelter, buy food and clothing. His major preoccupation will be to ensure that these basic needs are substantially satisfied. It appears to have a dominating influence than any other need at this stage of a person's career. At every stage in the organisation, management is to recognise that every kobo means much to the employee. He would trade some comfort for money.

(b)   Safety Need

As soon as the physiological needs are satisfied, safety need appears. An individual's safety becomes very important to him. Question such as what happens to me when I get sick? How am I protected from organisational hazards?; becomes his major concern. Safety need is a protection against bodily harm, danger, loss of employment, deprivation or threat. An employee likes to know that his employment is permanent. The loss of his job could induce him to seek ways of satisfying his physiological need. To encourage productivity, management may threaten him with the possibility of loss of employment. The organisation should help to solve a person's dependency need. The employee gets worried if he is not a confirmed

staff or is subjected to discrimination or arbitrary managerial action. Safety need could indeed be very strong in an individual.

(c)   Social Need

This need is often referred to as acceptance need. The individual has satisfied his two basic needs and wants acceptance, to love and be loved. He values friendship, affection and the sense of belonging. Affection need, esteem need and self-actualisation are secondary needs. They are seldom satisfied by money. At this stage, the individual belongs to small clubs or informal groups at the workplace.

(d)   Esteem Need

This is the fourth need. At this stage, the individual has need for recognition, accomplishment, achievement and the need for self-respect. He loves to take responsibilities and prove himself. The esteem need is the "ego" need. He wants his contributions to be recognised and appreciated by management and co-workers.

The feeling of independence, professionalism and confidence is highest at this stage. It is important for management to recognise and reward him for his contribution to the organisational effort. When people who work with him, and management, appreciate him by

helping to build up his ego, self-esteem, confidence, power and prestige need are satisfied.

(e)   Self-actualization Need

This is the last in Maslow's hierarchy of needs. This need is often called fulfillment need. This is the need for an employee to reach his highest potential at workplace or in conquering his environment. As Maslow succinctly puts it, "what a man can be, he must be". A man is actualised when he feels he has reached the highest he is capable of reaching in organisation or life. The feeling of competency, being the best or having achieved manifests itself.

Maslow believes that an average citizen satisfies perhaps 85 percent of his physiological needs, 70 percent of his safety needs, 50 percent of his love needs, 40 percent of his esteem needs, and 10 percent of his self-actualisation needs. This means that a majority of people do not satisfy their self-actualisation needs. The need for self-actualisation manifests itself in many ways in Nigeria. People like to be seen and referred to as professionals. For example, many people who have achieved status through the accumulation of wealth like to be called Chiefs, or Alhajis, teachers who hold Ph.D like to be called "Doctor", those who do not, become ashamed of being called "Mr" and opt for "Professor", professionals like to be called Engineer…Architect…Barrister…. Even women who have earned

these titles, like to be addressed as Dr., Mrs….; Barrister Mrs…, etc.
These are because of the prestige that the titles carry.

Maslow has succeeded in classifying human needs at least as an aid in thinking for management. What is being disputed in Maslow's theory is the issue of successive saturation. One can easily see the interrelatedness in human needs. In fact, by satisfying one need, the other needs are apparently receiving attention for the dignity of human beings is predicated on the satisfaction of all the needs.

3.3   Need for Achievement

Closely related to Maslow's hierarchy of needs is McClelland et. al's need for achievement postulate (n – achievement). According to McClelland, some people achieve more than others because they have a greater desire to achieve. McClelland and his colleagues discovered that those who had a greater need for achievement were neither high risk takers, nor low risk takers. They appeared to be realistic about their goals and set moderate challenges for themselves. They were motivated by achievement and saw money as a measure of their progress; so were status and power which were not by themselves needs but were socially accepted measures of success in the satisfaction of the need to achieve.

A supervisor who has a need for recognition among his peers or colleagues will strive for status and recognition. All people who have n-achievement are constantly interested in feedback as to the extent that they are realizing their objectives.

3.4   McGregor's Postulates

McGregor has some basic assumptions regarding human behaviour. An understanding o these assumptions are important for managers in directing human beings. These assumptions are classified into Theory X and Theory Y.

Theory X – The basic assumptions of this are:

1.   Work, if not downright distasteful, is an onerous chore to be performed in order to survive;
2.   The average human being has an inherent dislike of work, and will avoid it if he can;
3.   Because of this human characteristic dislike of work, most people must be coerced, controlled, directed or threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives;
4.   The average human being prefers to be directed, wishes to avoid responsibility, has relative little ambition, wants security above all.

Theory Y – the postulates of this theory are:

1.   The expenditure of physical energy and mental effort in work is as natural as play or rest;
2.   External control and the threat of punishment are not only means for bringing about effort towards organisation's objectives. Man will exercise self-direction and self-control in the service of objectives to which he is committed;
3.   Commitment to objectives is a function of the rewards associated with their achievement;
4.   The average human being learns, under proper conditions, not only to accept but seek responsibility;
5.   The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems is widely, not narrowly distributed in the population;
6.   Under the conditions of modern life, the intellectual potentialities of the average human being are only partially utilized.

As McGregor notes, behind every management action or decision are assumptions about human nature and human behavior. Those managers who subscribe to theory Y behave according to the postulates in theory Y. They believe that human beings like to take responsibilities and that commitment to an objective is a function of the rewards associated with it. These rewards are the needs that will motivate them to act. The rewards create the tension in the individual that subsides when realised. How we act or react to other people is influenced by our assumptions about those people. If we believe that an employee has special dislike for work and will avoid it if he can; if we believe that he is at work because he needs money to satisfy his physiological needs, we will attempt to motivate him with money and threaten him with loss of employment (security need) if he does not put in a measure of his effort. A person's attitude towards work is not inherent, it is a learned behaviour. Need appears to be universal; even people whose basic needs are satisfied, still have the need for achievement, status and acceptance. It is not surprising that people whose parents have amassed wealth for them and their entire lineage still struggle to achieve and gain individual recognition, status and power.

A motivated employee has adult characteristics. He enjoys independence, has longer, deeper and more consistent interest in what he does. But a frustrated employee is forced to act like a child. He has dependency syndrome with erratic, casual or shallow interest.

3.5   Herzberg's Two-factor Theory of Motivation

Herzberg's two-dimensional theory of motivators and dissatisfies has received enough publicity in the area of motivation. These two-factor theories have often

been called "Motivation Maintenance Theory", "Motivation-hygiene Theory", or "Dual

Factor Theory".

Motivators: According to Herzberg, the motivators are:

1. Achievements
2. Recognition
3. Responsibility
4. Advancement
5. Work itself.

These are factors that will induce an individual to put forth adequate effort in the

accomplishment of organisational goals.

Hygiene Factors or Dissatisfies: The dissatisfies are:

1. Relationship with supervisors
2. Working condition
3. Relationship with peers
4. Personal life
5. Compensation (money).

Herzberg et. al, observed that an improvement in the hygiene factors, (company

policies and administration, supervision, working condition, interpersonal relations,

personal life, money, status and security) would serve to remove the impediments to

positive work attitudes. When these factors deteriorate to levels below that which

the employee considers acceptable, then job dissatisfaction ensures. However, the

reverse does not hold true. When the job context can be characterised as optimal,

we will not get dissatisfaction, but neither will we get much in the way of positive

attitudes.

Herzberg did not advocate the elimination of hygiene factors; instead he feels that they are "housekeeping chores" that must be done. If they are absent, motivators will not work as employees will complain and find unnecessary faults.

To encourage motivation, it is advocated that employers must encourage job enrichment. This involves making job meaningful to the job holder so as to enable him derive satisfaction from the work. Good job design helps the employee to derive recognition, a sense of achievement, growth, and responsibility.

3.6   What Motivates Employees?
Evidence from different empirical studies point to the fact that there is no single motivator for everyone. It is equally true that no single force motivates an individual every time. Needs differ and the importance attached to needs by different people also differ.

M. Scott Myers raised three important questions about motivation. These three questions and the answers are as follows:

(1)   *What motivates employee to work effectively?*
A challenging job which allows a feeling of achievement, responsibility, growth, advancement, enjoyment of work itself and earned recognition.

(2)   *What Dissatisfies Workers?*
Most factors peripheral to the job – work rules, lighting, coffee breaks, titles, seniority rights, wages, fringe benefits, and the like.

(3)   *When do workers become dissatisfied?*
When opportunities for meaningful achievement are eliminated and they become sensitized to their environment and begin to find fault.

The study corresponds to Herzberg's study. The answers to his first question correspond with Herzberg's motivators while the answer to his second question corresponds to his dissatisfiers. Although Herzberg's theory is widely discussed, it has been seriously contested. For example, Herzberg listed money as a dissatisfier, evidence points to the fact that money can be either a motivator or a dissatisfier depending on the individual's pressing need to accept a job and work hard at it. As long as the need persists, it will continue to be a motivator of behaviour. If the individual works hard but does not receive what he considers as adequate remuneration for the effort expended, he could be dissatisfied. It is evident that management can motivate people by designing jobs so as to satisfy motivational needs. It is clear that any job that robs people of their needs for achievement, recognition, acceptance and self-fulfillment will tend to dissatisfy. Money, for example, is not an end itself. People need money to achieve independence, recognition from the society, status or privileges bestowed on people by society because of their wealth. When a person has special need for these, he works hard to earn more money for the attendant blessing not for the money itself.

3.7   Herzberg's and Maslow's Compared
Herzberg's two dimensional theory and Maslow's hierarchy of needs have much in common. A comparison of the two theories points out that the high order needs of Maslow (affection, esteem and self-actualisation needs) correspond with Herzberg's motivators while the dissatisfies (Hygiene factors) correspond with Maslow's basic needs. A person who is in need of esteem will be motivated to achieve it which could be made possible by amassing wealth, and gaining recognition; success breeds success and reinforces a person's esteem of his capability to achieve greater

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success. When a person achieves, he develops a sense of importance and power and gets a feeling of self-actualisation as he perceives that he has full control of his destiny or environment and has perhaps achieved all that he is capable of achieving in life or a feeling of being "the greatest"

It is through the linkage of performance and reward that an individual achieves individual motivation. The identification of need and reward is a pre-condition for achieving sustained motivation and consequently increased productivity. Table 11.4 shows the relationship between the two theories.

Figure 3.7.   Comparison of Maslow's need Theory and Herzberg's Motivator/

Hygiene Factors

Maslow Needs   **Herzberg's Motivators**

This theory states that an employee will behave in a way that will lead to the attainment of valued, desired goals which he believes, is attainable.

Need creates a tension which an employee tries to reduce by a goal oriented behaviour. An employee in this circumstance assumes three major things, namely:

    (1)   Goal availability. The employee believes that his goal can be attained through the instrumentality of the organisation.

    (2)   Goal Values. The reward offered by the enterprise is one the employee desires or values.

    (3)   Perceived Effort. Reward probability.

It is believed that equity will prevail in the organisation. It is hoped that the organisation will consistently reward the behaviour it values. As pointed out, it is left for management to activate or create needs – real or imaginary to induce the tension. A manager that identifies valued needs and rewards effort, will motivate employees.

3.8   Management by Objectives (MBO)

Employees are also motivated when management integrates their goals into the organisational goal through MBO. Management by Objectives is one of the latest methods advocated by Peter Drucker et al for achieving organisational objectives. The basic concept is that top executives and managers should all be involved in determining company objectives and define major areas of responsibility, and integrate into them the goal of the employees.

Odiorne defines MBO as:

A process whereby superior and subordinate managers of an

Organisation jointly identify its common goals, define each

individual's major areas of responsibility in terms of the results

expected of him and use these measures as a guide for

operating the unit and assessing the contribution of each of its

members.

Carroll sees MBO as a process by which managers and their subordinates

participate jointly in setting goals, activities, and target dates as well as the

evaluation of performance as it relates to established objectives.

Management by Objective is one of the most effective ways of integrating activities

and balancing organisational objectives. Peter Drucker be consistent postulates

that company objectives should be set in all the major areas such as:

1. Productivity
2. Market standing
3. Innovation
4. Physical and financial resources
5. Profitability
6. Manager performance and development
7. Public relations or responsibility, and
8. Worker performance and attitude.

MBO converts company objectives into individual goals and as a result, it contributes

to higher levels of job satisfaction. By integrating employee goals to company goals,

there is goal congruency which will help to elicit employee commitment with resultant

increase in productivity. MBO is often called "management by results". By this

method, both the manager and employees are evaluated by results achieved.

4.0   CONCLUSION

Motivation as a management tool to getting jobs done for the attainment of organisation's objective are treated. We define motivation, listed and discussed the motivation process while the various theories propounded by authors such as Maslow, McClelland, Herzberg and McGregor were also explained.

5.0   SUMMARY

In this unit, we have defined motivation and discussed motivation from the perspectives of Abraham Maslow, McClelland, Herzberg and McGregor. Graphic descriptions were made of the various theories propounded these authors for easy comprehension and understanding. We also distinguished between the various theories while MBO as a motivating factor was also discussed.

6.0   TUTOR MARKED ASSIGNMENT

1. Define Motivation.

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UNIT 9 : DECISION MAKING IN ORGANIZATION

CONTENTS

1.0   INTRODUCTION

The duty of a manager always involves choosing among alternative decisions. Some of these decisions may be routine, or are seldom made, simple, complex or complicated or more important and strategic.

It has been recognized that the impact managers have on organisations is measured by the results of their decisions. Consequently, a variety of methods or tools are put in place to ensure that managers make better decisions. One of such is the development of a step-by-step approach to decision making.

Choosing among alternatives is never an easy task. This is so because it involves series of vigorous processes. These processes when carefully followed help reduce the tendency of choosing ineffective and inefficient courses of action. Decisions must be made on specific organisational goals and courses of action that can increase organisational performance since bad decisions result in lower performance.

2.0   OBJECTIVES

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

i.   Describe what decision-making involves
ii.   Analyse the significant role of decision making in performing managerial functions
iii. Identify the processes/steps involved in taking decisions
iv.   Describe the various types of decisions
v.   Discuss the various decision making styles.

3.0   DECISION MAKING PROCESS

3.1   Decision Making Process

In the face of uncertainty and ambiguity, managers resort to intuition and judgement to make what they think seems best to them. However, researchers have developed a step-by-step process for making better decisions. Although these processes may vary, there are common ones. These are:

i.   Recognition of need for a decision. A number of forces may necessitate making a decision. These forces may be problems or opportunities which may result from changes in the organisational environment. As a result, some managers are proactive while others are reactive. The significant issue here is that managers must recognise the need for decision-making and respond to those situations timely and appropriately.

ii.   Identification of decision criteria. Once a decision need is established, the manager needs to choose decision criteria necessary to make a decision. These are factors that are relevant to the decision, such as standard features, price support services, etc. These are criteria the manager thinks are relevant to the decision. The manager needs to assign weights to these decision criteria. The value to a certain criterion is dependent on the relative importance to which such criterion is viewed by the manager.

iii. Generation of alternative solutions. In making a decision, a manager must generate a set of feasible alternative courses of action to take in response to the opportunity or threat (Jones and George, 2003). The idea where managers see the world of management from a single perspective is probably responsible for poor decisions. These alternatives may not be quite obvious but are quite relevant. In this regard, Drucker (1989:354) opined that alternative solutions are the only means of bringing our basic assumptions up to the conscious level, forcing ourselves to examine them and testing their validity, although they are no guarantee of wisdom or of the right decision. At least, they prevent our making what we would have known to be the wrong decision had we but thought the problem through. In essence, they help us mobilise and train our imaginations.

iv.   Evaluation of alternatives. There are a number of factors by which the evaluation could be made. These include risk involved, economy of effort, limitation of resources, timing and practicality.

v.   Choose among alternatives. This means selecting the best alternative among an array of other listed and analysed alternatives. To facilitate this, managers should ensure that all the needed information available must be brought to bear on the problem at hand. This does not imply that the manager has complete information since in most cases such information is partially available.

vi.   Implementing the alternative. This implies putting the decision into proper action. This may even require the making of subsequent and related decisions. When a decision is made and not acted (implement) upon, it is as good as not making any decision.

vii.   Evaluation of decision effectiveness. The evaluation of the results of a decision's successes or failures enables managers to learn from their experiences. This final step involves conducting an analysis in retrospective to assess whether or not the alternative chosen and implemented has accomplished the desired result(s).
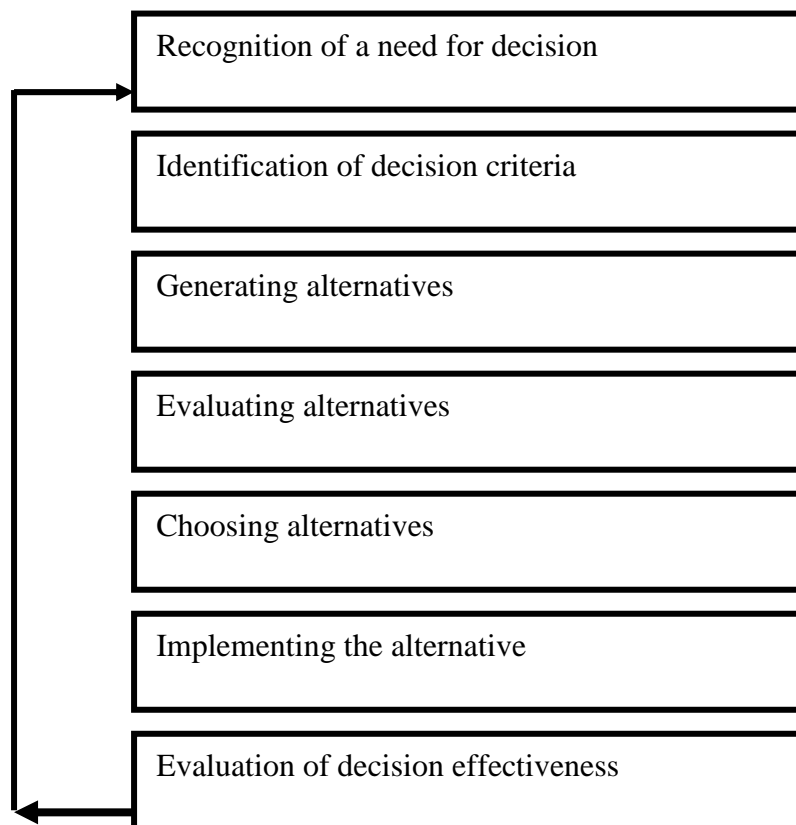
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        ┌──────────────────────────────────────────┐
   ┌───▶│ Recognition of a need for decision        │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Identification of decision criteria       │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Generating alternatives                   │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Evaluating alternatives                   │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Choosing alternatives                     │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Implementing the alternative              │
   │    └──────────────────────────────────────────┘
   │    ┌──────────────────────────────────────────┐
   │    │ Evaluation of decision effectiveness      │
   │    └──────────────────────────────────────────┘
   └◀──────────
```

FIG. 3.1 . 1 The Decision Process

3.2   Types of Decisions

Three major types of decision making are here highlighted.

3, 2.1 Programmed decision making

This is a routine decision making situation whereby such scenarios have occurred in the past and where clear rules or guidelines have been developed to be applied when those particular situations arise. For example when a manager makes orders for basic office supplies or hires an employee. It is called programmed because there is room for reliance on established decision rules.

3.2.2 Non-programmed decision making - This applies in situations where rules cannot apply in predicting uncertain happenings. Such situations are no routine in nature. Such situations are unexpected thus, managers do not have clarity as to what they really want to

achieve. Besides, they lack information for developing rules in the situation, e.g. decision regarding entering a new market or developing a new product for a given market.

This situation requires an extensive search for information as well as intuition and judgement (Jones and George, 2003). However, judgements are preferable because they are more.

3.2.3 Group and Individual Decision Making

Group decision making is superior to individual decision making in many ways. This is because such decisions are more likely to have less biases and errors since they are able to draw on the combined skills, competencies and accumulated wealth of knowledge of members. This allows for the generation of more feasible alternatives and choices.

In addition, there are higher chances of cooperation in implementation when decisions are made by a group. However, group decision making is time consuming and members' difference may bear on the decision making process and the final decision.

Self Assessment Exercise

Since decision making involves a variety of steps that are capable of enhancing efficiency, why do managers make wrong decisions?

3.3 Perverseness of Decision Making

The planning function in to a large extent entails decision making. This probably explains why Koontz, O'donnel and Weihrich (1980:238) posit that given an awareness of an opportunity and a goal; the core of planning is really a description of the decision process. However, it is evident that the manager in performing any of the traditional functions of planning, organizing, leading and controlling is constantly faced with the issue of making decisions. This entails that almost everything a manager does involve decision making. For example when performing the organising function, the manager decides on the span of control, centralisation or decentralisation of organisational structure; in leading, he/she makes decisions as to the style of leadership, the choice of the best time to stimulate and the stimulant. The manager must also decide as to what kind of control measure to adopt, the performance deviation that is significant, etc.

It is also worthy of mention to state that some of the decisions are so often made that the manager may even forget it is decision making. Some are burdensome and quite demanding. In order for such decisions to be effective, much information regarding the problem or situation must be sought before a good decision can be made.

Self Assessment Exercise

Why do you think decision making is so pervasive in the performance of managerial task?

4.0 CONCLUSION

The above analyses imply that a lot is being put in place to ensure effective and efficient decisions result from every decision process in an organisation. Therefore, it is quite necessary for managers to employ the step-by-step approach in decision making. Managerial

decisions are of diverse types - programmed or non-programmed, individual or group decisions-making. To ensure efficiency and effectiveness, each of these could be employed depending on the prevailing circumstance(s).

5.0   SUMMARY

In this unit, the processes involved in making decisions were examined and the basic types of decision making scenarios were also discussed so that managers' awareness regarding the various decision situations is made plain.

6.0   TUTOR MARKED ASSIGNMENT

i.   Examine how a manager may ensure that decision making is effective and efficient.

ii.   Outline the benefits of group decisions over individual decisions

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UNIT 10.   ORGANISATIONAL' AND PLANNING

Contents

1.0   INTRODUCTION

Planning has been defined previously as one of the five major functions of management.   However, since planning is a bridge between the present and the future, it has been called the primary management function. Planning is particularly important because of scarce resources and uncertain environment with a fierce competition for these resources. In this unit, you will be guided through to the

rudiments of planning so as to be able understand and comprehend what the topic is all about. Happy   reading.

2.0   OBJECTIVES

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

(i)   define the concept planning, discuss the six P's of planning and reasons for planning;

(ii)   list and explain the characteristics, contributions and benefits of planning as well as steps in formal planning;

(iii)   explain the problems and limitations in planning, resistance to change and provision of contingency plans;

(iv)   examine the principles of effective planning, levels of planning, strategic planning and strategic planning process;

(v)   state and explain types of strategies, policies, procedures and rules;

(vi)   highlight the characteristics of sound policy, explain what we mean by procedures and rules and organizational objectives;

(vii)   finally, discuss the characteristics of sound goals and advantages of objectives.

3.0:   ORGANISATIONAL PLANNING

Planning is a decision making activity requiring the process of ascertaining objectives and deciding on activities to attain these objectives. It is also a process of preparing for change and coping with uncertainty by formulating future courses of action. The basic purpose of planning is to reduce the risk of uncertainties, and to

initiate a coordinated effort within the organisation for the purpose of organizational success.

Self Assessment Exercise

Do you agree that "planning is a bridge between the present and the future"? if so, why?

3.1   Planning Defined

As such the planning process has three characteristics (Boone, 1981). These are:

1. *Planning is anticipatory in nature*. A decision must be made now as to what to do and how, before it is actually done.
2. *Planning is a system of decisions*. It involves a process of making decisions which will define what is to be achieved in the future and the formulation of action plans for achievement of goals.
3. *It is focused on desired future results*. Planning is a means of ensuring that the important organizational objectives are accomplished as and when desired.

The most comprehensive definition of planning is given by Cyril L. Hudson (1970), who states in the following terms:

> To plan is to produce a scheme for future action; to bring about
>
> …………………. a deliberate attempt to influence, exploit, bring about
>
> and control the nature, direction, extent, speed, and effects of change.
>
> It may even attempt deliberately to create change, remembering
>
> always that change (like decision) in any one sector will some way
>
> affect other sectors.

Since Peter Drucker is supposed to be a pioneer of modern management, it will be interesting to note how he defines it. His definition as quoted by George A. Steiner (1969) is:

> Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectation through organised, systematic feedback.

Peter Drucke r thus encompasses the element of feedback that would ascertain the quality of decisions and the accuracy of planning.

3.2 The Six P's of Planning

They are as follows:

1. *Purpose*. An effective planning system requires a clear understanding of the organisation's purpose. What are the reasons for the organisation's existence? Is it to increase profit or increase market share or generate more employment or introduce more products, etc? This purpose must be clear and elaborate.

2. *Philosophy*. Philosophy incorporates the fundamental beliefs as to how the organisation's purpose is to be achieved. For long-term survival and growth, a philosophy of ethical conduct must be adopted. For example, General Motor's philosophy is based upon profitability through quality, service and ethical behaviour. IBM's philosophy was to elevate the level of the salesman to an executive, etc.

3. *Premise*. This involves the strengths and weaknesses of the organisation and its knowledge and assumptions about its environment. By forecasting and other methods, the management can make some conclusions about the

environment trends and by knowing its own strengths and weaknesses it can deal with the changing environment in a more intelligent way.

4. *Policies*. Policies are general guidelines or constraints that aid in managerial thinking and action. In a typical organisation, there are production policies, financial policies, accounting policies, marketing policies, personnel policies ,than the philosophy and form a basis for planning and necessary operational actions.

5. *Plans*. Plans represent specific objectives and action statements. Objectives are the goals to be met and the action statements are the means to achieve these ends. These plans guide us step by step as to how to reach the objectives and also at what stage the progress is at a given time.

6. *Priorities*. A particular organizational goal must be given a particular priority. Limited resources of time, finances, materials, etc. must be proportionally allotted to goals of priority. The priorities will determine an appropriate allocation of resources. Goal priorities would determine what is relatively more important. A goal of higher priority would receive more attention and more resources. For example, a research-oriented organisation will get different priorities and resources than a profit-oriented organisation. The priorities of goals would be established on the basis of philosophy and premises of the organisation as well as social, political, and economic measures and value conflicts. In any case, such priorities would affect the planning process.

Self Assessment Exercise

Explain some of the reasons for planning. Are there "good plans" and "bad plans"?
Describe some of the characteristics of good planning.

3.3   Reasons for Planning

The reasons for planning are itemized below:

1.   Planning is essential in modern business. The growing complexity of the
      modern business with rapid technological changes, rapid changes in
      consumer tastes and growing tough competition necessitates orderly
      operations not only in the current environment but also in the future
      environment. Since planning takes a future outlook, it takes into account the
      possible future developments.

2.   Planning is related to performance. It can be expected and there is evidence
      to support the hypothesis that companies that engage in formal planning
      consistently performed better than those with no formal planning, and
      improved their own performance over a period of time. The performance was
      measured by such factors as return on investment, sales volume, growth in
      earnings per share, etc.

3.   Planning puts a focus on objectives. The effectiveness of formal planning is
      primarily based upon clarity and specificity of objectives. Objectives provide a
      direction and all planning decisions are directed towards achievement of
      these objectives. This ensures maximum utility of managerial time and
      efforts.

4.   Planning anticipates problems and helps in the smooth flow of operations.
      Since planning is involved in forecasting the future, it needs of the

organisation are anticipated in advance, the proper acquisition and allocation of resources can be planned thus minimizing wastage ensuring optimal utility of these resources.

5. Planning is necessary to facilitate control. Since plans are made to achieve objectives, periodic reviews of operations can determine whether the plans are being implemented correctly. Well developed plans can aid the process of control in the following ways (Boone et. al 1981):

    (a) Establish advanced warning of possible deviations from the expected performance. The deviations in production, sales, profits, etc. may come to light during periodic investigations and remedial action can be taken.

    (b) Provide quantitative data. There may be provision in plans to compare the actual performance, in quantitative terms, concerning production of sales, with industry statistics or market forecasts.

6. Planning helps in the process of decision-making. Since planning specifies the actions and steps to be taken in order to accomplish organisational objectives, it serves as a basis for decision-making about future activities. It also helps managers to make routine decisions about current activities since the objectives, plans, policies, schedules, etc. are clearly laid down .

3.4   Characteristics of Good Planning

A good plan can be identified by certain characteristics. Some of these characteristics are given below:

1. A good plan is based upon clear, well-defined and easily understood objectives. General objectives like improving morale or increasing profits are

ambiguous in nature and do not lend to specific steps and plans. If possible, objectives must be quantified for the sake of simplicity.

2.   A good plan must be simple and comprehensive. It should be simple so that all employees can grasp its significance and it can be easily put into operation. It should be detailed enough so that it covers all aspects of the operations that are necessary to achieve objectives.

3.   It should be well-balanced, but flexible. A good plan should be well-balanced so that the existing resources are properly utilised for all functions and that short-term gains are not at the cost of long-term gains and vice-versa. Similarly, it should be flexible enough to incorporate any changes in these resources, if necessary. Additionally, it should be responsive to changed conditions so that if future events do not follow the anticipation.

4.   Every plan should be time-bound. Even though planning is an attempt to anticipate the future, the time period allowed for achieving goals should be reasonable. Long-range planning has more uncertainties built into it due to difficulty in correctly anticipating events for a longer period of time. Hence, the time period covered should be reasonable and reasonably stable.

5.   The plans should involve participation by subordinates. Planning should not be an exclusive responsibility of top management. Subordinates will not be responsible if a plan is imposed upon them. Also, subordinate participation generally ensures the sincere and serious effort on their part to make the plan successful.

6. Characteristics of unity, planning is initiated by different managers of different divisions at different times. It is necessary that a good plan should incorporate all these departments, maintaining consistency, and unity of purpose at all times and focusing on the overall objective.

A good plan strives for optimal utility of physical as well as human resources in unison and harmony. According to David W. Ewing (1967), "planning is a two-sided affair. Planners may think only of the formal, economic, physical and technical resources side when they develop a program. But if the human side is not attended to properly, then chances are that the planning will not be successful".

3.5 Contributions and Benefits of Planning

The contributions or benefits of planning are as stated below:

1. Planning gives managers some purpose and direction. Since planning is future oriented, it forces managers to look beyond the present. Also it creates a unity of purpose, since the objectives are formally expressed and the methods and procedures to obtain these objectives clearly defined.

2. Proper planning helps in the process of motivation. If plans are properly communicated to all levels of the organisation, then everyone can feel involved in carrying them out. When people get involved, their sense of belonging increases and thus they are highly motivated.

3. Planning provides a framework for decision making. Knowing the organizational objectives and the methods to achieve these objectives eliminates ambiguity in the decision making process. Also planning provides for feedback, periodic evaluation of programs and indication for any deviation so that corrective action can be taken, hence making the decision making

process a little easier. Also systematic planning requires an understanding and evaluation of many variables that influence events, hence it is highly unlikely that an important variable would be overlooked which could adversely affect either the decision process or the operation.

4.   Proper planning results in proper and effective utilization of organizational resources. Since planning involves the identification of such resources for optimum utility, there is no waste or minimum waste of resources. This will also reduce unproductive work, idle time for workers, downtime for machines, which would logically result in minimum cost of operations.

5.   Since accurate forecasting of future events is an integral part of effective planning, it reduces the elements of risk and uncertainty. Also, since planning is done in advance of actions, it prevents hasty judgments and haphazard decisions and results in disciplined thinking.

8.   Planning provides performance standards and standards for measuring the progress of the organizations. Well developed plans can aid the controlling process. By establishing advanced warning of possible plan deviation, remedial action can be taken if these deviations occur. Performance standards and performance appraisal methods assist in the development of human potential and an equitable reward system. Thus it can be a good training ground for future managers and career-oriented executives.

3.6   Steps in Planning

Planning can be considered as a series of sequential steps. These steps are:

Steps (1):   Establish and define clearly the central and overall objectives of the organisation. A well-defined objective can make the difference

between success and failure of an enterprise. It clearly defines the product or service as well as the purpose of the company. Along with the overall mission of the company, it is also necessary to establish the specific objectives and goals. For example, the overall objective of a hospital is to provide quality healthcare.

Step (2):   Determine your current position relative to your objectives. Make an assessment of your strengths and weaknesses. This will show the distance the company has to cover before reaching its goals. The analysis of current strengths and weaknesses would determine if the goals are realistic and achievable and whether they need to re-evaluated and modified.

Step (3):   Develop forecasts and future conditions. In order to effectively plan, it is important and necessary to forecast as accurately as possible, the future trends that will affect the company's standing and operations. The factors of forecast will include general economic conditions, changes in consumer attributes, new technological and product developments, possible competitive strategies and any adverse legal developments.

Step (4):   Preparation of derivative plans. Once an overall plan has been adopted, it is necessary to develop other derivative plans for each segment of the company, to support the formal plan. Derivative or sectional plans are developed in each area of the business, but within

the framework of the primary plan in order to coordinate and integrate programs and policies of all sections of the enterprise.

Step (5): Implement plan and evaluate its results. The success of the plan would depend upon how effectively the plan is implemented. This implementation is going to require a combination of all skills and coordination of all factors. Also in this ever-changing dynamic environment, it is necessary to keep the plan open to evaluation and modification. The plans should be periodically re-evaluated to measure its progress and effectiveness so that any deviations can be corrected and any adjustments can be made.

4.0 CONCLUSION

Planning is the first in the management functions and precedes all other functions. Planning is particularly important because of scarce resources and uncertain environment with a fierce competition for these resources. We have in this unit taken you through the subject matter from the concept through to the reasons, levels, steps, and types of planning. We also mentioned and discussed strategic planning and the different levels of strategies, etc.

5.0 SUMMARY

In this unit, we defined planning, discussed the six P's of planning and reasons for planning. We listed and explained the characteristics, contributions and benefits of planning as well as steps in formal planning. We examined the principles of effective planning, levels of planning, strategic planning and strategic planning process. Also

explained are the problems and limitations in planning, resistance to change and provision of contingency plans. We stated and explained types of strategies, policies, procedures and rules, highlighted the characteristics of sound policy, explained what is meant by organizational objectives and finally discussed the characteristics of sound goals and advantages of objectives.

6.0   TUTOR MARKED ASSIGNMENT

Explain in detail the concept of "policies, procedures and rules"

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UNIT 11 : COMMUNICATION FOR EFFECTIVE MANAGEMENT

Contents

1.0   INTRODUCTION

Communication is considered to be the most important and most effective ingredient of the management process. Interpersonal communication is fundamental to all

managerial activities. All other functions involve some form of directions and feedback. Effective management is a function of effective communication. Many operations have failed because of poor communication, misunderstood messages and unclear instructions. Even in life, in general, communication plays a very important role among friends, within the family and in all social circles. "Failure to communicate" is many times the cause for lost friendships, divorces and distances between parents and children. "My father does not understand me" is the common cry of a teenager. Accordingly, communication plays an important role in all walks of human life as well as organisational life.

2.0   OBJECTIVES

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

(i)   define the concept communication;

(ii)   state the objectives of communication;

(iii)   examine communication process model;

(iv)   describe superior-subordinate communication;

(v)   discuss oral and written communication;

(vi)   explain communication grapevines;

(vii)   state and discuss the barriers to effective communication;

(viii) highlight and explain how to overcome communication barriers;

(ix)   discuss the guidelines for effective communication.

Self Assessment Exercise

Define communication and explain each of the objectives of communication.

3.0 COMMUNICATION

Communication is defined as "the process of passing information and understanding from one person to another" . It means transmitting and sharing of ideas, opinions, facts and information in a manner that is perceived and understood by the receiver of the communication. It is a meaningful interaction among people where the thoughts are transferred from one person to another in a manner such that the meaning and value of such thoughts is same in the minds of both the sender as well as the receiver of the communication.

Effective communication is every essential for management to successfully perform its functions. It is an essential ingredient in management-employee relations. "most of the conflicts in business are not basic but are caused by misunderstood motives and ignorance of facts. Proper communications between interested parties reduce the points of friction and minimize those that inevitably arise". Accordingly, by proper communication and sharing of information, the management takes the employees into confidence and makes them more knowledgeable about problems and policies of the enterprise. The scope for a two-way means of consulting and changing facts, opinions and ideas between management and employees pertain to:

- knowledge of policies and objectives of an enterprise;

- knowledge of results and achievements from these policies;

- knowledge of plans and prospects for the future;

- knowledge of conditions of service;

- knowledge of ways and means of improving efficiency and productivity;

- knowledge of all aspects of industrial safety, health and welfare.

Information and knowledge about all these aspects makes the operations of the organisation comparatively trouble free and it is the management's responsibility to ensure that employees have obtained all the necessary feedback relative to it.   A manager does not handle people; he motivates guides and organises people to accomplish their goals. His effectiveness depends upon his ability to communicate well with the employees. Good communication is the foundation of sound management. It is through communication that workers become aware of their own duties and responsibilities as well as the instructions and orders from the upper levels of management hierarchy and also their own suggestions, misunderstanding, confusion, distortions and bottlenecks and improves coordination and control. It improves productivity by developing and maintaining good human relations in the organisation. It is a basic tool for motivation and improved morale. Supervision and leadership are impossible without it.

It was largely the work of Chester Barnard in the late 1930s which highlighted communication as a dynamic force in shaping the organisational behaviour. He considered it as one of the three important elements of an organisation along with common purpose and willingness to serve. He also linked communication with his concept of authority. The authority flows down through the channel of communication. The authority can lose its meaning if the channels of

communication are blocked or if the communication is misunderstood or if the strength of communication is diluted. Accordingly, he proposed seven communication factors which are a function of objective authority. These are (Barnard, 1938):

1. The channels of communication must be clearly set and be known to all.

2. Every member of the organisation should be reached by some channel of communication.

3. The line of communication should be as direct as possible.

4. There should be no blockage in the line of communication and the complete formal line should be used.

5. The communicator should be highly skilled in the art of communication.

6. The line of communication should be constantly kept open.

7. Every communication should be authenticated.

3.1 Objectives of Communication

The objectives of communication are as stated below:

1. To develop information and understanding among all workers.

2. To foster any attitude which is necessary for motivation, cooperation and job satisfaction.

3. To discourage misinformation, ambiguity and rumours.

4.   To prepare workers for a change in methods or environment by giving them the necessary information in advance.

5.   To encourage subordinates to supply ideas and suggestions for improving upon the product or work environment, and taking these suggestions seriously.

6.   To improve labour-management relations by keeping the communication channels open.

7.   To encourage social relations among workers by encouraging inter-communication.

3.2   Communication Process Model

A simple communication model which reflects communication as a dynamic interactive process has been proposed by David Berdo (1960). His approach is based upon the following idea:

If we accept the concept of process, we view events

and relationships as dynamic, ongoing, ever-changing,

continuous. When we label something as a process,

we also mean that it does not have a beginning, an end,

a fixed sequence of events. It is not static, at rest. It is

moving. The ingredients within a process interact, each

affects all the others.

This model described as a series of steps, consists of the following components:

1. *Message sender.* This is the source of information or the initiator of communication. This source may want to communicate his ideas, needs, intentions or other pieces of information.

2. *Encoder.* This is the process inside the human mind in the form of motor skills, muscle system or sensory skills that encode the ideas to be conveyed into a series of symbols or gestures or some other format of expression.

3. *The message.* The message is a physical form of the thought which can be experienced and understood by one or more senses of the receiver. It could be in the form of hearing, reading or other physical gestures.

4. *Channel of Communication.* It is a vehicle used for the transmission of the message. It is a medium carrier and bridges the gap between the sender and the receiver. It may be a face-to-face conversation, telephone conversation, in written form or through any form of gesture.

5. *Perception of the message.* The message is received by the person for whom it was meant and he becomes the receiver of the message.

6. *Decoding process.* Decoding is also done in the same manner as encoding by motor skills, muscle system or sensory skills and the receiver decodes the

message for the purpose of interpreting and understanding the meaning of the message. The more the receiver's intended message the more effective the communication is.

7.   *Action*. This is a response from the receiver who has received and accepted the communication. This may be compliance with an instruction or simply filing of the message for future references.

8.   *Feedback*. A feedback determines whether the message was clearly understood and the required action taken. The feedback to the sender completes the process of communication.

3.4   Oral and Written Communication

Communication may be divided into two, namely: oral and written. They are discussed below.

3.4.1 Oral Communication

An oral communication is known as face-to-face communication and may be in the form of direct talk and conversation or the public address. It also includes telephone calls or talking on the intercom system. It is most effective when settling a dispute among employees or reprimanding a worker. In one-way form of communication, it is very effective for leaders to address the followers via public address system or audio-visual media. The human voice can impart the message much more forcefully and effectively than written words and is an effective way of changing attitudes, beliefs and feelings, since faith, trust and sincerity can be much better measured in a face-to-face conversation rather than in written words.

Advantages:

1. It is direct, simple, time saving and least expensive form of communication.

2. It allows for feedback and spontaneous thinking.

3. It helps in avoiding delays, red tape and other formalities.

4. It conveys personal warmth and friendliness and it develops a sense of belonging because of personalized contacts.

5. Any misunderstanding can be cleared immediately.

Disadvantages:

1.   There is no formal record of transaction.

2.   If the verbal message is passed on along the hierarchical chain of command then some distortions can occur during the proce

4.0   CONCLUSION

We have discussed communication in its entirety in this unit defining it, and emphasizing its importance in management process. We have listed and discussed the types of communication, barriers to effective communication and how to overcome these barriers.

5.0   SUMMARY

In this unit, we have defined the concept communication, stated the objectives of communication examined communication process model and described superior-subordinate communication. Also, we discussed types of communication, explained what is known as communication grapevines, stated and discussed the barriers to effective communication. Finally, we highlighted and explained how to overcome communication barriers while we have also discussed the guidelines for effective communication.

6.0   TUTOR MARKED ASSIGNMENT

In what way does the horizontal communication help in creating team spirit and organizational integration?

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UNIT 12:   **ORGANISATIONAL STRUCTURE**

CONTENTS

1.0 Introduction

2.0 Objectives

3.0 Main Content

4.0 Conclusion

 5.0 Summary
6.0 Tutor Marked Assignment
7.0 References and Further Reading

1.0   INTRODUCTION

An organization is necessary if strategic purpose is to be accomplished. Thus, organizational structure is a major priority in implementing a carefully formulated strategy. If activities, responsibilities, and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If structure and strategy are not coordinated, the result will probably be inefficiencies, misdirection, and fragmented efforts.

The need for structure becomes apparent as a business evolves. In a small firm where one person manages current operations and plans for the future, organizational structure is relatively simple. Owner-managers have no organizational problem. As the magnitude of business activity increases, the need to subdivide activities, assign responsibilities, and provide for the integration and coordination of the new organizational parts becomes imperative. Thus, how to structure the

organization to effectively execute the business's strategy has become a major concern.

In this study unit, therefore, you will be taken through the general overview on the field of organizational behaviour.

2.0 OBJECTIVES

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

- explain the meaning of organizational structure
- identify and explain levels of organization structure
- mention and discuss dimensions of people-organization relationship
- identify and explain forms of relationship in organization
- mention and discuss types of organizational structure
- identify and explain common features of work organizations
- identify and analyze problems inherent in work organization.

3.0 MAIN CONTENT

3.1 ORGANISATIONAL STRUCTURE

The division of tasks for efficiency and clarity of purpose, arid coordination between the interdependent parts of the organization to ensure organizational effectiveness calls for the use of structure. Structure balances the need for specialization with the need for integration. It provides a formal means of decentralizing and centralizing consistent with the organizational and control needs of the strategy.

Structure is not the only means for getting "organized" to implement the strategy. Reward systems, planning procedures, and information and budgetary systems are other examples that should be employed. In the day-to-day implementation of strategy, these elements operate interdependently with the formal organizational structure to shape how things are done. These other means may also be important, but it is through structure that strategists attempt to balance internal efficiency and overall effectiveness within a broader environment.

In terms of structural choices, five basic types are currently used by most business firms. These are structures classified as Simple, Functional, Divisional, Strategic business unit, and Matrix. These are considered ion subsequent sections of this study unit.

Diversity and size create unique structural needs for each firm, but these five structural choices involve basic underlying features common to most business organizations making requirements resulting from increased diversity and size.

A divisional structure allows corporate management to delegate authority for the strategic management of a distinct business entity. This can expedite critical decision making within each division in response to varied competitive environments, and it forces corporate management to concentrate on corporate-level strategic decisions. The semi-autonomous divisions are usually given profit responsibility. The divisional structure thus seeks to facilitate accurate assessment of profit and loss.

3.2   THE MEANING AND NATURE OF ORGANSATION STRUCTURE

3.2.1 Meaning of Organisation Structure

According to Mullins (2000), structure is the pattern of relationships along positions in the organisation and among members of the organisation. The purpose of structure is the division of work among members of the organisation, and the coordination of their activities so they are directed towards achieving the goals and objectives of the organisation. The structure defines tasks and responsibilities, work roles and relationships and channels of communication.

Structure makes possible the application of the process of management and creates a framework of order and command through which the activities of the organisation can be planned, organised, directed and controlled.

According to Drucker (1989) suggests the organisation structure should satisfy three requirements. These requirements are as follows:

- **It must be organised for business performance**.

  The more direct and simple the structure the more efficient it is because there is less change needed in the individual activities directed to business performance and results. Structure should not rest on past achievements but be geared to future demands and growth of the organisation.

- **The structure should contain the least possible number of management levels**.

  The chain of command should be as short as possible. Every additional level makes for difficulties in direction and mutual understanding, distorts objectives, sets up additional stresses, creates inertia and slack, and increases the difficulties

of the development of future managers moving up through the chain. The number of levels will tend to grow by themselves without the application of proper principles of organisation.

- **Organisation structure must make possible the training and testing of future top management**.
  In addition to their training, future managers should be tested before they reach the top. They should be given autonomy in positions of actual managerial responsibility while still young enough to benefit from the new experience. They should also have the opportunity of at least observing the operation of the business as a whole, and not be narrowed by too long an experience in the position of a functional specialist.

Drucker suggests that, in order to satisfy these three requirements, the organisation structure must be based preferably on the principle of regional decentralisation, with activities integrated into autonomous product businesses with their own product and market, and with responsibility for their profit and loss. According to Drucker, if regional decentralisation is not possible then the organisation structure should be based on the principle of functional decentralisation with integrated units having the maximum responsibility for major and distinct stages of the business process.

The objectives of organizational Structure, according to Knight (1977), are as follows:

i) the economic and efficient performance of the organisation and the level of resource utilisation;

ii) monitoring the activities of the organisation;

iii) accountability for areas of work undertaken by groups and individual members of the organisation;

iv) coordination of different parts of the organisation and different areas of work;

v) flexibility in order to respond to future demands and developments, and adapt to changing environmental influences; and

vi) the social satisfaction of members working in the organisation.

4.0 CONCLUSION

The discussion has exposed you to the fact that organizational structure relates to pattern of relationships along positions in the organisation and among members of the organization, which defines tasks and responsibilities, work roles and relationships and channels of communication among organizational members.

You have understood that essential factors are normally taken into consideration in designing organization structure. There are different types of structure and relationship in organization.

5.0   SUMMARY

This study unit has been used to discuss:

- The Meaning and Nature of Organsation Structure; that structure defines positions and responsibilities, and it keeps on changing.
- Levels of Organisation Structure such as technical, management, and community levels.
- Dimensions of People – Organisation Relationship such as clarification of objectives, clarification of tasks, and division of work.
- Forms of Relationship in Organization in areas of line, staff, function and lateral relationships.
- Types of Organizational Structure like line and staff, functional, project and matrix organizations.
- Common Features of Organisations such as organizational sub-systems, socio-technical system, interaction between the organization and the environment, and situation organization.
- Influence of Technology on Organization in areas of behaviour of people, organizational climate, conditions of work, information technology, and work design.
- Problems of Work Organisation such as differences in perception, limited resources, specialization, nature of work, role conflict, and violation of territory.

6.0 TUTOR MARKED ASSIGNMENT

Mention and discuss the forms of relationship in organization.

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UNIT 13: TOTAL QUALITY MANAGEMENT (TQM)

CONTENTS

1.0 Introduction

2.0 Objectives

3.0 Main Content

    3.1 Concept of Total Quality management (TQM)

    3.2 Principles of Total Quality Management

    3.3 Quality Dimensions

    3.4 Importance of the Quality Philosophy

    3.5 Application of TQM

4.0 Conclusion

5.0 Summary

6.0 Study Questions

7.0 References

1.0 INTRODUCTION.

Every organisation's first responsibility should be to its customers. That is why all organisations' concern is satisfying customer demands. This is so because without customers, organisations will cease to exist. Consequently, managers must correctly and timely identify, promote and strategically respond to the needs of their customers in a unique manner. Since satisfying customers has become so important, managers must try to design production systems that can produce the outputs that have the attributes which customers need or desire. This calls for a continuous improvement of the production system in order to meet with realities of continuous changing customer needs especially, for quality. Besides, high quality products are reliable, dependable and satisfying, thus they meet customers' requirements. High quality products can also boost or increase efficiency thereby, lower operating costs and boost profits. This is based on the premise that higher product quality means that less employee time is wasted in making defective products that must be discarded or in providing substandard services, and less time has to be spent fixing mistakes.

Total quality management (TQM) is at the forefront of the drive to improve product quality. In essence, TQM is a managerial philosophy that is aimed at improving the quality of the firm's products and / or services.

2.0 OBJECTIVES

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

I.   Explain the concept of total quality management
II.   Discuss the principles of total quality management
III.   Analyse the benefits of the quality philosophy
IV.   Identify the areas in which total quality management philosophy is being applied

3.0 TOTAL QUALITY MANAGEMENT (TQM)

3.1 Concept of Total Quality Management

According to Hellriegel, Jackson and Slocum (1996) TQM is a continuous process of ensuring that every aspect of production builds in product quality. This agrees with Bateman and Snall (1996) definition when they see TQM as a way of management in which all staff are committed to continuous improvement of their part of the operations. In their separate opinion, Jones and George (2003) opine that TQM is a technique that focuses on improving the quality of an organisation's products and services. Thus, TQM stresses that all of an organisation's functional activities should be directed towards this goal. In other words, it is an organisation wide management programme. Therefore, TQM is a management philosophy that is aimed at instilling quality consciousness/awareness in all organisation processes. It is used extensively in manufacturing and services industries as well as in government enterprises, e.g. in education.

It is a philosophy that provides an avenue or an umbrella under which all and sundry in an enterprise can strive and create customer satisfaction continuously at lower costs. The word total connotes an organisation wide approach i.e. all. ISO (International Organisation for Standardisation) define TQM as "a management approach for an organisation, centred on quality, based on the participation of all its members and aiming at long term success through customer satisfaction, and benefits to the organisation and to society".

As the name implies, TQM is the management of total quality:
   i.   Quality of products/services i.e. to satisfy stated needs of end users
   ii.   Quality of returns of shareholders; and
   iii.   Quality of life of employees and those outside the organisation.

TQM therefore goes well beyond meeting customers' needs or merely offering quality products/services. TQM realigns the organisation from detection to prevention via timely monitoring. TQM views quality in relation to the process and not the product. To have such

a process, it has to begin with a corporate transformation where all employees shed individualism for a unified set of corporate values. This can be achieved via a lasting commitment to the process of continuous improvement. The main driving force of TQM is customer satisfaction.

TQM as a management philosophy has revolutionised operations and productivity in modern organisations-manufacturing or services industries. Yalokwu (2002) states that organisations that adopt TQM as a way of life and not just as a programme end up being relatively more successful than those which do not incorporate TQM in their system of doing things. Most organizations therefore must place high premium on not only productivity but high profitability as well as high quality in order to remain relevant in today's competitive global market. Coupled with these are external pressures which fuel the quest for quality improvement in the production/provision of goods and services.

Perhaps this explains the position of Yalokwu (2002) in which he maintains that for every progressive organization to succeed in this turbulent and competitive world is TQM. For an organisation to apply TQM means that it has the potentials of developing efforts towards changing its own managerial approach in the production of goods and services which continue to meet agreed customer requirements at the lowest cost through the utilisation of the potentials of all employees of the organisation. It follows that it is not merely a technique of management but a style of working in the organisation.

From the foregone, TQM is aimed at quality improvement process of individuals, groups and organisations, hence, people need to know what to do, how to do it, having the right equipment to do it, being able to measure performance, and get feedback on present levels of achievement, etc. This implies that TQM does not apply "a fix it quick" principle (or a "fire brigade" approach). However, it requires the cooperation of managers in every function of an organisation if it must succeed.

3.2 Principles of Total Quality Management

Principles are basic truths or guiding rules. For TQM to achieve the much talked about continuous quality improvement in organisations or make positive impact, managers must understand and adhere to these general principles.

1. Be customer centred (Customer orientation)
2. Make continuous improvement a way of life
3. Do it right the first time
4. Build teamwork and empowerment i.e. people based management (employee involvement).
5. Produce at lowest cost
6. Management by fact.

1 **Delight the Customer**

The most successful TQM programmes begin by defining quality from the customer's point of view. Increasingly, organisations -manufacturing and services-are using customer satisfaction as a measure of quality. TQM implies that organisations meet or exceed customer expectations so that they are delighted. The driving force towards customer satisfaction is due to worldwide competition, and it is essential especially, when wining new business and keeping existing business.

2 Make Continuous Improvement a way of Life

This means improving the overall system by constantly improving the little details. TQM managers dedicated to continuous improvement are never totally happy with things and view quality as an endless journey thus, they are always experiencing, adjusting, measuring and improving.

Proponents of TQM see management as a process and not a programme or project. The goal of continuous improvement is to achieve perfection by continuously improving the business and production processes so as to make the process more efficient, effective, under control and adaptable.

3 Build Teamwork (Empowerment)

TQM is employee-driven. This implies that it empowers employees at all levels in order to tap their full creativity, motivation and commitment. Empowerment occurs when employees are adequately trained, provided with all relevant information and the best possible tools, fully involved in key decisions, and fairly rewarded for results. TQM advocates prefer to recognise the typical hierarchy into teams of people from different specialist disciplines. Building teamwork and empowerment or employee involvement as it is also called is intended to encourage employees to become more closely related to the organisation's goals and objectives.

Appropriate leadership is one of the key ingredients to achieving desired results but achieving desired results is far from one person's effort. This is why management is defined as "getting things done through people'. Team is one of the management terms overused lately. Hence, team is defined as "group of people working towards common goals ". It usually takes sometimes and serious effort. Many managers in most organisations contend that they do not have the time for team building, they are buried in work, racing against tight deadlines. This means they fail to realise the benefits in teaming.

4 Do it right the first time

This is the theme of Crosby's zero defects concept. This means concentrating on preventing defects rather than first finding and fixing them. Proponents of this principle believe that if we consider this carefully and pledge ourselves to make a constant conscious effort to do our jobs right the first time, we will take a giant step toward eliminating the waste of rework, scrap and repair that increases cost and reduces individual's opportunity. The trend in quality has been toward designing and building quality into our products. This trend accepts quality as a very personal obligation and makes employees to contend that errors, if any should be caught and corrected at the source i.e. where the work is performed.

Kreitner (1995) believes that comprehensive training in TQM tools and statistical process control is essential if employees are to accept personal responsibility for quality improvement.

5 Management by fact

Being able to improve requires that we know the current performance levels of our products / services in our improvement. We can forge ahead with the drive towards quality management only when we know where we are starting from. The principle implies that people are given adequate information so that decisions are based on fact rather than guesses.

6 Produce at lowest cost

This means building quality into products / services at a relatively lower cost than other producers. This includes preventing failure from occurring and eliminating financial and time wastes. It does not necessary mean producing at lower price but at lower cost to the organisation as a whole through finding best sources yet cheaper than those of competitors.

Self Assessment Exercise

Which of the principles of TQM do you see being practiced by Nigerian companies?

3.3 Dimensions of Quality

Quality has nine dimensions which are somehow independent. Therefore a product can be excellent in one dimension and poor or average in another.

It is very difficult or rare for a product, to excel in all dimensions. Therefore, quality product can be determined by using few of the dimensions.

It is the responsibility of management to identify the relative importance of each dimension of quality and translate them into the requirements for the development of a new product or the improvement of an existing one.

i. **Performance** – This refers to primary operating product characteristics e.g. brightness of pictures;

ii. **Features** – These are secondary added characteristics such as remote control.

iii. **Conformance** – This refers to the degree to which a product or service meets established industry standards, workmanship, etc.

i. **Durability** – This means the probability of the product not malfunctioning i.e. being consistent in performance over time e.g. average time for the product to fail

ii. **Reliability** – this refers to the useful life of a product and it includes repairs.

iii. **Service** – it refers to resolution of problems and complaints as well as ease of repairs.

iv. **Aesthetics** – This refers to the sensory characteristics such as exterior finish, taste, smell, etc.

v. **Response** – This is the human - to - human interface such as the courtesy of the dealer.

vi. **Reputation** – Past performance and other intangibles such as being ranked first or highest.

3.4 Importance of TQM

A key element of strategic significance for the economic health of a company and a nation is the quality of its products and services. It is also believed to be the most important characteristic that determines the demand for the products and services of organisations. Quality is the main concern of TQM and it affects a firm in the following ways:

1. Improved image and reputation- quality products promote both the firm and its products/services since perceptions are developed based on customers' experience(s) with such products/services.
2. Improved profits- quality products bring about increased market share, higher sales and cost saving. This means enhanced profitability.

3. International implications- export of products is an important economic factor for countries. In this emerging global world market, quality plays an important role because being able to meet competition and ever emerging customer requirements demands being quality driven
4. Product liability- defective products may generate litigations, complaints which involve cost to the organisation. Quality reduces the instance of being held liable for products' deficiencies.
5. Lower costs – TQM brings about improved performance and increased productivity which means lower rework time, scrap costs, and warranty costs. This means increased profits. Products that result from TQM are cheaper to produce because of efficiency in performance.
6. Competitive advantage – Where a firm provides quality products and services, this is capable of giving such an enterprise a competitive edge over its competitors.
7. Enhanced commitment – since TQM is employee driven, all are deeply involved in the processes and it helps in boosting the team members' morale and productivity.

In manufacturing concerns, TQM starts by making random selection of the product and then the causes of failures for things that matter most to the end users. Causes of any failures are isolated and measures of the production process are designed. This helps to identify the causes of the failures and provides avenues for corrective measures. In applying TQM, redesigns are quite common.

3,5 Application of Total Quality Management

The first step in the right direction in the application of TQM is that the organisation must first realise that something has gone wrong, be prepared to identify what has gone wrong and identify where it has gone wrong. This must be followed by its readiness to identify what needed to be changed, who should change it and how these changes are to be effected. In this way, the organisation is ready and willing to move away from existing non-quality ways of doing things and embrace the new philosophy.

The responsibility for applying TQM squarely rests with top management since it is responsible for creating the system, leadership, etc. In most organisations, workers below the managerial level are unlikely to lead a revolution in organisational philosophy. Top management must create the vision for the firm.

It is the duty of management to ensure that the company's goals and costs are made known, the tools and the power to prevent problems from arising

are provided and implemented as well as employees' suggestions and consciousness with respect to quality improvement decisions are encouraged. In addition, management must be patient with workers in transforming the organisation using the principles and tools of TQM. If the management becomes frustrated too soon with the new philosophy, it may not be given a chance to work.

Management must also realise that most workers want responsibility and control over their work and will understand and accept a new approach to their work if management demonstrates commitment in improving systems. It means therefore that workers need to be trained in the tools and techniques of TQM, to be empowered to control their work process and to be encouraged to constantly develop pride in their work and their organisation. In labour intensive organisations, training is found to be the key success factor. Krietner (1995) found out that in addition to being customer centred, 101 widely respected service organisations in the USA share these characteristics:

i. They listen to, understand and respond to the evolving needs and constantly shift expectations of their customers in often unique and creative way;

ii. They establish a clear vision of what superior service is, communicate that vision to employees at every level and ensure that service quality is personally and positively important to everyone in the organisation;

iii. They establish concrete standards of service quality and regularly measure themselves against those standards, not uncommonly guiding against the "acceptable error" mind set by establishing their goal- 100% performance;

iv. They hire good people, train them carefully and extensively so that they have knowledge and skills to achieve the service standard then empower them to work on behalf of customers, whether inside or outside the organisation; and

v. They recognise and reward service accomplishment, sometimes individually. Sometimes as a group, in particular, celebrating the success of employees who go "one step beyond" for their customers.

Success in applying TQM comes more from hard work and creativity of employees who are firmly committed to continuous improvement as a way of life. Note that the service providers face a unique set of challenges that differentiate them from the manufacturing industry, since we live in an emerging service economy, it is important to recognize these challenges:

a. Direct customers' participation
   b. Immediate consumption of services
   c. Provision of services at customers' convenience
   d. Tendency of services to be more labour intensive than manufacturing
   e. Intangibility of services, making them harder to measure
   f. Perishability of services

Self Assessment Exercise

What are the motives for the application of TQM philosophy in enterprises?

4.0 CONCLUSION

The above analyses depict TQM as a managerial philosophy and practice which intends to help keep organisations on board in the midst of emerging global competition and changing customer needs. Managers therefore see TQM as a tool that can help keep the hope of organisations alive.

One major reason for employing TQM is to ensure customer loyalty and satisfaction. This is evidenced by the large volume of sales and profits that accrue to firms that practice TQM. Many firms, having seen the tremendous successes of some organisations as evidenced in the United States of America, Europe and Japan who applied TQM have also started to embrace this philosophy.

5.0 SUMMARY

In this unit, we have described the concept of TQM, explained the principles that TQM employs, highlighted the significance of the quality philosophy and the dimensions of quality. We also discussed that TQM as a managerial practice has been embraced by a number of firms because of the benefits that come with its application.

6.0 TUTOR MARKED ASSIGNMENT

   1. Outline the basic principles of TQM
   2. What is the linkage between continuous improvement and customer satisfaction?

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UNIT 14: APPROACHES TO MANAGEMENT OF QUALITY IN ORGANISATIONS

CONTENTS

1.0 INTRODUCTION

Today's organisations are continuously facing formidable new management challenges. They face pressures from customers and competitors to deliver high-quality goods / services on time, reward ethical behaviour of employees. Besides, there is a dominant force by customers who demand high quality. Hellrigel (1999) sees quality as how well a product does what it is supposed to do – how closely and reliably it satisfies the specifications to which it is built. Quality is often used to signify excellence of a product or service or to indicate that a product or service conforms to certain physical dimensions/characteristics often set down in the form of a particular specification or some sort of professionalism. In essence, a quality product or service is that which meets or surpasses customer's expectations or requirements.

If quality is meeting the customer's expectation / requirements, then it has a wider implication because the requirement may include among other things availability, maintainability, reliability, delivery, cost effectiveness, etc. In order to meet the customer's requirements, management must find out what these

requirements are and the ability of the organisation in meeting these requirements.

2.0 OBJECTIVES

At the end of this unit, the learner is expected to be able to:

i. Identify those basic approaches to ensuring that quality goods and services are produced or provided to satisfy customers
ii. Describe specific quality strategies that managers may employ in their quest for attaining the quality drive.

3.0 APPROACHES TO MANAGEMENT OF QUALITY IN ORGANISATIONS

3.1 Approaches to Quality Management

The experiences of some of the key quality organisations and scholars provide the basis from which quality programmes can be built, developed and made suitable within individual organisations. These approaches basically involve:

a. E**mphasis on quality tools**, such as statistical process control or quality function deployment without making the fundamental changes in their processes or culture. In such organisations, there is no complete understanding of total quality by the entire organisation; hence, they will realise limited improvements.

b. The second approach that organisations may adopt is **problem-solving.** Here the focus is at identifying defects in both production and customer services and work to correct them through team approaches. Here, there is lack of management involvement, hence, improvements are sporadic and limited since this approach is not customer centred.

c. The third approach emphasises **error prevention and building in quality.** This approach though is customer focused; it may overlook many opportunities for continuous improvement.

d. Another approach is focus on **continuous improvement coupled with innovation in work processes and organisation strategy.** This seems to be a better option towards quality management merely for the fact that it combines more than one approach.

To achieve total quality, a comprehensive effort that encompasses all of these approaches leading to a total change in thinking is needed, not necessarily a new collection of tools. Many organisations easily fall into dangers of lack of complete understanding and the tendency of imitating the easy way out. However, the one best model for firm A may not properly fit firm B or any other firm's culture. Most successful companies have developed unique approaches to suit their own requirements.

The desire for having a comprehensive and good approach is predicated on the premise that any successful quality management effort will typically reduce product liability costs because the application of quality management results into improved product/ service and performance. From the above, decisions about products /services quality should be an integral part of an organisation's strategy. In essence, quality must be the best component of the structure and culture of the organisation so as to be effective and efficient in today's business environment.

It is in this regard that Jones and George (2003) noted that high quality products are reliable, dependable, and satisfying. They do the job they were designed for and meet customer requirements. This is because quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy implied or stated needs.

Self Assessment Exercise

Critically pinpoint the drawbacks in emphasis on quality tools as a means of ensuring quality in organisations.

3.2 Techniques for enhancing Quality Management in Organisations

The specific techniques that organisations apply in ensuring quality in their enterprises are quite many. These include the following:

3, 2, 1 Continuous Improvement

As pointed out earlier in unit 13, continuous improvement means improving the overall system by constantly improving the little details. Managers that are dedicated to continuous improvement are never totally happy with things and view quality as an endless journey thus, they are always seeking ways of making improvement they see management as a process and not a

programme or project. The goal of continuous improvement is to achieve perfection by continuously improving the business and production processes so as to make the process more efficient and effective and made adaptable to changes.

Continuous improvement seeks continual improvement in resource utilisation, and production methods through the application of suggestions and ideas of team members. It has its roots in manufacturing plants. It has however become quite relevant and common in services as well.

The approaches companies take to ensure continuous improvement range from very structured programmes that utilise statistical process control tools to simple suggestion systems which rely on brainstorming,

3.2.2 Benchmarking

Apart from using more or less of inward measures i.e. making improvement by analysing in detail the current practices of the company itself, other approaches that attempt at going outside the organization to examine industry competitors and excellent performance outside the industry are also relevant. This is what benchmarking entails. Its major objective is to find the best approaches that lead to superior performance and see how you can use them. Benchmarking is the practice of being humble enough to admit that someone else is better at something, and being wise enough to learn how to match or even surpass them at it."

Organisations have become increasingly committed to service quality and to measuring their own performance. While these measurement and assessment initiatives have been very valuable, they have been primarily focused on individual programmes and not on comparisons with other organisations.

Such comparisons can be extremely effective in helping organisations learn from one another. Through measurement and benchmarking, organisations can assess progress, understand areas for improvement, and identify best practice(s).

Benchmarking now plays an essential role in helping organisations to understand where they are placed in comparisons to others in the same industry or outside of it. Being able to benchmark one's performance with other organisations provides major advantages in developing best practices in the organisation.

3.2.3 Reengineering

A manager can have less bureaucracy only if the manager eliminates functions that have demonstrably failed, such as loan guarantees, public housing, managing telecommunications and other related services such as public utilities.

Reengineering is a great idea since there is no manager who would not support the idea of taking something that is defective and then fixing it.

Reengineering means the adoption of radical means to achieve corrective actions. This seemingly extreme posture offers what appears to be an instant relief from the pressures on

executive to demonstrate immediate improvements. This concept and process means forgetting old organizational arrangements because they have failed and to enact a total departure from such traditional methods and processes. Reengineering is aimed at providing a dramatic results or achieving intended outcomes in revolutionary ways. Reengineering is basically comparable to Adam Smith's book- The Wealth of Nations.

Reengineering essentially implies a radical redesign of an organisation's processes, especially its business processes. Rather than organising a firm into functional specialised areas like production, accounting, marketing, etc and looking at the tasks that each function performs, the reengineering theory looks at complete processes right from materials marketing and distribution i.e. reengineering the firm into a series of processes.

Proponents of re-engineering argue the cross-functional team, for example, has become popular because of the desire to re-engineer separate functional tasks into complete cross-functional processes.

Reengineering has many drawbacks

a. Assumption that the factor that limits an organisation's performance is the ineffectiveness of its processes. This may not be true because there are no means of validating that assumption.

- Assumption that there is the need to totally disregard the status quo and start the process of performance improvement on a "clean slate".

3.2.4 SERVICOM

In the developed economies, the level of consciousness of rights and obligations by both the consuming populace and the producers/providers of goods and services is highly appreciated. In Nigeria for example, there is virtual absence of this scenario. Where such is found, it is significantly at a very low level. This means that consumers are subjected to unethical business practices by both the operators of the private and public sectors. This situation is perhaps more worrisome with government agencies who are supposed to set the pace.

Perhaps it is in recognition of this state of affairs that the then President of the Federal Republic of Nigeria, Chief Olusegun Obasanjo came up with the concept of SERVICOM in 2004. SERVICOM is simply described as as "service compact with all Nigerians" (http://www.consumerawareness.ng.org/era of se.htm).

SERVICOM is a concept that is based on ensuring quality in the delivery of services. The concept is designed around the requirements of consumers, but basically meant to be an applicable scheme in government agencies,

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departments, parastatals, ministries, etc. This concept is a product of a research report which revealed that services are not serving the people, inaccessible and poor in quality as well as not being based on customers' requirements. SERVICOM is intended to show government's demonstration of leadership commitment to quality of service delivery.

From the foregone, SERVICOM is an approach by government to improve the quality of life of Nigerians. This means that government is also seen to be committed to the quality improvement process by having a charter aimed at providing quality services. When the concept is seen to be visibly practicable, it would mean that this combined effort of government and the private sector could lead to the improvement of the lives of Nigerians and the products and services they produce/provide.

From all indications, much is written and spoken of quality; unfortunately, results to this day have been disappointing. Krietner (1995) reports that only a handful of USA businesses can demonstrate the effect of their quality process in the corporate bottom line. He reported that in three service industries – Department stores, Hotels and Utilities, 68%: 20%, 70%: 40% and 64%: 9% of executives and customers respectively said services had improved. These figures show a gap of 48%, 30% and 55% respectively. This is an indication that mangers in industries need to do a better job of turning words into actions when it comes to improving quality. Good product/ service quality has no magic formula. Success comes from the hard word and creativity of people who must be firmly committed to continuous improvement as a way of life.

Self Assessment Exercise

Critically identify the strengths and weaknesses of the philosophy of reengineering.

4.0 CONCLUSION

The quest for the development of quality approaches to organisations is basically due to the fact that there are increasing changes in consumer disposition to what constitute quality goods and services. This trend has tremendous impact on the need to develop or apply appropriate approaches to the provision of quality goods and services.
Some of these approaches are more or less an in-house affair but others involve an analysis of the practices of other firms to discover best practices with a view to copying from them. These approaches are however not without their drawbacks.

5.0 SUMMARY

In this unit, we have examined the various approaches – general and specific – that organisations use in ensuring that quality goods and services result. Consequently, we highlighted and analysed some of these quality programmes that firm employ to meet or exceed consumers' expectations. They include emphasis on quality tools, reengineering, benchmarking, etc.

6.0 TUTOR MARKED ASSIGNMENT

1. Outline the tools or approaches that firms use with a view to meeting or exceeding the requirements of customers
2. Why is there the strong desire by firms to apply quality tools in their organisations?

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UNIT 15   SOCIAL   RESPONSIBILITY

Contents

1.0   INTRODUCTION

The pervasive influence of large business organizations in the society makes the issue of social responsibility very important to management. No social institution will endure that fails to contribute to the needs of the society. The privilege given to organizations to operate in the society stems from the fact that society believes that there is mutual inter-dependence existing between the two. In this unit, you will be introduced to social responsibility as it affects business operation in Nigeria.

2.0   OBJECTIVES

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

(i)   define and explain what is meant by social responsibility;

(ii)   list and discuss the areas of social responsibility;

(iii)   give reasons why social responsibility is being neglected;

(iv)   discuss the role of Nigerian entrepreneurs in social responsibility.

3.0   SOCIAL RESPONSIBILITY
3.1   Definition of Social Responsibility

Social responsibility is seen as:

The intelligent and objective concern for the welfare of

society which restrains individual and corporate behaviour

from ultimately destructive activities, no matter how

immediately profitable and which leads in the direction of

positive contributions to human betterment.

At present, many Nigerian businessmen's attitude to social responsibility is one of the 17th century America and Europe characterised by rugged individualism – "I'm my own boss, and I'll manage my business as .I please." They believe in the doctrine of laissez-faire "that government is best which governs the least."

An organization is made up of people and a typical executive is a member of the society. In his dual role as the owner of an enterprise and a member of the greater society to which he is a part, whatever type of society he helps to create, he will participate in. In the U.S.A., the unrest and the attack on all facets of "the establishment" in the early seventies inevitably included business and gave added impetus for executives .to think through the social role of the enterprise they direct.

Today, American business leaders believe that "business must learn to look upon its social responsibilities as inseparable from its economic function. If it fails to do so, it leaves a void that will quickly be filled by others -usually by the government. If business fails to recognize this social responsibility, the government must step in to regulate them. What affects the society as a whole affects the businessmen. Like everyone else in the society, they will breathe foul air, drink polluted water, be part of the crowded city, use unsafe products, be misled by false advertising and could be denied of some of their social benefits of their political party, ethnic group or religious beliefs.

Those organisations that believe that government, not business, is the institution best suited for solving social problems are living in the past. It is true that businesses must be concerned with their primary objectives – profit, but the same society expects organisations to make a positive social impact on the society on which its economic well-being depends.

3.2   Areas of Social Responsibility

Business social responsibility exists in all the enterprises with their customers, owners, employees, suppliers, creditors, management, government and the society as a whole. Thus any person who shares the environment with the enterprise has a relationship with it.

In the following areas, business owes most of its social responsibility to the society:

1. Pollution problems – water, air and solid waste, land and noise.
2. Poverty and discrimination – ethnic discrimination and parochial interest.
3. Consumerism – product safety, misleading advertising, consumer complaints, smuggling.

In Nigeria, one of the major social problems is smuggling. Many businessmen are directly involved in smuggling goods into the country or buying smuggled goods. Contraband goods flow freely into Nigerian markets but become articles of ostentation or exclusiveness. The textile industry, shoe industry and distilling and pharmaceutical industries have loudly and eloquently protested to the government about the evils smuggled goods bring to their organisations. Instances of retrenchment abound as some of the younger industries find it difficult to compete effectively with the cheap goods from Europe, Asia and America.

Nigerian businessmen have also been relatively insensitive or have overtly isolated themselves from the problems peculiar to areas in which they live and amass their wealth. Oil companies are known to have polluted farmlands and fish ponds with their oil spills and made no serious effort to pay adequate compensation to the affected poor citizens.

In the U.S.A. and Britain, businessmen, scholars, people of the media have made numerous speeches, reports, conferences on the very important issue of social responsibility. Epstein reported that some large U.S.A. corporations have started to include "Social Audits," "Social Action Reports," or "Social Balance Sheets" in their annual reports. These include company performances with regard to societal pressing social issues such as racial or ethnic minorities, women, the physical environment, underdeveloped nations, consumers, employees and the general community. Because of the sensitivity to this problem, big corporations have established departments such as Public Affairs and Environmental Relations under the leadership of a top executive who appraises the managing director of what society expects from business and ensures that they are implemented. Schools of Business Administration in the U.S.A., have established courses earmarked to bring about the awareness of social responsibility to future managers. Courses such its "Business and Society", "Social-Responsibility of Modern Organizations" are required courses.

As Epstein succinctly points out, business enterprises give adequate attention to the issue of social responsibility because they want to achieve social harmony between themselves and their environment and the companies see the expenses associated with social responsibility as tax or licence fee they pay to society so that the latter can allow them to carry out their everyday economic functions. This is the way Nigerian businessmen should see their social functions.

3.3 Neglect of Social Responsibility

Many factors account for the apparent neglect of social responsibilities by Nigerian organizations. Some of the major reasons include:

(1) The relative small size of Nigerian business enterprises. Many Nigerian enterprises are very small in size and their financial strength precludes the consideration of social responsibility as a task that must be seriously considered.

(2) Many of the large enterprises are owned by foreign firms whose main pre-occupation is profit maximization. Some of these firms 'see social responsibility as a patriotic gesture best undertaken by indigenous businessmen to help their country.

(3) Some of the foreign entrepreneurs come from countries where the consciousness for social responsibility is at best in its basic infancy. This is the case in Britain, a country that Nigeria had a long time standing relationship.

(4) Nigeria has over the years placed much reliance on publicly owned enterprises. The major organizations in this country are either owned by the government or foreign companies. The government owns major transportation network -rail, air, and port facilities, broadcasting, (radio and television), health and postal services, production and distribution of coal and electricity, even the construction of iron and steel industry, oil drilling, refining and distribution. Since these large enterprises belong to the society, it is assumed that they are socially responsible since profit is not their pre-occupation; instead they engage in social welfare redistribution.

(5) The lack of professionalism in management style. Many Nigerian managers do not perceive social responsibility as one pf the key functions of management. Their training and experience have not exposed them to be conscious of this issue. To many, it is novel, or at best an informal and intuitive managerial function.

(6) The society expects little in the way of social responsibility from businessmen. The laws on environmental protection are not seriously enforced. At best, the only effective tool that the government uses to obtain compliance is persuasion. There are scarcely any groups of individual bodies that are scrutinizing corporate social responsibility. There is no well established department of public affairs, or of social welfare in any Nigerian business organization.

In the U.S.A. for example, many oil corporations have been taken to court by either the government or concerned citizens for the violation of Environmental Protection Act. The Chevron Oil Company was sued by a group of Louisiana Shrimp and Oyster Fishermen for damaging their means of livelihood. This was because the company's rig in the Gulf of Mexico caught fire and caused the oil to spill into the water, causing a disturbance to the fishermen.

Nigeria has no powerful agency like the U.S. Environmental Protection Agency (E.P.A.), which is an independent regulatory agency charged with the responsibility of striking a balance between the protection of the natural environment and securing for the citizens the benefits of economic and technological progress.

For our society to survive, not lip service but practical importance must be attached to business social responsibility. Unless the same importance that is attached to profit by organizations is attached to social responsibility, the society will decay. Emphasizing on the importance of social responsibility, Uzoaga has observed that:

> The needs of society, if unattended turn into social
>
> diseases. And no institution whether business or
>
> university, or government agency is likely to thrive in a
>
> deceased society. Business executives can no longer
>
> ignore with impunity the sufferings of human society
>
> with the slogan that the business of business is profit
>
> and nothing else.

Entrepreneurs and shareholders in corporations must show special concern for social responsibility by supporting social needs with company revenue. Only then will enterprise social policies move from mere platitudes and achieve credibility. We expect Nigerian enterprises to have charitable and cultural programmes, be involved in youth projects, make liberal donations to educational institutions and be keenly interested in the present needs of the individuals who participate directly or indirectly in their organisations.

Businesses could show greater concern for employees by eliminating their dissatisfaction resulting from co-workers, supervisors, the work itself and the unique environmental factors of the organisation.

3.4   Social Responsibility and the Nigerian Entrepreneur

In the study conducted by the author which involved 205 Nigerian business organisations employing more than 50 employees each, it was found that 57.4% of the respondents were fully aware of the need for social responsibility of businesses. The frequently mentioned social responsibility included:

(1)   avoiding of smuggling
(2)   fair advertising
(3)   fair advertising
(4)   price control

(5)   environmental sanitation, and
(6)   product safety.

A majority of Nigerian business organisations (85.6%) believed that business enterprises had not shown sufficient interest to their social responsibility. It is interesting to note that 42.5% believed that social responsibility should be undertaken by the large and successful organisations. Many believed that the lack of active involvement in social welfare was due to:

(1)   the dishonesty of businessmen
(2)   ignorance of the role they should play in the area of social responsibility
(3)   the limited educational background of many entrepreneurs, and
(4)   the lack of initiative on the part of government.

Nigerian managers believe that the government should get businesses involved in its social programmes and have stiff penalties for non-compliance.

It is believed that the only way of reducing smuggling, air and water pollution, and a total disregard for consumers is by creating an independent, effective regulatory agency.

The areas in which business organisations should play a prominent role in Nigeria are limitless. In Nigeria, where resources are very much limited, organisations should be involved in the setting and attainment of national priorities. It is a waste for government and businesses to pull in opposite directions. Government should with the cooperation of organisations set priorities. Businesses then should use their resources to ensure that the objectives are realised. In the Green Revolution Programme, professional farmers should work very closely with the government in helping to identify the major problems inhibiting large scale production and distribution of farm products. The banking institutions ought to assist the government by identifying and making credit facilities available to qualified farmers and offering them expert advice. Organisations that import or manufacture farm equipment should make them available to cooperative farmers at reasonable prices or lease them to farmers at reasonable conditions. The situation is different where the government advocates Green Revolution and the businessman who supplies farm equipment engages in exploitation of farmers or short-run opportunities characteristic of Nigerian avaricious business tycoons.

It is part of corporate social responsibility for the organisation to help the employee to achieve his personal needs. Employment opportunity is created by organisations. Enterprises that start to lay off employees at a time the government is fighting to reduce unemployment are working against national interests.

Nigerian managers should help in formulating and articulating ethical norms as part of their social responsibility.

4.0   CONCLUSION
We have taken you through this unit by defining and explaining the role of Nigerian businesses or entrepreneurs in social responsibility.

5.0 SUMMARY

In this unit, you have learnt the definition of social responsibility, the areas of social responsibility, reasons why social responsibility is neglected by businesses and finally, the role of Nigerian entrepreneurs in implementing social responsibility.

6.0 TUTOR MARKED ASSIGNMENT

In your own understanding, how would you define and explain the concept social responsibility?

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