

# **BUS 1370**

Principles of Management
Course Guide 2024

# Department *of*Business Administration

**Faculty of Management Studies and Commerce** 

University of Sri Jayewardenepura

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## **Teaching Panel - 2024**

Prof. P.D.H.D. Gunatilaka
Prof. M.D. Pushpakumari
Prof. G.D.V.R. Senadheera
Dr. M.W. Kalyani
Dr. A.L. Kotuwage
Ms. J.S. Senevirathne
Dr. Y. Alahakoon
Ms. L.K.B.M. Jayasekara
Ms. T.P.G.P.C. Alwis
Ms. V.H. Samarasinghe
Mr. M.M.N. Chathuranga
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Ms. P.B.D. Fernando
Mr. M.T.S. Perera
Ms. K.P.B. Karunarathna

## **Course Leader**

Dr. A.L. Kotuwage

## **Course Coordinator**

Ms. V.H. Samarasinghe

## Continuous Assessment Coordinator

Ms. P.B.D. Fernando

## **Design and Cover Page**

Mr. M.T.S. Perera



## **BUS 1370 Principles of Management Course Outline 2024**

## **Department of Business Administration**

## Faculty of Management Studies and Commerce University of Sri Jayewardenepura

Year and	2024			
Semester:	Year I Semester I (Common Programme)			
Course Code:	BUS 1370			
Course Title:	Principles of Management	t		
Core/ Elective:	Core course			
No. of Credits:	03			
Prerequisites:	Not Applicable			
Course Coordinator	Ms. Vidya Samarasinghe	(vidya@sjp.ac.lk)		
Course Leader	Dr. Ayesha Kotuwage (ay	esha.usjp@sjp.ac.lk)		
	Prof. Hemamalie Gunatila	ka		
	Prof. M.D. Pushpakumari			
	Prof. Rupika Senadheera			
	Dr. Kalyani Kariyapperun	na		
	Dr. Ayesha Kotuwage			
	Ms. Jeevani Senevirathne			
	Dr. Yasanthi Alahakoon			
Panel of	Ms. Bhagya Jayasekara			
Lecturers	Ms. Pivindi Alwis Ms. Vidya Samarasinghe			
	Mr. Nirmal Chathuranga			
	Ms. Anuruddika Jayathila	ka		
	Ms. Bhagya Fernando			
	Mr. Tharindu Perera			
	Ms. Pramoda Karunarathr	na		
Notional	Direct Contact Hours	Other Notional Hours	Total	
Hours	75 Hours	75 Hours		
110015	(Teaching and Tutorial		150 Hours	
	Activities)	(Independent Learning)		

Aim/s of the Course:	The aim of the Course is to provide an understanding of basic concepts and theoretical foundations of Management. Developing this foundational knowledge will be beneficial for subsequent study of courses in different Degree Programmes.
Course Description:	This is an elementary course which aims to provide a comprehensive introduction to the key facets of an organisation, its environment, the process of Management and new trends in Business Management. Along with an introduction to the historical evolution of Management, the Course will facilitate participants to gain a basic knowledge of the concepts, models, theoretical foundations of Management, and the role of Management in organisations and society. Thereby, the Course will provide the students with a profound knowledge and management skills and competencies vis-à-vis planning, organising, leading, controlling, organisational decision making while making them socially responsible towards the environment. The knowledge gained through this Course will be beneficial for participants to follow their Degree Programme successfully.
Intended Learning Outcomes of the Course (ILOs)	ILO 01: To identify the nature of Organisation, basic concepts in Management, managerial roles, and different approaches to Management and managerial decision making.  ILO 02: To examine and explore the relationship between Organisation and its environment.  ILO 03: To identify and explain the functions of Management.  ILO 04: To reflect upon the different theoretical underpinnings and explore their current applicability.

	Session	Main Topic/Subtopics	Ref. for readings	Ref. for
		Lesson 01 – Introduction to	· ·	ILOs
Course Specification / Content (Main topics, Sub topics):	Session 01	Organisation and Management Organisation, Classification of Business Organisations, Management, Core concepts in Management, Management functions, Manager, Management skills, Types of managers, Manager roles, Factors which reshape and redefine management,	Course Outline Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). Fundamentals of Management (11th ed.). Chapter 01. Pearson Education Limited. Samson, D., Donnet, T., & Daft, R.L. (2021). Management (7th ed.).	ILO 01

		Challenges faced by managers in 21st century.	Chapter 01. Cengage Learning.	
Sec. 02	ession 2	Lesson 01 continued.		
Sec. 03	ession 3	Lesson 01 continued.		
Se: 04	ession 1	Lesson 01 continued.		
Se: 06	ession	Lesson 02 – Evolution of Management Thought  Early Management, Classical approach, Behavioural approach, Quantitative approach, Contemporary approaches, Innovative management thinking into the future.  Lesson 02 continued.	Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). Fundamentals of Management (11th ed.). Chapter 01. Pearson Education Limited. Samson, D., Donnet, T., & Daft, R.L. (2021). Management (7th ed.). Chapter 02. Cengage	ILO 01 & ILO 04
Sec. 07	ession 7	Lesson 02 continued.	Learning.	
Sec. 08	ession 3	Lesson 03 – Organisation and Its Environment Internal and external environment and its importance, VUCA environment, Stakeholders, Ethics and Corporate Social Responsibility.	Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). Fundamentals of Management (11th ed.). Chapter 04. Pearson Education Limited. Samson, D., Donnet, T., & Daft, R.L. (2021). Management (7th ed.). Chapter 03. Cengage Learning.	ILO 02 & ILO 04
09	ession	Lesson 04 – Managerial Decision Making Types and conditions of decision-making, Decision- making models, Personal decision styles, Group decision making techniques.  Lesson 04 continued.	Samson, D., Donnet, T., & Daft, R.L. (2021).  Management (7th ed.).  Chapter 09. Cengage  Learning.	ILO 01 & ILO 04

Session 11 Session 12	Lesson 05 – The Process of Planning  Define planning, Planning process, Elements of planning, Levels of planning in an Organisation, Types of plans.  Lesson 05 continued.	Griffin, R.W. (2016).  Fundamentals of  Management (8th ed.).  Chapter 03. Cengage  Learning.  Samson, D., Donnet, T.,  & Daft, R.L. (2021).  Management (7th ed.).  Chapter 07. Cengage  Learning.	ILO 01, ILO 03 & ILO 04
	Mid-Semester Ex	amination	
Session 13 Session 14	Lesson 06 – Organising and Organisational Design Define organising, Organising process, Basic elements of organising, Basic forms of organisational design, Contemporary organisational designs.  Lesson 06 continued.	Griffin, R.W. (2016).  Fundamentals of  Management (8th ed.).  Chapter 06. Cengage  Learning.	ILO 01, ILO 02, ILO 03 & ILO 04
Session 15	Lesson 06 continued.		
Session 16	Lesson 06 continued.		
Session 17 Session 18	Lesson 07 – Leading People  Define leadership, Trait approach, Behavioural approach, Contingency approach, Trends in contemporary leadership studies.  Lesson 07 continued.	Samson, D., Donnet, T., & Daft, R.L. (2021).  Management (7th ed.). Chapter 15. Cengage Learning.	ILO 01, ILO 03 & ILO 04
Session 19	Lesson 08 – Motivating People  Define and explain motivation, Theories of motivation, Current issues in motivating people.	Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). Fundamentals of Management (11 <sup>th</sup> ed.).	ILO 01, ILO 03 & ILO 04

Session 20	Lesson 08 continued.	Chapter 11. Pearson Education Limited.	
Session 21 Session	Lesson 09 – Communication in Organisation Role of communication, Barriers to effective communication and overcoming those barriers.	Samson, D., Donnet, T., & Daft, R.L. (2021).  Management (7th ed.).  Chapter 17. Cengage  Learning.	ILO 01, ILO 03 & ILO 04
22	Lesson 09 continued.		
Session 23	Lesson 10 – Organisational Control Importance and purpose of controlling, Process of controlling, Behavioural implications of control and how to overcome them.	Griffin, R.W. (2016).  Fundamentals of  Management (8th ed.).  Chapter 14. Cengage  Learning.	ILO 01, ILO 03 & ILO 04
Session 24	Lesson 10 continued.		
Session 25	Lesson 11 – Alternative Approaches to Management Critically reflect on conventional organisations, Role of alternative Organisations in contemporary society.	Cheney, G., & Munshi, D. (2017). Alternative forms of organization and organizing. In C. Scott, & L. Lewis (Eds.), The international encyclopedia of organizational communication (pp. 59- 67). Wiley-Blackwell.	ILO 01, ILO 03 & ILO 04
Session 26	Lesson 12 – Diversity of/and Management How diversity has challenged thetraditional management practices, Importance of managing diversity in organisations.	Robbins, S.P., & Coulter, M.A. (2021).  Management (15th ed.). Chapter 05. Pearson Education Limited.	ILO 01, ILO 02, ILO 03 & ILO 04
Session 27	Concluding Session - I	N/A	ILO 01, ILO 02, ILO 03 &
Session 28	Concluding Session - II		ILO 03 & ILO 04

With a view of achieving the learning objectives effectively, the Course comprises of Interactive Lecture Sessions (03 Hours per Week). Teaching/learning methods of the Course are mainly informed by direct contact hours with students in a series of lectures which is comprised of twenty-eight (28) classroom sessions. Various student-centred teaching and learning methods, such as interactive discussions, independent learning activities, team-based learning and other small group activities, and problem-based learning, will be used within the classroom sessions in order to achieve the intended learning outcomes of each lesson. The activities performed during the classroom sessions will be treated as the mode of continuous assessment. Therefore, the students' participation for the classroom sessions is compulsory and the attendance is closely monitored. The lecture series is connected to a parallelly run tutorial series which is designed with the intention of providing assistance to the students' learning process.

## **Learning Management System (LMS):**

Teaching-Learning Methods In addition to the Course Guide and the recommended readings of this course, it is essential that students access the available resources in the Learning Management System (LMS). The students can access the LMS via http://lms.mgt.sjp.ac.lk. Learning materials relating to each lesson will be uploaded to the LMS in advance to the respective lecture sessions by the Course Coordinator. Thus, the students are required to visit the LMS and refer to the reading materials and other learning materials before attending the lectures. The username and password to log in to the LMS could be obtained through the respective Course Lecturer.

## **Role of the Students:**

In order to complete this course successfully, the student has to play an active role throughout the Course. It is essential that the students read the relevant lesson of the Course Guide before attending the respective lecture session. However, students must remember that the Course Guide is only a road map. Thus, students should focus on improving their knowledge through multiple sources, including reading and other learning materials uploaded to LMS, knowledge gathered from lectures and tutorial sessions. Reading is one of the foremost keys to progress in this course. Therefore, students are required to read the recommended as well as additional reading materials on regular basis.

	Method	Details	Marks as a %	
Assessment Methods /Details	Continuous Assessments	Group/Individual Activities carried out during the Lecture Series (Further details will be provided during the lecture sessions)	30	
	End Semester Examination		70	
	* Total		100	
	Griffin, R.W. (2016). Ft	undamentals of Management (8th ed.). Ce	engage Learning.	
Recommend	Samson, D., Donnet, T Learning.	C., & Daft, R.L. (2021). Management (	7th ed.). Cengage	
ed Readings	Robbins, S.P., & Coulter, M.A. (2021). <i>Management</i> (15th ed.). Pearson Education Limited.			
	Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). Fundamentals of Management (11th ed.). Pearson Education Limited.			
	Apart from the recommended readings, students should also refer the following			
	additional readings.			
	Alvesson, M., & Wilmott, H. (2012). Making sense of management: A critical introduction. Sage Publishing.			
	Anand, N., & Daft, L.R. (2007). What is the right organization design? Organizational Dynamics, 36(4), 329–344.			
	Bueno, S.J.M., & Gonzalez, S.I. (2010). Towards new organizational forms.  International Journal of Organizational Analysis, 18(3), 340–357.			
	Certo, S.C., & Certo, S.T. (2019). <i>Modern management: Concepts and skills</i> (15th ed.). Pearson Education Limited.			
Additional Readings	Drucker, P. (2010). <i>The Practice of management</i> . Butterworth-Heinemann Elsevier Ltd.			
	Jones, G.R., & George, J.M. (2022). <i>Contemporary management</i> (12th ed.). Tata McGraw-Hill.			
	Stoner, J.A.F., Freeman, R.E., & Gilbert, D.R. (2009). Management. Prentice Hall.			
	To examine contemporary issues relating to the field, the students are encouraged to			
	read the management journals, magazines and newsletters. More specifically, it is			
	recommended that the students get familiarised with the following journals.			
	<ul> <li>Journal of Management Studies</li> </ul>			
	<ul> <li>Harvard Business Review</li> </ul>			
	– Organiza	tion		

## **Attendance Policy**

A student should meet the requirement of 80% attendance for the entire course sessions to sit for the end semester examination.

## **Binding Policy**

If the students are required to submit printed copies of their assignments, they should **avoid** using polythene and plastic for binding as a practice for environment friendliness. **As an alternative, the students can use perfect binding with a hard board back cover**. And the binding should be simple and neat.

## **Plagiarism Policy**

Simply put, Plagiarism is an act of appropriating someone else's idea and/or work by a student as his/her own idea and/or work. In the academic world it is treated as a serious academic misconduct. Therefore, many preventive and corrective actions have been introduced to eradicate plagiarism and related academic misconduct among the students. Adhering to these preventive and corrective actions and the Plagiarism Policy of the Faculty of Management Studies and Commerce, the students are instructed to avoid plagiarism and any act of related academic misconduct when developing your assignments in this course. If the course lecturer/s, the course coordinator and/or the examiner/s detect any act of plagiarism and the related academic misconduct committed by a student/s vis-à-vis any assignment developed by a student/s individually or collectively, in this course the student/s may either lose marks allocated for the assignment (up to 80 per cent) or the student/s may be asked to resubmit the assignment. Any resubmission may earn marks up to 40 per cent of the total marks originally allocated for the assignment.

Course Policies

## **Classroom Discipline**

Proper self-conduct of students is always expected to ensure the smooth functioning of classroom activities. Therefore, the participants are advised not to behave in disruptive manner during the lecturers. Disruptive behaviour includes interruption caused by mobile phones and other electronic devices, chattering, sleeping, and disengagement.

## **Policy on the Students with Special Needs**

By adhering to the policies and standards of the University and the Faculty, the Department provides needed facilities to the students with special needs as and when necessary and applicable.

## **Course Contents**

## Part I – Organisation, Management and Environment

- 1. Introduction to Organisation and Management
- 2. Evolution of Management Thought
- 3. Organisation and Its Environment
- 4. Managerial Decision Making

## **Part II – Management Process**

- 5. The Process of Planning
- 6. Organising and Organisational Design
- 7. Leading People
- 8. Motivating People
- 9. Communication in Organisation
- 10. Organisational Control

## **Part III – New Dimensions in Management**

- 11. Alternative Approaches to Management
- 12. Diversity of/and Management

## **Introduction to Organisation and Management**



#### 1.1 Overview

Management is a broad discipline which integrates knowledge from diverse fields of social science. Thus, understanding management requires a rigorous inquiry on the related fields. In this process of inquiry, a beginner should have a sound knowledge about the fundamentals of the field of management as it facilitates to build a solid foundation to his/her learning process in the broad area of Management.

In the body of the literature, the nature and the scope of management has been identified in a variety of perspectives. Management can be practised in different contexts in our society, including individual, family, organisational, national, and in the international context. However, this Course focuses on management in the organisational context.

An organisation can be identified as a socio-economic entity as well as a social sub-system. As a whole, every organisation plays a critical role in the society in accomplishing otherwise impossible tasks while creating value to the organisation itself and to the society as a whole. These organisations have multiple objectives which may or may not be contradictory to each other. The process of management recognises that management is comprised of four functions, namely planning, organising, leading, and controlling. Concepts, such as efficiency, effectiveness, and productivity are central to management.

This lesson first explains what an organisation is. Then, it describes the nature of management with its elementary concepts. Finally, the chapter discusses the emerging characteristics of new work organisation and the challenges faced by modern-day managers.

## 1.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Describe what an organisation is and explain why we need organisations.
- Describe the nature of management and define management and managers.
- Identify the core concepts related to management.
- Identify the basic management functions.
- Identify management as a process.
- Describe the types of managers, the managerial skills and roles and the requisites to become effective managers.
- Identify the emerging characteristics of new work organisation and the challenges faced by modern-day managers.

## 1.3 Organisation

Management can be practised in different contexts in our society, such as individual, family, organisational, national and in the international context. This Course mainly focuses on management in organisational context. Therefore, one pre-requisite in understanding management is to understand the concept of organisation. Different definitions of organisation suggest that organisation can be defined in many ways. However, most of these definitions identify people, goals, and structures as common characteristics of an organisation.

The below given definitions are two of the widely accepted definitions which exemplify these common characteristics of an organisation.

- An organisation is a collection of two or more people who work together in a structured way to achieve a specific goal or set of goals (Stoner et al., 2009).
- An organisation is a deliberate arrangement of people to accomplish some specific purpose (Robbins & Coulter, 2021).

An organisation can be identified as a socio-economic entity. This implies that any organisation is engaged in some social and economic activities. However, some scholars have suggested that the best way to visualise what an organisation is to understand it as a system. However, an organisation can also be identified as a social sub-system. Here, an organisation is considered as a sub-system of the society with a range of organisations: from family, business organisations to the government of a country. Organisations can be categorised based on various criteria. Organisations have multiple objectives which may or may not be contradictory to each other. Organisational objectives are those end results towards which the organisational activities are directed at. As a whole, every organisation plays a critical role in the society in accomplishing otherwise impossible tasks. It creates value to the organisation itself and to the society. This Course, Principles of Management, mainly focuses on business organisations.

## 1.4 Management

In the body of the literature, the nature and the scope of management has been identified in a variety of perspectives.

- Mary Parker Follet (1868-1933) defined management as the art of getting things done through other people.
- Henry Fayol (1841-1925) defined management as the process of planning, organising, commanding, and controlling.
- Stoner et al. (2009) defined management is the process of planning, organising, leading, and controlling the efforts of organisation members and of using all other organisational resources to achieve organisational goals.
- Management is the attainment of organisational goals in an effective and efficient manner through planning, organising, leading, and controlling organisational resources (Samson et al., 2021).

Management can be explained as a process. The management process comprises of four main sub-processes, namely planning, organising, leading, and controlling. Also, there are some core concepts in management which are inter-connected. Resources, scarcity, efficiency, effectiveness, and productivity are some of the examples for such core concepts. Management is a field of study which has many new developments. Thus, as Management undergraduates, it is very important to enhance your knowledge with contemporary trends and issues in the field.

## 1.5 Manager

A manager is a person whose primary responsibility is to carry out the management process in order to achieve organisational goals. In any kind of organisation, a clear management hierarchy can be identified as top, middle, and lower level. The type and the title of a manger would differ depending on the type of organisation, its size, structure of management, the function that is being managed and the style of management. Mainly, the type and title of a manager could be identified through the horizontal and vertical dimensions of an organisational structure.

To accomplish the functions of management, a manager has to play different roles. In relation to managerial roles, Henry Mintzberg introduced three main types of roles, namely informational roles, interpersonal roles, and decisional roles. And to become an effective manager a person should possess a range of abilities and skills. There are three main types of skills that have been identified as vital for managers: namely, conceptual skills, human skills, and technical skills.

## 1.6 Management and the New Work Organisation

At present the turbulent forces of technology, globalisation, shifting social values, changes in the workforce are causing fundamental transformations to traditional work organisations. Managing such an organisation has become a critical challenge. Thus, the roles of the managers, skills they should possess, rewards and challenges of being a manager have dramatically changed in a rapid pace. Ultimately, this situation has created a manager's job complex and multi-dimensional.

1.7	Key	<b>Terms</b>
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Controlling Manager Process

Effectiveness Managerial Roles Productivity

Efficiency Managerial Skills Resources

Goal Organisation Scarcity

Leading Organising

Leading Organising
Management Planning

## 1.8 Recommended Readings

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 01. Cengage Learning.

Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). *Fundamentals of Management* (11th ed.). Chapter 01. Pearson Education Limited.

#### 1.9 Active Learning

- Interview two managers who represent the manufacturing and service sector organisation.
  - i. Identify the managerial roles that each manager performs.
  - ii. Identify the managerial skills they possess (in order to achieve organisational objectives).
  - iii. What are the similarities and differences you identify between the managerial skills of the two managers?
- Visit at least three official web sites of leading organisations in Sri Lanka and in the world respectively and find out the biography of respective Chief Executive Officer (CEO). What formal management education do they possess? In your opinion, what is the appropriate level of formal education needed to become a CEO? Why?

## 1.10 Activity

Discuss the ways in which organisations have changed over the past decade and anticipate the changes that organisations would undergo over the next decade.

How might your anticipated changes affect a manager's job and the skills needed to be successful?

## **1.11 Discussion Questions**

- Describe the importance of organisations in a society.
- Describe the importance of management in organisational context.
- Is your university lecturer a manager? Discuss in terms of functions of management, managerial roles, and skills.

## **Evolution of Management Thought**

2

#### 2.1 Overview

Contemporary management practices did not emerge arbitrarily. Indeed, the assumptions, arguments and theories put forward by precursors have paved the way to evolve the field of management to the present phase and for the future expansion as well. While understanding management theories enhances the process of learning, it also facilitates organisations to set and achieve their objectives. Further, it also provides a stable focus on identifying contemporary management experience and enables the people engaged in the field to communicate effectively about the issues and other aspects in the field of management.

Evolution of management can be identified along with the progress of human civilisation. However, Industrial Revolution can be identified as the significant milestone that led to radical development of theorisation of management. The literature on evolution of management explains key theories in Management, which can be basically categorised as Western Management theories and Eastern Management theories. Classical approach can be identified as the initial approach that can be found in Western Management theories which includes Scientific Management, Administrative Management and Bureaucratic Management Theories. Thereafter, recognising organisations as a collection of people with diverse behaviour, the Behavioural approach of management was developed. Influenced by the changes in the organisational environment context, other theories, such as Management Science, Systems, Contingency and Contemporary Western management approaches have been brought forward by scholars in the field of management. When focusing on the Eastern Management theories, Japanese approach is the most recognised. However, it should also be noted that, in relation to every approach, commendations and criticisms can be found.

Accordingly, this lesson will explain the origin and the key stages of evolution of management theories, the work of the main contributors and evaluate the influence of the subject's historical context on contemporary and future developments.

## 2.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Describe the importance of history and theory of management.
- Describe and evaluate different perspectives of management theory.
- Discuss the relevance of different perspectives of management theory to contemporary managers.
- Identify and describe contemporary management issues.

## 2.3 Management Theory

A management theory is a systematic statement, based on observations of how management process occurs with given stated underlying principles.

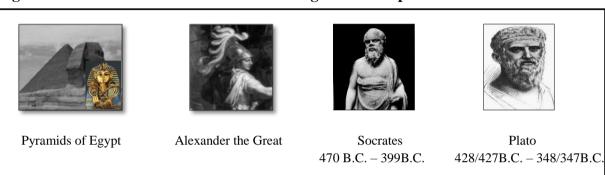
Management theories can be used to achieve organisational objectives. In addition, understanding on theories provides a stable focus on identifying contemporary management experience. They also enable the people engaged in the field to communicate effectively

about the issues and other aspects in the field of management and enhance the process of learning.

## 2.4 Evolution of Management Theories

Evolution of management can be identified along with the progress of human society. The Egyptians, Alexander the Great and the Roman Empire used a well-defined organisational structure and a communication system to achieve their objectives. Socrates and Plato discussed the management practices and concepts in their scholarly work.

Figure 2.1: Ancient Contributors to the Management Discipline



However, a systematic approach on theorisation of management began in the late eighteenth century with the Industrial Revolution. Prior to the Industrial Revolution, most societies were Agrarian whose mode of production was based on agriculture, primarily using human and animal energy. After the Industrial Revolution, with the emergence of Capitalism the demand for goods and services increased at a rapid rate and it led to the creation of large organisations. The necessity for large-scale organisations resulted in specialisation in certain jobs and the substitution of machine power for human labour. In this context, identification of systematic approach/es on methods and techniques to become excellence in such organisations became critical.

## 2.5 Systematic Development of Management Theories

Systematic development of management theories can be identified through several important stages. Management theories can be categorised into two different categories, as Western Management theories and Eastern Management theories.

## 2.6 Western Management Theories

## **Classical Approach**

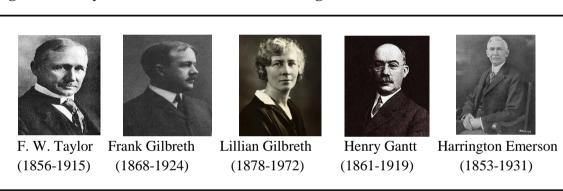
The manager's role in a formal hierarchy of authority and the efficiency of an organisation are the key focus areas of the classical approach. This approach includes Scientific Management, Administrative Management and Bureaucratic Management Theories.

## Scientific Management Theory

This approach focused on the operational efficiency of an organisation. Frederick W. Taylor is considered the father of scientific management. According to Taylor, three major reasons can be identified for labour inefficiency, namely soldiering, old rule of thumb and lack of

concern for working conditions. Thus, this approach suggests that the improvement of operational efficiency can be achieved through a systematic and scientific study of work methods, tools, and performance standards. To bring forward this suggestion there were three main assumptions of scientific management, i.e., (wo)man is economical and rational, there is one best method of work and workers have the potential of using any method of work prescribed by the science. Scientific management is based on four main principles, i.e., develop a 'science' for each element of the job to replace the old rule of thumb, scientifically select employees and train them to do the job, supervise employees to make sure they follow the prescribed methods in performing their jobs and tie the work performance of employees with economic rewards. Even though, scientific management was the pioneering theory of the evolution of Western Management thought, later it was subjected to several criticisms. Apart from F. W. Taylor, Frank Gilbreth, Lillian Gilbreth, Henry Gantt, and Harrington Emerson are considered key contributors to scientific management.

Figure 2.2: Key Contributors to Scientific Mangement



## Administrative Management Theory

Administrative Management Theory or the Classical Organisational Theory focused on the improvement of efficiency of the entire organisation while Scientific Management emphasised on the improvement of efficiency of the micro work elements. Henry Fayol (1841-1925) was the pioneering contributor to this theory. He examined three aspects of management, i.e., the activities of the organisation, the functions of management and the principles of management. Under the principles of management, Fayol identified fourteen principles, such as Division of labour, Authority, Discipline, Unity of command, Unity of direction, Subordination of individual interest to the common goal, Remuneration, Centralisation, Hierarchy, Order, Equity, Stability of staff, Initiative and Esprit de corps.

Figure 2.3: Key Contributors to Administrative Management Theory



## **Bureaucratic Management Theory**

This theory stressed the need for a strictly defined hierarchy governed by clearly defined regulations and line of authority in an organisation to achieve organisational objectives efficiently and effectively. This theory was put forward by Max Weber (1864-1920). There are some characteristics that can be identified within a bureaucratic organisation. Those are, clearly defined objectives, a set of impersonal and logical rules and routines, division of labour, positions arranged in a hierarchy, clearly defined authority, selection based on technical qualifications, and strict adherence to a clear chain of command.

## **Behavioural Approach**

The behavioural approach brought forward the thought of recognising organisations as a collection of people with diverse behaviour. Elton Mayo and his associates, Abraham Maslow and Douglas McGregor are the leading contributors to this thought, and they incorporated the insight of social science disciplines, such as sociology, psychology, and anthropology into the work organisations and thereby to the field of management. Thus, this approach criticised the Scientific Management theory which thought that an organisation is a mere collection of work, standards, hierarchies, supervisors, and rules and regulations. There are two main stages that can be identified in this approach: Human Relations Movement stage and the Behavioural Science School.

In the Human Relations Movement stage, the foremost thought was based on the findings of Hawthorne experiments conducted by Elton Mayo and his associates. Moving beyond the findings of Hawthorne experiments, Behavioural Science School researchers brought forward a more sophisticated view of human-beings in the second stage of behavioural approach. Various theories on perception, learning, motivation, leadership, and group dynamics, etc. were developed in this stage and they laid the foundation for the expansion of many areas in the field of management.

## **Management Science Approach**

The fundamental assumption of this approach was that the problems of organisations can reasonably be expressed and solved in terms of mathematical models. This approach contributed to the development of Operational Research and Operational Management techniques in the field of management and introduced the area of industrial engineering.

## **Systems Approach**

This approach identifies an organisation as an assemblage of interacting and interdependent components working together to achieve a common goal and it emphasises on the view that analysing an organisation in a holistic manner including an organisation as a part of the external environment. System, sub-system, synergy, closed system, open system, system boundary, flow, and feedback are the key concepts involved in this approach and the students are required to have a sound understanding of these concepts.

## **Contingency Approach**

This focuses on emerging nature of a given situation and assumes that different styles of management will be best suited for different situations. Thus, this approach emphasises that there cannot be one best way of management. The study on mechanistic and organic systems

by Burns and Stalker and research done by John Woodward can be identified as two major studies in this approach.

## Japanese Approach

In the 1970s and 1980s Japanese organisations were able to get the world's attention due to the rapid growth they achieved in the world of business. Many Western organisations sought to emulate the characteristics of Japanese management. As a result, both industrialists and academia carried out research on the field of Japanese management. The key concepts of Japanese management *viz.* participative decision-making, bottom-up management and lifetime employment have influenced Japanese organisations to thrive in the business world. Also, the Japanese management approach has produced high level of teamwork, an atmosphere of innovative ideas, willingness to achieve high level of quality, lean production and constant improvement in organisational processes which is known as Kaizen.

The integrated nature of Eastern and Western management practices is apparent in organisational practices in reality. Empirical studies have looked into the way Japanese and American approaches are blended to build world-class corporations. This integration has inspired William Ouchi's Theory Z, which was developed based on a comprehensive investigation of American and Japanese firms.

## **Contemporary Western Management Theories**

Today, many employees perform much of their work on computers and work in teams connected around the world electronically. Machines have replaced more of the routine and uniform work, freeing workers to use more of their minds and abilities. Companies are using technology to keep in touch with customers and collaborate with other organisations on an unprecedented scale. Therefore, concepts, such as Customer Relationship Management, Supply Chain Management, and Outsourcing have emerged.

## **Dynamic Engagement Approach to Management**

Dynamic Engagement approach places ecological concerns at the center of management theory. Apart from that it places major concerns on ethics and social responsibility, globalisation and management, inventing and re-inventing organisations with reengineering, managing the diversity of the workforce and the quality.

## 2.7 Sri Lankan Management Approach

When reviewing the literature on Sri Lankan management approaches, it can be clearly identified that systematic method/s on theorisation of management practices are hardly found in written history. However, a careful examination of history of Sri Lanka reveals that the citizens of Sri Lanka practised a variety of management practices since ancient history even though these practices were not recognised as management theories as such. It is evident that the Sri Lankan society used management as a part of their daily life in the pre-colonial era. In the era of monarchy, the kings used a clearly defined hierarchy. At the country level the hierarchy could be identified as, king, deputy kings, *Purohitha, Maha Adikarm, Rate Rala*, etc. And in the village level *Arachchi, Vidane, Rate Mahaththaya* etc. were involved in the administration process. The clearly defined duties, responsibilities and level of authority could also be analysed in relation to each of these roles.

In that period, the country was divided into three major administration sectors, namely *Ruhunu, Maya, Pihiti*. Also, the society carried out the production process based on the caste system, and it validates the practice of division of labour and work specialisation in day-to-day life. Consequently, this way of life has contributed towards achieving the country goals and objectives effectively.

With the colonisation, people of Sri Lanka seriously engaged in commercial activities. And it is evident that division of labour and work specialisation was implemented in every aspect of the processes that they engaged with (Jayawardena, 2000).

## 2.8 Key Terms

Administrative Management	Contingency Approach	Scientific Management
Behavioural School	Hawthorne Effect	Systems Approach Theory
Bureaucracy	<b>Industrial Revolution</b>	
Classical Approach	Japanese Management	

## 2.9 Recommended Readings

Pheng, L.S., & Shang, G. (2011). Bridging Western management theories and Japanese management practices: case of the Toyota Way model. *Emerald Emerging Markets Case Studies*, *I*(1), 1-20.

Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). *Fundamentals of Management* (11th ed.). Chapter 01. Pearson Education Limited.

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 02. Cengage Learning.

## 2.10 Active Learning

- Identify an organisation which uses the scientific management theory in Sri Lanka and interview a manger of that organisation. Explain the applications of scientific management theory.
- Bureaucracy can be identified in some of the present work organisations in Sri Lanka.
   Identify and explain its applications in such an organisation.

## 2.11 Activity

Watch the movie "Modern Times" by Charlie Chaplin in 1936.

## 2.12 Discussion Questions

- Why the knowledge of management theory is important for a contemporary manager? Explain.
- Compare the main principles of classical approach and behavioural approach of management.
- Discuss the importance of identifying an organisation as a system.
- 'Contingency Approach is the most valid theory for contemporary work organisations.' Do you agree? Explain.

## **Organisation and Its Environment**

3

## 3.1 Overview

In the present world, the environment is rapidly changing and dynamic. An environment of an organisation is a complex network of changing forces that affect its operations and performance. And it has become one of the leading contingencies for which organisations should plan and/or to which organisations must adapt. Organisational environment consists of diverse stakeholders. The nature of the organisation-environment relationship is determined by several key factors, such as environmental uncertainty, competitive forces, and environmental turbulence. Corporate social responsibility and ethics can be considered as the concepts that are essential to strengthen an organisation's relationship with its environment.

Thus, this lesson first scrutinises the nature and importance of organisational environment and its components. Further, it also explains how the key factors impact on management and the organisational relationships with different stakeholders in their environment and enables the students to recognise business and management as a dynamic subject, continually changing and adapting.

## 3.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Describe organisational environment and its components.
- Understand how key forces of macro environment impact on operations of organisations.
- Identify different stakeholders of an organisation and explain the relationship between an organisation and stakeholders.
- Understand the moral responsibility of an organisation in the present business environment.

## 3.3 Organisational Environment

Every organisation is influenced by divergent and inter-related forces in a particular environment in the society.

• Organisational Environment is a set of forces surrounding an organisation that have the potential to affect the way it operates and its access to scare resources (Jones, 2007).

Simply, organisational environment is the sum totality of all factors, internal as well as external, affecting the organisational performance.

## 3.4 Classification of Organisational Environment

Organisational environment can broadly be divided into two major categories as:

- Internal environment
- External environment

Internal environment includes the elements within the organisation's boundaries, composed of current employees, structure, culture, technology, leadership, resources, etc. The external organisational environment includes all elements existing outside the boundary of the organisation that have the potential to affect the organisation. The organisation's external

environment can be further divided as two layers; macro/general and micro/task environments. The macro environment is the outer layer that is widely dispersed and affects organisations indirectly. It includes economic, social, technological, political, and legal and natural environments. The micro environment is closer to the organisation and includes individuals, groups and institutions and directly influence organisation's basic operations and performance. It is generally considered to include competitors, suppliers, customers, labour market, financial institutions, etc.

## 3.5 Organisation-Environment Relationship

Environmental uncertainty, competitive forces and environmental turbulence are the main factors that decide the nature of the organisation-environment relationship. To maintain a sound organisation-environment relationship, organisations implement different strategies, such as information management, strategic response, mergers, acquisitions and alliances, organisation design and flexibility, direct influence and adhering to ethics and social responsibility. Contemporary environment is rapidly changing, and the world is becoming borderless. Since a couple of years ago, the notion of 'VUCA' has gained wide acceptance as a term to describe the numerous aspects of this 'uncontrollable' and fast changing environment. VUCA is an acronym that stands for *Volatility, Uncertainty, Complexity, and Ambiguity*. Thus, environment is one of the leading contingencies that every organisation should adapt to.

## **SWOT Analysis**

A careful analysis of organisational environment is necessary to diagnose Strengths, Weaknesses, Opportunities and Threats (SWOT). The objective of the internal analysis is to identify the strengths and weaknesses and the external analysis is to identify opportunities and threats to build competitive advantages to enhance the performance of an organisation.

## 3.6 Stakeholders of an Organisation, Corporate Social Responsibility and Ethics

Organisational environment consists with diverse stakeholders and a clear distinction can be made between primary and secondary stakeholders in relation to an organisation. Corporate social responsibility and ethics can be considered as the concepts that are essential to strengthen an organisation's relationship with its environment. In order to manage organisation's ethics and social responsibility, organisations use different strategies, such as code of ethics, legal compliance, philanthropic giving, organisational leadership and culture and whistleblowing. According to Carroll's theory of Corporate Social Action called Corporate Social Performance, the arena of social responsibility is shaped by economic, legal, ethical, and discretionary principles. However, today there are vivid arguments for and against corporate social responsibility.

## 3.7 Key Terms

Adaptation Micro environment SWOT analysis
Ethics Organisational Environment Uncertainty

Internal Environment Social Responsibility

Macro environment Stakeholders

## 3.8 Recommended Readings

Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). *Fundamentals of Management* (11th ed.). Chapter 04. Pearson Education Limited.

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 03. Cengage Learning.

## 3.9 Active Learning

- Select one of the leading organisations in Sri Lanka and identify the dimensions under the three types of organisational environment. How do these various elements interact? Which environment has the most direct and immediate impact on the selected organisation?
- Identify the various types of stakeholders of your University.

## 3.10 Activity

As a group of ten (10) students, review the arguments for and against Corporate Social Responsibility.

## 3.11 Discussion Questions

- 'Customers are the most important element in the task environment.' Do you agree? Why or why not?
- What are the major forces that affect organisation-environment relationship? Describe using examples.
- In the present world, many organisations are adopting environment friendly business strategies. How do companies benefit from it?
- Explain a manager's responsibility in today's world characterised by uncertain and dynamic environment. Identify managerial skills that are essential under these conditions.
- Define ethics and provide real life examples of ethical behaviour and unethical behaviour of organisations.
- Discuss the importance of organisation as a social unit which satisfies multiple stakeholders.

## **Managerial Decision Making**



#### 4.1 Overview

Since decision making and learning experiences from prior decisions can have a profound influence on organisational effectiveness, it is an ongoing challenge for managers. Thus, decision making has become a central aspect of management in all kinds of organisations.

A manager is constantly faced with choices in which a good decision will advance the fortunes of the organisation and a bad decision will not. The manager who understands the nature and principles of decision making will cope with this problem more effectively than the manager who does not. If there is one universal mark of an effective manager, it is sound decision-making. All matters relating to planning, organising, staffing, directing, and controlling are settled through decisions made by managers. Decisions are required both to solve problems as well as to take advantage of opportunities.

This lesson examines how mangers make decisions and explore how individual, group and organisational factors affect the quality of the decisions they make and finally determine organisational performance.

## **4.2 Learning Outcomes**

After successfully studying this lesson, you will be able to:

- Define the term decision and decision making.
- Explain types and conditions of decision making.
- Discuss different decision making models.
- Discuss group decision making.
- Describe behavioural aspects of decision making.

## 4.3 Definition of Decision

Decision is an act of choosing one alternative from a set of alternatives or it can be defined as a choice made from available alternatives.

## 4.4 Decision Making

Decision making is a process of identifying the problems and opportunities and resolving problems. Recognising and determining the nature of a decision situation, identifying alternatives, choosing the 'best' alternative and putting it into practice.

## **4.5 Types of Decisions**

Managers must make different types of decisions. However, generally most decisions fall in to two categories as,

- Programmed decisions
   A decision that is fairly structured solution to routine problems determined by rules, procedures, or habit.
- Non-programmed decisions
   Specific solution created through an unstructured process to deal with non-routine problems.

## **4.6 Decision Making Conditions**

Decision making situations are frequently categorised on a continuum ranging from certainty through risk to uncertainty.

- Certainty is a condition in which managers have accurate, measurable, and reliable information about the outcomes of various alternatives under consideration.
- Risk is a condition in which managers know the probability a given alternative will lead to desired goals or outcomes.
- Uncertainty is a condition in which managers face unpredictable external conditions or lack the information needed to establish the probability of a certain event.

## 4.7 Information for Decision Making

Information plays a vital role in making effective decisions. In order to make effective decisions, the information gathered should be relevant to the problem, accurate, perfect and understandable to the decision maker. With the advancement of technology, today's organisations use different systems to gather data relating to business processes and transform the data into information. These systems thereby help the managers to make effective decisions. As a whole, these systems are known as Management Information Systems (MIS). Laudon and Laudon (2004) identify six major types of systems which supports different managerial levels. This categorisation could be depicted as follows.

Level of Systems	Types of Systems
Operational Level Systems  Monitor the elementary activities and transactions of an organisation.	Transactions Processing Systems (TPS)
Knowledge Level Systems	Office Systems (OS)
Support knowledge and data workers in an	Knowledge Work Systems
organisation.	(KWS)
Management Level Systems Support the monitoring, controlling, decision making and administrative activities of middle managers.	Decision Support Systems (DSS) Management Information Systems (MIS)
Strategic Level Systems Support the long-term planning activities of senior management.	Executive Support Systems (ESS)

It should be noted that these systems can be identified in the specific functional level of an organisation. With the transformation of organisations, from traditional to digital form today, most of the leading organisations have implemented sophisticated systems, such as enterprise resource planning (ERP) systems which include enterprise systems for supply chain management, customer relationship management and knowledge management.

## 4.8 Decision Making Models

Mainly, there are two decision making models as follows.

- Classical Model
- Administrative Model

## **Classical Model**

The classical model of decision making is based on rational economic assumptions and managerial beliefs about what ideal decision making should be. The assumptions under this model are decision maker operates to accomplish goals that are known and agreed upon, decision maker strives for condition of certainty—gathers complete information, decision maker is rational, criteria for evaluating alternatives are known and uses logic.

## **Administrative Model (Herbert A. Simon)**

The administrative model is considered to be descriptive, meaning that it describes how managers actually make decisions in complex situations rather than dictating how they should make decisions according to a theoretical ideal. In difficult situations, such as those characterised by non-programmed decisions, uncertainty and ambiguity, managers are typically unable to make decisions rationally. Hence, Simon proposed two concepts that are instrumental in shaping the administrative model.

- Bounded rationality people have limits or boundaries on how rational they can be.
- Satisfying decision makers choose the first alternate solution that satisfies minimal decision criteria.

## **4.9 Managerial Decision Making Process**

A decision making process typically has six steps: that can be summarised as follows:

- 1. Recognition of decision requirement
- 2. Diagnosis and analysis of causes
- 3. Development of alternatives
- 4. Selection of desired alternatives
- 5. Implementation of chosen alternatives
- 6. Evaluation and feedback

## 4.10 Personal Decision Styles

All managers are not making decisions in the same way. They make decisions differently. These differences can be explained by the concepts of personal decision styles. Personal decision style refers to distinctions among people with respect to how they evaluate problems, generate alternatives, and make choices.

- Directive style
- Analytical style
- Conceptual style
- Behavioural style

## 4.11 Group Decision Making

Group decision making (also known as collaborative decision making) is a situation faced when individuals collectively make a choice from the alternatives. This decision is no longer attributable to any single individual who is a member of the group. Group decision making has the advantages of drawing from the experiences and perspectives of a larger number of individuals. Hence, they have the potential to be more creative and lead to more effective decisions. In fact, groups may sometimes achieve results beyond what they could have done as individuals.

## 4.12 Group Decision Making Techniques

## Brainstorming

Brainstorming uses a face-to-face interactive group to spontaneously suggest a wide range of alternatives for decision making.

## Nominal Group Technique

A technique designed to help with group decision making by ensuring that all members participate fully.

## Delphi Technique

It is unique because it is a group process using written responses to a series of questionnaires instead of physically bringing individuals together to decide.

## Majority Rule

This refers to a decision-making rule where each member of the group is given a single vote, and the option that receives the greatest number of votes is selected.

## Group Decision Support Systems

Group Decision Support Systems are interactive computer-based systems that can combine communication and decision technologies to help groups make better decisions.

## 4.13 Why do Managers Make Bad Decisions?

- Being influenced by initial impression
- Justifying past decisions
- Seeing what they want to see
- Perpetuating the status quo
- Being influenced by emotions
- Overconfidence

## 4.14 Key Terms

Alternatives Non-programmed decisions Uncertainty

Certainty Programmed decisions

Decision making Rational model of decision making

Group decision making Risk

## 4.15 Recommended Reading

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 09. Cengage Learning

## 4.16 Case Study

The related case study will be uploaded to the LMS.

## **4.17 Discussion Questions**

- Contrast programmed and non-programmed decisions and give examples for each.
- Explain with examples from your life, the difference between making decisions under conditions of certainty, risk, and uncertainty.
- Why do you think decision making is considered a fundamental part of management effectiveness?
- List some possible advantages and disadvantages of using computer technology for managerial decision making.

## The Process of Planning

5

#### 5.1 Overview

Planning, as a managerial function, is complicated and diverse. Practically, it varies from organisation to organisation as well as at different levels of the organisation. Nevertheless, there are some fundamental concepts, models, theories, and principles behind these diverse practices of planning. The aim of this lesson is to expose you to those fundamental theoretical underpinnings as well as some practical considerations of planning as a managerial function. Planning is all about setting the future. In other terms, it is about seeing the future before it arrives and creating a clear and focused future direction for the organisation. Hence, planning provides the purpose of existence for an organisation. Organisations will be able to create a clear and focused future with appropriate and timely planning. Organisations that invest great emphasis on planning of its future activities certainly ensure a better success than others who do not. Planning lays the foundation for management, thus beingthe primary function of management that precedes all other managerial functions. Planning helps management to understand the current situation and then sets future direction. This allows management to see the future before it arrives. In a world of rapid change, it is becoming imperative for management to think strategically. Since the rate of change seems to be escalating, the importance of planning continues to grow. However, the nature of planning also changes accordingly to meet the challenges posed by the volatility of the environment. In fact, the best-managed companies tend to engage in continuous planning using various techniques and tools. Some organisations have intuitive thinkers and intelligent teams who are almost entrusted to see into the future proactively and creatively. Therefore, planning is a way of preparing for the future by attempting to simulate the future at present.

Planning links the past and present into the future: it tends to force people to think about the future. This is extremely important since many organisations are inward as well as backward looking and focus too much on the short-term. Planning looks at the long-term and visualises how organisations should survive and thrive. It has been proven that organisations that focus on the long-term through successful planning outperform organisations that lack long-term planning. Failing to plan is like planning to fail. Thus, an organisation without a proper plan is like a ship without a rudder.

## **5.2 Learning Outcomes**

After successfully studying this lesson, you will be able to:

- Describe the term 'Planning', explain how planning relates to other managerial functions and why planning is important for organisations.
- Elaborate the basic steps involved in the sequential planning process and the types of plans that an organisation prepares in this process.
- Describe the modern-day challenges in planning and innovative approaches and techniques to planning.

## 5.3 The Meaning of the Term 'Planning'

- Planning is the process of establishing goals and suitable strategies for achieving those goals (Stoner et al., 2009).
- Planning involves defining the organisation's objectives or goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities.
  - It's concerned with ends (what is to be done) as well as with means (how it's to be done) (Samson et al., 2021).
- Planning is an activity which involves decisions about ends, means, conduct (policies) and results (Cole, 1993).

Accordingly, planning can generally be defined as the process of setting the future direction through establishing priorities, suitable goals and objectives, strategies, and policies to achieve those organisational aims.

## 5.4 Major Decisions Involved in Planning

- What businesses we should engage in?
- What products we should introduce?
- What technologies we should apply?
- What markets we should serve?
- What competencies we should develop?
- What stakeholders we should serve?
- How should we get about with all these decisions?

## 5.5 Primacy of Planning: How Planning Relates to Other Functions of Management

Planning is the commencing and the primary function of management. If there is no planning, then there would be nothing to organise, lead and control. The function of Organising immediately follows the function of Planning and then the Leading and Controlling functions follows consecutively.

## 5.6 Importance and Benefits of Planning

Primarily, planning helps to ensure long-term survival and growth of any organisation. However, other benefits of planning include: plans give the organisation a sense of direction and purpose, plans reduce uncertainty, plans minimise waste and redundancy, plans help delegating and motivating people, plans serve as an effective communication media and plans lay the basis for controlling.

## 5.7 Process of Planning

In any organisation (whether it is a profit or non-profit, service or manufacturing, small or big, public or private), traditionally planning is considered to have a top-down approach. It starts at the very top level and trickles down to middle and lower levels in a very sequential manner. Hence, the first step of planning is to prepare the corporate plan by the top management. The process starts with the articulation of Vision and Mission for the organisation. Then, Corporate Goals and Objectives are established while analysing and understanding the present/current position of the organisation in terms of Strengths, Weaknesses and Opportunities and Threats. Based on the corporate goals and objectives, the

organisation needs to formulate the appropriate corporate and business strategies to realise the pre-set corporate goals and objectives. Once the Corporate Plan is finalised it has to be implemented by preparing the required functional and operational level plans by the middle and lower-level managers respectively.

## 5.8 Hierarchy of Planning

Hierarchy of planning indicates how planning takes place in a business organisation in a top-down approach. Planning commences from the top management (strategic level) and then the middle management starts preparing the functional plans (functional level) and the lower-level managers take the responsibility of preparing the operational plans (operational level) based on the functional plans.

## 5.9 Types of Plans in an Organisation

There are fundamentally three types of plans that are prepared by organisations, namely Corporate Plans, Functional Plans and Operational Plans.

## Corporate Plans

These plans are prepared for the entire organisation usually for long term periods 3-5 years. Main responsibility lies with Top Managers. Main contents include Corporate Vision, Mission, Corporate Goals, Corporate Objectives, Corporate Strategies, and Corporate Policies.

#### Tactical Plans/Functional Plans

These plans are prepared for each Functional Level Department usually for 6 months to 1 year. Main responsibility lies with Middle-Level Functional Managers. Main contents include Functional Objectives, Functional Strategies, and Functional Policies.

## Operational Plans/Action Plans

These plans are prepared for each Operational Level Unit usually for 1 month to 3 months. Main responsibility lies with Lower-Level Operational Managers. Main contents include Programmes, Procedures, Activities, Schedules, Budgets, Rules, Regulations, and Work Instructions.

## 5.10 Challenges towards Planning

Today's organisations face many challenges in their continuous efforts towards planning. Research has identified the following as the most pressing challenges towards planning.

- Negative attitude and culture towards planning
- Uncertainties in the environment
- Planning effectively in crisis situations
- Lack of environmental sensitivity
- Lack of knowledge and skills in planning
- Lack of experienced personnel
- Lack of creativity and imagination
- Lack of cooperation
- Lack of top management commitment
- Lack of facilities and resources

However, many of these challenges can be overcome with good management. There are innovative approaches to planning and very effective planning techniques and tools that management can adopt to overcome these challenges towards planning.

## 5.11 Innovative Approaches to Planning

Planning in many organisations is generally carried out by forming corporate planning teams or committees. However, it is always advisable to have collaborative efforts to make plans for the organisation to make planning come alive. Thus, instead of adopting traditional top-down approach to planning, many organisations adopt innovative approaches, such as *Management by Objectives (MBO)*—a process of setting mutually agreed-upon goals and using those goals to evaluate organisational and employee performance. The mutual agreement between the management and the employees creates the strongest commitment to achieving goals. In addition, organisations adopt various other innovative planning methods, such as *Setting Stretch Goals for Excellence*—a method which demands people to be innovative in finding ways to reach the stretch goals.

## 5.12 Techniques of Planning

To make effective plans, organisations need to apply various techniques of planning. There are qualitative techniques (e.g., Informed judgment, Scenario analysis, Delphi technique, etc.), quantitative techniques (e.g., Programme Evaluation and Review Technique, Critical Path Analysis, Break Even Analysis, Linear Programming, Gantt Chart, Quantitative Forecasting (Time Series Analysis, Regression Analysis), Simulation, etc.) and traditional techniques as well as modern techniques. With the ever-changing business environment, the quantitative oriented traditional techniques of planning have gradually been replaced with many modern qualitative techniques.

## 5.13 Contemporary Business Environment and Emergent Approach to Planning

Contemporary business environment is becoming increasingly volatile and turbulent; thus, it is unpredictable, and forecasting is impractical. Against this backdrop, adopting traditional top-down planning approach has become more difficult and problematic mainly due to reasons, such as its time-consuming nature and rigidity in planning—i.e., planning can lock the organisation into specific goals, plans and timeframes which may no longer be appropriate. Thus, managing under conditions of constant change requires an approach that allows flexibility in planning which in turn calls for an emergent approach to planning. It highlights that planning is a dynamic process, and it should be adaptable to the changing business environment/needs and requirements of the situations.

## 5.14 Key Terms

Key Results Areas Strategies

Mission SWOT Analysis

Corporate Plan Objectives Emergent Approach Vision

Environmental Scanning Operational Plan

Functional Plan Plans Goals Planning

## **5.15 Recommended Readings**

Griffin, R.W. (2016). Fundamentals of Management (8th ed.). Chapter 03. Cengage Learning.

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 07. Cengage Learning.

## 5.16 Active Learning

Select a business organisation in Sri Lanka and identify how planning takes place in the organisation. For this purpose, you may either interview the General Manager/Functional Managers of the organisation or else you may visit the official website of the selected organisation and refer to the annual reports.

## 5.17 Activity

- Assume that the class has to go on an annual field tour. Discuss in ten (10) member teams how you would plan the tour.
- Form five (05) member teams and conduct a SWOT analysis for the Department of Business Administration.
- Form three (03) member teams and discuss the effectiveness of Vision and Mission statement of the University of Sri Jayewardenepura.

## **5.18 Discussion Questions**

- Explain why Planning is considered as the first managerial function to be performed in the process of management.
- What are the major activities in Planning?
- 'Planning practices are different from organisation to organisation.' Do you agree? Justify your answer by using real-world business-related examples.
- What are the basic steps in the Planning process? Illustrate.
- Describe the levels of Planning in an organisation and the relationship between those levels.
- Discuss the benefits and limitations of planning.
- 'Changing nature of the environment and adaptation to the changes are crucial factors for successful planning.' Discuss.
- Describe the innovative approaches to planning that managers could adopt to become more in tune with shifts in the environment and employee attitudes.

## 5.19 Case Study

The related case study will be uploaded to the LMS.

## **Organising and Organisational Design**



#### 6.1 Overview

Organisations are not static entities. Changes are constantly taking place in the business itself, in the environment in which the business operates, and in the people, who work in the organisation. There is no such thing as an 'ideal' organisation. Organising is a management function which follows planning. Thus, a manager needs to manage an organisation in an organised manner to ensure the thriving accomplishment of organisational objectives. A manager has the organisational responsibilities that include the ability to identify different roles, choose the right roles for the employees, delegate the tasks to the employees and ensure that the employees have the resources to perform their tasks better. The process of organising enables the management to determine the inside directorial configuration of the organisation and to establish and maintain relationships (vertically and horizontally) among different elements within and outside the organisation. Undeniably, executing the organising function of management can make or break a business enterprise. Thus, the absence of a sound system involving the organising function of management will unfasten the gates of adversity for the organisation.

No other topic in management has undergone as much change in the past few years as that of organising and organisational design. Traditional approaches to organising work are being questioned and re-evaluated as managers search for structural designs that will best support and facilitate employees doing the organisation's work—ones that can achieve efficiency but also have the flexibility that is necessary for the success in today's dynamic environment.

## **6.2 Learning Outcomes**

After successfully studying this lesson, you will be able to:

- Understand the nature of organising as a managerial function.
- Describe the nature of organisational design.
- Assess the importance of organisational structure and its elements in influencing the behaviour of people and organisational performance.

## **6.3** The Concept of Organising

Organising is the function of management which follows planning. It is a function in which the synchronisation and combination of human, physical and financial resources take place. According to Chester Barnard, "Organising is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility". Hence, a manager has to always organise to get results. The process of organising consists of the following steps:

- 1. Determining the activities to be performed to achieve the objectives of the organisation.
- 2. Identification of major functions to which these activities relate.
- 3. Grouping and sub-dividing the activities within each function based on similarity or relatedness.
- 4. Establishing relationship among individuals and groups.

The end-result of organising is a framework of formal relationships among different departments and positions. This framework of formal relationships is known as organisational structure. The characteristics of the organisational structure are portrayed in the organisational chart, which is the visual presentation of the organisational structure.

## 6.4 The Basic Elements of Organising

## Job specialisation

Job specialisation is the degree to which the overall task of the organisation is broken down and divided into smaller component parts. An increase in job specialisation among employees can make them less flexible since it tends to reduce their ability to perform other types of work within the business that fall outside their particular specialty.

## Grouping jobs: Departmentalisation

This involves the process of grouping positions into departments and departments into the total organisation according to some logical arrangement. When organisations expand and new managerial positions are created, employee cannot be assigned to managers randomly. Thus, jobs would have to be grouped according to a plan which is devised on the basis of departmentalisation.

## Establishing reporting relationships

This includes creating a clear and distinct line of authority among the positions in an organisation. Another part of establishing reporting relationships is determining the span of management. Based on the span of management one can categorise an organisation as tall or flat.

## Distributing authority

This building block which is an element of the organisational structure consists of the process of delegation of authority. And further it also includes the concepts of centralisation and decentralisation.

## Coordinating activities

This is the process of linking the activities of the various department of the organisation. The need for coordination arises from interdependencies between departments. Some of the most useful and frequently used devices for maintaining coordination in organisations are managerial hierarchy, rules and procedures, liaison roles and task forces.

## **6.5** The Nature of Organisational Design

This includes the overall set of structural elements and the relationships among those elements used to manage the total organisation. Organisational design creates a way to implement strategies and plans to achieve organisational objectives. The foundation of contemporary thinking in organisational design can be traced back to two early universal perspectives: the bureaucratic model and the behavioural model. Hence, managers have two (02) organisational design alternatives: mechanistic organisational design and organic organisational design.

#### 6.6 Situational Contingencies on Organisational Design

The situational view of organisational design is based on the assumption that the optimal design for any given organisation depends on a set of relevant situational factors. In the modern days the right structure is mainly designed to "fit" the contingency factors of technology, environment, and strategy.

## 6.7 Approaches for Organisational Design

In designing a structure to support the efficient and effective accomplishment of organisational goals, managers may choose to follow more traditional organisational designs which tend to be more mechanistic. In contrast, managers in contemporary organisations are finding that these traditional hierarchical designs often are not appropriate for the increasingly dynamic and complex environments they face. Hence, contemporary organisational designs include approaches such as:

- Functional (U Form) Design
- Conglomerate (H Form) Design
- Divisional (M Form) Design
- Matrix Design
- Hybrid Design

# 6.8 Emerging Issues in Organisational Design

In today's complex and ever-changing environment, managers continue to explore and experiment with new forms of organisational design. Thus, contemporary organisations tend to be with shorter chains of command, less unity of command, wider spans of control, more delegation and empowerment, decentralisation and reduced use of staff.

# 6.9 Key Terms

Organising

Organisational Design

**Organisational Structure** 

# 6.10 Recommended Reading

Griffin, R.W. (2016). Fundamentals of Management (8th ed.). Chapter 06. Cengage Learning.

#### 6.11 Activity

Think of an organisation with which you are familiar, perhaps one you have worked in—such as a store, restaurant, office, hospital, or school. Then answer the following questions.

- Which contingencies are most important in explaining how the organisation is organised? Do you think it is organised in the best way?
- What kind of organisational structure does the organisation use?
- How many levels are there in the organisation's hierarchy?
- What are the principle integrating mechanisms used in the organisation?
- Now that you have analysed the way this organisation is organised, what advice would you give its managers to help them improve the way it operates?

#### **6.12 Discussion Questions**

- If an organisation wants to change from a structure with lot of layers to a one that is 'flatter', they have to do more than just getting rid of lots of middle managers. What other things would have to be changed?
- What impact does the growing use of digital technology have on organisational structure? Would you expect the structure of an internet-based organisation, such as eBay or Amazon, which operates almost entirely online, to be different from a brick-and-mortar company, such as General Electric that uses the Internet for business-to-business transactions with vendors? Why or why not?
- Paul Abdul Oil Corporation (PAOC) began as a relatively small oil company. As PAOC has grown, the company has gained a highly trained group of managers and analysts at the corporate headquarters. This group is highly adaptive in its structure. Members of this group do not have standardised jobs but are empowered to handle diverse job activities and problems. If PAOC wants to develop into more organic organisation, what will the outcomes they would experience as they become more organic and less mechanistic?

# 6.13 Case Study

Daft, L. R. (2009). Principles of management. Boston: Cengage Learning. p.318.

# **Leading People**

# 7

#### 7.1 Overview

The success of any organisation or a group would depend on the effectiveness of its leadership. Among all ideas and writings about leadership, three main aspects stand out. Namely, leadership occurs among people, it involves influence and the use of power. Based on this, leadership is generally understood as an attempt to influence behaviour of other people for attainment of goals. It is related to motivation, interpersonal behaviour and the process of communication.

Throughout the history of management, leadership is a concept which is heavily researched upon. Hence, many attempts could be found in defining leadership, identifying characteristics of effective leaders and effective leadership styles. Earliest approaches to leadership were trait approach and behavioural approach. Trait approach to leadership focused on identifying personal characteristics or traits of effective leaders while the latter focused on identifying types of behaviour which have been demonstrated by effective leaders. Due to various limitations of these two approaches another perspective of leadership has emerged as contingency or situational approach to leadership which brought the view that best leadership style would be contingent upon the circumstance or situation prevailing in the organisation.

In recent years, as the volatility of the business environment and competitiveness of business have increased, the need for identifying the best ways of using human resources has increased. Due to this, a great deal of research is continuously being done up to date to explore the most effective style of leadership. And this has led to the emergence of new approaches and concepts to leadership, such as transactional and transformational leadership, inspirational or charismatic leadership, level 5 leadership, servant leadership, authentic leadership, ethical leadership, regenerative leadership etc.

#### 7.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Describe the nature of leadership and its relationship with management.
- Explain the relationship between power, influence, and leadership.
- Identify the key ideas of trait, behavioural and contingency approaches to leadership.
- Discuss the validity of trait and behavioural approach to leadership in today's context.
- Distinguish between charismatic, transformational, and transactional leadership.

#### 7.3 Definitions of Leadership

- Leadership is the ability to influence people toward the attainment of organisational goals (Samson et al., 2021).
- Leadership is the process of directing and influencing the task-related activities of group members (Stoner et al., 2009).
- Leadership is both a process and a property. As a process—focusing on what leaders actually do—leadership is the use of non-coercive influence to shape the group's or organisation's goals, motivate behaviour toward the achievement of those goals, and help define group or organisational culture. As a property, leadership is the set of

characteristics attributed to individuals who are perceived to be leaders. Thus, leaders are

- (1) people who can influence the behaviors of others without having to rely on force, or
- (2) people whom others accept as leaders. (Griffin, 2016).

Based on the above definitions there are three main implications on leadership. First, the leadership involves other people. Second, the leadership involves an unequal distribution of *power between* leaders and group members. Third, the leadership is the ability to use different forms of power to influence follower behaviour (Stoner et al., 2009).

# 7.4 Leadership and Management

Leadership and management can be identified as two related terms even though they are not the same. In recent years, many researchers have emphasised the difference between management and leadership. Organisations need both management and leadership in order to be effective. Leadership is necessary to create change, and management is necessary to achieve ordinary results. The basic distinction between leadership and management in terms of four elements (creating an agenda, developing a human network, executing plans and type of outcomes reached) is summarised by John Kotter (Griffin, 2016).

# 7.5 Leadership, Power, and Influence

Leadership involves unequal distribution of power. Therefore, it is necessary to understand the concept of power. The exercise of power is a social process, and it is the ability of a person to affect behaviour of others. Five main sources of power upon which the influence of the leader is based have been identified by French and Raven as legitimate, reward, coercive, referent and expert power. Recently, information power is also added to this categorisation. Influence is the effect that a person's actions have on the values, attitudes, or behaviour of others. Therefore, leadership is identified as the ability of a person to use different forms of power to influence the behaviour of followers.

# 7.6 Early Approaches to Leadership

# Trait Approach

This approach is an attempt to identify the personal, psychological, and physical characteristics of leaders. The trait approach assumed that leaders are born, not made and all leaders share some basic inborn traits. These traits differentiate leaders from non-leaders or effective leaders from ineffective leaders. Attributes, such as intelligence, assertiveness, self-confidence, above average height, good vocabulary, attractiveness were identified as common traits of leaders by the researchers on this approach. Later, this approach was criticised due to the difficulty of identifying a single set of common characteristics that is appropriate for handling any problem, challenge, or opportunity. Further, trait approach was criticised due to the subjectivity of judgment in determining who is an effective leader.

## Behavioural Approach

This approach is an attempt to determine 'what effective leaders do' rather than trying to determine 'who effective leaders are'. Under this approach, two types of leaders' behaviour have been identified as task-oriented behaviour and people-oriented behaviour.

Two research programmes were carried out at the Ohio State University and University of Michigan Studies on this approach. According to the Ohio State studies, two basic leader behaviours were identified as initiating structure behaviour (task-oriented behaviour) and consideration behaviour (people-oriented behaviour). Researchers at the University of Michigan termed these two types of behaviour as employee-centered behaviour and job-centered behaviour. Based on the work of the Ohio State and the Michigan Studies, Robert Blake and Jane Mouton developed a two-dimensional theory called the Managerial Grid. This grid helps to measure manager's relative concern for people and tasks. It helps to identify five extremes of managerial behaviour while one axis of the grid represents concern for task and the other for concern for people.

# Contingency Approach

The theories under contingency approach view that the leadership style that best contributes to the attainment of organisational goals might vary in different types of situations or circumstances. No one trait was common to all effective leaders or no one style is effective in all situations. Some of the most known and accepted theories under contingency approach are Hersey and Blanchard's Situational Leadership Model, Fiedler's Contingency Theory, Path-Goal Theory of Martin Evans, and Robert House. All these theories under contingency approach generally focus on situational factors, such as task requirements, peer expectations and behaviour, leaders' and employees' characteristics, expectations and behaviour, and the organisational culture and policies (Stoner et al., 2009).

#### 7.7 New Trends in Leadership

As other topics in Management, the concept of leadership has been changed over the past to adapt to the changes take place in the business environment. As a result of that, new leadership behaviours have been emerged to deal with the human resources; the most important resource of the organisation that continuously subject to changes. Particularly, today's organisations look at leadership styles which have the ability to inspire and motivate employees beyond their normal capacity.

#### Charismatic and Visionary Leadership

Charismatic leaders are the leaders who have extra ordinary personalities to inspire and motivate employees to work beyond their normal performance. Charismatic leaders act as change agents who bring novel things to the organisations through which people are encouraged more towards the attainment of organisational goals and personal goals. Followers of charismatic leaders are ready to sacrifice their personal goals on behalf of their team or organisation. Through such activities they would like to display their loyalty, respect, and obedience to the leader. Visionary leaders touch the heart and emotions of followers and direct them to achieve goals. Charismatic leaders are skilled in the art of visionary leadership. Charismatic leaders have clear and deep understanding about the future, and they possess vivid picture about the vision of their organisations.

#### Transformational Leadership and Transactional Leadership

Transactional leaders pay more attention on achieving organisational goals. They are highly engaged with formal plans, schedules and budgets as well as highly committed to the long

term established organisational norms and values. Transactional leaders usually try to maintain exchange type of relationship with their followers. They clearly clarify the role and task requirement of the subordinates, closely guide them, and finally reward the people who achieved the targets while giving punishments to people who couldn't achieve.

Transformational leaders are distinguished from charismatic leaders due to their special ability to bring innovations and changes to the existing system and reshaping current condition with emerging trends in the environment. A transformational leader enforces followers in positive way to change with the environmental demands and continuously facilitates followers to improve their self-confidence and potentiality.

#### Level 5 Leadership

Due to unique characteristics it possesses, Level 5 leadership differs from the other leadership styles in many ways. A Level 5 leader is a person who has the ability of blending extreme personal humility with his or her intense professional will (Collins, 2007). The leaders who fall into this category are considered as self-affecting individuals who display the courage to do whatever needed to uplift the organisation during transition periods. What makes them so special is their ability to give priority to organisational excellence over their ego even during utmost difficult times (Collins, 2007). However, this fact does not necessarily mean that Level 5 leaders are immune to self-interest yet insists that they are highly ambitious in uplifting their organisations even at the cost of their self-interest.

# Servant Leadership

Servant leadership approach was first introduced by Robert K. Greenleaf in an essay 'The Servant as a Leader' published in 1970. The concept of servant leadership describes the importance of transcending self-interest to serve others and the organisation (Samson et al., 2021). The servant leader focuses on the well-being of others and the organisation instead of accumulating power and material success for him/herself. Being different from traditional leadership, servant leaders share power and encourage others to perform at their level best by giving priority to meet others' needs. Accordingly, servant leaders operate at two levels as for the fulfillment of their subordinates' goals and needs and for the realisation of the lager purpose or mission of their organisation (Samson et al., 2021).

# Authentic Leadership

Authentic leadership emphasises the importance of ethics and trust in leading people in the organisations. Authentic leaders know who they are, what they believe in and value, and act on those values and beliefs openly and candidly. Authentic leaders build trust among people through their moral behaviour. Authentic leaders share information, encourage open communication, and stick to their ideals and this will lead to create faith in people.

#### Ethical Leadership

Leadership can be used for both good and bad. Although, the responsibility of a leader is to use power to serve and uplift others and the organisation, unfortunately many have misused their power, using it to meet self-interests. Moral leadership distinguishes right from wrong and choose to do right in the practice of leadership (Samson et al., 2021). Moral leaders perceive that business is about values, not just earning profits.

#### Regenerative Leadership

Regenerative leaders apply the logic of 'Life' to operate organisations. This type of leadership also gives prominence towards developing organisations which would prioritise sustainability over exhausting resources and destroying eco-systems. Leaders and followers engage in generative conversations to create desirable futures which are then back casted to eliminate unanticipated consequences. While the prospect of the paradigm shift of regenerative leadership seems to be the solution in ensuring sustainability, several drawbacks can also be identified. Hardman (2010) says, it is indispensable that this approach should not be left to the willingness of those responsible for it, particularly in times of turbulence, but that it should be institutionalised in organisational policy. The logic of regenerative leadership needs to be embedded in organisations before implementing its principles. However, disrupting the culture of an organisation to introduce a fresh culture is a tedious and painstaking task.

# 7.8 Key Terms

Behavioural Approach Influence Trait Approach

Charismatic Leaders Leadership Transformational Leaders
Contingency Approach Power Transactional Leaders

#### 7.9 Recommended Reading

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 15. Cengage Learning.

#### 7.10 Active Learning

Visit a successful business organisation in Sri Lanka. Focus on the following areas and interview the CEO/General Manager of that organisation and any two functional managers of your choice.

- What are the personality traits possessed by them to become leaders?
- What kind of a leadership style (task oriented or people oriented) do they use to motivate their subordinates?
- Do they believe that behaviour of them when leading people should change according to the organisational situation? If so, ask for such situations which need different leadership behaviours.
- What are the sources of power used by them to become leaders?
- Do they demonstrate the characteristics of transformational, transactional, or charismatic leaders?

#### 7.11 Activity

**Step 01:** Think about one situation in which a formal or informal leader was effective at motivating people and another situation in which a leader was ineffective, perhaps demotivating people. Having these situations firmly in mind answer the following questions.

- What sources or types of power were used by the effective leader and the ineffective leader?
- Did the effective leader emphasise a task oriented or a people oriented style? Explain your views. What about the ineffective leader?

**Step 02:** Divide into groups of three to five members and compare your answers and look for patterns that distinguish effective from ineffective leaders. What patterns do you find?

**Step 03:** Present your finding to the classroom.

(Adapted from Daft, L.R. (2012). New era of management. Boston: Cengage Learning)

# 7.12 Discussion Questions

- Explain the meaning and importance of leadership for a contemporary work organisation.
- Explain how you would distinguish management from leadership.
- Identify and explain different sources of a leader's power.
- Distinguish between different approaches to leadership.
- Critically evaluate the relevance of early approaches to leadership in today's turbulent business environment.
- Describe transformational leadership and when it is most suitable to use.
- Distinguish between transformational, transactional and charismatic leadership.

# **Motivating People**



#### 8.1 Overview

Motivation is central to management. It is a leadership function which ensures that each member of an organisation is motivated to perform well and help the organisation to achieve its goals. When managers are effective, the outcome of the leading process is a highly motivated workforce. At present, a key challenge faced by managers in organisations is, how to motivate their subordinates towards the right type of behaviour. Further, motivation is essential for keeping people focused on goals. Managers and management researchers have long believed that organisational goals are unattainable without the enduring commitment of members of the organisation.

This lesson describes what motivation is, how it evolved and its importance. Further, this lesson also examines theories of motivation while focusing more on the content theories of motivation.

# **8.2 Learning Outcomes**

After successfully studying this lesson, you will be able to:

- Define motivation.
- Understand why motivation is important in management.
- Understand historical perspectives of motivation.
- Describe the content theories of motivation.

# **8.3 Definitions of Motivation**

Motivation is a human psychological characteristic that contribute to a person's degree of commitment.

- Scott (1977) defines motivation as "a process of stimulating people to action to accomplish desired goals".
- Luthans (2011) defines motivation as "a process that starts with a physiological or psychological deficiency or need that activates a behaviour or a drive that is aimed at a goal or incentive".

# 8.4 Importance of Employee Motivation in the Workplace

Individual behaviour is a complex phenomenon, and the manager may be hard pressed to figure out the precise nature of the problem and how to solve it. Thus, motivation is important because of its significance as a determinant of performance and its intangible nature.

# **8.5** Historical Perspectives of Motivation

Motivation was one of the earliest concepts with which managers and management researches wrestled. The traditional model is often associated with the work of F. W. Taylor and Scientific Management. Secondly, human relations theory is often associated with Elton Mayo, and they found that the boredom and repetitiveness of many tasks reduced motivation. Douglas McGregor identified two different sets of assumptions about employees, Theory X

and Theory Y. Human resource approach to motivation guides most contemporary thinking about employee motivation.

#### **8.6 Content Theories of Motivation**

Content perspective addresses the question "what factors in the workplace motivate people?". Employees often argue that they can be motivated by more pay, shorter working hours etc. Meanwhile, some experts suggest that motivation can be more effectively enhanced by providing employees with more autonomy and greater responsibility. Both views represent content views of motivation.

#### Maslow's Hierarchy of Needs Theory

Abraham Maslow argued that people are motivated to satisfy five levels of needs that are common to humankind. Maslow identified that these needs are in a hierarchy. When an individual satisfies a lower level of need, the need for achieving the next level of need begins to emerge. Therefore, a manager should get an understanding about the level of hierarchy that the employee has satisfied and develop plans to satisfy the employee's higher level of need in the hierarchy.

## Two Factor Theory (Motivation-Hygiene Theory)

Another popular theory in content perspective is the two-factor theory of motivation. Frederick Herzberg proposed two psychological dimensions: satisfaction to no satisfaction and dissatisfaction to no dissatisfaction. He found that different sets of factors were associated with satisfaction and with dissatisfaction—the *motivators* contribute to the experience of satisfaction to no satisfaction and the *hygiene factors* contribute to the experience of dissatisfaction to no dissatisfaction. The motivators are primarily in the job content (intrinsic) whereas the hygiene factors are primarily in the job context (extrinsic).

#### ERG Theory

Clayton Alderfer identifies three universal categories of needs.

- Existence needs
- Relatedness needs
- Growth needs

# Acquired Needs Theory (Three Needs Theory)

David C. McClelland identified specific individual human needs that are important to organisations. They are achievement, affiliation and power. The need for achievement is the extent to which an individual has a strong desire to perform challenging tasks well and to meet personal standards for excellence. The need for affiliation means the extent to which people want to be around and get along with their co-workers. The need for power deals with the degree of control a person desires over his or her situation.

# **8.7 Implications of Content Perspectives**

Content theories do not explain why people might be motivated by one factor rather than by another at a given level or the psychological process that happens within individuals when trying to satisfy different needs.

# 8.8 Key Terms

Content theories Extrinsic rewards Motivation

Dissatisfaction Hygiene factors Motivators

Drive Intrinsic rewards Satisfaction

# 8.9 Recommended Reading

Robbins, S.P., Coulter, M.A., & De Cenzo, D.A. (2020). *Fundamentals of Management* (11<sup>th</sup> ed.). Chapter 11. Pearson Education Limited.

# 8.10 Case Study

The related case study will be uploaded to the LMS.

# **8.11 Discussion Questions**

- You cannot motivate someone to achieve their sales target when they are having problems with their marriage. And you cannot expect someone to work as a team member when they are having their house re-possessed. Do you agree or disagree? Comment.
- To what extent is money a motivator?

# **Communication in Organisation**



#### 9.1 Overview

Communication is an essential part of human life. Throughout the history, humans have communicated using different techniques. Many early forms of communication were depicted on the cave walls. Gradually, with the development of language and symbols, communication was further advanced. Later, paper and other codified methods were developed to facilitate communication. Therefore, it is evident that the circumstances as well as the available technology have influenced the methods and means of communication. In the present context, with the developments in technology, new methods and new forms of communication have emerged. Internet, smart phones, satellite communication, artificial intelligence, internet of things, augmented reality, virtual reality, web-based communication in real time are the latest trends of communication in today's world.

Advancement of communication technologies and other political and social transactions have created links between different cultures and countries. Thereby, the workforce in today's organisations is highly diversified. In this context, these changes and trends have created individuals' as well as organisations' communication a complex and a complicated process. As a result, it is proven that effective communication is the building block of any successful organisation. Therefore, it is significant for managers in organisations to understand the communication process in order to perform the basic functions of management effectively and efficiently.

# 9.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Explain what effective communication is and describe the communication process.
- Illustrate the concept of channel richness and identify the best method/s of communication for different situations.
- Describe the directions of communication and identify the communication networks that can be implemented within the organisation.
- Identify the barriers for effective communication and the methods to overcome such barriers.

#### 9.3 Definitions of Communication

- Communication is the process by which information is exchanged and understood by two or more people, usually with the intent to influence or motivate behaviour (Samson et al., 2021).
- The process of transmitting information from one person to another (Griffin, 2016).
- The use of symbols to transfer the meaning of information. It is basically a personal process that involves in the exchange of behaviours. For example, a person can influence another person through the behaviour he/she performs, i.e., through 'communicative exchanges' (Luthans, 2011).

#### 9.4 Communication Process

Communication is an interactive process of transmitting information. The main elements of the communication process are its *sender* and the *receiver*. The *message* which the sender *encodes* will be received by the receiver through a *channel*. The receiver will *decode* the message and the response will become the *feedback* to the sender's message. Barriers to effective communication will act as *noise* in the communication process.

#### 9.5 Methods of Communication

There are many methods of communication which we use in our day-to-day life. These methods can be broadly classified as,

- Verbal Communication
- Non-Verbal Communication

#### 9.6 Barriers to Communication

Effective communication within an organisation may be disrupted due to various types of communication barriers. These barriers can be broadly categorised as individual and organisational barriers.

- Credibility of the sender
- Reluctance to communicate
- Poor listening skills
- Semantics, perception, language differences
- Status of power differences
- Overload

# 9.7 Overcoming Barriers to Communication

The barriers to communication will lead to many pitfalls. Therefore, it is important for managers to have a deep understanding on the ways of overcoming these barriers. Therefore, the managers can take necessary steps to develop communication skills at both individual and organisational level as stated below.

- Develop good listening skills
- Encourage two-way communication
- Follow up
- Awareness of the mode
- Maintain credibility
- Be sensitive to receiver's and sender's perspective
- Understand the richness of the channel used

# 9.8 Channel Richness

Channel richness refers to the capability of the medium of communication to transmit information including its abilities to handle different cues simultaneously, ability to encourage feedback and the ability to focus personally on the receiver (Daft, 2012). The richness of the channels varies according to the communication methods.

# 9.9 Organisational Communication

Organisational communication includes all the patterns, networks, and systems of communication within an organisation. Organisations will have formal as well as informal methods of communication. Based on the directions of communication, organisational communication can be classified as,

- Upward communication
- Downward communication
- Horizontal communication

#### 9.10 Communication Networks

The vertical and horizontal flows of communication can be combined into a variety of patterns called communication networks. Communication networks can also be classified as formal and informal networks.

# Formal Communication

Organisations can adopt different types of formal communication networks. These communication networks can be classified as bus, star, ring, tree, and mesh networks based on the shape of the arrangement of communication lines, communication nodes (points of communication) and communication devices. In a bus network, the communication nodes are directly connected to a common communication line. In a star network, all the communication nodes of the organisation are directly connected to one central point of connection. In a ring network, all the communication nodes are connected to a single continuous ring. A tree network connects the communication nodes as branches of a tree combining both star and bus networks. A mesh network is formed when the points of communication are interconnected and relying on each other as a mesh. A mesh network can either be partially connected or fully connected.

# Informal Communication (Grapevine)

Organisations have formal as well as informal communication networks. Single strand, gossip, probability, and cluster communication networks are different types of informal communication that exist within organisations.

#### 9.11 Technology and Modern Communication

Organisational communication has seen a significant transformation in recent times due to the rapid advancement in technology and changing business dynamics. With the increasing reliance on virtual communication tools, modern organisations are embracing new ways of communicating with their employees and stakeholders. This includes the use of internal blogging, social media platforms, video conferencing, instant messaging apps, etc. to streamline communication and improve collaboration. These trends are essential for managers to understand and leverage, as effective communication is crucial for achieving organisational goals and maintaining a competitive edge. As a student studying management, an understanding of these trends will be useful in developing effective communication strategies, building strong relationships with team members and stakeholders, and ultimately contributing to the success of any organisation. Under this section, the students will gain

practical insights into the latest communication tools and techniques that are shaping the modern workplace and learn how to apply them in real-world scenarios.

# 9.12 Key Terms

Channel richness Cross cultural communication Informal communication

Communication Downward communication Upward communication

Communication networks Formal communication
Communication process Horizontal communication

# 9.13 Recommended Reading

Samson, D., Donnet, T., & Daft, R.L. (2021). *Management* (7th ed.). Chapter 17. Cengage Learning.

# 9.14 Active Learning

• Find out how communication has developed in the 21<sup>st</sup> century and how modern-day organisations have adapted to these new methods and trends of communication.

# 9.15 Activity

- Observe the silent video which is shown during the lecture. Describe the relationship and the interaction between the two individuals. Identify the non-verbal cues.
- Observe the same video with the audio included. Describe the interaction with verbal cues that you relied on.
- How accurate is the assessment made with only the visual information? Explain the judgments made.

# 9.16 Discussion Questions

- Describe the elements of the communication process. Give an example for each element of the process as it exists in an organisation.
- 'The selection of communication channels will depend on different factors.' Consider the following two situations. Explain your choices.
- i. Which communication channels would you select if you had to give an employee feedback on the way, he/she mismanaged a call with a key customer?
- ii. Which communication channels would you use to announce all employees the deadlines for selecting a new health care plan?
  - Describe the individual and organisational barriers to effective communication. For each barrier, describe one action that managers can take to reduce the pitfalls.

# **Organisational Control**

10

#### 10.1 Overview

Controlling is one of the major managerial functions within an organisation which facilitates goal attainment. The execution of organisational controls gives a clear understanding on how well the company has achieved its goals and objectives and how well the company is utilising its resources in achieving organisational goals and objectives. Usually organisations will set operational, financial, strategic, and structural controls. For these controls to be effective, they must be linked with organisational planning. By linking, the decision makers can compare the actual outcome with the planned outcome. Hence, it facilitates them to determine the effectiveness of organisation's actual performance and take decisions for corrective actions.

It is vital to design effective controls since controls would directly impact the organisational performance as well as the behaviour of organisational members. Non execution of organisational controls will deter the performance of the organisation and will disrupt the efforts of the organisation. For example, lack of organisational controls will have a negative impact on controlling the financial and human resources while also negatively impacting smooth operations of the day-to-day activities of the organisation. Furthermore, in the long run, in absence of controls, organisation's future direction would be vague. Therefore, realising the importance of controls, many organisations have given more preference in developing an effective organisational control procedure to cope with the unpredictable market forces that organisations may encounter.

# **10.2 Learning Outcomes**

After successfully studying this lesson, you will be able to:

- Explain the control process, describe its major steps and the purpose.
- Explain the different types of control and identify the different forms within each type of control.
- Explain the behavioural implications of controls and the guidelines to manage the behavioural implications.
- Identify and describe the characteristics of effective controls.

#### **10.3 Definitions of Control**

- The regulation of organisational activities so that some targeted element of performance remains within acceptable limits (Griffin, 2016).
- The systematic process of regulating organisational activities to make them consistent with the expectations established in plans, targets, and standards of performance (Samson et al., 2021).
- The process of ensuring that actual activities conform to planned activities (Stoner et al., 2009).

# 10.4 Purpose of Control

As stated, control is one of the four basic management functions in an organisation. The control function, in turn, has four basic purposes. Properly designed control system can fulfill each of these purposes. Through the control function it will facilitate:

- Adapting to environmental change
- Limiting the accumulation of error
- Coping with organisational complexity
- Minimising cost

#### **10.5** The Control Process

Organisations have different types of controls established to achieve different objectives and goals. In any control system regardless of these differences, the control process consists of four fundamental steps.

The control process initiates by establishing standards. Organisations will develop standards to compare and benchmark the actual performance of the organisation for an agreed time period. Secondly, the organisation will measure the actual performance for the respective time period. Thirdly, the measured performance will be compared with the set standards of the organisation. Finally, the variations of the actual performance and the set standards will be identified, and corrective actions will be implemented considering if the process needs to maintain the status quo or correct the deviation or change the standards.

# **10.6 Types of Control**

Organisations can develop four types of controls, such as operational, financial, structural, and strategic control.

#### Strategic Control

These controls are aimed to ensure the organisation's effective alignment with its environment and whether it is moving towards achieving its strategic goals.

#### Structural Control

These controls generally fall somewhere between the two extremes of Bureaucratic and Decentralised control.

#### Operational Control

Operational controls are directed towards the processes which the organisations use to transform resources into products or services. Operational controls could be set at the different points of the transformational process, including preliminary stage, screening stage and the post-screening stage.

#### Financial Control

Financial controls are a commonly used control in organisations. These controls focus on managing financial resources of the organisation. Financial controls include budgetary controls, such as financial, sales, cash, and other controls, such as ratio analysis, financial audits (consists of internal and external audits) and financial statements (comprehensive income statement, statement of financial position, statement of cash flow etc.).

In addition to the above identified controls, there are various other types of non-financial controls, such as quality control, inventory control, security controls and performance evaluation in order to control the non-financial perspectives of an organisation.

#### 10.7 Behavioural Implications of Control

Controls will impact the behaviour of organisational members. Therefore, it is vital for managers to understand these behavioural implications such as,

- Creating status and power implications in organisations
- Creating intergroup and interpersonal conflicts within the organisations
- Limiting flexibility and creativity through excessive control
- Affecting the individual freedom
- Leading to employee resistance

# 10.8 Guidelines for Managing Behavioural Implications

The above stated behavioural implications of control can be managed by managers through,

- setting meaningful, acceptable, and attainable standards/targets
- establishing an effective, accurate and timely two-way communication
- rewarding the attainment of standards/targets
- developing voluntary co-operation, participation, sense of responsibility, self-control and self-discipline

Through these guidelines, the negative consequences and resistance of organisational members to controls can be minimised. Hence, facilitating the organisation to achieve its prime purpose of establishing controls.

# 10.9 Characteristics of Effective Controlling

Managers must understand the characteristics of an effective control system prior to its implementation. Given below are a few characteristics of an effective control process.

- Flexibility
- Accuracy
- Timeliness
- Economic
- Integration with planning
- Commitment and participation of all managers
- A complementary relationship to manager's authority

# 10.10 Key Terms

Bureaucratic Control Financial Control Strategic Control
Control Process Operational Control Structural Control

# 10.11 Recommended Reading

Griffin, R.W. (2016). Fundamentals of Management (8th ed.). Chapter 14. Cengage Learning.

#### **10.12** Active Learning

Select a small organisation in your area. Interview the management of the organisation and make a report on the organisational control identifying the following.

- Types of control that exist within the organisation.
- Financial and non-financial techniques used by the organisation.

• The response of the employees for the implemented control system.

# **10.13 Activity**

Identify the controls that exist within the university premises and categorise the controls you have identified into different types of control. Provide reasons for your judgment.

# **10.14 Discussion Questions**

- What is the purpose of organisational control? Why is it important?
- What are the different levels of control? What is the relationship between the different levels?
- How does a budget help a manager as a type of financial control?
- Describe the difference between bureaucratic and decentralised control. What are the advantages and disadvantages of each type of control?
- What are the essential characteristics of an effective controlling system?

# **Alternative Approaches to Management**



#### 11.1 Overview

The contemporary capitalist economic system which is primarily based on private appropriation of means of production, free market and motivation for profit, facilitates the smooth functioning of the 'conventional organisations'. However, the capitalist economic system hinders human freedom, brings externalities, and spreads the inequality throughout the world. As a result, the conventional organisations in such an economy have failed to ensure the well-being of the organisational members as well as of the wider society. The failure of the conventional management practices and conventional organisations in particular, has paved the way for looking at alternative ways of organising and thereby for the emergence of alternative forms of organisations. This context suggests that alternative thinking in organising has become a vital requirement of this era. Thus, through this lesson it is expected to provide you a basic understanding of alternative approaches to management and organisations.

# 11.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Critically reflect on conventional organisations.
- Examine the role of alternative organisations in contemporary society.

# 11.3 Why do we need 'Alternatives'?

The term 'alternative' can be defined as being different from the usual or conventional, such as existing or functioning outside the established cultural, social, or economic system (Merriam Webster, 2018). The fundamental reason to look for alternatives in contemporary society is that the existing predominant mode of organising has failed to ensure the well-being of the society. The predominant, conventional modes of organising—wherein the 'mainstream' management is always cherished—promote hyper-consumption, exploit the labour, create endless global credit, energy, and environmental crises etc. Moreover, this conventional organisation or organising has contributed for the growing inequalities in the world. Therefore, there is a vital requirement to initiate ways of organising which encourage well-being and sustainability of the society at large. Thus, the alternative ways of organising are said to be characterised with greater freedom and autonomy, equality, participation, solidarity and responsibility for the humankind and wider society.

# 11.4 What is an 'Alternative Organisation'?

Alternative organisations are identified in opposition to the familiar, traditional, mainstream, predominant, or hegemonic institutional arrangements (Cheney & Munshi, 2017). Frequently, this identification denotes organisations which are less hierarchical, less bureaucratic, and more attuned to human and environmental needs than the well-known players in any of the three major sectors: private, public, and non-profit. The adjective is also suggestive of the organisational practices that are novel, creative, untried, or untested, and perhaps radically

different from those to which a group or part of society is accustomed (Cheney & Munshi, 2017).

# 11.5 Alternative Organisations in Contemporary Society

Today, alternative organisations are becoming a promising substitute for the conventional organisations. There are different varieties of alternative organisations in the contemporary society, such as cooperatives, communes, community currencies, open-source, intentional communities, ecology, feminism, gift exchange, occupy, bioregionalism, gift relations, the commons, permaculture, appropriate technology, credit unions, eco-villages, consumer coops, microfinance, garden city etc. (Parker et al., 2014).

# 11.6 Key Terms

Alternative	Conventional organisations	Private profit
Alternative organisations	Externalities	Responsibility
Autonomy	Freedom	Solidarity
Commodification	Participation	Sustainability

#### 11.7 Recommended Reading

Cheney, G., & Munshi, D. (2017). Alternative forms of organization and organizing. In C. Scott, & L. Lewis (Eds.), *The international encyclopedia of organizational communication* (pp. 59-67). Wiley-Blackwell.

#### 11.8 Discussion Questions

- Explain the nature of conventional organisations.
- Explain conventional ways of organising.
- How would you define an alternative organisation?
- Why do the alternative organisations emerge?
- Discuss the role of alternative organisations in the contemporary society.

# Diversity of/ and Management

# 12

#### 12.1 Overview

The contemporary society that we live in is increasingly becoming diversified day by day. As census and statistics reveal, the changing biological and demographic features, such as increasing women population, aging population, increasing ethnic minority groups, immigration and various other factors have massively contributed to this condition. These ongoing changes in the society are further reflected at work organisations while demanding considerable changes at workplace to accommodate people with different mental and physical identities. Further, there are growing ethical and legal concerns over accommodating differently abled people, facilitating different religious practices, recognising different sexual orientations and gender identities. While facilitating the entry of diverse workforce into an organisation, providing them with equal opportunities to serve in different positions in organisations irrespective of their differences ensures the practice of inclusivity within an organisation. These practices have put more pressure on changing/adjusting conventional management policies, procedures, structures and so on, to manage diversity and practise inclusivity at workplace. Thus, understanding diversity, accommodating a diverse workforce, and practicing inclusivity have become challenges for the contemporary organisations. Further, when organisations pay attention to diversity and inclusion, they align their policies mainly with the following Sustainable Development Goals that are to be achieved globally in 2030. They are Goal 5: Gender Equality, Goal 8: Decent work and Economic Growth, Goal 10: Reduced Inequalities, Goal 11: Sustainable Cities and Communities, and Goal 16: Peace, Justice and Strong Institutions.

This lesson describes what diversity is, why it matters in contemporary work organisations and how it poses challenges to the conventional management practices. Further, the importance of managing diversity and various workplace diversity management initiatives taken by present-day work organisations are discussed throughout the lesson while focusing on the obstacles encountered when managing diversity.

# 12.2 Learning Outcomes

After successfully studying this lesson, you will be able to:

- Examine how diversity has challenged the traditional management practices in organisations.
- Identify the importance of managing diversity in organisations and practicing inclusivity.

## 12.3 Definitions

- Diversity is dissimilarities—differences—among people due to age, gender, race, ethnicity, religion, sexual orientation, socioeconomic background, education, experience, physical appearance, capabilities/disabilities, and any other characteristic that is used to distinguish between people (Jones & George, 2022).
- The ways in which people in an organisation are different from and similar to one another (Robbins & Coulter, 2021).

All the ways in which people differ (Samson et al., 2021).

# 12.4 Managing Diversity

With the newly emerging social trends, diversity of workforce has become an inevitable consequence which persuade the contemporary organisations to work on this matter seriously more than ever before. When it comes to the representativeness of different cultural groups in the workplace, this task has become much more complex. Yet, acknowledging the importance of having diversity within organisations in order to accomplish organisational goals more successfully, managers have to pay a growing attention in managing diversity in organisations.

According to Cox (1994), managing diversity is aimed at maximising the ability of all employees to contribute to achieve organisational goals and to reach their full potential unrestricted by their group identities, such as race, gender, nationality, age, and departmental affiliations. Accordingly, in this section, it is expected to discuss the importance of managing diversity in today's organisations.

Understanding the different capacities/competencies possessed by diverse work groups enables an organisation to have the right person at the right job. In doing so, it is important to ensure equity/equality so that everyone in the workforce, irrespective of their difference, is recognised and respected. Thus, practicing inclusivity in turn will result in a satisfied and committed workforce to facilitate the achievement of organisational objectives.

# 12.5 Obstacles for Managing Diversity

In most of the studies that have been conducted during past few decades, diversity seems to be one of the prominent captions highlighted by different researchers who are keen on promoting and preserving equality within organisations. Yet, due to socio-political dynamics and various individual differences that exist among different social actors, obstacles for managing diversity are naturally created.

In this section out of many obstacles for managing diversity, four main obstacles, namely Prejudice, Discrimination, Stereotyping and Ethnocentrism will be discussed in detail. In the discussion, students will be educated on how these obstacles have been defined by different researchers, how these obstacles have restricted effective management of diversity within organisations and why it is important to recognise and mitigate these obstacles within organisational context.

#### 12.6 Key Terms

Biological features Diversity management Prejudice

Demographic features Ethnocentrism Stereotyping

Discrimination Gender
Diversity Identity

#### 12.7 Recommended Reading

Robbins, S.P., & Coulter, M.A. (2021). *Management* (15th ed.). Chapter 05. Pearson Education Limited.

# **12.8 Discussion Questions**

- What do you understand by 'diversity'?
- 'Diversity is an issue for organisations.' Critically evaluate.
- How can organisations manage diversity effectively?
- What are the obstacles for managing diversity and practicing inclusivity? Explain using real life examples.

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