Management Functions and Behavior

1. Briefly describe the responsibilities a professional manager has towards various stakeholders with respect to sustainability of a business organization. Cite example of any business organization, and describe managerial responsibilities to support your response. Briefly describe the organization and the position you are referring to.

Answer.

Internal Stakeholders

- shareholders
- managers
- employees

Responsibilities of managers to employees

- Ensuring that they are fairly rewarded
- Ensuring that they have:
- Equal employment opportunities
- Challenging work
- A part in the decision making that affects their work
- Training and career paths
- A secure and safe working environment

External Stakeholders

- customers
- clients
- suppliers
- creditors
- government
- groups in society

Responsibilities from managers to external stakeholders

- Complying with the law
- adopting ecological sustainable practices
- being socially just
- developing codes of ethics.

Responsibility towards Customers: A firm's responsibility towards its customer is in terms of ensuring that the desired quality of product at a reasonable price is made easily available to the customers. It is the responsibility of the manager to provide the right match between quality and price.

*Responsibility towards Shareholde*rs: The main responsibility of the manager is to ensure the security of the shareholders' capital. The manager must ensure that the firm does not become bankrupt. In other words, the manager must, at least, ensure the survival of the firm. The manager has to ensure that the shareholders are able to earn profit on their capital.

Responsibility towards Employees: Employees are the most important resource. The manager has to ensure that employees are getting a fair deal in terms of wages and salaries. The responsibility of a manager is to ensure that all dealings with the employees are fair. Whether it is determining the profit linked bonus that is being calculated or the provident fund of a retired employee, which has to be paid, you must ensure that the employees are not cheated, harassed or embarrassed.

Responsibility towards Suppliers: Suppliers provide the raw materials, components and parts necessary for the production of products. The manager's responsibility towards suppliers of funds, i.e., banks and other financial institutions, is that not only he has to make the interest payments, but make the repayment on time as per the agreed repayment schedules.

Responsibility towards Distributors and Retailers: A manager is responsible for ensuring regular supplies to the distributors. The products that are supplied to the distributor must be checked for quality to ensure that second grade or inferior quality goods are not shipped.

Responsibility towards Industry and Competition: A manager is responsible to register the firm as a member of industry association and comply with all its rules and regulations.

Responsibility towards Union: A manager should acknowledge employees' union as a friend rather than as a foe of the firm. Most problems with unions arise because of the assumption of the managers that unions have no constructive contribution. A responsible manager must understand and appreciate the fact that the management and union have a great degree of mutual dependence and the union cannot further its interests at the cost of the firm's interests and vice versa.

Responsibility towards Government: A manager should ensure that the constitution and operations of the firm are within the legal framework as specified by the government.

Responsibility towards Society: The manager has responsibility towards his surroundings and the people living in the vicinity of his factory and office. Firms behave irresponsibly when they pollute the environment by releasing harmful gasses, discharging toxic effluents into nearby rivers, lakes or seas, and dumping their waste matter in surrounding lands. A manager should make sure that the operations of the firm do not obstruct, disturb, disrupt or destroy physical structures (historical buildings, monuments), the flora and fauna, and animal and human life.

Example: Timberland- A fleet score

To help design environmentally damaging elements out of its products, the management of Timberland, a US based outdoor clothing and footwear maker, developed its own metric in 2007: the “Green Index” environmental rating system. The Green Index measures and reports product specific ratings for three major environmental factors:

- Climate impact: Measures greenhouse gas emissions produced from raw material extraction to manufacturing.
- Chemicals used: Measures the presence of hazardous substances used in manufacturing.
- Materials used: Measures the use of organic, recycled or renewable materials.

The average of these three gives the product’s rating, on a scale of zero to ten. The lower the rating, the lower the environmental impact. The group’s target is to display the Green Index on all the group’s footwear by the end of 2011—and later, on its apparel and accessories too.

At group level, Timberland is aggregating the scores of all the products it sells. “Just like Toyota has a group fleet score for its cars—how many miles per gallon—across the group, we have a fleet score for our footwear, our apparel and our accessories,” says Jeff Swartz, the company’s CEO.

2. What hinders effective Decision-making? How can barriers to effective decision making be overcome?

Draw from your own experience or the organizational experience, you are aware of, to support your answer. Briefly describe the organization and the situation you are referring to.

Answer. Decision making is not easy.

Lack of information

A major impediment in decision making is that leaders must often work with limited information, and this is often exacerbated by the scarcity of time, both of which conspire to mean that decisions and actions must follow in quick succession, without allowing time for full consideration of alternatives and implications.

Lack of context

The toughest decisions are often those that seem to be made in a vacuum. In such situations there are no reference points, no structure to rely on for cues or precedents. The lack of context or structure can also refer to the absence of values. Important decisions are also often those which require us to examine our values more closely, or to reconcile them with seemingly conflicting values. Research has shown that morals or values may affect us inconsistently. For example, we may say that we are in favor of organic farming, but when faced with higher prices for organic products we may elect not to buy them. We may dislike an energy company's record on the environment, but will still stop at its gas stops to refuel.

Too much information (Noise)

Overwhelming volume of information can drown out any ability to assess a situation reliably and in timely fashion. The numerous ways in which sequences of decisions may unfold can make it very difficult to make decisions. It's often very difficult for a leader to stay on top of every detail or have a readily available countermove. One way we respond to overwhelming information is by side-stepping detailed analysis, and instead relying on good old fashioned instinct, or gut feeling. In fact, humans have reasonable skill in pattern recognition (the dominant scientific explanation of intuition). Unfortunately, instincts can often be wrong.

Cultural barriers

In an increasingly globalized world, we come into contact with people whose perspectives, values, languages, etiquette and cultures may differ significantly from ours. This can lead to misunderstandings which adversely affect decision making. Cultural differences may also directly influence decision making approaches. One may broadly characterize two culturally distinct approaches to decision making: Eastern and Western. The Western is often associated with quick, impulsive decisions and actions, while the Eastern is slower, more comprehensive and contemplative.

Action - Reaction

It is not trivial to predict the actions and reactions of others. Important decisions are often those that involve a counterpart or opponent: there is rarely certainty about what the counterpart or opponent will do. He, she, or it may respond instinctively, thoughtfully, vindictively, or dishonestly. The counterpart may plot, scheme, or pre-empt. And of course, there are situations in which our decisions will affect and be affected by multiple counterparts, each a potential source of feints and surprises. Game theory provides the academic underpinnings for considering moves and countermoves by other parties.

Overcome Barriers to Effective Decision Making

You as a manager make many decisions in your life. Some are very much easy and some are very much complex. To take more effective decisions you must follow have to take care of the following steps in order to overcome the barriers in effective decision making.

- THINK AND CONSULT: Many people do not think before taking decisions. So in order to have an effective decision you must think for a while and analyze that what are causes of the problem, then make a list of the alternatives then choose the best one from them. After brainstorming you must get help from your employees, family and friends, and also from the one who has experience, in order to have the possible means to understand the implantation of your decision.

- TAKE AN EYE ON ORGANIZATIONAL GOAL: The most important strategy while taking decision is to keep an eye on your goal. You as a manager must have to take care of the organizational goals and interests while taking decisions. You must know what are the needs of the problem that are required to be solved? And why these should be solved? In this way you can be able make an effective decision because when you know that why you are making a decision, it will make you to stick with it and defend it.
- CONSIDER THE CONSEQUENCES: This is the key step of effective decision making because in this you will be asking yourself that what the results of your decision are. How it will affect your organization. Whether the decision you are taking is in the favor of organization or not? It is important step because it will make you able to understand the pros and cons of your decision that you are going to take.
- MAKE YOUR FINAL DECISION AND EVALUATE IT: Once you have made the final decision and took an action towards it then you must have to evaluate your decision in order check whether your actions are working in a right manner or not. And you should give yourself permission to be okay with any failure that may arise because there is not any magic formula for effective decision making. It is a type of a risk that you can control by following such steps. You must take care of the "timing" because timing matters a lot in taking actions towards decision making. You must avoid poor timing and take actions whenever these are required and do not make higher expectations from any of your decisions and always be optimistic.

Example: Avoiding Escalation of Commitment: L.L. Bean CEO Is Glad to Reverse Big Decision, Even at a Cost of $500,000

Most executives, like most people, tend to stick with their initial decisions because they hate to admit they were wrong, or simply because it is the path of least resistance, according to management experts. Indeed, they say, top executives are even less likely to reverse themselves because their position seems to require projecting self-assurance. This is the kind of mind-set that can lead to escalation of commitment.

Is Avoiding Looking “Wishy-Washy” Really Important? Thus, Christopher McCormick, chief executive of outdoor-clothing retailer L.L. Bean, is unusual for being more concerned about making the best decision rather than being bothered about appearing wishy-washy. This makes him very much in the spirit of evidence-based decision making.

In the fall of 2004, L.L. Bean began building a call center near Waterville, Maine. A few months later, mobile-phone carrier T-Mobile USA said it would build its own call center next door, one that would house 700 or more employees. McCormick immediately ordered construction on the Bean center halted, even though $500,000 beyond the land cost had already been spent on it. A few weeks later, the company announced it would abandon the Waterville site entirely and would open a new call center about 55 miles away.

The Rational Outcome. What circumstances led to this evaluation? McCormick worried that Waterville, population 16,000, didn’t have enough workers to supply both companies or that employees would prefer year-round employment with T-Mobile to seasonal employment with Bean.

3. "Conflict can have both positive and negative impact on individuals, groups, and organisations. As a result of inter-group conflict, certain changes occur within groups and between groups. Some changes have positive effects, others have negative effects".

Elaborate this statement and discuss the underlying concepts and dynamics with examples from the organizational experience you have had or you are aware of. Briefly describe the organization and the events you are referring to.

Answer. Conflict occurs whenever disagreements exist in a social situation over issues of substance, or whenever emotional antagonisms create frictions between individuals or groups. Team leaders and members can spend considerable time dealing with conflicts. Sometimes they are directly involved, and other times they act as mediators or neutral third parties to help resolve conflicts between other people.3 Conflict dynamics are inevitable in the workplace and it's best to know how to handle them.

Positive & Negative Consequences of Conflict in Organizations

Change

Conflict accelerates change in an organization, especially in small businesses, where it is easy to formulate and implement new policies. Conflict prompts modification of policies and operation procedures in the organization. In cases of extreme conflict, the organization may conduct a complete overhaul of its leadership, bringing in managers with fresh ideas.

Goal Congruence

A review of the goals and objectives of the business to meet the needs of conflicting parties may result into achievement of goal congruence and coherence in operations. Employees, departments and groups are interdependent within the organization. Competition for scarce resources is a major source of conflict due to different interests. Conflict forces the organizations leadership to realign its objectives towards common goals in order to foster teamwork amongst competing parties.

Innovation

Conflict that results into healthy competition cultivates innovation and inventiveness amongst employees. In times of conflict, there is a high sense of necessity that results into the emergence of divergent viewpoints amongst employees. It is imperative among the employees to develop new strategies and ways of conducting business in order to keep up with internal competition from their colleagues.

Sub-Optimization

In instances where conflicting parties engage in extreme disagreement, sub-optimization may result. When conflicting parties push the pursuit of their own interest excessively, the organizations goals end up compromised. Instead of working together to achieve the organization's goals, conflicting parties engage in needless feuds that result in superiority contests. Distortion of goals occurs as parties embark on undermining each other's efforts.

Waste of Time and Resources

The business may lose precious time and resources at times of conflict. Instead of concentrating on meeting their objectives, employees waste time on divisive issues. Misuse of business materials and funds is quite rampant when conflicting parties engage in "warfare." Wrangles, stress and emotional confrontations reduce the workers' productivity, and eventually, the profitability of the business.

As a result of intergroup conflict some changes that may occur within the groups involved are:

- Group cohesiveness improves. The group grows more closely knit; its members show higher loyalty.

- Group becomes task-oriented. Group climate shifts from informal to task-oriented so as to take care of the external threat.
- Leadership becomes more directive. As the group gets more task-oriented, the leader grows more authoritarian.
- Organisational structure gets more rigid. Authority and responsibility relationships among and between members become more clearly defined.
- Group unity is stressed. The group demands increasing loyalty and conformity from its members.

Extended group conflicts result in the following changes in relationship between groups:

- Groups become antagonistic toward each other. Each group sees the other as an enemy who interferes with its goal-oriented behaviour.
- Perceptions are distorted. Each and every group builds positive perceptions about its own group and negative perceptions toward the other.
- Communication stops. When in conflict individuals in one group refrain from interaction with members of the other. If they are required to interact, they tend to show hostility and hostility towards each other.
- Groups use a double standard. Each group clearly sees all the vicious acts of the other party while remaining blind to the same acts carried out by their own group.

Some benefits of intergroup conflicts are as follows:

- Conflict makes clear the actual problem. When groups express their concerns and differences, it helps sharpen the real issue involved in a problem. Without having conflict, many organisational problems go unnoticed and remain unresolved.
- Conflict increases innovation. Conflict creates a greater diversity of ideas and viewpoints. Diversity can stimulate innovation in organisational practices.
- Intergroup conflict solidifies the group. When members of a group are confronted with an external enemy, they tend to work together more closely to

deal with it. A manager may use this new cohesion to cut back internal conflicts.

- Conflict resolution solidifies intergroup relationships. Once group conflict is effectively resolved, it can solidify the relationships between groups and it may even make the groups feel closer to each other.

Example: Conflict in a departmental team

This conflict concerned a departmental team of 12 people. The relationship between the team leader and the department manager was so damaged they only spoke to each other through third parties. The group was split into two warring factions — one group behind the team leader, the other siding with the department manager with a few members remaining neutral. There was perceived favoritism with respect to approval of leave, training and allowances. There had been no performance appraisals for two years, and two staff members had been on stress leave for five weeks. Problems had been investigated, discussed and not solved to anyone's satisfaction by senior management.

A consultant was hired conducted voluntary interviews with each of the 12 team members. These interviews identified key underlying issues and the nature of the conflicts between various team members. The interviews revealed that all 12 team members were involved in the conflict to some extent.

A conference was organized. All 12-department members chose to attend the day long conference. Each team member participated fully by providing comments and perspectives. It became evident that the main issues entrenched in this conflict were the leave approval procedures that had resulted in one member being given significantly more leave than others, the department manager's style of interacting with department members, and malicious gossip and emails. By the end of the conference day a detailed agreement, signed by every team member, was reached. It included a commitment to provide individual staff needs analyses, training and coaching, a commitment that workplace policies would be re distributed and re-signed by all staff, a commitment to conduct monthly one-on one feedback sessions with staff, and finally, a review and formalization of the team leader and department manager responsibilities with performance measures defined.

After all of the agreed upon steps were confirmed, every step was carried out by the team within six months. Individual needs training and coaching was fully implemented along with monthly one on one feedback sessions that were conducted on schedule for all staff. Workplace policies were received and resigned by all staff in the department. The impact was immediate. Not only were there no stress leaves taken in the first six months following the conference, overall staff turnover was sharply reduced, generating an estimated annual savings of $160,000 for the organization. As a direct result of the conference and the ensuing efforts, senior managers who had previously reported spending one day per week managing conflict, now spent two hours per week reviewing team performance and providing constructive feedback to the team manager.

4. Define and describe strategic and operational planning. What are the essential steps involved in planning for an enterprise?
Explain with examples from the experience you have or you are aware of. Briefly describe the organization you are referring to.

Answer. Operational planning is the day-by-day, week-by-week, and month-by-month planning for a myriad of local and functional activities; strategic planning sets the overall direction of your organisation as a whole, its destiny if you will. The decisions that constitute the strategic plan include what the enterprise is not currently doing, but should be doing. The choices of what to do imply other things that the organization deliberately chooses not do. The strategic plan embodies very big decisions with major consequences for the overall performance.

The process of business planning is made up of several steps. A strategic plan is used to outline company objectives and to identify the methods in which those objectives can be reached. An operational plan is the comprehensive way in which each department or division will use its resources to achieve company goals. Strong links between the strategic plan and the operational plan are needed to allow the company to operate efficiently.

Budgets

The primary financial link between a strategic plan and an operational plan is the establishment of a departmental budget. The strategic plan gives a budget estimate that is based on projected revenue. The operational plan gives a more accurate number that can be used to gauge the success of a strategic plan. If the operational budget is more than the strategic plan provides for, then the company needs to work to bring the two numbers more in line.

Resource Allocation

An operational plan is used to determine job duties and the proper use of company resources, such as equipment and facilities. A strategic plan outlines what kind of resource allocation is needed to achieve the goals of the plan. The operational and strategic plan are then put side-by-side to determine the most effective allocation of resources for each department while pursuing the objectives of a strategic plan.

Performance Management

Operational plans base their needs on performance management numbers. For example, if the manufacturing department is expected to produce 20 units an hour, but the current personnel only allows for 15 units an hour, then that performance management number dictates the need for more personnel. Those performance management numbers are set by the projections in the company strategic plans.

Details

One essential link between the strategic plan and the operational plan is that the operational plan provides the details necessary to execute the strategic plan. For example, if part of the strategic plan involves building a new distribution center, then the operational plan would go into the details of getting contractors, finding land, obtaining permits for doing business in that state and populating the new facility with employees.

Strategic Plan	**Operational Plan**
A general guide for the management of the organisation	A specific plan for the use of the organisation's resources in pursuit of the strategic plan.
Suggests strategies to be employed in pursuit of the organisation's goals	Details specific activities and events to be undertaken to implement strategies
Is a plan for the pursuit of the organisation's mission in the longer term (3 - 5 years)	Is a plan for the day-to-day management of the organisation (one year time frame)
A strategic plan enables management to formulate an operational plan.	An operational plan should not be formulated without reference to a strategic plan
The strategic plan, once formulated,	Operational plans may differ from year

tends not to be significantly changed every year	to year significantly
The development of the strategic plan is a responsibility shared and involves different categories of stakeholders.	The operational plan is produced by the chief executive and staff of the organisation.

STEPS INVOLVED IN PLANNING FOR AN ENTERPRISE

Establish Goals

The first step of the management planning process is to identify specific company goals. This portion of the planning process should include a detailed overview of each goal, including the reason for its selection and the anticipated outcomes of goal-related projects. Where possible, objectives should be described in quantitative or qualitative terms. An example of a goal is to raise profits by 25 percent over a 12-month period.

Identify Resources

Each goal should have financial and human resources projections associated with its completion. For example, a management plan may identify how many sales people it will require and how much it will cost to meet the goal of increasing sales by 25 percent.

Establish Goal-Related Tasks

Each goal should have tasks or projects associated with its achievement. For example, if a goal is to raise profits by 25 percent, a manager will need to outline the tasks required to meet that objective. Examples of tasks might include increasing the sales staff or developing advanced sales training techniques.

Prioritize Goals and Tasks

Prioritizing goals and tasks is about ordering objectives in terms of their importance. The tasks deemed most important will theoretically be approached and completed first. The prioritizing process may also reflect steps necessary in completing a task or achieving a goal. For example, if a goal is to increase sales by 25 percent and an associated task is to increase sales staff, the company will need to complete the steps toward achieving that objective in chronological order.

Create Assignments and Timelines

As the company prioritizes projects, it must establish timelines for completing associated tasks and assign individuals to complete them. This portion of the management planning process should consider the abilities of staff members and the time necessary to realistically complete assignments. For example, the sales manager in this scenario may be given monthly earning quotas to stay on track for the goal of increasing sales by 25 percent.

Establish Evaluation Methods

A management planning process should include a strategy for evaluating the progress toward goal completion throughout an established time period. One way to do this is through requesting a monthly progress report from department heads.

Identify Alternative Courses of Action

Even the best-laid plans can sometimes be thrown off track by unanticipated events. A management plan should include a contingency plan if certain aspects of the master plan prove to be unattainable. Alternative courses of action can be incorporated into each segment of the planning process, or for the plan in its entirety.

Example: Planning at Nike

Nike is a multimillion dollar world giant that has experienced periods of growth, some new product setbacks, and public backlash because of using labor in poor countries to manufacture shoes. Whatever someone thinks about Nike it takes its products planning seriously. Planning charts the course for each new generation of shoes.

Planning a new shoe starts with the ideation process. A Nike line manager might say, “I want a colorful basketball shoe for a teenager that costs $90.” This idea goes to a designer and then a developer. By the time the first pair rolls off the assembly line in Ecuador or Indonesia, more than 200 data points will have been generated about the shoe. Also, more than seventy five employees, from the product line manager to the quality assurance inspector, will have worked on the project.

Nike established the global product information network to produce a seamless flow of information from product ideation to planning to production to distribution. Nike’s Intranet provides a central, secure place to collect and add information about shoes in development.

Planning for the development and distribution of a new shoe is a major challenge. Marketing, production, engineering, IT, and many other specialties are involved on the project team. Having individuals from different backgrounds collaborate in a timely manner is complex since Nike has no set “how to do it” cookbook. Sharing ideas, changing objectives, communication plans and schedules, and using the intranet all require patience and understanding.

At Nike, planning for a new shoe is serious business. Without a sound plan the project is likely to fail and to cost millions of dollars with no chance of recovering the investment.