



BUSM Full Notes - Lecture note 1-12

Introduction to Management (Royal Melbourne Institute of Technology)



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TOPIC 1: MANAGERS AND MANAGEMENT

Sub-topics:

- What is management?
- Why do we have managers?
- What do managers do?
- What is democratisation?

Revision Questions:

1. What are some definitions of management?

- **Management** - the process of coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively
- ‘The conventional definition of management is getting work done through people, but real management is developing people through work.’ (Abedi 1984)
- Good management consists of showing average people how to do the work of superior people (Rockefeller 1920)

How have these changed over time?

Nowadays management is shared between many (divided in many levels of managers) and not just one major superior. For example:

- **Manager** – a manager is someone who coordinates and oversees the work of other people so that organisational goals can be accomplished.
- **First-line management** – managers at the lowest level of the organisation who manage the work of non-managerial employees who are directly involved with the production or creation of the organisations products.
- **Middle managers** – managers between the first-line level and the top level of the organisation who manage the work of first-line management.
- **Top managers** – managers at or near the top level of the organisation who are responsible for making organisation – wide decisions and establishing the goals and plans that affect the entire organisation.

2. What are Fayol’s four elements of management? Give an example of each in a modern-day management setting.

Fayol’s four elements of management:

PLANNING	LEADING	ORGANISAING	CONTROLLING
<p>Management function that involves defining goals, establishing strategies, and developing plans to integrate and coordinate activities.</p> <p>Example as managers engage in planning they:</p> <ul style="list-style-type: none"> - Define goals - Establish strategies for achieving those goals - Develop plans to integrate and coordinate activities 	<p>Management function that involves working with and through people to accomplish organisational goals.</p> <p>Motivating, leading and any other actions involved in dealing with people.</p> <p>Example Managers are leading when they:</p> <ul style="list-style-type: none"> - Motivate subordinates - Help to resolve work group conflicts - Influence individuals or teams as they work - Select the most effective communication channels - Deal in any way with employee behaviour issues 	<p>Management function that involves arranging and structuring work to accomplish the organisations goals.</p> <p>Determine what needs to be done, how it will be done, and who is to do it.</p> <p>Example When mangers organise they:</p> <ul style="list-style-type: none"> - Determine what tasks are to be done - Who is to do them - How the tasks are to be grouped - Who reports to whom and at what level decisions are to be made 	<p>Management function that involves monitoring, comparing and correcting work performance.</p> <p>Monitoring activities to ensure that they are accomplished as planned.</p> <p>Example to ensure that goals are being met and that work is being completed as planned, managers must</p> <ul style="list-style-type: none"> - Monitor and evaluate performance - Actual performance must be compared with the previously set goals - If there is any significant deviations, it is management’s job to get work performance back on track. - Monitoring, comparing and correcting

3. Why do we have managers?

Managers are important to organisations for three reasons.

- First, organisations need their managerial skills and abilities in uncertain, complex and chaotic times.
- Second of all, managers are crucial to getting things done in organisations.
- Finally, managers contribute to employee productivity and loyalty; the way employees are managed can affect the organisation's financial performance and managerial ability has been shown to be important in creating organisational value.

What did Fayol mean by the universality of management?

- Management is these four functions universally across all areas

All managers, independently of their organisational level, have to plan, organise, lead and control; however, the time they give to each function varies depending on whether they are first-line managers, middle manager or top managers. In relations to the manager's functional area, there are some differences but also similarities in relation to managerial roles being performed; however, all managers have to carry out the management functions of planning, organising, leading and controlling within their respective organisational areas. Although there are distinctions between the management of profit and not-for-profit organisations, there are many commonalities in terms of what managers have to do in both of these types of organisations. While there are differences in degree and emphasis of both functions and roles, managers in both small and large organisations perform essentially the same activities. Finally, there are some major differences in preferred managerial practices between countries, which means that, in this area, the manager's job is led universal

4. Are the roles of managers described by Fayol and Mintzberg complementary or in conflict?

Management roles: specific categories of managerial behaviour expected of and exhibited by a manager.

Mintzberg – concluded managers perform ten different but highly interrelated roles.

Mintzberg's managerial roles		
Role	Description	Examples of identifiable activities
INTERPERSONAL – managerial roles that involve people and other duties that are ceremonial and symbolic in nature.		
Figurehead	Symbolic head; obliged to perform a number of routine duties of a legal or social nature	Greeting visitors; signing legal documents
Leader	Responsible for the motivations of subordinates; responsible for staffing, training and associated duties	Performing virtually all activities that involve subordinates
liaison	Maintains self-developed network of outside contracts and informers who provide favours and information	Acknowledging mail; doing external board work; performing other activities that involve outsiders.
INFORMATIONAL – managerial roles that involve receiving, collecting and disseminating information.		
Monitor	Seeks and receives wide variety of internal and external information to develop thorough understanding of organisation and environment.	Reading periodicals and reports; maintain personal contacts
Disseminator	Transmits information received from outsiders or from subordinates to members of the organisation	Holding informational meetings; making phone calls to relay information
Spokesperson	Transmits information to outsiders on organisation's plans, policies, actions, results	Holding board meetings; giving information
DECISIONAL – managerial roles that revolve around making decisions		
entrepreneur	Searches organisation and its environment for opportunities and initiates 'improvement projects'	Organising strategy and review sessions to develop new programs to bring about changes
Disturbance handler	Responsible for corrective action when organisation faces important, unexpected disturbances	Organising strategy and review sessions that involve disturbances and crises
Resource allocator	Responsible for the allocation of organisational resources of all kinds – making or approving all significant organisational decisions	Scheduling; requesting authorisation; performing any activity that involves budgeting and the programming of subordinates' work
Negotiator	Responsible for representing the organisation at major negotiations	Participating in union contract negotiations

The roles of managers described by Fayol and Mintzberg are somewhat complementary. There are many similarities eg. **DECISIONAL and ORGANISATIONAL**

5. Outline the skills used by different types of managers according to Katz.

	Conceptual skills	Human skills	Technical skills
Definitions	the ability to think and to conceptualise about abstract and complex situations	the ability to work well with other people individually and in a group	Knowledge of and proficiency in a certain specialised field.
	Conceptual skills are needed by all manager at all levels but Katz proposed that these skills become more important in top management positions.	Katz said that said that human skills remain just as important at the top level of management as they do at the lower level	Katz proposed that technical skills become less important as a manager moves into higher levels of management, but even top managers need some proficiency in the organisations speciality.

TOPIC 2: MANAGERS AND SOCIETY

Sub-topics:

- Political economy
- Democracy and hierarchy
- Capital and labour
- Industrial democracy
- Industrial and post-industrial society
- Globalisation

Examinable Reading:

Excerpts from Hobbes, Locke, Smith etc

Revision Questions:

1. What are the key tensions in the modern-day political economy?

❖ The relationship between democracy and hierarchy.

- Thomas Hobbes (1651) – People are untrustworthy and need to be controlled.
 - ➔ Boss needs to be given a lot authority to stop everything from falling apart.
- John Locke (1690) – Citizens have natural rights to liberty, justice and property.
 - ➔ Systems of political economy should be based on basic freedoms
 - ➔ Rights to labour and rights to contracts
 - ➔ Right to justice
 - ➔ Based on liberal principles
- How much democracy should there be in the workplace
- How much authority should managers have

❖ The relationship between industrial society and post-industrial society

❖ Local/ global tension

2. How may managing be different in countries with different understandings of democracy and hierarchy?

- Different laws, policies, rules and regulations
- E.g. China told what to do and they do it and in Australia generally not told what to do.

3. What is the role of management in mediating between the interests of capital and labour?

Adam Smith (1776) and the Wealth of Nations

- Wealthy countries have:
 - Have a highly structured division of labour (division of labour – the breakdown of jobs into narrow and repetitive tasks)
 - Have laissez faire economics
 - The “invisible hand” of the market produces “social betterment”
 - ➔ Capitalism is our current economic system

4. What did Marx and Engels mean by alienation?

Karl Marx's theory of alienation describes the estrangement (German: Entfremdung) of people from aspects of their human nature (Gattungswesen, “species-essence”) as a consequence of living in a society stratified into social classes.

Marx - Workers under capitalism don't go into a job wanting to make something for their own because they like making things, they go to work for money – their working life becomes reduced to a monetary relationship.

- ➔ Employees become alienated by their work and it becomes replaced by an economic contract, no pride of work if all your worried about is pay, no job satisfaction if all you get is pay, if all you are is treated etc.

5. Do the concepts of mutualism and industrial democracy have any place in contemporary business?

Industrial democracy – an attempt to make organisations more democratic, to give workers more of a voice, to lessen the hierarchy and to lessen the alienation that they feel because they felt as though they have a voice at work.

Democratisation of business

- co-operatives and mutualism
- trade unions
- works councils, consultative committees and codetermination
- employee share schemes
- Employee rights
- Employee participation/voice

6. What are the main differences between an industrial and a post-industrial society?

INDUSTRIAL:

- Henri de Saint-Simon (1821) was the first thinker to analyse industrial (or developed) economies
- Societies whose economies are dominated by engineering, manufacturing and factory production. This form of society is capitalist and urban in its focus – it needs managers. It contrasts with earlier or traditional society which was predominately rural and agrarian

Some attributes of the pre-industrial societies

- Limited production (i.e. artisanship vs. mass production)
- Primarily an agricultural economy
- Limited division of labor. In pre-industrial societies, production was relatively simple and the number of specialized crafts was limited.
- Limited variation of social classes
- Parochialism—Social theories hold that communications were limited between human communities in pre-industrial societies. Few had the opportunity to see or hear beyond their own village. In contrast, industrial societies grew with the help of faster means of communication, having more information at hand about the world, allowing knowledge transfer and cultural diffusion between them.
- Pre-industrial societies developed largely in rural communities. Capitalism developed largely in urban areas.

POST INDUSTRIAL:

- Daniel Bell (1973) described The Coming of Post-Industrial Society
 - A society with decreasing dependence on manufacturing and a greater reliance on the service sector. This transition is seen as part of a stage of capitalism (“post-Fordism”). It needs different forms of management

Daniel Bell provides six changes in social structure associated with the transition to a post-industrial society:

- ❖ Within the economy, there is a transition from goods production to the provision of services. Production of such goods as clothing and steel declines and services such as selling hamburgers and offering advice on investments increase. Although services predominate in a wide range of sectors, health, education, research, and government services are the most decisive for a post-industrial society.
- ❖ The importance of blue-collar, manual work (e.g., assembly line workers) declines and professional (e.g. lawyers, doctors, and engineers) and technical work (e.g. computer programmers) come to predominate. Of special importance is the rise of scientists (e.g., specialized engineers, such as genetic or electric). Many mining towns and similar settlements face large scale unemployment as a result of the increasing importance of both theoretical knowledge with a simultaneous decline in manufacturing and increasing importance of environmentalism. Many industrial towns residents are on benefits, such as the dole.
- ❖ Instead of practical know-how, theoretical knowledge is increasingly essential in a post-industrial society. Such knowledge is seen as the basic source of innovation (e.g., the knowledge created by those scientists involved in the Human Genome Project is leading to new ways of treating many diseases). Advances in knowledge also lead to the need for other innovations such as ways of dealing with ethical questions raised by advances in cloning technology. All of this involved an emphasis on theoretical rather than empirical knowledge and on the codification of knowledge. The exponential growth of theoretical and codified knowledge, in all its varieties, is central to emergence of the post-industrial society.

- ❖ Post-industrial society seeks to assess the impacts of the new technologies and, where necessary, to exercise control over them. The hope is, for example, to better monitor things like nuclear power plants and to improve them so that accidents like that at Three-Mile Island or Chernobyl can be prevented in the future. The goal is a surer and more secure technological world. The doctrine of the precautionary principle is sometimes used in preventing the worst aspects of new technologies, such as cloning and genetic engineering, when there is no evidence of their negative impact.
- ❖ To handle such assessment and control, and more generally the sheer complexity of post-industrial society, new intellectual technologies are developed and implemented. They include cybernetics, Game theory and Information theory.
- ❖ A new relationship is forged in the post-industrial society between scientists and the new technologies they create, as well as systematic technological growth, lies at the base of post-industrial society. This leads to the need for more universities and university-based student. In fact, the university is crucial to post-industrial society. The university produced the experts who can create, guide, and control the new and dramatically changing technologies

Industrial and post-industrial societies compared

	Industrial	Post-Industrial
Region	East Asia	Western Europe and USA
Economy	Goods	Services
Occupations	Semi-skilled worker Engineer	Professional and technical Scientist
Technology	Energy	Information
Axial principle	Economic growth State or private control of investment decisions	Centrality and codification of theoretical knowledge

7. How has globalisation changed business and management?

Local markets

- Local production
- Local consumption
- National brands

Global markets

- Multinationals
- Growth of international trade
- International division of labour

Mass consumption

- “Total consumer environments”
- Chains sell mass produced items from pens to computers
- Goods made overseas
- Logistics workers bring goods in
- Sales staff serve
- consumers

“Globalisation is political, technological and cultural, as well as economic. It has been influenced above all by developments in systems of communication, dating back only to the late 1960s.”

TOPIC 3: EVOLUTION OF MANAGEMENT

Sub-topics:

- Scientific management (Taylorism)
- Fordism
- Bureaucratic rationality
- Anomie
- Hawthorne Studies
- Human relation

Examinable Readings:

- Gillies, J (ed.) 2014, ch. 2, pp. 44-47 and 50-53.
- Roethlisberger, FJ 1941, *Management and Morale*, Harvard University Press, Cambridge, Mass., pp. 7-26.

Revision Questions:

1. Identify and discuss briefly the key ideas of Frederick Taylor:

Setting standards	Develop a science for each element of an individual's work with standardised work implements and efficient methods for all to follow.
First-class man	Scientifically select workers with skills and abilities that match each job and train them in the most efficient ways to accomplish tasks.
Mental revolution	Ensure cooperation through incentives and provide the work environment that reinforces optimal work results in a scientific manner.
Functional foreman	Divide responsibility for managing and working, while supporting individuals in work groups doing what they do best. Some people are more capable of managing, whereas others are better at performing tasks laid out for them.

Taylor's four principles are as follows:

1. Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.
2. Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency.
3. Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working.
4. Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

2. What are the key characteristics of Fordism?

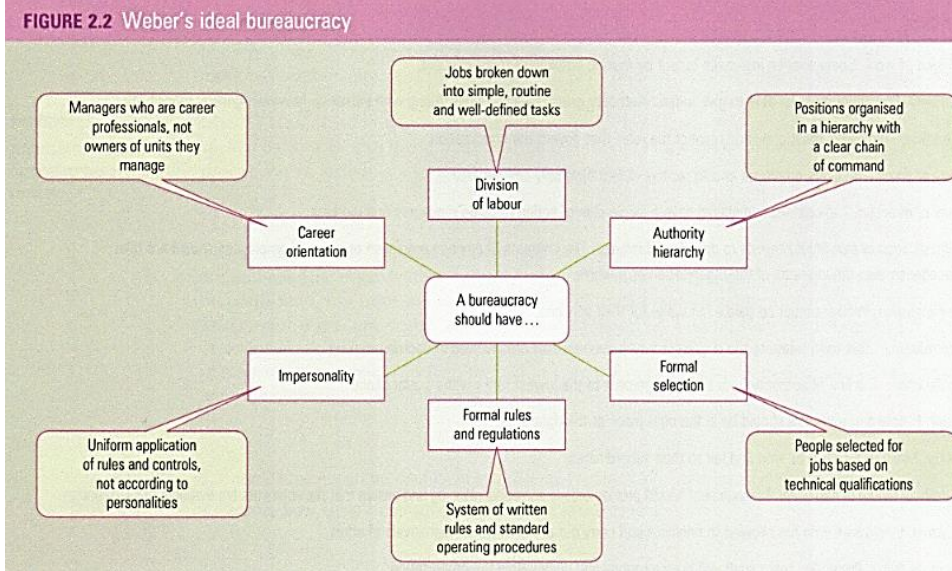
Fordism - A manufacturing philosophy that aims to achieve higher productivity by standardizing the output, using conveyor assembly lines, and breaking the work into small deskilled tasks.

Characteristics	Fordism (pre 1980s)
Production Mode	Mass Production
Organization	Structured (Pyramidal / Top down)
Focus	Supply (Production)
Market Reach	Regional / National
Expansion	Vertical or horizontal integration
Information	Monthly / Weekly
Core Resources	Physical Assets
Value Chains	Discontinuous
Inventories	Months
Production Cycle Time	Weeks / Months
Product Life Cycle	Years
Quality	Affordable Best

3. What did Max Weber mean by bureaucracy? What are its key characteristics?

- **Bureaucracy** – A form of organisation characterised by division of labour, a clearly defined hierarchy, detailed rules and regulations and impersonal relationships.

- He intended it as a basis for theorising about work and how work could be done in large groups



4. What did Elton Mayo mean by *anomie*? How did he think it might be overcome? Provide some contemporary examples.

- Elton Mayo (1933) developed an explanation based on anomie
- He believed that employees experienced “pessimistic reveries” – negative thoughts
- The interviews had a cathartic effect on the employees –workers liked being talked to
- He concluded that considerate supervision was a significant factor in employee productivity

Mayo claimed that managers needed better social and human skills:

- ➔ Managers need better social skills – managers that think the only thing that motivates their staff is money are not managing them because they don’t understand their workforce
- ➔ Authority had to be based on securing co-operation – motivate and co-operate with employees by doing things that they like doing.
 - managers needed to focus more on building group integrity and solidarity
 - first-line supervisors were particularly important in terms of maintaining good worker-management relations

5. Identify three findings from the Hawthorne studies

- **Hawthorne studies** – a series of studies during the 1920s and 1930s that provided new insights into individual and group behaviour
- **Findings:**
 - 1924 Western Electric engineers**
 - As the level of light was increased in the experimental group, output for both groups increased
 - As the light level was decreased in the experimental group, productivity continued to increase in both groups.
 - A productivity decrease was observed in the experimental group *only* when the level of light was reduced that to of a moonlit night.

Engineers concluded that illumination intensity was not directly related to group productivity and that something else must have contributed to the results.

1927 Elton Mayo

- The pay incentive plan has less effect on a worker’s output than did group pressure, acceptance and the accompanying security.

Researchers concluded that social norms or group standards were the key determinants of individual work behaviour.

Mayo concluded that:

- People’s behaviour and attitudes are closely related
- That group factors significantly affect individual behaviour
- That group standards establish individual worker output
- That money is less a factor in determining output than group standards, group attitudes and security.

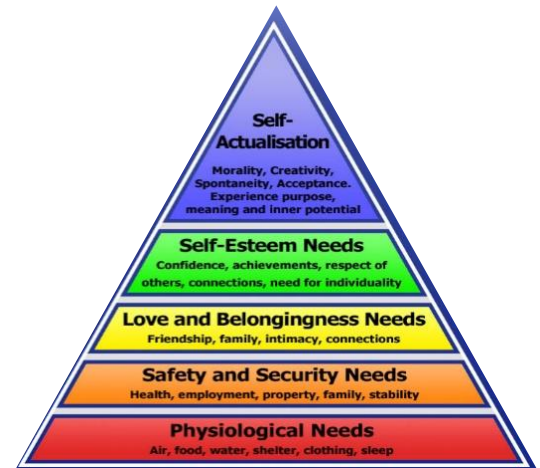
TOPIC 4: HUMANISING THE ORGANISATION

1. Describe Abraham Maslow's hierarchy of needs.

Maslow's Hierarchy of Needs suggests that employees have 5 levels of needs, which can be arranged according to their importance in a hierarchy, where lower needs must be satisfied before an individual can move to the next level of needs.

As each level is sufficiently satisfied we are then motivated to satisfy the next level in the hierarchy.

- If the needs of employees are unfulfilled, an organisation should expect both increased staff turnover and decreased productivity.
- Lower order needs tend to not increase job satisfaction, but rather tend to prevent dissatisfaction.



2. What are some of the benefits of job enrichment?

- When an employee's level of responsibility increases, they get the opportunity to try new tasks, it's inevitable that she will **learn new skills**.
- Job enrichment adds variety to employees' duties, which can **reduce their workplace boredom**.
- **Receive recognition**
- When employees feel like they're trusted with greater responsibilities at a company, their level of **motivation increases**.

How could it be 'misused' by managers?

Lack of Training

When employees are given a greater depth of tasks through job enrichment, they may not be skilled or experienced in the new tasks they're asked to perform. The lack of training may be a disadvantage for employees and employers, and lead to problems such as lower productivity.

Increase Workload

A primary disadvantage of job enrichment is an increase in an employee's workload. While some employees may be able to immediately re-prioritize their time and tasks, some may initially experience difficulties getting adjusted with their new responsibilities. The increase in work can cause employees to get frustrated, burned out and lower their overall productivity.

Poor Performance

Some employees excel in job enrichment, while others perform poorly, due to lack of training, lack of interest or lack of clarity about their new tasks. Poor performance can cause employees to feel a sense of incompetence or as if they've been beaten down. Poor performance can also cause employees to get stripped of their new responsibilities, which can cause embarrassment.

3. What are the differences between "hygiene factors" and "motivation factors" according to Herzberg?

Herzberg's Two-Factor Theory suggests that satisfaction and dissatisfaction are caused by separate sets of factors: **hygiene factors** (which prevent dissatisfaction) and **motivation factors** (which increase satisfaction)

Motivational factors - Motivators	Maintenance Factors – Hygiene Factors
<ul style="list-style-type: none"> • achievement • the work itself • recognition • responsibility • opportunities for advancement 	<ul style="list-style-type: none"> • pay • job security • working conditions • interpersonal relations in the workplace • organisational rules and policies
<ul style="list-style-type: none"> - Motivation factors are factors that lead to job satisfaction and worker motivation. 	<ul style="list-style-type: none"> - Hygiene factors are the environment in which people work and do not increase satisfaction. - Maintenance factors are not motivators but factors to ensure that no dissatisfaction exists.

- Herzberg argued that job satisfaction and motivation at work only occur through the provision of motivation factors – he argued that meeting hygiene needs only results in a neutral state.
- Hygiene factors are extrinsic (external) and relate to the first 2 levels of Maslow's Hierarchy. Motivation factors are intrinsic (internal) and relate levels 3, 4 and 5 on Maslow's Hierarchy.

4. How might organisations have a negative influence on employees' personal development according to Argyris?

Personality clashes with the necessities of bureaucratic rationality

- People being trapped in their jobs at a psychological level - they are never allowed to grow as individuals and this affects their personalities
- Hierarchical structures in an organisation encourage employees to be passive
- High levels of bureaucratic control create dependence in employees – they are always waiting to be told what to do by the manager
- Average person will only behave in few ways if all of their job is defined for them to the level of Taylorism

Passive	→	Active
dependence	→	Independence
Behave in a few ways	→	Behave in many ways
Erratic shallow interests	→	Deeper and stronger interests
Short time perspective	→	Long-time perspective
Subordinate position	→	Equal or superordinate position
Lack of self-awareness of self	→	Awareness and control over self

5. Discuss the ramifications of Theory X and Theory Y on management style.

Douglas McGregor further developed the needs concept of Maslow and specifically applied it to the workplace. McGregor maintained that every manager made assumptions about their employees and adopted a management approach based upon these assumptions. He maintained there were two main categories and that managers adopted one or the other.

The first category, which he termed **Theory X**, he maintained was the dominant management approach and assumed:

- the average human being has an inherent dislike of work and will avoid it if possible,
- because of this most people needed to be coerced, controlled, directed and threatened with punishment to get them to put adequate effort into the achievement of organisational objectives, and
- The average person prefers to be directed, wishes to avoid responsibility, has very little ambition and wants security above all else.

→ **Ramifications** - Managers being too controlling, not really a chance for workers to self-motivate, Uninterested in work and Create a management style that is authoritarian, workers need constant supervision

McGregor maintains that the application of this approach, as well as misunderstanding the real needs of employees, creates a self-fulfilling outcome because it forces people to become like this—they have no alternative.

McGregor proposed an alternative set of assumptions which he called **Theory Y**. The assumptions here are virtually the opposite to Theory X. They are:

- Work is as natural as play or rest.
- External control and threat of punishment are not the only means of bringing about effort towards organisational objectives. People will exercise self-direction and self-control towards the achievement of objectives they are committed to.
- Commitment to objectives is a function of the rewards associated with their achievement.
- The average person learns under proper conditions to not only accept responsibility but also seek it.
- The ability to seek and develop innovative problem solving approaches is widely, not narrowly distributed across the whole population.
- In most work organisations the abilities of most employees is only partially utilised.

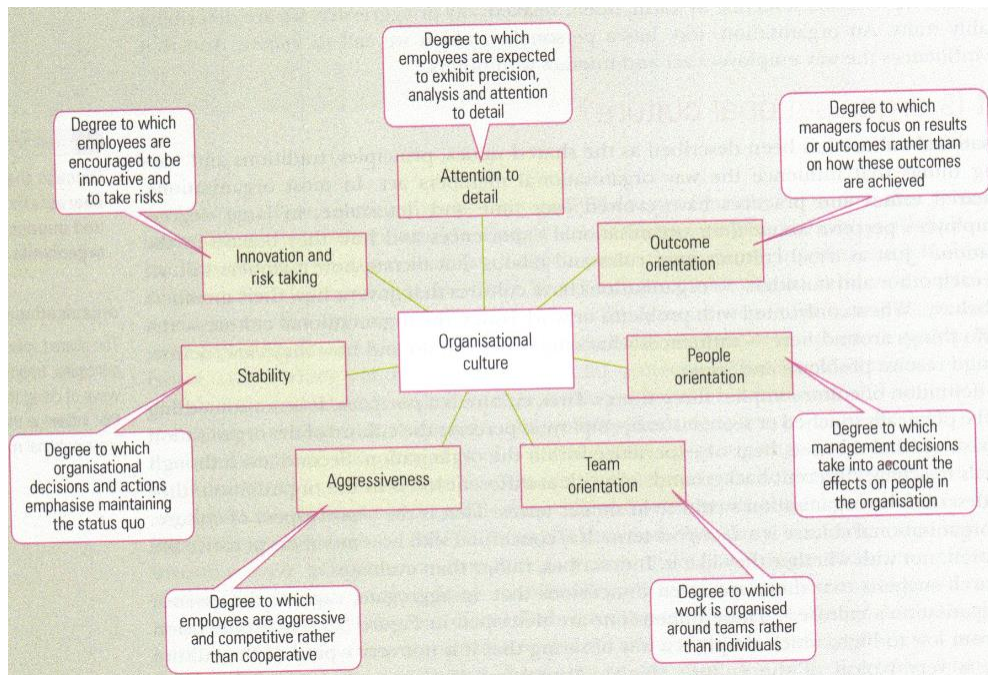
→ **Ramifications** - Employees are intelligent, Self-motivated, Creative and Seek responsibility.

McGregor advocated that the application of Theory Y, would not only meet the needs of the organisation but also those of the employee. He believed that Theory X at best only met Maslow's Deficiency needs, whilst Theory Y also met the Growth Needs. You would thus have more motivated employees if you adopted Theory Y.

6. In what ways do managers influence an organisation's culture?

Organisational culture – the shared values, principles, traditions and ways of doing things that influence the way organisational members act.

Dimensions of organisational culture:



Examples of managerial decision affected by culture	
PLANNING	LEADING
<ul style="list-style-type: none"> The degree of risk that plans should contain 	<ul style="list-style-type: none"> The degree to which managers are concerned with increasing employee job satisfaction
<ul style="list-style-type: none"> Whether plans should be developed by individuals or teams 	<ul style="list-style-type: none"> What leadership styles are appropriate
<ul style="list-style-type: none"> The degree of environmental scanning in which management will engage 	<ul style="list-style-type: none"> Whether all disagreements – even constructive ones – should be eliminated.
ORGANISING	CONTROLLING
<ul style="list-style-type: none"> How much autonomy should be designed into employees jobs 	<ul style="list-style-type: none"> Whether to impose external controls or to allow employees to control their own actions.
<ul style="list-style-type: none"> Whether tasks should be done by individuals or in teams 	<ul style="list-style-type: none"> What criteria should be emphasised in employee performance evaluations
<ul style="list-style-type: none"> The degree to which department managers interact with each other 	<ul style="list-style-type: none"> What repercussions will occur from exceeding one's budget

7. Is there an 'ideal' type of organisational culture?

String versus weak organisational cultures	
STRONG CULTURES	WEAK CULTURES
<ul style="list-style-type: none"> Values widely shared 	<ul style="list-style-type: none"> Values limited to a few people – usually top management
<ul style="list-style-type: none"> Culture conveys consistent messages about what is important 	<ul style="list-style-type: none"> Culture sends contradictory messages about what is important
<ul style="list-style-type: none"> Most employees can tell stories about company history/heroes 	<ul style="list-style-type: none"> Employees have little knowledge of company history or heroes
<ul style="list-style-type: none"> Employees strongly identify with culture 	<ul style="list-style-type: none"> Employees have little identification with culture
<ul style="list-style-type: none"> Strong connection between shared values and behaviours 	<ul style="list-style-type: none"> Little connection between shared values and behaviours.

- There can be many cultures in an organisation (main and sub culture)
- Strong culture can be constraining and find it difficult to adopt a changing environment.
- There is an 'ideal' type of organisational culture however every organisations 'idealness' is different

TOPIC 5: POWER AND AUTHORITY

Sub-topics:

- Agency and control
- Authority and conflict
- Sources of power
- Power failure
- Power as a motivator

Revision Questions:

1. Control in organisations is seen from different perspectives – briefly compare Fayol, Taylor, Pfeffer etc

Comparison between Taylor and Fayol Theory of Management:

Similarity

- Both of them felt the universality of management.
- Both applied scientific methods to the problems of management.
- Both observed the importance of personnel and its management at all levels.
- Both wanted to improve the management practices.
- Both of them developed their ideas through practical experience.
- Both of them explained their ideas through their books.
- Both of them stressed mutual co-operation between employers and employees.

Differences:

- Taylor laid his attention on the problems of shop floor while Fayol concentrated on the functions of managers at top level.
- Taylor worked from the bottom of the industrial hierarchy upwards, while Fayol focussed on the chief executive and worked downwards.
- The main aim of Taylor was to enhance productivity of labour and eliminate wastages. Fayol tried to develop a universal theory of management.
- Taylor called his philosophy of work as ‘Scientific Management’ whereas Fayol expressed his work as ‘General Theory of Administration’.
- Taylor is known as father of Scientific Management and Fayol as the father of Principles of Management.
- Taylor’s philosophy has undergone a big change under the influences of modern developments, but Fayol’s principles of management have stood the test of time and are well accepted even in the present days.
- Fayol looks to the management in the wider perspective as compared to Taylor.

2. Describe Chester Barnard’s acceptance theory of managerial authority.

Chester Barnard 1930s

- Actual manager who thought organisations were social systems that required cooperation
- Believed manager’s job was to communicate and stimulate employees high levels of effort
- First to argue that organisations were open systems.

Acceptance theory of authority (Barnard 1938):

- A communication must be “accepted” by a member of an organisation – need to have respected authority
- Individuals consent to authority if they
 1. believe that the order is consistent with the organisation’s purpose and
 2. are compatible with their personal interests as a whole

3. What did Mary Follett mean by “power-with”, and how relevant is it in contemporary organisations?

Mary Follett early 1900s

- One of the first to recognise that organisations could be viewed from perspective of individual and group behaviour.
- Proposed more people-oriented ideas rather than scientific management theories.
- Thought organisations should be based on group ethic.
-

Integration (Follett 1924)

- Mary saw integration as people working together without fighting with each other (major issue within organisation – power issues)
- Solutions should be acceptable to all parties – how to resolve conflict
- Co-action (“power-with” – working together with someone to get the best possible outcome) should replace coercion (“power-over” – trying to win and have a loser)
- Authority should be based on knowledge, not will
- “Law of the situation” – get the best possible outcome by attempting to create a win/win situation

A contemporary example:

- One worker may want a window open and another may not

4. What are the key sources of personal power according to French and Raven

Power

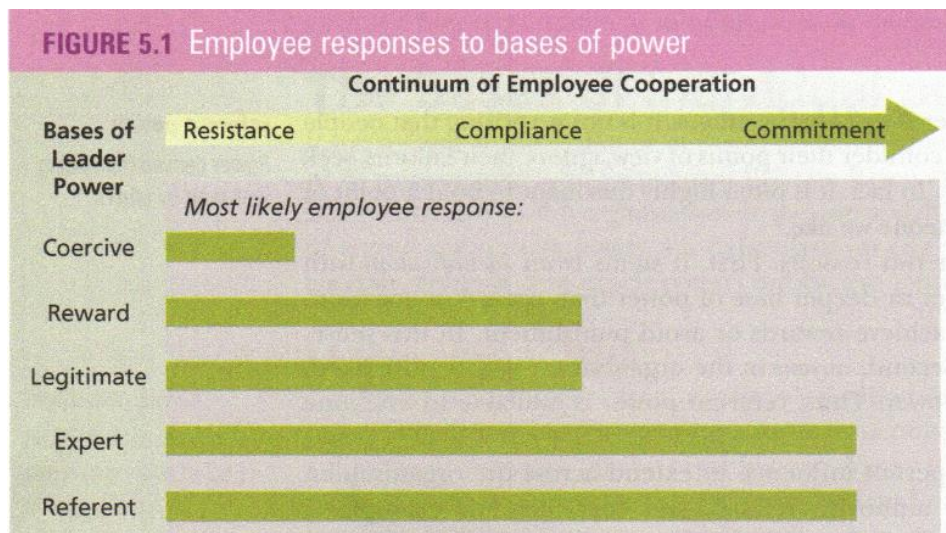
- Power is consequent on the *position* someone occupies in an organisation and the *resources* that they are able to command.
- the capacity to influence others who are in state of dependence

French and Raven (1959) describe five bases of power:

	Definitions
Legitimate power	Power derived from a person's position or job in an organisation
Reward power	Power derived from the ability to provide positive outcomes and prevent negative outcomes
Coercive power	Power derived from the use of punishment and threat
Referent power	Power derived from being well liked by others
Expert power	Power derived from having special information or expertise that is valued by an organisation.

What are employees' likely responses to each?

Coercive Power	Coercion is likely to produce resistance and lack of cooperation
Legitimate power and Reward power	Legitimate power and reward power are likely to produce compliance with the boss's wishes.
Referent and Expert power	Referent and Expert power are most likely to generate true commitment and enthusiasm for the manager's agenda.



5. From Kanter's perspective, what are some of the key reasons for "power failure" and resistance in organisations?

Position	Symptoms
first-line supervisors	<ul style="list-style-type: none"> • Close supervision • Do it oneself, blocking subordinates' development and information. • Resistant subordinates
Staff professionals	<ul style="list-style-type: none"> • Turf protection, information control • Conservatism, resistance to change
Top executives	<ul style="list-style-type: none"> • Short-term focus • Top-down communications • Nepotism; retreat to the comfort of like-minded colleagues/lieutenants

6. Kanter suggests that some activities are "righter" than others for obtaining power; think of some organisational examples.

According to Kanter, some activities are 'righter' than others for obtaining power. She argues that activities lead to power when they are **extraordinary**, highly **visible**, and especially **relevant** to the solution of organisational problems.

Extraordinary activities examples:

- Consider the manager who established and directs a new customer service program. This is a risky, major change that involves the occupancy of a new position. If successful, the manager should acquire substantial power.

7. There are individual differences in the extent to which people need, pursue and enjoy power. What does McClelland mean by “n Pow”?

n Power is the need to have strong influence over others. This need is a reliable personality characteristic – some people have more n Power than others. Also, just as many women have high n Power as men. People who are high in n Power in its ‘pure’ form conform to the negative stereotype depicted above – they are rude, sexually exploitative, abuse alcohol, and show a great concern with status symbols. However, when n Power is responsible and controlled, these negative properties are not observed.

Specifically, McClelland argues that the most effective managers:

- Have high n Power
- Use their power to achieve organisational goals
- Adopt a participative or ‘coaching’ leadership style; and
- Are relatively unconcerned with how much others like them

McClelland calls such managers *institutional managers* because they use their power for the good of the institution rather than for self-aggrandisement. They refrain from coercive leadership and do not play favourites, since they are not worried about being well liked. His research reveals that institutional managers are more effective than *personal power managers* (who use their power for personal gain) and *affiliative managers* (who are more concerned about being liked than with exercising power). Figure 5.3 shows that institutional managers are generally superior in giving subordinates a sense of responsibility, clarifying organisational priorities, and instilling team spirit.

8. Provide examples of types of resistance. What might be their advantages and disadvantages in organisations?

- **Refusal**
 - Worker go on strike
 - Joining the union
 - Resist internally – don’t do their jobs properly
- **Voice**
 - Workers complain - can be done in staff surveys, can go to the press and complain, tell people not to work in the particular organisation
 - Go to union representatives
- **Escape**
 - Employees disconnect completely from the organisation
- **Creativity**
 - Employees treat management with disrespect
 - Play practical jokes on each other

TOPIC 6: STRATEGY AND STRUCTURE

1. Define “business strategy”.

- What it is you want to do and how you intend to do it

2. What did Peter Drucker mean by “Management By Objectives?”

- Drucker (1954): “Management by objectives and self-control”

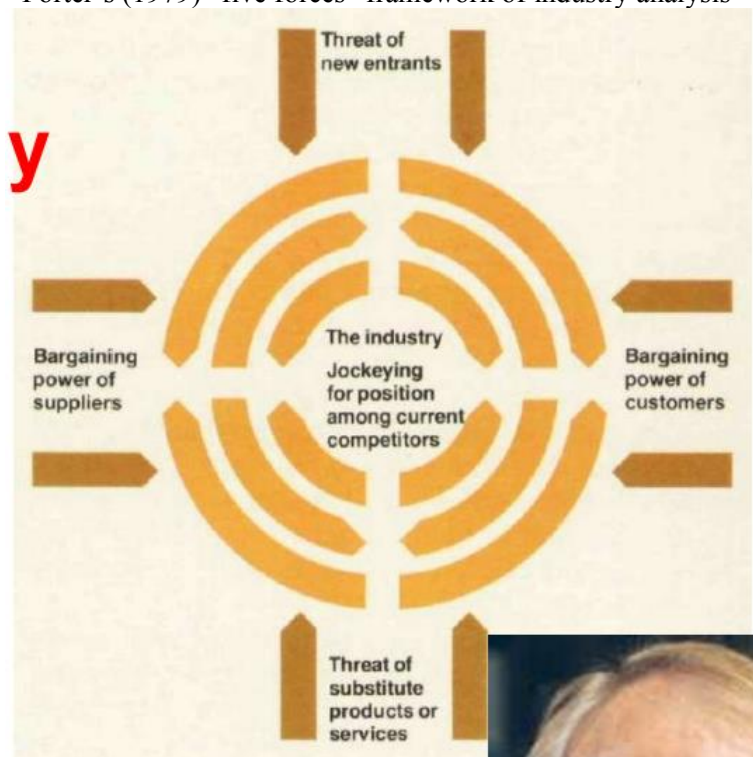
Management by objectives – rather than somebody be watching over you all the time (micromanaging), instead you agree with your manager about what it is you’re going to do and what kind of outcome/ outcomes they will see to demonstrate that you are doing that.

- Nowadays called key performance indicators
These demonstrate whether or not employees have met their objectives.

- Multi-form structure
- Decentralised decision-making

3. How did Michael Porter think that a company might obtain a competitive advantage?

- Porter’s (1979) “five forces” framework of industry analysis



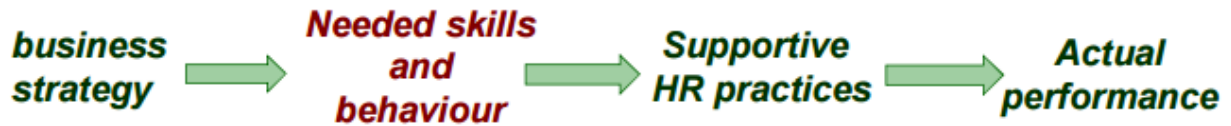
- Porter’s (1980) three generic strategies:

- Cost leadership
- Differentiation
- Focus

4. What are the key elements of strategic human resource management?

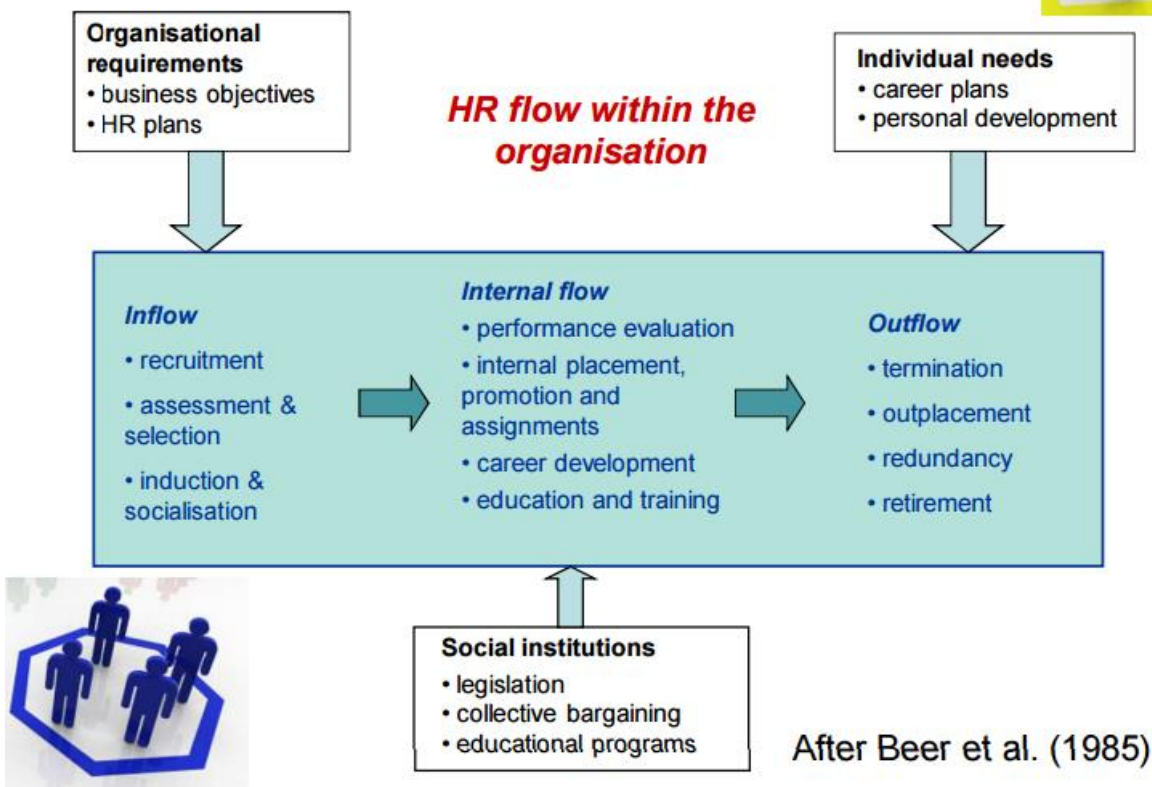
- Integration of HR policies with business strategy
- Overall consistency in approach to management of people
- Crucial role for line managers
- Focus on organisational commitment and common values
- Shift from management-union relations to individual relationship with employees

5. Describe how human resource managers may contribute to the success of an organisation.



- Motivation – continually motivate employees
- Ability – ensure employees have the right abilities to complete tasks
- Opportunity – provide employees with opportunity
- Work systems – have right work systems in place to allow people to do the right thing
- Employee voice – give employees voice/get them involved in decisions
- Organisational culture

HRM functions in context



After Beer et al. (1985)

Strong HRM systems

- Distinctiveness: the features of the HRM system that capture the attention of staff and arouse interest in the goals
 - Visibility
 - Understandability
 - Legitimacy
 - Relevance
- Consistency: how the HRM message is encoded and interpreted
 - Instrumentality
 - Validity
- Consensus: agreement among decision makers and employees on the perception of cause and effect relationship
 - Sense of Fairness and Justice – distributive (equity), procedural (transparency) and interactional (respectful)

6. Describe different organisation structures (e.g. Mintzberg and Handy), and how they may relate to strategy.

Mintzberg on structure:

- Simple structure
 - the basic entrepreneurial or “flat” structure
- Machine bureaucracy
 - the traditional form for large companies
- Professional bureaucracy
 - Universities, finance companies etc.
- Divisionalised form
 - diversified companies
- Adhocracy
 - Consultancies

Handy’s (1978) four types:

- power
- role
- task
- person

7. What did Handy mean by “the flexible firm”?

The flexible firm

- Handy (1989)



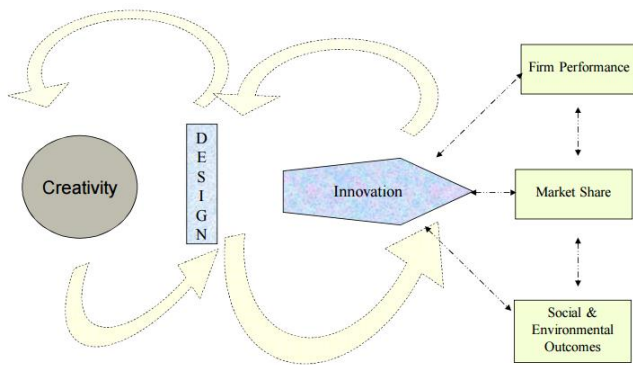
Diagram source: Magnum and Magnum (1986, p. 14)

8. How may labour flexibility affect workers and work?

“the flexible labour markets forged by the older generation of politicians and commercial interests condemn most youth to spending years in the precariat” (Standing 2011, p. 66)

9. It is said that “structure follows strategy”. Are there circumstances where this would not be the case?

- Know what it is you are going to do and how you are going to do it
- Then think about what structures you are going to use

1. How does creativity influence entrepreneurship and innovation?**Creativity and Innovation****Creativity**

- imagination, developing a way of thinking
- The generation of new ways of thinking and looking at things

Innovation

- All about the exploitation from generation to being able to exploit new ideas and new ways of doing things.

Design

- Helps link creativity and innovation
- The deployment of creativity with a specific end/objective in mind

2. Describe the purpose of a business plan.

An exercise that addresses the question:

Is this a viable business concept, opportunity, or venture?

Will it work?

- Feasibility analysis examines methods of realizing a business concept or opportunity. This then becomes the basis for the business plan.
- If the feasibility analysis is not promising, then entrepreneurs might modify identified deficiencies, explore alternatives, or abandon the idea.

➔ A business plan serves as your blueprint for how you will operate your business. While you need to have a business plan to seek investors or get a loan for your company, the plan is actually for your benefit. It provides a step-by-step guide as you start your a new business or grow your current company, and it directs every decision you make going forward.

3. What factors typify (symbolise) Fast Growth SMEs?

- Tend to be leaders
- Competitive
- Want to be number 1
- Market themselves very well
- Want to grow fast so they can potentially list on the exchange
- Tend to have a particular culture – very customer focused/ know their customers very well
- Have a learning orientation – take risks and are proactive
- Take a strategic focus

4. How can a firm encourage the development of an entrepreneurial culture?

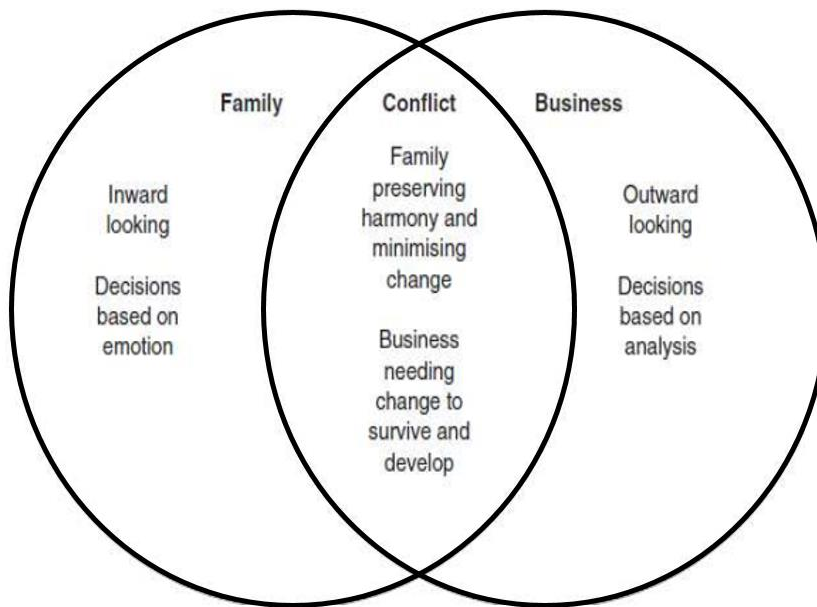
The entrepreneurial behaviour of people within large organisations

Renewal and creativity processes that produce incremental or radical innovation leading to the development of new ventures within existing organisations.

Main challenges:

1. Difficulties implementing change due to organisational rigidity
2. Managing creativity and innovation requires different culture (autonomy, divergent thinking and risk taking) than managing day-to-day operations.

5. What particular considerations should be taking into account in family businesses?



- Family business's tend invest their money going back into the company
- People are laid less
- Dividends tend to be smaller because the money goes back into developing the company

6. What is the purpose of social entrepreneurship?

Social entrepreneurship (enterprises created for social purposes or involving a social mission)

- Businesses that are established for the good of the environment/good of the community/disadvantaged populations within communities

TOPIC 8: GLOBALISATION (CHAPTER 4)

1. Describe the role of the following key institutions in the global economy:

The World Trade Organisation	A global organisation of 153 countries that deals with the rules of trade among nations.
The International Monetary Fund	An organisation of 185 countries that promotes international monetary cooperation and provides advice, loans and technical assistance.
The World Bank	A group of five closely associated institutions that provides financial and technical assistance to developing countries.
The OECD	An international economic organisation that helps its 30 member countries achieve sustainable economic growth and employment.

2. What are the key entry mechanisms available to a firm entering a foreign market?

Global sourcing	Purchasing materials or labor from around the world whenever it is cheapest
Exporting	Making products domestically and selling them overseas
Importing	Acquiring products made overseas and selling them domestically
Licensing	One organisation gives another organisation the right to make or sell its products using its technology or product specifications
franchising	An organisation gives another organisation the right to use its name and operating methods
Strategic alliances	Partnerships between an organisation and a foreign company partners(s) in which both share resources and knowledge in developing new products or building production facilities.
Joint venture	A specific type of strategic alliance in which the partners agree to separate, independent organisation for some business purpose.
Foreign subsidiary	Directly investing in a foreign country by setting up a separate and independent production facility or office.

3. How may PESTEL factors influence globalisation? Page 83

Describe the six factors in an organisation's general environment:

- The external environment include those factors and forces outside the organisation that affect its performance. The main components include economic, demographic, political/legal, sociocultural, technological and global. Managers face constraints and challenges from these components because of the impact they have on jobs and employment, environmental uncertainty, and stakeholder relationships.

Political	<ul style="list-style-type: none"> Managers should be aware of the major political changes in the various countries in which they operate, because these political conditions can influence their decisions and actions.
Economic	<ul style="list-style-type: none"> Interest rates, inflation, changes in disposable income, share market fluctuations, and the stage of general business cycle are some of the economic factors in the general environment that can affect management practices in an organisation. The global manager must be aware of economic issues when doing business in other countries They need to understand the type of economic system under which the country operates. (Free market economy – an economic system in which resources are primarily owned and controlled by the private sector or Planned economy – an economic system in which all economic decisions are planned by a central government.) Other economic issues a manager might need to understand include currency exchange rates, inflation rates and diverse taxation policies. Managers need to monitor inflation trends so that they can anticipate any possible changes in a country's monetary policies and make good business decisions regarding purchasing and pricing. Diverse taxation policies are a major worry for a global manager. Managers need accurate information on tax rules in order to minimise their business's overall tax obligation.
Social	<ul style="list-style-type: none"> Manager must adapt their practices to the changing expectations of the society in which they operate. National culture – the values and attitudes shared by individuals from a specific country that shape their behavior and beliefs about what is important. As societal values, customs and tastes change, managers must also change. If an organisation does business in other countries, managers need to be familiar with those countries values and cultures and manage in ways that recognise and embrace those specific sociocultural aspects.

	<ul style="list-style-type: none"> Other sociocultural changes that have been identified include: <ul style="list-style-type: none"> The increasing concerns about global warming and greenhouse gas emissions Pursuit of healthy lifestyles Increasing fear of crime and violence Increasing dependence on technology <p>Each of these many pose a potential constraint on manager's decisions and actions.</p>
Technological	<ul style="list-style-type: none"> Adapting to major technological advances – gain a competitive edge over those that do not
Ecological	
Legal factors	<ul style="list-style-type: none"> Managers in a global organisation must stay informed of the specific laws of the countries where they do business Managers must also be aware that laws on issues such as industrial spying, restraint of trade, working conditions, payment of bribes, the right of privacy and the rights of workers differ between nations.

4. What are some of the key cultural issues that managers may face in an MNC?

- Labour standards
- Human rights
- Worker health and safety
- Environmental responsibilities

Describe some current issues in organisational culture:

The content and strength of an organisation's culture influence the behavior of its members. An organisational culture most likely to shape high ethical standards is one that is high risk in tolerance, low to moderate in aggressiveness, and focuses on means as well as outcomes. The characteristics of an innovative culture are challenge and involvement, freedom, trust and openness, idea time, playfulness/humor, conflict resolution, debates and risk taking. A customer-responsive culture has five characteristics: Outgoing and friendly employees who are conscientious in their desire to please the customer. A culture that embraces sustainability in high on top management support and the use of metrics to measure the organisation's performance in relation to sustainability initiatives. Workplace spirituality is important because employees are looking for a counterbalance to the stresses and pressure of a turbulent pace of life; for involvement and connection that they often do not find in contemporary lifestyles; for something meaningful in their lives; and because of the failure of organised religion to meet the needs of some.

5. What are some of the recent trends impacting on the growth of international trade?

- Labour standards
- Human rights
- Worker health and safety
- Environmental responsibilities

TOPIC 9: Cultures of Consumption

1. What is the difference between “liberalism” and “neo-liberalism”?

- Liberalism is a political ideology that believes in liberty and freedom.
- Liberalism in economic field refers to policies that meant to encourage entrepreneurship by removing government control and interference.
- Neo liberalism is a term that was coined 25 years ago to refer to a process that was set in motion to expedite economic liberalization in the world to increase international trade and commerce.
- Liberalism can refer to progression and freedom in any sphere of life such as politics, religion or economics.
- Neo liberalism mainly refers to new policies of liberal economy that were introduced to speed up process of globalization in late eighties and early nineties.

2. Describe the key facts of Fordism.

Fordism, a specific stage of economic development in the 20th century. Fordism is a term widely used to describe

- 1) the system of mass production that was pioneered in the early 20th century by the Ford Motor Company or
- 2) The typical postwar mode of economic growth and its associated political and social order in advanced capitalism.

- Mass production
- Mass consumption
- Multinational corporations

3. What is the “proper purpose” of a business?

The company → profits → shareholders

- The ‘proper purpose’ of a business is to generate/Produce profits (for shareholders)

4. What is Corporate Social Responsibility?

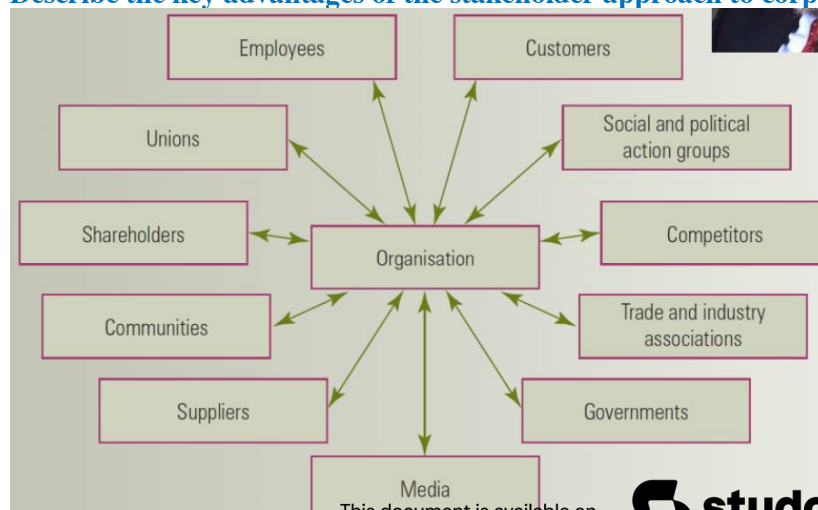
Corporate Social responsibility (CSR) - a form of corporate self-regulation that builds sustainability and public interest into business decision making and activities.

Corporate Social responsibility (CSR) is a form of corporate self-regulation that build sustainability and public interest into business decision-making activities. Corporate Social responsibility has a long history, with its roots in philanthropy. At its best, CSR is the smart thing to do in terms of the bottom line and the right thing to do in terms of stakeholders. This is why corporations such as Johnson & Johnson have found that it makes financial sense to embrace CSR.

What does it have to do with the “social license” of business?

- Higher levels of education and awareness in the post-industrial societies (Bell 1973)
- Corporate Social Responsibility (Carroll 1979)
- Consumer and environmental protection legislation

5. Describe the key advantages of the stakeholder approach to corporate strategy.



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6. How may the notion of sustainability, in particular, considering the “three pillars” approach, affect contemporary management practice?

Sustainability – the process of meeting present needs without compromising the ability of future generations to meet their needs

Environmental sustainability - the prevention of environmental resources and biodiversity, creation of sustainable access to safe drinking water, and enhancement of quality of life among the most impoverished.

Social sustainability - the improvement of daily life for the greatest number of people through improving fair income distribution; promoting gender equality; ensuring equal access to land ownership, employment and education; investing in basic health and education; and enlisting the participation of beneficiaries.

Economic sustainability – an economy’s capacity to regularly produce outcomes consistent with long-term economic development.

What is sustainability?

Sustainability is the ability of current generations to meet their needs without compromising the ability of future generations to do the same. This is not a new concept; in fact, many tribal peoples practice sustainability for thousands of years and some of these tribes continue to exist today. However in today’s world, climate change, lapses in business ethics and global economic crisis put people all over the planet at risk. Therefore, curbing trends related to things like global warming and questionable business practices is no longer the responsibility of just corporations and governments, but of each and every responsible citizen.

What are the three pillars of sustainability?

According to the United Nations, the three pillars of sustainability are environment sustainability, social sustainability and economic sustainability. Each of these pillars has a major impact on organisations, communities and the people of the world. The Bhopal disaster of 1984 is one devastating example of business practices that failed to support sustainability, and the aftermath of the event continues to affect many people. More and more companies are attending to issues of sustainability to avoid such disasters, and some companies are even being recognised through tracking projects such as Global 100 most sustainable corporations.

1. How do managers use systems to control employee behaviour? P.54

System – a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

Closed systems – systems that are not influenced by and do not interact with their environment

Open systems – systems that interact with their environment

2. Describe the three major principles of General Systems Theory.

General systems theory has three basic principles:

- Study the whole organism/system
- Organisms/human systems seek equilibrium (balance)
- All systems are open

3. What is a “learning organisation”?

A learning organization is the term given to a company that facilitates the learning of its members and continuously transforms itself.

Learning organizations develop as a result of the pressures facing modern organizations and enables them to remain competitive in the business environment.

A learning organization has five main features;

- systems thinking,
- personal mastery,
- mental models,
- shared vision
- and team learning.

4. Identify and discuss the main Japanese contributions to management thought.

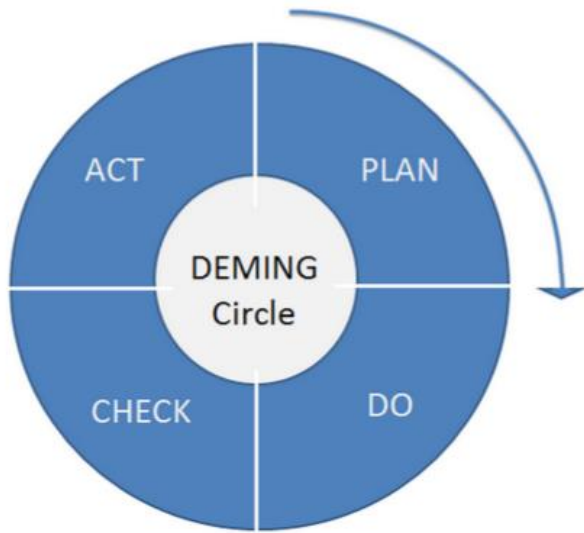
- Japanese companies were producing very high quality
- Anything Japanese became a real fad in business
- TQM – developed in Japan
- Japanese men listened to Edward Deming and cracked quality control
- Brought in two main ideas - ishikawa brought in **quality circles** (constantly looking for improvements)
- **Kaizen “continuous improvement”** (Imai 1986)
- **Focuses on quality as well as production**
- They applied systems thinking to assist quality control

5. What are some of the key elements of Total Quality Management (TQM)? P.49

Total Quality Management (TQM) – a philosophy of management driven by continual improvement and responding to customer needs and expectations.

What is quality management?
1. Intense focus on the customer . The customer includes not only outsiders who buy the organisation’s products or services, but also international customers who interact with and serve others in the organisation.
2. Concern for continual improvement - quality management is a commitment to never being satisfied. ‘Very good’ is not good enough. Quality can always be improved.
3. Process focused - Quality management focuses on work processes as the quality of goods and services is continually improved.
4. Improvement in the quality of everything the organisation does. Quality management uses a very broad definition of quality. It relates not only to the final product, but also to how the organisation handles deliveries, how rapidly it responds to complaints, how politely the phones are answered, and the like.
5. Accurate measurement . Quality management uses statistical techniques to measure every critical variable in the organisation’s operations. These are compared against standards to identify problems, trace them to their roots and eliminate their causes
6. Empowerment of employees . Quality management involves the people on the line in the improvement process. Teams are widely used in quality management programs as empowerment vehicles for finding and solving problems.

6. What is Deming's "system of profound knowledge"?



- Knowledge of variation
- Use of statistical quality control
- Systems thinking
- Worker psychology – understanding how people think (motivation theories)
- The deming/shewhart cycle

7. What is meant by service management, and how has quality management influenced “customer-facing” jobs recently?

- Increase in the number of “customer-facing” jobs
- Taylorisation of service
- Emotional labour: “the emotional style of offering the service is part of the service itself” (Hochschild 1983, p. 5)
- Rules for the display of emotion are laid down by management

8. Describe “Neo-Taylorism”.

- Efficiency
- Calculability
- Predictability
- Control

Scientific Management, also called **Taylorism**, is a theory of management that **analyzes** and **synthesizes workflows**. Its main objective is improving **economic efficiency**, especially **labor productivity**. It was one of the earliest attempts to **apply science** to the **engineering of processes** and to management.

Its development began with **Frederick Winslow Taylor** in the 1880s and 1890s within the **manufacturing** industries. Its peak of influence came in the 1910s; by the 1920s, it was still influential but had entered into **competition** and **syncretism** with opposing or complementary ideas.

Although scientific management as a distinct theory or school of thought was obsolete by the 1930s, most of its themes are still important parts of **industrial engineering** and management today. These include analysis; synthesis; logic; **rationality**; **empiricism**; **work ethic**; efficiency and **elimination of waste**; **standardization of best practices**; disdain for tradition preserved merely for its own sake or to protect the **social status** of particular workers with particular skill sets; the transformation of **craft production** into **mass production**; and **knowledge transfer** between workers and from workers into tools, processes, and documentation.