

PRINCIPLES OF MANAGEMENT



LESSON ONE



LEARNING OBJECTIVES

By the end of the lesson, students should be able to

- ❖ Know about the history of management
- ❖ Understand the need to study management.
- ❖ Define management
- ❖ Describe the levels of management

History of Management



Management is an applied technique closely related to many disciplines.

These disciplines include psychology, sociology, law, social psychology etc.

History of Management



Deliberate approaches by people (mostly leaders) for planning, organizing, leading, and controlling activities and scarce resources have existed for thousands of years.

For instance The Egyptian pyramids and the Great Wall of China are some of the projects from history that indicate that management as a practice has existed for a very long time.

History of Management



However, the works of some social scientists and some practicing managers led to the birth of formal management practice that exist today.

One major contributor to the early development of the management discipline was Adam Smith wrote *The Wealth of Nations*.

He introduced the concept of division of labour and specialization.

Other people like F. W. Taylor, Henry Ford, George Orwell also contributed significantly to the early development of the management practice as well as discipline.

History of Management



Another development that contributed tremendously to the development of management is the **industrial revolution**.

The industrial revolution saw the birth of large factories that needed to engage a large number employee to run them.

Managers were needed to oversee these large workforce. The need to develop practical and standard management practices became necessary.

Why Study Management?



There are a number of reasons why people may want study to management.

Firstly, management roles comes with greater job autonomy, higher skill variety and a greater sense of responsibility which also requirements for higher job satisfaction.

Also, most of the theories and principles studied in management are applicable to management of relationships and resources in non-work aspects of our lives.

Again, as people progresses in their careers and climb up the corporate ladder, some basic management skills is required to be successful.

Definitions of Management



"Management is getting things done through people"
(Mary Parker Follet)

"Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others."
(Henri Fayol)

Managers get things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals. Managers do their work in an organization. (Robins and Judge, 2013).

Management, an art or a science?

There exist this age-long dilemma of describing management as an art or a science.

A pure discipline in the sciences consists of formulae, principles and procedures that follow a systematic order to achieve a particular results.

A discipline in the arts on the other hand only lays some basic ground rules while allowing individuals a lot of room to explore and be creative.

It appears that management as a discipline has some scientific and artistic characteristics.

Management and Administration

The dictionary definition (concise oxford) of 'Administration' is 'Management'. This is a clear case of one word being substituted for another.

An administrator is a 'manager' generally involved in organizing.

However, once the 'administrator' participates in 'planning' process, he/she is practicing management. An administrator who has direct responsibility for supervising others (subordinates) is also a manager.

Management and Administration

This words mgt. and adm. are sometimes defined by writers to suit their own needs and purposes.

Management as a word can mean a discipline of study, a body responsible for overseeing the running of an organisation or the process of 'managing'.

Is Management a Profession?

In a typical profession, there must exist ;

- A body of principles, skills and techniques and specialized knowledge.
- Formal methods of acquiring training and experience;
- An regulatory body established to come up with ethical codes for the guidance and conduct of members.

Management may not have all these characteristics but managers are expected to be professional in their outlook and approach.

Management a Universal Process

A universal process means an acceptable pattern or approach to doing things which is accepted , recognised and effective across the world.

Management may have some underlying principles that may apply in several instances. However, all management situations exist in varied contexts and brings several contingencies to play. Every management situation is a cocktail of its own unique proportions. Therefore any attempt to derive a universal approach to management is not only problematic, but also, impractical.

Dimensions of Management



Strategic
Management

Tactical
Management

Operational
Management



Strategic Management



Also called top-level management.

Policy Formulators.

Development of mission statement, vision and objectives of the organization.

Strategic Managers are concerned with new and unstructured decision making situations. Dealing with condensed information, Exercising flair and imagination in the collection of and interpretation of information which is boundary free.

Tactical Management



Also called middle-level management.
They are policy facilitators.

Tactical managers are concerned with applying their wider span of management control to ensure that operational managers actually put into action the strategies of strategic management and facilitating the implementation of the policies of the strategic managers.

Operational Management



Also called lower-level management.

Are subordinates to tactical management and are therefore reports to them.

This aspect of management is concerned with the actual implementation of the strategies evolved by strategic management.

Evolution of Management Theories



LESSON TWO

Lesson Objectives



By the end of this lecture, students are expected to know and understand the various management theories which are;

- Classical theories (Bureaucratic, Scientific and Administrative)
- Behavioral theories
- Modern approaches (Systems, Quantitative and Contingency)

Students are also expected to appreciate how these theories can be used by present day managers.

Introduction



There are different classifications of management approaches, or schools of management thought.

These approaches can be broadly classified under three main headings.

- ❑ Classical approach
- ❑ Behavioral approach
- ❑ Contemporary approach

The Classical Approach



The earliest contributors to our understanding of management theory included practicing managers as well as social scientist.

Prior to the 20th century, the management literature tended to be based around the ideologies of these individuals who tried to bring their own perspectives and experiences to the attention of a wider audience. The list of these people is almost endless.

The Scientific Management Theory

The scientific management movement was pioneered by Frederick Winslow Taylor (*The father of scientific management*).

He developed the idea of Taylorism which is the process of dividing work into smallest possible tasks and how the process of completing each task can be standardized to achieve maximum efficiency.

He established his ideas while working as a superintendent at a steel company in Pennsylvania.

The Scientific Management Theory

He believed workers were motivated solely by money and were not capable to develop the most efficient way of performing a task.

The role of management was therefore to ‘scientifically’ analyse all the tasks to be undertaken, and to design jobs to be as efficient as possible, with minimal worker autonomy.

Managers’ role involved scientifically selecting work people and progressive train and develop them to do the jobs that are required.

The Scientific Management Theory

His emphasise was that, there is *one best way of organizing any set of tasks* and it was management's responsibility to 'scientifically' conduct exhaustive measurements in order to achieve this desired state.

Fordism



Fordism, another scientific management theory that was popularized is Fordism.

Fordism was pioneered by Henry Ford (1863-1947), who applied Taylor's principles in his car assembly factories.

He upgraded Taylor's ideas by including the concepts of assembly line, the recording of job times and the standardisation of commodities to gain economies of scale.

Fordism is used to describe mass production using assembly-line technology that allowed for greater division of labour and time and motion management, techniques pioneered by the American car manufacturer Henry Ford in the early twentieth century.

Criticisms against Taylorism and Fordism



Many criticisms have been leveled at Taylorism and Fordism, specifically that:

- Simplification of tasks led to employee boredom and dissatisfaction, in turn leading to higher rate of absenteeism and quick staff turnover.
- The separation of 'planning' and 'doing' tended to encourage adversarial industrial relations and conflict.
- The separation of planning created 'indirect' labour costs, as the managers, planners and supervisors also have to be paid - and these compensated for any increase in productivity at worker level.

5 minute Discussion



Are Taylorism and Fordism
still relevant to modern
organizations?

Administrative Theory



Henri Fayol (1841-1925) was a French engineer who is sometimes referred to as the 'Father of Modern Management'. Fayol was a pioneer in the study of the principles and functions of Management: planning, coordinating, organizing, controlling, and commanding. In addition to his five management functions, Fayol also developed 14 principles that are still in use today.

Most principles of management textbooks are organized on the basis of the functions of management.

Henri Fayol's 14 Principles of Management

1. Division of Labor – job specialization and the division of labor should increase efficiency, especially if managers take steps to lessen workers' boredom.
2. Authority and Responsibility – Managers have the right to give orders and the power to exhort subordinates for obedience.
3. Unity of Command – an employee should receive orders from only one superior.
4. Line of Authority – the length of the chain of command that extends from the top to the bottom of an organization should be limited.

Henri Fayol's 14 Principles of Management

5. Centralization – authority should not be concentrated only at the top of the chain of command.
6. Unity of Direction – the organization should have a single plan of action to guide managers and workers.
7. Equity – all organizational members are entitled to be treated with justice and respect.
8. Order – the arrangement of organizational positions should maximize organizational efficiency and provide employees with satisfying career opportunities.
9. Initiative – managers should allow employees to be innovative and creative.

Henri Fayol's 14 Principles of Management

10. Discipline – managers need to create a workforce that strives to achieve organizational goals.
11. Remuneration of Personnel – the system that managers use to reward employees should be equitable for both employees and the organization.
12. Stability of Tenure of Personnel – long-term employees develop skills that can improve organizational efficiency.

Henri Fayol's 14 Principles of Management

13. Subordination of Individual Interests to the Common Interest – employees should understand how their performance affects the performance of the whole organization.

14. Esprit de Corps – managers should encourage the development of shared feelings of comradeship, enthusiasm, or devotion to a common cause.

Administrative Theory



Other contributors to the administrative theory are;

- ❑ Max Weber- The introduced the concept of bureaucracy.
- ❑ Chester Barnard (1886-1961)-who studied authority and power distributions in organizations.
- ❑ Mary Parker Follett (1868-1933)- who stressed the importance of people rather than engineering techniques in promoting worker satisfaction and output.

Bureaucratic Theory



The bureaucratic theory of management was developed by German sociologist called Max Weber in the later part of the 19th century.

He believed that bureaucracy was the most efficient way to manage organizations and administrations.

He also believed that bureaucracy eliminates favoritism and nepotism.

Bureaucratic Theory



According to Weber, bureaucratic organizations are characterized by;

- A clear structure and hierarchy
- Division of labour and standardization
- Clearly laid down rules and procedures

Advantages of Bureaucracy



- Division of labour prevents overlapping and duplication of job roles.
- If well-managed bureaucracy minimizes corruption, favoritism and nepotism in the workplace.

Disadvantages of Bureaucracy



- It leads to red tapeism.
- It is relatively expensive to manage.
- Too much rules kills employee initiative and creativity.

BEHAVIORAL THEORIES



The classical theorists were generally criticized for over-emphasizing on the getting the job done with little or no regards for the needs of the employee.

The behavioral theorists focused on people to determine the best way to manage in all organizations.

Thus unlike the classicists, the behaviorists focused on the human skills of managers than the technical skills.

BEHAVIORAL THEORIES



The behavioral theory was pioneered by Elton Mayo and his Human Relations Movement.

Elton Mayo and his team of researchers conducted the famous Hawthorne experiment.

He found that a conducive work environment promotes worker's performance.

He also stressed that good treatment of employees and good human relations at the workplace positively influence performance.

The Hawthorne Studies



The Hawthorne experiments was a longitudinal study that took place at Western Electric's factory at Hawthorne, a suburb of Chicago, in the late 1920s and early 1930s.

The purpose of the study was to find out how varying working conditions influence employee output.

The Hawthorne Studies



Elton Mayo drew the following conclusions from the study.

- ❑ Job satisfaction increased as workers were given greater autonomy to determine the conditions of their working environment and to set their own standards of output.
- ❑ Intensified interaction and cooperation among workers resulted in better social relations and high level of group cohesion.
- ❑ Job satisfaction and output depended more on cooperation and a feeling of worth than on physical working conditions.

The Hawthorne Studies



The behavioral theory was widely accepted by management experts and theorists. It has provided insight that has led to the introduction of many modern management ideas.

A major criticism against this school of thought is that it stresses on the harmonious aspect of workplace environment forgetting that workplace conflict exists.

The Behavioral Approach

Other notable contributors to the Behavioral Management theory are:

Elton Mayo- Hawthorne Studies

Abraham Maslow- Hierarchy of needs

Douglas McGregor-Theory X and Theory Y

Modern Theories



Three major contemporary theories will be discussed;

- Systems theory
- Quantitative theory
- Contingency theory

Systems Theory



Systems theory stresses the need for conceptual skills in order to understand how an organization's subsystems (department) interrelate and contribute to the organization as a whole.

Systems may be classified as either 'open' or 'closed' to their environment. Work organizations are said to be open systems.

Systems Theory



This is because they acquire inputs from the environment (e.g. materials, energy, money), transform them into services or products, and discharges outputs (e.g. products, pollutants) to the external environment.

The open system model emphasizes that management action is not separate from the world but is connected to the wider context.

The organization itself can be viewed as a system with its various units (or departments) acting as subsystems.

Quantitative Theory



The quantitative approach evolved from mathematical and statistical solutions developed for military problems During the World War II. The approach is also called the Management Science Approach.

After the war, business managers began to use management science in organizations. The use of computers soft wares has led to an increase in the use of quantitative methods by manager around the world.

Contingency Theory



Contingency, as it applies to work organizations, argues that the effectiveness of a particular strategy, structure, or managerial style depends upon the presence or absence of other factors or forces.

Thus a particular management style or approach is only suitable for certain organizational structures under definite internal and external environmental conditions.

Consequently there are no ‘best’ strategies, structures or styles and one best way to managing.

Lesson Three



❖ MANAGEMENT FUNCTIONS AND ROLES

❖ THE MANAGER, THE organization AND THE ENVIRONMENT

MANAGEMENT FUNCTIONS AND ROLES

THE MANAGER, THE ORGANIZATION AND THE ENVIRONMENT



LESSON THREE

Lesson Objectives



- ❖ By the end of this lecture, students are expected to;
- ❖ Know the four functions of management.
- ❖ Understand the various management roles.
- ❖ Know the relevant management skills.
- ❖ Understand the relevance of the environment to business organizations and managers.

Functions Of Management

- ❖ In the early part of the twentieth century, French industrialist Henri Fayol wrote that all managers perform five management functions: planning, organizing, commanding, coordinating, and controlling.
- ❖ Today, we have condensed these to four: Planning, Organizing, Leading, And Controlling.

Management Functions



In the early part of the twentieth century, French industrialist Henri Fayol wrote that all managers perform five management functions: planning, organizing, commanding, coordinating, and controlling.

Today, we have condensed these to four: **Planning, Organizing, Leading, And Controlling.**

The Planning Function



The planning function encompasses defining an organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate activities. Evidence indicates this function increases the most as managers move from lower-level to mid-level management.

The Organizing Function



Managers are also responsible for seeking and . We call this function organizing . It includes determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Organizational Structure

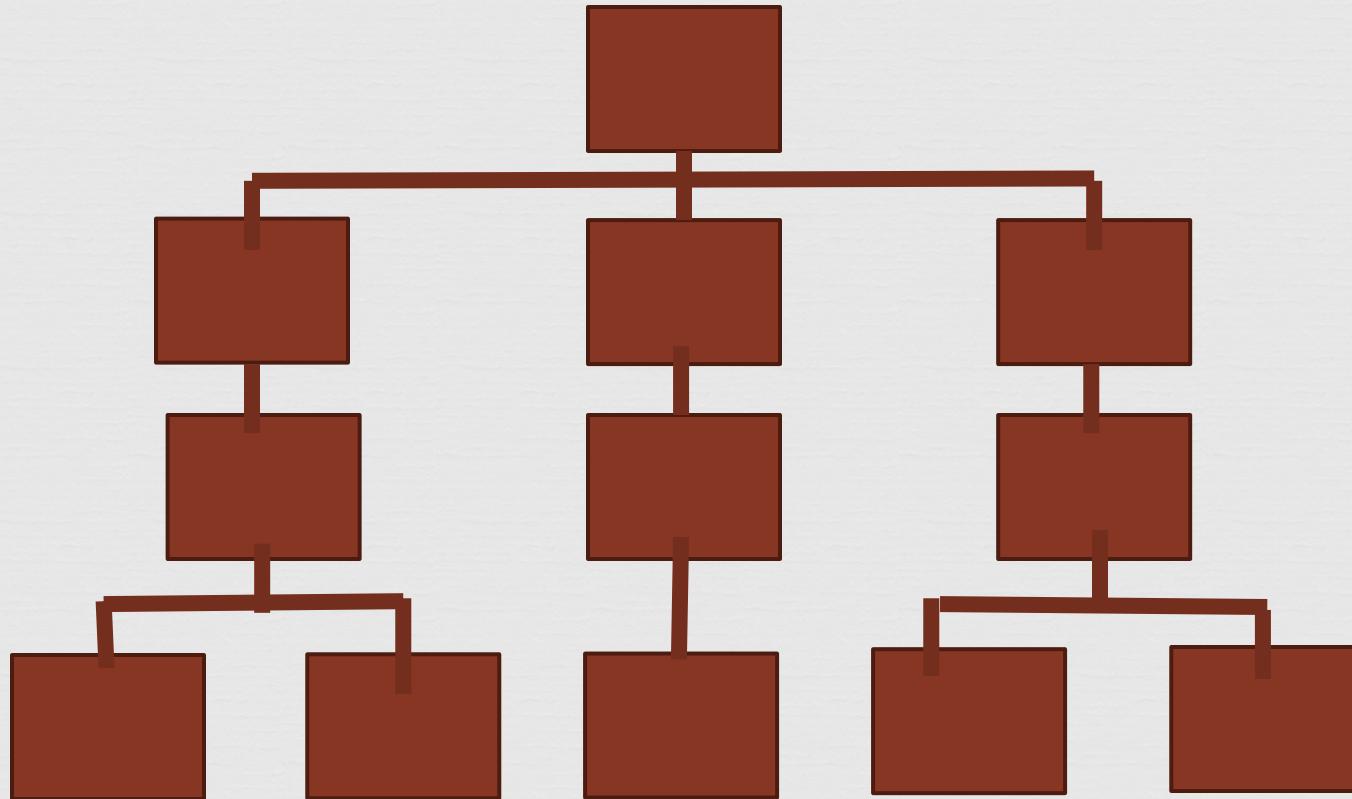


The organizational structure, also called organogram defines how decision making follows in an organization. It defines the reporting relationships and jobs roles of employees.

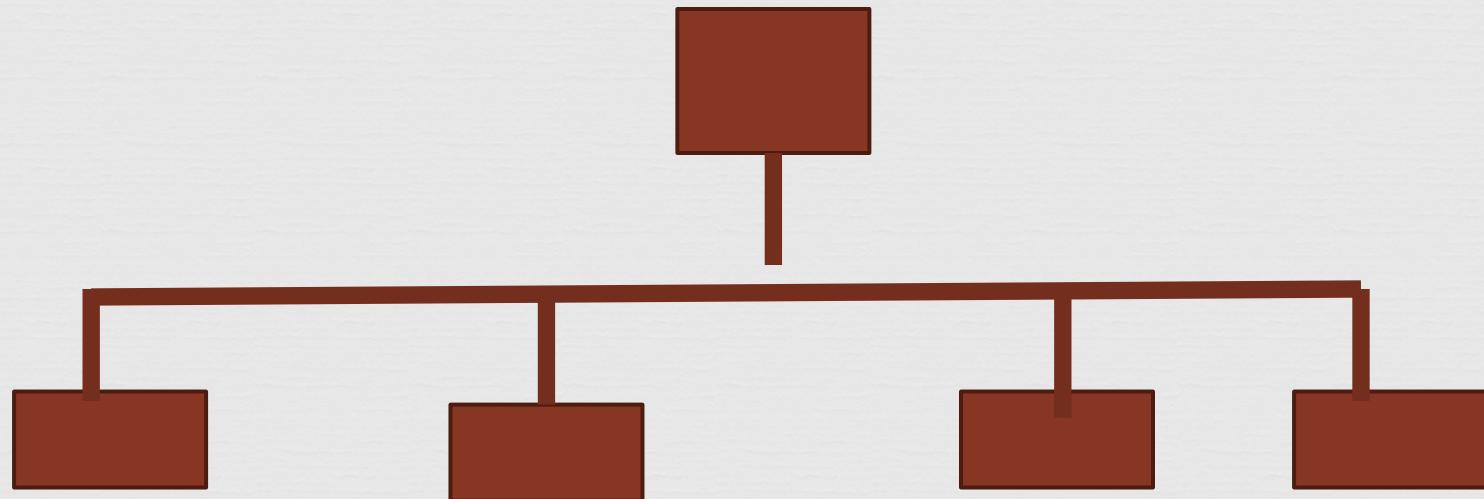
Types of Organizational Structures

- The tall organizational is one with several levels of hierarchy.
 - It is sometimes called the hierarchical organization.
- The flat organizational structure on the other hand has fewer levels of hierarchy.

Tall Organizational Structure



Flat organizational Structure



The Leading function



Every organization has people, and it is a manager's job to direct and coordinate the work-related behaviors of those people to achieve organisational goals.

The leading functions allows managers to perform such roles as motivating employees, directing their activities and behaviors, selecting the most appropriate communication channels and resolving workplace conflicts.

The Controlling Function



To ensure things are going as they should, management must monitor the organization's performance and compare it with already set goals. If there are any significant deviations, it is management's job to get the organization back on track. This monitoring, comparing, and potential correcting is what the controlling function entails.

Minzberg's Managerial Roles



In the late 1960s, Henry Mintzberg, then a graduate student at MIT, undertook a careful study of five executives to determine what they did on their jobs.

On the basis of his observations, Mintzberg concluded that managers perform ten different, highly interrelated roles – or sets of behaviors.

Minzberg's Managerial Roles

❖ Interpersonal

- Figurehead Symbolic head; required to perform a number of routine duties of a legal or social nature.
- Leader; Responsible for the motivation and direction of employees.
- Liaison; Maintains a network of outside contacts who provide favors and information.

❖ Informational

- Monitor; Receives a wide variety of information; serves as nerve center
- of internal and external information of the organization
- Disseminator; Transmits information received from outsiders or from other employees to members of the organization
- Spokesperson; Transmits information to outsiders on organization's plans,policies, actions, and results.

Minzberg's managerial Roles

❖ Decisional Roles

- Entrepreneur; Searches organization and its environment for opportunities and initiates projects to bring about change.
- Disturbance handler; Responsible for corrective action when organization faces important, unexpected disturbances.
- Resource allocator ; Makes or approves significant organizational decisions.
- Negotiator; Responsible for representing the organization at major negotiations.

Management Skills



Another way of considering what managers do is to look at the skills or competencies they need to achieve their goals. Researchers have identified a number of skills that differentiate effective from ineffective managers.

- ✓ Technical Skills Technical skills encompass the ability to apply specialized knowledge or expertise.

Management Skills



- ✓ Human Skills ; The ability to understand, communicate with, motivate, and support other people, both individually and in groups, defines human skills.
- ✓ Conceptual Skills; Managers must have the mental ability to analyze and diagnose complex situations. These tasks require conceptual skills . Decision making, for instance, requires managers to identify problems, develop alternative solutions to correct those problems, evaluate those alternative solutions, and select the best one.

The Manager, The organization And The Environment



The organization is a complex entity.

It is made up of its people, processes, resources, structures and systems.

However, the organization needs to constantly interact with the external environment. This is important not only because the organization is part of the environment, but also, this constant interaction is necessary for the organization's very survival.

The Micro And Macro Environment

The micro environment of the environment constitutes suppliers, customers, competitors, distributors, employees and other external entities that have direct relationship or interaction with the organization.

The macro environment (sometimes called the external environment) refers to elements in the general environment that influence the organization.

The PESTEL Model



The PESTEL model is an acronym for six components of the external environment that are known to make up the external business environment.

- ❑ Political
- ❑ Economic
- ❑ Social (socio-cultural)
- ❑ Technological
- ❑ Ecological
- ❑ Legal

The Political Environment

The political environment consists of the government system and political processes in a country. It also captures how the components of the government system and how each part of the government exercise its powers.

Another important aspect of the political environment that has been consistently mentioned in literature is whether the citizenry have political rights and how they exercise these political rights (Kuklinski et al. 2001).

The political environment is seen as providing the necessary information to help citizens and other entities in the broader environment (such as organizations) exercise their political rights (Nicholson, 2003). The assessment of the effectiveness or sustainability of a political environment could be defined by the extent of public trust in the political system in place .

The Economic Environment

The economic environment includes macro-economic elements such as inflation rate, exchange rate, interest rate, gross domestic product and gross national product (Johnson et al. 2008; The Economic Watch 2010) identified three components of the economic environment.

The first one is the income and wealth component which is measured by Gross National Income, Gross Domestic Product and per capita income. The second component is employment levels and the third is productivity levels. They believed that the efficiency of the economic environment is defined by the quality of these three components. Debrah (2003) noted that the economic environment have a tremendous impact on general management practices in Ghana.

The Socio-cultural Environment

- ❖ The socio-cultural environment describes how people relate to each other in various human contexts which is informed by their basic assumptions, beliefs and values as well as what is considered acceptable (or otherwise). The socio-cultural environment has a very powerful influence on organizational processes.
- ❖ The socio-cultural environment also consists of the demographics and other population dynamics.

The Technological Environment

❖ The technological environment deals with technology and advances in technology. Technological environment differs across countries because different countries find themselves at different levels of technological development. Technology has an impact on the operations of modern businesses.

The Legal Environment



- ❖ The legal environment consists of the laws and regulations in a country. It also covers the legal systems, structure and frameworks within which business entities can act.
- ❖ Like any other country, Ghana has its own legal system that governs the state and all the entities within its geographical boundaries. The supreme law of the country is the constitution. According to Article 11 of the 1992 Constitution of Ghana, the law comprises the constitution, enactments made by Parliament, Orders, Rules and Regulations made by any person or authority under a power conferred by the Constitution, the Existing law and Common Law.
- ❖ The legal environment is closely related to the political environment.

The Ecological Environment

In its simplest terms, the ecological environment refers to the biophysical environment. It consists of the natural environment and its sustainability. organizations are expected to preserve the environment by replenishing what they take from it. Firms are supposed to be ecologically ethical and responsible by not harming the environment either directly or indirectly by their operations

Class Discussion



Using the PESTEL framework, assess the external environment of KNUST as an organization.

The External Environment And Managers

What should managers do considering that the external environment is highly unstable and very turbulent?

The External Environment And Managers

Managers are expected to constantly analyse the external environment, pick all information relevant to the business organization and proactively come-up with appropriate strategies.

This will enable the business enhance its competitiveness by taking advantage of opportunities in the external environment and at the same time minimize the negative impact of any potential threat arising from the external environment.

Lesson Four



❖ Performing the Planning
function of management.

Lesson Objectives



By the end of this lecture, students are expected;

- ❖ To know the basic tasks managers perform under the planning function;
 - Formulating a strategy
 - Time dimensional planning
 - Approaches to planning
- ❖ To appreciate the relevance of the planning function to organizational performance.

The Planning Function



The planning function is the first in order of the four management functions.

Managers are expected to first plan before they proceed to the other three management functions.

As the popular saying goes, 'If you fail to plan, you plan to fail'.

All managers plan. However, the a manger's role in planning increases as one moves from lower to middle and top level management.

The Planning Function



According to Robbins and Judge (2015), “The planning function encompasses defining an organization’s **goals**, establishing an overall **strategy** for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate activities.”

Therefore a plan must have (among other elements) a **strategy and goals**.

Elements of Planning



The five main elements of planning are:

- Objectives
- Actions
- Resources
- Implementation
- Evaluation

Essence of Planning



Planning is important in many ways in that it helps to:

- Co-ordinate the efforts of all personnel
- Develop performance standard
- Gives direction to managers
- Bridge the gap between where we are now and where we want to be
- Makes it possible for things to occur
- Simplify decision-making
- Ensure effective allocation of scarce resources

The key Issues in Planning

The process has five main key issues.

Where are we coming from? [past analysis]

Where are we now? [current situation or need]

Where do we want to go? [that is our goal or target]

How can we get there? [methods and strategies]

How can we know if we are getting there? [evaluation]

Strategy



The word 'strategy' is believed to have military roots. However, the term has evolved over time to become popular in business and management studies.

A strategy can be defined as the overall game plan an organization uses to achieve competitiveness.

Managers are expected to design a strategy that will not only determine the overall direction of the organization, but also help the organization succeed.

Strategy



In the recent past, a strategy was regarded as the long term plan of an organization.

More recently, managers are advised to have strategies that are easily adaptable because the business environment is itself not static.

Formulating A Strategy



The evolution of management and strategic management has raised awareness of the increasing need for organizations(both public and private) to consider critically their internal and external environments in which they operate before making major business decisions such as formulating a strategy.

This process where managers critically assess the environment is called environmental scanning.

SWOT Analysis



SWOT analysis is one the commonest environmental scanning tools used in strategy formulation.

Strengths

Weaknesses

Opportunities and

Threats

SWOT Analysis



The strengths and weaknesses are found within the internal organizational environment whereas opportunities and threats are found in the external environment of the firm.

By performing a SWOT analysis, the manager will be able to come up with a viable strategic plan that will enhance the organization's competitiveness.

Elements Of A Strategy



All strategies have some common elements. These are;

Mission

Vision

Core values

Goals and

Objectives

The Mission Statement



The mission defines what an organization exists for.
It usually identifies the core business of the organization.

The Mission Statement



KNUST's mission Statement.

To provide an environment for teaching, research and entrepreneurship training in Science and Technology for the industrial and socio-economic development of Ghana, Africa and other nations. KNUST also offers service to community, is open to all the people of Ghana and positioned to attract scholars, industrialists and entrepreneurs from Africa and other international community.

The Mission Statement



❖ The mission statement of MTN Ghana.

To be a vehicle for Ghana's economic growth and development, helping to promote Ghana's strong development potential from the provision of world-class telecommunications products and services, through to innovative and sustainable corporate social investment initiatives.

The Mission Statement



The mission statement of Google

- ❑ “To organize the world's information and make it universally accessible and useful.”

The mission statement of Coca-Cola

- ❑ “To refresh the world in mind, body and spirit. To inspire moments of optimism and happiness through our brands and actions”

The Vision



The vision of an organization defines its future aspirations. It tells where the firm wants to get to. It serves as a roadmap for determining the future direction of the organization.

The Vision



The vision of KNUST

To be globally recognised as the Premier Centre of excellence in Africa for teaching in Science and Technology for development; producing high calibre graduates with knowledge and expertise to support the industrial and socio-economic development of Ghana and Africa.

In summary, the vision can be stated as "Advancing knowledge in Science and Technology for sustainable development in Africa".

The Vision



The vision Of Coca-Cola (2020)

We want Coca-Cola to be the undisputed leading beverage company in every country where we do business.

The Vision



The vision statement of Google Inc. has not been publicly revealed.

However, a closer look at its mission statement makes it appear the mission statement performs a dual role by serving as vision statement too.

Core Values



Core values specify the underlying beliefs of the organization.

It defines what the business considers acceptable or otherwise in its operations.

Core Values



Core values of KNUST

Leadership in Innovation and Technology

Culture of Excellence

Diversity and Equal Opportunity for All

Integrity and Stewardship of Resources

Core Values



Core values of Coca-Cola

- Leadership: The courage to shape a better future.
- Collaboration: Leverage collective genius.
- Integrity: Be real.
- Accountability: If it is to be, it's up to me.
- Passion: Committed in heart and mind.
- Diversity: As inclusive as our brands.
- Quality: What we do, we do well.

Core Values



Google Inc. has 10 core values.

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There's always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough.

Goals



Goals are the long-term outcomes that an organization seeks to achieve.

Managers are expected to make SMART goals.

This means that goals should be **S**pecific, **M**easureable, **A**chievable, **R**ealistic and **T**ime-bound.

Objectives



Objectives are the point-by-point approaches used to achieve a goal.

Objectives are supposed to serve as guidelines for achieving goals.

Time Dimensional Planning

Planning can be classified according to the time-frame they are supposed to executed within.

- ❑ Short-term plans are usually expected to be executed within one year and not beyond.
- ❑ Medium-term plans supposed to be realised within one to two years
- ❑ Long term plans covers three years and beyond.

It should be noted that the time frame can vary from one industry to the other. Eg. For businesses in very static environments, a short term plan could cover about 3 years.

Approaches to planning



Approaches to planning describe how an organization carries out the planning function.

Three common approaches have been identified.

Top down planning:

This is the traditional planning approach where top management set goals and plans for the entire organization.

Bottom up planning:

This is an approach where managers at all levels are involved in the planning process. Lower level management set their own goals and forward them to higher level management for approval.

Goals down - plans up planning:

With this approach, goals are set by top level management and handed down to functional units for their input and suggestions. The plans are then forwarded back to top management to be revised (where necessary) and approved.

Lesson five



Performing the Organizing function

Lesson Objectives



By the end of this lesson, students are expected to;

- ❖ Identify the six elements of an organization's structure.
- ❖ Describe a matrix organization, a virtual organisation and a boundaryless organisation.
- ❖ Know why organizational structures differ.

Introduction



The organizing function describes how the managers gathers and employs the resources(human and non-human) that are needed and required to achieve organizational goals.

Our focus will be on how organised with particular organizational structure. human resources is emphasis on the

Organizational Structure



An organizational structure (also called organogram) defines how job tasks are formally divided, grouped, and coordinated.

Organizational structure is important because it determines how work gets done within the organization.

It also ensures order and continuous flow of work within the organizational setting.

Key Elements Of Organizational Structure

Managers need to address six key elements when they design their organization's structure. These elements are;

- ❖ Work specialization,
- ❖ Departmentalization,
- ❖ Chain of command,
- ❖ Span of control,
- ❖ Centralization and decentralization, and
- ❖ Formalization.

Work Specialization



We use the term work specialization , or division of labor, to describe the degree to which activities in the organization are subdivided into separate jobs.

The essence of work specialization is to divide a job into a number of steps, each completed by a separate individual.

In essence, individuals specialize in doing part of an activity rather than the entirety.

Work Specialization



- ❖ Because not all employees in an organization have the same skills, management use specialization as a means of making the most efficient use of employees' skills and even successfully improving them through repetition.
- ❖ Less time is spent in changing tasks, putting away tools and equipment from a prior step, and getting ready for another.
- ❖ Equally important, it's easier and less costly to find and train workers to do specific and repetitive tasks, especially in highly sophisticated and complex operations.

Work Specialization



However, there are some human diseconomies with too much specialization, in the form of boredom, fatigue, stress, low productivity, poor quality, increased absenteeism, and high turnover, which more than offset the economic advantages.

Managers could increase productivity now by enlarging, rather than narrowing, the scope of job activities. Giving employees a variety of activities to do, allowing them to do a whole and complete job, and putting them into teams with interchangeable skills often achieved significantly higher output, with increased employee satisfaction.

Work Specialization



Specialization has some advantages for certain Industries.

For example high work specialization helps McDonald's make and sell hamburgers and fries efficiently.

Amazon's Mechanical Turk program, TopCoder, and others like it have facilitated a new trend in microspecialization in which extremely small pieces of programming, data processing, or evaluation tasks are delegated to a global network of individuals by a program manager who then assembles the results.

Departmentalization



Once jobs have been divided through work specialization, they must be grouped so common tasks can be coordinated. The basis by which jobs are grouped is called departmentalization .

One of the most popular ways to group activities is by functions performed.

Departmentalization



A manufacturing manager might organize a plant into engineering, accounting, manufacturing, personnel, and supply specialists departments.

A hospital might have departments devoted to research, surgery, intensive care, accounting, and so forth.

A professional football franchise might have departments entitled player personnel, ticket sales, and travel and accommodations.

The major advantage of this type of functional departmentalization is efficiencies gained from putting like specialists together.

Departmentalization



We can also departmentalize jobs by the type of product or service the organization produces. Procter & Gamble places each major product—such as Tide, Pampers and Pringles—under an executive who has complete global responsibility for it.

The major advantage here is increased accountability for performance, because all activities related to a specific product or service are under the direction of a single manager.

Departmentalization



When a firm is departmentalized on the basis of geography, or territory, the sales function, for instance, may have northern, southern, , and eastern regions, each, in effect, a department organized around geography.

This form is valuable when an organization's customers are scattered over a large geographic area and have similar needs based on their location.

Departmentalization



Another category of departmentalization uses the particular type of customer the organization seeks to reach. Microsoft, for example, is organized around four customer markets: consumers, large corporations, software developers, and small businesses.

Customers in each department have a common set of problems and needs best met by having specialists for each.

Chain Of Command



While the chain of command was once a basic cornerstone in the design of organizations, it has far less importance today.

But contemporary managers should still consider its implications. The chain of command is an unbroken line of authority that extends from the top of the organization to the lowest rank and clarifies who reports to whom.

Chain Of Command



We can't discuss the chain of command without also discussing **authority** and **unity of command**.

Authority refers to the rights inherent in a managerial position to give orders and expect them to be obeyed. To facilitate coordination, each managerial position is given a place in the chain of command, and each manager is given a degree of authority in order to meet his or her responsibilities.

Chain of Command



The principle of unity of command helps preserve the concept of an unbroken line of authority. It says a person should have one and only one superior to whom he or she is directly responsible. If the unity of command is broken, an employee might have to cope with conflicting demands or priorities from several superiors.

Span Of Control



How many employees can a manager efficiently and effectively direct?

This question of span of control is important because it largely determines the number of levels and managers an organization has.

All things being equal, the wider or larger the span, the more efficient the organization.

Span Of Control



Narrow or small spans have their advocates. By keeping the span of control to five or six employees, a manager can maintain close control.

But narrow spans have three major drawbacks.

First, they're expensive because they add levels of management.

Second, they make vertical communication in the organization more complex. The added levels of hierarchy slow down decision making and tend to isolate upper management.

Third, narrow spans encourage overly tight supervision and discourage employee autonomy.

Span Of Control



The trend in recent years has been toward wider spans of control. They're consistent with firms' efforts to reduce costs, cut overhead, speed decision making, increase flexibility, get closer to customers, and empower employees.

However, to ensure performance doesn't suffer because of these wider spans, organizations have been investing heavily in employee training.

Managers recognize they can handle a wider span best when employees know their jobs inside and out or can turn to co-workers when they have questions.

Centralization and Decentralization



Centralization refers to the degree to which decision making is concentrated at a single point in the organization.

In centralized organizations, top managers make all the decisions, and lower-level managers merely carry out their directives.

In organizations at the other extreme, decentralized decision making is pushed down to the managers closest to the action.

Centralization and Decentralization

An organization characterized by centralization is inherently different structurally from one that's decentralized.

A decentralized organization can act more quickly to solve problems, more people provide input into decisions, and employees are less likely to feel alienated from those who make decisions that affect their work lives.

Centralization and Decentralization

Management efforts to make organizations more flexible and responsive have produced a recent trend toward decentralized decision making by lower-level managers, who are closer to the action and typically have more detailed knowledge about problems than top managers.

Formalization



Formalization refers to the degree to which jobs within the organization are standardized. If a job is highly formalized, the incumbent has a minimal amount of discretion over what to do and when and how to do it.

Employees can be expected **always** to handle the same input in exactly the same way, resulting in a consistent and uniform output.

Formalization



There are explicit job descriptions, lots of organizational rules, and clearly defined procedures covering work processes in organizations in which there is high formalization.

Where formalization is low, job behaviors are relatively unprogrammed, and employees have a great deal of freedom to exercise discretion in their work.

Common Organizational Structures

The two traditional types of organizational structures are the tall and the flat structures where the levels of hierarchy is the basis for differentiation.

The flat structure has fewer levels of hierarchy whereas the tall structure has more levels.

There are other contemporary designs or structures such as;

Matrix and
Virtual
Boundaryless structures.

The Matrix Structure



You'll find the matrix structure in advertising agencies, aerospace firms, research and development laboratories, construction companies, hospitals, government agencies, universities, management consulting firms, and entertainment companies.

It combines two forms of departmentalization: functional and product.

The Matrix Structure



The most obvious structural characteristic of the matrix is that it breaks the unity-of-command concept.

Employees in the matrix have two bosses: their functional department managers and their product managers.

The strength of the matrix is its ability to facilitate coordination when the organization has a number of complex and interdependent activities.

Direct and frequent contacts between different specialties in the matrix can let information permeate the organization and more quickly reach the people who need it.

The Matrix Structure



The major disadvantages of the matrix lie in the confusion it creates, its tendency to foster power struggles, and the stress it places on individuals.

Without the unity-of-command concept, ambiguity about who reports to whom is significantly increased and often leads to conflict.

The Virtual organization



Why own when you can rent? That question captures the essence of the virtual organization (also sometimes called the network, or modular, organization), typically a small, core organization that outsources its major business functions.

In structural terms, the virtual organization is highly centralized, with little or no departmentalization.

The Virtual organization



A Virtual Organization



The Virtual organization



The major advantage of the virtual organization is its flexibility, which allows individuals with an innovative idea and little money to successfully compete against larger, more established organizations.

Virtual organizations also save a great deal of money by eliminating permanent offices and hierarchical roles.

The Virtual organization



Virtual organizations' drawbacks have become increasingly clear as their popularity has grown.

They are in a state of perpetual flux and reorganization, which means roles, goals, and responsibilities are unclear, setting the stage for political behavior.

Cultural alignment and shared goals can be lost because of the low degree of interaction among members.

The Virtual organization



Team members who are geographically dispersed and communicate infrequently find it difficult to share information and knowledge, which can limit innovation and slow response time.

Ironically, some virtual organizations are less adaptable and innovative than those with well-established communication and collaboration networks.

A leadership presence that reinforces the organization's purpose and facilitates communication is thus especially valuable.

The Boundaryless Organization

The boundaryless organization seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams.

By removing vertical boundaries, management flattens the hierarchy and minimizes status and rank.

Functional departments create horizontal boundaries that stifle interaction among functions, product lines, and units. The way to reduce them is to replace functional departments with cross-functional teams and organize activities around processes.

The Boundaryless Organization

When fully operational, the boundaryless organization also breaks down geographic barriers.

Today, most large U.S. companies see themselves as global corporations; many, like Coca-Cola and McDonald's, do as much business overseas as in the United States, and some struggle to incorporate geographic regions into their structure.

The boundaryless organization provides one solution because it considers geography more of a tactical, logistical issue than a structural one. In short, the goal is to break down cultural barriers.

The Boundaryless Organization

One way to become boundaryless is through strategic alliances. Apple has strategic alliances or joint partnerships with dozens of companies. These alliances blur the distinction between one organization and another as employees work on joint projects. And some companies allow customers to perform functions previously done by management.

Finally, telecommuting is blurring organizational boundaries. It allows millions of workers to operate outside the physical boundaries of their employers' premises.

Why Do Structures Differ?

- ❖ **Strategy;** Because structure is a means to achieve objectives, and objectives derive from the organization's overall strategy, it's only logical that structure should follow strategy.
- ❖ **Organization Size** An organization's size significantly affects its structure. Organizations that employ 2,000 or more people tend to have more specialization, more departmentalization, more vertical levels, and more rules and regulations than do small organizations.

Why Do Structures Differ?

❖ **Technology**; Technology describes the way an organization transfers inputs into outputs. Every organization has at least one technology for converting financial, human, and physical resources into products or services.

Ford Motor Company uses an assembly-line process to make its products. Colleges may use a number of instructional technologies – the ever-popular lecture method, case analysis, the experiential exercise, programmed learning, and online instruction and distance learning. Regardless, organizational structures adapt to their technology.

Why Do Structures Differ?

❖ **Environments;** An organization's environment includes outside institutions or forces that can affect its performance, such as suppliers, customers, competitors, government regulatory agencies, and public pressure groups.

Dynamic environments create significantly more uncertainty for managers than do static ones. To minimize uncertainty, managers may broaden their structure to sense and respond to threats.

For example, most companies, including Pepsi and Southwest Airlines, have added social networking departments to counter negative information posted on blogs. Or companies may form strategic alliances, such as when Microsoft and Yahoo! joined forces to better compete with Google.

Lesson Six



Motivation

Lesson Objectives



By the end of this lecture, students should be able to;

- ❖ Define motivation.
- ❖ Describe the three key elements of motivation.
- ❖ Identify early theories of motivation and evaluate their applicability today.

Introduction



Motivation is one of the most frequently researched topics in Management. A recent Gallup poll revealed one reason – a majority of U.S. employees (54 percent) are not actively engaged in their work, and another portion (17 percent) are actively disengaged.

In another study, workers reported wasting roughly 2 hours per day, not counting lunch and scheduled breaks (usually Internet surfing and talking with co-workers).

Clearly, motivation is an issue. The good news is that all this research provides useful insights into how to improve it.

Introduction



Some individuals seem driven to succeed. But the same student who struggles to read a textbook for more than 20 minutes may devour a Harry Potter book in a day.

The difference is the situation. So as we analyze the concept of motivation, keep in mind that the level of motivation varies both between individuals and within individuals at different times.

Definition(s) Of Motivation

- ❖ Motivation is the processes that account for an individual's **intensity, direction, and persistence** of effort toward attaining a goal. (Bratton and Judge, 2015).
- ❖ Motivation is the energy that catalyzes behavior.
- ❖ Motivation could be either **intrinsic** or extrinsic.

The Three Key Elements of Motivation

- ❖ 1. It concerns with what activates human behavior.
(Intensity)
- ❖ 2. It involves what directs this behavior toward a particular goal.**(Direction)**
- ❖ 3. Motivation concerns how this behavior is sustained (supported).**(Persistence)**

The Three Key Elements Of Motivation

- ❖ **Intensity** describes how hard a person tries. This is the element most of us focus on when we talk about motivation.
- ❖ However, high intensity is unlikely to lead to favorable job-performance outcomes unless the effort is channeled in a **direction** that benefits the organization. Therefore, we consider the quality of effort as well as its intensity. Effort directed toward, and consistent with, the organization's goals is the kind of effort we should be seeking.
- ❖ Finally, motivation has a **persistence** dimension. This measures how long a person can maintain effort. Motivated individuals stay with a task long enough to achieve their goal.

Two Classes Of Motivation Theories

Motivation theories can broadly be classified in to two groups. These are the

1. Process theories.
2. Content theories.

The process theories describe how to achieve motivation through rewards.

The content theories suggest that the satisfaction of needs motivate employees.

Early Theories of Motivation

Four theories of employee motivation formulated during the 1950s, although now of questionable validity, are probably still the best known.

These four represent a foundation on which motivation theories have grown, and practicing managers still use them and their terminology.

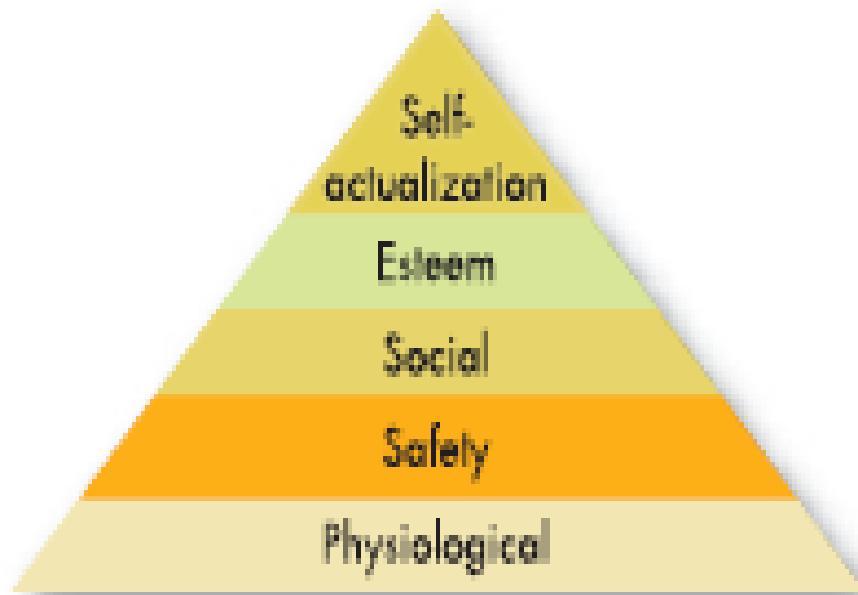
Hierarchy Of Needs Theory

The best-known theory of motivation is Abraham Maslow's hierarchy of needs. Maslow hypothesized that within every human being, there exists a hierarchy of five needs:

1. **Physiological**; Includes hunger, thirst, shelter, sex, and other bodily needs.
2. **Safety**; Security and protection from physical and emotional harm.
3. **Social** ;Affection, belongingness, acceptance, and friendship.
4. **Esteem**; Internal factors such as self-respect, autonomy, and achievement, and external factors such as status, recognition, and attention.
5. **Self-actualization**; Drive to become what we are capable of becoming; includes growth, achieving our potential, and self-fulfillment.

Hierarchy Of Needs Theory

Maslow's Hierarchy of Needs



Hierarchy Of Needs Theory

Although no need is ever fully gratified, a substantially satisfied need no longer motivates. Thus as each becomes substantially satisfied, the next one becomes dominant.

So if you want to motivate someone, according to Maslow, you need to understand what level of the hierarchy that person is currently on and focus on satisfying needs at or above that level, moving up the steps.

Hierarchy Of Needs Theory

Maslow separated the five needs **into higher and lower orders.**

Physiological and safety needs, where the theory says people start, were **lower-order needs**.

Lower-order needs are satisfied externally.

Social, esteem, and self-actualization were **higher-order needs**. Higher-order needs are satisfied internally (within the person).

Hierarchy Of Needs Theory

- ❖ Maslow's theory has received wide recognition, particularly among practicing managers. It is intuitively logical and easy to understand.
- ❖ However, the hierarchy, if it applies at all, aligns more with U.S. culture.

Theory X And Theory Y



Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled Theory X, and the other basically positive, labeled Theory Y.

After studying managers' dealings with employees, McGregor concluded that their views of the nature of human beings are based on certain assumptions that mold their behavior.

Theory X And Theory Y



- ❖ Under Theory X , managers believe employees inherently dislike work and must therefore be directed or even coerced into performing it.
- ❖ Under Theory Y , in contrast, managers assume employees can view work as being as natural as rest or play, and therefore the average person can learn to accept, and even seek, responsibility.

Two-Factor Theory



Believing an individual's relationship to work is basic, and that attitude toward work can determine success or failure, psychologist Frederick Herzberg wondered, "What do people want from their jobs?" He asked people to describe, in detail, situations in which they felt exceptionally good or bad about their jobs.

The responses differed significantly and led Herzberg to his two-factor theory – also called **motivation-hygiene theory**.

Two-Factor Theory



Intrinsic factors such as advancement, recognition, responsibility, and achievement seem related to job satisfaction.

Respondents who felt good about their work tended to attribute these factors to themselves, while dissatisfied respondents tended to cite extrinsic factors, such as supervision, pay, company policies, and working conditions.

Two-Factor Theory



To Herzberg, the data suggest that the opposite of satisfaction is not dissatisfaction, as was traditionally believed. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. Herzberg proposed a dual continuum: The opposite of “satisfaction” is “no satisfaction,” and the opposite of “dissatisfaction” is “no dissatisfaction.”

Two-Factor Theory



Exhibit 7-3

Contrasting View of Satisfaction and Dissatisfaction

Traditional view

Satisfaction

Dissatisfaction

Herzberg's view

Motivators

Satisfaction

No satisfaction

Hygiene factors

No dissatisfaction

Dissatisfaction

Two-Factor Theory



According to Herzberg, the factors that lead to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace, but not necessarily motivation. They will be placating rather than motivating their workers.

As a result, Herzberg characterized conditions such as quality of supervision, pay, company policies, physical working conditions, relationships with others, and job security as **hygiene factors**.

Providing employees with hygiene factor only removes dissatisfaction but that does not mean they are satisfied.

Two-Factor Theory



If we want to motivate people on their jobs, Herzberg suggested emphasizing factors associated with the work itself or with outcomes directly derived from it, such as promotional opportunities, personal growth opportunities, recognition, responsibility, and achievement. These are the characteristics people find intrinsically rewarding.

Two-Factor Theory



If managers want to motivate people on their jobs, Herzberg suggested emphasizing factors associated with the work itself or with outcomes directly derived from it, such as promotional opportunities, personal growth opportunities, recognition, responsibility, and achievement. These are the characteristics people find intrinsically rewarding.

These factors are called the **motivators**.

McClelland's Theory of Needs

McClelland's theory of needs was developed by David McClelland and his associates. It looks at three needs:

- Need for achievement (nAch) is the drive to excel, to achieve in relationship to a set of standards.
- Need for power (nPow) is the need to make others behave in a way they would not have otherwise.
- Need for affiliation (nAff) is the desire for friendly and close interpersonal relationships.

McClelland's Theory of Needs

McClelland and subsequent researchers focused most of their attention on nAch. High achievers perform best when they perceive their probability of success as 0.5 – that is, a 50–50 chance. They dislike gambling with high odds because they get no achievement satisfaction from success that comes by pure chance.

Similarly, they dislike low odds (high probability of success) because then there is no challenge to their skills. They like to set goals that require stretching themselves a little.

McClelland's Theory of Needs

Relying on an extensive amount of research, we can predict some relationships between achievement need and job performance.

First, when jobs have a high degree of personal responsibility and feedback and an intermediate degree of risk, high achievers are strongly motivated. They are successful in entrepreneurial activities such as running their own businesses.

McClelland's Theory of Needs

Second, a high need to achieve does not necessarily make someone a good manager, especially in large organizations. People with a high achievement need are interested in how well they do personally, and not in influencing others to do well.

HighnAch salespeople do not necessarily make good sales managers, and the good general manager in a large organization does not typically have a high need to achieve.

McClelland's Theory of Needs

Third, needs for affiliation and power tend to be closely related to managerial success. The best managers are high in their need for power and low in their need for affiliation. In fact, a high power motive may be a requirement for managerial effectiveness.

McClelland's Theory of Needs

The view that a high achievement need acts as an internal motivator presupposes two U.S. cultural characteristics—willingness to accept a moderate degree of risk (which excludes countries with strong uncertainty-avoidance characteristics) and concern with performance (which applies to countries with strong achievement characteristics).

This combination is found in Anglo-American countries such as the United States, Canada, and Great Britain and much less in say, Ghana and China.

Contemporary Theories of Motivation

The early theories of motivation have had their fair share of criticism. Most of them do not support modern thinking or have not been supported by current research.

This does not mean that the more recent theories are unquestionably right. The modern theories are called “contemporary theories” because they represent the current state of thinking in explaining employee motivation.

Job Engagement



When nurse Abena Mansah comes to work, it seems that everything else in her life goes away, and she becomes completely absorbed in what she is doing. Her emotions, her thoughts, and her behavior are all directed toward patient care.

In fact, she can get so caught up in her work that she isn't even aware of how long she's been there. As a result of this total commitment, she is more effective in providing patient care and feels uplifted by her time at work.

Job Engagement



Abena has a high level of **job engagement**, the investment of an employee's physical, cognitive, and emotional energies into job performance.

Practicing managers and scholars alike have lately become interested in facilitating job engagement, believing something deeper than liking a job or finding it interesting drives performance. Many studies attempt to measure this deeper level of commitment.

Job Engagement



What makes people more likely to be engaged in their jobs? One key is the degree to which an employee believes it is meaningful to engage in work. This is partially determined by job characteristics and access to sufficient resources to work effectively.

Another factor is a match between the individual's values and those of the organization.

Leadership behaviors that inspire workers to a greater sense of mission also increase employee engagement.

Goal-Setting Theory



In the late 1960s, Edwin Locke proposed that intentions to work toward a goal are a major source of work motivation.

That is, goals tell an employee what needs to be done and how much effort is needed.

Evidence strongly suggests that **specific** goals increase performance; that **difficult** goals, when accepted, result in higher performance than do easy goals; and that **feedback** leads to higher performance than does nonfeedback.

Goal-Setting Theory



In addition to feedback, three other factors that influence the goals- performance relationship are **goal commitment, task characteristics, and national culture**.

Goal-setting theory assumes an individual is committed to the goal and determined not to lower or abandon it. The individual (1) believes he or she can achieve the goal and (2) wants to achieve it. Goal commitment is most likely to occur when goals are made public, when the individual has an **internal locus of control** , and when the goals are self-set rather than assigned.

Goal-Setting Theory



Goals themselves seem to affect performance more strongly when tasks are simple rather than complex, well learned rather than novel, and independent rather than interdependent. On interdependent tasks, group goals are preferable.

Finally, setting specific, difficult, individual goals may have different effects in different cultures. Most goal-setting research has been done in the United States and Canada, where individual achievement and performance are most highly valued.

Equity Theory



Employees perceive what they get from a job situation (salary levels, raises, recognition) in relationship to what they put into it (effort, experience, education, competence), and then they compare their outcome-input ratio with that of relevant others.

If we perceive our ratio to be equal to that of the relevant others with whom we compare ourselves, a state of equity exists; we perceive that our situation is fair and justice prevails.

Equity Theory



When we see the ratio as unequal and we feel underrewarded, we experience equity tension that creates anger.

When we see ourselves as overrewarded, tension creates guilt. J. Stacy Adams proposed that this negative state of tension provides the motivation to do something to correct it.

Expectancy Theory



One of the most widely accepted explanations of motivation is Victor Vroom's expectancy theory .

Expectancy theory argues that the strength of our tendency to act a certain way depends on the strength of our expectation of a given outcome and its attractiveness. In more practical terms, employees will be motivated to exert a high level of effort when they believe it will lead to a good performance appraisal; that a good appraisal will lead to organizational rewards such as bonuses, salary increases, or promotions; and the value the employee places on such rewards.

Expectancy Theory



The theory, therefore, focuses on three relationships:

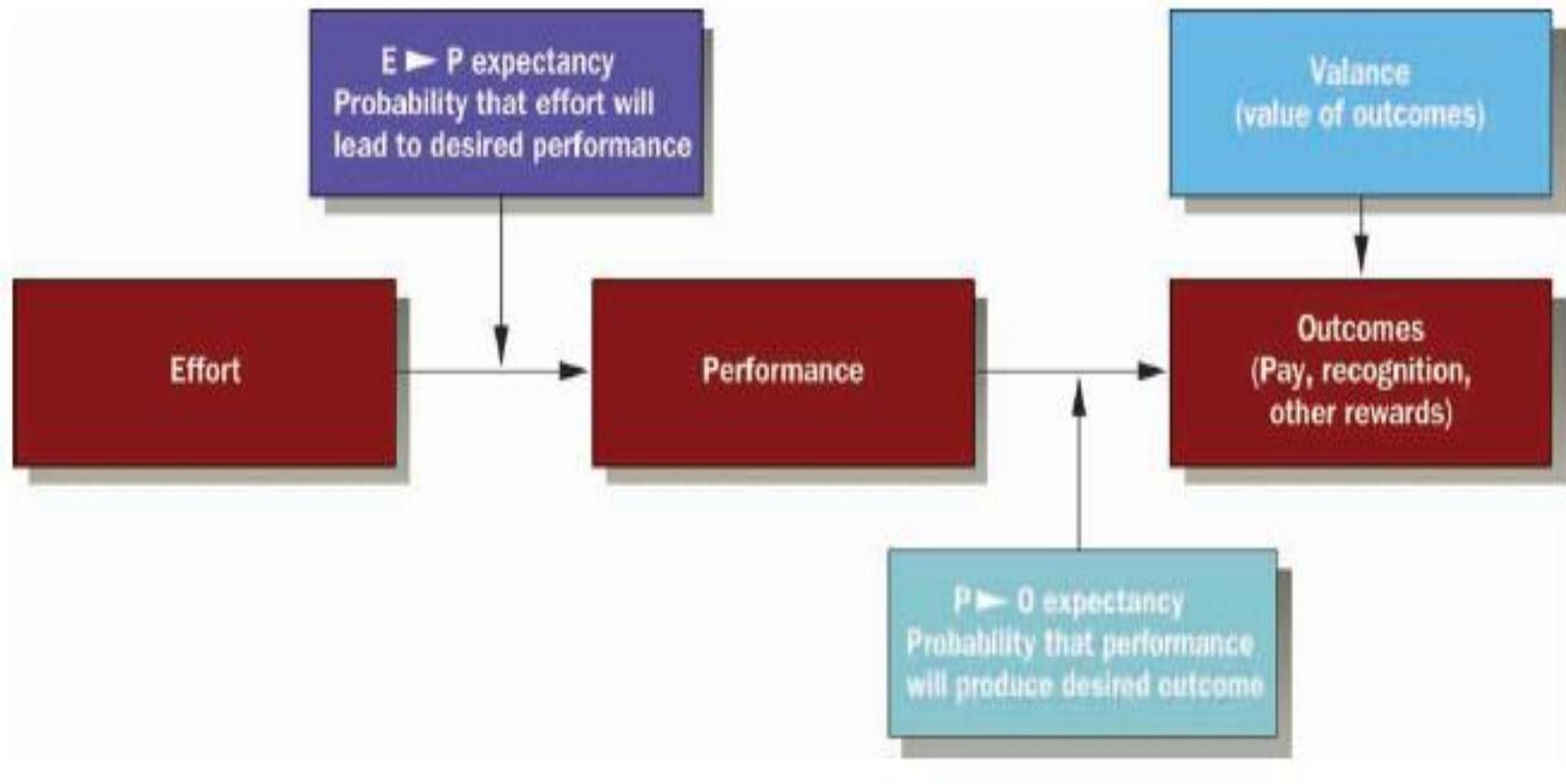
1. Effort–performance relationship. The probability perceived by the individual that exerting a given amount of effort will lead to performance.
2. Performance–reward relationship. The degree to which the individual believes performing at a particular level will lead to the attainment of a desired outcome.

Expectancy Theory



3. Rewards-valence. The degree to which rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.

Expectancy theory helps explain why a lot of workers aren't motivated on their jobs and do only the minimum necessary to get by.



Innovative Ways Of Motivating Employees

Program	Purpose
Pay for performance	Rewards individual employees in proportion to their performance contributions. Also called <i>merit pay</i> .
Gain sharing	Rewards all employees and managers within a business unit when predetermined performance targets are met. Encourages teamwork.
Employee stock ownership plan (ESOP)	Gives employees part ownership of the organization, enabling them to share in improved profit performance.
Lump-sum bonuses	Rewards employees with a one-time cash payment based on performance.

Innovative Ways Of Motivating Employees

Pay for knowledge

Links employee salary with the number of task skills acquired. Workers are motivated to learn the skills for many jobs, thus increasing company flexibility and efficiency.

Flexible work schedule

Flextime allows workers to set their own hours. *Job sharing* allows two or more part-time workers to jointly cover one job. *Telecommuting*, sometimes called *flex-place*, allows employees to work from home or an alternative workplace.

Team-based compensation

Rewards employees for behavior and activities that benefit the team, such as cooperation, listening, and empowering others.

Lifestyle awards

Rewards employees for meeting ambitious goals with luxury items, such as high-definition televisions, tickets to big-name sporting events, and exotic travel.

Assignment Question



Using the PESTEL model, assess the external environment of any Ghanaian organisation.

Critically outline the significant external environmental features of this organisation;

Identify potential threats and opportunities for the business.

Suggest practical ways that management can take advantage of the opportunities and reduce the negative impact of the threats.

Assignment



Assignment should be typed in Times New Roman, font size 12 and 1.5 line spacing. The text should be justified.

Citations should be properly referenced.

Submission: Next two Weeks