

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$

Social loafing - Working in team,  
 some people do less  
 → dissemination of responsibility.

Before this there were rules of thumb.

Scientific Management - Earliest management theorist

→ Frederick Taylor

- ↳ there should be standardized techniques to do these things.
- ↳ get same result every time.

Reliability

Predictability

Empirical

Observable

Previously owner's son could come and five people this was not the way to good business.

Increase efficiency of workers  
 increase productivity  
 conducted Time and Motion Studies  
 Differential rate of paying.

Classical Management Theory

introduced "Managers"

↳ changes to the organisational structure.

H. Fayol

Weber

introduced the idea of

Bureaucracy

rules and regulation hierarchy

↳ authority should be tied to a position.

14 principles of management.

1. Authority & Responsibility

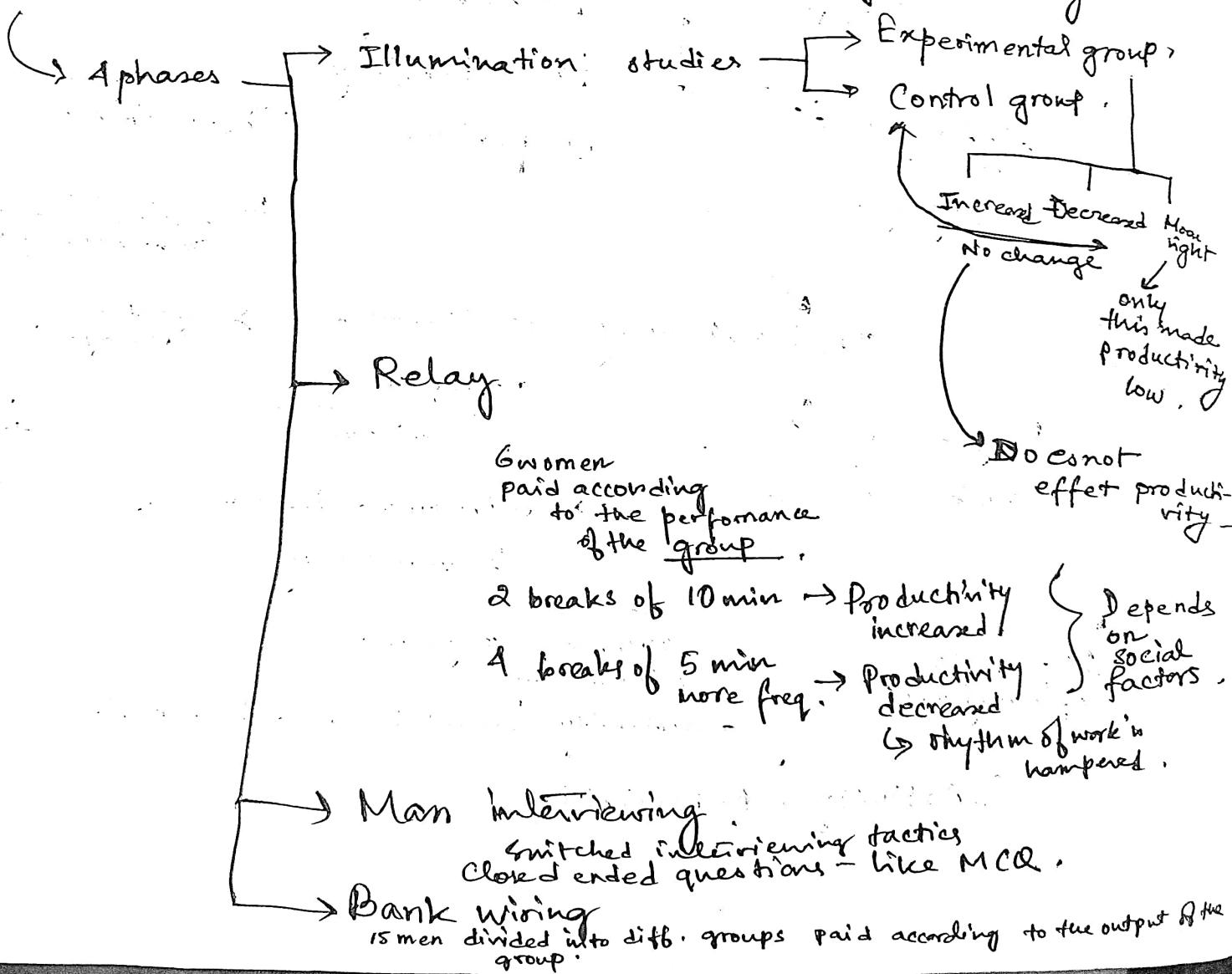
planning  
controlling  
coordinating

H. Fayol.

14 principles.

1. Authority & Responsibility.
2. Personal property and Company property are different.
3. Permanence (of job) → can not fire without proper reason.
4. Division of Labour → have different departments for different things.

Hawthorne studies. → conducted by Elton Mayo.



→ Productivity decreased.

They were afraid that if they work more management will throw their friends out.

They thought if the output was more the management would burden them more.

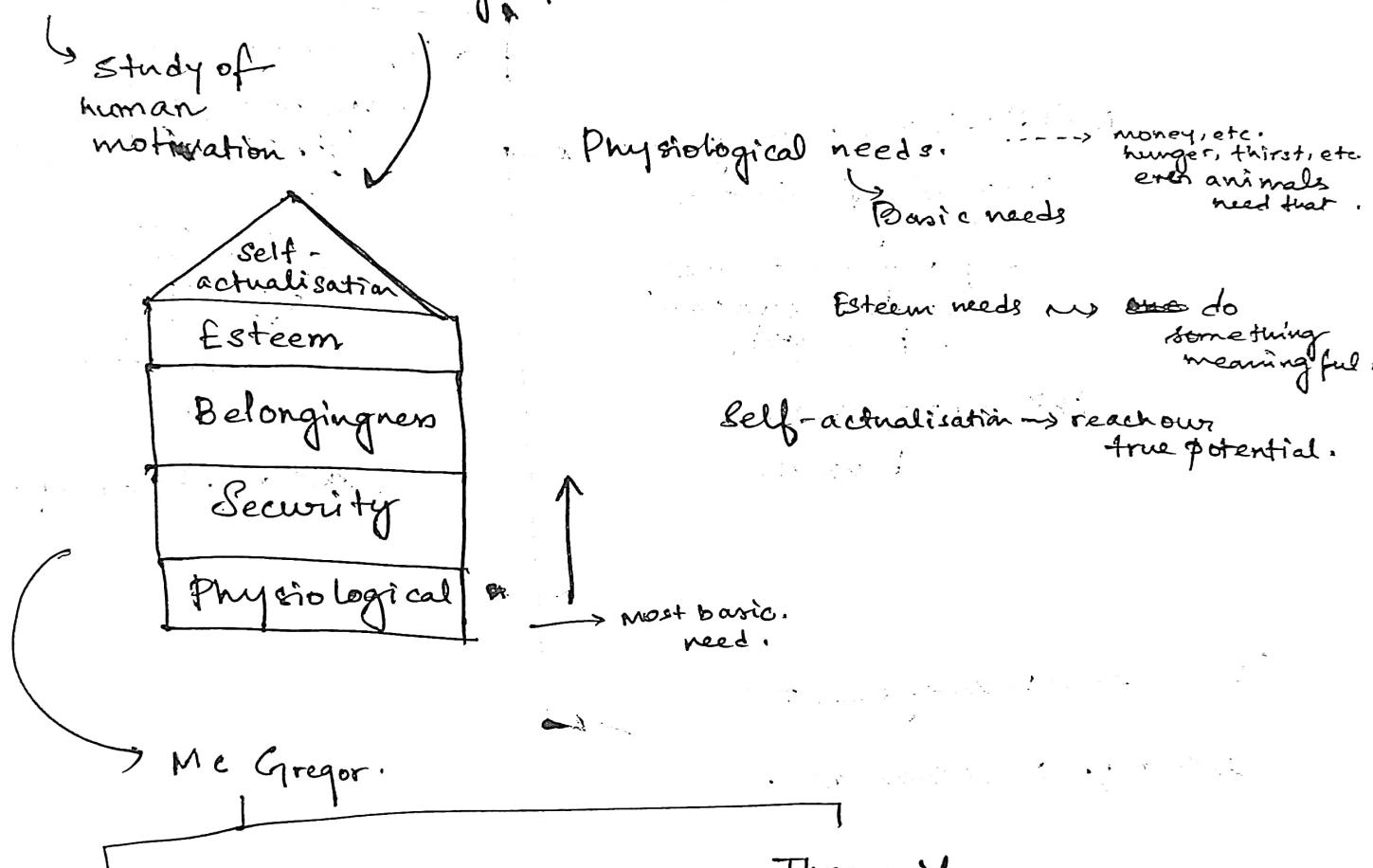
Informal groups

form within the organisation,

no matter how you divide the people.

Human relations affect more than physical factors.

## A. Maslow's Hierarchy of Needs



## Theory X

People are inherently lazy and they need.

They need constant incentives and direction.

Micromanagers

## Theory Y

People are inherently good and they want to work.

Believes in the hierarchy of needs.

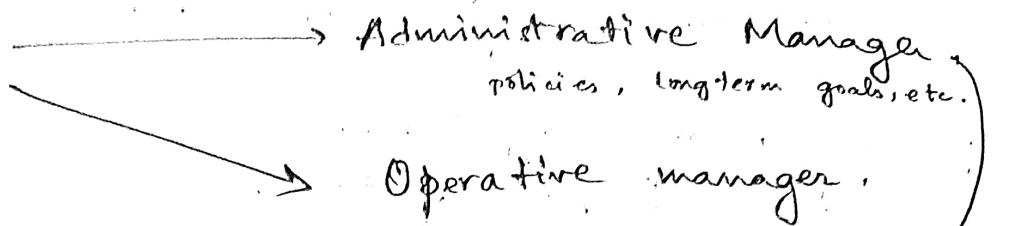
Participation

Not micromanagers.

Management

Administration → sets rules  
and objectives.

Management  
means  
said that there  
are 3 types of  
managers.



Middle-level management  
responsible for tactical  
planning  
only required to know  
about their department  
not everything

Skill req.: Technical,  
Human

→ top-level management  
responsible for  
strategic planning,

↳ how do  
place yourself  
in a competitive  
market  
↳ forecast.  
this may have  
how gov. and  
taxation plan may  
change  
how prices may raise,  
etc.

Skill req.: Conceptual

Low-level management

Skill req.: Technical.

8 August 2023

Manager — Planning.

Strategic planning

- to position yourself in the marketplace to gain a competitive advantage.

Tactical planning

Operational planning

day to day operations.

Organizing.

Human Resources — place in appropriate departments according to skillset.

- Directing
- Control
- Leading

Manager

Formal power/authority given to them

Maintains status quo.  
Management courses

Leader

NO formal designation needed.

Inspires, motivates.  
Cannot be taught

Great man theory of leadership → leaders are born

↓  
Trait theory of leadership → physical, personal, intellectual traits.

Theory — Highly subjective. - Who are considered as great leaders?  
Previously it was mostly military leaders - now job specific.  
Not enough women are included.

mainly focused on nature.

Now we know  
nurture is important  
too

situational variables  
affecting these traits =  
being expressed.

## Behavioural theorists of leadership.

Leaders can be trained.

Behavioural — Ohio.

Managers ranked the workers according to their work.

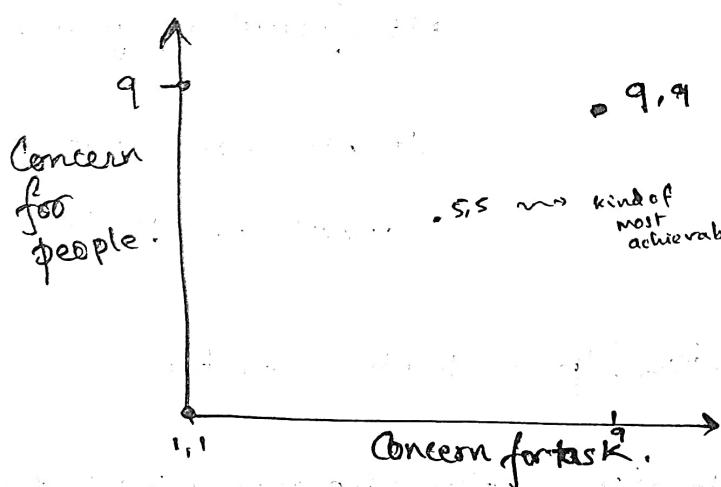
Managers ranked the workers according to their relationships.

2 types dimensions:

Initiation → work done. → Concern for task

Consideration → positive relationships between employees. → Concern for people

Managerial grid.



Management style

1,1 → Impoverished management

1,9 → Country club management

9,1 → Task management

Initially good productivity  
Bad in the long run.

9,9 → Ideal

leadership styles.

- Autocratic - the leader decides everything without involving the employees.

Advantage - In a democracy, bringing a law will be difficult.

Changes can be made overnight in autocracy.

If something goes wrong, leader will be responsible.

Needed in high pressure situations where results are needed immediately.  
military Highly structured task / No structure at all → where an organisation has been run down.

- Democratic :

- Free-reign - Leader behaves as everyone else.

18 August 2023.

## Behavioural Theory

1. Relationship consideration

2. Task Initiation

Lewin \_\_\_\_\_ leadership styles were about Decision Making

3 Leadership styles :

• Autocratic - Benefits : Quick Decision making, situation - huge gap between the leaders and the followers in expertise.

Task is completely structured or there is no structure at all

• Democratic -

Participative Decision making

leader is still holding power but the followers are including in decision making.

Benefit : Followers feel a sense of ownership.

Dissemination of responsibility for the leader.

• Free-reign - Manager is just there as a formal position. No actual power is exercised.

Can be used where there is no difference in expertise.

Research organisations, etc.

# Situational or Contingency Styles of Leadership.

LMX

↳ Leader Member Exchange Theory

Every member will elicit a different response from the leader.

leaders divide people into

in-group - people who get along with the leader/manager

out-group

Halo effect.

If there is something positive that I think about a person, I will associate positive things about other things.

more meaningful

job responsibilities, rewards, etc.

If manager leaves, they will be the first people to go as well

Fielder's

Contingency Model.

1. Leader Member relationships,
2. Task Structure -
3. Power.

Organisational Factors

→ Individual characteristics of the leader

× Organisation factors

↓ leadership

power — How much <sup>formal</sup> authority does the leader have.

Task Structure — How much you know about the task.

Eg - doctor in military camp - very unstructured,

leader-member relationship — reverence, anything can happen at any time.

## Leadership styles —

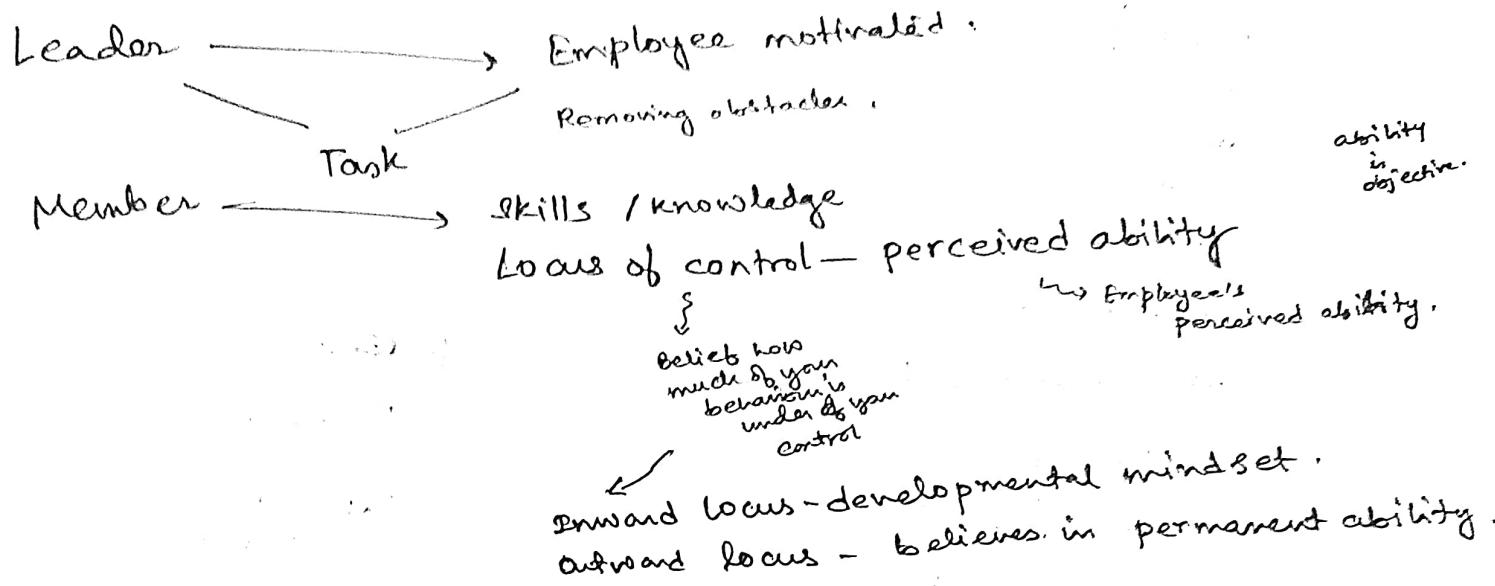
- 1. Free-reign
- 2. Participative
- 3. Supportive
- 4. Authoritarian

## Path Goal Theory

- inspired by Vroom's expectancy theory - Theory of motivation.

## Motivation depends on -

- Reward is valued or not by the worker.
- Consistency with which the reward is given.



## Task structure.

## Transformational Leadership.

Inspire people.

Transform people's way of thinking

Inspirational motivation.

No rewards, nothing.

No material goal.

Does not have any of the leadership traits discussed before.

people are inspired by the concept

## Charismatic Leadership

similar to Transformational leadership

people are influenced by the personality of the leader.

## Write-up

Meet the two people - get more information, con-biases may arise.

Vareum - Supportive leadership style

1 September 2023

Pleasant 7  
 Friendly 7  
 Rejecting 2  
 Relaxed 8  
 Distant  
 Close 7  
 Warm 7  
 Supportive 7  
 Boring Interesting 7.

---

Quarrelsome 1  
 Cheerful 6  
 Guarded 4  
 Backbiting 3  
 Untrustworthy 3  
 Considerate 6  
 Nice 5  
 Disagreeable 1  
 Insincere 4  
 Kind 6

---

91

Friendly

Friendly

Efficient →

Individual X

Situational factors

Task L-M

power/

Authority

and not bad

2<sup>nd</sup>

situation

Drawback -

There is some subjectivity attached to it.

Path Goal Theory of leadership

↳ derives from Expectancy Theory of Motivation

Robert House

Employee (Personality, perceived ability, skill level, locus of control)

leader → Goal - Motivation

↑  
Task

Like task-orientive prefer directive leader,  
structured

Conscientious - how

Agreeableness -

openness  
to new  
ideas

Extraversion,  
Introversion

How  
emotionally  
reactive

development  
or  
fixed  
mindset

Personality Model -

OCEAN

Neuroticism -

will not like  
Autocratic  
directive leader

## Path Goal Leadership

Directive.

low up-front, high involvement, high performance.

Supportive.

high up-front, low involvement, low performance.

Participative

high up-front, low involvement, moderate performance.

Achievement-oriented.

low up-front, high involvement, high performance.  
Involvement is constant  
with high job satisfaction  
and high performance.  
Involvement is high,  
creativity is high,  
motivation is high.

## Middle-of-the-road Leadership / Managerial styles,

choices  
are there.

19 September 2023

## Strategies -

area of the company - increase value, decrease cost.

- Assessment
- Planning
- Implementation
- Performance evaluation

A firm is an open system continuously interacting with outside world.

## Assessment

Starts from inside.

25% of firms' profitability depends on industry effects.

> 50%

25% - macro environment.

- Industry effect
- Firm effect

→ legal → closely tied to political.

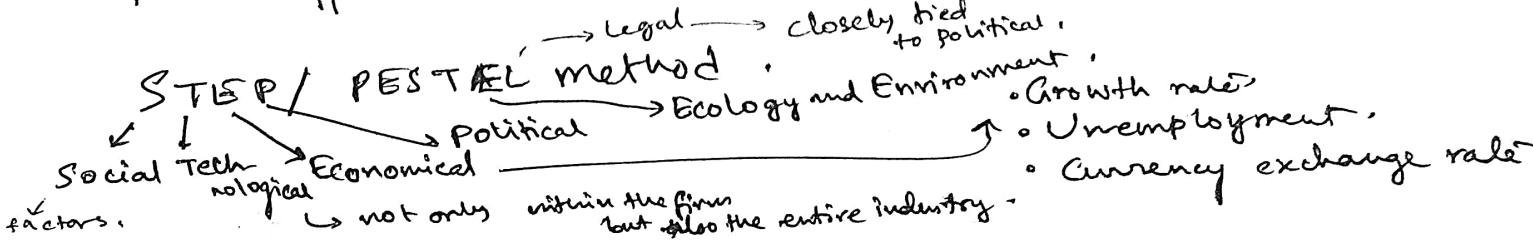
Political → Ecology and Environment.

Growth rate

→ Unemployment.

Currency exchange rate

## STEP / PESTEL method



Porter's 5 forces. → stronger the forces, less attractive for the company to enter the market.

no foreign countries were allowed to set up here.

- Threats to entry → Economies of scale
- Threat of substitutes how easy it is to substitute. Network effects:
  - how many people currently using a product will attract new customers.
- Power of buyers → falls in value chain.
  - if I am the biggest buyer, you cannot increase the price.
- Power of Suppliers. raw materials
  - Supplier.
  - Buyer.
  - Product.
- Competition within the industry
  - Perfect ideal form the pov of the customer.
  - Monopolistic - can increase the price any time as they are the only ones selling.  
government does not support.
  - Oligopoly only 2-3 firms operating in that industry.  
Eg. soft drinks - pepsi and coca cola.  
no pricing competition - only beneficial for customers.  
Fight on intangible things.
  - Monopoly - in public utilities  
government supports.