Principles of Management

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PREFACE

This module is written of the highest quality to introduce the field of business management to readers interested in these fields. This book provides an opportunity for students to be familiar with business texts as well as increase their knowledge in the area of principles of management.

This module is written according to the internal diploma of UCYP and Universiti Teknologi Malaysia (UTM) syllabus. The syllabus covers principles of management functions that emphasize both the efficiency and effectiveness of the manager's duties and responsibilities in an organization. The fourteen chapters provide a current overview of managing employees in the workplace.

This book provides explanations and views of a manager's job. Management is a professional which is dynamic, exciting, and challenging. Thus, the module is keen to develop the most comprehensive and up-to-date coverage on the nature of managing a business.

This book also includes questions at the end of every chapter to enable readers to comprehend the concepts in management.

CONTENTS

CHAPTER 1 INTRODUCTION TO MANAGEMENT

Learning Outcomes

After studying this chapter, you should be able to:
1. Define management and its functions.
2. Classify various types of management levels and their responsibilities.
3. Discuss management skills and roles concerning the management changes.
4. Describe the value of learning management.

1.1 Introduction

If you are an employee in an organization, you are supposed to have basic information about the organizational structure and level function in which you belong. Besides, understanding the concept of planning, organizing, leading, and controlling will help you to effectively coordinate and execute management activities.

This chapter will introduce you to the nature of management and organization together with the functions and roles performed by management. You will also be exposed to the management levels and responsibilities carried by them. Eventually, you will understand why studies about management are important not only to students but to the rest of the stakeholders.

1.2 Management, Managers and Organization

What is Management?
1. There are a lot of definitions to refer to management. Researchers from around the globe have defined management according to their perspectives. Some are complimentary and some project different schools of thought.
2. Mary Parker Follet once defined management as the art of getting things done through people.
3. The above definition is agreed by Stephen P. Robbins as he defined management as the process of getting things done effectively and efficiently and with other people.
4. Richard L. Daft and Stoner have defined management in terms of the functions carried by the management.
   - Management is the attainment of organizational goals effectively and efficiently through planning, organizing, leading, and controlling organizational resources. – Richard L. Daft
   - Management is the process of planning, organizing, leading, and controlling the efforts of organizational members and using all the resources to achieve organizational goals efficiently and effectively. – Stoner.

5. From the listed definition, we conclude that the definition of management carries several important elements.
   - Management is a collective activity. The participation of all members of the organization must be counted.
   - Management is a process thus it never stops.
   - All management activities must be done effectively and efficiently.
   - Management seeks to achieve organizational goals.

The Nature of Managers and Organization
1. The manager works in the organization but not all working in the organization are managers.
2. **A manager** is someone that has the power to direct and control the activities of other people in the organization.
3. **Organization** on the other hand, is a systematic arrangement of people working together to achieve goals.
4. Organizations can be divided into formal and informal organizations.
   - A formal organization is formed through organizational policy and procedures.
   - All activities and transactions are recorded for future purposes.
   - Whereby in an informal organization, most of the time, activities are not recorded.
5. Criteria of an organization:
   - It can be formed by at least two people working together.
   - There is a goal to achieve in the organization.
   - It is deliberately structured

1.3 Fundamental Concept of Effectiveness and Efficiency in Management

Clearly in most management definitions, the concept of effective and efficient are inserted in. Besides, how well an organization performs is always measured by the accomplishment of goals efficiently and effectively. What are they?

Effectiveness
1. Effectiveness is the degree to which an organization achieves its goals.
2. It is about doing the right things, typically in terms of quantity and quality.
3. Managers are effective when they can set a goal, choose an appropriate plan, and achieve the goal within a stipulated period.

Efficiency
1. Efficiency is the degree of how well resources are used to achieve a goal.
2. It is about doing things right.
3. Managers are efficient when they can minimize the number of resources used to attain organizational goals.

1.4 Functions of Management

In an organization, managers must behave in certain ways as lots of activities need to be performed by them. These activities are organized into interrelated functions of management.

The idea of what management does in an organization was first introduced by Henry Fayol in the early twentieth century. He proposed five sets of activities called the management process to highlight the functions of management. The five activities are planning, organizing, commanding, coordinating, and controlling. However, after a series of researches, management scholar agreed to dictate that there is only *four management processes or functions* as in Figure 1.1 below.
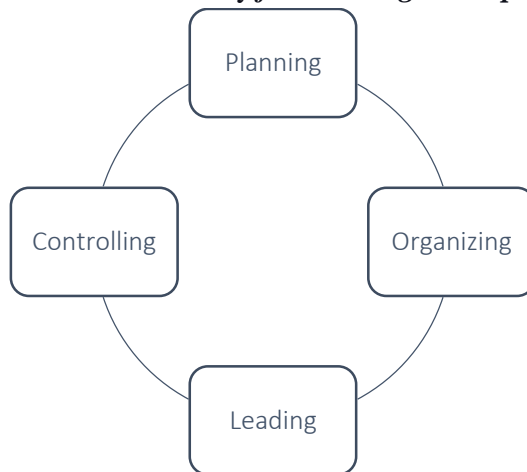
Figure 1.1 *Management Functions*

1. Planning
   - The first and most important process of management.
   - At this stage, management set organizational goals and ways on how to achieve the set goals.
   - Organizational goals can be in many forms such as strategic goals, tactical goals, operational goals, long term and short term goals, and many more.
   - During the process too, the managers set guidelines and bases of direction to their unit, division, or department. By having a clear goal and plans, activities in the organization can be easily formulated and executed.

2. Organizing
   - After goals and plans have been set up, the management can now proceed to the second function.
   - Organizing is the process of determining the organizational structure so that activities can be coordinated under specific jurisdiction, rules, and procedures.
   - Organizing also relates to the process of determining the following activities:
     i. What to be done (details activities to support plans)
     ii. How the activities will be conducted (method and SOP derivation)
     iii. Who is responsible for the activities (jurisdiction)?
     iv. When and where the activities to be done (timeline and schedule of execution)
3. Leading
   - Under this process, managers motivate, train, direct, and supervise subordinates.
   - Besides, throughout the leading function, managers are also responsible to select the most effective communication channels and resolving conflicts.
4. Controlling
   - The objective of this process is to ensure that what has been set during the planning process (goals) are achieved within the stipulated period.
   - If there is variation, corrective or reinforcement actions must be taken.
   - Even though, it is said to be the last process, but controlling activities must be conducted before, during, and after the activities.

1.5 Level of Management

According to Daft, management can be divided into two perspectives; the vertical and horizontal classification.

Vertical Classification

This vertical classification is associated with the hierarchy of how management is categorized within the organization. They are illustrated below.
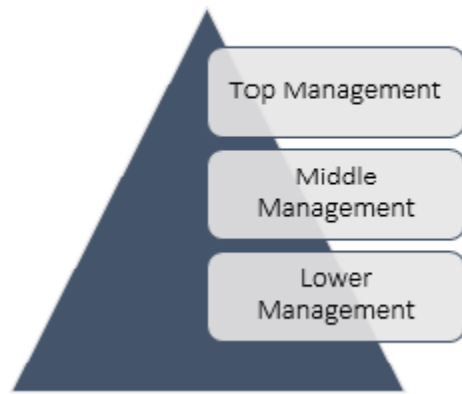
Figure 1.2 *Levels of Management*

1. **Top management**
   - Top management is the highest management level.
   - The designation refers to them are the Chief Executive Officer (CEO), President, Vice President, General Manager, Head of Region, senior managers, and other designation to refer the very important person in the organization.
   - Their responsibilities are to foresee the overall performance, set vision, and mission, provide strategic direction, setting the overall policies, and making a critical decision for the organization.

2. **Middle management**
   - Middle management is positioned in between the top management and lower management.
   - It normally refers to the head of the division or department.
   - Among responsibilities of middle managers are as follows:
     i. To translate policies, directions, and goals from the top management into something that can be understood by the lower management.
     ii. To foresee and supervise the performance of lower managers.
     iii. To conduct analysis and reports for the top management
     iv. To direct own division or department towards the achievement of goals.

3. **Lower level management**
   - Lower management or also known as first-hand managers are positioned at the bottom of the management hierarchy.
   - It is normally referred to as supervisors or head of the unit.
   - The responsibilities of lower managers are to foresee and direct the performance of operational workers.

Horizontal Classification

Management also can be divided into their tasks.

1. **Functional Managers**
- Functional managers are responsible for a specific department that performs specific tasks.
- Examples of this may include managers for departments such as finance, marketing, production, human resource, and research and development.

2. **General Managers**
- Unlike the functional manager who responsible for a specific department, general managers are responsible for several departments at one time.
- The example can be viewed in a matrix organization discussed in chapter organizing later.

1.6 Managerial Skills

To be effective, managers should have the conceptual, human, and technical skills tied up with other management competencies.

1. Conceptual skills
   - Conceptual skills are the ability to see things as a whole.
   - They are also the ability to analyze and link various aspects of relationships within and outside the organization.
   - Also, the skills are too referred to as one of the cognitive skills that able to see the cause and effects of an event.
   - The skills are including intelligence, verbal, and analytical ability.
2. Human skills
   - Human skills are interpersonal skills that make people able to work well with others.
   - They include communication skills, emotional management skills, teamwork skills, and negotiation skills.
3. Technical skills
   - Technical skills are the ability to solve problems within the managers' jurisdiction.
   - The skills include mastery in specific knowledge, methods, processes, or tools that formed specific techniques or procedures.
4. Other management competencies that enhance managers' performance are:
   - Conflict resolution skills
   - Task delegation skills
   - Decision-making skills
   - Guiding for improvement and change skills
   - Teambuilding skills

1.7 Managerial Roles

Every manager is expected to performed several roles along with his or her service. The roles are associated with people, information, and decision as introduced by Henry Mintzberg.

There are some of the 10 managerial roles a manager must perform to become effective and efficient.

Interpersonal Roles	Informational Roles	Decisional Roles
•Figurehead •Leader •Liaison Officer	•Monitor •Disseminator •Spokesperson	•Entrepreneur •Disturbance Handler •Resouce Allocator •Negotiator

Table 1.1 *Managerial Roles*

Interpersonal Roles
1. Figurehead – managers performing official tasks such as attending meetings, welcoming guests, or signing official documents
2. Leader – managers responsible to recruit, train, motivate, and guide subordinates towards the achievement of organizational goals.
3. Liaison Officer – managers become the middlemen to communicate and negotiate with the external parties.

Informational Roles
1. Monitor – managers become an information gatekeeper. They search and understand the information for the good of the organization. They also become the information center for employees.
2. Disseminator – managers disseminate the received information to all subordinates so that activities can be done smoothly.
3. Spokesperson – managers become organization representatives to talk with external parties.

Decisional Roles
1. Entrepreneur – managers find ways to improve the organization. They search, innovate, and make changes so that the organization can progress well.
2. Disturbance Handler – managers become the mediator to any conflicts or problems within the organization. Any disagreement must be tackled.

3. Resource Allocator – managers decide on budgets and activities because resources are indeed limited.
4. Negotiator – managers represent the organization in cases to obtain a win-win situation with the other party.

1.8 Values of Learning Management

Below are the values of learning Management:
1. By learning management, our life becomes structured and organized. Thus it leads to effective time management and healthy lifestyles.
2. Management helps us to understand events, challenges, and skills that give impact on our future working experience.
3. Management enhances our skills to make decisions as we can allocate and utilize resources efficiently towards the achievement of goals.
4. Management introduces us to many theories and guidelines essential to become an effective leader.
5. Management also makes managers more responsible for their subordinates regardless of what happened around them.

SUMMARY
1. Management is the process of planning, organizing, leading, and controlling organizational resources to achieve organizational goals.
2. To succeed, managers require participation from all employees within the organization. Not only that, but managers must also find ways to upgrade skills.
3. In an organization, managers play different roles in which these roles are divided into three categories.
4. Learning management will enhance managers' confidence, knowledge, and ability to become an effective and efficient leader.

QUESTIONS

Multiple-choice questions

1. Below are the characteristics of the organization except
   a) The organization is made up of machines and human
   b) The organization has goals to achieve
   c) The organization can be in the form of formal and informal
   d) The organization is deliberately structured

2. _____ is the process of setting organizational goals and set ways on how to achieve those goals.
   a) Planning
   b) Leading
   c) Organizing
   d) Controlling

3. The manager is having conceptual skills when he or she can
   a) Relate various activities in the organization and suggest an improvement
   b) Work well in a team
   c) Read computer reports and solving job – related problems
   d) Actively enhance employee motivation and communication

4. Top management requires more of _____ skills whereby lower level management require more of _____ skills.
   a) Human, conceptual
   b) Conceptual, Technical
   c) Technical, Human
   d) Human, technical

5. Which of the following roles of management, disseminate information to the external party?
   a) Figurehead
   b) Monitor
   c) Spokesperson
   d) Disseminator

Structured and essay questions

1. Define management.

2. Describe the four (4) functions of management.

3. Relate levels of management and skills needed by them.

4. Discuss any three (3) values of learning management.

CHAPTER 2 EVOLUTION TO MANAGEMENT THOUGHT

Learning Outcomes
After studying this chapter, students will be able to:
1. Explain the evaluation phases of management thoughts
2. Discuss the contributions of early researchers to the current management practices and concepts.

2.1 Introduction
Learning about history is essential for every management student as it gives the foundation of where and how management theories were developed and how the theories are important to modern situations.

This chapter is divided into six sections. They are early management, the pre-classical management period, the classical approaches, the behavioral and human relation movement approach, the quantitative approach, and the contemporary management thought.

2.2 Early Management
Studies about management and the practice of management principles have been started since early civilization.
1. The development of wonders in the world such as the Giza Pyramid in Egypt and the legendary Great Wall of China requires lots of planning, organizing, leading, and controlling activities for those wonders to still can be seen today.
2. The Babylonian Code of Hammurabi containing 282 laws dated about 1754 BC shows that systematic management has been practiced in ancient Mesopotamia.
3. Development of Greek arts and literature focusing on the importance and accomplishment of the human being.
4. Roman autocratic leadership style

2.3 The Pre – Classical Management Period

This pre-classical era of management is the period before classical management came into the world around the early 1800s to early 1900s. Some of the contributors are Robert Owen, Charles Babbage, Andrew Ure and Charles Duplin, and Henry Robinson Towne.

1. Robert Owen
   - A British entrepreneur.
   - Considered as a pioneer in the field of human resources as the recognized the necessity for the welfare of workers.
   - Interested in issues about the work environment and employees living area.

2. Charles Babbage
   - Referred to as the father of Modern Computing.
   - Built the mechanical calculator and analytical engine that became the foundation of today's computer.
   - Advocated for the idea of specialization and emphasized the necessity of profit sharing.
3. Andrew Ure and Charles Duplin
   - Emphasized management education which paved the way for professionals manning the management positions.
4. Henry Robinson Towne
   - Focused on good business practices and engineering skills in managing an organization.
   - Believed that management is a science and systematic development of management principles can be used in all managerial situations.

2.4 The Classical Approaches

This classical management approach has emerged during the nineteenth and early twentieth centuries due to the rise of the factory system and issues related to structure, training, and employee satisfaction.

There are three subfields of the classical perspective of management; scientific management, bureaucratic organization, and administrative management.

The Scientific Management

The main focus of scientific management is to improve efficiency and employee productivity.
1. Frederick Winslow Taylor
   - Referred to as the Father of Scientific Management.
   - Proposed that humans can be retooled like machines.
   - Studied work effectiveness by searching the fastest way of doing tasks.

2. Henry L. Gantt
   - Taylor's colleague and later open up his own business.
   - Emphasized the necessity to have good employees.
   - Among his contribution is the Gantt Chart that is still being used today.
3. Frank and Lilian Gilbreth
   - They are husband and wife.
   - Emphasized on body movement to obtain maximum energy.
   - Introduced the concept of competition among employees to get a salary increment for those who performed well.
   - Concluded that boredom is not a reason for job dissatisfaction but lack in management attention.
4. Harrington Emerson
   - Referred to as the Father of Efficiency
   - Supported principles of scientific management that link with the concept of efficiency.
   - His contributions help organizations to be managed effectively and efficiently.

The Bureaucratic Organization

The bureaucratic organization concept is introduced by Max Weber, a German sociologist. Characteristics of a bureaucratic organization:
1. Division of labor, with clear definitions of authority and responsibility.
2. Positions organized in a hierarchy of authority.
3. Managers are subject to rules and procedures that will ensure reliable, predictable behavior.
4. Management separate from the ownership of the organization.
5. Administration acts and decisions recorded in writing.
6. Personnel selected and promoted based on technical qualifications.

The Administrative Management

This subfield of classical management focuses on the entire organization.
1. Henry Fayol
   - A French mining engineer
   - Identified five functions of management which are planning, organizing, commanding, coordinating, and controlling.
   - Proposed 14 management principles

Unity of command	Division of labor	Unity of direction	Scalar chain	Balancing authority and responsibility
Discipline	Remuneration	Centralization	Subordination of individual interest to general interest	Order

Equity	Stability of tenure of personnel	Initiative	Esprit de corps
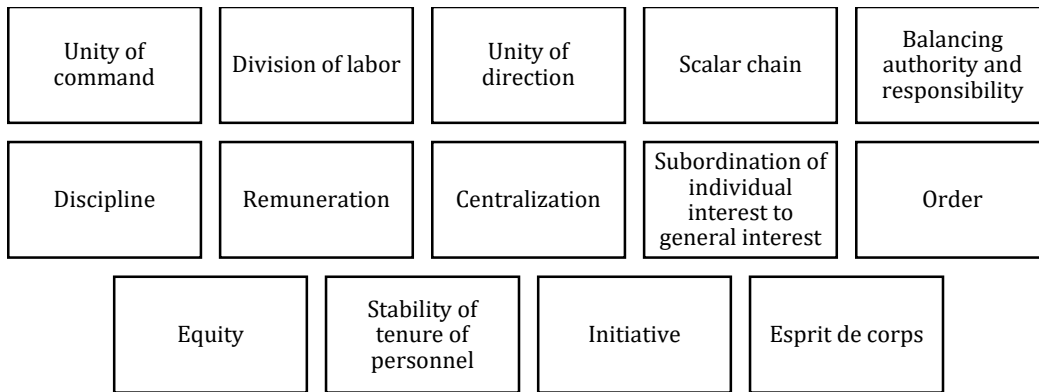
Figure 2.1 *The 14 Administrative Principles*

2. Chester Barnard
   - Once a New Jersey President in the year 1927.
   - Introduced the concept of informal organization.
   - Introduced the concept of authority acceptance which indicated that every employee has the right to obey or reject the given instruction from top management.

2.5 The Behavioral and Human Relation Movement

This approach emphasized the importance of understanding various factors affecting human behavior in the organization.

Early Contributor
1. Hugo Munsterberg
   - From his work of Psychology and Industrial Efficiency, he highlighted how a psychologist can help the industry through:
     i. Research is done by the psychologist.
     ii. Identification of the psychological environment for workers to perform tasks.
     iii. Strategy development that affects employees' behavior.
2. Mary Parker Follet
   - Management and social psychologist.
   - Emphasized on employee participation and shared goals between managers and employees.
   - Her basic theory was that the fundamental problem of any organization is to build and maintain dynamic yet harmonious human relations within the organization.

Hawthorne Studies
1. The studies began in 1924 to define the relationship between physical working conditions and worker productivity. The studies took place at Western Electric in Cicero, Illinois, Chicago.
2. The experiment done is about the level of lighting and productivity.
3. At first the researchers lowered the lighting and expected the productivity to drop but the result turned to be the other way as the productivity increases. They tend to change the level of lighting many times but the results of productivity were still increasing regardless of the lighting levels.
4. Elton Mayo and his research team from Harvard have expanded the studies on many other variables such as wage payments, rest periods, and length of the workday. However, the results were still similar to the lighting experiments before.
5. Then the researchers decided that there are other factors besides the physical environment affected productivity. The workers seem to react to psychological and social factors. They also found that the employees responded positively when the researchers pay attention to them. It means that the employees knew that they were being observed, they then to work harder thus, increasing productivity recorded. This is what researchers called the Hawthorne Effect.

Theory X and Theory Y
1. This theory focuses on the human resource perspective from worker participation and considerate leadership to managing work performance.
2. Theory X and Theory Y proposed by McGregor explain how leaders treat employees based on their assumptions of the employees.

2.6 Quantitative Approaches

The quantitative approach also is referred to as management science. This approach uses mathematics and statistics to help managers solve issues and decision making in an organization.
1. Operation management
- This operation management is a study that focuses on the production of goods and services.
- Among the subtopics are inventory management, production processes, logistics, and production cost reduction.
2. Information Technology
- Managers make decisions with the help of computer technology and software.
- Data will be analyzed using specific tools and computer software and the result will be a foundation for decision making.

2.7 The Contemporary Management Thought

System Thinking (System Theory)
1. This is an approach that sees the organization as an interrelated system.
2. It emphasizes on the management ability to see the distinct elements of a situation as well as the complexity.
3. To succeed, managers must understand subsystem interdependence and synergy.

Contingency View of Management
1. This is a view of seeing every situation is unique, thus no universal theory can be used to solve issues.
2. Therefore, the managers must be creative to search for methods and key contingencies that will work for the situation.
3. Besides, organizational structure should depend upon the industry and other variables.

Total Quality Management (TQM)
1. An approach that sees quality is the best way to indicate good management.
2. This approach comes from Japan and now most countries are focusing on it.
3. The TQM proposed quality to be absorbed and implemented by every part of the organization regardless of the levels.
4. Elements of quality management:
- Employee involvement
- Focus on customers
- Benchmarking
- Continuous improvement

Innovative Management
1. As the industry keeps changing and management activities are no longer static, managers must actively search for new ideas, methods, and strategies to cope with the situation.
2. Here the activities of research and development are truly essential.
3. Besides, the holistic approach is needed for the organization to be sustained in the industry

SUMMARY
1. Studies about management have evolved from time to time.
2. Learning history will guide managers in many managerial activities such as employee selection, training, motivation, decision making, and controlling.
3. Hawthorn studies have changed the way managers perceive their employees.

QUESTIONS

Structured and Essay Questions

1. Why learning history is essential to managers?

2. Explain the Hawthorne Studies

3. What are the elements of Max Weber's bureaucratic organization?

4. Discuss elements of TQM.

CHAPTER 3.0 ORGANIZATIONAL ENVIRONMENT AND CORPORATE CULTURE

Learning outcomes

After studying this chapter, students will be able to:
1. Explain what the internal and external environment of management is.
2. Discuss how this internal and external environment may affect management.
3. Describe what corporate culture is.

3.1 Introduction

In performing tasks, managers must be aware of the environments in which they belong. These environments are not static. They are changing the following time and event.

Effective managers should not only be prepared but must be proactive in managing the environments as they can give effects to the management activities including planning, organizing leading, controlling, and decision making.

The environments are also known as factors that affect the management ability to perform their tasks.

In this chapter, students will be introduced to the concept of the external environment and the internal environment of management. Later, in the end, we going to cover the extension of internal environment called culture

3.2 The External Environment

The internal environments are the forces or factors outside the organization that may affect the ability of management to perform its tasks. They can be divided into two parts that are the macroenvironment and the microenvironment.

Macroenvironment

This includes larger societal forces that may affect not only management activities but the whole organization. They are uncontrollable and more complex.
1. The economic environment
   - The world economy is referred to as the wealth level of a country.
   - In business, the economic environment can be viewed in the form of variables such as the economic cycle, the economic condition (growth, inflation or recession), the national income level, the unemployment rate, and the interest rate. In any situation involving money, whether to be invested or to be borrowed, management relies heavily on the economic condition and the interest rate.
   - If the inflation is high, the cost of materials will up tremendously and management has to find ways to ensure customers are willing to accept high product prices.

- Furthermore, when the interest rate is high, loans can be risky for the company as it has to pay a larger amount later.
- Besides, in more complex foreign activities, the economic condition of the host country does reflect the spending pattern of his citizen essential for price-setting and management decision regarding marketing activities

2. The political-legal environment
   - Political – legal environment associated with government ideologies, regulations, and laws.
   - The stable political situation of a country shows that businesses are well supported in the country.
   - Therefore, the business will benefit in many areas such as tax reduction and production quota.
   - Besides, this environment also covers all planning and policies set by federal or state government and government agencies.
   - Managers should review the organizational politics too.

3. The social environment
   - The social environment such as organizational diversity, demographic changes, modern society, society norms, and customs, and lifestyles must be thoroughly assessed by managers as these environments reflect how people thinks, reacts to and handle situations in their life.
   - Of course, in the organization, human resource management is affected largely by the changing social environment.

4. The technological environment
   - In line with the 4th Revolution, companies should not operate just like before.
   - Technology plays an important part in human life now.
   - Managers must make sure not only the organization is having technological review but they must first ensure they are capable enough to absorb technology in their life.
   - This means that managers must also upgrade their skills and knowledge inline
   - Rapid technological advancement does help managers and organizations a lot.
   - However, the costs to embed technology in an organization are considered high too.

Microenvironment

Microenvironment consists of competitive forces that may affect the organization. It is also referred to as the task environment.

1. The customers
   - Customers are the buyer of the company's product.
   - Of course, understanding customers' needs, wants, and preferences are essential particularly in deciding what products to be sold and how customers react to any marketing campaigns.

2. The Suppliers
   - Suppliers supply organizations with resources to operate a business or to produce goods and services.
   - Without them, business activities and production might be delayed and the company is unable to meet the dateline set by the customers.
   - Therefore, in some cases, management should rely on several suppliers at a time so that the supplies are always enough.
3. The competitors
   - Competition within the industry can be intense. That is why companies must always give the best to their customers.
   - To succeed, managers must always be alert with the competitors' strategies and plans and prepared earlier to be ahead of the competitors.
4. The labor market
   - This consists of the composition of the labor market and the profile of fresh graduates and skilled workers around the globe.
   - The environment gives pressure to the organization in terms of skills and job demands of the labor market.
   - For example, human resources planning might be affected by labor market trends and changes.

3.3 The Internal Environment

The internal environment consists of forces or factors inside an organization that may affect the ability of management to perform its job.

1. The board of directors and the top management
   - The board of directors and top management set the vision, mission, and strategic direction of an organization.
   - From the vision and mission, managers develop strategies and plans in line with the set direction.
   - Of course, activities in the organization are bounded to the direction.
2. The other managers
   - A horizontal relationship is needed for smooth coordination within the organization.
   - Managers from different functional areas must work closely together so that the ultimate organizational processes can be done effectively.
   - Sometimes, conflict might arise due to different ideologies. Therefore, mutual understanding and consideration are essential.

3. The employees
   - Employees play an important role in realizing organizational goals.
   - Their participation and commitment are the assets of an organization.
   - Managers should understand their subordinates well, train, and motivate them continuously.
   - At the same time, their welfare must be managed equally.
4. Structure
   - The structure here refers to the organization's formal authority, reward systems, and rules and regulations.
   - Both managers' and employees' activities are subject to the structure of the organization.

3.4 Introduction to Corporate Culture

What is Corporate Culture?
1. Corporate culture is the shared values, beliefs, understanding, traditions, and norms that members share.
2. It reflects the way activities are done in the organization.

Levels of Corporate Culture
1. Visible – are artifacts including dress code, office layout, symbols, slogans, ceremonies
2. Invisible – includes expressed value and underlying assumptions and deep beliefs.

Learning Cultures
Members of the organization can learn culture through symbols, stories, heroes, slogans, and ceremonies.

Types of Corporate Culture

1	• Adaptability Culture
2	• Achievement Culture
3	• Involvement Culture
4	• Consistency Culture
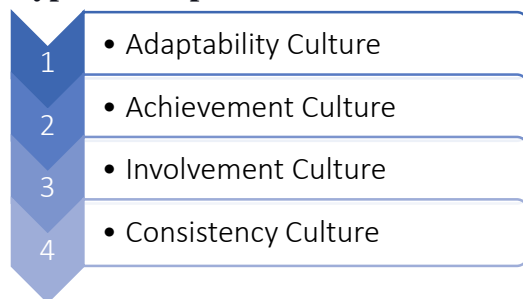
Figure 3.1 *Types of Corporate Culture*

1. Adaptability culture
   - Emerged in an environment that required fast response and high-risk decision making.
   - The ability to rapidly detect, interpret, and translate the signal from the environment is something valued in this culture.
2. Achievement culture
   - Concerned with serving specific customers in an external environment but without the intense need for flexibility.
   - A result-oriented culture that values competitiveness, personal initiative, and achievement.
3. Involvement of culture
   - Focused on internal participation.
   - A family-like organization
   - Place a high value on meeting employees' needs, cooperation, and equality.
4. Consistency culture
   - The used internal focus in a stable environment
   - Values and rewards a methodical, rational, and orderly way of doing things.
   - Based on rules and regulations.

SUMMARY

1. Organizational gives management opportunities and threats. Therefore, managers must always be prepared to grab the opportunities or to eliminate the threats.
2. Environments can be in the form of internal and external parties.
3. Most of the environments affect management ability directly and some affect directly.
4. Corporate culture is the foundation that lies in the organization that shapes the way employees perceive, select actions, and make decisions.

QUESTIONS

Structured and Essay Questions.

1. Differentiate the external environment and internal environment.

2. Explain four (4) ways economic environments can affect the organization.

3. Discuss four (4) types of the corporate culture.

CHAPTER 4 INTRODUCTION TO MANAGERIAL ETHICS AND SOCIAL RESPONSIBILITY

Learning outcomes

After studying this chapter, students will be able to:

1. Define what is managerial ethics and ethical dilemma.
2. Discuss various approaches to ethical decision making.
3. Explain the concept of social responsibility
4. Describe the criteria to evaluate social responsibility.

4.1 Introduction

Ethical practices in the organization show management commitment to bring the organization to a step forward that the rest of the players in the industry. Besides social responsibility helps organizations to be alert with the needs of their external environment.

This chapter will talk briefly on the managerial ethics and social responsibility, enough for students to have ideas on how these concepts are much needed in the organization.

4.2 Managerial Ethics

Definition of managerial ethics

1. The word ethics is hard to define. In general, it is a code of moral principles and conducts that govern behaviors.
2. It sets standards to determine what is right and wrong to conduct and decision making.
3. An ethical issue is present in a situation when the actions of a person or an organization may harm or benefit others.
4. People in an organization may have different views about what is ethically related to situations.
5. That's why it is essential to learn ethics as when the situation arises; we are prepared and know how to handle the situation.
6. There is a slight difference between ethics and laws. Ethics associates with social standards whereby laws associated with legal standards.

Ethical Dilemma

1. According to Daft, an ethical dilemma arises in a situation concerning right or wrong when values conflict.
2. This is when right or wrong conduct cannot be identified.
3. When it arises to this kind of situation, how would you handle your case? What choice will you take? Relax, just stick to your inner values. You will find the answers later.

Approaches for Ethical Decision Making

1. Utilitarian Approach
   - The decision-maker is expected to consider the effect of each alternative and select the one that projects the greatest impacts or benefits.
2. Individualism Approach
   - Decision alternatives are moral when they promote the individual's best long – term interest.
3. Moral – Right Approach
   - The decision-maker should choose the best alternative that maintains the rights of those who are affected by the decision.
   - Six moral rights must be focused on:
   - The right of free consent
   - The right to privacy
   - The right to freedom of conscience
   - The right to free speech
   - The right to due process
   - The right to life and safety
4. Justice Approach
   - The decision is chosen based on the principles of equity, fairness, and impartiality.
   - Three types of justice:
   - Distributive justice
   - Procedural justice
   - Compensatory justice

4.3 Corporate Social Responsibility

Definition of Corporate Social Responsibility

Corporate social responsibility (CSR) is the obligation of organization management to make decisions and take actions that will enhance the welfare and interests of society as well as organization.

Organizational Stakeholders

1. An organization seeks to execute CSR in society.
2. Most of the time, society refers here is the organizational internal and external environment as being viewed as organizational stakeholders.
3. The stakeholders are groups within or outside organizations that may affect the organization. Stakeholders can be in many names and forms.
4. Among them are the customers whether internal or external customers, competitors, suppliers, dealers, bankers, government agencies, partners, research centers, health agencies, special interest groups, the non – government organizations, communities, and many more.

Evaluating CSR

In evaluating the CSR activities, some criteria must be taken into consideration:

Figure 4.1 *Criteria of CSR*

1. Economic Responsibility
- Also known as profit-maximizing view
- The company should be operated on a profit-oriented basis, with its sole mission is to increase profit.
1. Legal Responsibility
- The company should be operated to fulfill its economic goals within the framework of legal requirements.
1. Ethical Responsibility
- The company operated in situations that are not classified into laws and may not serve the corporation's direct economic interest.
- To be ethical, the decision-maker must act with equity, fairness, and impartiality.
1. Discretionary Responsibility
- Purely voluntary and is guided by the company's desire to make a social contribution not mandated by economic, law, or ethics.

4.4 Managing Company Ethics and Responsibility

Code of Ethics

1. The Code of ethics is the formal statement of an organization's values regarding ethics and social issues. This communicates to employees what the company stands for.
2. There are two types of code of ethics:
   a. Principle-based statement
      - Designed to affect corporate culture
      - Generally called as corporate credos

      b. Policy-based statement
- Outlined procedures to be used in a specific ethical situation.

Ethical Structures
1. Ethical structures represent the various systems, positions, and programs a company can undertake to implement ethical behavior.
2. Some companies are introducing a new unit or position to safeguarding these activities.
3. One area of concern of the unit is ethics training.

Whistle – Blowing
1. When employee disclosure employer's illegal, immoral, or illegitimate practices, he or she is said to conduct in whistleblowing.
2. Without proper protective, the whistleblowers might suffer as they might risk their entire performance and career.
3. However, to purely become an ethical organization, having someone to point out wrongdoings is benefited the organization. govern
4. Organizations can improve the matter and continue to deliver the best to their stakeholders.

SUMMARY
1. Management is bounded to certain rules, regulations, and ethics that govern their actions.
2. Ethical managers react positively to challenges and are seem to be more productive too.
3. Corporate responsibility is needed not only for the image but for company long – term sustainability.

QUESTIONS
Structured and Essay Questions

1. Why ethics matter?

2. Discuss four (4) approaches to ethical decision making.

3. How to evaluate organizational CSR programs?

CHAPTER 5 FOUNDATION OF PLANNING

Learning outcomes
After studying this chapter, students will be able to:
1. Discuss the reasons why proper planning is needed in the organization.
2. Describe levels of planning.
3. Explain how managers plan.
4. Elaborate on the nature of management by objective

5.1 Introduction
Planning is essential for every human being. So does to the organization. The need for planning exists when the environment keeps changing and rapidly affects the organization. Planning is the first and most important management process. This is why during the planning process, goals are set and all processes and activities after that will be based on the stated goals. By planning managers will be more certain of the future. It also makes things get arranged and run smoothly. In this chapter, students will be introduced to the concept of goal setting and plans, and planning implementation through management by objective.

5.2 Overview of Goals and Plans
1. A goal is a desired future state that the organization is trying to achieve.
2. A plan is a blueprint for goal achievement and specifies the necessary resource allocations, schedules, tasks, and other actions.
3. Whereby planning, incorporates both ideas above. Planning is determining the goals and the means for achieving them.

5.3 Benefits of Planning
1. It sets the direction for the organization.
2. It reduces the risks and effects of change.
3. It minimizes waste and redundancy.
4. It set standards for control.
5. It eases resource allocation thus effective execution can be done.
6. It helps managers to increase knowledge and skills.

5.4 The Organizational Planning Process

According to Daft, the planning processes are as follows:

1. Develop the plan
   - The overall planning process starts with the identification of the organizational mission and vision.
   - At the stage too, managers set organizational strategic goals.
2. Translate the plan
   - Based on the previous step, managers start to translate the strategic goals and plan into something recognizable by the lower level.
   - At this stage, the tactical plan and objective, contingency plan, and intelligence team are developed.
3. Plan operations
   - At this stage, the operational plan is developed if non – existence before but if the plan is already developed, the managers will review it so that it will in line with the plans set at the previous step.
   - At this point, measures and targets are set too and managers start to plan to combat the crisis.
4. Execute the plan
   - At this point, managers will execute the plan according to some tools.
   - Among the tools are management by objective (MBO), performance dashboard, single-use plan, and decentralized responsibility.
5. Monitors and learns
   - Finally, the managers will monitor the plan execution.
   - This is to check whether they can meet the goals or not.
   - Any disagreement will be corrected and findings from the process will be served as guidelines for future planning activities.

5.5 Levels of Goals and Plans

In an organization, managers normally divide the goals and plans into 3 classifications such as strategic, tactical, and operational as shown in the pyramid below:

Figure 5.1 *Levels of Goals and Plans*

Strategic Goal and Plan
1. Strategic goals are the organization-wide goal.
2. It is derived from the organization's mission statement.
3. It is broad in scope and long – term in nature.
4. To achieve a strategic goal, managers need to have a strategic plan.
5. The plan is set after thorough discussion and coordination between key persons in the organization.
6. The goal and plan become the responsibility of the top management.

Tactical Goal and Plan
1. Based on the strategic goal and plan, the managers can develop the tactical goal and plan.
2. The scope for this tactical goal and plan is smaller than the above category and the duration might be within a year or two.
3. If strategic goals and plans are said to be organization-wide, the tactical category is set to meet the nature of a specific division or department.
4. Thus, it becomes the responsibility of the middle managers.

Operational Goal and Plan
1. The last yet the most important level of goal and plan are the operational goal and plan.
2. The operational goal is a specific target of specific units or individuals in the organization.
3. The plan might cover daily, weekly or monthly plans to achieve the stated goal. This category of goal and plan is the responsibility of the lower managers.

5.6 Criteria for Effective Goal

To be effective, managers must set goals that follow the SMART criteria listed below:
1. It must be **specific**. Under one statement of goal, it should cover one scope of matter only.
2. It must be **measurable** so that the managers can detect the progress and control process can be done.
3. It can be **attainable** or achievable. Set a high standard is good but if too high and unable to obtain, what is the purpose of setting it in the first place? The goals can be challenging and managers are confident to achieve them.
4. It should be **realistic** or relevant. It means that the goal is logical in nature and line with the current organizational planning.
5. It should have **a time frame**. This is to ensure control can take place and easy for the managers to plan and execute the plan within the stipulated time.

Can you derive one effective goal based on the above criteria?

5.7 Management by Objective

The management by objective or MBO is a new approach to planning. It is a process whereby the managers together with employees set objectives for individuals, units, departments, and divisions. These objectives will be used to monitors performance.

The managers and employees will set together to discuss performance and then set objectives for the employees based on the department objectives. And when the department objectives are achieved, the division objectives are achieved too.

The objectives set for individuals, departments, and divisions are all in line with the organizational goals. Thus the process of plan and goal cascading can be done.

MBO Process

Four main activities for MBO to be successful are:

1. Set goals
   - The process involves every level and looks beyond daily activities.
   - Goals should be jointly derived.
   - Mutual agreement between employee and supervisor creates the strongest commitment
2. Develop actions plan
   - Based on the objectives and goals set before, the action plan is now derived.
   - The action plan is set for both individuals and departments.
3. Review progress
   - A periodic assessment is needed. This is to ensure the plan is carried out effectively and any problems are discussed so that goals can be achieved.
4. Appraise overall performance
   - Lastly is the evaluation process. This is to ensure the overall organizational goals are achieved throughout the process. And the cycle of new MBO will start again.

We also implement MBO in UCYP. Consider this situation.

You and your mentor discuss your performance early in the semester. Your mentor sets a target for you to achieve in the semester. For example, you have to make sure your assessment marks (carry mark) reach at least 30 over 50 for each subject. This is in line with the target set for each course lecturer that to ensure all students get at least B - (65/100 marks). When all students obtain the minimum target, the overall faculty pass rate would be 100 percent as no one fail the examination. And the UCYP target to obtain at least 100 percent student grad – on – time will be achieved too.

Now, do you get the idea?

5.8 Single-use Plan and Standing Plan

Single-Use Plan
1. This refers to specific actions or plans that suit specific activity only.
2. The plans probably are not suitable to be repeated in the future.

Standing Plan
1. This serves as general guidelines for ongoing activities and can be used repeatedly in the organization.

The components of the single-use plan and standing plan are as follows:

Single Use Plan	Standing Plan
• Program • Project • Budget	• Policy • Rules • Procedures

Figure 5.2 *Components of Single-use Plan and Standing Plan*

5.9 Planning for Turbulent Environment

As the environment keeps changing, it offers opportunities and threats to management. The effects can be severe but forced management to make a very critical decision.

Consider how COVID – 19 affects the whole world now? It creates chaos for governments, businesses, and individuals. The invisible foe set government to lock down the country, businesses to shut down and many citizens become unemployed. Of – course turbulent time like this requires everybody to act fast and take precaution actions more than before.

There are three critical planning methods available to managers. They are contingency planning, scenarios building, and crisis planning.

Contingency Planning
1. Contingency planning is a concept where managers prepare for the worse, emergency, and, unexpected situations.
2. To do this, managers must actively review and alert to the important factors in the environment that might cripple their ability to perform tasks.

Building Scenarios
1. This is a forecasting technique extension from contingency planning.
2. The process urged managers to look at the trends and visualizing the possible condition in the future.
3. Rather than focusing on history, this technique is emphasizing *what could be*.
4. After that, the situation can be rehearsed to ensure the proper plan can be executed.

Crisis Planning
1. Another method of critical planning is crisis planning.
2. This is when the managers predict and prepare themselves for something rare, severe, and, unexpected.
3. It is similar to contingency planning but the crisis planning is for something odd, new, and sudden like the case of September 11 and COVID – 19.
4. This crisis planning involves two parts.
5. The first one is crisis prevention. Managers prepare the best to prevent the crisis from happening.
6. Second is crisis preparation. Managers are urged to study the situation in every aspect so that they can develop proper and workable guidelines so that everybody will stay calm during the crisis. The objective of this prevention stage is to ensure the crisis to stop for occurring anymore.

SUMMARY
1. Good planning leads to the smooth process of achieving organizational goals. The process must be done effectively and efficiently.
2. All planning activities are started with an understanding of organizational mission and vision as they are linked together to show direction for the organization.
3. Planning reduces uncertainty. However managers must be prepared all the time.
4. The strategic plan is organization-wide. It becomes the foundation to develop a tactical plan and operational plan.
5. Management by objectives is essential to pull everybody in the organization in the planning process as the employees will see how far their contributions are counted.

QUESTIONS

Structured and Essay Questions

1. Why proper planning is needed?

2. Discuss the planning process.

3. Explain the levels of plan and skills required at each level.

4. How would you implement MBO in your organization?

CHAPTER 6 DECISION MAKING

Learning Outcome

After studying this chapter, you should be able to:
1. Define decision making.
2. Explain the importance of decision making in an organization.
3. Describe the decision-making process.
4. Explain types of decision making that are generally implemented in an organization.
5. Identify barriers to making good decisions.

6.1 Introduction
1. Decisions are made every day within organizations, the process does not always go as well as they could. Understanding how decisions are made, how they can be biased, and how to make the decision-making process run smoothly will result in a more effective manager.
2. Decision making refers to the **process of identifying problems and finding alternatives to solve the problems**.
3. There are three management levels in an organization, top-line managers, middle-line managers, and first-line managers.
4. These managers are given the responsibility and authority to make a decision.

6.2 Types of Decisions
1. An organization must make several types of decisions making.
2. Decision-makers are individuals or groups of individuals who are responsible for deciding on a specific area based on available alternatives.
3. Managers usually will make several types of decisions for different problems and conditions.

Programmed decisions
1. This decision making is made based on a set of policies, rules, and procedures.
2. Program decision making is useful for lower-level managers in solving a normal problem related to policies, rules, and procedures.
3. It limits creativity and freedom in decision making.

Non-programmed decisions
1. Non-programmed decisions are used to solve unique or problem that infrequently happens in the organization.
2. This type of decision used by top-line managers to solve complicated and complex problems.
3. It required creativity and critical thinking in the decision-making process.

6.3 Conditions of Decision-Making

There are three different decision-making conditions:

1. **Certainty conditions**
   - Certainty condition means managers have accurate and reliable information. Hence, managers can predict what will happen in the future.
   - Managers usually have a piece of adequate knowledge about the matter and maybe experience the matters before. Its enable managers to come out with outcomes of implementing alternative.
   - Example:

2. **Risky conditions**
   - Risky conditions refer to conditions where managers would only be able to roughly predict the outcome of the alternative implement due to limited knowledge and information about the matters.
   - Managers can refer to old data to make sure they make an accurate prediction or they may use a mathematical model.
   - Example:

3. **Uncertainty conditions**
   - Conditions under uncertainty refer to conditions where decision-makers are unable to predict the outcome of alternative.
   - Managers do not have any information at all relating to the matters, it's require critical thinking in this decision-making process.
   - Example:

4. **Ambiguity and conflicts**
   - Ambiguity is the most difficult decision situation.
   - This means that the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define, and information about outcomes is unavailable.
   - Example:

6.4 How Managers Make Decisions
1. **Bounded Rationality and satisficing**
   - People have limits or boundaries on how rational they can be.
   - Satisficing happens when the decision-makers choose the first solution alternatives that satisfy minimal decision criteria.
2. **Intuition and quasirationality**
   - Intuition is a decision situation based on experience but without conscious thought.
   - Quasirationality means combining intuitive and analytical thought.
   - In any situation, neither analysis nor intuition is sufficient for making a good decision.

6.5 The Decision-Making Process
The decision-making process consists of several steps taken by decision-makers.

1. **Identify the problem**
   - The Decision-making process starts with when a problem is identified, the problem must be identified – brief, accurate, and specific.
2. **Form alternatives**
   - Managers need to form several alternatives and select the best alternatives to decide on a problem.
3. **Diagnose and analyze the alternatives**
   - Collected alternatives must be evaluated based on its strengths and weaknesses, the manager usually evaluates according to value and risk.
4. **Select the best alternative**
   - The best alternative will be selected based on an evaluation that has been done. An alternative should be evaluated according to several criteria:
     i. Feasibility
     ii. Quality
     iii. Acceptability
     iv. Cost
     v. Ethics
5. **Implement the decision**
   - A plan must be made for the implementation of the decision, it involves allocating resources, duties, and time.
6. **Evaluate the decision**
   - In this evaluation stage, the decision-maker gathers information that will help them ensure the effectiveness of the alternative to achieve organizational goals.
7. **Take follow-up action**
   - This stage is a part of the monitoring process to check the decision making is effective or not, whether the decision made is in line with organizational goals.

6.6 Decision-Making Technique

Group Decision-making
1. Most decisions made in an organization are by a team or group in the organization.
2. There are several advantages of group decision-making:
    i. Able to collect more information
    ii. Abel to form many effective alternatives
    iii. High acceptance level
3. However, there are also has several disadvantages:
4. Takes longer time to make a decision
5. Minority domination
6. The pressure to follow the decision
7. There are four techniques suggested by Robbins and Coulter (1996) to improve group decision-making:

Brainstorming	
Nominal group technique	
Delphi technique	
Electronic meeting	

Table 6.1 *Techniques to improve decision-making*

6.7 Potential Challenges to Decision Making
1. **Overconfidence**
    - Overconfidence occurs when individuals overestimate their ability to predict future events. Many people exhibit signs of overconfidence.
2. **Anchoring**
    - Anchoring refers to the tendency for individuals to rely too heavily on a single piece of information.
3. **Framing Bias**
    - Framing bias refers to the tendency of decision-makers to be influenced by the way that a situation or problem is presented.
4. **Being influenced by emotions**
    - Being human, if the decisions are made when you are angry or upset, the decision may influence by emotions. Managers need to be very professional in making a decision.

6.8 Innovative Decision Making

1. **Start with brainstorming**
   - Uses a face to a face-face interactive group to spontaneously suggest as many ideas as possible for solving problems.
2. **Use hard evidence**
   - It can help take emotions out of the decision-making process, keep people from relying on faulty assumptions, and help to limit confirmation bias.
3. **Engage in rigorous debate**
   - Managers use constructive conflicts to bring a problem into focus, clarify people's ideas, stimulate creative thinking, limit the role of bias, create a broader understanding of issues and alternatives, and improve decision quality.
4. **Avoid groupthink**
   - Groupthink means the tendency of people in groups to overpower opposing opinions. When people slip into groupthink, the desire for harmony overshadows concerns over decision quality.
5. **Know when to bail**
   - Good managers encourage risk-taking and learning from mistakes, but they also aren't hesitant to pull the plug on something that isn't working. This is also known as escalating commitment.
6. **Do a postmortem**
   - To improve decision making, managers need to reflect on and earn from every decision they make.

SUMMARY

1. A decision is a choice of alternatives, it is a process of identifying problems and opportunities to solve problems.
2. The decision-making process consists of two categories: programmed and non-programmed decisions.
3. Programmed decisions involved with the situation that often occurred and there are rules and procedures developed to solve the problems.
4. Non-programmed decisions involved with the situation that is unique, unstructured, and unpredictable happened.
5. It is impossible for a manager to accurately know the impact or his or her decisions, it is because organizations and its environment keep changing.
6. Generally, there are three different decision-making conditions; certainty condition, uncertainty, and risky conditions.
7. Decision-makers need a certain skill to select the best alternative available to solve problems, involved the skills to make quantitative or qualitative decisions.
8. Basic steps in the decision-making process are
   a. Identifying problem
   b. Forming alternatives
   c. Analyzing the alternatives
   d. Selecting the best alternatives
9. Most decisions made in an organization are a part of a group, it can be in a form of brainstorming, nominal group technique, Delphi technique, and electronic meeting.

QUESTIONS

Multiple-choice questions

1. The decision-making process starts with identifying problem; the identified problem must be _____.
   a) Timeliness
   b) Flexible
   c) Accurate
   d) Finalize

2. Which of the following is NOT included as a technique used in group decision-making?
   a) Brainstorming
   b) Electronic meeting
   c) Delphi technique
   d) Group Interview

3. Quantitative decisions are made based on the opinions and knowledge of experts.
   • True
   • False

Structured questions

1. Define a decision-making process.

2. Compare between programmed and non-programmed decision making.

3. Describe each step in the decision-making process.

4. Discuss the differences between conditions under certainty, risky conditions, and conditions under uncertainty in the decision-making process.

5. Share an example of a decision where you used satisficing. Were you happy with the outcome?

CHAPTER 7 ORGANIZING

Learning Outcome

After studying this chapter, you should be able to:

1. Explain the definition of organizing.
2. Identify the importance of organizing to the management in an organization.
3. Define organizational structure and its basic elements.
4. Understand the organizing process.
5. Differentiate types of organization structures.
6. Define delegation and discuss its concept.
7. Discuss the concepts of centralization and decentralization.

7.1 Introduction

1. Organizing is a pattern of relationship where managers and employees attempt to achieve the same goals and objectives.
2. Organizing is a function by which the concern can define the role positions, the jobs related, and the coordination between authority and responsibility.
3. Process of determining what needs to be done, how it will be done, and who is to do it.
4. There are five basic functions of management in an organization which consists of planning, organizing, leading, controlling, and staffing.
5. After a plan has been made, managers must arrange and organize all the planned activities to achieve those goals successfully.

7.2 Definition of Organizing

1. There are several definitions of organizing:

    (a) Robbins and Coulter (1996), organizing is a process of forming an organization structure.

    (b) Stoner and Wankel (1986), organizing is a process whereby work activities are arranged and allocated to employees to achieve organizational goals.

    (c) Jaafar Muhammad (1992), organizing is the effective arrangement of organizational resources to be in unity to achieve the organization's planned goals.

    It can be concluding that **organizing** is a process of dividing jobs in line with organizational goals and directions.

7.3 Importance of Organizing

1. Identification of organizational activities.
2. Shows the job division or specialization.
3. Highlighting the duties and responsibilities of each department in the organization.
4. Coordination between authority and responsibility.
5. Shows the reporting relationship between managers and their subordinates.
6. Shows the departments or units at each management level in the organization.

7.4 Organizing Process

Listing the job activities

Managers need to list the details of each job that is need to performed by employees

Dividing the jobs

Establishing the departments

Coordinating the jobs

Performing evaluations and adjustments
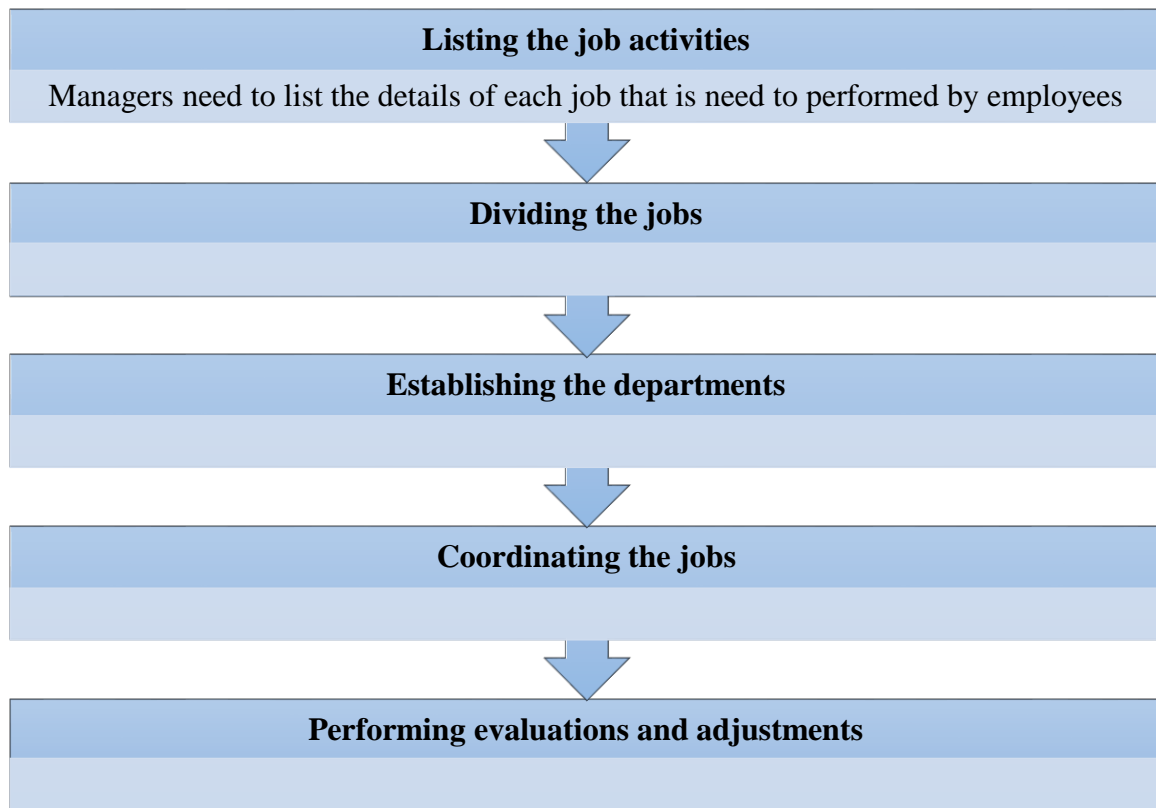
Figure7.1. *Organizing Process*

7.5 Organizational Structure

1. Organizational structure refers to how individual and teamwork within an organization are coordinated. To achieve organizational goals and objectives, individual work needs to be coordinated and managed.
2. **The structure** is a valuable tool in achieving coordination, as it specifies reporting relationships (who reports to whom), delineates formal communication channels, and describes how separate actions of individuals are linked together.
3. Organizations can function within several different structures, each possessing distinct advantages and disadvantages.
4. The process of developing an organization structure is **organization design**.
5. An organization structure usually shows in graphical illustration known as an organization chart.
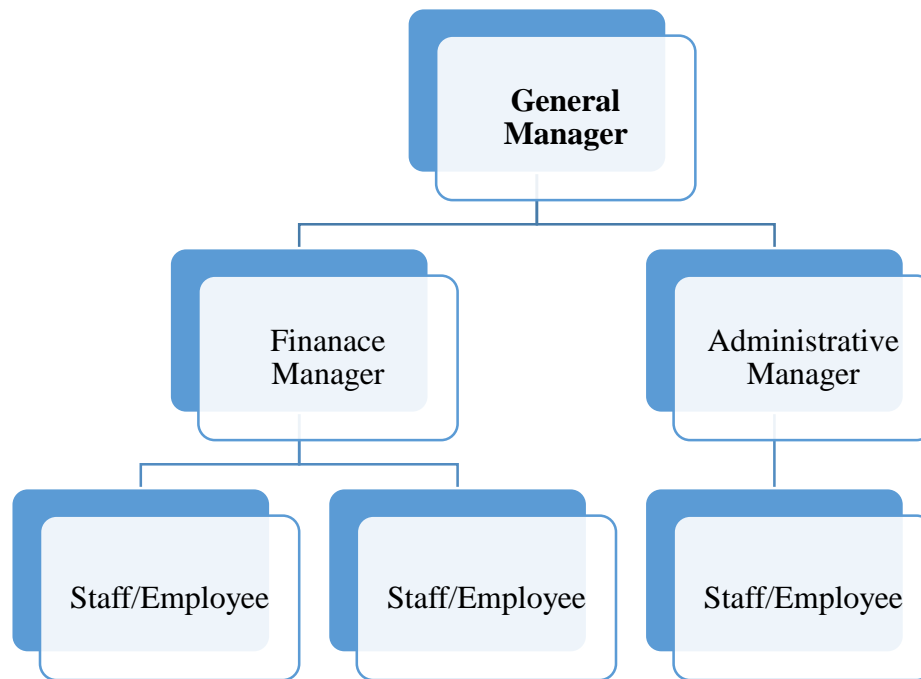
Figure 7.2. *Organization Chart*

The key elements of organizational structure are:

- Work specialization and job design
- Departmentalization
- Authority and responsibility
- Span of control
- Centralization and decentralization
- Formalization

- **Work specialization and job design**

1. Each employee will perform specific or specialized jobs according to their skills, qualification, and abilities.
2. The division of labor involves the division of each job into smaller jobs that are performed repeatedly, and there is a manager who supervises and directs the employees.
3. For example, a hotel receptionist is assigned to answer phone calls and receive visitors, while the human resource clerk is assigned to do admin work relating to employees and staff. They are both will be supervised by the assigned manager in the firm.
4. Two important aspects are related to job specialization:
   - **Job depth**
     i. The degree of freedom employees has in performing their jobs at the workplace.
     ii. If the management set rules and employees can perform their jobs better without feeling stress, the job depth is high.
     iii. However, if there are established strict rules, provide detailed tasks, and supervises the work movement in detail, the job depth of the employee is _____.
   - **Job scope**
     i. The job scope involves steps to overcome employees' level of dissatisfaction by increasing or widening the job scope of employees.
     ii. Increasing or widening the job scope will also help to increase an employee's skills, and provide challenges and motivate employees to be better in their performance.
     iii. For example, if the receptionist is dissatisfied and bored with her job, management can increase the number of jobs such as allowing her to do some or marketing tasks. This can enhance her skills and motivate the employee to learn something new and reduce employee boredom.
5. There are four ways to design a job to overcome boredom and dissatisfaction of employees:

Job enlargement	Number of jobs and frequency of jobs increases, the job scope is enlarged.
Job enrichment	Given challenging jobs and bigger responsibilities.
Job rotation	
Job simplification	

- **Departmentalization**

1. The process of group individuals into units, and units into the department and larger units to achieve organization goals.
2. Different departmentalization pattern refers to organization design.
3. Organizing structure helps us to understand the different types of organizational relationships. Organizational relationships or working relationships that exist within an organization affect how its activities are coordinated.

- Types of Departmentalization
1. **Functional departmentalization** - Functional departmentalization defines departments by functions like accounting or purchasing. Advantages of this departmentalization are it maintains the power and prestige of the major functions, creates efficiency through the principles of specialization, centralizes an organization's expertise, allows tighter top-level management control of the functions and reduces duplication of personnel and equipment

2. **Divisional departmentalization** - Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas. It can be grouped according to the products that the organization manufactures, the customers it serves, and production processes.
3. **Geographical departmentalization** – group related work activities according to areas that are served by a business.
4. **Matrix departmentalization** - Matrix organization is a hybrid structure where individual reports to two or more managers, usually the functional manager and project manager. For example, Functional Organization and Project Organization. The employee has to work under two authorities (bosses) and brings together personnel from different specialties to complete limited-life tasks.

Functional Organizational Chart
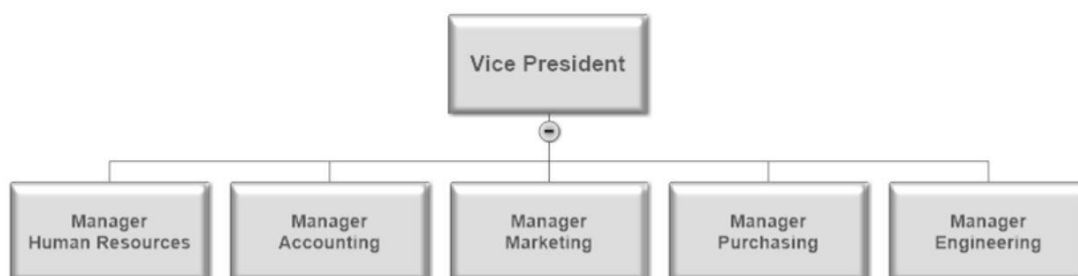
Matrix Organizational Chart
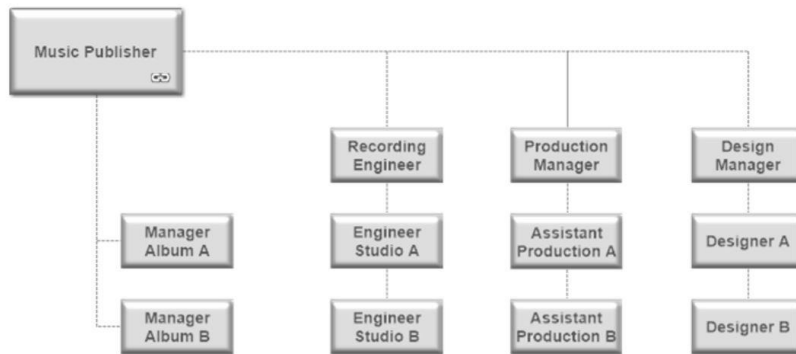
Figure 7.3 *Functional and Matrix Organization Chart*

- **Authority and responsibility**

It is the line of authority extending from upper organizational levels to lower levels, which clarifies who reports to whom. Managers need to consider it when organizing work because it helps employees with questions such as "Who do I report to?" and "Who do I go to if I have a problem?"

  a) Authority

It refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it. Authority empowers the superior to make a subordinate to do the work. Lines of authority should be established in the structure of an organization to avoid overlapping actions.

  b) Responsibility

A manager assigns work to employees & these employees have to perform the assigned duties. This obligation is known as responsibility.

  c) Unity of Command

It states that a person should report to only one manager, without unity of command it creates confusion & problems.

- **Delegation**

1. Delegation is a process where managers or leaders give the right or power and responsibility to lower-level employees to perform certain duties on their behalf.
2. Good delegation is important to develop, grooms a successor and motivates employees.
3. The poor delegation will cause frustration, demotivates, and confuses the other person, and fails to achieve the task or purpose itself.
4. Principles of delegation:
5. The delegated authority must be shown clearly.

6. Authority must be aligned with responsibility.
7. It must be suitable for the number of employees and duties.
8. Control of power is maintaining by top-level management.

Power and authority
1. Authority is the manager's right to make decisions or take actions to complete their given duties.
2. There are three types of authority:
3. **Functional authority** gives managers the power to control other department's activities
4. **Line authority** is owned by managers who have the right and direct responsibility to command and control subordinates.
5. **Staff authority** cannot give commands to other employees but only may advise and provide suggestions, conduct research, and share knowledge with others.
6. Power is the ability to influence or change and individual's or group's attitude or behavior.
7. There are several types of power:
   a) Coercive power
   b) Reward power
   c) Legitimate power
   d) Expert power
   e) Referent power

Allocate duties

Give authority

Give responsibility

Establish accountability
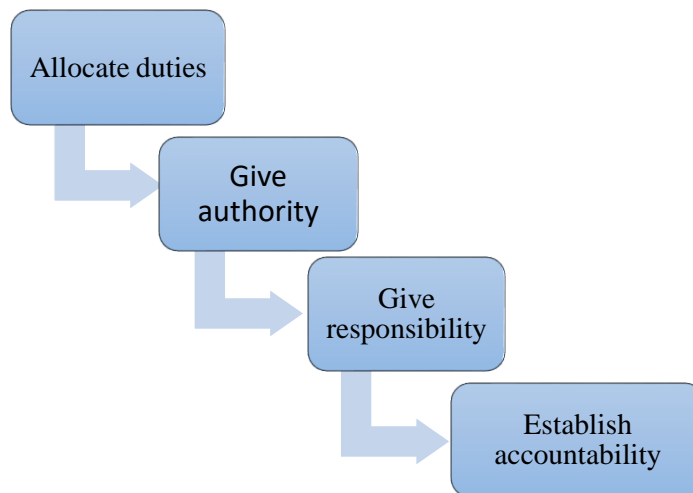
Figure 7.4 *Delegation Process*

- **Span of Control**

1. The span of control refers to the number of subordinates who report directly to a manager or supervisor.
2. There two types of control:
   a) **A narrow span of control** will have more management levels to be supervised.
   b) **A wide span of control** will have few management levels to be supervised.

3. The span of control can be wider as:
   - Low interaction is required
   - High motivation and satisfaction of the employee
   - High incompetence levels of managers
   - Employees carry similar tasks
   - The low frequency of problems
   - Employees or subordinates are located close to each other

NARROW SPAN OF CONTROL

Manager

WIDE SPAN OF CONTROL

Manager

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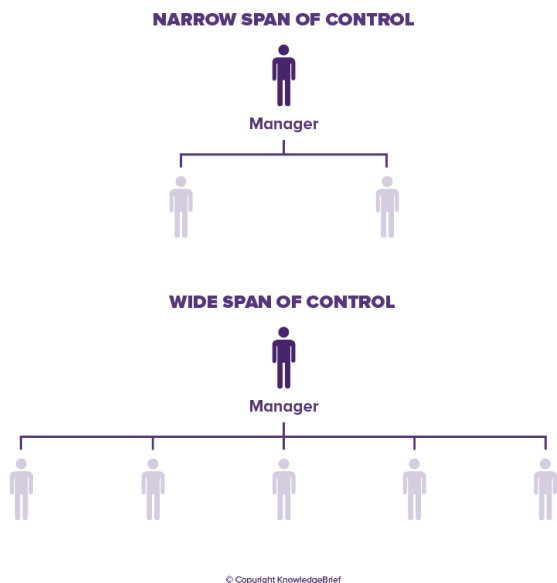
Figure 7.5 *Span of Control*

- **Centralization and Decentralization**

1. Centralization refers to the situation where there is no distribution of power to subordinates.
2. Decentralization involves the distribution of power from the management to the employees. Subordinates have the authority to make decisions.

SUMMARY

1. Organizing is defined as managing organizational resources efficiently and effectively to achieve organizational planned goals.
2. The organizing process consists of five steps which include listing jobs, dividing jobs, creating departments, coordinating jobs, and performing evaluations and adjustments.
3. The organizational structure is known as organization design which usually shows through organization chart. It shows the division of work and authority.
4. There are for types of organization structure or department; functional, divisional, hybrid, and matrix.
5. Managers or leader may delegate their authority efficiently through the process of delegation.
6. The organizational decision can be made either centralize or decentralize. Centralization refers to a situation where subordinates are not given any power to make the decision making. However, decentralization refers to the allocation of power from management to employees but maintaining control by top-level management.

QUESTIONS

Multiple-Choice Questions

1. A manager who can punish and fine an individual is said to have
   a) Coercive power
   b) Reward power
   c) Referent power
   d) Expert power

2. Legitimate power can be defined as:
   a) Who can give acknowledgment or reward to an individual who has to perform his duties?
   b) Who has the right to give commands and orders allowed by law?
   c) An individual is usually made a role model or is copied by others.
   d) Managers that possess wide knowledge and specific skills in a certain area.

3. Which of the following is one of the advantages of centralization?
   a) More flexible organization.
   b) Better decision-making opportunities for a lower level of management
   c) Reduce the workload of top-line managers.
   d) Avoid the abuse of power by subordinates.

Structure Questions

1. Elaborate on the organizing process by using a diagram.

2. Explain the advantages and disadvantages of organizational structure as follow:
   a. Functional organization
   b. Divisional organization
   c. Matrix organization
   d. Hybrid organization

3. Explain the span of control, and give example to explain those span of control.

4. Differentiate between the concept of centralization and decentralization.

5. Describe the challenges of the delegation process.

CHAPTER 8 LEADING

Learning Outcome
After studying this chapter, you should be able to:
1. Explain the concept of leadership.
2. Describe the importance of leaders and leadership in an organization.
3. Explain leadership theories.
4. Identify the leadership skills required to be a successful leader.
5. Develop your leadership skills.

8.1 Introduction
1. The organization's success or failure usually relates to managers or leaders. A suitable leadership style will lead to a successful organization.
2. Managers need several skills to manage their employees in different ways to achieve the organization's goals and objectives.

8.2 Concept of Leadership
Who is a Leader?
1. A **leader** is someone who can lead others or a team of individuals in achieving the goals. A leader can see how things can be improved and who rallies people to move toward that better vision.

A goal is a future or desired result that a person or a group of people envision, plan, and commit to achieving. What is leadership?
1. **Leadership** refers to the ability of a manager to give order and influence their subordinates and employees in an organization to perform tasks or work activity to achieve organizational goals.
2. The concept of leadership occurs among people, involves the use of influence, and is used to attain goals.
3. Usually leaders are appointed, with specific skills and ability.

8.3 Leadership Style

1. Leadership style refers to the way leaders influence their team members.
2. Leadership style consists of three forms – authoritarian, democratic, and laissez-faire or free form.
3. Leaders may use more than one leadership style to effectively influence their team members.

Authoritarian leadership style

1. The authoritarian style involves leaders who make decisions and act on the decisions individually.
2. Their subordinates or employees are not involved directly and are not allowed to give their opinion into the decision making process.
3. The decision that has been made by leaders will be informed to their subordinates and they are required to follow and implement the decision making.
4. This authoritarian style is suitable for organizations practicing the centralization of power. One-way communication is practiced from top-level management to lower-level management.
5. Decision made quickly but its team members might not satisfy with the final decision and it will demotivate them to perform the task given.

Democratic leadership style

1. Top-level and lower-level management will make decisions together through negotiation. This style encourages subordinates' participation.
2. This leadership style is suitable for a decentralization organization.
3. Employees are encouraged to participate in the decision-making process by providing their point of view for the final decision making.
4. Democratic leadership style increases teamwork and employee support. However, it's slow down the decision-making process.

Laissez-faire or free form leadership style

1. This leadership style gives freedom to their subordinates to make decisions and act without referring to the leader or higher level of management.
2. Leaders have little control or influence on their subordinates, they will provide advice to team members when it's needed.
3. Team members made decisions based on their expertise and knowledge within their specific power.
4. This free form of leadership style can develop chances career for their subordinates but its lack of unity among their employees. Lack of high caliber leaders will lead to losing the direction of employee and it's may become difficult to control.

8.4 Sources of Power

Power is nothing but the possession of authority, influence, and certain skill over others.
There are FIVE sources of power:

Formal Power

1. Legitimate Power
   The power that is given to a person based on their position or role in an organization, such as being the boss or a key member of a leadership team.
2. Reward Power
   Reward power is conveyed through rewarding individuals for compliance with one's wishes. This may be done through giving bonuses, raises, a promotion, extra time off from work, etc. For example, the supervisor who provides employees comp time when they meet an objective she sets for a project.
3. Coercive Power
   Coercive power is the power that a person has which he/she uses to coerce or threaten other employees. Coercive power is used to enforce strict deadlines and punishable actions in the workplace and scare employees.

Personal Power

1. Referent Power
   Even if you don't have any granted power in an organization, you can still influence others' behavior and decision-making. Referent power is the ability to influence others because they respect, admire, or like you.
2. Expert Power
   Expert power comes from one's experiences, skills, or knowledge. As we gain experience in particular areas and become thought leaders in those areas, we begin to gather expert power that can be utilized to get others to help us meet our goals.

8.5 Early and Modern Leadership Theories

Leadership theories are differentiated by the leadership characteristics:

1. Trait theories
   - Concentrates on characteristics that differentiate leaders from non-leaders.
   - Traits are individual internal qualities or characteristics such as physical, personality, skills and abilities, and social factors.
2. Behavioral theories
   - Behavior is the way of act influenced by several factors which include culture, attitudes, emotions, values, ethics, authority, rapport, hypnosis, persuasion, coercion, and/or genetics.

- Behavioral theories focus on how leaders behave and assume that leaders can be made, rather than born, and successful leadership is based on definable, learnable behavior.

3.Contingency or situational theories

- The **contingency theory** states that a leader's effectiveness is contingent upon how his or her leadership style matches the situation.
- A leader must find out what kind of leadership style and situation he or she may use.

Figure 8.1. *Characteristics of an Affective Leaders*

8.6 Leadership Issues and Challenges

What's most challenging about leading organizations today?

1. Inspiring others
   The challenge of inspiring or motivating others to ensure they're satisfied with their jobs and working smarter.
2. Developing employees
   The challenge of developing others, including mentoring and coaching.
3. Leading a team
   The challenge of team-building, team development, and team management. Specific leadership challenges include how to instill pride, how to provide support, how to lead a big team, and what to do when taking over a new team.
4. Guiding change
   The challenge of managing, mobilizing, understanding, and leading change. Guiding change includes knowing how to mitigate consequences, overcome resistance to change, and deal with employees' reactions to change.

5. Managing stakeholders

The challenge of managing relationships, politics, and image. These leadership challenges include gaining managerial support, managing up, and getting buy-in from other departments, groups, or individuals.

SUMMARY

1. Leadership refers to the way managers give orders to their subordinates and the ability to motivate them to perform an important task in achieving organizational goals and objectives.

2. Leaders are required to possess several leadership skills. There are three main leadership styles; authoritarian, democratic, and laissez-faire style.

3. There is no best way of leadership style, managers usually practice several leadership styles to suit their team members.

4. Leaders are identified based on three theories – trait theory, behavioral theory, and contingency or situational theory.

5. An effective leader must have several traits such as energetic, honest, knowledgeable, intelligent, confident, and many others.

QUESTIONS

True or False Questions

1. The authoritarian leadership style encourages subordinate participation in the decision-making process.   (TRUE/FALSE)

1. The effectiveness of leadership depends on the types of power possessed by individuals who are leaders.   (TRUE/FALSE)

2. Democratic leadership style is slow down the decision-making process.
(TRUE/FALSE)

3. Leaders are born to a leader.
(TRUE/FALSE)

4. Team members are encouraged to lead their leader's activity.
(TRUE/FALSE)

Structured Questions

1. Explain the concept of leaders and leadership.

2. Describe the leadership theory based on trait theory, behavioral theory, and contingency theory.

3. Differentiate the leadership style.

4. Explain the characteristics of effective leaders.

5. Identify the advantages and disadvantages of all the leadership styles.

6. Discuss the concept of leadership from the Islamic perspective.

CHAPTER 9 Motivation

Learning Outcome

After studying this chapter, you should be able to:

1. Define motivation.
2. Understand need-based theories of motivation.
3. Explain Maslow's hierarchy of needs theory.
4. Compare Maslow's theory and Herzberg's two-factor theory of motivation.
5. Develop your personal motivation skills.

9.1 Introduction

1. Managers need certain skills in order to understand and increase their employee's work performance and level of satisfaction in an organization.
2. Motivation is means needs, desires wants, or drives within the individuals.
3. It is the process of stimulating people to actions to accomplish their goals.
4. Motivation is a push factor for an individual to perform a certain task.
5. Its either **intrinsic** or **extrinsic** forces of an individual that stimulate enthusiasm and perseverance to pursue a certain accomplishment.
6. Motivation also can be defined as "the intention of achieving a goal, leading to goal-directed."

Intrinsic motivators

- Motivated by an internal factor
- Employees are motivated by rewards that are intangible and inherent to a job.
- Feelings about the work or job itself

Extrinsic motivators

- Motivated by an external factor
- Employees are motivated by rewards that are tangible
- Monetary, coercion, and threats of punishment are also common extrinsic motivators

Importance of motivation

- Motivated employees will produce higher productivity.
- High motivation of employees will emphasize the high quality of work.
- Motivation also will result in the creation of alternatives to carry out duties.

9.2 Early Theories of Motivation

Maslow's Hierarchy of Needs Theory

1. Abraham Maslow (1954), published his theory by using a pyramid representing how human needs are ranked.
2. Maslow's hierarchy of needs is the most familiar to most business students and managers.
3. Maslow's theory is based on a simple premise: Human beings have needs that are hierarchically ranked.
4. There are some needs that are basic to all human beings, and in their absence, nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher-order needs. Once a lower-level need is satisfied, it no longer serves as a motivator.
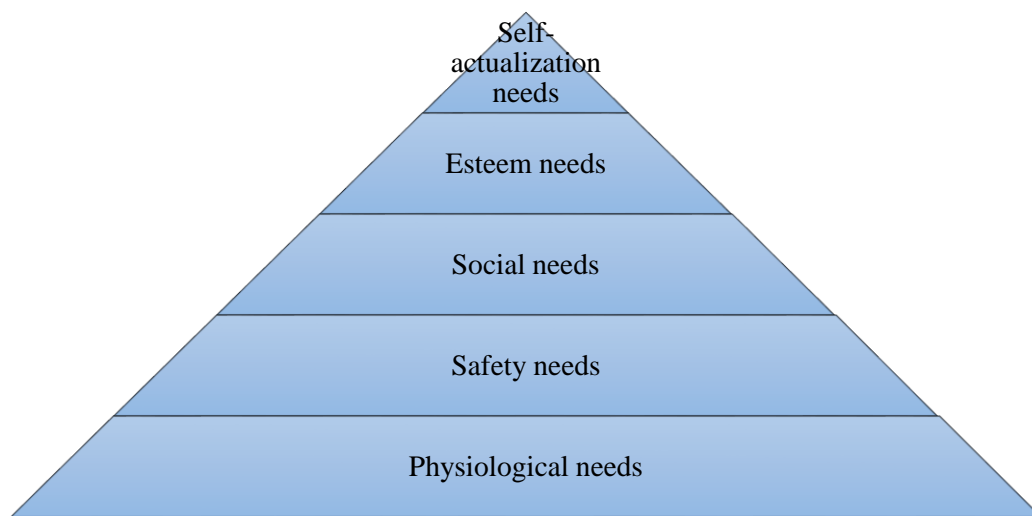
Figure 9. 1 *Maslow's Hierarchy of Needs*

Maslow's views emphasize that there are five basic needs that motivate humans:

- **Physiological needs**: basic need that enables humans to stay alive.

Example:

- **Safety needs**: need required to protect humans from dangerous threats to life.

Example:

- **Social needs**: individual and desire to form friendships or social relationships with others.

Example:

- **Esteem needs**: humans like to be appreciated by others.

Example:

- **Self-actualization needs** the highest level of human needs, desire to become a useful person according to his or her maximum ability to achieve.

Example:

Two-Factor Theory

1. Frederick Herzberg (1950s) conducted a study on the attitudes of a group of employees.
2. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them.
3. Factors that influence dissatisfaction among employees known as **hygiene factors**.
4. Factors that influence satisfaction are known as **motivation factors**.
5. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job.
6. Hygiene factors are related to the working environment, while motivation factors are related to job characteristics.
7. Imagine that you are working in an unpleasant work environment. Your office is too hot in the summer and too cold in the winter. You are being harassed and mistreated. You would certainly be miserable in such a work environment.

Motivation and hygiene factors

Motivation Factors	Hygiene Factors
• Achievement	• Supervisors
• Recognition	• Working conditions
• The work itself	• Interpersonal relationships
• Responsibility	• Pay and security
• Advancement and growth	• Company policy and administration

Figure 9.2 *Two-Factor Theory of Motivation*

Theory X and Theory Y

1. Douglas McGregor (1960) prop0sed that organization members can be managed in two ways, Theory X and Theory Y that are related to motivation in humans.
2. Theory X involves the negative factors of human:
   People do not like to work and will try to avoid working, as a result employee must be controlled, ordered, and threatened with punishment in order for them to put in the effort to achieve organizational goals.
3. Theory Y involves the positive factors of humans.
   Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
   Employees may not require control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.

Figure 9.3 *Motivation Theory X and Theory Y*

9.3 Contemporary Theories of Motivation

Three Needs Theory
Also known as McClelland's theory that addresses a need that forms the main motives of work. The three needs are:
- Needs for achievement – A desire to excel at work, achieve a desired set of standards, and succeed.
- Need for power – A desire to make others perform in a manner that they normally would not. This includes giving rewards for good deeds.
- Need for affiliation – a desire to be sociable and have intimate employee relations so as to gain their employees' respect.

Goal-Setting Theory
1. Contends specific and difficult goals that can lead to better work performance.
2. Goals ensure that employees are aware of what needs to be done to achieve particular goals and how the effort will need to achieve goals.
3. Specific and difficult goals function as internal stimuli for enhanced employee performance.

Reinforcement Theory
1. Motivating employees based on behavior is a function of its consequences.
2. This theory does not take into consideration factors such as reward, expectation, and needs.
3. Managers usually apply positive reinforcements to shape behaviors.
4. There are four types of reinforcements:

- Positive reinforcements – increases the probability of preferred behavior by ensuring that employees who perform the behavior receive positive consequences.
  Example:
- Negative reinforcements – increases the likelihood of a preferred behavior by adding a negative consequence whenever employees do not perform the behavior.
  Example:
- Punishments – the administration of negative consequences when unwanted behavior occurs.
  Example:
- Extinction – a reduction in undesired behavior through the elimination of reinforcements.
  Example:

Equity Theory
1. Based on the occurrence of social assessment and focused on how fairly individuals perceive they are being treated compared to others.
2. This theory argues that individuals appraise equity by a ratio of outcomes to inputs.
3. In other words, a state of equity exists if the ratio of an employee's outcomes to inputs is equivalent to that of another's outcomes to inputs.
4. Perceiver inequity becomes a factor that motivates or provokes an individual to react.

9.4 Designing Motivating Jobs
1. Job design aims to reduce job dissatisfaction and raising production and efficiency by increasing employee responsibilities to attain desirable outcomes.
2. Job design generate phenomenal attention among managers especially in view of optimizing work productivity using several approaches such as:
- Scientific management
  _____
  _____
  _____
- Job simplification
  _____
  _____
  _____
- Job enlargement
  _____
  _____
  _____

- Job rotation

  _____

  _____

  _____

- Job enrichment

  _____

  _____

  _____

9.5 Motivational Reward Programmes

The table below shows examples of reward or compensation programs that managers can design to reward desired employee behavior.

Programmes	Purpose of Programmes
Pay for performance (merit pay)	
Lump-sum bonuses	
Gain-sharing	
Employee Stock Ownership Plan (ESOP)	
Pay for Knowledge	
Flexible Work Schedules	

Table 9.1 *Motivational Reward Programmes for Employees*

SUMMARY

1. Need-based theories describe motivated behavior as individual efforts to meet needs.
2. Motivation can be defined as anything that causes and strengthens human behavior in order to get a desired goal.
3. Maslow's hierarchy categorizes human needs into physiological, safety, social, esteem, and self-actualization needs.
4. Theory X (negative factor) and Theory Y (positive factor) explain the two sets of the assumption that relates to motivation in human
5. The two-factor theory differentiates between factors that make people dissatisfied with the job (hygiene factors) and factors that truly motivate employees.
6. Some contemporary theories of motivation that have emerged include the three needs theory, goal-setting theory, reinforcement theory, and equity theory.

QUESTIONS

True or False Questions

1. Motivation is a push factor for an individual to perform a certain task.

    (TRUE/FALSE)

2. Individual needs are basically similar in terms of their value and motivation.

    (TRUE/FALSE)

3. Abraham Maslow published the theory of Theory X and Theory Y.

    (TRUE/FALSE)

4. A higher motivation arises from human needs located at a higher level of the hierarchy of needs.   (TRUE/FALSE)

5. Hygiene factors are related to job characteristics.   (TRUE/FALSE)

Structured Questions

1. Define motivation.

2. Explain the importance of motivation in an organization.

3. Discuss the theories of motivation.

4. If an employee is not performing well, the reason must be a lack of motivation. What managers can do to solve the problem?

5. Which motivation theory to be most useful in explaining why people behave in a certain way?

CHAPTER 10 Control

Learning Outcome

After studying this chapter, you should be able to:
1. Understand the concepts of control.
2. Explain the definition of control.
3. Understand the importance of control in an organization.
4. Describe the steps involved in the control process.
5. Identify the characteristics of an effective control system.
6. Discuss types of control techniques available for managers in managing problems in an organization.

10.1 Introduction

1. Organizational control, refers to the process by which an organization influences its subordinates and members to behave in ways that lead to the attainment of organizational goals and objectives.
2. Controls can be as simple as a checklist, such as that used by pilots, flight crews, and some doctors.
3. Through the control system, managers able to determine whether organizational goals successfully achieved or not.
4. Organizational control typically involves four steps: (i) establish standards, (ii) measure performance, (iii) compare performance to standards, and (iv) take corrective action if needed.
5. Corrective action can include changes made to the performance standards.101

Top of Form
Stoner, Freeman, and Gilbert (1995) define control as a process to ensure that actual activities are conducted according to the planned activities. The control process ended with corrective actions if needed to correct any mistakes that occur to achieve organizational goals and objectives.

There are two aspects of control in an organization.
1. Output control/performance control
This control is to determine the actual performance or result of employee productivity in an organization.
This output control measured in three aspects – efficiency, feedback, and quality.
2. Behavioral control
This control is performing to ensure employee performance is in the line with desired plan stated by the organization.

Control implemented to measure problematic employees or employees who have displeased behaviors such as lazy, absent, late coming, careless, and others.

10.2 The Importance of Controlling

There are four important factors related to the importance of control:

1. Internal and external changes in an organization

_____

_____

_____

2. Changes of organization's size

_____

_____

_____

3. Mistakes

_____

_____

_____

4. Delegation

_____

_____

_____

10.3 The Control Process

Control process involved four steps:

1. • Set the standard

2. • Measure actual performance

3. • Compare actual performance with the standard

4. • Take corrective action
   •
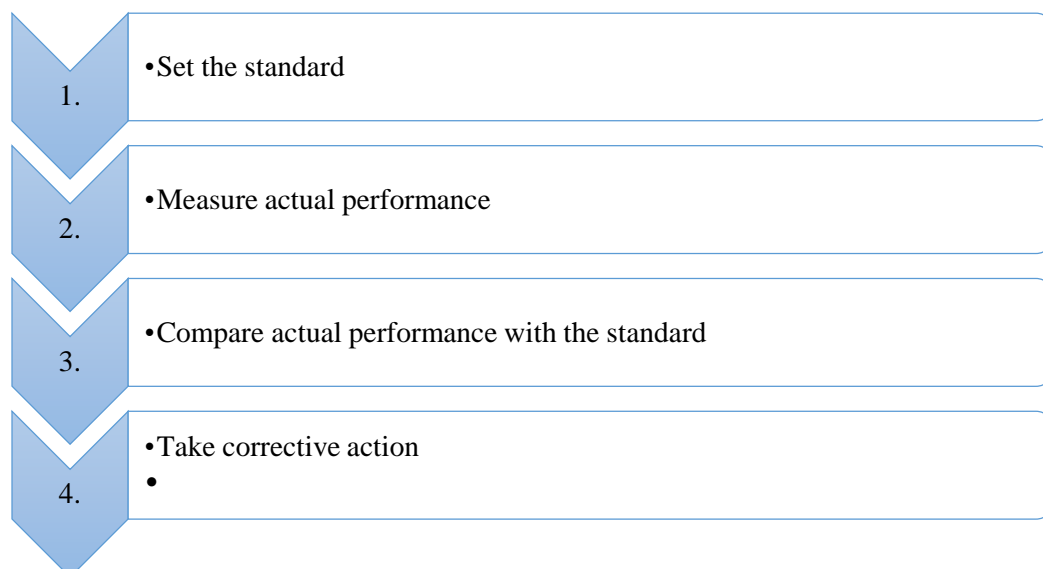
Figure 10.1 *The control process*

10.4 Characteristics of Affective Control

An effective control process must be meet certain characteristics as follows:

1. Accurate information

   Information collected for the control process must be accurate, measurable, and comparable to the standard.

2. Flexible

   The control system must be flexible to meet any changes and opportunities.

3. Timelines

   The control process must be conducted at the right time, for example audits for production quality must be in monthly or yearly.

4. Understandable

   An effective control objective must be understood by those involved with the control process. The control process should be able to conduct quickly and easily to ensure employees perform as expected.

5. Economical

   The control process must be economical and realistic in terms of cost.

6. Acceptance by employees

   To be an effective control system, it has to be accepted by all employees or individuals involved to make sure they give full cooperation in the control process.

10.5 Types of Control

Control can be done before, during, or after a process. For example, a bakery shop can focus on activities before, during, and after the production process of cake. Careful monitoring of raw material, baking process and display of a product may help the company to ensure the high quality delivered to their customer.

There are three types of control:

Concurrent control

•Before activity
starts
•Anticipates problem

Feedforward control

•During activity
•Correct problems as
they happen

•After activity
•Correct problem
after they occur

Feedback control
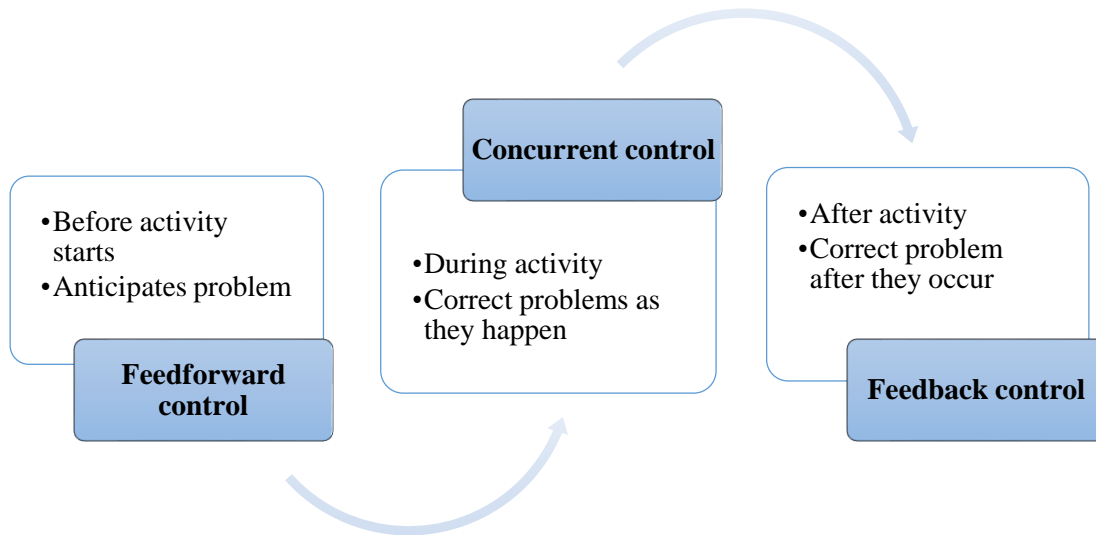
Figure 10.2 *Types of Control*

1. Feedforward control
   - This type of control performs before an activity starts
   - Usually involved in the activity of policy development, procedure, and rules to control any undesired behavior.
   - It serves as a preventive control.
   - Example:

2. Concurrent Controls
   - The process of controlling implementation on an ongoing basis, during the activity.
   - It can prevent problems from becoming worse.
   - Example:

3. Feedback Controls
   - Feedback controls involve gathering information about a completed activity, evaluating that information, and taking steps to improve similar activities in the future.
   - Example:

SUMMARY

1. Control is the process where managers ensure the actual activities are conducted in line with the organization's planned activities.
2. Controlling emphasize needed behavior and discourage unwanted behaviors.
3. This process is important for an organization to eliminate or minimize mistakes or problems that happen to achieve organizational goals and objectives.
4. Every planning must follow by the control process to ensure its effectiveness.
5. A successful control process must follow its fur basic steps:
    i. Set the standard
    ii. Measure the actual performance
    iii. Compare actual performance with the standard
    iv. Take corrective action if required
6. The control process can be done in three ways which include feedforward, concurrent, and feedback control.
7. An effective control process must be flexible, accurate of information, timeliness, and focus on important factors.

QUESTIONS

Multiple Choices Questions

1. The factors that need to be considered in setting the standard is EXCLUDING
   a) High in quality
   b) Wide
   c) Clearly understand
   d) Acceptable

2. Measurement of performance is a/an _____ process.
   a) Unique
   b) Unpredictable
   c) Repetitive
   d) Final

3. Which of the following statement is referring to feedforward control?
   a) Performed before an activity starts.
   b) Performed during the implementation of an activity.
   c) Usually used as the basis for giving the reward.
   d) It can slow down activity.

Structured Questions

1. Explain the definition of control.

2. Discuss the importance of control to managers and organizations.

3. Describe the process of control that perform by an organization in monitoring their performance.

4. Explain the characteristics of effective control.

5. With an appropriate example, discuss three types of the control process.

6. Identify the advantages of implementing feed-forward controls compare to feedback control?

7. What are the challenges of the control process to be successful?

CHAPTER 11 MANAGING TEAMS

Learning outcomes

After studying this chapter, you should be able to:

1. Define groups and teams
2. Explain the differences between groups and teams.
3. Describe the characteristics of effective teams.
4. Explain the advantages and disadvantages team in the workplace.
5. Explain the types of teams and stages in team development.
6. Describe ways to managing team conflict.

11.1 Introduction

As discussed in Chapter 1, management is something that related to directs groups towards the attainment of organizational goals. It is involving the process of working with and through others to make sure to achieve the goals of the organization.

Thus, managers need to be aware that the study of groups and teams is important to organizations as they will give major influence on the success of organizational life. Managers need to understand the nature of groups and teams, mechanisms that makeup groups and teams, and their consequences on organizational performance.

11.2 What is Teams

1. Teams can be defined as a group of interdependent individuals with shared commitments to accomplish a common goal or purpose.
2. In other words, teams are required two or more people to cooperate regularly and must ensure they have a level of coordination, information sharing, and exchange materials for successful task accomplishment.
3. Teams exist because they are effective in achieving goals, especially when the goals are well-defined.
4. Business organizations have both groups and teams. A group is formed around a common interest or purpose with the goal of sharing information, but there is no shared accountability. The workgroup may consist of social clubs or volunteer efforts. Exhibit 11.1 shows the differences between group and team.

GROUPS	TEAMS
Group members may not necessarily have shared objectives or goals.	Individuals who will strive towards shared objectives.
Individuals with wide-ranging interests, attitudes and thought processes.	Teams that work together and direct all their efforts towards the accomplishment of a mutual goal.
Example: In political rally. There would always be some individuals who would support his challengers; all individuals gathered on a common platform but may have differing interests and partialities. Some may favor to the leader, while some are against him.	Example: In football team. All the players whether the captain, the strikers, the defenders, the midfielders and the goalkeeper will work together to achieve a mutual target, which is to win every game they play.

Table 11.1 *Difference between groups and teams*

5. Exhibit 11.1, shows the requirements of teamwork. Teams require bringing together the right set of personalities, specialties, and skills; clearly defining roles and responsibilities; concentrating everyone on a well-defined mission; establishing clear channels of communication and information sharing; getting everyone to channel their individual egos and pull together in the same direction.
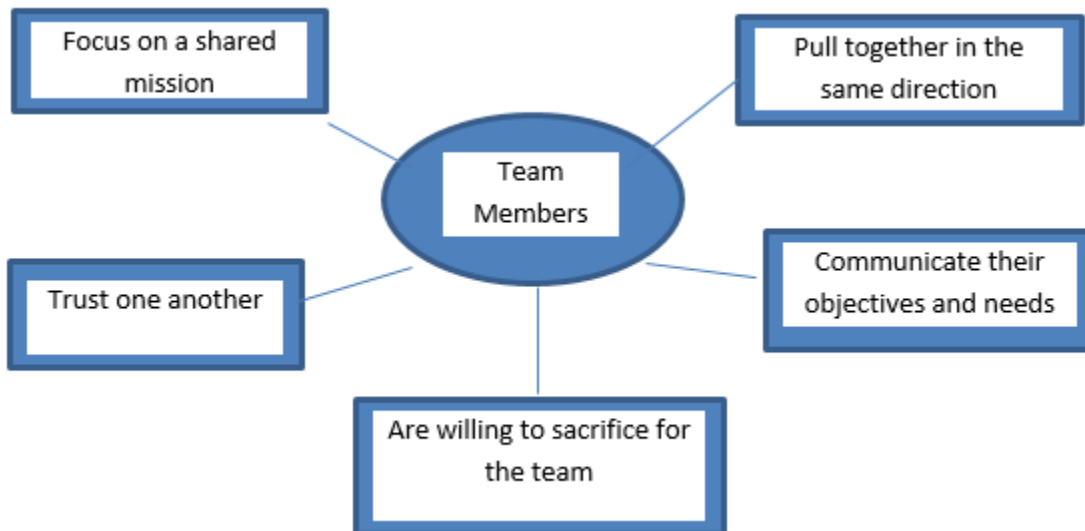
Figure 11.1 *Requirements of Teamwork*

11.3 Characteristics of Effective Teams

KEY CHARACTERISTICS OF EFFECTIVE TEAMS	
Clarity of Purpose	The purpose of the team must be clearly defined in concrete and measureable objectives. Effective teams know how their work contributes toward and organizational goal.
Good Communication	Open and accurate communication both between the team members and between the team and the larger organization is critical to keep members informed, motivated and focused.
Positive Role for Conflict	Effective teams use conflict to improve decision-making and problem solving processes.
Accountability and Commitment	Each member of the team understands his role on the team and takes responsibility for his actions. Team members take proactive measures to ensure that they can complete tasks and they alert management when a problem arises. Members of effective teams are needs to committed to achieving goals and demonstrate the behavior needed to meet the goals.
Shared leadership	Effective team members are willing to assume leadership roles when appropriate. Shared leadership reinforces a sense of shared responsibility and increases morale and team performance.
Positive Group Dynamics	Interpersonal relationships in effective are built on trust, respect, honesty and acceptance. Conflict will still occur, but a positive group dynamic will focus the conflict productively.

Table 11.2 *Characteristics of Effective Teams*

11.4 Advantages and Disadvantages of Teams in The Workplace

<u>**Advantages**</u>

1. Teams bring together people with different skills and make something that nobody could do alone.
2. Communication is higher on teams, and the different skill set means teams can learn new methods of doing tasks.
3. Because teams have specific shared goals, team members usually enjoy greater autonomy, variety, task identity, task significance, and feedback. Teams often enjoy the social support for difficult tasks thus improving the confidence and enthusiasm of task members.
4. Efficiency in product development is another advantage of building teams within the traditional structure. Teams can analyze and identify dependent tasks in a nonlinear process, sometimes recognizing startling developments.
5. Employees also benefit from joining teams. They develop a relationship with people from other areas of business and learn more about what is happening across the functional department. Research showed that members of effective teams are more motivated and report greater job satisfaction, which leads to fewer employees resigning.

<u>**Disadvantages**</u>

1. Not all teams are effective. When companies do not make satisfactory efforts to create, build, and support strong teams, employees may become depressed and leave the firm.
2. Another phenomenon that can happen in a group is groupthink, where it involves the unwillingness to speak out against the majority opinion in fear of upsetting other members and disrupting the social structure. When only a few people that begin to speak for the whole team, and others remain silent, individual members may not feel as responsible for the team's success.
3. Teams are also ineffective when they lack leadership, when the decision making is not democratic, and when the team lacks knowledge and necessary skills. Eventually, team members don't feel accountable and the team may fail.
4. Also, some teams fail because the members are not adequately prepared or supported. Teams can't perform well if they have no clear purpose, are not given autonomy, and don't have the resources required.
5. Some individuals are not well-suited with teamwork. Workers must be selected to fit the team as well as required job skills. Conflict will develop between team members, so leaders must be able to solve it. And teams can be time-consuming due to the need for synchronization and agreement.

11.5 Types of Team

1. **Cross-functional teams**

   A team that combines its members from across the different functional areas of an organization. For example, a cross-functional team may be composed of representatives from production, sales, marketing, finance, and legal. The strength of this type of team is that members having different functional backgrounds, education, and experience. The diversity of experience encourages innovative problem solving and decision making.

2. **Taskforce teams**

   A group or committee, usually contains experts or specialists, that formed for analyzing, investigating, or solving a specific problem. A task force is formed in reaction to a problem or specific event, and once the jobs are done, the task force is disbanded. The goal of a task force is to offer solutions, support and if possible, create precautionary measures for issues.

3. **Project terms**

   similar to a task force, but a project team is often ongoing and covers a wider range of tasks.

4. **Virtual teams**

   Groups of individuals working together with a common purpose but from different locations. They might be facing different time zones or even different organizations. The advantage of this type of team is the low cost, both in time and money to maintain it. Meeting in virtual times increases flexibility for the members and allows the organization to use the talent of people from around the globe.

5. **Self-managed teams**

   Group of employees that's responsible and accountable for all or most aspects of producing a product or delivering a service. It could be thought of as a mini-company within a larger department. A self-managed team carries out the supporting tasks as well, such as planning and scheduling the technical workflow tasks, and human resource tasks such as managing vacations and absences. Team members may take turn leading and assuming technical responsibilities. Because of the autonomy given to self-managed teams, these teams have greater ownership of the jobs they perform.

11.6 Stages of Team Development
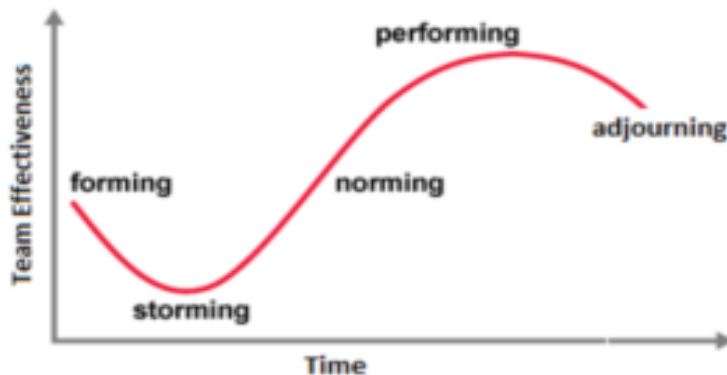
Figure11.2 *Stages of team development*

1. **Forming stage**

   Involves a period of orientation and getting acquainted. Ambiguity is high during this stage and people are looking for leadership and authority. A member who asserts authority or is knowledgeable may be looked to take control.

2. **Storming stage**

   The most difficult and critical stage to pass through. It is a period were marked by conflict and competition as individual personalities emerge. Team performance may actually decrease in this stage because energy is put into unproductive activities. Members may disagree on team goals and subgroups and cliques may form around strong personalities or areas of agreement. To get through this stage, members must work to overcome obstacles, to accept individual differences, and to work through conflicting ideas on team tasks and goals. Failure to address conflicts may result in long-term problems.

3. **Norming stage**

   Conflict is resolved and some degree of unity emerges. In this stage, the agreement is developing between leader and members. Relational differences begin to resolve and a sense of solidity and unity emerges. Team performance increases during this stage as members learn to cooperate and begin to focus on team goals. If disagreement happens back in the teams, it could turn back the team into storming.

4. **Performing stage**

   Consensus and cooperation have been well-established and the team is mature, organized, and well-functioning. There is a clear and stable structure and members are committed to achieving team goals.

5. **Adjourning stage**

   At this stage, most of the team's goals have been accomplished. The emphasis is on wrapping up final tasks and recording the effort and results. As the workload is reduced,

individual members may be reassigned to other teams and the team disbands. If the team is standing committee with ongoing responsibility, members may be replaced by new people, and the team can go back to a forming or storming stage and repeat the development process.

11.7 Managing Team Conflicts

1. Conflict is a common occurrence on teams. Conflicts can be defined as antagonistic interactions in which one party tries to block the actions or decisions of another party.
2. There are two basic types of team conflict: **substantive** (sometimes called task) and **emotional** (or relationship).

- **Substantive conflicts**

Arise over things such as goals, tasks, and the allocation of resources. For example, a software engineer may want to use a certain software program for its user interface, while the project manager may want to use a different program because it produces more detailed reports. Conflict will arise if neither party is willing to give way or compromise on his position.

- **Emotional conflicts**

Arise from things such as jealousy, insecurity, annoyance, envy, or personality conflicts. It is an emotional conflict when two people always seem to find themselves holding opposing viewpoints and have a hard time hiding their personal hatred. Different working styles are also a common cause of emotional conflicts.

3. There are five common approaches that can be used in handling negative conflicts. Each of the approaches combines some degree of cooperation and confidence. An easy way to remember these approaches is as "no way, my way, halfway, your way and our way".

- **Avoiding** (no way)

The best approach to conflict is to ignore it or also known as the escaping approach.

- **Dominating** (my way)

An appropriate response in emergency situations or when quick, decisive action is needed. It may also be the only effective approach for unpopular decisions or when individual team members are personally affected.

- **Compromising** (halfway)

It can be an effective approach when the arguments on both sides are equally rationale, participants are fairly equal in status, both sides are willing to give something up and when time or expediency is a factor.

- **Accommodating** (your way)

An effective strategy for resolving conflict when you agree that the team member is in fact, right. It can also be a good approach if you don't feel strongly about the result, if you want to gain kindness from the team member or if it is more important at that particular time to keep the whole team functioning and cooperating.

- **Collaborating** (our way)

Also known as a win-win approach. It is mostly used in high-stakes conflicts when getting a resolution is too important for the issues no to carefully examined. It requires a great deal of skill to use the collaborative approach successfully. Negotiation and mediation are types of collaboration that usually been used.

SUMMARY

1. Group and team are important to the organization as they give a major impact on organizational success.
2. Effective teams must share common organizational goals, communicate well, reduce team conflict, accountability, and commitment to the team, shared leadership among team members, and have a good interpersonal relationship.
3. Teams are developed through five stages namely forming stage, storming stage, norming stage, performing stage, and adjourning stage.
4. Conflicts can block team effectiveness and need to handle well. Five common approaches to handle team conflict are through avoiding approach, dominating approach, compromising approach, accommodating approach, and collaborating approach.

QUESTIONS

Multiple choices questions

1. Google says great teams are not a product of great players. Instead, the most important dynamic is psychological safety, meaning team members can speak up without fear of embarrassment or punishment. With this, teams bring together people with diverse skills and
   a) Complete the work once they overcome interaction inefficiencies
   b) Allows individuals to complete their roles independently
   c) Makes something that nobody could do alone
   d) Everybody does their own tasks

2. In the United States Navy, a _____ is generally a temporary organization composed of ships, aircraft, submarines, military land forces or shore service units assigned to fulfill a specific mission for a limited time. This does not require a formal and permanent fleet reorganization and can be dissolved after the mission is completed.
   a) Taskforce team
   b) Virtual team
   c) Cross-function team
   d) Project team

3. CORE-econ has written a free economics textbook. The authors include 53 people in 3 countries. They coordinated through a version of GitBooks called the Electronic Book. Because of the distances, the team did not meet in person and functioned as a _____.
   a) Taskforce team
   b) Project team
   c) Virtual team
   d) Self-managing team

4. Alicia and her sister, Alice started a small interior design business together. However, just a few weeks after they launched, their administrative assistant quit and two weeks after that, Alice fires their consultant, who had been contacted to find potential clients for the business. Their business was struggling to exit which stage of team development?
   a) Performing
   b) Storming
   c) Forming
   d) Norming

5. Alex has proposed policies on faculty evaluations, which weakened the status of tenure of employees. When asked about his approach of leadership for accomplishing his bold vision, Alex said he is a "my-way-or-the-highway kind of guy." Alex approach to conflict resolution was _____.
   a) Accommodating
   b) Compromising
   c) Dominating
   d) Collaborating

Structured questions

1. Define group and team and differentiate the two.

1. Discuss the advantages and disadvantages of the team.

1. Describe the different types of teams.

1. Explain the stages of team formation.

CHAPTER 12 CHANGE AND INNOVATION

Learning outcomes
After studying this chapter, you should be able to:
1. Define change and innovation.
2. Explain the nature and process of organizational change.
3. Discuss why individuals and organizations resist change.
4. Describe an organizational innovation process and the characteristics of an innovative organization.
5. Illustrate the barriers to organizational innovation.

12. 1 Introduction
Life is constantly about a variety of changes. Change is unavoidable and brings about differences. Sometimes change and innovation are stimulated by forced outside the organization, such as when a powerful customer demands annual price cuts, or when new government regulations affect the operations of an organization. Other than that, internal management may see the need for product or service innovations, creating efficiencies in operations, or make alterations to make sure the organization maintains the organization profitable.

12.2 Definition
1. Organizational change is an adjustment in the operations of an organization, planned or unplanned, caused by either internal or external causes or influences.
2. There are several categories to characterize the change, which include planning, emergent, contingency, and choice.
3. A planned change is attempted to explain the process that brings about change. This type of change happens as a result of specific efforts by a change agent.
4. An emergent approach is a change that should be perceived as a series of linear events within a given period but as a continuous, open-ended process based on circumstances and conditions.
5. A contingency approach is a change that supports a 'one best way for each" organization approach. This indicates that organizations can exercise some choice, otherwise seen as an approach of choice.
6. A change agent is a person who initiates change. The change agent can be anyone inside or outside the organization who tries to affect change.

12.3 Nature of Organizational Change

Organizational changes can be related to:

1. **Environmental changes**

Changes in what competitors are doing, what customers are buying, and their spending patterns, the law, social behaviors and attitudes, and the economy.

2. **Product and/or service-related changes**

An organization's products and/or services are made in response to changes in customers' demand, competitors' actions, and new technologies.

3. **Working method changes, how products are made or delivered and who makes them**

Changes are in response to environmental changes, such as new technologies and new laws on workplace safety.

4. **Management and working relationship changes**

Changes in leadership styles, the way employees are encouraged to work together and in training and development.

5. **Organizational structure, size or growth changes**

Creating new departments and divisions, the greater delegation of authority or centralization, changes in how plans are made, providing management information, exercising of control, and restructuring.

12.4 Process of Organizational Change

1. The process of organizational change involves three stages – unfreezing, changing, and refreezing.
2. Unfreezing of an organization's existing culture is being done.
3. Then, changes will bring in and creating cognitive recognition to open the workplace to what is new.
4. After that, refreezing the culture happens after the change is accepted. This will remain constant until the next change comes along.
5. The focus of the unfreeze-change-refreeze model is stability.

12.5 Individual and Organizational Resistance to Change

Individual Resistance

Factors that can cause individual resistance include:
- **Habits**
Individuals who are used to a way of doing something will difficulties adjusting to new norms. This may involve re-learning methods and skills, time, effort, the possibility of less desirable conditions and costs.
- **Security**
Individuals with a high need for security are likely to resist change due to that it will threaten their feeling of safety.
- **Economic factors**
Changes that threat to an individual's livelihood. For example, changes may lower one's income or change of tasks may make them unable to perform the new tasks.
- **Selective information processing**
They will listen to what they want to listen to and ignoring information that is not consistent with their values.
- **Failure to recognize the need for change**
Peoples may resist change due to the unknown results of changes.

Organizational Resistance

Organizations may display resistance towards organizational changes due to the following factors:

- **Structural inertia**
Organizations are designed to promote stability, thus it's often difficult for organizations to change because it will affect the stability that has been created.
- **Group influence**
Many individuals do not respond to changes because this behavior would seem to be seen as dissimilar to their group's norms.
- **The threat to expertise and power relationships**
When organizations want to implement changes, this usually involves organizational streamlining and reorganization which may threaten the expertise of employees.
- **The threat to established resource allocations**
It is human nature to resist changes, especially if they are not to one's favor.

12.6 Overcoming Resistance to Change

Methods	Best for situation where	Advantages	Disadvantages
Education and communication	Resistance is based on a lack of or inaccurate information and analysis.	It can generate support for changes after people who are resistant are persuaded.	It can be time-consuming if a large number of people are involved.
Participation	Initiators lack all the information needed to design changes and where others have considerable power to resist changes.	It can generate commitment for implementation of changes and integrate relevant information into change plan.	It can be time consuming and might result in inappropriate changes.
Facilitation and support	People are resistant due to adjustment issues.	The best tactics for adjustment issues.	It can be time consuming, costly and still fail.
Negotiation	An individual or group has considerable power to resist changes.	It can be relatively easy to avoid major resistance.	It can be too costly in most cases and alert others to negotiate for compliance.
Manipulation	Other methods fail or are too costly.	A relatively quick and inexpensive solution to resistance.	A setback to the credibility of initiators and can lead to future problems.
Co-operation	Other methods are too costly or unfeasible, usually specific situations.	It can generate commitment for implementation of changes, but not as much as in 'participation'.	It can create problems if people recognize the co-optation.
Coercion	Speed is crucial and change initiators have considerable power.	It can quickly overcome any type of resistance.	Risky and may leave people angry with the change initiators.

Table 12.1 *Seven Methods to Overcome Resistance to Changes*

12.7 Stimulating Organizational Innovation

1. Innovation is a process of creating new ideas and putting them into practice.
2. Innovation is the creation of a completely new thing, whereas some changes might mean going back to something that has been done before and not necessarily something new.
3. Innovation creates changes but changes not necessarily creates innovation.
4. Product innovation is a result of the creation of a new or improved product or service and this usually affects the organizational culture.
5. Process innovation associated results in better ways of doing things such as in terms of producing, selling, and distribution of existing products or services. Process innovation requires an adaptive process.
6. Administrative innovation results in the creation of a new organizational design such as the creation of virtual teams or management information system that improves production and delivery of product or service.

12.8 Organizational Innovation Process

Step 1: _____
The stage where a new product or idea arises either via spontaneously, creativity, ingenuity, or information processing.
Step 2: _____
The stage where new products or ideas are examined in concept to establish potential values and applications.
Step 3: _____
The stage where formal studies are conducted to determine feasibility, inclusive of costs and benefits, of adopting the new products or ideas.
Step 4: _____
The stage where the new product or ideas are manufactured and marketed. New processes are also fully implemented.

12.9 Features of Organizational Innovation
Highly innovative organizations are those that embody the following four major characteristics.
1. Their organizational strategies and cultures support innovation processes.
2. Their organizational structures support innovation processes.
3. Their employees support innovation processes.
4. Their top-level management supports innovation processes.

12.10 Fostering Organizational Innovation

The three elements that tend to stimulate innovation in an organization are:

1. **Organizational structure**
- Organic structures positively influence innovation – an organic structure is a structure that is low in complexity, formalization, and centralization. This structure facilitates flexibility, adaptation, and cross-fertilization which makes the adoption of innovations easy.
- Easy availability of abundant resources provides a key building block for innovations – management can purchase innovations and absorb failures due to abundant resources.
- Existence of inter-unit communication prevents possible barriers to innovations – an organization can be successfully innovative with the formation of committees, task forces, and other mechanisms that facilitate interactions across departments.

2. **Organizational cultures**
- Ability to accept ambiguities and tolerate impracticability.
- Enforcement of minimal rules, regulations, policies, and control.
- Ability to tolerate risks (experimentation) and conflicts (diversity of opinions).
- Focus on ends (achieving alternatives)
- Focus on open systems (monitoring of environments closely, responding to change immediately).

3. **Human resources practices**
- Provide training and development for their employees to ensure the latter's knowledge is current.
- Management is encouraging high job security and champion change.
- This kind of encouragement from management leads employees to introduce and implement innovations.

12.11 Barriers to Organizational Innovation

1. **Top-level management isolation**
   Management loses touch of or is unaware of organizational realities.
2. **Intolerance of differences**
   Questioning of a status quo is discouraged.
3. **Vested interests**
   Individuals and groups think they are more important than an organization.
4. **Short time horizons**
   Short term result is emphasized over investments for long- term gains.
5. **Overly rational thinking**
   Systems and routines are overemphasized, to the detriment of opportunities for creativity.
6. **Poor incentives**
   Reward systems support the 'safety' of past routines and discourage risk-taking.

7. **Excessive bureaucracies**

Rules and efficiency are emphasized to the extent of holding back and frustrating creative people.

SUMMARY

1. Change is an omnipresent element that affects all organizations. Organization change is an adjustment in the operations of an organization, planned or unplanned, caused by either internal or external causes or influences.
2. Changes may occur in the following areas:
   - The environment
   - The products and/or services of an organization
   - Working methods
   - How products and/or services are made or delivered and who makes them
   - Management and the relevant working relationships
   - Organizational structure, size, and growth
3. Employees and organizations have many reasons for resistance to change.
   - Habits
   - Security
   - Economic factors
   - Selective information processing
   - Failure to recognize the need for change
   - Structural inertia
   - Group influence
   - The threat to expertise and power relationships
   - The threat to establishes resource allocations
4. Managers can minimize resistance using the following methods:
   - Education and communication
   - Participation
   - Facilitation and support
   - Negotiation
   - Manipulation
   - Co-optation
   - Coercion
5. Innovation is a process of creating new ideas and putting them into practice. The innovation processes are:
   - Idea generation
   - Initial experimentation
   - Feasibility determination
   - Final application

QUESTIONS

Structured questions

1. Define the change agent.

_____

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2. Define planned change.

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3. Describe the nature of change.

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4. Discuss the factors that cause people to resist changes.

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5. Explain how organizations can stimulate innovation.

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6. Identify and describe an organizational innovation process.

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CHAPTER 13 MANAGING WORKFORCE

Learning outcomes
After studying this chapter, you should be able to:
1. Describe the definition of staffing in an organization
2. Understand the importance of staffing an organization.
3. Discuss the recruitment process that is generally practiced in an organization.
4. Explain the techniques used to develop and retain employees.

13.1 Introduction
1. All managers, no matter their hierarchical level or functional area, deal with human resource issues, such as finding and training the right people, evaluating performance fairy, and sometimes dismissal people for the good of the team or organization.
2. Managers have to find the right people, place them in positions where they can be most effective, and develop them so that they contribute to company success.
3. The most important duty of human resource managers is to select, train, and develop the career of employees who assist the organization to achieve its goals.
4. Hot-button issues such as executive compensation, changing government regulations, and the frequency of mergers and acquisitions make human resource management a critical skill for both business and nonprofit organizations.

13.2 Definition
1. The process of staffing can be seen as a series of steps that are performed continuously for an organization to obtain suitable candidates to hold suitable positions at a suitable time.
2. The staffing process is the management of human resources that involves activities of preparing employees for the organization and maintaining a satisfactory level of employee performance.

13.3 The Importance of Staffing
1. The importance of staffing in terms of quantity and quality depends on organizational goals.
2. Organizations focusing on the acquisition of a large number of employees should perform general recruitment and greater job specialization.
3. In performing general recruitment, organizations follow a simple and standard procedure.
4. Hiring quality staff requires special recruitment.
5. The development of staff in terms of quality can be performed through training, individual self-development, and by encouraging staff development.
6. The staffing phase involves the processes of attracting the right numbers of people with the right skill at the right time and place.

13.4 Recruitment

Recruitment refers to organizational activities that influence the number and types of applicants who apply for a job and whether the applicants accept jobs that are offered. Recruitment involves the process of attracting, screening, and selecting qualified people for a job at an organization.

Recruitment Process

STEP 1:

STEP 2:

STEP 3:

STEP 4:

Figure 13.1 *Steps of Hiring Employees Effectively*

- **Job analysis**

Entails documenting the actual or intended requirement of a job that is to be performed in an organization. This document is tally with a job description to ensure that minimum acceptance qualifications should suitable for a particular job.

- **Recruitment**

Usually involves advertising, which is a common part of the recruitment process. Recruiting research is also a proactive identification of relevant talents.

- **Screening and selection**

Choose candidates based on capabilities and suitability to the job or task. Qualifications may also be shown through a resume, job applications, interviews, educational or professional experience, or in-house testing through psychological tests or employment testing.

- **Interviews**

Shortlisted candidates are contacted to attend an interview. During interview sessions, an organization can get to know the shortlisted candidates better or get a personal impression of them.

- **Making a decision**

To choose the right candidate who fulfills all the basic requirements of an organization. This stage depends on the level of the position being filled.

- **Notification and employment offer**

A successful candidate is notified of the decision. The successful candidates will receive an offer letter that states the salary, benefits, starting date job responsibilities, and other important details.

- **Orientation**

This refers to an induction process. A well-planned orientation will help a new employee to be fully operational quickly and assimilate into an organization and its environment.

- **Training and career development**

Activities conducted by organizations to improve the current work performance of employees, thus enabling them to continue working with the organization.

- **Performance evaluation**

The continuous process of communicating with employees regarding their expected duties and current work performance in the organization.

- **Transfer and separation**

Transfer of an employee from one management level to another management level in the organization. While separation refers to an individual's action to exit the organization due to resignation, retirement, or illness.

Sources of Job Applicants

1. Two major sources of job applicants: **internal and external sources.**
2. Internal applicants are employees who are working with an organization and looking for an opportunity to transfer to different departments or promotions.
3. Recruiting existing employees is an advantage because these employees already know the background, rules, and procedures of the organization. So, they do not need extensive training or courses, and this will save costs.
4. Internal sourcing is advantageous as it helps an organization save on advertisement costs.
5. The organization also has the necessary knowledge of the applicants' strengths and weaknesses.
6. Thus, the internal applicants are already familiar with relevant organizational operations and culture, which in turn lessens their learning time on the new position or job.
7. However, internal sourcing may limit the organization's exposure to more potentials applicants, new ideas, and better opportunities.
8. External applicants are people who are looking for career opportunities in a news organization.

9. Hiring from outside means recruiting external people from other organizations to match an available job. This type of recruitment can be appealing to applicants who wish to further their careers.
10. External sourcing is advantageous as it exposes an organization to new perspectives and skills.
11. However, it may be costly for recruiters when it involves advertising in newspapers, on television, or at job fairs.
12. Sources of a job application are as below:
    - Media advertisement
    - Job fair
    - College and university recruitment
    - Employment agencies
    - Word-of-mouth

13.5 Staff Development and Maintaining Staff Turnover

1. If the environment in the organization does not encourage or support the development of knowledge and new skills, the training given will be useless.
2. The ability of an employee to develop his career is highly dependent on how a manager manages his employees.
3. An organization's human resource department is responsible for ensuring all employees continue to work as long as their services are needed.
4. Retaining staff is an attempt to ensure an employee continues working with the organization.
5. There are several methods used to retain staff as follows:

- **Provides financial and non-financial rewards**

Financial rewards are salaries and allowances. Non-financial rewards are non-monetary benefits such as travel subsidies, lodging, car, insurance coverage, and study loans.

- **Provide share ownership**

Providing share ownership depends on how long the employee has been working with the organization. This method can motivate an employee to work for a longer duration of time with the organization.

- **Honor employees and win their heart**

Employees who have shown outstanding performances should be honored by presenting them with rewards such as certificates of appreciation, gifts, and travel subsidies.

- **Place importance on employee welfare and improve working conditions**

Management must show efforts to retain staff by always protecting their welfare in terms of social, family, health, education, emotional, and physical aspects. Providing comfortable, safe, and clean working conditions.

- **Practice a good management pattern**

Practice a democratic leadership pattern and two-way communication. Employees should be given the right to choose the top-level management of an organization.

- **Create job rotation**

Job rotation will avoid employees from becoming bored with their duties.

- **Provide retirement benefits**

Protect the welfare of employees who are about to retire. The steps that must be taken on employees who will be retired are:

1. Grant leave before retirement
2. Reduce responsibilities before retirement
3. Appoint the employee as an advisor to the organization after retirement
4. Offer special duties to the employee after retirement
5. Ensure that gratuity, retirement funds, and end of services benefits are paid appropriately

- **Compensation**

Refers to all monetary payments and all goods or commodities used in place of money to reward employees. An organization's compensation structure includes wages and salaries and other benefits such as health insurance, paid holidays, or employee fitness centers.

SUMMARY

1. Human resource planning is an element of an organization's strategic planning. It deals with staff selection and acquisition activities to ensure that suitable, qualified, and capable recruits become members of the organization at all levels.
2. Recruitment describes the process of attracting, screening, and selecting qualified people for the selected job. The steps for hiring new employees are
   - Determining a need – job analysis
   - Applicant search and selection – recruitment, screening and selection, and interviews
   - Decision-making process – making a decision and notification and employment offer
   - Adaptation to the workplace – orientation
3. There are several methods used to retain staff as follows:
   - Provides financial and non-financial rewards
   - Provide share ownership
   - Honor employees and win their heart
   - Place importance on employee welfare and improve working conditions
   - Practice a good management pattern
   - Provide retirement benefits
   - Compensation

QUESTIONS

Multiple choices questions

1. A job description has the following four main elements, EXCEPT:
   a) Employees' qualifications and work experiences.
   b) Job summary
   c) Job specification
   d) Information about job identity

2. Hiring has the following objectives within the human resource management function, EXCEPT:
   a) To increase the pool of job applicants at minimal cost
   b) To improve the overall selection process by only attracting qualified and talented applicants
   c) To ensure the organization complies with legislative requirements
   d) To ensure the organization hires and selects the best candidates according to their liking

3. Which of the following is not the advantage of internal hiring?
   a) Management knows the employee who fil the vacant position
   b) The organization will not be able to develop as new ideas will not be introduced
   c) Communication process among employees will be made easier
   d) Senior employees are already familiar with organizational policies, procedures, and norms

4. Steps involved in the selection process are
   I. Reviewing applicants' forms
   II. Conducting management and tests
   III. Conducting interviews
   IV. Offering the job
   a) I, II and III
   b) I, II and IV
   c) II, III and IV
   d) I, II, III, and IV

5. A manager can retain his staff through the following ways, EXCEPT:
   a) Provide financial and non-financial rewards
   b) Buy products and organizational ownership
   c) Honor employees and win their heart
   d) Practice a good management pattern

Structured questions

1. Explain the meaning of recruitment. List THREE (3) options on how this can be done.

2. What are the advantages and disadvantages of internal recruitment? Justify your answer

3. Explain THREE (3) benefits of using promotion from within as an internal recruiting source.

4. In today's competitive labor market, what other external recruitment methods would you recommend, and why?

5. An organization's human resource department is responsible for ensuring that all staff continues to work as long as their services are required. Therefore, a human resource department plays a big role in retaining staff in the organization. Explain SEVEN (7) methods used to retain staff in an organization.

CHAPTER 14 COMMUNICATION

Learning outcomes
After studying this chapter, you should be able to:
1. Define organizational communication and discuss the importance.
2. Explain the communication process.
3. Describe the types of communication.
4. Explain the differences between verbal and non-verbal communication.
5. Describe the barriers to effective communication and methods to overcome it.

14.1 Introduction
Communication supports each of a manager's POLC functions. Communication is vital to organizations because it determines how we coordinate actions and achieve goals. Effective communication helps people grasp issues, build rapport with coworkers, and achieve consensus.

14.2 Definition
1. Communication is the process by which information is exchanged and understood by two or more people, usually with the intent to influence or motivate behavior.
2. The process of exchanging information and sharing experiences, ideas, concepts, or symbols (written or not) between two or more people within the context of an organization.
3. In organizations, effective organizational communication is crucial and leaders must realize the importance of building and sustaining human capital through effective organizational communication.
4. Effective organizational communication assists in work coordination and the integration of groups in a department to achieve organizational goals.

14.3 Importance of Effective Communication
1. Organizational communication is important where it can help enables an organization to gain a competitive advantage and improves organizational members' interpersonal skills.
2. Organizational communication also helps in:
   - Building networks
   - Leading effectively and performing managerial roles (leadership)
   - Disseminating and exchanging information
   - Learning new skills and technologies
   - Becoming more responsive to customers
   - Developing innovation and managing change
   - Thinking analytically
   - Working as a team
   - Fostering a sense of social, professional and ethical responsibility

Communication fulfills three main functions within an organization: transmitting information, coordinating the effort, and sharing emotions and feelings.

3. Transmitting information is vital to an organization's ability to function. Coordinating effort within the organization helps people work toward the same goals.
4. Sharing emotions and feelings bond teams and unites people in times of celebration and crisis.

14.3 THE COMMUNICATION PROCESS

How can we make sure that we communicate effectively in an organization? The first step is to understand the communication process.
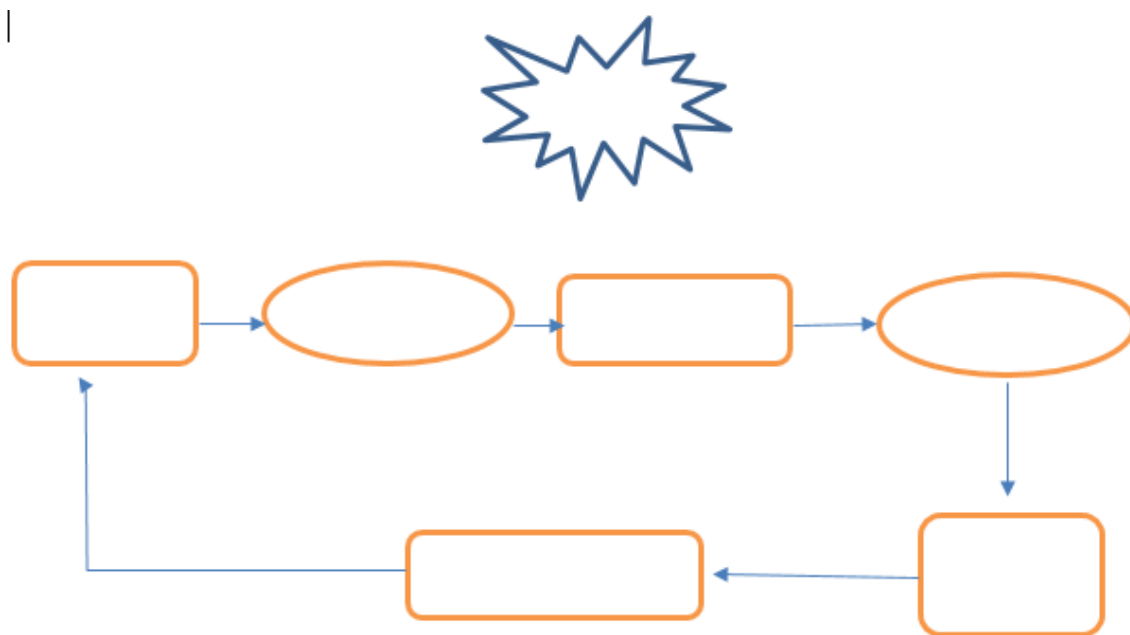
Figure 14.1 *The Process Model of Communication*

1. **Sender**

An individual with information to share; the sender must decide on what to share and encode the message.

2. **Encoding of messages**

A process in which a sender put his message into symbols or language. The sender translates ideas or thoughts into a code for the receiver. Encoding can either verbal or non-verbal.

3. **Transmission**

An occurrence where something such as information, experiences, ideas, concepts, or symbols are shared by peoples in the organization.

4. **Channel**

The medium by which message is sent. This might be through a telephone call, an e-mail or text message, a formal report, or face-to-face conversation.

5. **Decoding the message**

A process of interprets the meaning to the message.

6. **Receiver**

An individual or a group of individuals who receive information or also known as targets of the messages; the receiver must decode the message.

7. **Feedback**

The receiver responds to the sender's communication with a return message. The response can be given either through verbal or non-verbal.

8. **Noise**

Any disturbance or interference in the communication process. The source of noises may be happening either in internal or external environments.

14.5 Types of Communication

1. **Verbal communication** – communication that occurs either orally or in writing.
   - Oral communication

   This is a form of spoken information that is the most preferred type of communication used by organization members to transmit information.
   - Written communication

   This is a form of written messages, where organizational members share information by disseminating messages using letters, memos, reports, forms, and other written documents.

2. **Non-verbal communication** – communication that is transmitted without using language to convey the meaning of messages.
   - Body motions (kinesics)

   Using body postures, gestures, facial expressions, and eye movement.
   - Physical characteristics

   Using body shape or physique, attitude, height, and weight.
   - Vocal cues

   Using intonation, pronunciation, enunciation, articulation, voice quality, speech rate, and silence.
   - Proxemics

   Using perceived space, seating arrangements, and conversational distance.
   - Environments

   Using building, room design, furniture, light, noise, and cleanliness
   - The time or temporal communication

   Using time to show punctuality or keeping others waiting.

3. **Electronic communication**
   Communication using current types of communication. For example, using new advanced gadgets to transmit information.
   - Telecommuting (telework)
   Working from a different site by using a computer that is linked to the central office.
   - Electronic mail (e-mail)
   Sending written messages using computerized text processing and communication networks.
   - Video conferencing
   Communication using live video to unite people from different locations.
   - The internet
   Communication using a computer network to connect people globally.

14.6 Communication channels

1. **Formal communication channels** – communication that follows a chain of command and considers as official communication.
   - **Vertical communication**
   The flow of communication that occurs upwards and downwards in the chain of command in an organization.
   a) Upwards communication – messages from workers sent up to managers.
   b) Downwards communication – messages from individuals at higher levels passed down to lower levels in an organization.
   - **Horizontal communication**
   The flow of communication that occurs within and between departments in an organization. Horizontal communication is beneficial in increasing collaboration and coordination.
2. **Informal communication channels** – communication that exists due to social relationships in an organization. It also arises in fulfilling their social needs. A common term used for informal communication is the grapevine. A grapevine is considered a network of friendships or acquaintanceships on which rumors and unofficial information can be spread from one individual to another.
   - **The single-strand**
   Communication flows like a chain. For example, "A" tells to "B" and then spread the story to "C".
   - **The gossip**
   This occurs when one person tells everybody else. This is usually more on personal matters of interest.

- **The cluster**

Communication that moves through selected groups in an organization. For example, "A" tells something to selected individuals and then some of these individuals inform another selected group of individuals. Most informal communication flows through this chain.

- **The probability**

Communication that moves from somebody to anybody randomly. This chain happens when the information is interesting but not significant.
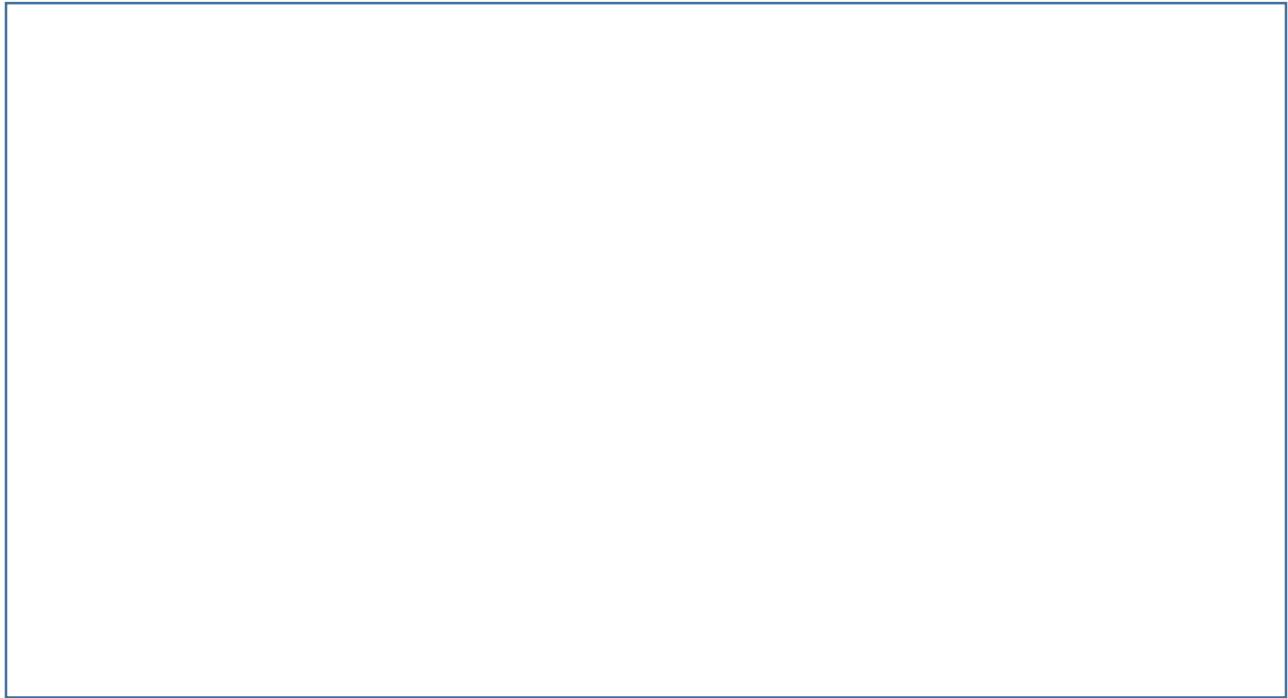
Figure 14.2 *The Flow of Grapevine Communication*

14.7 Barriers to Effective Communication

Communication effectiveness requires the sender and receiver to handle barriers that affect the communication process. Major barriers can be caused by internal and external environments. These include physical noises, sender or source of communication, organizational and physical distance and time, value and cultural differences, lack of common knowledge, selective perceptions, semantics, and communication styles.

1. **Physical noises**

   A listener's hearing can be interfering when communication occurs in a noisy room.

2. **Sender or source of communication**

   Communication can be distorted by a receiver's perception, or attitude towards a sender or source of communication.

3. **Organizational and physical distance and time**
   Miscommunication is the most common problem that happens in an organization due to varying position levels. At the same time, the implementation of flexible working hours also may introduce a barrier to message delivery because there is less face-to-face communication takes place.
4. **Value and cultural differences**
   People from all around the world view things differently and this may cause distortion.
5. **Lack of common knowledge**
   When people did not share common knowledge, communication can be distorted. Especially nowadays, much technical jargon is a widely used working environment.
6. **Selective perceptions**
   Some people want to acknowledge or listen to what pleases them only.
7. **Semantics**
   Refers to meaning to the words. Sometimes there is the word that is having a different meaning for different people or cultural.
8. **Communication styles**
   The method of delivering a message also can become distortion to the message.

14.8 Effective Communication

Management needs to make sure that employees in the organization keep informed about organizational developments. Effective communication can be achieved by the following.

1. **Developing trust and openness**
   Trust is an assessment of another's capability, skill, and intelligence in completing a task.
2. **Practicing employee empowerment**
   Sharing authority by inviting employees to participate in decision making. Thus, empowerment will generate respect among organizational members.
3. **Expressing concern and empathy**
   Organizational matters should not be based on one's point of view but also take into consideration of other surrounding factors.
4. **Using organization intranets**
   This platform will allow organization members to access the same information and reducing the overlap of information.
5. **Building team players**
   Individual interest should not supersede a group's or team's interests. Every employee's efforts are vital to the organization's success.
6. **Fostering behavioral integrity and consistency**
   Management has to set the right example for organizational members as in the saying, "walk the talk".

7. **Managing power**
   Use the power with care and caution to avoid abuse of power and managers are advising to use both verbal and non-verbal communication and do not overload employees with information that can hinder effective communication.
8. **Encouraging supportive communication**
   Encourage employees to develops new skills, participate in decision making, allows them to be open-minded, and speak up whey they have a disagreement about something and rewards them fairly.

SUMMARY

1. Communication is defined as the process of sharing experiences between two or more people.
2. The communication process involves the following elements:
   - A sender with intended messages
   - Encoding of messages by sender
   - A medium or channel for transmission of encoded messages
   - Decoding of messages by a receiver
   - Noises that may disturb the transmission of messages
3. Types of organizational communication are formal and informal communication.
4. Types of communication channels are verbal, non-verbal, and electronic communications.
5. Communication barriers may occur due to:
   - Physical
   - Influenced by perceptions and attitudes
   - Organizational
   - Cultural
   - Dependent on common knowledge, semantics or communication style
6. Some technique to achieve effective communication are:
   - Developing trust and openness
   - Practicing employee empowerment
   - Using concern and empathy
   - Using organization intranets
   - Building team players
   - Fostering behavioral integrity and consistency
   - Managing power
   - Encouraging supportive communication

QUESTIONS

Multiple choice questions.

1. For a communication to be successful, the meaning must be _____ and _____.
    a) Transferred; understood
    b) Transferred; imparted
    c) Understood; accepted
    d) Imparted; encoded

2. Which of the following is NOT an example of a medium or channel of communication?
    a) Memo
    b) Smile
    c) Letter
    d) Telephone call

3. Why a manager often travels long distances to have a face-to-face meeting with someone?
    a) Other forms of communication have security concerns.
    b) It shows respect.
    c) It communicates a sense of power, rank, and mobility.
    d) Most communication is mo**re** effective through body language.

4. _____ refers to the way that a sender manipulates information so it will be seen more favorably by the receiver.
    a) Filtering
    b) Selective selection
    c) Language
    d) Emotion

5. Communication that occurs between the subordinates and the bosses is known as:
    a) horizontal communication
    b) downward communication
    c) upward communication
    d) lateral communication

True and false questions

1. Every organization, whether government or commercial, needs to communicate regularly with their employees. (TRUE/FALSE)

2. Everything a manager does involve communication. (TRUE/FALSE)

3. Encoding is a process that provides meaning and interprets the message into a form that can be understood by a receiver. (TRUE/FALSE)

4. Face-to-face and phone conversations are examples of written communication. (TRUE / FALSE)

5. Effective organizational communication assists in work coordination and the integration of groups in a department to achieve organizational goals. (TRUE/FALSE)

Structured questions

1. Illustrate and explain elements in the communication process.

2. Explain the types of organizational communication, and the channels of communication.

3. The primary purpose of any communication is to get a message from the sender to the receiver in the way the message was intended.

4. Describe FIVE barriers to effective communication.

5. Think of an occasion when you were faced with a miscommunication. In your opinion, what caused the problem and what was the best way to handle it.

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SYNOPSIS

This book is specially written for the diploma students in business studies, executive secretaryship, accountancy, marketing, tourism management, maintenance management, plantation management, Islamic institution management, Islamic finance, and technology management.

It covers vital areas of management, ranging from the basic elements element of management, creativity and planning, organizational structures, leadership and motivation, effective managerial control, managing workforce and managing team in the organization, until nurturing effective communication and change and innovation in an organizational.

Each chapter begins with a comprehensive note on important concepts and theories related to management and ends with a variety of questions to allows students to identify the concept taught and connect them with current best practices in today's organizations.