

**COURSE
GUIDE**

**BUS 810
COMPARATIVE MANAGEMENT**

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INTRODUCTION

Welcome to BUS 810: Comparative Management is a 2-credit and one semester post-graduate course for M.Sc. Business Administration in the Faculty of Management Sciences at National Open University of Nigeria. The course is fifteen units spread across eight lectures week. This course guide provides you with an insight into the study of Comparative Management, and all that it will take you to complete and walk through your way in understating issues in the study of Comparative Management. Some general guidelines are suggested for the amount of time required of you on each unit in order to achieve the course aims and objectives successfully. Answers to your tutor marked assignments (TMAs) are therein already.

COURSE COMPETENCIES

This course provides learners with the following competencies;

- Analyze the importance of comparative management
- Justify the importance of comparative management for different countries
- Critique the unified approach to the challenges of natural resources and sustainable development.
- Evaluate the human resource management models for both public and private sector.

IN COURSE OBJECTIVES

order to achieve the full aims of the course, the study is divided into coherent units and each unit states, at the beginning, the objective it is out to achieve. You are therefore advised to read through the specific objectives before reading through the unit. However, the following represent some of the broad objectives of the course. That is to say, after studying the course as a whole, you should be able to:

- * Comparative approach to management and administration
- * Understand theories of comparative management and administration
- * Human resources management across different cultural background
- * Recruitment and selection methods in organizations operating in different countries
- * Nigerian professionals and research in comparative management and administration
- * Human resources management models for public and private sectors

- * Streamlining the operations of public corporations such as the railways and airways
- * Constraints imposed on managerial discretion in public corporations
- * Comparative management of corporate bodies and non-profit organizations.

COURSE AIMS

The course aims to groom the students in the process of comparative management which prepares them for life journey through management positions in organizations. The aim of this course is to give you in-depth understanding of the study of comparative management. It will also guide the study on the definition and scope of comparative management, studies in theories of comparative management and administration, and management of human resources across different cultural background of countries. Good knowledge of comparative management and the understanding of the intricacies of managing under different cultural settings will be useful to the student in other areas of human endeavor.

The course is also designed for students and those who would like to get a better understanding of management roles and functions. Students will be exposed to management functions and activities like planning, organizing, leading, delegating, coordinating and control. Apart from these, students will be informed of some dynamic elements that shape the nature and character of management practice, management tools and techniques. At the end of this course, students would have a range of practical tools and strategies to help them understand management practices which can be applicable to any organization.

To achieve the aims of this course, there are overall objectives which the course is out to achieve, though, there are set out objectives for each unit. The unit objectives are included at the beginning of a unit; you should read them before you start working through the unit. You may want to refer to them during your study of the unit to check on your progress. You should always look at the unit objectives after completing a unit. This is to assist the students in accomplishing the tasks entailed in this course. In this way, you can be sure you have done what was required of you by the unit. The objectives serves as study guides, such that student could know if he is able to grab the knowledge of each unit through the sets of objectives in each one. At the end of the course period, the students are expected to be able to:

- Explain the concepts of the definition of comparative management.
- Describe the theories of comparative management.

- Describe the differences between the particularistic and universalistic theory of comparative management
- Evaluate the usefulness of contingency theory
- Assess the explanatory role of culture, comparative approach to management and administration
- Explain the human resource management by organizations in different cultural setting.

WORKING THROUGH THIS COURSE

To successfully complete this course, you are required to read the study units, referenced books and other materials on the course.

Each unit contains self-assessment exercises called Student Assessment Exercises (SAE). At some points in the course, you will be required to submit assignments for assessment purposes. At the end of the course there is a final examination. This course should take about 15 weeks to complete and some components of the course are outlined under the course material subsection.

STUDY UNITS

We have four modules and fifteen study units under this course. These are:

Module 1

- Unit 1 Comparative Approach to Management and Administration
- Unit 2 Theories of Comparative Management and Administration
- Unit 3 National Cultures and Management
- Unit 4 Managing Resources: Human Resources Management

Module 2

- Unit 1 Research on Comparative Management and Administration
- Unit 2 Management Skills in the Public and Private Sectors of the Economy
- Unit 3 Constraints of Organizational Setting in the Management of group activities
- Unit 4 Human Resources: Models for Public and Private Sectors

Module 3

- Unit 1 Profile of Nigerian Executives in the public and private sectors

- Unit 2 Use of Management Consultants/Contracts in Public Corporations
- Unit 3 Military Administrator, Civil Servant, and Manager as interchangeable experts
- Unit 4 Constraints imposed on Managerial Discretion in Public Corporations.

Module 4

- Unit 1 Globalization of Economic Activities
- Unit 2 Effect of ICT in the Management of Organizations under different cultures
- Unit 3 Comparative Management of Corporate Bodies and Non-Profit organizations

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Each study unit will take at least two hours, and it include the introduction, objective, main content, self-assessment exercise, conclusion, summary and reference. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleges. You are advised to do so in order to understand and get acquainted with historical economic event as well as notable periods.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are required to study the materials; practice the self- assessment exercise and tutor-marked assignment (TMA) questions for greater and in- depth understanding of the course. By doing so, the stated learning objectives of the course would have been achieved.

PRESENTATION SCHEDULE

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor-marking assignments and attending tutorials.

Remember, you are required to submit all your assignments by due date. You should guide against falling behind in your work.

ASSESSMENT

There are two types of the assessment of the course. First are the tutor-marked assignments; second, there is a written examination.

In attempting the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal Assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The work you submit to your tutor for assessment will count for 30 % of your total course mark.

At the end of the course, you will need to sit for a final written examination of three hours' duration. This examination will also count for 70% of your total course mark.

TUTOR-MARKED ASSIGNMENTS (TMAS)

There are tutor-marked assignments in this course. You will submit all the assignments. You are encouraged to work all the questions thoroughly. The TMAs constitute 30% of the total score.

Assignment questions for the units in this course are contained in the Assignment File. You will be able to complete your assignments from the information and materials contained in your set books, reading and study units. However, it is desirable that you demonstrate that you have read and researched more widely than the required minimum. You should use other references to have a broad viewpoint of the subject and also to give you a deeper understanding of the subject.

When you have completed each assignment, send it, together with a TMA form, to your tutor. Make sure that each assignment reaches your tutor on or before the deadline given in the Presentation File. If for any reason, you cannot complete your work on time, contact your tutor before the assignment is due to discuss the possibility of an extension. Extensions will not be granted after the due date unless there are exceptional circumstances.

FINAL EXAMINATION AND GRADING

The final examination will be of three hours' duration and have a value of 70% of the total course grade. The examination will consist of questions which reflect the types of self-assessment practice exercises and tutor-marked problems you have previously encountered. All areas of the course will be assessed.

Revise the entire course material using the time between finishing the last unit in the module and that of sitting for the final examination to. You might find it useful to review your self-assessment exercises, tutor-marked assignments and comments on them before the examination. The final examination covers information from all parts of the course.

HOW TO GET THE MOST FROM THE COURSE

How to Get the Most from this Course In distance learning the study units replace the university lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study

units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must go back and check whether you have achieved the objectives. If you make a habit of doing this you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section. Some units require you to undertake practical overview of historical events. You will be directed when you need to embark on discussion and guided through the tasks you must do.

The purpose of the practical overview of some certain historical economic issues are in twofold. First, it will enhance your understanding of the material in the unit. Second, it will give you practical experience and skills to evaluate economic arguments, and understand the roles of history in guiding current economic policies and debates outside your studies. In any event, most of the critical thinking skills you will develop during studying are applicable in normal working practice, so it is important that you encounter them during your studies.

Self-assessments are interspersed throughout the units, and answers are given at the ends of the units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each self- assessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.
2. Organize a study schedule. Refer to the 'Course overview' for more details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from study center. You need to gather together all this information in one place, such as your diary or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working through each unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments no later than the due date.
9. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.
10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you keep yourself on schedule.
11. When you have submitted an assignment to your tutor for marking do not wait for it to return before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also on the written assignment. Consult your tutor as soon as possible if you have

any questions or problems. 12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

ONLINE FACILITATION

For semester the course is taken, you have about eight (8) weeks of online facilitation on this course. During the online presentation, you are probably made available with notes and video materials from the course facilitator. These materials intend to enable you read through the materials.

**MAIN
COURSE**

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MODULE 1

- Unit 1 Comparative Approach to Management and Administration
- Unit 2 Theories of Comparative Management and Administration
- Unit 3 National Cultures and Management
- Unit 4 Managing Resources: Human Resources Management

Unit 1 Comparative Approach to Management and Administration**Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Management and Administration
 - 1.3.1 Management and Administration
 - 1.3.2 Similarities between Administration and Management
 - 1.3.3 Differences between Administration and Management
- 1.4 Organization and Administration
 - 1.4.1 Organization of Materials
 - 1.4.2 Organization of Human Resources
 - 1.4.3 Organization of Principles
 - 1.4.4 Administration and Organization Compared
 - 1.4.5 Functions of Administration
- 1.5 Summary
- 1.6 References/Further Readings/Web Resources
- 1.7 Possible Answers to Self-Assessment Exercise(s)

**1.1 Introduction**

Comparative management is the field of inquiry that focuses on differences in management and organization between countries. There is sufficient awareness of the usefulness of studying management and organization in both national and international contexts. Also the use of comparison to aid explanation and to enhance understanding has always been recognized as a valuable tool of social scientific research.

Despite this wisdom however, in general, the field of comparative management is undervalued and few.

Efforts have been made to apply the insights of the field in textbooks. This study material is the first to take this type of comparison seriously and to show readers the usefulness of broadening their horizons beyond

the familiar area and to understand the concept better and thus be able to function more efficiently.



1.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- define comparative management
- explain the elements of Management and Administration
- discuss the similarities and differences between Management and Administration.



1.3 Management and Administration

1.3.1 Management and Administration

Comparative management can be defined as the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. It is the identifying, measuring and interpreting of similarities and differences among managers' behaviors, techniques followed and practices applied as found in various countries. Comparative management focuses on the similarities and differences among business and management systems from different contexts. It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

Comparative management provides a forum in which managerial practices in various environmental settings are analyzed with the objective of identifying the causes of differences and similarities in managerial behavior and the attendant similarities and differences in organizational results or performances. From the above description, two terms need further explanation, namely, managerial practices and environmental setting.

Management is the process of achieving organizational goals by engaging in the four basic functions of management, namely, planning, organizing, leading and controlling

(David C. Martins, 2006). This definition recognizes that management is an on-going process and activities aim at achieving set goals and objectives. Richard Daft (1999) saw management as the attainment of organizational goals in an effective and efficient manner through planning, organizing and controlling organizational resources.

Management refers to the process of directing and controlling the activities of an organization to achieve its goals. It involves making decisions, allocating resources, and supervising employees to ensure that they are working toward the organization's objectives. Management encompasses all levels of an organization, from top-level executives to front-line supervisors. Managers are responsible for setting goals, developing strategies, and overseeing the day-to-day operations of the organization.

Management is also the functional process of accomplishing the goals of the organization through the help of others. It consists of group of managerial persons who leverage their specialist skills to fulfill the objective of organization.

Administration on the other hand has to do with setting up of objectives and crucial policies of every organization. It is the capacity to coordinate many departments of one organization in an orderly manner such that they can operate in unity. It can also be seen as the act of getting things done with the accomplishment of the defined objectives. It is therefore a process of organizing and directing persons and materials in order to accomplish a specific end.

Administration refers to the process of managing the administrative aspects of an organization, such as planning, organizing, staffing, directing, and controlling. It involves ensuring that the organization's resources are being used effectively and efficiently. The administration also involves developing policies and procedures that guide the organization's operations. Administrators are responsible for making sure that the organization is complying with regulations and laws and for ensuring that the organization is financially sustainable.

1.3.2 Differences between Administration and Management

Comparative management and administration may seem the same but there are differences between the two. Administration is being granted enough conceptual clarification in this unit. The obvious thing is that many people have attempted to look at the two concepts (administration and management) as the same. However, Harry (2005) believed strongly that administration and management are not synonymous. The word management is often used in the place of administration but some differences still exist. The above observation is in consonance with the scientific thought in the field which sees a dichotomy between administration and management. Furthermore, it has been stressed that the term administration is used in the process of public sector administration, while management is used to describe the processes in private sector administration. In addition, it is believed that management

is dynamic and business-oriented while administration is static, emphasizing the maintenance of the status quo and non-innovation. This distinction may look acceptable but the globalization of political and management systems have rendered the differences insignificant. The realities emerging from these polemics is that, administration is seen as part of management and management as part of administration. The controversy surrounding this dichotomy between management and administration was as a result of the translation of Fayol's book titled administration 'from French to English (1929) where management was introduced to replace administration.

Scholars like Gullick and Herbert Simon share the view that management is part of administration. To them management is one of the actions in administration. In their words, management activity unites controls and coordinates all other activities of a group towards the achievement of the set objectives.

These differences can be summarized as follows:

- (i) Administration is a determinative function (makes the important decisions of an enterprise in its entirety), whereas management is an executive function (makes the decisions within the confines of the framework which is set up by the administration).
- (ii) Administration is the top level activity; it consists of owners of who invest the capital, and receiving profits from an organization, whereas management is a middle level activity; it consists of a group of managerial persons, who leverage their specialist skills to fulfill the objectives of an organization.
- (iii) The decisions of an administration are shaped by public opinion, government policies and social and religious factors, whereas management decisions are shaped by the values, opinions and beliefs of the managers.
- (iv) Management is really a subset of administration, which has to do with the technical and mundane facets of an organization's operation. It deals with the employees. Administration is above management, and exercises control over the finance and licensing of an organization.

1.3.3 Similarities between Administration and Management

The following are the areas where administration and management are seen as similar

- (i) Administration and management are distinctive academic discipline, art and science of pursuing knowledge.
- (ii) Both concepts are used in modern organizations. They embrace organizational activities such as organizing, coordinating,

- budgeting, evaluating other organizational activities for the achievement of the set goals.
- (iii) Management and administration take place in every area of human endeavor. They aim at meeting individual and organizational goals.
 - (iv) Management and administration represent global phenomenon, cutting across cultural boundaries. They remain the buzz words in human interaction in the world of work and business.
 - (v) Administration and management enhances how far both human and material resources are channeled for purposive enterprise. They enable organizations to effectively and efficiently organize and utilize their resources for productive activities.
 - (vi) They are directed towards the enhancement and attainment of goals and objectives of individuals and organizations.

Self-Assessment Exercise 1

Give three similarities between management and administration

1.4 Organization and Administration

Organization is the fundamental task in every administration. Organization is the machine for getting things done. It is chiefly concerned with provisions, arrangements, and mobilization of manpower which enables the administration to vary out its obligations (Sidhu, 2006).

Organization: An organization refers to a group of people who work together to achieve a common goal. It involves creating a formal structure of roles, responsibilities, and relationships that enable individuals to work together effectively. This structure may include hierarchies, departments, teams, and job descriptions. In an organization, people are allocated specific roles based on their skills and expertise, and work is coordinated through a system of rules and procedures.

Organization refers to the complex pattern of communication and relationships in a group of human beings. This pattern provides each member of the group much of the information and many of the assumptions, goals, and attitudes that enter into decision making. It also provides them with a set of stable and comprehensive expectations as to what the other members of the group are doing and how they will react to decisions made.

This definition is slightly different from that of Sears (2002) who refers organization as a machine for doing the required work. It may be composed of persons, materials, ideas concepts, symbols, rules, principles or more often than not, a combination of this machine can work automatically. Its operation may be subject to human judgment

and will. Professor Stead (2006) stated that organization is an agency by which we achieve our goals. Based on the above statement, we can say that organization stands for a structure, framework, system, organized body, a set of collection, concerned with the process of regulations and facilitating work.

The differences between Organization and Administration can be summarized as follows:

For Organization;

1. The function of organization is to set up a harmonious inter-relation between the employees and their work by delegating authority and responsibility among them.
2. Establishment of organization is one of the basic functions of management.
3. Organization is the work-center of the employees of all levels of the enterprise.
4. Organization is the foundation of managerial work.
5. Through the process of creating organization structure authority and responsibility are delegated. So, the nature of this process is organizational.
6. The nature of organization is reflected through the performance of work.
7. Organization may be compared to the hands of a human body; because it helps directly in performance of work.

For Administration;

1. The task of administration is to determine the objectives and policies of the enterprise.
 2. Administration includes formulation of plan and determination of organization structure.
 3. Administration is the center of the employees of higher level.
 4. Administration determines the structure by which the functions of management are directed.
 5. The work of administration is to determine rules, regulations and principles. Therefore, it is determinative in nature.
 6. The nature of administration is reflected in fixation of objectives, determination of policies and decision-making.
 7. Administration may be compared to the brain of the human body; because its activities relate to thinking process like fixation of target, decision making etc.
- Organization can take the form of organization of materials, organization of human resources, and organization of ideas and principles as discussed below:

1.4.1 Organization of materials

This encapsulates organization of building, campus, grounds and accommodation. This implies arrangement of each physical facility in such a way that each item can be most efficiently used and no wastage takes place. Equipment will be proportional to the number of people to be served. Purchase management is a key component of material management which involves managing the procurement process for materials and supplies needed for production or operations.

1.4.2 Organization of Human Resources

This involves organization of human factors, board of management and workers. It is organization and mobilization of all the persons who are legally or legitimately concerned and interested in a firm. This includes each member contributing his best in the common activity and collective responsibility. Organizational members have to participate in the activity in conformity with planned purpose and well thought out procedure.

1.4.3 Organization of Ideas and Principles

We can also organize our ideas and principles. This embraces the art of cementing desirable ideas and principles, such as, norms of achievement, rules and regulations, policy formulation, and administration, and working out of innovations and institutional programmes for improvements and reforms.

Therefore, organization deals with making systematic arrangements so that the purposes of the entire system are achieved. Good organization ensures unity of action, efficiency, economy, optimum utilization of resources, wellbeing and satisfaction for all, and good results for collective goals. Without proper organization, there would be confusion, chaos, and haphazard activity resulting into wastage of time, effort and resources.

1.4.4 Functions of Organization

- (i) Organization is the administrative expression of the theory of administration.
- (ii) Organization stands for, an organized body or system, or structure, or framework for human undertakings.
- (iii) Organization is concerned with the provision of materials, human equipment, regulations, forms and facilities of work.
- (iv) Organization provides a machine or set of machines for doing some work.

- (v) Organization provides resources. Organization is that agency by which we achieve the desired objective.
- (iv) Organization defines and determines functions, programmes, and activities.
- (vii) Good organization ensures unity of efforts, efficiency, goodwill, and proper use of resources.

1.4.5 Functions of Administration

Functions of administration include the following:

- (i) All activities designed to make an organization to function effectively.
- (ii) Administration stands for running, handling, conducting, controlling and organizing.
- (iii) Administration is the process of integrating these efforts of personnel and of utilizing m appropriate materials to draw maximum benefit from available facilities.
- (iv) Administration deals with the functioning and operation of the machines of the set up.
- (v) Administration deals with the functioning and operations and management of resources.
- (vi) Administration arises out of organizational schemes, program, and practices.
- (vii) Administration is basically concerned with the efficient execution of programs and activities.
- (viii) Good administration ensures proper planning, direction, and evaluation.

In summary, organization, management, and administration are all related concepts essential for any entity’s functioning. Although these terms are often used interchangeably, they have distinct differences as shown in the table below;

Differences between Organization, Administration and Management

Organization	Administration	Management
1. Organization’s business is to connect the works and staff to an institution.	1. Administration’s work is to set/ decide the aim and ethics/ law of an institution.	1. Management aims to manage the work done by others according to specific ethics
2. It is a component of management.	2. The administration does the composition and organization of planning.	2. Its working periphery is comprehensive. Along with planning and organization, it also includes: adding command and direction.

3. The administration does the work of management. It is the management.	3. Administration is the creator of the organization. The work of the management is done by this organization.	3. Management does its organization.
4. Organization works as a neuron of the human body.	4. Administration erects an institution like body creator.	4. Management works as a whole body.
5. As to the planning, it is the foundation of the workplace.	5. It gets the responsibility-legislation of planning.	5. it supervises the works execution of the staff according to planning.
6. Organization is the field of working together staff groups of every grade of an institution.	6. Administration is center of fulfilling the works of higher-level staffs.	6. Management is the applying field of given works to higher and lower level staffs.
7. It's work is organizational	7. It's work is to apply rules, regulation and law.	7. It's work is to convert rules and regulations to work
8. Organizations work expressed through work and applying.	8. Administration's work is expressed through mind and thought.	8. Management work is also expressed through work and apply
9. Organization is effective machinery for accomplishing company objectives in a team spirit.	9. Administration gives proper direction, it is a directing function.	9. Management properly executes, it is an execution function.
10. Organization has been termed the keystone on which the entire structure of any enterprise is based.	10. For effective functioning of the administration, proper structuring of the enterprise is a must.	10. For effective functioning of management proper structuring of the enterprise is must.



1.5 Summary

We stated that comparative management is the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. This area requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

We also highlighted that management is the process of achieving organizational goals by engaging in the four basic functions of management, namely, planning, organizing, leading and controlling. On the other hand, management is looked at as being dynamic and business-oriented while administration is static, emphasizing the maintenance of the status quo and non-innovation.

This distinction may look acceptable but the globalization of political and management systems have made this distinction irrelevant.

In this unit, we looked at the meaning of comparative management and the difference between management and administration. Management and administration are sometimes used interchangeably to describe the organization of work to achieve set objectives. The next unit shall be discussing the theories of comparative management and comparative administration.



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1.9 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

The following are three areas where administration and management are seen as similar

- (i) Administration and management are distinctive academic discipline, art and science of pursuing knowledge.
- (ii) Both concepts are used in modern organizations. They embrace organizational activities such as organizing, coordinating, budgeting, evaluating other organizational activities for the achievement of the set goals.
- (iii) Management and administration take place in every area of human endeavor. They aim at meeting individual and organizational goals.

Answers to SAEs 2

The following are the functions of organization

- (i) Organization is the administrative expression of the theory of administration.
- (ii) Organization stands for, an organized body or system, or structure, or framework for human undertakings.
- (iii) Organization is concerned with the provision of materials, human equipment, regulations, forms and facilities of work.
- (iv) Organization provides a machine or set of machines for doing some work.
- (v) Organization provides resources. Organization is that agency by which we achieve the desired objective.
- (iv) Organization defines and determines functions, programmes, and activities.
- (vii) Good organization ensures unity of efforts, efficiency, goodwill, and proper use of resources.

Unit 2 Theories of Comparative Management and Administration

Unit Structure

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Theories of Comparative management and administration
 - 2.3.1 Management and Administration
- 2.4 The Universalistic Theory of Management
 - 2.4.1 Universalistic Theories - The Contingency perspective
 - 2.4.2 Strengths of Contingency Theory
 - 2.4.3 Weaknesses of the Contingency Theory
- 2.5 The Particularistic Theory of Management
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to Self-Assessment Exercise(s)



2.1 Introduction

This unit deals with the theories of comparative management and administration. It identified the universalistic and particularistic theories of management and administration. It goes further to look at the contingency perspective, the strengths and weaknesses of contingency theory of management and administration.



2.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- explain the meaning of universalistic and particularistic theories
- describe the contingency perspective of universalistic theory
- identify the strengths and weaknesses of the theories.



2.3 Theories of Management and Administration

2.3.1 Management and Administration

As earlier discussed, comparative management is the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. It requires an

understanding of the complexity and diversity of environmental variables and their impact on institutions.

Some writers tend to differentiate between management and administration. Some use the term management to describe the process of managing a business or a profit-oriented concern and reserve the term administration for the process of running the affairs of government-owned and other non-profit oriented organizations. For example, we may speak of business management and public administration. The reader will be quick to point out that this distinction is not universal. Universities and Polytechnics offer courses in Business Administration and Business Management as well as courses such as Hospital Administration and Hospital Management.

Thus, the preferred term for such courses varies from one institution to the other. This duality in the usage of the terms suggests that the distinction along the lines referred to above is not universal.

Management literature, in general, shows that the term management and administration can be used interchangeably. Top Management in government often call itself “this administration” while its counterpart in corporate (business) organizations would, for example, attribute the decision made by them as “management decision.”

Generally speaking, the term management seems always to relate to people or subordinates who need to be led or guided, whose behavior need to be coordinated and channeled and whose performance needs to be measured, appraised, controlled and rewarded. In other words, we manage people. This school of thought suggests that administration is concerned with policies, procedures, methods and such other facilitative and coordinative tools used to enhance efficiency and effectiveness. The proposition, therefore, is that administration involves formulating policies, establishing procedures and devising methods for work accomplishment.

While this distinction may sound elegant on the surface, it ignores the comprehensive, intricate and complex nature of management or administration. Indeed, each entails working with and achieving results through people and putting policies, procedures and methods in place. Finally, attempts at drawing a line of demarcation between management and administration have been largely unrealistic and unsuccessful. Such distinctions have never won universal acceptance. For all practical purposes, therefore, the terms have continued to be used interchangeably.

2.4 The Universalistic Theory of Management

The universalistic theory of management claim that the phenomena of management and organization are subject to the same universal laws everywhere in the world. An example is the positive relationship between the size of an organization and its degree of internal differentiation, which has been found in many studies. Universalistic theory posits that this relationship is valid everywhere in the world, because it is based on fundamental characteristics of human behavior

Universalistic theory tends to predict that cross-national differences in management and organization, in so far as they exist, will disappear in the future. A driving force for this homogenization process is globalization. As more and more markets become subjected to world-wide competitive pressure, less efficient ways of management and organization will give way top best practices, regardless of the nationality of the company, management or employees. Existing cross-national differences may be seen as temporary disequilibria, which will disappear when obstacles to the free market are removed.

2.4.1 Universalistic Theories – The Contingency perspective

The contingency approach was developed by the Aston School in the 1960s. Much of the contingency theory research studied organizational structure and for this reason is usually referred to as structural contingency theory. This theory posits that, given similar circumstances, the structure of an organization that is, the best patterns of control, coordination and communication can be expected to be very much the same wherever it is located. (Hickson, et al.1974). The theory further posits that, if they are to be successful, organizations, must structure in response to a series of demands or contingencies posed by then scale of operation, usually expressed as size, the technology employed and the environment within which operations take place.

The contingency theory states that the mechanistic structure (hierarchical, centralized, formalized structure) fits a stable environment because a hierarchical approach is efficient for routine operations. Given the routine nature of operations, the management at the upper level of the hierarchy possesses sufficient knowledge and information to make decisions, and this centralized control fosters efficiency.

In contrast, the organic structure (participatory, decentralized, unformalized structure) fits an unstable environment and situations of high task uncertainty. A major source of task uncertainty is innovation, much of which comes from the environment of the organization, such as technological and market changes.

2.4.2 Strengths of Contingency Theory

The strengths of contingency theory are that the theory is straightforward and the methodology, though complex, is highly standardized. The various dependent and independent variables are operationalized so that they can be quantified and measured in a precise way (i.e. by size or number of employees engaged). These strengths gave the contingency approach considerable influence, and for a long time, it gave the approach advantage over culture, which had remained both theoretically and methodologically unsophisticated.

2.4.3 Weaknesses of the Contingency Theory

The contingency approach, however, also has numerous weak points and blind spots. It has been pointed out that, although, this theory is able to show the consistency and strength of correlation between the two sets of variables – that is, between contingency variables such as size, or technology and the structural features of an organization – it has never provided an adequate explanation for this. Furthermore, the theoretical status of contingencies has remained uncertain. For instance, are they imperatives or do they merely have the force of implications if a certain threshold is crossed? In addition, the contingency approach only elucidates properties of formal structure and neglected informal structure.

Self-Assessment Exercise 1

Evaluate the strengths and weaknesses of Contingency Theory

2.5 The Particularistic Theory of Management

The particularistic theory of management, on the other hand, predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries. This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries.

Furthermore, particularistic interpretation of organization and management imply that history matters, as national systems of management and organization are pat-dependent. For instance, the question may be asked whether Japanese management and organization can be truly understood without taking into account Japan's late industrialization halfway through the nineteenth century, leading to dramatic changes in a society that still bore the characteristics of the feudal era.

Self-Assessment Exercise 2

Explain the Particularistic Theory of Management
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2.6 Summary

Under this unit, we studied comparative management and discussed the issue of differences and similarities of managerial systems and management practices across different cultural settings.

In this unit, you have learnt the complexity and diversity of environmental variables that affect management and organization across national and international cultural backgrounds.

The universalistic theory claims that the phenomena of management and organization are subject to the same universal laws everywhere in the world. The particularistic theory of management, on the other hand, predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries.

This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries.



2.7 References /Further Readings/Web Resources

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2.8 Possible Answers to Self-Assessment Exercise(s)

Answer to SAEs 1

The followings are the strengths and weaknesses of Contingency Theory
The strengths of contingency Theory.

The strengths of contingency theory are that the theory is straightforward and the methodology, though complex, is highly standardized. The various dependent and independent variables are operationalized so that they can be quantified and measured in a precise way (i.e. by size or number of employees engaged). These strengths gave the contingency approach considerable influence, and for a long time, it gave the approach advantage over culture, which had remained both theoretically and methodologically unsophisticated.

The weaknesses of contingency Theory

The contingency approach, however, also has numerous weak points and blind spots. It has been pointed out that, although, this theory is able to show the consistency and strength of correlation between the two sets of variables – that is, between contingency variables such as size, or technology and the structural features of an organization – it has never provided an adequate explanation for this. Furthermore, the theoretical status of contingencies has remained uncertain. For instance, are they imperatives or do they merely have the force of implications if a certain threshold is crossed? In addition, the contingency approach only elucidates properties of formal structure and neglected informal structure.

Answer to SAE 2

The Particularistic Theory of management predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries. This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries.

Furthermore, particularistic interpretation of organization and management imply that history matters, as national systems of management and organization are pat-dependent. For instance, the question may be asked whether Japanese management and organization can be truly understood without taking into account Japan's late industrialization halfway through the nineteenth century, leading to dramatic changes in a society that still bore the characteristics of the feudal era.

Unit 3 National Cultures and Management

Unit Structure

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
- 3.3 Etic Versus Emic
- 3.4 Research Methods
- 3.5 Boundaries of Cultures
- 3.6 Level of Analysis
 - 3.6.1 Dimensions and Typologies
- 3.7 Summary
- 3.8 References/Further Readings/Web Resources
- 3.9 Possible Answers to Self-Assessment Exercise(s)



3.1 Introduction

This unit introduces the cultural approach to comparative management. In doing so, we aim to provide the reader with a balanced view. Too many contributions to cultural management theory are one-sided, arguing for one importance of one particular source of cultural differences (example etic versus emic). The importance of national differences in culture is undeniable, and we will discuss these differences extensively. There are also other cultural distinctions, however, that may remain unobserved if we continue to look at the nation as the main source of cultural identity.



3.2 Learning Outcomes

By the end of this unit, you will be able to:

- identify the levels of analysis problem in cultural research
- evaluate the usefulness of the emic and etic approaches to cultural analysis
- assess when and how to use the cultural dimensions.



3.3 Etic Versus Emic

National culture is very diverse in different nations and affects management and organization in a number ways. National culture includes the pervasive, shared beliefs, norms, values, and symbols that

are occur in daily. National culture is normally transmitted by symbols and rituals and many often take these for granted and this includes management of organizations. Management today is bound by many rules and regulations and had to work in accordance with national cultures to ensure that their companies get mainstream attention whilst taking care of the norms displayed by the nation's people.

National culture is known to trigger changes in the corporate management control to benefit local business-unit circumstances. The role of management is more complex than many people contend. To put it simply, management adopt holistic responsibility for the outcomes of projects. If projects or organizational objectives are not satisfactorily achieved then the management takes full responsibility for this due to the fact that they set out the criteria for achieving such aims and oversaw the entire project. Managers have numerous roles which imply critical thinking on their behalf and the general rule of thumb is that management entails the effective planning, leading and control of resources in order to meet objectives as set out in the mission statement. Indeed the resources in question fluctuate on the basis of the type of industry the organization trades in but from a general perspective such resources include personnel with their abilities and experience in addition to non-human elements i.e. machinery, raw materials IT and capital all of which play a pivotal part in contributing to the role of management.

The comparison of culture presupposes that there is something to be compared that each culture is not so unique that any parallel with another culture is meaningless. Throughout the history of the study of culture, there has been a dispute between those stressing the unique aspects (the emic approach), and those stressing the comparable aspects (the etic approach). The emic approach emphasizes the need for understand social systems from the inside and through the definitions of their members. It attempts to analyze the internal coherence of single examples and condemns any attempt at classification across cultures as denying the uniqueness of each culture. Because of this emphasis on the unique features of each culture, the approach can also be characterized as idiographic. Pure idiographic research is usually based on qualitative data analysis such as participant observation and interviews. Etic research, in contrast attempts to establish general laws governing large numbers of examples. It looks at the variances and covariance of variables between cultures. Because of the emphasis on general laws, this approach can be characterized as nomothetic.

The words 'etic' and 'emic' come from linguistics; they are taken from the terms 'phonetic' and 'phonemic': the distinction between which can

be seen as paradigmatic for the major debate within cultural studies. Phonetics is the study of sound and sound changes in human speech. Historically, this branch of science was conceived as a natural science, which tried to uncover the general laws determining human speech sounds. Phonemics, in contrast, is the study of sound units in language that enable speakers to distinguish between meanings. Phonemics differs between languages, and can only be studied within the context of a given language.

The etic vs. emic approach is a fundamental concept in anthropology, sociology, psychology, and business research. It deals with two complementary ways of understanding human behavior: the etic perspective, which focuses on the external, objective, and measurable aspects of human behavior, and the emic perspective, which emphasizes the internal, subjective, and contextual aspects of human behavior.

The etic perspective is often associated with the scientific method, where the researcher aims to observe, measure, and analyze behavior in a controlled and systematic manner. This perspective assumes that human behavior can be understood without considering the cultural, social, and historical context. It is a value-capturing approach that takes the company's standpoint, which is essential for solving operational problems, improving efficiency, and reducing costs.

The emic perspective, on the other hand, is based on the idea that human behavior cannot be understood without considering the cultural, social, and historical context. It emphasizes the subjective experiences, values, and meanings that people attach to their behavior. This perspective is crucial for understanding consumer needs and designing products that meet their preferences and expectations. It is a value-creation approach that puts the research participant or customer at the center.

In conclusion, the etic vs. emic approach provides a valuable framework for understanding human behavior and designing effective solutions to complex problems. By combining both perspectives, researchers and businesses can create innovative products and services that meet the needs of their customers and capture value for themselves.

Self-Assessment Exercise 1

Evaluate the usefulness of Emic and Ethic

3.4 Research Methods

Although the differences between the etic and the emic approach cannot be reduced to issues of method alone, it is clear that the different forces of the two perspectives do call for divergent research methods and that

these different methods in the turn further sharpen the differences between the two perspectives. Etic culture research aims to generalize across the boundaries of individual countries. If a researcher wants to identify dimensions in which cultures differ, he or she has to study a sufficient number of different societies in order to be able to verify the general nature of the proposed dimensions. Hofstede, (1980), used factor analysis to identify two of his dimensions. In such an analysis, the unit of analysis is the culture. This means that in order to have a sufficient number of observations, many cultures need to be studied.

In large- scale studies, covering many cultures, it is important that observations from the different cultures studied are comparable. For this reason, the nomothetic-etic approach has a partiality for standardized instruments, in particular standardized questionnaires. In constructing these instruments, one of the main concerns is that the data collected in different societies are indeed comparable. This is the quest for equivalence in etic research. If a particular question is asked of respondents in country A, the same question has to be asked of respondents in country B in order for the answer to be comparable.

Translation into local languages is one aspect of the quest for equivalence. It is standard practice in cross-cultural research to translate a questionnaire into a local language, and then have it back- translated into the original language by a different translator. In this way, inconsistencies between the translated and the original instrument can be identified. However, equivalence issues go beyond translation into different languages. Even if the translation is faithful, the question may have quite different connotations from one country to another. An example is one of the questions used by Hofstede (1980): How long do you think you will continue working for this company? (parts of the scale measuring uncertainty-avoidance). We may expect that it makes a big difference whether this question is asked of respondents in a country like the USA with bountiful alternative employment options, or in a country like, say, Peru, with at the time of the research far fewer comparable employment possibilities; Hence, differences between answers to the question may partly be due to differences in other context factors than the national culture that is targeted.

With preference for standardized, equivalent research instruments and large samples, a preference for quantified data becomes inevitable. Quantified data also make it possible to address issues of equivalence post hoc that is, after the data collection. If we have included in the instrument a number of items that are supposed to measure a particular construct, we can test whether the answers to these items are correlated in the different societies studied. If this is not the case, this is a sign that the items do not measure the construct in question reliably. Items that do

not in all countries studied correlate significantly with the other items measuring the construct can then be dropped from the further analysis, and in this way the scale is purified. This procedure would be impossible with qualitative data, of course.

3.5 Boundaries of Cultures

Another noteworthy problem with cross-cultural research is that the boundaries of the level of analysis cannot always be defined clearly. Within the cross-cultural literature, the dominant approach has been to equate nations with cultures, and thus to study cultures by comparing samples from different countries. However, national boundaries often do not encompass homogenous societies with a shared culture. Examples are Canada, which has English and French speaking population with different cultural features; Belgium, with a Flemish and French speaking population with different cultural traits. Moreover, the nation-state is essentially a western innovation; elsewhere, example, in Africa, the nation-state is relatively young and hardly corresponds to any sense of cultural homogeneity or identity. It is argued, however, that in nations that have existed for some time, there are strong forces towards integration (Hofstede, 1991). There is usually a single dominant language, educational system, army, political system, shared mass media, markets, services and national symbols. These can produce substantial sharing of basic values among residents of a nation. This is less the case, of course, in nations with sharp divisions between ethnic groups. Most etic research, however, concentrates on the more homogenous societies, avoiding the problem but posing limits on the generalizability of the framework. Emic research, in contrast, has always had a tendency to focus on cultural groups that are not defined by national boundaries, like the indigenous people of North America.

3.6 Levels of Analysis

The nomothetic-etic approach presupposes data on a greater number of cultures and tends to proceed from a study of 'ecological correlations'. The latter are calculated either from mean values of variables for each society or (in the case of categorical variables) from percentages (Hofstede, 2001). Comparative research with an ideographic-emic concern will express itself in a focus on relations between variables within cultures, followed by a comparison of the patterns found from culture to culture.

Two common areas of confusion in nomothetic-etic studies concerning the levels-of-analysis problem are the ecological fallacy and the reverse ecological fallacy. The ecological fallacy is committed when conclusions concerning individuals are drawn from higher level data.

The reverse ecological fallacy implies that conclusions regarding cultures are drawn from individual-level data. It is committed in the construction of ecological indexes from variables correlated at the individual level. Indexes are, for example, constructed through addition of the scores on two or more questionnaire items. In constructing indexes for the individual level, we ought to make sure that the items correlate across individuals. In constructing indexes for the national level, we ought to make sure that the mean scores correlate across countries. The reverse ecological fallacy in cross-cultural studies occurs when research compares cultures on indexes created for the individual level (Hofstede, 2001). In other words, within-society correlations are used instead of between society correlations. One reason why the reverse ecological fallacy occurs easily is that studies with data from more than a few societies are rare, and ecological dimensions can be detected clearly only with data from ten or more societies.

Self-assessment Exercise 2

Enumerate the common areas of confusion in nomothetic-etic studies concerning the level of analysis

3.6.1 Dimensions and Typologies

Contemporary comparative cross-cultural research is mainly carried out by scholars who lean towards the nomothetic-etic approach, focusing on the ecological level. An essential step in such research is to define the concept of culture. Without definition, culture cannot be operationalized and, without operationalization, it cannot be measured. Measurements are exactly what etic research is all about. For years, research on culture has been hampered by the lack of a widely accepted definition of the concept and until now there has been little agreement on how cultural features are best conceptualized and operationalized in empirical studies. The lack of conceptual and operational consistency in cross-cultural research is expressed most clearly in the fact that different studies have developed different dimensions of national culture.

Dimensions are developed to yield greater cultural understanding and to allow for cross-cultural comparisons. Cross-cultural research focuses on values in order to characterize culture. There are, however, hundreds, perhaps thousands, of values on which societies and other cultural groups could be compared. Some values are relevant in all societies others are known only in particular societies. Hence, to be able to compare societies effectively, the profusion of cultural values must be organized into a limited number of dimensions. Theorists who address this issue make the assumption that cultural dimensions of values reflect

the basic issues or problems that societies must confront in order to regulate human activity.

It is clear however, that while useful tools in explaining cultural behavior, dimensions have limitations that we ought to acknowledge. It is obvious that any description of culture in a few dimensions cannot do justice to the complexity of the concept. Moreover, by simplifying the reality of culture into dimensions, we neglect within-country differences, sacrificing completeness. Not surprisingly, dimensions are found to be more beneficial in making comparisons between cultures than in understanding the wide variations of behavior within a single culture. The existence of so-called cultural paradoxes reveals the limitations in our thinking.



3.7 Summary

We have seen that in comparing culture, there must be something to be compared that each culture is not so unique that any parallel with another culture is meaningless. Throughout the history of the study of culture, there has been a dispute between those stressing the unique aspects and those stressing the comparable aspects.

In cross-cultural research, one big problem is that the boundaries of the level of analysis cannot always be defined clearly. Within the cross-cultural literature, the dominant approach has been to equate nations with cultures, and thus to study cultures by comparing samples from different countries which, most of the time, does not produce reliable results.

In this unit, we noted that different cultures can be compared provided there is something worth comparing and that care must be taken to use tools and techniques that are appropriate for reliable outcomes. The next unit will focus on human resources management across cultural divides.



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3.9 Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

The usefulness of Emic perspective:

- I) This emic perspective is crucial for understanding consumer needs and designing products that meet their preferences and expectations.
- II) It is a value-creation approach that puts the research participant or customer at the center.

The usefulness of Etic perspective:

- i) The etic perspective assumes that human behavior can be understood without considering the cultural, social, and historical context.
- ii) It is a value-capturing approach that takes the company's standpoint, which is essential for solving operational problems, improving efficiency, and reducing costs.

Answers to SAE 2

Two common areas of confusion in nomothetic-etic studies concerning the levels-of-analysis problem are;

- I) The ecological fallacy and
- II) The reverse ecological fallacy

Unit 4 Managing Resources: Human Resources Management

Unit Structure

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Relationship at the Workplace
- 4.4 Work Classification, Design and Coordination
 - 4.4.1 Practices in American Firms
 - 4.4.2 Practices in U.K. Firms
 - 4.4.3 Practices in Japanese Firms
- 4.5 Functional Specialization
 - 4.5.1 Organizational Hierarchy and Span of Control
 - 4.5.2 Employment Relationships
 - 4.5.3 Recruitment and Selection Methods
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to Self-Assessment Exercise(s)



4.1 Introduction

From the 1980s, a modest but growing literature started dealing with the comparative and international dimensions of human resources management. At that time, in particular, the field of human resources management has a strong managerial orientation, assuming that employees and managers have a great deal of freedom in determining the design and implementation of human resources practices and policies.

The literature was essentially prescriptive and had an implicit tendency to assume that one model at that time generally the Japanese or the German one was superior. This model was then elevated as universally applicable, and was seen as one to which all organizations and nations should uphold. The result was that research designed in one country was transplanted to another, as if this was an easy thing to do. This research ignored the fact that knowledge of societies, of their languages, their norms, concepts values and culture is fundamental to understanding the behavior of people within employing organizations (Hofstede, 1983).



4.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- discuss different human resources practices between countries
- explain the diversity in human resources practices between countries
- discuss the differences in human resources systems between developed and developing nations‘



4.3 Relationship at the Workplace

This section discusses various aspects of work structuring. It discusses job classification, design and coordination, and functional specialization in different countries in a comparative way. These human resources management aspects are shown to be influenced essentially by the national education and vocational training system, and by the national system of industrial relationships. For example, the relative emphasis on general versus specialist education impacts on the scope of the job, the centralization as well as stratification of the workforce, and the relative reliance on bureaucratic procedures.

Equally important is the relative amount of practical and technical training that is perceived to be part of the formation process, especially at staff levels. This dimension has a countervailing impact on the division of labor. Technical and scientific education is likely to be more specialized, leading to shorter hierarchies, more consensual decision-making and less bureaucracy (Hage, 2000).

4.4 Work Classification, Design and Coordination

4.4.1 Practices in American Firms

The traditional job design practices of large US firms differentiate jobs into hundreds of discrete titles, carry out systematic job evaluations to ascertain the scope and depth of job responsibilities, record these in great detail in formal job descriptions, and make them the basis of compensation decisions. One powerful historical force behind the pre-occupation of US firms with formal job design and classification has been the scientific management movement, which, in Taylor’s teachings, saw the minute analysis and delineation of job duties, and the elimination of worker discretion as critical elements in the rationalization of production and the transfer of control to management.

Another force in the same direction was the emergence of job control 'unionism' in the USA.

4.4.2 Practices in the U.K. Firms

Similar to the situation in the USA, UK manufacturing work systems are characterized by many vertically and horizontally specialized hobs, and factories are peopled by low-skilled production workers doing repetitive tasks with little authority. Skilled craft workers in the UK factories have a low division of labor with a high degree of discretion. The crafts create job territories so there is a high degree of job demarcation among crafts, and between the crafts and the production jobs (Lane, 1989).

4.4.3 Practices in the Japanese Firms

Job classifications are kept simple and broad in Japanese firms, with most factory production workers, for example, falling within a single classification. Job descriptions, if they exist at all, are typically short and couched in vague terms. Detailed job titles, formal job descriptions, and job-related criteria for pay and advancement have been conspicuously absent from Japanese employment practices, whereas job rotation and extensive cross-training are the rule (Lincoln, 1993). Extensive on-the-job training method is used to supplement this process with systematic and codified knowledge about the firm, industry and functions of which employees are in charge.

The employee development systems require employees at all levels to acquire experience over time in different aspects of the business.

Self-Assessment Exercise 1

Explain the difference work design practices in UK and Japan
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4.5 Functional Specialization

Institutional arrangements like management education and vocational training have been found to be the most prominent societal influences on the degree of functional specialization. In this sense, generalist management education can be related to functional specialization, while a more specialist management education enhances functional agglomeration. Furthermore, vocational training with more specialization on offer, some of which is specific to a branch of industry or type of work, leads to a more specialist management orientation. At the same time, the degree of functional specialization in a country is strongly related to the career management policies of firms.

4.5.1 Organizational Hierarchy and Spans of Control

The contingency theory of organization explains organization structures, that is, the structuring of activities and centralization, largely with reference to the size, technology and task environment of organizations. This approach has been criticized in particular for the fact that it ignores the effect of societal variables. Research that focuses on the interrelationships between the social fields (that is, interaction of people at work, characteristics of jobs, education, training and industrial relations) is able to explain the more detailed differences in organization shape and structure between countries in carefully matched pair comparisons. These differences are played down or ignored by the contingency approach (Maurice et al, 1980). In the societies that are examined, societal effects of research found organizations divided according to task performance into the same categories of employees, arranged in the same hierarchical manner. It seems that a basic division of labor between staff' (that is, those doing management tasks) and workers' (that is those in lower-level jobs), between those who engage in conceptual work and those who merely execute these plans, and between those who control and those who submit to control, is an indispensable feature of the capitalist enterprise.

Further horizontal division of labor developed with the increasing complexity of the capitalist enterprise.

4.5.2 Employment Relationships

Selecting the best qualified people to fill job vacancies seems to be a universal goal for both human resources and line managers around the world, as a mismatch between jobs and people could dramatically reduce the effectiveness of other human resource functions. Recruitment is crucial to an organization in so far as it has important implications for organizational performance. It has therefore to be understood and analyzed as a strategic act in all its implications and ramifications. The strategic impact of recruitment is great, since decisions have long-term consequences.

The methodology of personnel selection has never been uniform around the world. Moreover, whether a specific personnel selection practice should be adopted universally remains an unresolved issue. However, given the crucial role played by this personnel function, especially in managing a multinational workforce, understanding the similarities and differences in the existing practices in various nations ought to be the first step taken by human resources managers and researchers. This section, therefore, considers some of the core characteristics of the recruiting system in the selected countries. First, we answer the question

of whether significant differences do indeed exist among nations in terms of commonly used recruitment and selection methods. Next, we focus on the alternative of external recruitment versus promotion.

4.5.3 Recruitment and Selection Methods

Even in the most democratic organizations, personnel selection criteria are rarely set by a consensus process. More likely, they are the result of trial and error over the years, bound by legal requirements, and subject to many other institutional constraints. Recruitment practices are complex and difficult to comprehend through the filter of written studies. The diversity of practices is such that the same concepts might cover different realities. For example, what does 'interview' or 'curriculum vitae' mean to German, Japanese, or US organizations? Also, the recruitment methods used to hire a manual worker, a technician, a technical manager and a top manager will differ from one organization to another. While recruitment and selection covers a wide array of subjects, this section will concentrate on the leading features in some countries. The selection criteria standing out as the most commonly used in the **USA** are; personal interview, a person's ability to perform the technical or practical requirements of the job, and proven work experience in a similar job. The US system prizes a close match between the requirements of a specialized position and the capacities of a specialized person.

Most **UK** management does not pay much attention to the issue of recruitment and selection and they do not make use of many of the techniques and procedures available. In recruitment, they continue to place a great deal of reliance on word of mouth. In selection, they place near-total reliance on the application form to pre-select, and also on the interview, supported by references, to make the final decision. Testing and assessment centers, let alone some of the more recent developments such as the use of bio-data, are seldom used.

Self-Assessment Exercise 2

Describe the recruitment and selection criteria for USA and UK
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Intensively used recruitment methods in **Sweden** (and in all Scandinavian countries) are references, interview panels, and data and bio-data approaches. Psychometric testing, aptitude tests and assessment centers are also used, but to a lesser extent. The determination of recruitment and selection policies is decentralized and is done most of the time at site level and not at national level. Line managers are very much involved in the management of recruitment and selection, the human resources department being supportive of line management. Since a large internal labor market operates in Germany and the

Netherlands, recruitment mainly takes place at entry-level positions, rendering extensive selection methods less essential.

German companies emphasize the application form, interview panel and references as recruitment methods. Recruitment is on the basis of specialist knowledge and experience, especially in technical areas. German companies regard university graduates as good abstract thinkers, but prefer recruiting from among the more practically educated graduates from the senior technical colleges and the MBAs specializing in management because they are considered to be better prepared for jobs.



4.6 Summary

This unit discussed various aspects of work structuring, job classification, design and coordination, and functional specialization in different countries in a comparative way. Human resources management in most countries, are influenced essentially by the national education and vocational training system, and by the national system of industrial relationships.

Equally important, is the relative amount of practical and technical training that is perceived to be part of the formation process, especially at staff levels. This dimension has a countervailing impact on the division of labor.

We have talked about work structuring, job classification, design and coordination, and functional specialization in different countries in a comparative way. The influence of national education and vocational training system on human resources management cannot be overemphasized.



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4.8 Possible Answers to Self-Assessment Exercise(s)

Self-Assessment Exercise 1

- i) Job classifications are kept simple and broad in Japanese firms, with most factory production workers, for example, falling within a single classification. Job descriptions, if they exist at all, are typically short and couched in vague terms. Detailed job titles, formal job descriptions, and job-related criteria for pay and advancement have been conspicuously absent from Japanese employment practices, whereas job rotation and extensive cross-training are the rule (Lincoln, 1993). Extensive on-the-job training method is used to supplement this process with systematic and codified knowledge about the firm, industry and functions of which employees are in charge.

The employee development systems require employees at all levels to acquire experience over time in different aspects of the business.

- ii) The UK manufacturing work systems are characterized by many vertically and horizontally specialized hobs, and factories are peopled by low-skilled production workers doing repetitive tasks with little authority. Skilled craft workers in the UK factories have a low division of labor with a high degree of discretion. The crafts create job territories so there is a high degree of job demarcation among crafts, and between the crafts and the production jobs (Lane, 1989).

Answers to SAEs 2

The recruitment and selection practices in USA an UK are as follows:

- i) For USA recruitment and selection practices
Recruitment practices in USA are complex and difficult to comprehend through the filter of written studies. The diversity of practices is such that the same concepts might cover different realities. For example, what does ‘interview’ or ‘curriculum vitae’ mean to German, Japanese, or US organizations? Also, the recruitment methods used to hire a manual worker, a technician, a technical manager and a top manager will differ from one organization to another. While recruitment and selection covers a wide array of subjects, this section will concentrate on the leading feat The selection criteria standing out as the most commonly used in the **USA** are; personal interview, a person’s ability to perform the technical or practical requirements of the job, and

proven work experience in a similar job. The US system prizes a close match between the requirements of a specialized position and the capacities of a specialized person.

- ii) For UK recruitment and selection practices
Most **UK** management does not pay much attention to the issue of recruitment and selection and they do not make use of many of the techniques and procedures available. In recruitment, they continue to place a great deal of reliance on word of mouth. In selection, they place near-total reliance on the application form to pre-select, and also on the interview, supported by references, to make the final decision. Testing and assessment centers, let alone some of the more recent developments such as the use of bio-data, are seldom used.

MODULE 2

Unit 1 **The Role of Nigerian Executives in Undertaking Research in Comparative Management**

Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Definition of Comparative Management
- 1.4 Importance of Comparative Management
- 1.5 Intercultural Management
 - 1.5.1 The Need to Consider cross cultural difference
 - 1.5.2 Six different approaches to cross-cultural management research
- 1.6 Approaches of Comparative Management
 - 1.6.1 Main Results of Comparative Management Research
- 1.7 Summary
- 1.8 References/Further Readings/Web Resources
- 1.9 Possible Answers to Self-Assessment Exercise(s)



1.1 Introduction

Comparative management is a field of study that analyzes the extent to which management principles are applicable from one country to another.

This unit explains the importance of comparative management and their theories from two different divide.

The unit also explains intercultural management viewing the subject matter from the global perspective.

Finally, the results of comparative management research were highlighted.



1.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- define the term comparative management
- enumerate the comparative management theories
- explain the intercultural management.



1.3 Definition of Comparative Management

Comparative management analyzes the extent to which management principles are applicable from one country to another. It is identifying, measuring and interpreting the common things and differences between behavior of managers, their techniques and practices adopted in different countries. It focuses on the similarities and differences among business and management systems from different contexts. It is the study of principles of management, and their application in different situation. For instance, international companies use different policies and strategies for comparison to remain in competition. It is defined as the study of management in different nature and environments which show different observations in various countries.

Comparative management is the field of enquiry that is concerned with the variations in management and the organization in different countries. It is useful to compare and understand the phenomenon which is identified as a tool for doing research.

1.4 Importance of Comparative Management

Comparative management analyzes the extent to which management principles are applicable from one country to another. Since the leader in the development of management principles is the United States, comparative management seeks to determine the applicability of American know-how to foreign locales. Although the concept of comparative management evolved in the late sixties, it continues to be the subject of considerable debate.

In other words, the universality of management science allows it to be transferred from one locale to another. Management is universal because it is critical to the successful operation of an organization. The "universalistic" school of management theory believes that certain management principles are fundamental and can be transferred to any organized form of human activity. In contrast to "explanation" and to enhance understanding of social phenomena has always been recognized as a valuable tool of social scientific research and hence as an end in itself.

For at least the last twenty years, the literature has yielded diverse positions on the transferability of modern management principles into different cultures. A review of the research shows that most cross-cultural studies are actually cross-national studies, which means comparing socio-cultural, political, and economic systems and not just culture.

Two of the more important models are described in terms of the role of culture—the Farmer-Richman model and the Negandhi-Prasad model. One of the models identifies management as a dependent variable, and the other as an independent variable. The research was conducted to contribute to a resolution of this difference. The research design isolated the role of culture by controlling for the political, economic, and educational variables.

"Comparative International Management" provides the reader with a broad coverage of comparative international management topics focusing on a number of key issues, such as differences in management styles, organizational structures, corporate governance, production systems, corporate strategy, labor relations, and human resource issues in different countries. In doing so, the text uses a cultural-institutional explanation to clearly highlight the reasons why countries differ, allowing the reader to appreciate the importance of management in international and globalizing economies.

In summary, understanding comparative management is important because:

- i) It helps managers to understand local condition
- ii) It helps in knowing the managers of foreign countries in a better way, and to execute their jobs related to trade and cooperating them in accomplishment of their tasks.
- iii) It helps in knowing the different cultures of different companies of various countries and also be aware of the similar problems and how to solve them with innovative techniques, that will lead to improvement in management.
- iv) It helps in knowing the differences that occur in cross- borders trade and also helps to find the solutions to different situations.
- v) It helps to make the managers aware about the conflicts between the companies of the other countries and how to manage them.
- vi) It helps in formulating policies for Foreign Direct Investment for financial needs of the companies of various countries.
- vii) It helps in identifying, describing, explaining, and predicting the impact of environmental factors (micro and macro factors) on international business of each companies and countries.

Self-Assessment Exercise 1

Outline the importance of comparative management
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Comparative management theories identified are:

- Socio- Economic approach
- Ecological approach
- Behavioral approach
- Eclectic empirical approach

1.5 Intercultural Management

Intercultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures, at the several management levels within and between organizations (W. Burggraaf). It is the process of managing people from different cultures in a way that minimizes misunderstanding and conflict, while maximizing communication and collaboration. In today's increasingly globalized world, organizations of all sizes are likely to have employees from different cultural backgrounds. Without proper management, cultural differences can lead to miscommunication, conflict and even outright hostility. In other words, in order to be an effective manager today, you need to be able to harmonize the unique cultural challenges and complexities that can come with working with people from different backgrounds located in different countries.

Thus, intercultural management is the process of understanding and managing the dynamics between people from different cultures in order to achieve the positive outcome. It is a crucial element of leveraging the culture factor.

1.5.1 The Need to Consider Cross Cultural Differences

These differences show themselves in all sorts of differing ways but it is worth outlining some key aspects in which cultural diversity has been shown to impact on organizational management approaches which are central to the process of managing business (from Hodgetts R & Luthans R, 1997).

- Centralized vs. Decentralized decision making. There is variation across national- culture in the extent to which important organizational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.
- Safety vs. risk. In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

- Individual vs. group rewards. In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.
- Informal vs. formal procedures. In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.
- High vs. low organizational loyalty. In some cultures, people identify less with their organization or employer and more with their occupational group or profession.
- Co-operation vs. competition. Some cultures emphasize co-operation in the Organization, others foster competition.

Title	Culture	Approach to similarities and differences	Approach to universality	Type of study	Primary questions	Main methodological Issues
Parochial research	Single culture studies	Assumed similarity	Assumed universality	Domestic studies	What is the behavior of people like in work organizations? Study is only applicable to one culture and yet it is assumed to be applicable to many cultures	Traditional Methodologies All of the traditional methodological issues concerning design, sampling, instrumentation, analysis and interpretation WITHOUT reference to culture
Ethnocentric research	Second culture studies	Search for similarities	Questioned universality	Replication studies	Can we use home country theories abroad? Can this theory which is applicable in Culture A be extended to culture B	Standardization and translation How can research be standardized across cultures? How can instruments be LITERALLY translated? Replication should be identical to original study with exception of language

<p>Polycentric research</p>	<p>Studies in many cultures</p>	<p>Search for differences</p>	<p>Denied universality</p>	<p>Individual studies of foreign cultures</p>	<p>How do managers manage and employees behave in country X? What is the pattern of relationship in country X?</p>	<p>Description how can country X be studied without either using home country theories or models and without using obtrusive measures? Focus is on inductive measures unobtrusive measures</p>
<p>Comparative research</p>	<p>Studies contracting many cultures</p>	<p>Search for both similar and differences</p>	<p>Emergent universality</p>	<p>Studies comparing many foreign culture studies of</p>	<p>How are the managers and employees styles similar and different across culture? Which theories hold across cultures and which do not?</p>	<p>Equivalence is the methodology equivalent at each stage in the research process? Are the meanings of key concepts defined equivalently? Has the research been designed such that the samples, instrumentation, administration, analysis, and interpretation are equivalent with references to the cultures. Included?</p>
<p>Geocentric studies</p>	<p>International business studies</p>	<p>Search for similarities</p>	<p>Extended similarities</p>	<p>Studies of multinational organization</p>	<p>How do multinational organizations function?</p>	<p>Geographical dispersion. All of the traditional methodological question with the added complexity of Geographical distance Translation is often less of a problem since most MNOs have a common language across all entwines in which they operate. The</p>

						primary question is to develop an approach for studying the complexity at a large organization. Culture is frequently ignored
Synergistic studies	Intercultural management studies	Use of similarities and differences as a resources	Created universality	Studies of intercultural interaction within work settings	How can the intercultural interaction within a domestic or international organization be managed? How can organizations create structures and process which will be effective in working with members of all cultures	Interaction models and integrating processes met are effective ways to study cross-cultural interaction? How can universal and culturally specific patterns be distinguished? What is the appropriate nuance between culturally specific and universal processes within one organization? How can the proactive use of cultural differences to create universally accepted patterns be studied?

Source: Nancy Adler "Understanding the ways of understanding: cross-cultural management methodology reviewed' in Advances in International Comparative Management, IRK pg.31-67

1.5.2 Six different approaches to cross-cultural management research

Cross Cultural Management studies the behavior of people in organizations around the world and trains people to work in organizations with employees and client populations from several cultures. It describes organizational behavior within countries and cultures; compares organizational behavior across countries and cultures; and, perhaps most importantly, seeks to understand and improve the interaction of co-workers, clients, suppliers, and alliance partners from different countries and cultures. (Adler and Gundersen, 2008: 13).

Studies vary in the theoretical and management issues which they address, in their assumptions about universality, in their ways of dealing with similarity and differences, and, therefore, in the methodological problems which they must confront.

The **first** most common type of management studies has been, and still is, parochial studies - studies of the United States conducted by Americans. Assume universality.

The **second** most common type is ethnocentric studies - studies which attempt to replicate American management research in foreign countries.

The **third** is polycentric studies - studies which focus on describing the patterns of management and organization in foreign countries. Universality denied. View institutions as only being understandable in terms of their own culture

The **fourth** type, comparative management studies, attempts to identify aspects of organizations which are similar and aspects which are different in cultures around the world. Try to distinguish between those aspects of organizational theory which are truly universal and those which are culture specific. Try to define patterns which emerge from all cultures studied. No culture is dominant.

The **fifth** type, geocentric studies, focuses on studying organizations which operate in more than one culture. In international business, these studies focus on identifying the similarities among cultures which will allow MNOs to have unified policies for their worldwide operations. Investigate the managing of MNO. Underlying assumption is that there are universally effective approaches to organizing and managing. Trans-cultural meaning beyond culture

The **sixth**, and to date the least common type of management research, is culturally synergistic studies which emphasize creating universality. Synergistic studies explore cross-cultural interaction and the positive uses of similarities and differences in creating both universal and culturally specific patterns of management. The purpose of synergistic studies is to create trans-cultural structures and processes which can be used around the world while maintaining an appropriate level of cultural specificity. Understand patterns of relationships and theories which apply when people from more than one culture interact within a work setting-people within multinational and transnational organizations, people on international assignments for domestic organizations, and people in domestic organizations which have cross-cultural employee, supplier, or client populations.

Each of the six types of studies is designed to address a different set of questions and is based on a different set of assumptions. For researchers to successfully build a theoretical framework for understanding the behavior of people in organizations around the world, and for managers to effectively use the results of cross-cultural management research, it is necessary to differentiate the six types of studies and to delineate those areas in which further research is needed.

Self-Assessment Exercise 2

Outline some key aspects in which cultural diversity has been shown to impact on organizational management approaches

1.6 Approaches to Comparative Management

The main approaches to comparative management are two (2) in number; namely:

- Socio-economic nature; and
 - Behavioral/psychological nature
- Model of socio-economic nature identified is environmental (ecological) by farmer / Richman while models of behavioral/psychological nature are:
- Economic development by Harbison and Myers
 - Behavioral by Ghiselli and Porter
 - Open system perspective by Negandhi
 - Culture by Hofstede.

1.6.1 Main Results of Comparative Management Research

There is no one way of doing things. The principle of equifinality applies to the Functioning of social organizations; managers may achieve given objectives through various methods.

There is no universal applicability of either of the authoritarian or participating- democratic management styles. In general the United States can best be characterized as following democratic-participative style, while Germany, France, and most of the developing countries are authoritarian in their management style. The authoritarian style is not necessarily dysfunctional in developing' countries. This perhaps may be the "right type" of leadership.

More objective measures are brought to bear in making managerial decisions with respect to compensation, objectives, goal setting, etc., in the developed countries; subjective judgment (emotions, religious beliefs) often enters the decision-making processes in the developing countries.

There are similarities and differences among the managers around the world.

Similarities are explained in terms of industrialization or the industrial subculture.

Differences are explained in terms of cultural variables. The cultural factors are considered the most important influencing variables.

Negandhi, A. (1975), ((Comparative management *and* organization theory a marriage needed» Academy of Management Journal 18, pp. 334-344)



1.7 Summary

You can understand from the foregoing that, Comparative management analyzes the extent to which management principles are applicable from one country to another.

The unit discussed comparative management, taking into consideration the global environment.

This unit explains the importance of comparative management and their theories from two different divisions which are socio – economic and behavioral/psychological in nature.

Comparative management theories identified are:

- Socio- Economic approach

- Ecological approach
- Behavioral approach
- Eclectic empirical approach



1.8 References/Further Reading/Web Resources

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1.9 The Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

The importance of comparative management:

- i) It helps managers to understand local condition
- ii) It helps in knowing the managers of foreign countries in a better way, and to execute their jobs related to trade and cooperating them in accomplishment of their tasks.
- iii) It helps in knowing the different cultures of different companies of various countries and also be aware of the similar problems and how to solve them with innovative techniques, that will lead to improvement in management.
- iv) It helps in knowing the differences that occur in cross- borders trade and also helps to find the solutions to different situations.
- v) It helps to make the managers aware about the conflicts between the companies of the other countries and how to manage them.
- vi) It helps in formulating policies for Foreign Direct Investment for financial needs of the companies of various countries.
- vii) It helps in identifying, describing, explaining, and predicting the impact of environmental factors (micro and macro factors) on international business of each companies and countries.

Answers to SAEs 2

Some key aspects in which cultural diversity has been shown to impact on organizational management approaches:

- i) Centralized vs. Decentralized decision making. There is variation across national- culture in the extent to which important organizational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.
- ii) Safety vs. risk. In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

- iii) Individual vs. group rewards. In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.
- iv) Informal vs. formal procedures. In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.
- v) High vs. low organizational loyalty. In some cultures, people identify less with their organization or employer and more with their occupational group or profession.
- vi) Co-operation vs. competition. Some cultures emphasize co-operation in the Organization, others foster competition.

Unit 2 Management Skills in the Public and Private Sectors of the Economy

Unit Structure

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Management skills in public and private sectors
 - 2.3.1 Management skills in the public sector
 - 2.3.2 Planning Skill
 - 2.3.3 Skill
 - 2.3.4 Directing Skill
 - 2.3.5 Controlling Skill
 - 2.3.6 Personnel Management Skill
 - 2.3.7 Leadership Skills
- 2.4 Private Sector and the Economy
- 2.5 Management Skills in Private Sector
 - 2.5.1 Technical Competence
 - 2.5.2 Self- awareness skills
 - 2.5.3 Interpersonal and Social Skills
 - 2.5.4 Thinking Skills
 - 2.5.5 Political Skills
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to Self-Assessment Exercise(s)



2.1 Introduction

Management has been defined by several authors with several definition attached to it, but it has been seen to lead to one single direction and result, which is generally to reach the aim and goal of the organization, either public or private.

Therefore, it is important to understand that, the management function and skills are needed by the administrators and managers, to run their establishment, these skill ranges from conflict, interpersonal, diagnostic, technical, time, conceptual and people management skill.

In this unit, the issue of management skill employed in both private and public sector of the economy would be discussed. But it is important to understand that, Skills management is the practice of understanding, developing and deploying people and their skills. Well-implemented skills management should identify the skills that job roles require, the skills of individual employees, and any gap between the two. Various

ways an individual can improve interpersonal skills are: attend workshops or online classes, seek out opportunities to build relationships, be thoughtful about ways your interactions could improve, ask trusted friends or colleagues for constructive criticism, observe other positive interpersonal interactions, seek out mentorship and finally set goals.

Overview

The skills involved can be defined by the organization concerned, or by third party institutions.

They are usually defined in terms of a skills framework, also known as a competency framework or skills matrix. This consists of a list of skills, and a grading system, with a definition of what it means to be at particular level for a given skill. To be most useful, skills management must be an ongoing process, where individuals assess and update their recorded skill sets regularly. These updates should occur at least as frequently as employees' regular line manager reviews, and certainly when their skill sets change.

Skills management systems record the results of this process in a database, and allow analysis of the data. To perform management functions and assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills essential to successful management: technical, human, and conceptual*. Technical skill involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area. Human skill involves the ability to interact effectively with people. Managers interact and cooperate with employees. Conceptual skill involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas.

The management skill required in an organization depends on the level of the manager within the organization. A manager's level in the organization determines the relative importance of possessing technical, human, and conceptual skills. Top-level managers need conceptual skills that let them view the organization as a whole. Conceptual skills are used in planning and dealing with ideas and abstractions. Supervisors need technical skills to manage their area of specialty. All levels of management need human skills so they can interact and communicate with other people successfully.

As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example,

telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

There are different types of skills in the corporate world which is seen as a result of change in the society, which would help to suit the present managerial need at that point in time. The addition of skills as a result of the changes in the corporate world has led to the development and use of the following skills; Soft Skills, communication skills, business writing, corporate presentation, public speaking, sales, marketing, leadership and managerial skills are few of the skills.

Employees who benefit

Skills management provides a structured approach to developing individual and collective skills in a system in which determines the progress of its employees and how they can be of benefit to the system and advance the prospect of the organization both public and private sector, and gives a common vocabulary for discussing skills. As well as this general benefit, three groups of employees receive specific benefits from skills management.

Individual employees

As a result of skills management, employees should be aware of the skills their job requires, and any skills gaps that they have. Depending on their employer, it may also result in a personal development plan (PDP) of training to bridge some or all of those skills gaps over a given period.

Employees gain from improved identification and understanding of their own strengths and weaknesses, from being able to set personal goals, and to understand the value they bring to the organization (which in turn can boost morale).

Line managers

Skills management enables managers to know the skill strengths and weaknesses of employees reporting to them. It can also enable them to search for employees with particular skill sets (e.g., to fill a role on a particular job). Managers will be looking for workers who can perform technical tasks with excellence and communicate well with colleagues.

Organization executives

A rolled-up view of skills and skills gaps across an organization can enable its executives to see areas of skill strength and weakness. This enables them to plan for the future against the current and future abilities of staff, as well as to prioritize areas for skills development.



2.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- discuss the management skills in both public and private sectors.
- analyze interpersonal and social skills.
- explain the technical competence.
- evaluate the thinking and political skills.



2.3 Management skills in the public sector and private sector

2.3.1 Management Skills in the Public Sector

The public sector managers are presently undergoing a period of change in the economy, which can be seen over the last decade, public spending by the government has been steadily in the rise.

This advancement and change present a new set of challenge, leading to managers to contend with the changes brought by the contraction by applying leadership and management skills being developed during the growth in the public sector.

The idea of a public sector is being centered on delivering services to the society irrespective of the financial outcome attached to it. For a public sector administrator, it is significantly important to note that, the skill needed to run the system is similar to that of the private sector, but the key difference is that, the skills are being tailored to different angles and outcome in relation to result.

Therefore, it is important for administrator or managers in the public sector of the economy to note that, even thou the deal with customers, clients and to the citizen at large, they are charged with the responsibility of providing services to the society not with the idea of profit making ideology, but with the ideology of providing such service at an affordable rate, good quality, and also to meet up with the end result that's providing the service.

The following management skills are considered important for a manager/leader or administrator in a public organization to have in other to drive the organization to achieve its set down goals and objectives.

- Planning skill
- Organizing skill

- Directing skill
- Conflict Management skills
- People Management skills
- Controlling skills

The above mentioned skill are considered important management skills which are deem important in the public sector of the economy, which would enhance its productivity and management of the sector.

2.3.2 Planning Skill

The aspect of planning is considered as an important aspect of management skill, which serves as an important step in the management task in a public sector. In a public organization, it is important for the head to be able to plan his/her activities, which would be deemed fit for the success of the organization in the chosen area. This aspect of management skill is the most often overlooked or purposely skipped step in an organization, due to several factors. It is significantly important to note that, while the amount of planning and the detail required will vary from task to task, to skip this task is to invite sure disaster except by sure blind luck. That's what gives us the adage of the 6 P's of planning (or 7 P's depending on how you count).

2.3.3 Organizing Skill

In a public sector setting, the manager/ administrator should be able to organize teams, tasks, and projects in other to get the team to work efficiently and to get the work done in the most effective manner. A manager must be able to organize teams, tasks, and projects in order to get the team's work done in the most efficient and effective manner. As an administrator/leader, one may be organizing a small work team or a project team. These same organizing skills will be required by all new and old administrator of manager in the chosen career when one has to organize a department or a new division of the parastatal.

Clearly, there is a lot of overlap between planning the work and in organizing it. Where planning focuses on what needs to be done, organization is more operational and is more focused on how to get the work done best.

When leader organize the work, the leader needs to:

- Determine the roles needed,
- Assign tasks to the roles,
- Determine the best resource (people or equipment) for the role,
- Obtain the resources and allocate them to the roles, and
- Assign resources' roles and delegate authorities and responsibilities to them.

In essence, even if the manager has assigned a small team or a project to be managed, the manager must therefore be able to organize offices and the data systems.

2.3.4 Directing Skill

Directing is the action step. Manager have planned and organized the work. Now the manager has to direct its team to get the work done. The manager starts by making sure the goal is clear to everyone on the team. Do they all know what the goal is? Do they all know what their role is in getting the team to the goal? Do they have everything they need (resources, authority, time, etc.) to do their part?

Pull, Don't Push Skills

The manager would be more effective at directing the team toward achieve positive outcome to the society by pulling the team together, rather than push which is sitting back and giving orders.

2.3.5 Controlling Skill

Some writers try to "soften" this skill by calling it "coordinate" or similar terms. But it is better to call it what it meant to be called which is control, because it is essential that the manager be able to control the team's activities.

In the steps above, the manager have planned the work, organized the resources to make it happen most efficiently, and directed the team to start work. In this step, the manager monitors the work being done, which would aid in comparing the actual progress to the plan you verify that the institution is working as you designed it.

2.3.6 Personal Management Skills

In this aspect of management skill, it shows that managers must master this skill in other to be successful and how it should be built on to deliver success.

There are two areas of personal management skills you must master to be successful as a manager. These are **self-management and time management**.

Self- management: By this point in the development as a manager, the manager is good at assigning work to its employees and coaching them through the difficulties so they can produce their best work. As a manager, you know how to motivate them and discipline them.

Time Management: If you have learned nothing else in your management career, you have learned that there is never enough time to do all the things you feel need to get done. That is why it is critical to your success as a manager and leader that you be skilled at managing time. This would aid in achieving the desired aim and goal within a stipulated time frame.

2.3.7 Leadership Skills

The skill is the ability to lead a group of people or team within an institution in order to achieve desired aim. Leadership is an important interpersonal skill that involves decision-making. There is a difference between managers and leaders. Effective leaders incorporate many other interpersonal skills empathy and patience to make decisions. Somehow leadership is an intangible a charismatic component that some people have and others simply do not. That's why, according to the ubiquitous, it is such a rarity.

The difference between being a manager and being a leader is simple. Management is a career.

Leadership is a calling. You don't have to be tall, well-spoken and good looking to be a successful leader. You don't have to have that special something to fulfill the leadership role.

What you have to have is clearly defined convictions and, more importantly, the courage of your convictions to see them manifest into reality. Leadership skills can be used by both managers and individual contributors.

Self-Assessment Exercise 1

Explain the two personal management skills that a manager must master in order to be successful

The Full Management Skills Pyramid

The **Management Skills Pyramid** shows all the skills a manager must master to be successful and shows how these management skills build on each other toward success.

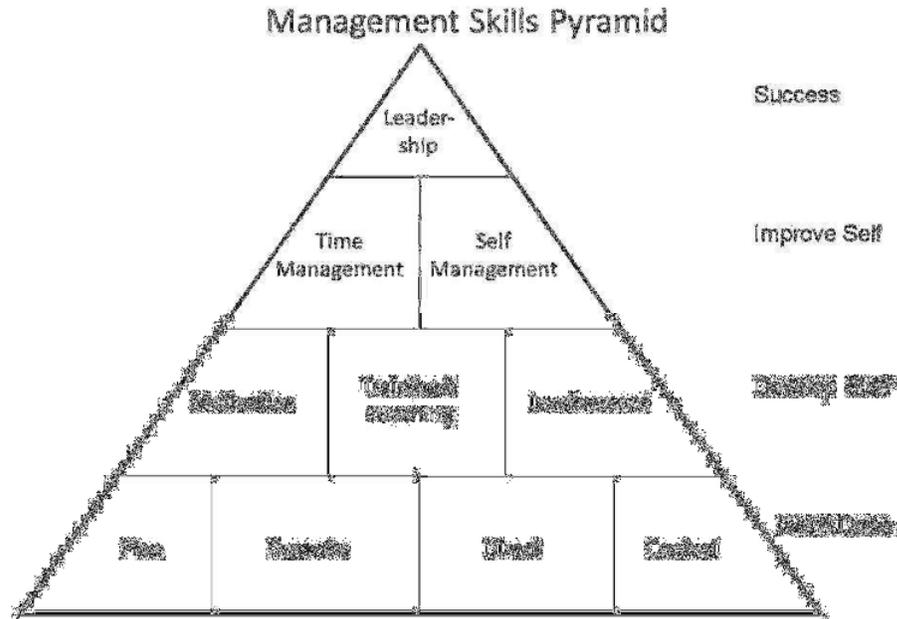


Figure 1: The Management Skills Pyramid (c) 2009 F. John Reh

2.4 Private Sector And The Economy

The private sector has proven to be a driving force in the economy of the country. In the private sector, it is important to note that, the managerial skill even thou are similar to the public sector but due to the nature of the business activities the aspect of running the organization determines. The private organization is run with the idea of making profit for its shareholders and increasing the profit margin of the company.

The skills and qualities of the manager need in the private sector which would foster productivity and development would be discussed later on in this unit, it is therefore important to know as student of management that, there are several skill which can be gathered on the job training and on-the-job process which would prove to be of important to the success of the sector.

Overview

Management developers need working models of managing, which reflect what managers actually do. Without them management development processes become distant from the lived experience of managing and lack credibility with those who are supposed to be developed by them. This can mean that managers become disengaged, even alienated from MD as a set of tools which are irrelevant and ineffective. MD will be perceived as something done to them, not something they own because it helps them at work. MD of this kind can

also perpetuate myths about managing which are misleading and counter-productive.

The value of the empirical studies, which we have considered is that they prick the pomposity of management and reveal that in essence it is not, some grand thing described by a term like strategic management or developing the organization'. Instead it emerges that managing is far more mundane and also chaotic and complex than the abstract categories suggest. The process of doing managing' (Mangham and Pye 1991) emerges as something quite commonplace a series of small choices, actions and reactions, for example, writing some e-mails; scanning someone's report; talking to a group of staff; having conversations with people who come into the office and so on, which over time come together to form a line of development (which we might call a policy) for the organization.

As well as clear pictures of managing, management developers also need a clear view of the qualities, skills, attributes and competencies (are these synonyms or do they differ in meaning?) displayed by effective managers. Here again there are issues of definition and meaning which are rarely acknowledged by writers in the field, let alone professional developers. However, as Mangham (1988) has perceptively suggested, management vocabulary is full of terms which purport to describe the qualities of managers, for example, an empowering leadership style; ability to motivate others; a strategic understanding, yet are imprecise in meaning and are often interpreted very differently by those who use the same phrases. Mangham suggests that these descriptors of management capability are too vague to be operationalized and there is very little professional consensus on the features of behavior by which they can be recognized. The reason lies in our lack of understanding of the management process (especially at the higher levels) and what is involved in distinguishing between ordinary and outstanding performance.

This is partly because executive work is usually shrouded in secrecy and because higher managers themselves have difficulty in articulating in a coherent way what they do and how they do it. However, it is also a function of the very subtle socio-psychological-political processes involved which require delicate judgments disguised by the big, conventional labels (e.g. clear communicator, creative decision maker, dynamic leader, etc.)

2.5 Management Skills in Private Sector

The management skill, which has been seen to be of great important in driving an organization to success, is being discussed below. It's important to note that in a private sector any skill adopted by a manager should be driving towards achieving success in respect to profit making and how to manage the organization in other to meet up with the needs of the shareholders. In a private sector, any skill adopted is tailored towards achieving two aims, producing quality product and at the same time achieving profit margin for the company. Several skills have been adopted in the present generation to achieve success and organization-workers relationship to achieve the end result of the stakeholders.

Due to the present change in the society brought about by globalization, employees have become enlighten and more demanding within the work place, this has led to managers to develop strategies in handling their subordinate.

2.5.1 Technical competence

The technical skills are definitely an important aspect in the private sector, which is accompanied with business activity of the organization, since it is believed that management activities is more of a practical and technical nature in other to move the organization ahead. Management is a practical subject, which aims to have an impact on the real world, so it requires functional knowledge and skill in applying a body of professional practice. Here we are talking about knowledge of product technology, marketing techniques, engineering, accountancy, knowledge of relevant legislation, knowledge of basic management principles and theories which purport to help the practitioner with best practice in planning, organizing and controlling (Pedler et al. 2001)

Although all levels of management require a technical base, one of the unique aspects of management is that the further you ascend the hierarchy of management, the less direct use is made of techniques and the more emphasis is placed on the social, cognitive and political skills of managing. A major problem for developers is that managers often get promoted to a high level of authority because of their mastery of technical skills. Although they may be highly professional specialists, they may not have had much opportunity on the way up to develop their people skills or to gain a broad appreciation of the organization as a whole. Once installed in a generalist role, they often find that performance requires strategic and political skills for which their former experience has not adequately prepared them (Garratt 1994). Typically, these managers find that their technical skills are not much use but they

are not sure how they should behave. This role ambiguity can cause not only great anxiety but also behavior, which may be dis-functional for the organization as a whole. It is tempting for them to emphasize what they know best and act as higher-level technicians with a narrow problem-solving view of their job, interfering in issues, which should be left to those lower down. This is often the situation for directors in medium-sized private companies who are rarely trained for their role. The beginnings of wisdom in management is often knowing when you are no longer paid to perform a professional-technical role and the job now requires a strategic appreciation and the use of social-political skills to harmonize the parts in the service of a greater whole(Garratt 1994).

2.5.2 Self-awareness Skill

At the higher levels of management, technical skills are assumed and effectiveness in management seems very much linked to social and interpersonal skills. Researchers such as Mangham and Pye (1991) and Watson (2001) have tried to give a detailed picture of the micro-processes of management. The ability to do executive work, Mangham concludes, requires an awareness of self-interacting with others. What managers do is very much shaped by their own perceptions of their role, their goals, their values, their feelings, their assessment of personal strengths and weaknesses. To act effectively the manager needs a well-grounded awareness of the self; the manager needs skills of introspection.

This makes sense. How can anyone manage others unless they have first mastered themselves?

The knowledge we have acquired about ourselves, which makes up our self-concept, is central to improving our management skills. Knowing ourselves helps us to understand our own taken-for-granted assumptions, our categories for defining situations and people, our sensitivities, strengths and weaknesses. This knowledge is self-empowering. It allows us to capitalize on our talents. It is the first step in making any changes to ourselves, which are needed to develop the skills we think we need. Self-reflection is also important because it helps us make our interactions with others more effective and insightful. By understanding ourselves we become more sensitive to the differences and also the similarities between people; it makes us more empathic and more skillful in our repertoire of behaviors. From this self/other awareness, the manager is in a position to look in on his/her own behavior from the perspective of others. We come to objectivize ourselves as others see us by internalizing their perceptions. This is what the developers mean by managing the self so that we can manage others. By developing a sense of self in the world which is consistent with how

we are seen, we have the self-knowledge to present ourselves well to use the words and take the actions which will influence others through quiet skills of persuasion and coordination. There seem to be a number of areas of self-awareness (Whetton and Cameron 2002). However, it seems that self-understanding in about four of these may be particularly linked to management success.

- 1) Personal values: what are the fundamental things you stand for? What are your core values and what would you be prepared to give up if required to compromise? How are your values related to ethical principles?
- 2) Learning and thinking styles: do you know how you think and learn? Under what conditions are you most creative? What is your preferred learning style? What type of thinker are you? Are you able to take a holistic view of things? Are you a conceptual thinker?
- 3) Orientation to change: do you feel comfortable in ambiguous situations? How flexible are you in accommodating the unexpected? Are you confident of your ability to handle complexity and diversity?
- 4) Interpersonal orientation: are you aware of any patterns in how you interact with people, for example, are you open or closed; assertive or retiring; controlling or dependent, etc.? What are the consistencies and do they help or hinder you in achieving what you want? Becoming self-aware is not easy. We are often resistant to self-knowing because we believe that information will surface which threatens our self-image. We avoid personal growth because we fear finding out that we are not what we want to be.

2.5.3 Interpersonal and social skills

These skills are hard to define but they largely mean working with and through other people and using careful judgment. This method is used by managers to get their subordinate or staffs to actualize and follow their part ways. Interpersonal skills are traits you rely on when you interact and communicate with others. These skills involve the ability to communicate and build relationships with others, often called people skills. This process of interpersonal and social skills is used to get your staff to do what you want and this system is usually seen as a manipulative method. They imply sensitivity to people and situations and skill in persuading people to achieve a common goal. Some examples of interpersonal skills include: active listening, teamwork,

responsibility, dependability, leadership, motivation, flexibility, empathy, and patience.

In a work environment, strong interpersonal skills are asset that can help you navigate complexity, change and day-to-day tasks. A lot of management is watching, sensing, doing readings of others behavior. In a sense, managers are doing what we all do in social situations, but they are doing it with purpose and through complex webs of relationships within very diverse role sets (e.g. balancing the often conflicting expectations of customers, suppliers, employees, superiors, etc.). From ideas they have of themselves and their own experience managers try to infer what is going on in the heads of others. Mangham (1986), talks of this as the theatre of the skull'. Managers engage in a form of internal dialogue to decide on the best line of action. This is really a form of role taking': that is, it requires social empathy in which they imaginatively and sympathetically put themselves in the minds of others, anticipating their reactions to the flow of events. By accurately modeling other behaviors and correctly attributing intention we are well placed to act thoughtfully and appropriately.

Ethnographers of management (Watson, Hales, etc.) have found that as we interact with others in management we are judging others in terms of their significance for our plans. What are their assumptions? What values guide their management? What do they hope to achieve here? Where do they stand on various issues? Is there a difference between what they claim and what they really want? Through these readings', managers develop a sense of the strategy best suited to the circumstances and most likely to allow their agenda to be implemented. The same empathy, feeling and judging are involved in other aspects of the social process. For example, the senior manager needs to have a sense of how things are going as a whole'. That means having a feel for how things are interconnected that is, how a micro-situation has implications for the strategy as a whole; how changing the technical system will have a knock on effect for the social system, for example, sense-making and managing.

Researchers such as Weick (1979, 1995) and Pye (2005) suggest that the essence of leadership is sense-making'. This means making sense of organizational behavior through talk and reflection should be considered as the main factor of leadership in an organization. How do we make the complex, fragmented, behavioral, social and political processes of managing coherent and give them meaning? This approach attempts to penetrate the constructed world of the manager. How do managers make plausible sense of their experience? How do they construct identity? How do they retrospectively review a number of events and happenings and give them meaning? How do they draw on ideologies ad models to

define what is happening and what they should do (e.g. scientific management; markets; flexible form organization, etc.)? This sense-making is interactive, is mediated by language and is constantly developing (e.g. Fisher 1996, talks of us assuming different managerial stances in our careers as we slowly change our assumptions about the reality of managing). This may be a productive turn of research which provides insights into how managers make meaning through ideas, constructs, metaphors and images.

A sense-making perspective seems particularly useful for explaining how the issues in management remain remarkably similar from one decade to another even though the vocabulary used to define them shifts (e.g. managing change' in the 1980s became corporate governance' in the millennium; empowerment became social capital'; innovation' became knowledge management). It is through sense-making and its discourses that the issues of management are reframed with new vocabulary even if the basic processes remain largely timeless.

2.5.4 Thinking skills

Cognitive skills are another essential attribute of the effective manager. Managers need the ability to think. That does not mean that they have to be original conceptual thinkers, but they do need to have good, clear minds and to be able to see the whole picture. Many managers like to believe that their cognitive skills define them, that is, that they are sharp decision makers and smooth problem solvers. Management science models emphasize rigorous thinking and hard strategic analysis. However, all the observational studies of managers agree that in reality management involves a lot of improvising and fudging towards a solution that is good enough in the circumstances. Lindblom (1959) has called this style disjointed increment'. Many studies of managers as decision makers show that managers typically do not search for the best possible solution to a problem because that would be too time-consuming. Instead they search for a temporary expedient to the problems involved and usually within the boundaries of previous decisions. Herbert Simon (1957) Nobel Prize winner for work on decision-making, thinks that Managers do not seek the sharpest needle in the haystack, just one that is sharp enough to sew with.' By and large, managers need to be masters in making decisions which are good enough in the circumstances, rather than masters of fundamental decision-making which addresses the complexity of a situation and the underlying forces involved. This is what we meant earlier by muddling with a purpose'. Mintzberg (1976) helps us to understand management decision-making by drawing a distinction between left brain thinking which he characterizes as linear, ordered, sequential and analytical and right brain thinking which is holistic, synthetic and intuitive. Mintzberg

claims that when you look at management decision-making closely it turns out not to be a regular, planned and systematic process. This is true of strategy as well as more operational decision-making. In fact, it seems discontinuous and proceeds in fits and starts'.

Despite the obsession with measurement, quantification and sophisticated modeling in management, Richard Heller (1995) stresses that most business decision-making involves thinking with incomplete information, back of the envelope' calculations and common-sense constructs which we subsume under the label of judgment' because we are not fully aware of what is involved. Mintzberg thinks that right brain thinking dominates in management. It is the ability to synthesize bits of information into a whole using robust categories of definition and classification which we have built up from the past. It is the ability to conceptualize and create a picture from pieces of evidence which is most needed in management. Continuing his metaphor of left and right brain thinking, in Mintzberg's view really outstanding managers can think in the right (conceptual) hemisphere and develop a whole picture of the organization and its future but then program and carry out plans of action with the left (rationalist) hemisphere.

□ **Thinking styles**

McKenny and Keen (1976) have suggested that managers exhibit different cognitive styles.

Among the various categories they define are the following.

- Systematic thinkers – These are the methods people. They define the problem early on in their thinking process then they search for solutions in a very orderly way. They give a lot of attention to making the implicit explicit and quantifying variables where they can.

They are deductive thinkers who try to calculate the consequences of different approaches and choose the line which seems most likely to optimize value.

- Intuitive thinkers – These managers are particularly sensitive to problem recognition.

They are aware that if the problem is wrongly defined, thorough logical analysis will be misdirected and futile. Typically, they fend off pressure for an early definition of the problem, instead throwing themselves into the data and thinking inductively, often re- framing issues several times before coming to a final definition. Choosing a plan of action can also be intuitive, based on grasping a general idea and improvising actions which may make it work. Rational search protocols are sometimes used to justify decisions which might be ultimately described as instinctual (although practitioners of this style may prefer

calculated risk-taking as a description). Although management is obsessed with precision in objectives, systems and procedures, the truth is that many decisions in management arise from rough calculations which are more based on vague surmise and a nose for a business opportunity than a careful option appraisal.

- Perceptive thinkers – These managers seem to use a thinking style which falls between the two previous extremes. It is essentially a mixed scanning approach which involves building a broad picture of the issues within a context then attending to some trigger factors to focus on certain things in greater depth. Switching alternately between the broad and the detailed they begin to develop explanatory concepts of the relationship between factors which leads to a definition of a problem and the generation of alternative approaches. Standard analytical processes are then often used to choose a final solution.

Other writers on management have suggested a range of typologies to contrast thinking styles, for example, convergent (logical, rational, linear) and divergent (intuitive, expressive, ideational) thinking (Guilford and Hoepfner 1971); romantic and classical thinking; spiral, linear and lateral thinking, etc. There is also the concept of different languages of thinking, for example, spatial, linguistic, mathematical, social thinking (Leavitt and Bahrani 1988). These typifications have their limitations because they seek to capture something fluid and mercurial like thinking with static constructs. However, one consistent finding seems to be that the most effective managers have a broad repertoire of thinking styles, are fluent in various forms of thinking and can adapt their thinking to the needs of the situation. More particularly, they are holistic as well as pragmatic thinkers, they think for themselves, are critically evaluative of orthodoxy, try to learn from experience and avoid the narrow grooves of popular formulae (e.g. The One Minute Manager) or the magical appeal of panacea (excellence, business re-engineering, etc.). A recent, and engaging, attempt to categorize management thinking is an article by Gosling and Mintzberg (2004), which suggests that there are five management minds. Complex organizations of the future need a reflective mindset. They also need people who can probe beneath the surface and understand how things relate together, an analytical mindset. They need managers who have a sense of how things go a worldly mindset. The diversity and boundary-spanning nature of great organizations requires a culturally sensitive or collaborative mindset. Finally, managers need an action mindset which means creating a sense of shared direction. Managers will be stronger using some minds rather than others. But all managers need to be able to move seamlessly between mindsets as changing circumstances require.

- Creativity
Creativity management is a system of principles, methods, techniques, practices, and instruments for managing employee creativity in order to get the maximum result for the organization according to its goals, objectives and available resources. Many managers are faced with the obsession and sticking to the one way method of management and leadership in which they are used too. Despite the obsession of many managers with the one right way', with systems and with best practice', successful managers value ideas and creativity (Heller 1995). The capacity to think freely and to recognize the value of new idea as it emerges is important cognitive skills for the manager.

Creativity is a special form of thinking where reason, sensitivity and judgment come together. It involves gut feeling and calculated risk-taking, having ideas and knowing how to apply them. Creativity as generation of ideas, solutions, or processes that are novel and useful has many benefits and applications in business. Leaders need to encourage creativity and to be supportive supervisor who is positively connected to creativity in the workplace. The primary task of modern leaders is to create an environment in which employees can grow and feel free to express their creative ideas.

Creativity in management often means going against the grain and doing something different.

Often it involves an entrepreneurial approach to managing which combines innovation with flair (e.g. Anita Roddick or Richard Branson would be celebrated models). The literature on creativity is vast and there are many conflicting views on what it is and how it can be encouraged.

However, there is a good deal of consensus (e.g. Adams 1988, Weisberg 1986, etc.) that creative managers have the following qualities:

- They observe the processes around them. They give attention to things and are therefore aware of small changes which may be the precursors of new trends.
- They think in conventional categories and in stereotypes. They try to reason things out for themselves
- They see things and have a synthesizing ability to relate disconnected things together to form new ways of seeing

- There are different strategies, methods and technique to enhance creativity. One of them is 'six thinking hats' technique which is helpful in finding a new perspective during creative process.

The six thinking hats technique are;

- i. White Hat- Look at the situation objectively. What are the facts?
- ii. Red Hat- Look at the situation emotionally. What do your feelings tell you?
- iii. Yellow Hat- Use a positive perspective. Which elements of the solution will not work?
- iv. Black Hat- Use a negative perspective. Which elements of the solution will not work?
- v. Green Hat- Think creatively. What are some alternative ideas?
- vi. Blue Hat- Think broadly. What is the best overall solution?

Self-Assessment Exercise 2

Explain creativity, and outline only three qualities of a creative manager

2.5.5 Political skills

Finally, successful managers display political skills. Organizations are ultimately political systems. All organizations have limited resources. Groups within the organization all want a share of these resources to further their projects. This means that bargaining, conflict and the selective mobilization of power are essential to control the process by which the cake is divided.

Winners in this organizational game are often those who are politically survey and know how to make a good case and manage organizational rules in their own favor. As John Hunt (1992) says, senior managers are not in a position to claim that they are above the dirty business of politics. If they don't play the political game then they are abandoning the ground for others to skew the system in their own interests. Organizational politics involves:

- Senior managers building up their departments by fighting for additional resources and authority;
- Senior managers engaging in debate over the meaning of the strategic plan so that definitions favorable to their interests prevail;
- Conflict between cliques over equipment, space, budgets, staff, etc
- Individuals jockeying for position to advance their careers

Organizational politics is the backstage of the organization where the empire building, log rolling, careerism, interest group lobbying and patronage relationships take place. The skills which are needed here involve all the qualities we have considered before and some other, more specific ones.

- (a) Diagnostic skills – The best political operators seem to be effective in mapping the political terrain. They have a sense of the distribution of power within an organization, the perspectives and cultures of different groups, who are the prime movers of events, the agendas of different actors and who has to be won over to build a winning coalition behind an initiative (Hunt 1992, Pfeffer 1981).
- (b) Tactical skills – Managers with political skill seem to know how to switch between methods of influence. They know how to test the water for a proposal while avoiding a commitment on which it is difficult to renege. They use formal authority sparingly because they know that the over use of power demonstrates not strength but weakness. They prefer to achieve their objectives through more indirect means. The skills here involve fixing meetings in advance by getting the powerful on side before they go into committee; cutting deals with the most powerful players; engaging in social exchange relationships (e.g. support in return for patronage) to construct critical alliances around core issues; controlling the timing and presentation of issues; using outsiders to legitimate activity; using networks to plant and collect confidential information (Kakabadse 1983).
- (c) Shaping skills – Sophisticated players seem to be good at shaping the political process so that they can achieve their goals indirectly, through influence and persuasion. Accurately attuned to what is at stake for each of the participants in events, the politician-manager concentrates on areas of common interest to build consensus while subtly moving perceptions so that change becomes possible. This involves the ability to read signals, develop rapport and sell ideas in terms of the other's interests. Language skills are important here. Political managers know how to manoeuvre to promote sectional advantage while claiming to speak for the organization as a whole and justifying what is done in terms of the rallying symbol of the 'greater good of the company'. They use language to 'manage attention and to 'manage meaning' (Bennis and Nanus 1985)



2.6 Summary

Management is a complex activity. It requires highly developed cognitive, interpersonal, presentational and political skills. Various empirical studies have found that managerial behavior defies easy categorization. Managing is a disjointed activity in which the significant and the trivial are interspersed. The qualities which make up a successful manager are numerous and varied (technical, social, emotional, cognitive and political skills). Despite the many changes in organizations and management that have occurred in recent times which is feasible in both the public and private sector of the economy. This aspect of change is has led to positive and negative effect of organization in the economy, irrespective of the management style used, is continuity in the management process and the skills required to perform it more pronounced than discontinuity in the daily experience of managing?

The idea behind management style in this unit is to enhance the understanding of the various management style used in both private and public sector of the economy. It is important to note the outcome desirable from both the private and public sector. The activities of both sector even thou for the private sector is geared towards profitability and public geared towards service delivery, but the bottom line is that both sector are after the satisfaction derived by the end users.



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2.8 The Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

There are two areas of personal management skills a manager must master to be successful. These are **self-management and time management**.

- 1) **Self- management:** By this point in the development as a manager, the manager is good at assigning work to its employees and coaching them through the difficulties so they can produce their best work. As a manager, you know how to motivate them and discipline them.
- 2) **Time Management:** If you have learned nothing else in your management career, you have learned that there is never enough time to do all the things you feel need to get done. That is why it is critical to your success as a manager and leader that you be skilled at managing time. This would aide in achieving the desired aim and goal within a stipulated time frame.

Answers to SAEs 2

Creativity management is a system of principles, methods, techniques, practices, and instruments for managing employee creativity in order to get the maximum result for the organization according to its goals, objectives and available resources. Many managers are faced with the obsession and sticking to the one way method of management and leadership in which they are used too but the successful managers value ideas and creativity. The capacity to think freely and to recognize the

value of new idea as it emerges is important cognitive skills for the manager.

Creativity is a special form of thinking where reason, sensitivity and judgment come together. It involves gut feeling and calculated risk-taking, having ideas and knowing how to apply them. Creativity as generation of ideas, solutions, or processes that are novel and useful has many benefits and applications in business. Leaders need to encourage creativity and to be supportive supervisor who is positively connected to creativity in the workplace. The primary task of modern leaders is to create an environment in which employees can grow and feel free to express their creative ideas. It also means doing something different from what is being done.

The three qualities of a creative manager:

- 1) They observe the processes around them. They give attention to things and are therefore aware of small changes which may be the precursors of new trends.
- 2) They think in conventional categories and in stereotypes. They try to reason things out for themselves
- 3) They see things and have a synthesizing ability to relate disconnected things together to form new ways of seeing

Unit 3 Constraints of Organizational Setting on the Management of Group Activities

Unit Structure

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
- 3.3 Elements of Organizational structure
 - 3.3.1 Meaning and Elements of Organizational Structure
 - 3.3.2 Reasons for Development of Organizational Structure
 - 3.3.3 Problems within an Organizational Structure
- 3.4 Departmental Loyalty
 - 3.4.1 New Management
 - 3.4.2 Confusion
 - 3.4.3 Company Goals
- 3.5 Implications of Bad Organizational Structure
 - 3.5.1 Low Productivity
 - 3.5.2 Employee turnover
 - 3.5.3 Technology
 - 3.5.4 Growth
- 3.6 Summary
- 3.7 References/Further Readings/Web Resources
- 3.8 Possible Answers to Self-Assessment Exercise(s)



3.1 Introduction

Organizational Structure is the framework around which the group is organized, the underpinnings which keep the coalition functioning. It is the organization manual that tells members how the organization is put and how it works. More specifically, structure describes how members are accepted, how leadership is chosen, and how decisions are made. On the other hand, constraints of group activities are those problems or limitations usually caused due to the inadequate functional structure of the organization.



3.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- explain what an organizational structure means
- enumerate the reasons for setting up organizational structure
- identify the problems within an organizational structure
- explain the implications of bad organizational structure



3.3 Elements of Organizational Structure

3.3.1 Meaning and Elements of Organizational Structure

Organizational structure's six elements are the 6 building blocks that managers must use in developing and structure organizational hierarchy. Elements of organizational structure are; (1) design jobs, (2) departmentalization, (3) establish reporting relationships, (3) distribute authority, (5) coordinating activities, and (6) differentiating among positions.

The organizational structure shows corporate communication, the executive and managerial hierarchy, and creates a plan for efficient growth in the future.

For managers, organizing is deciding how best to group organizational elements for a variety of structural possibilities.

Managers must understand the best combination for the organization's structure.

There are six basic building blocks that managers can use in constructing an organization which also known as elements of organizing or organizational structure.

Elements of Organizational Structure are;

1. Designing jobs,
2. Departmentalization or Grouping Jobs,
3. Establishing reporting relationships between jobs,
4. Distributing authority among jobs,
5. Coordinating activities among jobs, and
6. Differentiating among positions.

Regardless of what type of structure your organization decides upon three elements will always be there. They are inherent in the very idea of an organizational structure. They are some kind of governance, rules by which the organization operates a distribution of work.

- (a) Governance: The first element of structure of a group is governance – some persons or group has to make the decisions within the organization.
- (b) Rules by which Organization Operates: Another important part of structure is having rules by which the organization operates. Many of these rules may be explicitly stated, while others may be implicit and unstated, though not necessarily any less powerful.

- (c) Distribution of work: Inherent in any organizational structure also is the distribution can be formal or informal temporary or enduring; every organization will have some type of division of labor.

Self-Assessment Exercise 1

Enumerate the elements of organizational structure
--

3.3.2 Reasons for Development of Organizational Structure

- Structure gives members clear guidelines on how to proceed. A clearly established structure gives the group a means to maintain order and resolve disagreements.
- Structure binds members together. It gives meaning and identity to the people who join the group as well as to the group itself.
- Structure in any organization is inevitable – an organization, by definition implies a structure. Your group is going to have some structure whether it chooses to or not. It might as well be the structure which best matches up with what kind of organization you have, what kind of people are in it and what you see yourself doing.

3.3.3 Problems within an Organizational Structure

A company with a strong organizational structure benefits from improved communication, a well-defined hierarchy and the ability to create a unified company message. As efficient as organizational structure can be, it can also create problems that can lead to loss of productivity and internal conflict. In order to maintain a strong company framework, you need to be able to identify the problems within an organizational structure and deal with them as they occur.

3.4 Departmental Loyalty

One of the dangers of creating departments is the appearance of an "us versus them" mentality between different groups. Sales may feel in conflict with accounting because new customers are not getting approved for credit terms. Logistics is at odds with manufacturing because products are not being built fast enough to meet shipping deadlines. Departments tend to get competitive and feel that their work is more important to the success of the company than the work of the other groups. This can cause breaks in communication that affect productivity.

3.4.1 New Management

If there have not been changes in management for many years, then the company will start to settle into a way of doing things that is efficient and comfortable for the existing management team. Changes in management, for whatever reason, can put strain on the organizational structure of an organization. The new manager, or managers, may be unfamiliar with the way the organizational structure has been run for years and try to put a new spin on how things should be run. There is an adjustment period for employees and other managers.

3.4.2 Confusion

Effective communication is required to keep an organizational structure running smoothly.

Without communication, new ideas and processes can get confused. Managers may begin to redouble efforts in an attempt to claim certain parts of a process as their own. This is why executive communication to the rest of the company is critical to the success of any organizational structure. If departments are not clear on exactly what their responsibilities are, then the ensuing confusion can slow production down.

3.4.3 Company Goals

An organizational structure is only effective when the entire company uses it properly, according to management consultants Liebowitz and Associates. When upper management creates departmental goals for the rest of the company without first consulting with the managers of those departments, the company runs the risk of not making its goals. In order for an organizational structure to be effective, goal-making needs to be a two-way process. When upper management does not seek the input of the rest of the company to create company goals, then resentment can set in and morale begins to drop.

3.5 Implications of a Bad Organizational Structure in the Management of Group Activities

Organizational structure refers to how the management and employees in a business make decisions and perform required tasks. In most small businesses, decisions are made by the founder or owner. This structure is known as a centralized organizational structure. For a business to succeed and grow there must be a fit between its organizational structure and the industry in which it operates. Evidence of a bad organizational structure includes low productivity, high employee turnover and hiring

problems, misalignment between technology and decision-making, and the inability for the business to grow.

3.5.1 Low Productivity

In agile industries where change occurs rapidly and continuously such as technology, productivity often suffers when the organizational structure of the business remains centralized. Employees cannot respond immediately and make key productivity decisions on their own; they must vet decisions through the hierarchical chain, which takes time. Thus, in the time that it takes to have decisions approved, productivity slows.

3.5.2 Employee Turnover

An inefficient organizational structure can result in high employee turnover and difficulty hiring qualified employees. A business that operates a centralized organizational structure in an industry that must remain fluid and dynamic may have a harder time attracting highly skilled employees. These types of employees may feel their contributions are wasted in a firm where they have no decision-making authority and see fewer opportunities for fulfillment.

3.5.3 Technology

Misalignment can occur between a business's technology and the decision-making hierarchy.

According to Raffaella Sadun, assistant strategy professor in the Harvard Business School, software systems that integrate business functions such as enterprise resource planning, better known as ERP, facilitate decentralized decision-making. In a business that operates this type of technology against the backdrop of a centralized organizational structure, employees will actually feel more empowered, and power struggles will likely ensue.

3.5.4 Growth

A bad organizational structure can also inhibit the business from growing. In a dynamic industry prone to rapid change, the founder of the business may not be able to relinquish control to move from a centralized organizational structure to a decentralized one, wherein decision-making power becomes shared among a larger group. Decentralized organizational structures tend to facilitate a competitive growth strategy for larger firms in these types of industries. Typically,

small businesses that cannot make this shift do not progress beyond the small business level.

Self-Assessment Exercise 2

Discuss the implications of bad organizational structure in the management of group activities



3.6 Summary

Structure is what ensures that your organization will function smoothly and as you intended. You should think about structure early in the development of your organization, but be aware that the type that fits best may change as your organization grows.

In this unit, we have discussed the meaning of an organizational structure, stated the reasons for setting up organizational structure, identify the constraints or problems within an organizational structure and the implications of bad organizational structure in the management of group activities.



3.7 References/Further Readings/Web Resources

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3.8 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

The elements of organizational structure are;

1. Designing jobs,
2. Departmentalization or Grouping Jobs,
3. Establishing reporting relationships between jobs,
4. Distributing authority among jobs,
5. Coordinating activities among jobs, and
6. Differentiating among positions.

Answers to SAEs 2

The implications of bad organizational structure in the management of group activities are;

1. Low Productivity

In agile industries where change occurs rapidly and continuously such as technology, productivity often suffers when the organizational structure of the business remains centralized. Employees cannot respond immediately and make key productivity decisions on their own; they must vet decisions through the hierarchical chain, which takes time. Thus, in the time that it takes to have decisions approved, productivity slows.

2. Employee Turnover

An inefficient organizational structure can result in high employee turnover and difficulty hiring qualified employees. A business that operates a centralized organizational structure in an industry that must remain fluid and dynamic may have a harder time attracting highly skilled employees. These types of employees may feel their contributions are wasted in a firm where they have no decision-making authority and see fewer opportunities for fulfillment.

3. Technology

Misalignment can occur between a business's technology and the decision-making hierarchy.

According to Raffaella Sadun, assistant strategy professor in the Harvard Business School, software systems that integrate business functions such as enterprise resource planning, better known as ERP, facilitate decentralized decision-making. In a business that operates this type of technology against the

backdrop of a centralized organizational structure, employees will actually feel more empowered, and power struggles will likely ensue.

4. Growth

A bad organizational structure can also inhibit the business from growing. In a dynamic industry prone to rapid change, the founder of the business may not be able to relinquish control to move from a centralized organizational structure to a decentralized one, wherein decision-making power becomes shared among a larger group. Decentralized organizational structures tend to facilitate a competitive growth strategy for larger firms in these types of industries. Typically, small businesses that cannot make this shift do not progress beyond the small business level.

Unit 4 **Human Resources Management Model That Meets the Needs of Public and Private Sectors**

Unit Structure

- 4.1 Introduction
- 4.2 Learning Outcomes
- 4.3 Strategy Formulation and Strategy Execution
- 4.4 Creation of Strategic Human Resource System Component
- 4.5 Summary
- 4.6 References/Further Readings/Web Resources
- 4.7 Possible Answers to Self-Assessment Exercise(s)



4.1 Introduction

This unit discusses the human resources management models that meet the need of both the public and the private sectors. Managers in public and private sectors use the term **human resource strategies** to refer to specific human resource management courses of action the company pursues to achieve its strategic aims. These strategies are common to both sectors.

Under this unit, Strategy formulation and Execution will be discussed. You will also learn the three main Strategic Human Resource System Components.



4.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- evaluate the formulation and execution of HR strategies
- explain why a strategy-oriented HRM system is important in both public and private sector.
- explain what the Creation of Strategic Human Resource System Component involves.



4.3 Strategy Formulation and Strategy Execution

1. Strategy Formulation

Strategy formulation and Execution is increasingly proving to be a key to organization success. And this is true for all types of organizations be it public, private or non-profit organizations. Strategy formulation is as important as execution. Leaders must begin to own both. Strategy execution represents a disciplined process and a logical set of connected activities that enables an organization to take a strategy and make it work. Without a careful, planned approach to execution, strategic plans and objectives cannot be attained. Managing strategy formulation and execution as an integrated whole is the key to a successful organization.

In Today's organization, the traditional role of execution of Strategies by human resource management has extended to the formulation of strategies in collaboration with top management both in the public and private sector. This is the reality employers' face today which is as a result of **globalization**. Globalization has brought about, more competition which has led to more performance and most employers are pursuing improved performance. This situation has made human resource management's knowledge and expertise crucial to the strategy formulation process.

Formulating a strategic plan requires identifying, analyzing, and balancing the company's external opportunities and threats on one hand and its internal strength and weaknesses on the other hand. These strategic plans capitalize on the firm's strengths and opportunities and minimize or neutralize its threats and weaknesses.

i. Opportunities and threats

With regards to opportunities and threats externally, the human resources manager is in a unique position to supply competitive intelligence that may be useful in the strategic planning process, for example such details regarding the competitors incentive plans, opinion survey data from employees that elicit information about customer complaints and information about pending legislation such as labor laws and mandatory income tax.

ii. Strengths and Weaknesses

Human resource management also supports strategy formulation for by providing input on the company's internal human strengths

and weaknesses. Such inputs on the company's employees may include the number of those who are computer literate, number of those who have the educational background to assimilate new training, whether the company is able to provide the necessary training in time or whether to turn to outside vendors or to hire new workers. With such inputs firms are even able to build new strategies around human resource strengths.

2. **Strategy Execution**

Strategy Execution is traditionally the heart of the human resource manager's strategic job. Top management formulates the company's corporate and competitive strategies. Then the human resource manager designs the strategies, the policies and practices that make sense in terms of the company's corporate and competitive strategies for example, FedEx's human resources strategies, which are supporting the communication and employee development helps FedEx, differentiate itself from its competitors by offering superior service. Human resource management supports strategy execution in other ways, for example it administers most firm's downsizing and restructuring efforts, reducing health care costs, instituting pay-for-performance plans, retraining employees, etc.

Self- Assessment Exercise 1

How has globalization influenced Human Resource Management in the public and the private sector?

4.4 **Creation of Strategic Human Resource System Component**

In creating a strategically relevant human resource management system in the private and public sector, it is useful to focus on three main components and these are:

- i. **The Human Resource professionals-** who have the strategic and other skills required to build the strategy-oriented Human Resource system.
- ii. **The Human Resource policies and practices** – for example, how the company recruits, selects and trains and rewards employees.
- iii. **The Employee behavior and competencies** – which the company's strategy requires that emerge from the human resource system's policies and practices.

In addition, the human resource professionals should design their policies and practices so that they produce the employee competencies and behaviors the company needs to achieve its strategic goals. Figure 3.2 below is the three main strategic human resource component.

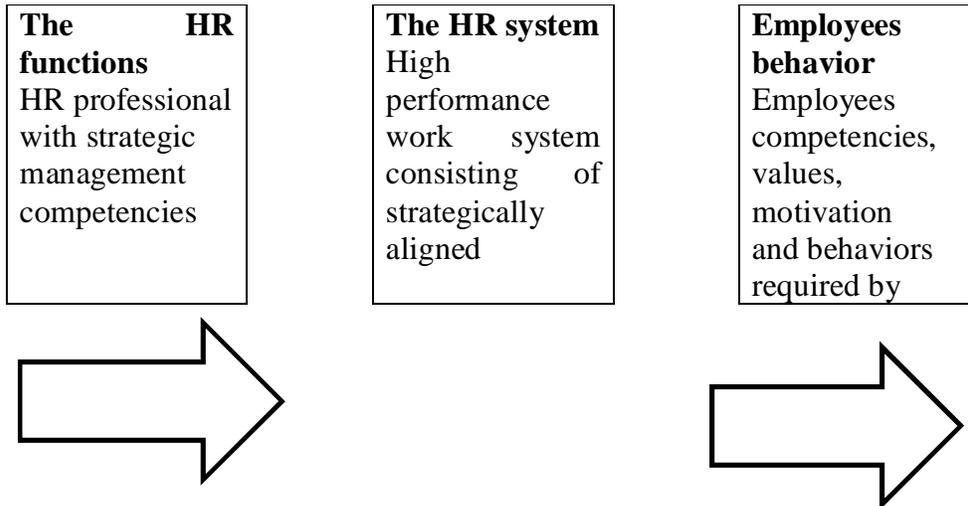


Figure 1: Three Main Strategic Human Resource Component

Self-Assessment Exercise 2

What are the three main components in creation of strategic Human Resource management system



4.5 Summary

Managers in public and private sectors use the term human resource strategies to refer to specific human resource management courses of action the company pursues to achieve its strategic aims. These courses of action became necessary due to changes in the global economy- high level of competition and improved performance brought about by globalization. Therefore for any organization to remain relevant in today's global economy, these human resource strategies must be adopted.

In formulating their human resources strategies, Human Resources managers must address three basic challenges which are the need to support corporate productivity and performance improvement efforts, the fact that employees play an expanded role in the employer's improvement efforts and the fact that HR must be involved in designing not just executing the company's strategic plan.



4.6 References/Further Readings/Web Resources

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4.7 Possible Answers to Self-Assessment Exercise(s)

Answer to SAEs 1

Globalization has influenced Human Resources Management in such a way that the traditional role of execution of Strategies by human resource management has extended to the formulation of strategies with top management both in the public and private sector. Globalization has brought about, more competition which has led to more performance and most employers are pursuing improved performance. This situation has made human resource management's knowledge and expertise crucial to the strategy formulation process.

Answer SAEs 2

The three components to focus on in creating a strategically relevant human resource management system in the private and public sector are;

- i. **The Human Resource professionals-** who have the strategic and other skills required to build the strategy-oriented Human Resource system.
- ii. **The Human Resource policies and practices** – for example, how the company recruits, selects and trains and rewards employees.
- iii. **The Employee behavior and competencies** – which the company's strategy requires that emerge from the human resource system's policies and practices.

In addition, the human resource professionals should design their policies and practices so that they produce the employee competencies and behaviors the company needs to achieve its strategic goals.

MODULE 3

Unit 1 Profile of Nigerian Executives that have Moved from Public to Private Sector and Vice Versa.

Unit Structure

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Meaning of Public Sector and Private Sector Job
 - 1.3.1 Features of Public Sector and Private Sector Employment
 - 1.3.2 Profile of Nigerian executives that have moved from public to private Sector and vice versa
- 1.4 Summary
- 1.5 References/Further Readings/ Web Resources



1.1 Introduction

This Unit focuses on profile of Nigerian Executives who have made impact on the economy in both private and public sector. Public sector refers to service to people in general, or all people in a particular country, or community. Public sectors are established enterprises which provide utilities/services to the public. Any employment provided by the government refers to public service.



1.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- differentiate between public and private sector jobs, and
- explain the meaning of private and public businesses.



1.3 Meaning of Public Sector and Private Sector Job

Public sector jobs are any employment opportunities provided by the government that include areas such as education and public safety (e.g. Armed Forces, Police and others); private sector jobs are provided by businesses owned by individuals & private organizations (e.g. Manufacturing/services) rather than the government.

1.3.1 Features of Public Sector and Private Sector Employment

- While public sector jobs strive to benefit the society, private sector jobs focus on providing valuable goods or services for the purpose of making profit.
- Public sector jobs often offer greater job security and better benefits on the average. Public sector employees also enjoy greater job security due to the nature and necessity of their jobs.
- While the compensation ceiling is higher in the private sector there is less stability and job security in this sector. Private sector jobs pay more on average compared to public sector jobs. According to Dennis Cauchon of "USA Today," in 2008 "total compensation for state and local workers was \$39.25 an hour --- \$11.90 more than in private business.
- Public sector jobs are more concerned with long-term goals, while private sector jobs must focus on short-term goals to ensure profitability because they do not enjoy consistent government funding and policies.
- Public sector jobs have strict employment requirements compared to private sector jobs; all government employees need an unblemished criminal record and a clean employment history.

1.3.2 Profile of Nigerian Executives in Public and Private Sector

Prof. Chukwuma C. Soludo, CFR

Professor Chukwuma C. Soludo was born on 28th July, 1960, and hails from Isuofia, Aguata Local Government Area of Anambra State. After his secondary school education, he proceeded to the University of Nigeria, Nsukka, where he graduated with a first-class degree in Economics. He also undertook his post-graduate and doctorate degrees in Economics from the same University winning on both occasions, the prize for the best graduating student.

Professor Soludo had cumulative four years of post-doctoral training in some of the world's most prestigious institutions, including: The Brookings' Institution, Washington, DC; University of Cambridge, UK, as Smuts Research Fellow and Fellow of the Wolfson College; the UN Economic Commission for Africa as a Post-Doctoral Fellow; University of Warwick as a Visiting scholar and Visiting Research Scholar at Center for African Economies, University of Oxford (with funding by the Rhodes committee). He also attended over a dozen specialized

courses and has had extensive research, teaching and consultancy works in different areas of economics.

He was a former governor and chairman of the board of directors of the Central Bank of Nigeria. He was appointed as the bank's governor on 29 May 2004. Soludo is a member of the British [Department for International Development's](#) International Advisory Group as well as a member of [President Buhari's](#) Presidential Economic Advisory Committee.

In February 2021, Soludo officially declared his intention to run for the position of Governor of Anambra State under the banner of APGA.

On 9 November 2021, the [Independent National Electoral Commission](#) announced Soludo as the winner of the [2021 Anambra State gubernatorial election](#) and governor-elect of Anambra State. He was issued a certificate of return on 13 November 2021. On 17 March 2022, Soludo was sworn in as the fifth Governor of Anambra State.

Public and Private Sector Profile

He has worked at the World Bank both as a short and long-term consultant since 1993 and also at the United Nations Economic Commission for Africa, Addis Ababa. He was a consultant to UNCTAD; European Union (EU); Organization for Economic Cooperation and Development (OECD); United Nations (UN) New York; United States Agency for International Development (USAID); African Development Bank (ADB); Common Market for Eastern and Southern Africa (COMESA); African Union (AU); International Development Research Council (IDRC) Canada; Council for the Development of Social Science Research in Africa (CODESRIA); Economic Community of West African States (ECOWAS); among others. Professor Soludo has served as Senior Technical Advisor/Consultant as well as a Visiting Scholar at the IMF since 1994, and also taught IMF's Financial Programming and Policy course to senior staff of Central Banks in West Africa and other developing regions. He has served as: Member, Technical Committees that drafted economic and trade policies for the Federal Government of Nigeria; and Executive Director of the African Institute for Applied Economics (AIAE). Professor Soludo joined the Federal Government of Nigeria in July 2003 as the Economic Adviser to President Obasanjo and the Chief Executive of the National Planning Commission (NPC).

Among other accomplishments during the 10 months in office, he was the Chairman/Coordinator of the team that drafted Nigeria's economic and social reform program (2003-2007), the National Economic Empowerment and Development Strategy (NEEDS), and also pioneered

the collaborative planning framework in the Nigerian federation by initiating and assisting state governments in designing their State Economic Empowerment and Development Strategy (SEEDS).

As Governor of the Central Bank of Nigeria since May, 2004, Prof. Soludo has refocused the Central Bank as an effective monetary authority and successfully implemented a fundamental restructuring which has led to unprecedented consolidation of the Nigerian banking system.

On account of this, the Nigerian banking system has been rated the fastest growing in Africa and one of the fastest growing in the world. He has also championed the establishment of the Africa Finance Corporation (AFC), a continental, private –sector driven, investment bank. He is promoting the Financial System Strategy 2020 (FSS 2020), the blue-print to grow Nigeria's financial system to become Africa's financial hub and to drive the Nigerian economy into the global league of top 20 economies by 2020. For his achievements, Professor Soludo is the recipient of scores of awards and recognitions from civil society organizations; NGOs; private sector organizations; religious groups; the Press; professional associations; student unions; universities; among others. The Financial Times of London has described him as 'Its Great Reformer'. He is the winner of the 'Global and African Central Bank Governor of the Year, in 2005, 2006 and 2007 by different international media institutions including The Banker Magazine published by the Financial Times of London.

He is a Member of the International Advisory Group for the UK-DFID; a member of the Chief Economist Advisory Council of the World Bank and the International Advisory Group of the UK Department for International Development (DFID). He is also a member of the Initiative for Policy Dialogue (IPD), a global network of more than 200 leading economists, political scientists, and practitioners to help developing countries explore policy alternatives, and enable wider civic participation in economic policymaking. He holds Nigeria's third highest national honor of Commander of the Order of the Federal Republic (CFR). He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN); Fellow of the Nigerian Economic Society (NES) and has been awarded D.SC (Honoris Causa) by the University of Calabar and also by the Federal University of Agriculture, Makurdi. He is currently the Executive Governor of Anambra state.

Chief (Dr.) J. O. Sanusi, CON

CHIEF (DR.) JOSEPH OLADELE SANUSI, (CON) was born on 24th September, 1938 in Ogbagi-Akoko, Ondo State, Nigeria. He attended

South-West London College and Kingston College of Technology, England from 1962 to 1965 and qualified as a Chartered Accountant in England. In 1969, he became a member of the Institute of Chartered Accountants of Nigeria (ICAN) and became a fellow of the Nigerian Institute of Bankers in 1987.

Public and Private Sector Profile

Chief Sanusi worked as an Accountant in England and with the Board of Customs and Excise in Nigeria before joining the CBN in 1966 as a Deputy Manager. He rose to the post of a Departmental Director in 1977, after which he was appointed the first Chief Executive of the Securities and Exchange Commission in 1978. Between 1979 and 1984, he was the Executive Director, Monetary and Banking Policy, CBN and later Deputy Governor in 1988. In 1990, Chief Sanusi became the Managing Director and Chief Executive of United Bank for Africa, one of the three biggest banks in Nigeria, a post he held until 1992, when he was moved to First Bank of Nigeria, the oldest bank in Nigeria in the same capacity. Chief Sanusi retired from First Bank of Nigeria in 1998, and in May, 1999, he was brought out of retirement and appointed the Governor of the CBN

Chief Sanusi has rich and versed experience in the financial sector. He had held various appointments and under different types of assignments, including chairmanship of financial services firm and membership of various technical committees and panels. He has participated in several training attachments, workshops and seminars in Nigeria and abroad, including Harvard University, Federal Reserve Bank of New York, US Securities and Exchange Commission, and Bank of England amongst others. He was awarded Banker Extra Ordinary by the University of Ibadan, Man of Achievement by the Corporate Press Services Ltd., and Doctor of Science - Honoris Causa by the Federal Universities of Technology, Akure and Yola.

Pascal Dozie: Public and Private Sector Profile

He is helmsman at the then Diamond Bank and since its incorporation in 1991, Dozie has plotted Diamond Bank's fortunes, such that today, it has become a banking institution which is well positioned for sustained growth. He has brought to bear on the fortune of Diamond Bank decades of experience and exposure at the highest levels of Nigeria's corporate terrain.

In its years of operation, the then Diamond Bank had surprised not a few with the quality of its products and services. Its full range of personal and business financial services; are eloquent testimonies to the quality and commitment of its core management staff.

It established three branches in its first year, despite the harsh economic situation. Not wanting to be confined to run-of-the-mill products and services offered by most other banks, Diamond Bank under Dozie has gone a step ahead to package such products and services that are highly personalized. Worthy of particular mention is the Diamond Integrated Banking Services, DIBS.

This trailblazer in total-package banking is structured for increased customer satisfaction and has no doubt endeared Diamond Bank to the public. Dozie has ensured that Diamond Bank continues to grow from strength to strength. Perhaps, there can be no better testimony to Dozie's honor in Nigeria's corporate ladder than his three-year tenure as the president of the Nigeria Stock Exchange, NSE, which ended in 1995. He has also steered the NSE into a veritable instrument for economic growth. His performance as boss of the NSE further confirmed his ability in management as well as his visionary skills in steering institutions to respond to the trends of economic and political realities. He was also the chairman of the highly respected Nigerian Economic Summit Group which strives to advise government on the economic direction to take.

He believes that the way forward for the economy is to achieve macro-economic stability. It is a prerequisite for sustainable economic growth. It also creates a hospitable climate for private investment, both foreign and local.

Gaius-Obaseki: The Oil Czar

Public and Private Sector Profile

On his deceptively frail shoulders rest the herculean task of managing the nation's oil resources.

Before the mantle of leadership fell on him, he was a divisional managing director of one of the strategic subsidiaries of NNPC, the Nigerian Gas Company, (NGC). It is the exemplary candor with which he ran the NGC since 1994 that he is bringing to bear in administering the NNPC.

Coupled with the cognate experience garnered as Group General Manager of NNPC's crude oil marketing division, a major funnel for the nation's revenue.

Barely one year after he became the chief executive of Nigeria's most strategic parastatal, Obaseki ensured a firmer, trimmer and result-oriented corporation. The NNPC now comprises a corporate head office with three broad functional divisions and twelve subsidiary companies.

Such a structure is designed to properly position the corporation to be able to compete effectively in the international business environment. Notable among the subsidiary companies over which Obaseki presides are the Nigerian Petroleum Development Company, Integrated Data Services Company, Warri, Kaduna and Port Harcourt Refining and Petroleum Companies, Nigerian LNG Company and International Trading Company, ITCO.

To effectively integrate the corporation's operations and those of the subsidiaries, Obaseki has put in place a comprehensive telecommunications system comprising a digital communication system made up of optical fiber cable and microwave radio. Also, efforts are underway by the group to actualize Obaseki's major objective of ushering in a multi-product of NNPC as the hen that lays the golden egg. Obaseki affirms his resolve to help transform the economy for the better. And if his antecedent is anything to go by, then it will soon be hot for NNPC and indeed the nation.

(Late)Alhaji Abdulkadir Ahmed

Late Abdulkadir Ahmed was born on the 31st October, 1940 in Jama'are, Bauchi State. He had his early education in Jama'are and Bauchi before proceeding to Barewa College Zaria in 1955.

He graduated from South West London College in 1972 after a stint at the Nigeria College, (University of Ife) in 1961.

Public and Private Sector Profile

He joined the service of the New Nigerian Development Company (NNDC), in January, 1960 and worked in various capacities within the group's many subsidiaries and associate companies.

He later served his state, Bauchi state as the first Commissioner of Finance from March 1976 to June, 1977 when he was appointed a Deputy Governor with the Central Bank of Nigeria. He was appointed the Governor of the Bank on 27th June, 1982 and retired on 30th September, 1993. Alhaji Ahmed was a fellow of the Institute of Chartered and Certified Accountants (FCCA) and the Institute of Chartered Accountants (FAC)

Bunmi Oni: The Cadbury Magic Man

Public and Private Sector Profile

Winners, they say, never quit and quitters never win. Such is the likes of Bunmi Oni, the then managing director of Cadbury Nigeria PLC, whose latest trade trick is the recent positioning of Cadbury's flagship, Bournvita which has paid off handsomely. Evidently, the perceptive and methodic Oni has remained loyal and hardworking ever since he joined

Cadbury as a products development manager in 1977. Through perseverance, determination and good fortune, he has had the privilege of being in high, responsible position and proved that he is always very comfortable with challenges anytime and anywhere.

He was the factory employment manager from where he became Cadbury's personnel director, from where he moved up to being planning director and sales and marketing director at different times. Apparently, each designation then meant new sets of challenges and high expectations.

Bunmi Oni led Cadbury to a greater height despite the difficult economic environment. Cadbury PLC is ever steadily moving on to higher grounds with so much confidence that while some other companies are worrying over how to survive. Cadbury is busy projecting what is to be done in the next six months and even one year ahead. The operating units in the last five years show that there is always an improvement over the previous year's performance. This is, however, not unexpected given the far-sighted managerial approach and proactive nature of members of staff under the virile leadership of Bunmi Oni.

Cadbury has remained one organization with products that are household names. The art of creating and managing brand names has remained one which Cadbury PLC has succeeded in perfecting. The ever consistent quality of products and ability to identify and satisfy the needs of their varying target audience has ensured customer brand loyalty.

The art of effectively creating and the management of its brands is one that is rather difficult to most companies, but Cadbury has over the years succeeded in making this seemingly difficult task look very much like a child's play. The secret of this success lies in the appreciation of the market place and making the consumer the center piece of its operations. This approach has continued to be of immense help to the company because they have through it kept producing brands that have identity, character and with more irresistible customer appeal.

Ever forward looking helmsman that Bunmi Oni is, he has identified the way forward to greater heights for his team of seasoned professionals in Cadbury as being based on two considerations.

The first is ensuring an increase in the local contents of its products while the second is seeking for avenues to earn foreign exchange.

With these two considerations being strictly adhered to, Cadbury has continued to remain a timeless company of yesterday, today and tomorrow.

Okoya-Thomas: Man of Many Parts

Public and Private Sector Profile

Ample in size and ample in achievement is a mild way of describing Chief Molade Okoya-Thomas. Since December 1959 when he joined CFAO as an accountant, Molade Okoya-Thomas has been a kind of ambassador for French companies in Nigeria. Today, apart from being the chairman of the company, which is a major French conglomerate, Okoya-Thomas is equally the chairman of six French-related companies, including Trans-cap Nigeria Limited, Studio Press Nigeria Ltd. and Cica Nigeria Ltd. He is also on the board of five others, namely, Nigerian Motors Industries, Nigeria-French Insurance Company; Commercial Bank (Credit Lyonnais); M'Billa Farm and Franco-Nigeria Insurance Limited. Okoya-Thomas has also played prominent roles in French-Nigeria associations. Between 1989 and 1992, he was chairman of the Franco Nigeria Chamber of Commerce. For 18 years now, he has been the president of Alliance Francaise, Lagos.

Okoya-Thomas relationship with the French started with his father who was CFAO's first Nigerian staff in 1902 when it came to Nigeria. As a result of hard work and diligence, Okoya-Thomas has, today, warmed himself into the hearts of the French. He has been honored with Chevalier De La Legion D'Honneur, the highest national honor given by France. For Nigeria, Okoya-Thomas has also been a worthy corporate ambassador. He has served as member, Lagos State Development and Property Corporation; chairman, National Sports Trust Fund; chairman, 3rd All Africa Games Appeal Fund Committee and chairman, National Sports Development Appeal Fund. In all these assignments, Okoya-Thomas performed creditably. He has been honored with the national honor of Member of the Federal Republic, MFR and chieftaincy titles of Asoju Oba of Lagos; Babasuwa of Ijebu-Remo and Odofin of Ife. His office at CFAO is full of several awards won by him.

One of his attributes is humility. In spite of his wealth, he maintains a low profile. He also insists that he is not a rich man. Whatever I have is for all of us - to better the lot of people. This principle informs his philanthropy.

What is the secret of Okoya-Thomas' success? He attributed it to level-headedness, diligence, honesty, physical and mental alertness, hard work and contentment. He advises people to always plan their businesses and know their priorities.

Born June 8, 1935, Okoya-Thomas attended Baptist Academy, Lagos Belham and Tooting College of Commerce, London and Columbia University, New York. He is associate member of the Institute of Company and Commercial Accountants; Fellow of the Institute of Directors, Associate of the National Accountants of Nigeria and Fellow of the Nigerian Institute of Management, NIM.



1.4 Summary

Public sector jobs strive to benefit the society in the provision of valuable goods while private sector jobs are profit oriented. The profile of Nigerian executives that have impacted in public and private sector described articles of their life achievement and character in both sector. It explains their impact on National development.

This unit has provided a good summary of Nigerian Executives that have made impression in both public and private sectors of the Nigerian economy. Students will also find it informative and useful especially when they are taking stock of Nigerians who have contributed positively to the growth and development of the country.



1.5 References/ Further Readings / Web Resources

Selecting Between Government and Private Industry Jobs

Benefits Widen Public, Private Workers' Pay Gap

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Central Bank Annual Report on 50th Anniversary.



1.6 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

To differentiate between the public sector jobs and private sector jobs

1. The public sector jobs strive to benefit the society, while private sector jobs focus on providing valuable goods or services for the purpose of making profit.
2. Public sector jobs often offer greater job security and better benefits on the average. Public sector employees also enjoy greater job security due to the nature and necessity of their jobs.
3. While the compensation ceiling is higher in the private sector there is less stability and job security in this sector. Private sector jobs pay more on average compared to public sector jobs. According to Dennis Cauchon of "USA Today," in 2008 "total compensation for state and local workers was \$39.25 an hour --- \$11.90 more than in private business.
4. Public sector jobs are more concerned with long-term goals, while private sector jobs must focus on short-term goals to ensure profitability because they do not enjoy consistent government funding and policies.
5. Public sector jobs have strict employment requirements compared to private sector jobs; all government employees need an unblemished criminal record and a clean employment history.

Unit 2 Use of Management Consultants and Experts in Streamlining The Operations Of Public Corporations (Such As: Nigerian Railways, Nigerian Ports Authority, Nigerian Airways, and the Nigerian National Petroleum Corporation)

Unit Structure

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 The Operations of Public Corporations
 - 2.3.1 Brief history of Nigeria National Petroleum Corporation (NNPC), Nigeria Airways, Nigeria Ports Authority (NPA) and Nigeria Railways Corporation.
 - 2.3.2 Definitions of comparative management, differences, etc.
 - 2.3.3 Management Consulting, definitions, functions, duties, advantages, disadvantages, etc.
- 2.4 Summary
- 2.5 References /Further Readings/Web Resources
- 2.6 Possible Answers to Self-Assessment Exercise(s)



2.1 Introduction

This unit examined the use of management consultants and management contracts in streamlining the operations of the Nigeria Railways, Nigeria Ports Authority (NPA), Nigeria Airways and Nigeria National Petroleum Corporation (NNPC). One of the pioneer theorists in the field of comparative management, Geert Hofstede describes a framework of management practices in different cultures on the basis of a model.

It does not take long for any student of the Comparative Management to develop concerns about the field, since the first problem is encountered at the very first step of the study: An appropriate, unambiguous definition of Comparative Management. Although there are a number of definitions provided by the veterans of the field, there is no consensus among scholars and practitioners regarding the definition. It was observed and reveals that definitions provided by Boddewyn, Schollhammer, Negandhi and Prasad are the most widely accepted definitions of the field. According to Boddewyn, Comparative Management deals with the systematic detection, identification, classification, measurement, and interpretation of similarities and differences among managerial actors, processes, structures and functions as found in various nations (Boddewyn, 1969). His updated definition in 1970 emphasized cross-cultural aspect of similarities and differences. Scholl hammer, defined the field as being concerned with the systematic

detection, identification, explanation, evaluation of uniformities and differences of managerial phenomena in different countries or regions. He explains the objective of this effort as being to form basis for predictions regarding the degree of managerial effectiveness and productive efficiency (Schollhammer 1969). Negandhi and Prasad ended up with a broader definition of the field, as being to study management phenomena on a comparative basis, its role being to detect, identify, classify, measure and interpret the similarities and differences among the phenomena compared (Neghandi and Prasad, 1971).

Although all of the definitions refer to concept of management and a comparative element, they do not explicitly and unambiguously describe the content of the discipline, the appropriate building blocks for theoretical development and what should be researched.



2.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- define and explain the concept of comparative management;
- discuss the use of management consultants in streamlining the operations of the Nigeria Railways, Nigeria Ports Authority (NPA), Nigeria Airways and Nigeria National Petroleum Corporation (NNPC).
- list, examine and describe the functions and duties of comparative consultants;
- discuss the advantages and disadvantages of internal consultant.



2.3 The Operations of Public Corporations

2.3.1 Brief history of Nigeria National Petroleum Corporation (NNPC), Nigeria Airways, Nigeria Ports Authority (NPA) and Nigeria Railways Corporation.

Brief History of Nigeria National Petroleum Corporation (NNPC)

NNPC was established on April 1, 1977 as a merger of the Nigerian National Oil Corporation and the Federal Ministry of Mines and Steel. NNPC by law manages the joint venture between the Nigerian federal government and a number of foreign multinational corporations, which include Royal Dutch Shell, Agip, ExxonMobil, Chevron, and Texaco (now merged with Chevron). Through collaboration with these companies, the Nigerian government conducts petroleum exploration

and production. In 2007, the head of the Nigerian wing of Transparency International said salaries for NNPC workers were too low to prevent graft.

The NNPC Towers in Abuja is the headquarters of NNPC. Consisting of four identical towers, the complex is located on Herbert Macaulay Way, Central Business District Abuja. NNPC also has zonal offices in Lagos, Kaduna, Port Harcourt and Warri. It has an international office located in London, United Kingdom

NNPC Organizational Structure

The NNPC Group comprises the NNPC Board, the Group Managing Director's office, Six Directorates as listed below. Each of the Directorates is headed by a Group Executive Director (GED). Its Divisions are headed by Group General Managers (GGM) while its subsidiary companies are headed by Managing Directors. NNPC has several subsidiaries, two partly owned subsidiaries and 16 associated companies.

Directorates:

- Exploration and Production
- Refining and Petrochemicals
- Commercial and Investment
- Finance and Accounts
- Corporate Services
- Gas and Power

Legal premise

Energy law

According to the Nigerian constitution, all **minerals, gas, and oil** the country possesses are legally the property of the Nigerian federal government. As such, the oil corporations operating in Nigeria appropriate portions of their revenue to the government, which accrues nearly 60% of the revenue generated by the oil industry in this manner. The revenue gained by the NNPC accounts for 76% of federal government revenue and 40% of the entire country's **GDP**. As of 2000, oil and gas exports account for 98% of Nigerian export earnings.

Corruption at the NNPC

KPMG Report

In December 2011, the **Nigerian** government permitted a forensic report conducted by **KPMG** to be published. The audit, commissioned by the Ministry of Finance following concerns over the NNPC's transparency, detailed the NNPC's sharp business practices, violation of regulations, illegal deductions of funds belonging to the state, and failure to account for several billions of naira that should go to the federation account.

Auditors found that between 2007 and 2009 alone, the **NNPC** over-deducted funds in subsidy claims to the tune of N28.5 billion. It has not been able to account for the sum ever since.

Willbros Group Inc

In May 2008, **Willbros Group Inc**, a US company, admitted to making corrupt payments totaling over \$6.3 million to officials at the **NNPC** and its subsidiary **NAPIMS**, in return for assistance in obtaining and retaining contracts for work on the **Eastern Gas Gathering System (EGGS)**.

ABB Vetco Gray

In July 2004, **ABB Vetco Gray**, a US company, and its UK subsidiary **ABB Vetco Gray UK Ltd**, admitted to paying over \$1 million in bribes to officials at **NNPC** subsidiary **NAPIMS** in exchange for obtaining confidential bid information and favorable recommendations from **Nigerian** government agencies.

History of Nigeria Airways Limited

Nigeria Airways Ltd., more commonly known as *Nigeria Airways*, is a defunct **Nigerian airline**. The company was founded in 1958 after the dissolution of **West African Airways Corporation**. It was wholly owned by the **Government of Nigeria**, and served as the country's **flag carrier** until it ceased operations in 2003. At the time of dissolution, the company's headquarters were at *Airways House*, located in **Abuja**. The airline's operations were concentrated at **Murtala Muhammed International Airport**.

The airline was managed by a number of foreign companies, including **British Airways, KLM** and **South African Airways**. [3][4] It had its heyday in the early 1980s, just after a KLM team two-year-management period; at that time its fleet comprised about 30 aircraft. Plagued by Dis-management, corruption, and overstaffing, at the time of closure the airline had debts of more than **US\$60,000,000** (\$74,880,608 in 2013), a poor safety record, and its operative fleet comprised a single aircraft flying domestic routes as well as two leased aircraft operating the international network. It was succeeded by **Virgin Nigeria**.

Early years

The airline came into being on 23 August 1958 under the name *West African Airways Corporation Nigeria Limited (WAAC Nigeria)*, otherwise known as *Nigerian Airways WAAC*, to succeed the folded West African Airways Corporation (WAAC); the title —WAAC| was retained due to the prestige this company had previously earned. Initially, the carrier was a tripartite entity in which the **Nigerian government** was the major shareholder (51%), and **Elder Dempster**

Lines and BOAC held the balance (32 $\frac{2}{3}$ and 16 $\frac{1}{3}$, respectively). WAAC Nigeria inherited the assets and liabilities of WAAC, having a fleet comprised by **Doves, Herons, and DC-3s**. Operations started on 1 October 1958, with a **BOAC Stratocruiser** operated on behalf of the new airline linking **London** with Lagos. The same day, WAAC Nigeria signed an agreement with BOAC to charter Stratocruisers and Britannias for serving long-haul flights between Nigeria and the United Kingdom.

In early 1961, Nigeria became the only owner of the company. The first air link between Nigeria and the United States was launched in early October 1964. Called "Operation Fantastic", it linked Lagos with New York and was operated by PanAm using Boeing 707s and DC-8s, but an agreement between both countries allowed Nigeria Airways to sell a limited number of seats on these flights.

On 22 January 1971, the company was rebranded as *Nigeria Airways*. In late 1972, a contract for management assistance was signed with TWA, with the American carrier providing specialists in different managerial, commercial, and financial fields for five years. Once this agreement was officially concluded, a similar contract was signed with KLM in September 1979, this time for a period of two years.

Demise

The carrier had accumulated significant debts that outstripped its revenues virtually from the mid-1980s.

The International Finance Corporation (IFC) was commissioned by the Nigerian Government in 2000 to assist in the process of restructuring and privatization of the airline. Among three options, one of them was to partner with a large European airline; Air France, Lufthansa and Swissair were all considered.

Other option was to liquidate the carrier. A fleet comprising 32 aircraft in 1984 gradually depleted to a three-strong at that time. The IFC withdrew from its advisory position in 2001 citing the unwillingness of both the company and the government to carry out the necessary measures that would make the airline attractive to potential investors. [28] Likewise, there were various allegations claiming the airline's failure was accelerated by former Nigerian rulers who looted and mismanaged the company.

In 1997 the UK Civil Aviation Authority banned the airline from operating into its territory citing safety concerns; the Nigerian government replied banning British Airways operations.[31][32][33] The United Kingdom cited safety concerns again in 2001 when it

refused to allow Nigeria Airways to operate the Lagos–London route, this time regarding the Boeing 747 that was leased from Air Djibouti to fly the route.

The carrier ceased operations in 2003. The Nigerian government later came to an agreement with Virgin Atlantic Airways to found Virgin Nigeria Airways, intended as a replacement, yet the ground facilities of the folded Nigeria Airways were eventually taken over by Arik Air.

Corporate affairs

Nigeria Airways had its headquarters at *Airways House* in Abuja at the time of dissolution. It had been moved from Murtala Muhammed Airport between 1999 and 2000. The airline logo consisted of the Nigerian flag with a green elephant named *Skypower* in its center.

Destinations

Nigeria Airways destinations At the time of closure the Nigeria Airways network consisted of four domestic destinations, namely Abuja, Kano, Lagos and Port Harcourt; likewise, the international network comprised Abidjan, Dubai, Jeddah, London and New York.

Nigeria Airways became Airbus' 40th customer in 1981, when it placed an order for four Airbus A310- 200s; these aircraft were incorporated into the fleet in late 1984 and early 1985. Also in 1981, four new Boeing 737-200s were ordered to replace leased aircraft of the same type in a deal worth US\$65,000,000 (\$164,141,654 in 2013); they were delivered in February 1983.

In 1982, a Boeing 747 was leased from Scanair; the aircraft was deployed on services to the United Kingdom, permitting the DC-10s to be used on new routes to [Frankfurt](#), [Paris](#), and [Zurich](#). Following an accident occurred in November 1983 that involved a Fokker F28, the carrier decided to withdraw from service its F27 and F28 fleet. The fleet was 22-strong in March 1985, comprised by two DC-10-30s, four Airbus A310s, three Boeing 707-320Cs, two Boeing 727-200s, ten Boeing 737-200s, and one Boeing 737-200C; two Boeing 737-200s were on order.

The carrier operated the last DC-10 ever built, on lease from [World Airways](#).

Brief History of Nigeria Railway Corporation

Nigerian Railway Corporation (commonly abbreviated as **NRC**) is the government body operating railways in [Nigeria](#). NRC went more than once into bankruptcy during the last 20 years. Lack of maintenance on infrastructure and rolling stock and a high number of employees the railway produced huge deficits, not taken over by the state. In 2005 after

several re-organizations of the system passenger transport was reduced to four departures weekly from Lagos of which two went to Kano, one to Jos and one to Maiduguri; from Port Harcourt four trains every week ran to Kano (two weekly), one weekly to Jos and one to Maiduguri.

News from Nigeria indicates that the current (2006) government wants to rebuild more or less the entire existing 1,067 mm (3 ft 6 in) network to standard gauge.

Status in 2008

According to the critique by Mazi Jetson Nwakwo, acting managing director of the NRC the rail system is suffering from the lack of political will by the nation's politicians. While the NRC had employed about 45,000 people between 1954 and 1975, current employment is only 6,516. He pointed out that no new wagons had been bought since 1993, and some wagons date back to 1948. Track condition limit trains to a speed of 35 km/h. Nigerian Railway Corporation operates a network of 3,505 kilometers (2,178 mi) of single track lines, all have 1,067 mm (3 ft 6 in) gauge. The network comprises the following lines:

- Lagos - Agege - Ifaw - Ibadan - Ilorin - Minna - Kaduna - Zaria - Kano, 1,126 kilometers (700 mi)
- Ifaw - Ilaro, 20 kilometers (12 mi)
- Minna - Baro, 155 kilometers (96 mi)
- Zaria - Kaura Namoda, 245 kilometers (152 mi)
- Kano - Nguru
- Kaduna - Kafanchan - Kuru - Bauchi - Maiduguri, 885 kilometers (550 mi)
- Kuru - Jos, 55 kilometers (34 mi)
- Kafanchan - Makurdi - Enugu - Port Harcourt, 737 kilometers (458 mi)

There are a few extensions of the 1,067 mm (3 ft 6 in) gauge network planned, but none of these have ever materialized since 1980, from Gusau on the branch to Kaura Namoda to Sokoto, 215 kilometers (134 mi), from Kano to Katsina, 175 kilometers (109 mi), and from Lagos to Asaba.

In the center of the country a 1,435 mm (4 ft 8 1/2 in) gauge (standard gauge) network is very slowly progressing, its main line extends over 217 kilometers (135 mi) from Oturkpo to the Ajaokuta steelwork. A further 51.2 kilometers (31.8 mi) line of standard gauge is operational between the Itakp mines and the Ajaokuta steelworks. There are plans to add more standard gauge lines to these ones: Ajaokuta to Abuja and Ajaokuta to the Port of Warri, together 500 kilometers (310 mi) and

from Port Harcourt to Makurdi over a distance of 463 kilometers (288 mi).

In the past a 762 mm (2 ft 6 in) gauge line operated between Zaria and Jos over a distance of 194 kilometers (121 mi), but this line has been closed and lifted long ago.

All these trains offer relatively new rolling-stock consisting of Couchette-type sleepers, air-conditioned first class sitting coaches and non-air conditioned economy class coaches. Trains to/from Lagos also offer buffet cars. Between Lagos and Ifaw, a distance of 48 kilometers (30 mi), a local service operates on working days on behalf of the city of Lagos. All trains are diesel locomotive operated. The railways owns theoretically nearly 200 locomotives, of which up to 75% are not operational, there are also about 54 shutters, 480 passenger coaches and over 4900 freight wagons, less than 50% of the coaches and wagons are in serviceable conditions. At all 576 kilometers (358 mi) of main lines are controlled by panel interlocking and token-less block. Rail tracks are mainly of the 29.8 kg/m, 34.7 kg/m and 39.7 kg/m types fixed by Pandrol K Type fastenings on steel sleepers (cross ties).

No trains have run on the Gusau branch since a bridge collapsed in Tsafe in 2002.[1] In February 2011, it was announced that construction was about to start on the Abuja - Kaduna railway.

Brief History of Nigeria Ports Authority (NPA)

The history of sea port development in Nigeria dates back to the mid-19th century, following the adventures of early explorers on the West African Coast and the international trade which resulted. Initial efforts consisted of opening up the entrance to the Lagos Lagoon and the provision of facilities for ocean-going vessels, the mainstreamer SS Akoko, entered the new Lagos Harbor. Two months later the Customs Wharf on Lagos Island was opened and not long after Apapa and Port-Harcourt were added to the network of ports. The establishment of the Nigerian Ports Authority, NPA for short, in 1954, brought a new impetus in the development of Nigerian sea ports. The organization made remarkable progress and in line with the government's efforts to improve the services and revenue yielding the potentials of the organization, the activities of Nigerian Ports were commercialized in 1992 under the name, "Nigerian Ports PLC". However, considering the fact that the company is still wholly owned by the government, it reverted to its former name, **Nigerian Ports Authority** in October 1996.

This reversion is however, not in conflict with commercialization efforts and the commitment to improved services. Nigerian Ports Authority

today operates under the supervision of the Federal Ministry of Transport with the responsibility of providing specific ports and harbor services for the country's maritime industry.

The **Nigerian Ports Authority (NPA)** is a federal government agency that governs and operates the ports of Nigeria. The major ports controlled by the NPA include: the Lagos Port Complex and Tin Can Island Port in Lagos; Calabar Port, Delta Port, Rivers Port at Port Harcourt, and Onne Port. Operations of the NPA are carried out in affiliation with the Ministry of Transport and the Nigerian Shippers' Council. The main offices of the Nigerian Ports Authority are located in Lagos. However, with the concessional program of the federal government, which is aimed at promoting efficiency through, public and private partnership, the Nigerian Ports, has since 2005, been concessional. This landlord arrangement as they call it has fostered better relationship and high turn-out of goods and services in and around the Nigerian Port system either in the Eastern or the ever-busy Western zone.

2.3.2 Definitions of comparative management, differences, etc.

The definition of Comparative management analyzes the extent to which management principles are applicable from one country to another. Since the leader in the development of management principles is the United States, comparative management seeks to determine the applicability of American know-how to foreign locales. Although the concept of comparative management evolved in the late sixties, it continues to be the subject of considerable debate. Thus, the Need to Consider Cross Cultural Differences in comparative management arises.

These differences show themselves in all sorts of differing ways but it is worth outlining some key aspects in which cultural diversity has been shown to impact on organizational management approaches which are central to the process of managing business (from Hodgetts R& Luthans R, 1997).

- **Centralized vs. Decentralized decision making.**
There is variation across national culture in the extent to which important organizational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.
- **Safety vs. risk.**
In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this.

In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

- **Individual vs. group rewards.**
In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.
- **Informal vs. formal procedures.**
In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.
- **High vs. low organizational loyalty.**
In some cultures, people identify less with their organization or employer and more with their occupational group or profession.
- **Co-operation vs. competition.**
Some cultures emphasize co-operation in the organization, others foster competition.

Why Study Comparative Management?

Before one can delve on the above-stated question, let's start with answering another question about comparative management: Isn't management knowledge gained earlier sufficient for an effective manager to handle management problems in a foreign land too? In order to answer this question, let's recall one of the first lectures delivered during our management studies at the university. Nearly every management student is reminded that management is not a subject like physics, chemistry or mathematics, where procedures and laws would remain the same all over the globe. It is interdisciplinary in nature and several fields of humanities and social sciences affect it; for instance, languages, sociology, anthropology, religious studies, psychology, economics, and so on. And all these influences make management of one country different from another. Therefore, if a company is to run its business operations smoothly and successfully, it would have to prepare its managers to study comparative management to be prepared to take on the challenges in foreign environment. Other advantages of studying comparative management are appended as under:-

- By gaining knowledge about how same management problems are solved in different cultures differently, multinationals get ideas about innovative methods of problem solving. All this increases the knowledge base of management. (Terry and Franklin, 1982)

- By knowing the way foreign managers run their organizations or do their jobs promotes trade and cooperation among nation states.
- Awareness of potential conflict between the multinational company and the host country makes for a mutually beneficial relationship. (Newman, 1979)

One of the pioneer theorists in the field of comparative management, Geert Hofstede describes a framework of management practices in different cultures on the basis of a model, which uses five independent dimensions as follows:-

- **Power Distance:** It refers to the degree of inequality among people in a country, which the vast majority of people consider as nearly equal. One can say that all societies are unequal; but some are more unequal than others.
- **Individualism vs. Collectivism:** It is the degree by which people in a country prefer to act as individuals rather than as a member of some group.
- **Masculinity vs. Femininity:** Masculinity as a construct refers here to the degree, a person values assertiveness, performance, success and competition. On the other end of the continuum, there is feminine side of management dimension, which furthers the values of quality of life, warm relationships, service, care for the weak, etc.
- **Uncertainty Avoidance:** It may be defined as the degree to which people prefer structured over unstructured situations.
- **Long-term versus Short-term Orientation:** On the long-term side, values like thrift, persistence and outlook for future are important; while on the short-term basis; values like respect for tradition, fulfillment of social obligations are noteworthy.(Hofstede, 1993). Hofstede's model of comparative management provides valuable clues about the theoretical framework as well as empirical evidence about comparative management in different cultures. (For detail, please study" Cultural Constraints in Management Theories" by Geert Hofstede, 1993).

Differences in management practices in different countries

What is the Significance of Comparative Management for a Manager?

From the preceding discussion, we can infer that management practices in different countries tend to be different due to differences in beliefs,

values, attitudes, behavior patterns and habits. There are different languages, social customs and taboos, religious convictions, etc. Further, different societies operate at different levels of technological usage. All these influences on comparative management can be summed up in one single construct, i.e., culture.

Culture

Thus, culture of a people affects business operations in numerous ways. Theoretically, it may be defined as the unique lifestyle of a given human society: a distinctive way of thinking, perceiving, feelings, believing and behaving as passed on from one generation to another. (Terpstra1978). It becomes obvious that cultural system has a unity, which as a result of synergistic interaction among its parts, bears much larger value than the sum total of its parts. In order to understand any foreign culture and do business there, one would have to know not only constituent parts of its culture, but also how the whole cultural system is put together; how its parts are interrelated and how they affect the operations of an international organization. In the following paragraphs, we shall briefly discuss each component of culture with its significance in comparative management.

Language

Language is perhaps the most obvious distinction between countries, the one that a foreign manager or visitor comes across the very moment he or she lands in an alien place. According to one estimate, there are at least 3,000 different languages in the world. Thus, if language is cultural distinction, it implies that there are at least 3,000 cultures around the world. In order to deal with the problems arising out of language and cultural barriers, the multinational corporations use different methods, which include interpreters, appointing local managers as far as possible, language training programs for those selected to serve in a foreign land and hiring bilingual or even multi-lingual managers.

Religion

While the western societies might have divorced themselves from the pervasive influence of religious factors; it is yet to happen everywhere, especially in the developing countries. In Muslim societies, for instance, most of the people believe that Islam is not merely a religion; it is rather a way of life, governing all aspects of individual as well as collective lives of the citizens. Therefore, foreign managers operating in Muslim societies must be mindful of religious sensibilities and intense emotions tied with Allah, Prophet Muhammad (Sallallohu Alehey Wassalam), companions of the Prophet (PBUH) and even the sages.

Values and Attitudes

A society's inner motivations and values largely determine its actions or inactions and ultimately its level of development. A community's attitudes toward work can be a more decisive determinant for rising productivity in Indian agriculture than material resources, for that matter even technology. (Nair, 1962)

Thus, values and attitudes of people of a country are often reflected in their behaviors at home, at workplaces and in business dealings. For instance, one of the values of a traditional society like Pakistan is their tendency to consider time as a circle, which suggests repetition and another chance to pass through the same way: If today is lost or wasted, there must be no concern, for it will return tomorrow. Foreign managers ought to be mindful of such values and attitudes in order to be well prepared for such apparently irrational ways.

Social Organization

Social organization represents the forms and nature of social groupings that are formed to meet the objectives of social and personal values. Companies engaged in business abroad are faced with two major tasks. The first is to observe and organize knowledge about norms and forms of social organizations relevant to international business. Entrants to new cultures should seek to understand the individuals and groups in their environment, family relationships, friendships, class/economic and social status, shopping patterns, government and politics, etc.

The second task is a sort of recurring dilemma: How and how much should the foreign firm, refuse to conform to local norms, and introduce new ways of managing an organization and doing business.

Education

The most obvious international difference in the field of education is that of greater or lesser formal education attainment. While most of the developed nations boast of universal literacy and high percentage of population attaining professional, vocational and higher education; many developing countries still lag behind on both counts. The most direct connection between education and multinational corporations would be in the realm of training local workers and developing managers. Other areas, where the multinational corporations would feel the impact of the local education system, are advertising, management control systems and marketing programs.

Technology and Material Culture

Technology refers to the systematic application and utilization of scientific or other organized knowledge to practical tasks. (Galbraith, 1969) Our major objective here is to gain an understanding of the role of technology in culture that can be used in policy formulation and decision making on a multinational basis. Only by gaining a fair comprehension

of the wide diversity in technology and material culture around the world, can one fully grasp the environment in which international business must operate. Technology and material culture are also important to comparative management in different ways; for example, in determining plant and production organization in a particular country, and in distributing and promoting products. Similarly, demand for several goods, particularly the industrial ones, may be dependent on overall acceptance level of technology in a society.

Political Environment

Multinationals are widely considered as transnational actor in the world politics. Most of the developing countries have different socio-cultural and political orientation than the developed countries, and certainly with a different set of political and economic problems. Therefore, these factors must be taken into account by the multinational corporations. If one assumes that the system of nation-states represents the established international order, then the multinational firm is certainly a disruptive actor. Given its flexibility, integrative ability and far-reaching network of operations and political clout, it cannot but help posing a threat to sovereignty and independence of nation-states. Thus an understanding as well as respect of the political milieu is essential if one wishes to run international business operations successfully

Legal Framework

Every manager is aware of the ubiquitous constraints of law on business operations. International business faces even larger maze of such constraints because of the legal systems of each host country. International firms depend on local counsel for knowledge and advice on the local laws concerning their management operations. As it is said that ignorance of law is no excuse; therefore, managers operating in foreign lands would have to devise their own system to face and abide by the local as well as international laws. Such an understanding and arrangement would certainly help them to manage their businesses in a smooth as well as lawful manner.

Self-Assessment Exercise 1

Mention and explain three examples why management practices of different countries tends to be different
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A Review of the Theoretical Evolution of Comparative Management

The definition is incomplete and vague having defined the field, is followed by the question why we should study comparative management. The reasons frequently cited are growing interdependence in the world economies; an inescapable need for comparative approach in assessment; the development of an appreciation of cultural diversity and creating sensitivity toward other cultures; widening knowledge base

and helping individuals to appreciate his or her culture and environment (Adler, 1986). In short, a growing need for knowledge and methods to make managers more effective in cross border operations.

Therefore, the ultimate objective of the research in the field must be to satisfy this need. A theoretical framework least must facilitate research for the afore-mentioned purpose. Thus, providing methods and tools for more effective managerial practices must be added to the dimensions listed in the definitions of the field, namely identification, classification, measurement and interpretation of the similarities and differences across nations or cultures.

Differing definitions naturally led to different approaches in theory construction in the field. The following part reviews these different approaches.

1. The Socio-Economic Approach (The Economic Development Approach) According to Harbison and Myers each management System is comprised of three components: economic resources, systems of authority and class or elite (Harbison and Myers, 1959), and managerial efficiency was depicted as a function of these three factors and defined as a crucial input playing a significant role in achieving rapid growth and industrial development. This approach has basically a macro orientation - few macro variables can be compared within this framework, but it essentially ignores the micro-variables regarding the managerial behavior and intra-firm differences. It is usually criticized of being able to identify only part of relevant variables. Size and complexity of organizations, technology, market size and complexity, stage and rate of economic growth, countervailing powers, social structures and cultural values are the variables identified by this model for comparative purposes.

2. The Ecological Approach: The ecological approach is the first and still well-known considered as an extension of socio-economic approach and primarily interested in the managerial contribution to the economic development.

According to Farmer and Richman economic development results from the economic efficiency of firms which is a function of managerial effectiveness. They stress how the economic and managerial performance are constrained by a large number of environmental factors like educational, socio-cultural, legal political and economic and they suggest objective and subjective techniques to quantify these critical factors. Farmer and Richman framework fails to differentiate between organizational and managerial effectiveness and also does not acknowledge the

impact of a given organization on managerial behavior and performance. Another significant flaw of the model is the ignored interaction among environmental variables.

- 3. The Behavioral:** The behavioral approach in cross cultural management studies attempts to explain behavioral patterns between individuals and groups in organizational settings. Scholars pursuing this approach basically concentrated on three different aspects: * "National Character Profiles" which are linked with certain organizational behavior variables (Davies 1971; Narain 1967) Attitudes and perceptions of managers concerning some key management concepts and activities (Barett 1970, 1969; Haire, Ghiseili and Porter 1966; Nath 1969; Ryterband and Barett, 1970; Thiagarajan, 1968) • Prevalent beliefs, value systems, and need hierarchies are functions of a given culture. By establishing relationships between these concepts and managerial practices and effectiveness, one can deduce the impact of cultural variables on management practices and effectiveness (Davis, 1971). Although intuitively the linkage between culture and attitudes, attitudes and behavior, behavior and effectiveness are clear, there are significant problems regarding these linkages at the conceptual and methodological level. Most of these concepts are ill-defined and poorly operationalized. Furthermore empirical evidence support the contention that management practices, behavior and effectiveness are as much functions of such contextual and environmental variables as size, technology, location, market structure, political conditions as they are of socio cultural variables (Neghandi 1975, Child 1981).
- 4. The Eclectic Empirical Approach:** Schollhammer (1969, 1970) gathered a variety of unrelated empirical studies for this approach and did not lend itself to either model building or hypotheses testing resulting in a lack of comparability across studies. This approach encompasses the efforts of some researchers to create models that focus on the interaction between firms and their various environments. The major contribution of this approach is that it led an accumulation of empirical data developed to the date. Schollhammer concluded that there are strictly semantic differences in the definition of comparative management as a body of knowledge and noted the inability or unwillingness of the scholars to understand each other. He therefore found it necessary to integrate previous approaches and built up this frame work. The logical structure of the theory consists of three steps: describing the relevant phenomena and providing proper explanations, evaluating the observed phenomena by using

certain standardized objective measures, and formulating generalizations with predictive properties. Eclectic-empirical approach can be considered as a step towards an open system framework because of apparent interactions of the elements.

5. **Linkage to Other Disciplines:** Organization Theory & Contingency Theory Negandhi and Estafen (1965) conceptualized a new model basically incorporating the "Management Philosophy of the Firm" (micro-variables) to the "environmental Factors" (macro-variables) hypothesizing that management practices are a function of both Environmental factors and the Management Philosophy of the firm. Model was augmented with a subsequent hypothesis that managerial practices impact upon management and enterprise effectiveness. This approach emerged from an acknowledged need to integrate organizational theory and cross-cultural comparative management. Since the model does not explain the evolution of managerial philosophy, it was criticized of being too superficial, although it facilitated empirical investigation. A comprehensive review of the theoretical, methodological and empirical literature led Negandhi to an open systems framework which acknowledges a dynamic interaction between the organization and the element external to it. This framework is characterized by the interdependence of all the variables which influence the organizational and employee behavior. The open systems model implies multiple causal relationships which complicate the formulation of powerful research designs, when all these relationships taken into account. This methodological complication led Negandhi to propose a "Contingency Theory" perspective, which would stress the patterns of relationships rather than the causal linkages (Negandhi 1975 & 1979).
6. **The Systems Approach:** Tung, (1986) hypothesized that Outcome variables (economic and non-economic measures of effectiveness), are a function of Organizational Climate of a given firm as perceived by its employees. She describes the Organizational Climate as the psychological atmosphere created by observable realities in the sub-system such as size, organizational strategy and structure, and managers which can change the sensory input of the individuals within the unit, and which, in turn, interact with the individuals' perceptions, needs and values (Personal Variables) to produce a resulting set of behaviors. She also postulates a one way relationship between Societal-Environmental Variables and other variables in the model. She describes her construct as "A Systems Theory for Comparative

Management" and aims to eliminate the major limitations of earlier models which she believes are overemphasis on a particular group of variables and failure to examine the relationships between the variables. Although this model perceived to be a serious attempt to construct a Comparative Management Theory, it still cannot escape the testability problem. As in other models, operationalization of the multitude of variables and their interaction (although the direction of the relationships pre-specified in the model) constitute serious problems. The lack of empirical work based on this model is a clear evidence of this shortcoming if not the laziness of scholars.

7. **The Open Systems Approach:** Although Tung adapted a systems approach in her theory of building she defined unidirectional relationships between variables which renders her model at best a "Quasi-Open System Approach". Nath (1988), proposed an open systems framework for comparative management. He depicted a dynamic, interactive open system integrating macro and micro variables. He defined the macro variables as Environmental variables and micro variables as Business and Management System. His model also incorporates the task environment variables described by Negandhi and a new set of variables classified as "Historical Antecedents" which explicitly brings a time dimension to the model. Nath also depicted a strategy regarding the implementation of the model. He suggests an idiographic (data gathering through lengthy and systematic observation of a given culture or nation) and geocentric (integrating inputs from different nations, gathered by natives of each country) framework as opposed to classical nomothetic and ethnocentric approaches. Nath's construct is the last serious attempt so far in developing a theoretical framework for comparative management research.

8. **Attempts to integrate Culture as a Variable:** The role of culture in comparative management has been acknowledged by numerous scholars and culture has been integrated in the related research as an independent variable. Ajiferuke and Boddewyn (1970) reviewed 22 studies in the field that employed culture as an independent variable. Negandhi (1983) similarly reviewed 36 studies which integrated culture as a variable. But as both review efforts revealed, scholars use cultural variables as residual elements without defining and operationalizing them. They also identify culture with nation. As rightly expressed by Ajifureke and Boddewyn (1970, p154) culture is "one of those terms that defy a single all- purpose definition, and there are almost many meanings of culture as people using the term." Although\ culture

was used as an independent variable, it has a very obscure identity and often used as a residual variable. Use of nation state as a unit of analysis and identification of culture with nation renders many studies to be cross-national rather than cross-cultural. The first serious effort to operationalize culture came from Hofstede (1980). Hofstede defined culture in four dimensions (Power Distance, Uncertainty, Avoidance, Masculinity/Femininity, and Individuality/Collectivity) and described countries or societies in terms of these dimensions. Triandis (1983) introduced culture in 30 different dimensions which is not practical for operationalizing purposes. While some of the re- searchers were seeking methods to incorporate culture properly, Kelly and Vorthley (1981) tried the control culture as a variable by separating culture from other environmental factors. Incorporation of culture in the comparative management studies still remains as a problem area since a proper, widely agreed upon operationalizing scheme has not yet been developed in the field. The Concept of Structure An organizational structure defines how job tasks are formally divided, grouped and coordinated. Structure shows the conscious, formal and internal arrangement of an organization for implementing strategies and realizing objectives and missions. It is a patterned network or framework of relationships among people and positions in an organization.

2.3.3 Management Consulting

1. History of Management Consulting

Management consulting grew with the rise of management as a unique field of study. The first management consulting firm was Arthur D. Little, founded in 1886 by the MIT professor of the same name and was incorporated in 1909.[1] Though Arthur D. Little later became a general management consultancy, it originally specialized in technical research. Booz Allen Hamilton was founded by Edwin G. Booz, a graduate of the Kellogg School of Management at Northwestern University, in 1914 as a management consultancy and the first to serve both industry and government clients. In 1926, James, O. McKinsey, professor of Managerial Accounting at the University of Chicago Booth, School of Business founded McKinsey.

The first wave of growth in the consulting industry was triggered by the Glass-Steagall Banking Act in the 1930s, and was driven by demand for advice on finance, strategy, and organization.[2] From the 1950s onwards consultancies not only expanded their activities considerably in the United States but also opened offices in Europe and later in Asia and

South America. After World War II, a number of new management consulting firms formed, bringing a rigorous analytical approach to the study of management and strategy. Work carried out at McKinsey, Boston Consulting Group, AT Kearney, Booz Allen Hamilton, and the Harvard Business School during the 1960s and 1970s developed the tools and approaches that would define the new field of strategic management, setting the groundwork for many consulting firms to follow. In 1983, Harvard Business School's influence on the industry continued with the founding of, the now defunct, Monitor Group by six professors.

The industry experienced significant growth in the 1980s and 1990s, gaining considerable importance in relation to national gross domestic product. In 1980 there were only five consulting firms with more than 1,000 consultants worldwide, whereas by the 1990s there were more than thirty firms of this size.

An earlier wave of growth in the early 1980s was driven by demand for strategy and organization consultancies. The wave of growth in the 1990s was driven by both strategy and information technology advice. In the second half of the 1980s the big accounting firms entered the IT consulting segment. The then Big Eight, now Big Four, accounting firms (PricewaterhouseCoopers; KPMG; Ernst & Young; Deloitte Touche Tohmatsu) had always offered advice in addition to their traditional services, but from the late 1980s onwards these activities became increasingly important in relation to the maturing market of accounting and auditing. By the mid-1990s these firms had outgrown those service providers focusing on corporate strategy and organization. While three of the Big Four legally divided the different service lines after the Enron scandals and the ensuing breakdown of Arthur Andersen, they are now in the consulting business.

The industry stagnated in 2001 before recovering after 2003, with a current trend towards a clearer segmentation of management consulting firms. In recent years, management consulting firms actively recruit top graduates from Ivy League universities, Rhodes Scholars, and students from top MBA programs.

Management consulting is the practice of helping organizations to improve their performance, primarily through the analysis of existing organizational problems and development of plans for improvement. Organizations may draw upon the services of management consultants for a number of reasons, including gaining external (and presumably objective) advice and access to the consultants' specialized expertise. As a result of their exposure to and relationships with numerous organizations, consulting firms are also said to be aware of industry

"best practices", although the transferability of such practices from one organization to another may be limited by the specific nature of situation under consideration.

Consultancies may also provide organizational change management assistance, development of coaching skills, technology implementation, strategy development, or operational improvement services. Management consultants often bring their own proprietary methodologies or frameworks to guide the identification of problems, and to serve as the basis for recommendations for more effective or efficient ways of performing work tasks.

2. Definition of Management Consulting

Management consulting is an independent professional advisory service assisting managers and organizations to achieve organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes.

Source: *Management Consulting: A Guide to the Profession, 4th ed.*, Milan Kubr, ed., 2002, International Labor Organization.

Professional management consultants are contracted by organizations to provide advisory services in an objective and independent manner. Services include, but are not limited to, strategic planning, facilitation, quality assurance, education and training, investment counsel, identification and analysis of management problems, developing solutions, and the implementation of proposed solutions.

3. Duties of Management Consultants

Professional management consultants may be asked to provide objective advice that will help an organization solve problems or manage change, including business start-up, expansion, reorganization, diversification, downsizing, disposal of assets, planning, review of operations, launching projects, or acquiring and implementing technology.

In general, business management consultants:

Define the nature and extent of the project by gathering information (which may include conducting research to determine the current efficiency and effectiveness of managerial policies and procedures

Analyze the data collected and use their background knowledge to develop proposals for improving methods, systems and/or procedures.

Present their recommendations to the client organization and, if their recommendations are accepted, implement those recommendations.

Professional management consultants are hired when an organization lacks sufficient resources, requires external objective advice, or because they have expertise not available within the client organization.

Most management consultants specialize in helping organizations solve particular types of problems, challenges or changes.

There are as many specializations as there are types of business problems and challenges. The following are a few possibilities:

□□**Finance** consultants provide advice on matters such as pricing securities, business valuation and economic forecasting.

□□**Human resources** consultants advise about recruitment practices, compensation and benefits packages, pension funding, work-force diversification and employee development programs.

□□**Litigation** consultants work with lawyers to develop case strategies, courtroom exhibits and tactics, and provide economic analyses.

□□**Marketing** consultants work with companies seeking innovative ways to market new or existing products and services.

□□**Operations** consultants help organizations increase productivity by improving business processes.

□□**Organizational change** consultants work with clients undergoing a fundamental re-orientation in the way the organization operates.

□□**Quality management** consultants help organizations improve the quality of their products and services.

□□**Strategic** consultants help organizations with strategic planning for the foreseeable future (which may include developing a growth strategy, restructuring, marketing internationally, buying and selling assets, or revitalizing leadership).

□□**Technology** consultants help organizations implement new technologies for optimal effectiveness.

Hiring a Management Consultant

There are three simple but essential elements to successfully engaging a consultant:

1. Identify the need for management consulting services.
2. Carefully select a management consultant based on knowledge, demonstrated skills and competencies.
3. Work with the consultant to ensure that the assignment is satisfactorily completed in accordance with the proposal.

Identifying the Need

The first step in selecting a management consultant is to identify why you need one. Is there a problem you need to resolve, an opportunity you want to capitalize on? What needs to be accomplished to meet your goals? Once the need is established, you can begin the process of hiring the right consultant for the job.

Selecting the Consultant

The more carefully you select your consultant, the more likely you are to be pleased with the outcome of the engagement. Ensure that the consultant has experience dealing with your specific circumstances. Ask about relevant academic degrees that pertain to the tasks you want the consultant to perform. Ask for references from other clients and follow-up on them. In effect, when engaging a consultant you should perform the same due diligence as you would in hiring a permanent employee. Management consultants typically submit a proposal describing their understanding of the client's needs, their approach, methodology, proposed deliverables, credentials and professional fees. Ask a short list of management consultants to submit a proposal for your review and arrange a meeting to discuss their submission.

Select a management consultant on the basis of:

- Skills and competencies
- Relevant industry experience
- Adherence to ethics and standards
- Availability
- References
- Professional fees and available budget

Consulting as a Career Option

Management consulting is a profession with its own objectives, methods, rules and organization. To individuals who join this profession, consulting is a career in which they may spend the main part of their working lives. As for any profession, there is no one perfect model against which every entrant can be measured, but there are certain characteristics that affect the consultant's chance of success and personal job satisfaction.

In management consulting, particular importance is attached to: analytical and problem-solving abilities; competence in the behavioral area; communicating and working with people; and helping others understand the need for change and how to implement it.

Qualities of a Consultant**Intellectual Ability**

- Ability to learn quickly and easily

- Ability to observe, gather, select and evaluate facts
- Good judgment
- Inductive and deductive reasoning
- Ability to synthesize and generalize
- Creative imagination; original thinking

Ability to understand people and work with them

- Respect for other people; tolerance
- Ability to anticipate and evaluate human reactions
- Easy human contacts
- Ability to gain trust and respect
- Courtesy and good manners

Ability to communicate, persuade and motivate

- Ability to listen
- Facility in oral and written communication
- Ability to share knowledge, teach and train people
- Ability to persuade and motivate

Intellectual and emotional maturity

- Stability of behavior and action
- Independence in drawing unbiased conclusions
- Ability to withstand pressures, and live with frustrations and uncertainties
- Ability to act with poise, in a calm and objective manner
- Self-control in all situations
- Flexibility and adaptability to changed conditions

Personal drive and initiative

- Right degree of self-confidence
- Healthy ambition
- Entrepreneurial spirit
- Courage, initiative and perseverance in action

Ethics and integrity

- Genuine desire to help others
- Extreme honesty
- Ability to recognize the limitations of one's competence
- Ability to admit mistakes and learn from failure

Consultants, like other professionals, hold strong values concerning the conduct of their work. Since a consultant's most valuable asset is his or her reputation, successful consultants have a strong sense of ethics. Professional consulting associations such as CMC-Canada have developed codes of ethics for their members. Since consulting is currently unregulated, these codes offer some protection to the public.

Most codes outline the consultant's responsibility to the client and the public. As a general rule, consultants are expected to place their client's interest ahead of their own.

SELF ASSESSMENT EXERCISE 2

- i) What is Management Consulting?
- ii) Explain the Duties of Management Consultants

Career Development

Education - A university degree (undergraduate, master's degree) is usually required. The relevance of the field of study to the particular field of consulting is considered and in some cases candidates must have a specific educational background. Consulting firms are equally interested in the performance of the candidate during their university studies, in particular project assignments during which the students have practiced fact-finding, communication and other consulting skills.

Practical Experience - Usually 5-10 years of experience is needed, however, some firms have started recruiting directly from universities or business schools (i.e. MBA Programs). The idea is that talented and dynamic individuals will quickly acquire the necessary practical experience by working in teams with more senior consultants. The age at which candidates are recruited reflects the required education and experience. The lower age limit is usually between 25-30 years old.

Expertise - A consultant's expertise usually results from an in-depth knowledge of a particular industry, function, or technique. Consultants are either generalists or specialists.

Specialists: Provides in-depth, state-of-the art knowledge that is usually beyond the capability of most companies.

Generalists: Provides breadth of experience for a client. A generalist normally has advanced knowledge covering several industries or all major functions and applies this experience to the client's problems.

Employment in a Consulting Firm

Large Firms - If employed by a large consulting firm, consultants progress through four or five principal ranks during their career. In a smaller firm, there may be only two to three ranks.

First level- The Junior consultants (trainee, research associate, analyst, entry-level consultant): Main task is to master the essential consulting skills as quickly as possible (for 6-12 months).

Second level - Operating consultant (associate, management consultant, consultants): The operating consultant is the front-line professional who does most of the consulting work at client organizations.

Every operating consultant has a special field of competence, management function or special techniques.

Normally the consultant would undertake a number of operating assignments in varying situations, individually and as a team member, for a period of 3-5 years before being considered for promotion to the next level.

Third level - Supervising consultant (team leader, project manager, senior associate, senior consultant, manager): The main responsibilities of consultants promoted to this level include team leadership (e.g. in assignments requiring expertise in general management and involving several functional areas) and supervision of operating consultants.

Fourth level – The Junior partner or equivalent (principal, manager, survey consultant): Consultants at this level carry out a number of marketing and management functions. Typically they spend most of their time in promotional work (visiting clients, doing management surveys, planning and negotiating new assignments).

Fifth level - The Senior partner or equivalent (officer, director, partner, managing partner, vice-president, president): Senior and top management responsibilities prevail at this level, including strategy and policy direction. At this level consultants are concerned with practice development, do promotional work with important clients, and may be in charge of complex and major assignments.

An Independent Consultant's Career Path

Most individuals who start their own consulting business do so after having between 8-15 years practical business experience, or after having worked for several years in a consulting firm. Those who go directly into independent consulting without any previous experience usually set up in IT (information technology) or other special fields where technical knowledge is key and businesses are prepared to use technical experts without practical experience.

Many independent consultants get into situations where important career choices have to be faced. They could progress technically and take on more challenging assignments, but this may require giving up personal independence and agreeing to work in a team. One consultant may decide to expand the firm and employ other consultants. Another consultant may join a large consulting firm and employ other consultants.

Another consultant may join a large consulting firm if a senior position is offered, while a third may establish a network and cooperate with other small firms. A fourth will reject all these alternatives and look for assignments requiring special expertise and a great deal of experience, but small enough to be undertaken by an individual. The consulting business offers enough opportunities to satisfy a wide range of different career aspirations.

4. Function of Management Consulting

The functions of consulting services are commonly broken down into eight task categories:

Consultants can function as bridges for information and knowledge, and that external consults can provide these bridging services more economically than client firms themselves. Marvin Bower, McKinsey's long-term director has mentioned the benefits of a consultant's externality, that they have varied experience outside the client company. Consultants have specialized skills on tasks that would involve high internal coordination costs for clients, such as organization wide changes or the implementation of information technology. In addition, because of economies of scale, their focus and experience in gathering information worldwide and across industries renders their information search less costly than for clients.

Salary

Consulting salary fluctuates year by year, location by location, and sometimes individual by individual. Location is a particularly important driver of compensation. The figures shown below are compensation ranges of management consultant (including salary plus all bonuses) at various levels from typical American firms:

- Undergraduate degree: \$60,000 - \$100,000 USD
- Advanced degree (MBA, JD, PhD, or MD): \$140,000 - \$200,000 USD
- Engagement manager/Project leader: \$200,000 - \$300,000 USD
- Associate principal/Senior project leader: \$350,000 - \$500,000 USD
- Partner/Principal: \$500,000 - \$850,000 USD
- Senior partner/Director: \$1,000,000+ USD

Approaches

In general various approaches to consulting can be thought of as lying somewhere along a continuum, with an 'expert' or prescriptive approach at one end, and a facilitative approach at the other. In the expert approach, the consultant takes the role of expert, and provides expert advice or assistance to the client, with, compared to the facilitative approach, less input from, and less collaboration with the client(s). With

a facilitative approach, the consultant focuses less on specific or technical expert knowledge, and more on the *process* of consultation itself. Because of this focus on process, a facilitative approach is also often referred to as 'process consulting,' with Edgar Schein being considered the best-known practitioner. The consulting firms listed above are closer toward the expert approach of this continuum.

Specialization

Management consulting refers generally to the provision of business services, but there are numerous specialties, such as information technology consulting, human resource consulting, virtual management consulting and others, many of which overlap, and most of which are offered by the larger diversified consultancies. So-called "boutique" consultancies, however, are smaller organizations focusing upon a few of such specialties.

The 1990s saw an increase in what has been termed a 'future-based' approach. This emphasized language and alignment of people within an organization to a common vision of the future of the organization, as set out in the book "Three Laws of Performance". The essential concept here was that the way people perform is seen to correlate to the way that world occurs for them, and that future-based language could alter the way the future actually occurs for them. These principles were increasingly employed in organizations that had experienced a market transition or a merger requiring the blending of two corporate cultures. However, towards the end of the 1990s the approach declined due to a perception that the concept outlined in this book did not in practice offer added value to organizations.

Current state of the industry

Management consulting has grown quickly, with growth rates of the industry exceeding 20% in the 1980s and 1990s (As a business service, consulting remains highly cyclical and linked to overall economic conditions. The consulting industry shrank during the 2001-2003 period, but grew steadily until the recent economic downturn in 2009. Since then the market has stabilized.

Currently, there are three main types of consulting firms. Large, diversified organizations, Medium-sized management consultancies and boutique firms that have focused areas of consulting expertise in specific industries, functional areas, technologies, or regions of the world.

Revenue model

Traditionally, the consulting industry charged on a time and materials basis, billing for staff consultants based upon the hours worked plus out-of-pocket expenses such as travel costs. During the late 1990s and early

2000s, there was a shift to more results-based pricing, either with fixed bids for defined deliverables or some form of results-based pricing in which the firm would be paid a fraction of the value delivered. The current trend seems to favor a hybrid with components of fixed pricing and risk-sharing by both the consulting firm and client.

Trends

The use of management consultancy is becoming more prevalent in non-business fields including the public sector; as the need for professional and specialist support grows, other industries such as government, quasi-government and not-for-profit agencies are turning to the same managerial principles which have helped the private sector for years.

An industry structural trend which arose in the early part of the 21st century was the spin-off or separation of the consulting and accounting units of the large diversified professional advisory firms most notably Deloitte, Ernst & Young, PwC and KPMG. For these firms, which began operation as accounting and audit firms, management consulting was a new extension to their organization. But after a number of highly publicized scandals over accounting practices, such as the Enron scandal, these firms began divestiture of their management-consulting units, to more easily comply with the tighter regulatory scrutiny that followed. In some parts of the world this trend is now being reversed where the firms are rapidly rebuilding their management consulting arms as their corporate websites clearly demonstrate.

Rise of internal corporate consulting groups

Added to these approaches are corporations that set up their own internal consulting groups, hiring *internal management consultants* either from within the corporation or from external firms' employees. Many corporations have internal groups of as many as 25 to 30 full-time consultants. Internal consulting groups are often formed around a number of practice areas, commonly including: organizational development, process management, information technology, design services, training, and development.

5. Advantages of Internal consultants

There are several potential benefits to employing internal consultants:

- If properly managed and empowered, internal consulting groups evaluate engagement on projects in light of the corporation's strategic and tactical objectives.
- Often, the internal consultant requires less ramp up time on a project due to familiarity with the corporation, and is able to guide a project through to implementation — a step that would often be too costly if an external consultant were used.

- Internal relationship provides opportunities to keep certain corporate information private.
- It is likely that the time and materials cost of internal consultants is significantly less than external consultants operating in the same capacity.
- Internal consulting positions can be used to recruit and develop potential senior managers of the organization.

Note: Corporations need to be conscious of and consistent with how internal consultant costs are accounted for on both a project and organizational level to evaluate cost effectiveness.

- Internal consultants may be specifically suited to either:
 1. Lead external consulting project teams, or
 2. Act as organizational subject matter experts embedded with external consulting teams under the direction of organizational management. A group of internal consultants can closely monitor and work with external consulting firms. This would ensure better delivery, quality, and overall operating relationships.

External firms providing consulting services have a dichotomy in priority. The health of the external firm is in aggregate more important than that of their client (though of course the health of their client can have a direct impact on their own health).

6. Disadvantages of Internal consultants

- The internal consultant may not bring the objectivity to the consulting relationship that an external firm can.
- An internal consultant also may not bring to the table best practices from other corporations. A way to mitigate this issue is to recruit experience into the group and/or proactively provide diverse training to internal consultants.
- Internal consultants may face corporate politics just as any group in an organization.
- Where the consulting industry is strong and consulting compensation is high, it can be difficult to recruit candidates.
- It is often difficult to accurately measure the true costs and benefits of an internal consulting group.

- When financial times get tough, internal consulting groups that have not effectively demonstrated economic value (costs vs. benefits) are likely to face size reductions or reassignment.

Government consultants

The use of management consulting in governments is widespread in many countries but can be subject to misunderstandings and resultant controversy.

United States

In the US, Computer Sciences Corporation's Federal Consulting Practice, Booz Allen Hamilton, and Deloitte Consulting LLP, amongst others, has established a profile for consulting within government organizations and functions.

United Kingdom

In the UK, the use of external management consultants within government has sometimes been contentious due to perceptions of variable value for money. From 1997 to 2006, for instance, the UK government reportedly spent £20 billion on management consultants,[13] raising questions in the House of Commons as to the returns upon such investment.

The UK has also experimented with providing longer-term use of management consultancy techniques provided internally, particularly to the high-demand consultancy arenas of local government and the National Health Service; the Local Government Association's Improvement and Development Agency and the public health National Support Teams; both generated positive feedback at cost levels considered a fraction of what external commercial consultancy input would have incurred.

India

In India, NABARD Consultancy Services (NABCONS) provides consultancy services in the field of agriculture, rural development and management. It is the wholly owned subsidiary of National Bank for Agriculture and Rural Development (NABARD) which is the apex bank of the country with regard to agriculture and rural development. NABARD is owned by Government of India and Reserve Bank of India. Agriculture Finance Corporation Limited provides consultancy mainly to governments and related institutions.

7. Criticism of Management Consultancy

Despite consistently growing revenues, management consultancy also consistently attracts a significant amount of criticism, both from clients as well as from management scholars.

Management consultants are sometimes criticized for overuse of buzzwords, reliance on and propagation of management fads, and a failure to develop plans that are executable by the client. A number of critical books about management consulting argue that the mismatch between management consulting advice and the ability of executives to actually create the change suggested results in substantial damages to existing businesses. In his book **Flawed Advice and the Management Trap**, Chris Argyris believes that much of the advice given today has real merit. However, a close examination shows that most advice given today contains gaps and inconsistencies that may prevent positive outcomes in the future.

More disreputable consulting firms are sometimes accused of delivering empty promises, despite high fees, and charged with "stating the obvious" or lacking the experience upon which to base their advice.

These consultants bring few innovations, instead offering generic and "prepackaged" strategies and plans that are irrelevant to the client's particular issue. They may fail to prioritize their responsibilities, placing their own firm's interests before those of the clients. Another concern is the promise of consulting firms to deliver on the sustainability of results. At the end of an engagement between the client and consulting firms, there is often an expectation that the consultants will audit the project results for a period of time to ensure that their efforts are sustainable. Although sustainability is promoted by some consulting firms, it is difficult to implement because of the disconnection between the clients and consulting firms after the project closes.

Further criticisms include: disassembly of the business (by firing employees) in a drive to cut costs, only providing analysis reports, junior consultants charging senior rates, reselling similar reports to multiple clients as "custom work", lack of innovation, overbilling for days not worked, speed at the cost of quality, unresponsive large firms and lack of (small) client focus, lack of clarity of deliverables in contracts, not customizing specific research report criteria and secrecy.



2.4 Summary

In this unit, you have been taken through the use of management consultants in streamlining the operations of companies. Thus, providing methods and tools for more effective managerial practices must be added to the dimensions listed in the definitions of the field, namely identification, classification, measurement and interpretation of the similarities and differences across nations or cultures.

Comparative management refers to management as a discipline of study and practice in other countries than of one's own. Hofstede's model of comparative management provides valuable clues about the theoretical framework as well as empirical evidence about comparative management in different cultures.

Eight major components of cultural environment, namely language, religion, values and attitudes, education, social organization, technology and material culture, politics and law are known to influence the international businesses and comparative management practices. Sufficient knowledge of the subject of comparative management, respect for alien cultures and feelings of empathy towards local people in a foreign land are important steps in becoming an effective manager in international milieu.

Many consulting firms are organized in a structured matrix, where one 'axis' describes a business function or type of consulting: for example, strategy, operations, technology, executive leadership, process improvement, talent management, sales, etc. The second axis is an industry focus: for example, oil and gas, retail, automotive. Together, these form a matrix, with consultants occupying one or more 'cells' in the matrix. For example, one consultant may specialize in operations for the retail industry, and another may focus on process improvement in the downstream oil and gas industry.



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2.6 Possible Answers to Self-Assessment Exercise

Answers to SAEs 1

The following are three examples for differences in management practices for different countries

i. Culture

Thus, culture of a people affects business operations in numerous ways. Theoretically, it may be defined as the unique lifestyle of a given human society: a distinctive way of thinking, perceiving, feelings, believing and behaving as passed on from one generation to another. (Terpstra1978). It becomes obvious that cultural system has a unity, which as a result of synergistic interaction among its parts, bears much larger value than the sum total of its parts. In order to understand any foreign culture and do business there, one would have to know not only constituent parts of its culture, but also how the whole cultural system is put together; how its parts are interrelated and how they affect the operations of an international organization. In the following paragraphs, we shall briefly discuss each component of culture with its significance in comparative management.

ii. Language

Language is perhaps the most obvious distinction between countries, the one that a foreign manager or visitor comes across the very moment he or she lands in an alien place. According to one estimate, there are at least 3,000 different languages in the world. Thus, if language is cultural distinction, it implies that there are at least 3,000 cultures around the world. In order to deal with the problems arising out of language and cultural barriers, the multinational corporations use different methods, which include interpreters, appointing local managers as far as possible, language training programs for those selected to serve in a foreign land and hiring bilingual or even multi-lingual managers.

iii. Religion

There are religious practices across the world. The western societies might have separated themselves from the pervasive influence of religious factors; it is yet to happen everywhere, especially in the developing countries. In Muslim societies, for instance, most of the people believe that Islam is not merely a religion; it is rather a way of life, governing all aspects of individual as well as collective lives of the citizens. Therefore,

foreign managers operating in Muslim societies must be mindful of religious sensibilities and intense emotions tied with Allah, Prophet Muhammad (Sallallahu Alehey Wassalam), companions of the Prophet (PBUH) and even the sages.

Answers to SAEs 2

- i. **Definition of Management Consulting**
Management consulting is an independent professional advisory service assisting managers and organizations to achieve organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes. Professional management consultants are contracted by organizations to provide advisory services in an objective and independent manner. Services include, but are not limited to, strategic planning, facilitation, quality assurance, education and training, investment counsel, identification and analysis of management problems, developing solutions, and the implementation of proposed solutions.
- ii. Professional management consultants may be asked to provide objective advice that will help an organization solve problems or manage change, including business start-up, expansion, reorganization, diversification, downsizing, disposal of assets, planning, review of operations, launching projects, or acquiring and implementing technology. The duties are;
 - a. **Define** the nature and extent of the project by gathering information (which may include conducting research to determine the current efficiency and effectiveness of managerial policies and procedures
 - b. **Analyze** the data collected and use their background knowledge to develop proposals for improving methods, systems and/or procedures.
 - c. **Present** their recommendations to the client organization and, if their recommendations are accepted, implement those recommendations.

Unit 3 The Military Administrator, The Civil Servant, and The Manager as Interchangeable Experts

Unit Structure

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
- 3.3 The Military Administrator, the civil servant and the manager as interchangeable experts
 - 3.3.1 The Civil Servant as Interchangeable Experts
 - 3.3.2 Definition of Civil Service
 - 3.3.3 Reforms in the Civil Service
- 3.4 Divided Loyalty in Civil Service
- 3.5 Federal Republic of Nigeria - Nigeria: Past, Present and Future
- 3.6 Managers are Interchangeable
- 3.7 Summary
- 3.8 References / Further Reading /Web Resources
- 3.9 Possible Answers to Self-Assessment Exercise(s)



3.1 Introduction

Military government may be broadly characterized as the administration or supervision of territory after invasion, conquest, or otherwise being brought under the control of foreign armed forces a condition which is called military occupation. Military administration identifies both the techniques and systems used by military departments, agencies, and Armed Services involved in the management of the armed forces. It describes the processes that take place within military organizations outside of combat, particularly in managing military personnel, their training, and services they are provided with as part of their military service. In many ways military administration serves the same role as public administration in the civil society, and is often cited as a source of bureaucracy in the government as a whole. Given the wide area of application, military administration is often qualified by specific areas of application within the military, such as logistics administration, administration of doctrine development or military reform administration. It is alternately defined as the form of administration by which an occupying power exercises governmental authority over occupied territory. Civil servant is a person employed in the civil service and also (Government, Politics & Diplomacy) a member of the civil service, the term civil service can refer to either: a) a branch of governmental service in which individuals are employed on the basis of professional merit as proven by competitive examinations, or b) the body of employees in any government agency other than the military. A civil servant or public servant is a person in the public Sector employed

for a government department or agency The civil service in Nigeria has emerged over the years as the most critical and crucial part of national development and democratic stability.

The Nigerian Civil Service consists of employees in Nigerian government agencies other than the military. Most employees are career civil servants in the Nigerian ministries, progressing based on qualifications and seniority. Recently the head of the service has been introducing measures to make the ministries more efficient and responsive to the public.

The civil service in Nigeria has emerged over the years as the most critical and crucial part of national development and democratic stability.

Despite long years of military rule which in several ways distorted the character and philosophy of the service, its role in national development has remained valuable. As a vehicle and machinery of public policy formulation and implementation, the service acts as catalyst for crystallizing the shared goals of the citizenry. Pliedly, the inefficiency of the civil service of any nation can constitute one of the greatest obstacles to development. The survival of any developmental democracy especially the democracy we have embraced in Nigeria depends largely on the efficiency and effectiveness of the civil service.

As an employment system, the civil service requires the service of dedicated, loyal and trusted officers to realize its goal in driving the agenda for democratic survival in our society.

Belief that management skill is of primary importance in selecting a manager for an organization, and that domain knowledge is secondary. Or, put another way, it's safer to take a skilled manager from elsewhere and train him in the domain, than to promote someone from within (from a non-management position). .



3.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- explain the terms: (i) military administrator and (ii) the manager as an interchangeable expert
- explain fully the danger of divided loyalty in civil service
- differentiate civil servant and civil service.



3.3 The Military Administrator, the civil servant and the manager as interchangeable experts.

Historical analysis of the military in Nigeria Understanding the colonial character of the military is a crucial factor in explaining the rise of the praetorian instincts in post-colonial militaries in Africa. What emerged as the Nigerian Armed Forces in 1963 had a long history as a product of British colonialism. Established as a small constabulary force at the beginning of the century, it became part of the Royal West African Frontier Force just before the Second World War, comprising of soldiers from all the satellite states of Nigeria, Ghana (formerly Gold Coast), Sierra Leone and the Gambia – with a clear mandate to protect representatives of the metropolitan authority and often at loggerheads with the nationalist politicians that formed the crop of post-independence leaders.

The Nigerian civil service consists of employees in Nigerian government agencies other than the military. Most employees are career civil servants in the Nigerian ministries, progressing based on qualifications and seniority. Recently the head of the service has been introducing measures to make the ministries more efficient and responsive to the public. Managers perform in all organizations. An international civil servant or international staff member is a civilian employee that is employed by an international organization. These international civil servants do not resort under any national legislation (from which they have immunity of jurisdiction) but are governed by an internal staff regulation. All disputes related to international civil service are brought before special tribunals created by these international organizations such as, for instance, the Administrative Tribunal. A manager, in the first place, sets objectives. ...Secondly, a manager organizes. Next a manager motivates and communicates. The fourth basic element in the work of the manager is the job of management. Finally, a manager develops people.

3.3.1 The Civil Servant as Interchangeable Experts

The term interchange covers a variety of activities, but we define the two main ones as follows:

Loans

If a civil servant moves to work in a different government department or agency, she/he is usually paid by the host department and is subject to the terms and conditions of the host department while working there. This is a **loan**.

Secondment

If a civil servant moves to work outside the Civil Service (for example, to the wider public sector, industry or a charity), the usual arrangement is for the parent department to continue to pay the salary, but to recoup it from the host organization. This is a **secondment**. The two organizations agree what terms and conditions apply, but these should usually be at least as favorable as in the Civil Service.

We think interchange is important because it allows people from different organizations to learn from each other and share good practice, ideas and experience. On one hand it develops expertise within the Civil Service and so helps it provide better public services; on the other, organizations outside the Civil Service gain a useful insight into the workings of central government. In all cases interchange should have clear benefits for the individual, the parent organization and the host organization. This section promotes the concept of interchange, and suggests some key considerations for those interested in undertaking or arranging it. We cannot, however, become involved in individual cases.

The civil service

The government is committed to a professional, modern and flexible Civil Service focused on the needs of society. If they are to provide the level of service society has a right to expect, civil servants need the right skills, expertise and experience; and interchange is one of the ways we can bring that about. It's an opportunity for individuals to develop their careers and their professionalism at the same time, and this brings benefits to the parent department and host organization too. So interchange should benefit all three parties involved – the host organization, the individual and the department or other employer. Here are some of the more obvious ways.

The host organization

- Infusion of new ideas contributed by someone with a slightly different perspective on your area of business
- Increased understanding of policy making and the machinery of government
- First-hand advice on managing relationships with government and the Civil Service
- More open communication and useful contacts
- A chance to learn about alternative working practices

The department/employer

- Better understanding of the impact on customers of department's activities
- A chance to learn about alternative working practices

- A more flexible workforce with a wider knowledge/skills base
- More open communication and useful contacts
- A creative way of meeting Professional Skills for Government requirements

The individual

- Ability to transfer skills by applying them in a new context
- Greater confidence, flexibility and personal resilience, resulting from operating in an
- Un-familiar environment
- Useful contacts on return to department/employer
- Improved customer focus and a broader outlook
- Understanding of the practical implications of policy

If you are interested in an outward secondment from the Civil Service, talk it over with your line manager before you do anything else. You'll have to establish a good business case, and discuss the implications of releasing you for the Interchange. If you then agree to pursue the possibility, speak to your department's Interchange Manager. If you are interested in a secondment into the Civil Service and are interested in a particular department, contact the appropriate Interchange Manager.

Organizations

Civil Service Resourcing has introduced a central secondment and interchange program to support the exchange of skills between the Civil Service and private sector as set out in the Civil Service Reform Plan. If your organization would benefit from an exchange in skills with the Civil Service

Making the most of interchange

It is important to be clear about what you would hope to achieve from interchange. Consider in particular:

- what sort of skills, knowledge or experience you need to acquire or develop
- what sort of interchange would best meet these requirements
- how your department would benefit from the interchange
- how you might identify the right opportunity
- what skills, knowledge or experience you could offer a host organization

Other points to bear in mind

- Make sure everyone involved agrees clear objectives
- Ensure the chosen activity and the length of time proposed are sufficient to meet those objectives
- Agree and record terms and conditions, especially those involving financial arrangements and possible conflicts of interest
- Agree how and by whom the value of the interchange will be assessed
- Establish how individuals will keep in touch with their employers and put in place suitable arrangements for performance appraisal.

It goes without saying that, on return to departments, individuals should have the chance to use or disseminate their new skills and experience. Only in this way can the full benefits of interchange be felt. A debriefing session should also take place immediately on return, so as to evaluate the interchange, learn any lessons and decide how to build on what has been achieved by it.

3.3.2 Definition of Civil Service

In generic terms, the civil service is an employment system that is based on hiring, retaining and promoting employees on their qualifications and ability to the work. According to Encarta World English Dictionary (1999.349) civil service constitutes all government departments of a state and the people who work in them. Specifically, civil service has been described as an institution which has the pivotal role of carrying out (and advising on) government policies (Tijjani Muhammed Bande (2001.1). The civil service in the words of Emeka Emmanuel Okafor (2005.67) is also seen as that apparatus of government designed to implement the decision of political leaders. Political leaders make policy, the civil service executes it and if the civil service lacks the capacity to implement the policies of the political leadership, those policies, however well intended will not be implemented in an effective manner. The civil Service Hand book (1997.17) is more emphatic. It describes civil service as a body or organ which enjoys continuity of existence. Its members are not limited to a short term of office.

When a civil servant relinquishes his office for whatever reason his place is taken by another person who similarly enjoys security of employment. Civil servants according to the Handbook command a pool of experience and know-how for implementing government policies. It recognizes that while the civil service is the instrument of the government of the day, the service and its members are not permitted under the law to be a partisan of any political party. The civil servant is also required to assist in formulating and implementing the policies

approved by the government irrespective of its personal or private opinions or attitudes towards such policies.

Another feature of civil service is that it is indispensable irrespective of the type of government in power (whether military or democratic regime).

Self-Assessment Exercise 1

1. Explain the term civil service
2. Enumerate some of the factors responsible for the negative attitude of civil servants in the discharge of their duties include

Evolution of Civil Service

The Nigerian civil service is one of those institutions created by the colonial government to facilitate the achievement of resource expropriation and maintenance of law and order. Pursuit of national development was not part of their agenda.

Between 1900 and 1950, the Nigeria civil service was under the control of the British Colonial technocrats and general administrators. But there was a change of guard during the first Republic. The period between 1966 and 1976 witnessed a number of radical changes in the role of Nigeria civil servants. During that period, the civil servants were in control of government political process due to the emergence of military rulers in political administration prevailing in the African continent then, coupled with their lack of experience of political leadership in governance. Generals Ironsi and Gowon governments for example, relied heavily on the civil servants for the discharge of their duties (Lukman 1971: 2002 2004) This situation provided opportunity for civil servants to get involved in anti-democratic ethos which led to civil servants being accused of engaging in grafts, indolence and redundancy which led to the disengagement of about ten thousand civil servants under the Murtala/ Obasanjo regimes.

The democratic government of the second republic came with a total destruction of the service as the entire civil service was politicized, polarized and factionalized which led to the struggle for supremacy between politicians and civil servants. This situation prompted the introduction of reforms in the civil service to reposition the administration of the service.

3.3.3 Reforms in the Civil Service

The civil service has undergone several reforms from the period of colonialism through military regimes up to the current democratic administration in Nigeria. Some of the reforms include: Tudor Davis and

Harragin commission of 1945 & 1946 which reviewed the wages and general condition of service in the civil service. The Corsuch Commission of 1951 which was charged with enquiring into the structure and remuneration of the public service. The Udoji Public Service Review Commission of 1975 which introduced the unified Grading and Salary structure in the Service.

The civil service reform of 1988 through Decree No 43 of 1988. Among all the reforms, the 1988 reform was the most elaborate. It was meant to achieve the following objectives:

- Enhance professionalism, decentralization and delegation of functions,
- Institute checks and balances
- Promote general modernization
- Enhance the combination of responsibility with authority
- Align the civil service with the spirit of Executive Presidential
- Enhance efficiency, effectiveness and speed of operations(Philips 1990, 1989, 1988)

All this reforms were intended to improve on the character of work ethics and values in the civil service. Such values and ethos directly affect the individuals who perform duties as civil servants guided by the rules of the service.

Civil Service Rules

Like other formal institutions, the civil service is guided by a set of rules and regulations for the conduct of its members in achieving its set goals in national development. The civil service as an organ of government is functional through the activities of individuals who make up the body. The performance of the body is determined by the efficiency of the body parts or components. In this respect, the efficiency of the civil service is based on the conduct and attitude of the staff.

For the staff to be efficient there must be guiding principles for everyone. Accordingly, the civil service has both rules for dos and don'ts as code of ethics to guide the conduct of its members.

For the purpose of this paper, we shall dwell more on the rules that touches on discipline of the individual civil servants in the performance of their official duties. Some of the features of the rules that touch on discipline are highlighted below:

1. Discipline -Strict compliance to the rules and regulations of the service

2. Loyalty-Loyal to government and constituted authority
3. Honesty-Honesty in doing their duties and in relation to the public
4. Courage-Hardworking embracing extensive schedule of duties
5. Courtesy-Politeness to colleagues and the general public
6. Tact-Skillfulness in handling difficult situation without giving offence to the people involved
7. Tidiness - keep working environment & offices tidy

3.4 Divided Loyalty in Civil Service

Loyalty in civil service is defined as an obligation of civil servants to respect and be loyal to the government which has given them opportunity to serve. It is a respect accorded a constituted authority in government institutions.

Civil servants who perform their duties in the service contrary to the rules and regulations as stipulated in the civil service rules are said to have divided loyalty to the government or institution or constituted authority under which they work. Sadly, it has been noted that over the years the attitudes and behavior of some civil servants in Nigeria's civil service are not conducive to the efficient administration of the affairs of the service. Some of the factors responsible for the negative attitude of civil servants in the discharge of their duties include among others:

- Work Ethics
- Values
- Ethnicity
- Conflict of Interest
- Education
- Religion
- Leaking official secret

Work Ethics is seen as the pattern of behavior at work including the code of conduct expected of people at different work situations. They include such values as honesty, punctuality, commitment to set of objectives, respect for constituted authority, rules and regulations, the upholding of the values of an organization (see Dr. John I. Abhuere citing Edet Mullins(1999) etc. Work ethics is defined as a way of determining what is right or wrong in the work place and then doing the right thing- the application of our values to work place in actual decision-making.

It means the application of different values to the decision we make for example, the application of say honesty, fairness, efficiency, integrity, respect, accountability, patriotism etc in our conducts at the work

including judgment on colleagues. Values refers to the underlying factors of consideration, which impel men to do one thing instead of the other or to prefer one to another (see Abhuere(2000))

They are about the things we hold dear and thus ready to protect and defend. At policy level, the values of administrators, policy makers etc are known to inform the kind of policies they initiate or support including the way they go about realizing them. These two factors as we are aware are contained in the civil service rules which embody full moral principles to guide the civil servants in the discharge of their duties, the inability of the civil servants to keep to these rules without sufficient reason amounts to what is called serious misconduct. Section 04401 of the civil behavior can be investigated and proved. It includes absence from duty without leave, disobedience example, refusal to accept posting, corruption, dishonesty, drunkenness, insubordination, falsification of records, negligence etc.

Ethnicity is the use of ethnic and sectional sentiment to confer unmerited and undue advantage to people of same ethnic origin. This happens in many ways including a situation where a particular part or ethnic group attempts to dominate leadership of some government institutions because of the number of officers from such region. Leadership of such institutions are treated as exclusive preserve of the dominating region.

The implication is that if you are a leader and not from that part of the region, you intend to lose the loyalty of the officers from that region. It is no mistake that Section 14 (3) of the 1999 Constitution of the Federal Republic of Nigeria stated that: —the composition of the government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity and also to command a national loyalty, thereby ensuring that there shall be no predominance of persons from a few state or from a few ethnic or other sectional groups in that government or any of its agencies.

In giving effect to section 14(3) of the Constitution, the Constitution in Part 1 of the Third Schedule provided for the establishment of a federal character Commission.

The Commission shall have power to:

- (a) Work out an equitable formula subject to the approval of the National Assembly for the distribution of all cadres of posts in the public service of the Federation and the states, the armed forces of the Federation, the Nigeria Police and other government

security agencies, government owned companies or parastatals of the states;

- (b) Promote, monitor and enforce compliance with the principles of proportional sharing of all bureaucratic, economic, media and political posts at all levels of government;
- (c) Take such legal measures, including the prosecution of the head or staff of any ministry or government body or agency who fails to comply with any federal character principles or formula prescribed or adopted by the Commission.

The above provisions of the Constitution which are also replicated in the civil service rules in terms of hierarchy in service, indicate that attempt to use ethnic domination in service to scuttle existing rules or pick and choose which leader to obey or disobey in service is inconsistent with the constitution and civil service rules and there therefore amounts to divided loyalty.

Conflict of Interests: Conflict of interests is a situation where we are faced with making an ethical choice between one obligation and another. The Bible states that no man may serve two masters at a time. Thus, conflict of interest arises when officers have to make decisions at work that may affect private or primordial interest. It means conflict between the public duties and private interest of a public official in which a public official has private capacity interest that could improperly influence the performance of his official duties and responsibilities.

A public official or civil servant having private business partnerships and board membership, government contracts without approval of relevant authorities as stipulated in rule 04301(ii) of the Public Service Rules (revised edition 2000).

A public official who refuses to respect constituted authority of an institution because such a person holding the position of authority is not from his/ her ethnic group. Such official is said to be having conflict of interest of allegiance to his ethnic group in contrast to the ethics of the oath of service he took.

Education: Education is a factor here because proper education inculcates national consciousness and spirit of national unity in an individual. That is why National Policy on Education stated that Nigeria's philosophy of education is based on the integration of the individual into a sound and effective citizen and equal educational opportunities for all citizens of the nation at the primary, secondary and

tertiary levels, both inside and outside the formal school system (Yahaya 1992.35).

By this policy, civil servants are expected to possess minimum standard of education based on the requisite qualifications at the time of employment. It is assumed that education would have inculcated in the officers, the right attitude for the survival of the individual and the Nigerian society, the training of the mind in understanding of the world around him and the acquisition of the appropriate skills, abilities and competence for the individual to live in; and contribute to the development of the society and the institutions he belongs. What in-service training will do is to broaden and consolidate on the qualities believed to have been acquired by the individual before entering the service. Officers in the service who lack proper education have the tendency to lack the proper attitude, values and skills with which to understand the right attitude to the rules and would easily develop divided loyalty when obligation to the service challenges their ego and psychological disposition.

Religion: Religion is another powerful instrument exploited by public officers to achieve private gains. It a tool in the hand of politicians as well as some top civil servants used for private and selfish ends. Despite the Constitutional provisions which are also reflected in the civil service rules, religion is often used to create division in civil service institutions by leaders who pursue primordial interests and ethnic sentiments. What follows at leadership level is divided loyalty as officers may tend to follow those in authority who professes the same religion with them.

Leaking Official Secret:

The civil service considers as very important, the need to maintain secrecy on official government documents. The Oath of Secrecy of 1962 has remained in force in the civil service to demonstrate the premium government places on official document. An official who divulges official secret in the civil service is said to have divided loyalty.

The Dangers of Divided Loyalty In Civil Service

There is no doubt that many people who came into civil service did so because of its secured tenure and soft conditions of service. It is also true that many of them lack commitment to efficiency, effectiveness and excellence which the performance of civil service job demands in addition to accountability, transparency, honesty, excellence, due process and rule of law and quality service delivery (Abhuere 2000). The civil service rules and indeed any rules or regulations of any organization are meant to be respected and obeyed. In any organization where rules and regulations are not respected, there is bound to be organizational calamity, pursuit of wrong values which can generate

wrong attitude to work, destruction of accountability and mutual trust thus paving way for massive corruption and higher cost of services. When all these beset an institution, there is bound to be:

Poor regard for work- nonchalant attitude of staff whereby some people will tell you that public service is not their father's job

Ineffective supervision and reluctance or unwillingness to apply appropriate sanctions to offenders

Poor leadership based on selective justice Poor reward system and its inability to motivate the workforce appropriately

Fatal tribalism and nepotism that blind to any wrongdoing by kinsmen

Poor knowledge of organization's goals, objectives and hazy focus by many civil servants

Warped value system that has little or no room for excellence, honesty, dedication or outstanding performance High level corruption and celebration of evil at the altar of money All these constitute a civil service structure that is gone out of alignment with the sacrosanct rules and tenets of service and it can only be different when rules and regulations are obeyed and constituted authority respected.

3.5 Federal Republic of Nigeria - Nigeria: Past, Present and Future

First Junta (1966–1979)

The first one began on January 15, 1966, when Major Chukwuma Nzeogwu and some group of Majors overthrew current president Nnamdi Azikiwe in a coup d'état, and declared himself Head of the Federal Military Government of Nigeria. Aguiyi-Ironisi was then overthrown and murdered in a coup the same year by General Yakubu Gowon, who held power until 1975 when he was overthrown in a bloodless coup by a group of soldiers that wanted to return civilian rule to Nigeria. Brigadier (later General) Murtala Mohammed, who succeeded General Gowon, was not directly involved in this coup, but did help round up soldiers for the coup. A year later, in 1976, Mohammed was assassinated in a violent coup, and Olusegun Obasanjo then succeeded Mohammed. Three years later, in 1979, Obasanjo handed power down to Shehu Shagari, who ended the military regime, and installed a second Nigerian republic. Second Junta (1983–1998).

Shagari, however, was overthrown in a bloodless coup in 1983, and succeeded by Muhammadu Buhari, who was appointed **Chairman of**

the Supreme Military Council of Nigeria and Commander-in-Chief of the Armed Forces by the junta. Buhari ruled for two years, until 1985, when he was overthrown by General Ibrahim Babangida, who appointed himself with the position of **President of the Armed Forces Ruling Council of Nigeria**. Babangida promised a return of democracy when he seized power, which barely took place during the Babangida regime. He ruled Nigeria until 1993 when he temporarily handed power to the interim head of state Ernest Shonekan, being part of his promise to return democracy. Two months later, however, Shonekan was overthrown by General Sani Abacha, with former President Babangida conveniently involved with a visit to Egypt. Abacha appointed himself **Chairman of the Provisional Ruling Council of Nigeria**. After Abacha's death in 1998, General Abdulsalami Abubakar took over, and ruled until 1999 when Olusegun Obasanjo again became head of state (via an election), and ended the junta. Olusegun Obasanjo ruled until 2007 and then passed it down to another democratically elected president Umaru Musa Yar'adua who ruled Nigeria until his death in 2010.

1960

Nigeria declares independence from Britain in October. Three years later, it becomes a republic.

1966

In January of 1966, a group of army officers, consisting mostly of the Ibo peoples, and led by General Johnson Aguiyi-Ironsi, overthrew the central and regional governments, killed the prime minister, took control of the government, and got rid of the federal system of government to replace it with a central government with many Ibos as advisors. This precipitated riots and many Ibos were killed in the process. In July of the same year, a group of northern army officers revolted against the government (beginning a long history of military coups), killed General Johnson Aguiyi-Ironsi, and appointed the army chief of staff, General Yakubu Gowon as the head of the new military government.

In **1967**, Gowon moved to split the existing 4 regions of Nigeria into 12 states. However, the military governor of the Eastern Region (Colonel Chukwuemeka Odumegwu Ojukwu) refused to accept the division of the Eastern Region, and declared the Eastern Region an independent republic called Biafra. This led to a civil war between Biafra and the remainder of Nigeria. The war started in June 1967, and continued until Biafra surrendered on January 15, 1970 after over 1 million people had died.

1970

The Biafra secessionists capitulate in January. Successive governments promise elections but military rule continues. During the early 1970s major reconstruction of the areas that were formerly part of Biafra undertaken.

1979

Nigeria returns to civilian government rule in October, electing Sheu Shagari as President of the Second Republic.

1980s**1983**

Shagari regime is deposed in December, as a military coup ousts the democratically elected government.

1985

A second coup ushers in a regime headed by Gen. Ibrahim Babangida (picture to right).

Babangida later promises new elections.

1993

Nigerians go to the polls in June, elect Social Democratic Party candidate Moshood Abiola as the new president of the country with 58 percent of the vote. On the eve of election results, General Babangida annuls the election. The United States suspends aid as a political crisis ensues. Eleven die in riots protesting military rule. Babangida steps down in August and chooses interim Moshood Abiola government. Gen. Sani Abacha seizes power in November.

1994

Nigerian police arrest Abiola in June after he declares himself president of the country. In July, a federal high court charges Abiola with treason for declaring himself president.

Sani Abacha

Wole Soyinka, winner of 1986 Nobel Prize for literature, flees Nigeria in November

1995

The 50,000-member Nigerian Union of Petroleum and Natural Gas Workers declare a strike as the government sends in soldiers to replace workers in July. The strike increases the price of crude oil worldwide. Most of Nigeria's oil workers return to their jobs in September.

Ken Saro-Wiwa

1996

In October, General Abacha vows he will step down in three years after reforms are complete. Nigeria's military government hangs nine political activists in November, including well-known playwright Ken Saro-Wiwa, who was accused of involvement in the killings of four pro-government traditional chiefs in 1994.

Nigeria is suspended from the Commonwealth, the 52-member organization grouping Britain and its former colonies, after the hangings. Kudirat Abiola, the outspoken wife of detained Nigerian presidential claimant Moshood Abiola, is shot and killed while being driven along a Lagos street in June.

1997

Exiled writer Wole Soyinka is charged in absentia with treason in March by the country's military government.

1998

May 7: Nigeria announces that it has freed 142 prisoners on orders of General Abacha. June 8: Abacha dies at his villa in the Nigerian capital. He is quickly replaced by a close ally, Maj. Gen. Abdulsalam Abubakar.

June 9: The Clinton administration offers improved ties with Nigeria's new military government if it frees political prisoners and moves toward democratic reform.

June 12: Hundreds of Nigerians hold scattered protests in Lagos to demand an end to military rule. They are dispersed by troops and police.

July 3: Nigeria's new military government confirms that they intend to release the country's political prisoners, including Moshood Abiola.

Maj. Gen. Abdulsalam Abubakar

July 7: Nigeria's imprisoned political leader, Moshood Abiola, dies of an apparent heart attack as he talks with Nigerian officials and senior U.S. diplomats about how to resolve the country's five-year-old political crisis.

July 20: In a major television address, Maj. Gen. Abubakar promises that free elections will be held in early 1999 and a civilian sworn in as president of Nigeria on May 29.

1999

January 20: Nigerian and international election monitors declared that local elections in

December and state elections Jan. 9 were fair. The country enters high campaign season for the election of its first national civilian leadership in 15 years.

3.6 Managers are Interchangeable

Belief that management skill is of primary importance in selecting a manager for an organization, and that domain knowledge is secondary. Or, put another way, it's safer to take a skilled manager from elsewhere and train him in the domain, than to promote someone from within (from a non-management position).

There is likely some truth to this; some of the worst managers are those who don't have the management aptitude. In years past, when organizations almost always promoted from within, lots of folks got promoted to management who while deserving of a promotion for good work in their previous position, were ill-suited for management (hence the Peter Principle). On the other hand, bringing in established managers from elsewhere has its own risks; some managers (who like to call themselves Change Agents?) are prone to shuffling the deck without understanding what cards they already hold. Sometimes this can be beneficial to an organization more often than not it causes lots of disruption, at least in the short term.

OK, here is a different perspective. Rather than ask "who is the best person for this job?" ask, "what is the best job for this person?" Practiced consistently, this becomes selecting appropriate positions for a person through their career with the goal of maximizing individual growth and their contributions to the organization. I think this makes sense for organizations whose primary capital is intellectual. It's not going to work at McDonalds. And it needs people to be clear and honest about what they want to do with their careers - practice and perfect their technical skills, become a technical leader, manage tasks, become CEO. Done well, technical talent will be developed to great depth or breadth as appropriate for the person, new managers will get challenging (but not too challenging) assignments, existing managers will switch between line and project every few years so there will be a lot of sideways movement, work teams will become more persistent than their managers (with all the good things that will lead to), and managers will get wider and less parochial perspectives as they rotate from job to job. Also, it might make it harder for the management anti-pattern heir apparent to take root.

SELF ASSESSMENT EXERCISE 2

- i. Identify the host organization in civil service
- ii. Identify the dangers of divided loyalty in civil service

**3.7 Summary**

In this unit, you have learnt about the civil servant are interchangeable, definition of civil service reform in civil service, divided loyalty in civil service, federal republic of Nigeria- Nigeria: past, present and future manager are interchangeable

This unit examines the Nigeria civil service, characteristics and operations along the line of the complementing role or otherwise played by the officers in the service in accordance with the service rules and regulations, belief that management skill is of primary importance in selecting a manager for an organization, and that domain knowledge is secondary. Or, put another way, it's safer to take a skilled manager from elsewhere and train him in the domain, than to promote someone from within (from a non-management position) and Military administration identifies both the techniques and systems used by military departments, agencies, and Armed Services involved in the management of the armed forces. It describes the processes that take place within military organizations outside of combat, particularly in managing military personnel, their training, and services they are provided with as part of their military service.

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3.9 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

Civil service is an employment system that is based on hiring, retaining and promoting employees on their qualifications and ability to the work. According to Encarta World English Dictionary (1999.349) civil service constitutes all government departments of a state and the people who work in them. Specifically, civil service has been described as an institution which has the pivotal role of carrying out (and advising on) government policies (Tijjani Muhammed Bande (2001.1). The civil service in the words of Emeka Emmanuel Okafor (2005.67) is also seen as that apparatus of government designed to implement the decision of political leaders.

- ii. Some of the factors responsible for the negative attitude of civil servants in the discharge of their duties include among others:
 - a. Work Ethics
 - b. Values
 - c. Ethnicity
 - d. Conflict of Interest
 - e. Education
 - f. Religion
 - g. Leaking official secret

Answers to SAEs 2

- i. The host organization
 - a. Infusion of new ideas contributed by someone with a slightly different perspective on your area of business
 - b. Increased understanding of policy making and the machinery of government
 - c. First-hand advice on managing relationships with government and the Civil Service
 - d. More open communication and useful contacts
 - e. A chance to learn about alternative working practice
- ii. The dangers of divided loyalty in civil service:
 - a. Poor regard for work- nonchalant attitude of staff whereby some people will tell you that public service is not their father's job
 - b. Ineffective supervision and reluctance or unwillingness to apply appropriate sanctions to offenders

- c. Poor leadership based on selective justice Poor reward system and its inability to motivate the workforce appropriately
- d. Fatal tribalism and nepotism that blind to any wrongdoing by kinsmen
- e. Poor knowledge of organization's goals, objectives and hazy focus by many civil servants
- f. Warped value system that has little or no room for excellence, honesty, dedication or outstanding performance, high level corruption and celebration of evil at the altar of money.

All these constitute a civil service structure that is gone out of alignment with the sacrosanct rules and tenets of service and it can only be different when rules and regulations are obeyed and authority respected.

Unit 4 Constraints Imposed on Managerial Discretion in Public Corporations

Unit Structure

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Constraints Imposed on Managerial Discretion in Public Corporations
 - 4.3.1 Managerial Discretion in Public Corporations
 - 4.3.2 Sources of Managerial Constraints
 - 4.3.3 Relationship between Managerial Discretion and a Public Corporation's Performance
 - 4.3.4 Corporate Governance and Managerial Discretion
 - 4.3.5 Managerial Discretion and Deregulation
- 4.4 Manager/Shareholder Conflicts
- 4.5 Choice of Corporate Governance Mechanism
 - 4.5.1 Board Composition
- 4.6 Summary
- 4.7 References/Further Reading/ Web Resources
- 4.8 Possible Answers to Self-Assessment Exercise(s)



4.1 Introduction

As presented by Obaji N. R. in Ogundele et al (2004), Constraints on managerial discretion are the possible conflicts of interest between stakeholders and managers.

Managerial discretion is the extent to which managers fail to experience discipline on their behaviors from internal corporate governance e.g. ownership structure and board composition and external control mechanism e.g. product market composition, credit market, market for corporate control and managerial market. In this chapter we present constraints to managerial discretion in public corporations analyzing the conflicts that exist between the managers and shareholders and the relationship between managerial discretion and public corporation performance. We also reflect on how deregulation affects managerial discretion and discuss the mechanics used to control agency problems, that is, the composition of the board of directions.



4.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- define managerial discretion
- describe the sources of constraints to managerial discretion
- explain the relationship between managerial discretion and a public corporation's performance
- explain the relationship between managerial discretion and deregulation.



4.3 Constraints Imposed on Managerial Discretion in Public Corporations

4.3.1 Managerial Discretion in Public Corporations

Managerial discretion, which refers to executives' ability to affect important organizational outcomes, is a function of the task environment the internal organization, and managerial characteristics. Managerial discretion occurs in public corporations when owners of organization or governments enjoy exclusive control rights over managers. When there exist a non-owner control over managers, managerial discretion may produce a favorable effect on corporate performance, if the objective functions of managers is relatively more in line with profit maximization rather than to the non-owner controlling party. Public corporation is not suitable in industries where long-term growth is slow, where internally-generated funds outstrip the opportunities to invest them profitably or where downsizing is the most productive long-term strategy.

The public corporation is a social invention of vast historical importance. Its genius is rooted in its capacity to spread financial risk over the diversified portfolio of millions of individuals and institutions and to allow investors customize risk their unique circumstances. By diversifying risks that would otherwise be borne by owner-entrepreneurs and by facilitating the creation of a liquid market for exchanging risks, the public corporation lowers the cost of capital.

These tradable claims on corporate ownership (common stock) also allowed risk to be borne by investors best able to bear it, without requiring them to manage the corporation has been widely studied area, different assumptions made in various studies analyzing the objectives function of the managers. For example, Bauriol (1959) assumes that managers have incentives to maximize sales, subject to the constraint of

satisfactory profit. Williamson (1963) assumes that managers have a positive preference for incurring staff expenses, getting bigger managerial emoluments and increasing funds available for discretionary use. Some studies suggest that managers prefer non-optimal capital structure in order to pursue personal goals such as protecting under-diversified human capital. Fama (1980) cites circumventing performance pressures associated with commitments to disgorge large amount of cash as an example.

4.3.2 Sources of Managerial Constraints

The degree of discretion that senior executive managers have in setting objectives is limited by both external and internal constraints. External constraints arise from the active market in company shares while internal constraints arise from the role of nonexecutive board members and stakeholders, trying to align the managers' and the owners' interests by the rules shaping corporate governance.

□ External constraints

There are five sources of external constraint on managerial behavior in any system of corporate control. Those who potentially hold this power are:

1. Holders of large blocks of shares who use or threaten to use their voting power to change management or their policies if they become dissatisfied.
2. Acquirers of blocks of shares sold by existing shareholders unhappy with the performance of management.
3. Bidders in the takeover process who promise to buy all the voting shares of the enterprise.
4. Debtors/Investors, particularly in times of financial distress who act to protect their interests in the company.
5. External regulators and auditors.

In outsider systems, external control is exercised mainly through the workings of the stock market rather than voting. In the stock market, shares are continuously traded and the price reflects the relative numbers of buyers and sellers and their willingness to buy or sell. The influence of the workings of the stock market on managerial discretion assumes that a fall in the share price will make management more vulnerable to shareholder activism either in selling shares or in voting at shareholder meetings.

In outsider systems, shareholders are inclined to sell under-performing shares to maintain a balance in their diversified share portfolios. In insider systems the selling of shares is more difficult and, therefore, shareholders are more likely to use their voting power to influence management. In outsider systems the working of the stock market makes it feasible to acquire blocks of shares by purchase and to make a bid for all the equity of a company, thereby threatening the tenure of the existing management. Other external constraints on managerial behavior are the need to comply with company law, independent auditing of accounts and the lodging of company accounts with the regulators. The annual accounts of a company are designed to present a reasonable picture of the company's activities and its financial health in terms of profit and debt levels to actual and potential shareholders. On occasions, audited accounts have been found to have presented an inaccurate picture, in that a company has gone bankrupt after the accounts appeared to show a healthy financial situation. The bankruptcy of Enron in the USA in 2001 was a notable example.

□ **Internal constraints**

1. Within the organizational structure of the company, there are groups who may be able to influence management to change policies. The first of these are the non-executive directors, who are appointed to the boards of UK companies to oversee the behavior of the executive directors. However, they are normally appointed by the executive managers and, therefore, may not be independent in their actions or effective in constraining executive directors. They are often few in numbering and can be outvoted by executive directors. One of the objectives of corporate governance reform in the UK is to make non-executives more effective. In the German system the supervisory board plays this role by influencing the management board, but its membership is more wide-ranging.
2. The second of these groups are the owners or shareholders, who can exercise their authority at meetings of the company or informally with management. Directors are elected at the annual general meeting of the company. Dissatisfied shareholders can vote against the re-election of existing executive directors or seek to get nominees elected. They can also vote against resolutions proposed by the executive of the company, such as those relating to executive remuneration. In the past this has rarely happened as shareholders have been passive rather than active in company affairs and sell underperforming shares. However, in the UK institutional shareholders have become more active in organizing coalitions to either influence management behind the scenes or forcing votes at annual general meetings.

3. A third group that can influence executive managers are the stakeholders within the company. These include employees of the firm as well as customers, suppliers, lenders and the local community. They may do this by expressing their criticisms concerns either directly to the executives or indirectly by informing shareholders, the media and outside experts or commentators. Investment banks and stockbrokers offer advice to shareholders on the potential future earnings of the company, and such comments may help to influence attitudes toward incumbent managers.

Self-Assessment Exercise 1

- i. What do you understand by managerial discretion?
- ii. Identify and discuss the internal and external sources constraints on managerial discretion.

4.3.3 Relationship between Managerial Discretion and a Public Corporation's Performance

Most of the existing studies on the relationship between managerial discretion and a public corporations performance assume that owners (i.e. governments) are the only members in corporations who enjoy exclusive rights to control and monitor the managers. These studies indicate that, in the absence of any major changes in external control Mechanism, an increase in managerial discretion implies a decrease in control by the owners; the result of which is more operating leeway, for undesirable behavior on the part of the managers. As a result, a negative relationship between managerial discretion and a public corporation performance is expected. This relationship however becomes unclear when the right control over the managers are shared between the owners and some other party or parties whose interests may not necessarily coincide with the interest of the owners. Examples of such non-owner controlling parties include labor organizations, suppliers of materials, consumers, representatives, environmental activities, local communities and government agencies (Dixit, 1997). In such scenarios where there are multiple parties competing for control, the managers are commonly called stakeholders.

When there is non-owner control over managers, managerial discretion may produce a favorable effect on corporate performance. If the objective function of managers is relatively more in line with profit-maximizing than that of the non- owner controlling party, Baumol

(1959) assumes that managers have incentives to maximize sales subject to the constraint of satisfactory profit.

4.3.4 Corporate Governance and managerial Discretion

Corporate governance is the integrated set of internal and external control mechanism that harmonize manager-shareholder conflicts of interests resulting from the separation of ownership and management (Williamson, 1984). A common feature of large public corporations is the separation of ownership and control between the principal and the agent (Fama and Jensen, 1983).

Agency theorists argue that agency problems arise from the separation of ownership and control. Building on an agency theory perspective, we expect that agency problems can be amplified if a certain context makes more difficult for the principal to observe and judge the agent's behavior.

4.3.5 Managerial Discretion and Deregulation

Deregulation creates a unique context that makes the principal's monitoring work more difficult, and this amplifies agency problems. In the transition to a deregulated context, four factors are theoretically linked to the problems of the principal's monitoring. These are:

- (i) The lack of subsidizing monitoring
- (ii) A high level to managerial discretion,
- (iii) Increased environmental uncertainty and
- (iv) Increased information asymmetry

Deregulation removes much of the subsidized monitoring and disciplining potentials of managerial behavior by government agencies. It also provides managers with more opportunities for discretionary actions (Frinkelstein, and Boyd, 1998). Government regulation determines firm strategy (Grucia and Nath, 1994) and imposes constraints upon strategic decisions. It also makes the focus of strategic decision. Government regulation also decides the focus of strategic decision shift away from managers to public official (Smith and watts 1992).

4.4 Managers/Shareholders' Conflicts

A central weakness and source of waste in the large public corporation is the conflict between shareholders and managers over the payout of free cash flow that is, cash flow in excess of that required to fund all investment projects with positive net present values when discounted at the relevant post of capital. For a company to operate efficiently and maximize value, free cash flow must be distributed to shareholders

rather than retained. But this happens infrequently, as senior managers have few mechanisms to compel distribution. Managers-stockholders; conflicts are introduced by considering the fact that, in addition to his fixed wage, the manager derives utility from both retaining control and investing new project:

A common determinant of capital structure arises from manager-shareholders conflicts. Managers and shareholders have different objectives. In particular, managers tend to value investment more than shareholders do. Graham (2000) holds that debt financing can increase a firm's value by reducing the costs associated with the conflict.

Managers have incentives to retain cash in part because cash reserves increase their autonomy vis-à-vis the capital markets. Shareholders are at a great advantage in this world, where management's plans are subject to enhanced monitoring by the capital markets.

4.5 Choice of corporate Governance mechanism

Corporate governance mechanism includes a broad range of control mechanism that is frequently used by firms to tackle agency problems in the principal- agency relationship. This mechanism is called **boards of directors' composition**.

4.5.1 Board Composition: this has been posed as a key factor in allowing the board to act as a guardian of shareholders' welfare (Baysinger and Butter, 1985).

The proportion of external directors on the board has been argued to be critical importance. Internal directors who are participants in the decision-making process have access to information that is relevant to assessing managerial competence and the strategic desirability of initiatives. As such, they are better able to identify legitimate and illegitimate cause of organizational misfortune. However, the critical problem associated with insiders' that they usually do not make an exhaustive evaluation of the strategic decision processes before coming up with a superficial review of managerial actions. This is often because CEOs influence internal directors in the decision-making process (Patton and Baker, 1987).

In contrast, external directors' are board members who have never been employees of the company on whose they sit (Jones and Goldberg, 1982). From the standpoint of the agency theory, while the interests of internal directors are aligned with those of management, those of external directors are aligned with shareholders. Outsiders are viewed as potentially being able to introduce objectivity to bear upon board

decisions. It has been suggested that an effective board of directors should be composed of a greater proportion of external directors (Mizruchi, 1983). It is argued further that since external directors are not participants in the decision-making process, they are less likely to be influenced by the CEO; hence unlike internal directors, they can make exhaustive evaluations on the actions of managers.

Managers of multinational corporations have other constraints imposed on them both by the host and home countries. Hill (2001) lists the constraints as including:

- A limited number of host countries nationals are employed in managerial positions.
- A subsidiary's export attains a pre-specified annual value.
- A proportion of a subsidiary's inputs will be supplied locally rather than being imported.
- The very latest in technology will be used in production.
- A predetermined minimum number of new jobs be created, and
- The local subsidiary of a multinational corporation (MNC) can have local joint venture partners, and so on.

Hill (2001) also stated that, control by the home country is also much and they include:

- i. Prohibition of transfer of technology to certain nations;
- ii. Prevention of firms from using money raised in the home country for foreign investment as happened in the USA in the 1960s;
- iii. Increase in the cost of foreign currency that has to be obtained in order to invest abroad;
- iv. Creation of tax regimes not conducive to investment abroad.
- v. Requirement that all significant foreign investments obtain government approval prior to contracts being signed (as happened in Japan).

The above and several other forms of control constitute constraints on management discretion.



4.6 Summary

Over the years, managers have exercised significant discretion in making financial reporting better. However, the use of managerial discretion faces a lot of impediments these may appear in the form of conflict between the board members and the shareholders, and the choice of corporate governance mechanism.

This unit discusses constraints on managerial discretion in public corporations. The unit open with a definition of what managerial discretion is all about; it proceeds to establishing a relationship between managerial discretion and a public corporation's performance. Further, it considers corporate governance and managerial discretion, managerial discretion and deregulation, managers/shareholder's conflict, and finally choice of corporate governance mechanism.



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4.8 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

- i. Managerial discretion, which refers to executives' ability to affect important organizational outcomes, is a function of the task environment the internal organization, and managerial characteristics. Managerial discretion occurs in public corporations when owners of organization or governments enjoy exclusive control rights over managers. When there exist a non-owner control over managers, managerial discretion may produce a favorable effect on corporate performance, if the objective functions of managers is relatively more in line with profit maximization rather than to the non-owner controlling party.
- ii. There are five sources of external constraint on managerial behavior in any system of corporate control. Those who potentially hold this power are:
 - a. Holders of large blocks of shares who use or threaten to use their voting power to change management or their policies if they become dissatisfied.
 - b. Acquirers of blocks of shares sold by existing shareholders unhappy with the performance of management.
 - c. Bidders in the takeover process who promise to buy all the voting shares of the enterprise.
 - d. Debtors/Investors, particularly in times of financial distress who act to protect their interests in the company.
 - e. External regulators and auditors.

The sources of internal constraints:

- a. Within the organizational structure of the company, there are groups who may be able to influence management to change policies. The first of these are the non-executive directors, who are appointed to the boards of UK companies to oversee the behavior of the executive directors. However, they are normally appointed by the executive managers and, therefore, may not be independent in their actions or effective in constraining executive directors. They are often few in numbering and can be outvoted by executive directors.
- b. The second of these groups are the owners or shareholders, who can exercise their authority at meetings of the company or informally with management. Directors are elected at the annual general meeting of the company. Dissatisfied shareholders can vote against the re-election of existing executive directors or seek

- to get nominees elected. They can also vote against resolutions proposed by the executive of the company, such as those relating to executive remuneration. In the past this has rarely happened as shareholders have been passive rather than active in company affairs and sell underperforming shares. However, in the UK institutional shareholders have become more active in organizing coalitions to either influence management behind the scenes or forcing votes at annual general meetings.
- c. The third groups that can influence executive managers are the stakeholders within the company. These include employees of the firm as well as customers, suppliers, lenders and the local community. They may do this by expressing their criticisms concerns either directly to the executives or indirectly by informing shareholders, the media and outside experts or commentators. Investment banks and stockbrokers offer advice to shareholders on the potential future earnings of the company, and such comments may help to influence attitudes toward incumbent managers.

Answers to SAEs 2

2. Four factors that are theoretically linked to the problems of the principal's monitoring in the deregulated context. These are:
- (i) The lack of subsidizing monitoring
 - (ii) A high level to managerial discretion,
 - (iii) Increased environmental uncertainty and
 - (iv) Increased information asymmetry

MODULE 4**Unit 1 Globalization of Economic Activities****Unit Structure**

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Globalization of Economic Activities
 - 1.3.1 Meaning of Globalization
 - 1.3.2 Views on Globalization
 - 1.3.3 Semi-globalization
 - 1.3.4 The Strategic Role of Cultures
 - 1.3.5 Dimensions of Culture and Effects on Globalization Strategy
- 1.4 Summary
- 1.5 References/Further Readings/ Web Resources
- 1.6 Possible Answers to Self-Assessment Exercise(s)

**1.1 Introduction**

The rather abstract five-syllable word —globalization is now frequently heard and debated. Those who approve of globalization count its contributions to include higher economic growth and standards of living increased sharing of technologies, and more extensive cultural integration. This unit expatiates on the globalization of economic activities as especially related to culture.

**1.2 Learning Outcomes (LOs)**

By the end of this unit, you will be able to:

- explain the meaning and different views on globalization
- identify the role of culture in globalization of economic activities
- explain the different dimensions of culture and how they affect strategic choices of globalization.



1.3 Globalization of Economic Activities

1.3.1 Meaning of Globalization

Globalization can be defined as the process of international integration arising from the interchange of worldviews, products, ideas, and other aspects of culture. It is a process by which ideas, knowledge, information, goods and services spread around the world that increases world-wide exchanges of national and cultural resources. The term globalization has been in increasing use since the mid-1980s and especially since the mid-1990s. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge. Further, environmental challenges such as climate change, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization.

Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment. It is driven by the convergence of cultural and economic systems. This convergence promotes and in some cases necessitates increased interaction, integration and interdependence among nations. The more countries and regions of the world become intertwined politically, culturally and economically the more globalized the world becomes. Critics argue that globalization undermines wages in rich countries, exploits workers in poor countries, and gives multinational enterprises (MNEs) too much power. Three views on globalization are illustrated in the next subtopic.

1.3.2 Views on Globalization

Depending on what sources you read, globalization could be:

- A new force sweeping through the world in recent times
- A long-run historical evolution since the dawn of human history
- A pendulum that swings from one extreme to another from time to time

An understanding of these views helps put things in perspective. First, opponents of globalization suggest that globalization is a new phenomenon since the late 20th century, driven by both the recent technological innovations and Western hypocrisy designed for MNEs to exploit and dominate the world. While presenting few clearly worked-out alternatives to the present economic order, other than an ideal world free of environmental stress, social injustice, and branded, pundits of

this view nevertheless often argue that globalization needs to be slowed down if not stopped. Most anti-globalization protesters seem to share this view. A second view contends that globalization has always been part and parcel of human history. Historians are debating whether globalization started 2,000 or 8,000 years ago. MNEs existed for more than two millennia, with their earliest traces discovered in the Assyrian, Phoenician, and Roman empires. International competition from low-cost countries is nothing new. In the first century AD, so concerned was the Roman emperor Tiberius about the massive quantity of low-cost Chinese silk imports that he imposed the world's first known import quota of textiles. Today's most successful MNEs do not come close to wielding the historical clout of some MNEs such as Britain's East India Company during colonial times. In a nutshell, globalization is nothing new and will always march on. A third view suggests that globalization is the closer integration of the countries and peoples of the world, which has been brought about by the enormous reduction of the costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders. Globalization is neither recent nor one-directional. It is, more accurately, a process similar to the swing of a pendulum. This notion of globalization probably makes the most sense because it helps us understand the ups and downs of globalization.

1.3.3 Semi-globalization

Most measures of market integration (such as trade and FDI) have recently scaled new heights but still fall far short of complete globalization. In other words, what we have may be labeled semi-globalization, which is more complex than extremes of total isolation and total globalization. Semi-globalization suggests that barriers to market integration at borders are high, but not high enough to completely insulate countries from each other. Semi-globalization calls for more than one way of doing business around the globe. Total isolation on a nation-state basis would suggest a localization strategy (treating each country as a unique market), and total globalization would lead to a standardization strategy (treating the entire world as one market one size fits all). However, there is no single right strategy in the world of semi-globalization, resulting in a wide variety of experimentations. Overall, (semi)globalization is neither to be opposed as a menace nor to be celebrated as a panacea; it is to be engaged.

1.3.4 The Strategic Role of Cultures

Globalization is affected by different cultural settings. An understanding of the complexity and diversity of this environmental variable and the impact on institutions is very important. Culture can be defined as the

collective programming of the mind which distinguishes the members of one group or category of people from that of another. While many ways exist to identify dimensions of culture, the work of the world's foremost cross-cultural expert, Geert Hofstede, a Dutch professor, has become by far the most influential. He and his colleagues have proposed five dimensions: power distance, individualism (and collectivism), masculinity (and femininity), uncertainty avoidance and long-term orientation.

1.3.5 Dimensions of Culture and Effects on Globalization Strategy

First, power distance is the extent to which less powerful members within a country expect and accept that power is distributed unequally. For example, in high power distance Brazil, the richest 10% of the population receives approximately 50% of the national income, and everybody accepts this as the way it is. In low power distance Sweden, the richest 10% gets only 22% of the national income. Solicitation of subordinate feedback and participation, widely practiced in low power distance Western countries, is regarded as a sign of weak leadership and low integrity in high power distance countries such as Egypt, India, Mexico, and Russia.

Second, individualism refers to the perspective that the identity of an individual is fundamentally his or her own, whereas collectivism refers to the idea that the identity of an individual is primarily based on the identity of his or her collective group (such as family, village, or company). In individualistic societies (led by the United States), ties between individuals are relatively loose and individual achievement and freedom are highly valued. In contrast, in collectivist societies (such as many countries in Africa, Asia and Latin America), ties between individuals are relatively close and collective accomplishments are often sought after. Because entrepreneurs are usually willing to take more risk, individualistic societies tend to foster relatively more entrepreneurship, whereas collectivism may result in relatively lower levels of entrepreneurship.

Third, the masculinity versus femininity dimension refers to sex role differentiation. In every traditional society, men tend to have occupations that reward assertiveness, such as politicians, soldiers, and executives. Women, on the other hand, usually work in caring professions such as teachers and nurses in addition to being homemakers. High masculinity societies (led by Japan) continue to maintain such a sharp role differentiation along gender lines. In low masculinity societies (led by Sweden), women increasingly become politicians, scientists, and soldiers and men frequently assume the role of nurses, teachers, and househusbands. The stereotypical manager in

masculine societies is assertive, decisive, and aggressive (only in masculine societies does this word carry a positive connotation), whereas the stylized manager in feminine societies is less visible, intuitive rather than decisive, and accustomed to seeking consensus.

Fourth, uncertainty avoidance refers to the extent to which members in different cultures accept ambiguous situations and tolerate uncertainty. Members of high uncertainty avoidance cultures (led by Greece) place a premium on job security, career patterns, and retirement benefits. They also tend to resist change, which, by definition, is uncertain. Low uncertainty avoidance cultures (led by Singapore) are characterized by a greater willingness to take risk and less resistance to change. Managers in low uncertainty avoidance countries (such as Great Britain) rely more on experience and training, whereas managers in high uncertainty avoidance countries (such as China) rely more on rules and procedures.

Finally, long-term orientation emphasizes perseverance and savings for future betterment. China, which has the world's longest continuous written history of approximately 5,000 years and the highest contemporary savings rate, leads the pack. On the other hand, members of short-term orientation societies (led by Pakistan) prefer quick results and instant gratification. Cultures with a long-term orientation are likely to nurture firms with long horizons in strategic planning.

Self-Assessment Exercise

What is Globalization? And state the different views.
List and explain the five dimensions of Culture.



1.4 Summary

Overall, there is strong evidence pointing out the strategic importance of culture on globalization of economic activities. Sensitivity to cultural differences can not only help strategists better understand what is going on in other parts of the world, but can also avoid strategic blunders. In addition, while what is different cross-culturally can be interesting, it can also be unethical and illegal all depending on the institutional frameworks in which firms are embedded. Thus, it is imperative that current and would-be globalization strategists be aware of the importance of business ethics.

This unit tackled globalization, the close integration of peoples and countries around the world, by focusing on culture. Some view

globalization as a recent phenomenon, while others believe that it has been evolving since the dawn of human history. It is suggested that globalization be best viewed as a process similar to the swing. Strategists, according to Sun Tzu, need to know themselves and know their opponents. In light of the fact that globalization has its dark side current and would be, strategists need to know themselves, especially their hidden pro-globalization bias. Culture is the collective programming of the mind that distinguishes the members of one group or category of people from another. According to Hofstede, national cultures have five dimensions: power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-term orientation. Each has some significant bearing on strategic choices.



1.5 References/Further Readings/Web Resources

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1.6 Possible Answers to Self-Assessment Exercise(s)

Answer to SAEs

1. Globalization can be defined as the process of international integration arising from the interchange of worldviews, products, ideas, and other aspects of culture. It is a process by which ideas, knowledge, information, goods and services spread around the world that increases world-wide exchanges of national and cultural resources. etc.

Views on Globalization

Depending on what sources you read, globalization could be:

- A new force sweeping through the world in recent times
- A long-run historical evolution since the dawn of human history
- A pendulum that swings from one extreme to another from time to time

2. Dimensions of Culture and Effects on Globalization Strategy

First, power distance is the extent to which less powerful members within a country expect and accept that power is distributed unequally. For example, in high power distance Brazil, the richest 10% of the population receives approximately 50% of the national income, and everybody accepts this as the way it is. In low power distance Sweden, the richest 10% gets only 22% of the national income. Solicitation of subordinate feedback and participation, widely practiced in low power distance Western countries, is regarded as a sign of weak leadership and low integrity in high power distance countries such as Egypt, India, Mexico, and Russia.

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entrepreneurship, whereas collectivism may result in relatively lower levels of entrepreneurship.

Third, the masculinity versus femininity dimension refers to sex role differentiation. In every traditional society, men tend to have occupations that reward assertiveness, such as politicians, soldiers, and executives. Women, on the other hand, usually work in caring professions such as teachers and nurses in addition to being homemakers. High masculinity societies (led by Japan) continue to maintain such a sharp role differentiation along gender lines. In low masculinity societies (led by Sweden), women increasingly become politicians, scientists, and soldiers and men frequently assume the role of nurses, teachers, and househusbands. The stereotypical manager in masculine societies is assertive, decisive, and aggressive (only in masculine societies does this word carry a positive connotation), whereas the stylized manager in feminine societies is less visible, intuitive rather than decisive, and accustomed to seeking consensus.

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Unit 2 Effect of ICT in the Management of Organizations Under Different Cultural Settings

Unit Structure

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Effect of ICT in the Management of Organizations
 - 2.3.1 ICT Effect in Management
 - 2.3.2 Organizations and Different Cultural Settings
 - 2.3.3 Intercultural Management
 - 2.3.4 Categories of World's Cultures
- 2.4 Development of Comparative Management
- 2.5 Summary
- 2.6 References/Further Readings/Web Resources
- 2.7 Possible Answers to Self-Assessment Exercise(s)



2.1 Introduction

Management has evolved over these years and in this 21 century ICT (Information Communication and Technology) has come into play to drive globalization in management and business the effect of ICT in the management of organizations under different cultural settings will be discoursed and evaluated to assess the level of involvement in the current dispensation.



2.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- discuss the effect of ICT in management
- explain intercultural management
- identify some categories of cultural
- state the focus of comparative management.



2.3 Effect of ICT in the Management of Organizations

2.3.1 ICT Effect in Management

According to Murgatroyd and Morgan (1994) —The key to success is communication, Information communication Technology (ICT) and the

development of a culture dedicated to making vision a reality through actively pursuing a focused strategy dedicated to meeting and exceeding customer needs; According to Oxford Advanced learner's Dictionary, it is the study of the use of computers, the internet, video and other technology as a subject communication is essential for the existence of societies and organizations as an instrument of social interaction. It includes all digital technology that assists people, businesses and organizations in handling data. It involves the use of computer hardware, software and telecommunication devices to store, manipulate, convert, protect, send and receive data.

Just like every other spheres of life Management has acquired a radically new flavor in the twenty – first century. The Information and Communication Technology (ICT) revolution has transformed the ways in which ideas and information are recorded and communicated inter-Management organization. (The tern Information Technology (IT) was used for everything to do with computers with the growth of electronic communications it became (ICT) Information and Communication Technology (ICT) is the pivot of modern government (organization and Management) there is increasing usage of computer technology in organizations. This is a major component of the information age. The effect in management in so pronounced that computer networks have been used to work more closely with supplies and customers (Inter) the information age has led to the development of new delivery channels, like internet services with the organization (intra) Fagbemi 2006) The adoption of this ICT led to convenient and efficient ways for citizens and businesses to communicate within organization and to receive services.

The amount of paper work in organizing business has reduced, thus giving way to paperless organization. That is the use of computer whereby information can be passed both within (intra) and outside (inter) the organizations without using much paper.

In fact computer has profound effect (impact) upon the practice of management. It has made possible more efficient information processing and problem solving in business and other organizations and has been highly instrumental in advancing management knowledge.

Information Communication Technology (ICT) is increasingly becoming the key to national economic management, affecting virtually every industry and service. It difficult to name a business that does not depend on the effective use of information.

The designing of product and services trading and responding to market demands and or making a well-informed decision depend on ICT. It has

changed the world more permanently than any other technology in history and will transform civilization so far.

Environmental trends like globalization and heightened international network and competition are speeding the movement forward increased ICT use in originations.

SELF ASSESSMENT EXERCISE 1

For global management what is the key role of ICT?
--

2.3.2 Organizations and Different Cultural Settings

All organizations have some function to perform in order to achieve the objectives of which they were established to provide. Organizations enable objectives to be achieved that could not be achieved by an individual effort with team work (cooperative action) members of an organization can provide a synergistic effect. There are different types of organizations set up to serve different purposes in order to meet several needs. They come in all forms, shapes and sizes – enterprises like hotel, school, shops, hospital, banks, government offices etc. The structure, management and functions of these organizations vary in the nature and types of the organization, their respective goals and objectives and the behavior of the human resources in them.

It is worthy of note that our society is influenced by leaders and managers in organizations as the care of educated people in public/private schools, purchase of products and services from organizations and the influence of various government agencies which are organizations. That is an organization is defined as a group of people working together in a structural and coordinated fashion to achieve a set of goals. The goals may include such things as profit, the discovery of knowledge, national defence, the coordination of various local charities or social satisfaction (Enikanselu & Oyende 2009).

Furthermore, they quoted that organizations are made up of individuals who work together to achieve the goals or objectives that are important to these individuals. Organizations the summed are devices for pooling and harnessing talents and ability together into an effective whole that can achieve for them some desired objectives. It is the bedrock of building developing and maintaining a structure of the working relationship in order to accomplish the objectives of the organization (enterprise). Despite the differences among various organizations and their goals, there are however, there are three common factors that introduce management of organization through cultural settings. (Enikanselu & Oyende 2009), there are people objectives and structure.

The interaction of different people enhances the achievement of objectives set, which forms the basis of an organization. Appropriate structures in place are needed by people's interactions/interplays not minding the ethnic cultural affiliations that afford channeling and coordination of activities (Operations). The level of management and other available resources come into play, organization as a system is a set of things connected or interacting so as to form complex unity according to plan. The concept of a system can also be regarded as a series of inter-related and inter-dependent parts or sub-system(s) affect(s) the whole classification of environment are numerous including market, technology, economic political/legal, socio cultural among others. We will consider mainly socio-cultural environment in this unit. It consists of factors related to human relationship within a society. These relationships are learnt and shared behavior of groups of human beings which have a bearing on the business of an organization. Some of the factors are demographic characteristic population, its density & distribution immigration etc. socio-cultural concerns – pollution, corruption etc, socio-cultural attitudes and value – expectation of society from business, beliefs etc, Family structure and changes in it, gender roles/position of men, women, adolescent, etc, and educational levels, work ethics of members in the society, awareness of rights etc.

The socio-cultural environment primarily affects the strategic management process within the organization. Strategic managers seem not to be aware of the impact of the socio-cultural environment, which changes take place very slowly, with no seeming immediate and direct impact on short-term decision.

2.3.3 Intercultural Management

Inter-cultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures at the several management (W. Burggraaf). This is evidence in Nigeria where ethnicity abound spelling out people with different cultural and traditional background coming together to form a nation. For example the method of greetings/salutation differ from one culture to the other, while others genuflect, others kneel, others lie-down, when others from a different culture do not perform these gestures because it is not their custom it is regarded as insubordination or not being loyal. It takes time to adjust/assimilate and it is incumbent on the manager to understand this difference or mouse decision will be taken on the subordinate. The manager to blend the human resources must appreciate diverse cultures, multi-culture, multicultural teams, cross-border mergers and acquisition, cultural adjustment, international careers as for as large multination corporation are concern.

2.3.4 Categories of World's Cultures

- **Liner activities:** these categories of culture are those who play schedule, organize, pursue action chains and do one thing at a time. The Germans and Swiss are in this group.
- **Multi-actives** – are those lively, loquacious peoples who do many think at once, planning their activities not according to a time schedule, but according to the relative thrill or importance that each appointment brings with it. Italians, Latin- Americans and Arabs belong to this group.
- **Reactive** – are those cultures that prioritize courtesy and respect listening quietly and calmly to their interlocutors and reacting carefully to the other side's proposals. Chinese, Japanese and Finns are in this group. (When cultures collide Richard Lewis).

In advanced cultural nation like Nigeria one can attribute each of the geo-political to one or more of the quality above as behavioral pattern will express. North- east & North- West, South- West, North-central and South- East/South-South.

This introduces diversity management is the recognition and valorization of individual differences. This concept encompasses acceptance and respect, seeing individual as unique recognizing individual differences. These can be reasoned along the dimensions of race ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs or other ideologies.

Self-Assessment Exercise 2

Identify some categories of culture in countries (continent) as applied to rust approach.

2.4 Development of Comparative Management

To start with comparative management focuses in the similarities and differences among business and management systems from different contexts. We live in a globalized world and there has to be different strategies developed in management to tackle issues that develop in international business to enhance economies of scale, market share, drive's for globalization in sales, production, research and development ensuring increasing need for international contacts beaming in mind differences in culture. The way an Asian e.g. Chinese/Japanese gives consent is different from the way an African e.g. Nigerian/Ghanaian gives consent is different and need to be studied and reconciled in

comparative management. Comparative management analyses the extent to which management principles are applicable from one country to another. Since the leader in the development of management principles is the United States comparative management seeks to determine the applicability of American know-how to foreign locals. Although the concept of comparative management is evolved in the firm-ties it continues to be the subject of considerable debate.

A vital question for international business seems to be to what extent can American principles, practices and general know-how be transferred effectively to other countries at what cost, and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables? There is need to consider differences in areas and functions of management and in some key aspects which are central to the process of doing business such as:

Centralized vs decentralized decision-making:

There is variation across national culture in the extent to which important organizational decisions are made by senior managers or whether decisions are made down the line with authority devolved.

Safety Vs Risk

In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

Individual Vs Group Rewards

In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.

Informal vs formal procedures

In some cultures, there is considerable use of informal procedures. In others formal procedures are very important.

High vs Low Organizational Loyalty

In some cultures, people identify less with their organization or employer and more with their occupational group or profession.

Cooperation vs competition

Some cultures emphasize cooperation in the organization, others faster completion know-how related to the different management functions (Leading, planning, organizing, motivating staff, etc which a manager considers with cultural background). More objective measures are brought to them for in making managerial decisions with respect to

compensation, objectives, goal setting, etc. in developing countries; subjective judgment (emotions, religious beliefs) often come into decision making process in developing countries.

There are similarities and differences among the managers around the world. Similarities are explained in terms of industrialization of industrial sub-culture. Differences are explained in terms of cultural variables – as earlier stated. The cultural factors are considered the more important influencing variables (Google). All along, there have been different types of cross – cultural management research on parochialism ethnocentric, polycentric, comparatives, geocentric and synergistic studies. The main result of these various research shows that there is no one way of doing things. The principle of equi-finality applies to the function of social organizations, managers may achieve given objectives through various methods.

Economic transition takes place in all nations including Nigeria. There is need for restructure of the system of thinking of economic behavior of persons aims for efficiency of national economies. The level of competitiveness of Nigerian enterprises/firms will depend of the ability of managers to apply the best practices of international management, understanding and managing cultural differences. In this context, comparative management will be useful for management student as well as for those in economic faculties and business profiles. Let's focus on analyzed along essential threats of management in the enterprise of Europe, Asian, America and African (Nigeria in particular). This point to main differences/similarities resulting from comparison of management in these countries (continents) functions content and methodology of comparative management which are the core concepts of culture and their influence upon the performance of enterprises/firms. In Europe, culture is complex of the national culture similarities and differences.

Erman, French and British management general organization of enterprise management system is invoked plus participative management decision making process. Japanese (are specific vision on organization. They concentrate on specific ways to communication and emphasis on organization structure etc.

America management culture concentrates on dynamics of the orgtual values and objectives, predominance of pyramidal orgton structure and integration of decision and informational elements.

International management tendencies moves towards flexibility of management systems, high motivational of managerial methods, management information, formative and participative management.



2.5 Summary

In comparative management, ICT has enormous effect in the management of organization under different cultural settings no matter the country or continent.

In this unit, you have learnt of the ICT effect in management, different cultural settings in organization; discussed intercultural management and categories of world cultures and explained the development of comparative management.



2.6 References/Further Readings/ Web Resources

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2.7 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

- For global management, the role of ICT:
Information Computer Technology (ICT) includes all digital technology that assists people, businesses and organizations in handling data. It involves the use of computer hardware, software and telecommunication devices to store, manipulate, convert, protect, send and receive data. Management has acquired a radically new flavor in the twenty – first century. The Information and Communication Technology (ICT) revolution has transformed the ways in which ideas and information are recorded and communicated inter-Management organization. (The tern Information Technology (IT) was used for everything to do with computers with the growth of electronic communications it became (ICT) Information and Communication Technology (ICT) is the pivot of modern government (organization and Management) there is increasing usage of computer technology in organizations. This is a major component of the information age. The effect in management is so pronounced that computer networks have been used to work more closely with supplies and customers (Inter) the information age has led to the development of new delivery channels, like internet services with the organization (intra) Fagbemi 2006) The adoption of this ICT led to convenient and efficient ways for citizens and businesses to communicate within organization and to receive services.

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The designing of product and services trading and responding to market demands and or making a well-informed decision depend

on ICT. It has changed the world more permanently than any other technology in history and will transform civilization so far. Environmental trends like globalization and heightened international network and competition are speeding the movement forward increased ICT use in originations.

Answers to SAEs 2

2. Categories of World's Cultures

- i. **Liner activities:** these categories of culture are those who play schedule, organize, pursue action chains and do one thing at a time. The Germans and Swiss are in this group.
- ii. **Multi-actives** – are those lively, loquacious peoples who do many think at once, planning their activities not according to a time schedule, but according to the relative thrill or importance that each appointment brings with it. Italians, Latin- Americans and Arabs belong to this group.
- iii. **Reactive** – are those cultures that prioritize courtesy and respect listening quietly and calmly to their interlocutors and reacting carefully to the other side's proposals. Chinese, Japanese and Finns are in this group.

Unit 3 Comparative Management of Corporate Bodies And Non-Profit Organizations

Unit Structure

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
- 3.3 Comparative Management of Corporate Bodies and Non-Profit Organizations
 - 3.3.1 Management of Corporate Bodies and Non-Profit Organization
 - 3.3.2 Introduction to Corporate Bodies
 - 3.3.3 Introduction to Non-Profit Organization
 - 3.3.4 Structure of Corporate Bodies and Non-Profit Organization.
- 3.4 Differences between Corporate Bodies and Non-Profit Organization
- 3.5 Similarities between Corporate Bodies and Non-Profit Organization
- 3.6 Summary
- 3.7 References/Further Reading/Web Resources
- 3.8 Possible Answers to Self-Assessment Exercise(s)



3.1 Introduction

This unit will take you a step further into the comparison of management of corporate bodies and non-profit organization. In this unit, the focus is on the meaning of corporate bodies and non-profit organization, the structure of corporate bodies and that of non-profit organization, the differences between corporate bodies and non-profit organization, and the similarities between corporate bodies and non-profit organization.



3.2 Learning Outcomes (LOs)

By the end of this unit, you will be able to:

- define a corporate organization
- explain what non-profit organization is
- examine the structures of corporate bodies and non-profit organization
- identify the similarities between corporate bodies and non-profit organization
- discuss the differences between corporate bodies and non-profit organization.



3.3 Comparative Management of Corporate Bodies and Non-Profit Organizations

3.3.1 Introduction to Corporate Bodies

Corporate body means the same as corporate organizations. Corporate bodies is any established legal entity or an organization or an association of company, person, government agency or institutions, an organization or group of persons that is identified by a particular name, address, and that acts, or may act, as an entity. Corporate organizations exhibit some high level of management functions such as planning, coordinating, controlling, and directing. They have line of staff organization, authority and relationship, power and influence and sources and limits of authority in such organizations (Robert, 1960). Typical examples of corporate bodies are associations, government agencies, religious bodies, churches, banks, companies and conferences. Corporate body operates within the Act establishing their setting, structure and formation. Corporate bodies are well planned and established formal organizations of group behavior designed to achieved a predetermine goals and objectives. These are organizations that established logical patterns of interrelationships among members of group, secure advantages of specialization or division of labor, and coordinate activities of the components parts (Massie and Douglas, 1977). Corporate bodies have organizational designs and are fixed and will never require a change.

3.3.2 Introduction to Non-Profit Organization

Non-profit organization is corporations or associations that conduct business activities and social services for the benefit of the general public without shareholders and without a profit motive.

They can also be referred to as an incorporated organization which exists for educational or charitable reasons, and from which its shareholders or trustees do not benefit financially. Any money earned by a non-profit organization must be retained by the organization, and used for its own expenses, operations, and programs. Many non-profit organizations also seek tax exempt status, and may also be exempt from local taxes including sales taxes or property taxes (Ott and Steven, (2001). All Non- Governmental Organizations (NGO) falls under the category of non- profit organization. A Well-known non-profit organization in the United State of America is the Habitat for Humanity American Red Cross organization. Generally, a non-profit organization is one that reinvests any revenues in activities that further the mission of the organization. Non- profit organization does not have shareholders or pay dividends.

Most non-profit organization operates in an informal way that is, without organizational structural. Most people consider "non-profit" to imply a specific designation from the Internal Revenue Service. Non-profit organizations come in a variety of sizes, missions and fields, but all non-profit organizations have similarities in their legal status, tax requirements and charitable purposes. Non-profit corporations are created according to state law. Like for-profit corporations, non-profit corporations must file a statement of corporate purpose with the Secretary of State and pay a fee, create articles of incorporation, conduct regular meetings and fulfill other obligations to achieve and maintain corporate status. The activities of non-profit corporations are regulated more strictly than the activities of other corporations. Non-profit corporations cannot contribute to political campaigns, and they cannot engage in a substantial amount of legislative lobbying.

There is a difference between profit driven organization and non-profit driven organization. The non-profit corporations differ from profit-driven corporations in several respects (Ott and Steven, (2001).The most basic difference is that non-profit corporations cannot operate for profit. That is, they cannot distribute corporate income to shareholders. The funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation. If the income of a corporation inures to the personal benefit of any individual, the corporation is considered to be profit driven. Salaries are not considered personal benefits because they are necessary for the operation of the corporation. An excessive salary, however, may cause a corporation to lose its non-profit status. Non-profit corporations are exempt from the income taxes that affect other corporations but only if they conduct business exclusively for the benefit of the general public. State laws on corporations vary from state to state, but generally states give tax breaks and exemptions to nonprofit corporations that are organized and operated exclusively for either a religious, charitable, scientific, public safety, literary, or educational purpose, or for the purpose of fostering international sports or preventing cruelty to children or animals. Nonprofit organizations may charge money for their services, and contributions to tax-exempt nonprofit organizations are tax deductible. The Internal Revenue Service must approve the tax-exempt status of all nonprofit organizations except churches.

However, a vast number of organizations qualify as nonprofit status under the various definitions. Non-profit organizations include churches, soup kitchens, charities, political associations, business leagues, fraternities, sororities, sports leagues, Colleges and Universities, hospitals, museums, television stations, symphonies, and public interest law firms. The numbers of nonprofit corporations have continued to be

on the increase since the twenty-first century owing to the levels of activities and services rendered to the public. Although nonprofit corporations cannot produce dividends for investors, they provide income for the employees, and they foster work that benefits the public.

In Nigeria, the following is list of reputable non-profit organizations;

- The Pearl Awards is an initiative of CITC Group which coordinates the dual activities of the Pearl Public Lecture and the Annual Pearl Awards Nite, a forum to reward companies quoted on the Nigerian Stock Exchange for outstanding operational and stock performance, in order to enhance the vibrancy, growth and development of the Capital Market. This organization is based in Ikeja, Lagos and provides public and social services.
- The United Nation Children Fund; based in Ikoyi, Lagos provides public and social services for growth and development of children.
- Foundation for Efficient Human Development; this organization is based in Abuja and function as a public and social services and non-governmental organization.
- Hismifortrez Foundation; based in Port Harcourt and provides public and social services
- Journalists Against Aids(Jaaid) Nigeria also based in Port Harcourt and provides public and social services
- National Council for Women Society; based in Garki, Abuja and provides public and social services
- Civil Society Legislative Advocacy Centre; based in Garki, Abuja and provides public and social and nongovernmental services. It also provides the services of human right advocacy.
- Targo; based in Garki, Abuja and rendered such services as management programs, youth empowerment along with public and social services
- The Albino Foundation; based in Garki, Abuja it provides public and social services and along with nongovernmental services.
- Ageless Physiotherapy Clinic; based in Lagos, it provides public and social services along with nongovernmental services.

Self-Assessment Exercise 1

Explain what non-profit organization is.

3.3.3 Structure of Corporate Bodies and Non-Profit Organization.

Different structures exist between the corporate bodies and the non-profit organizations. Non -profit organizations have an informal or a mixed formal organizational structure. Non-profit organizations generally have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors. The Board of Directors is usually comprised of community leaders and professionals in the field. Many states have specific requirements for the composition of Boards of Directors and programmatic staff, in addition to the federal requirements. Corporate organizations on the other hand have a planned formal organization structure and command of authority. The Board of Directors takes decisions from the stockholders and determines what the organizational goals and objectives are. Managing Directors, Managers, Supervisors and others categories of operative employees are recruited to accomplish the organizational goals and objectives. Their organizational structure is fixed and will never require a change unless with prevailing circumstances. The requirements of corporate organization are the same everywhere.

As corporate organizations grow, the components parts become more complex, the technology changes, more expertise and attention are needed (Ott and Steven, (2001).

3.4 Differences between Corporate Bodies and Non-Profit Organization

The differences that exist between corporate bodies and non-profit organizations are in their setting, formation and structures as follows:

Setting:

1. Corporate organization is a legal entity established for profit driven and oriented making e.g. organization, bank, company, institution, churches, communication etc while nongovernmental organization is a non-profit driven and oriented entity.
2. Corporate organization structure is more formal, complex, coordinated and with more technology involved while in non-profit organization there exhibits a mixed of formal and informal. Non-profit organizations have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors.

3. Corporate organizations provide more of qualitative and essential services, while non-governmental organization provides more of public and social services as well as Non-governmental functions.
4. Corporate organizations are established with high degree of accountability and efficiency which may not be the case of non-profit organization.

Formation:

1. Funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation while that from corporate organization may be used within and outside the organization.
2. Corporate organizations are mandated to pay taxes based on the schedules of duties and income generated while nongovernmental organization may be or are exempted from various taxes.
3. Corporate organization is opened to more criticism (either constructive or otherwise) while the nongovernmental organizations are not all that prone to frequent criticism as their operations are not widely known
4. Requirements for the establishment of non-profit organizations varies from one state to another depending on the prevailing conditions while is the same everywhere for corporate organizations.

Structure:

1. The size of corporate organizations is usually larger than those of nongovernmental organizations. Many non-profit organizations structures do not extend beyond their locality.
2. Recruitment into corporate organization is based on geographical spread in most cases and is mostly on merit irrespective of applicant's state of origin.
3. Personnel procurement in corporate organization is done by a centralized body or agency while in non-profit organization; individual organization is responsible for the living of its staff.
4. Decision making in corporate organization is control by the Board of Director and Managing Directors while the Shareholders control non-profit organizations.

3.5 Similarities between Corporate Bodies and Non-Profit Organization

The similarities that exist between corporate bodies and non-profit organizations are as follows:

1. Both Organizations are guided in differing extent by government Circular, Gazette, Bulletins, Constitution etc. The regulations ensure both organizations have an enabling environment to perform.
2. Predetermine goals and objectives: Both organizations are established to accomplish a predetermine goals and objectives.
3. Organizational Structure: Both organizational possess internal structure (formal or semi-formal) that may be hierarchical in structure. They should also contain chain of command, unity of control, etc. for efficiency and effectiveness of service delivery.
4. Act of establishment: Both organizations are established by an act established through the Act of Parliament, with Constitutional provision of their services to the three tiers of government
5. Recruitment, discipline, dismissal and promotion into these organizations are the responsibility and discretion of the organizations.
6. Both organizations exist simply to render goods or social services, profit and non- profit making and the satisfaction of the public through their various activities, programs and products etc.
7. Both organizations source for capital for operations either internally and externally from the public through the sales of shares and grants etc

Self-Assessment Exercise 2

Differentiate between Corporate Bodies and Non-Profit Organization.



3.5 Summary

From the foregoing discussion on comparison of comparison management of corporate bodies and non-profit organization, we can deduce that there exist some levels of similarities in the performance of

their duties. Both operate by coordinating and directing of human and material resources for the production of goods and social services. Corporate bodies are well established legal entity or organizations mostly for profit-driven making and for the provision of essentials goods and services while non-profit organizations are not for profit-driven making, but for the provision of public and social services. Corporate bodies have a well-established formal organizational structure with a chain of command of hierarchy to provide goods and services in a profitable manner. Both organizations have conditions of services and source for personnel in a common market

In this unit, there exist some levels of differences between corporate bodies and non-profit organizations. The differences are mostly felt in the features of these organizations. Corporate bodies and organizations are out for profit making irrespective of the services rendered. The differences between corporate bodies and non-profit organizations are in the setting, structure and formation of these organizations. There also exist some levels of similarities between the two organizations in terms of conditions of service, personnel management and other operations of these organizations.



3.6 References/Further Reading/Web Resources

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3.7 Possible Answers to Self-Assessment Exercise(s)

Answers to SAEs 1

Non-profit organization is corporations or associations that conduct business activities and social services for the benefit of the general public without shareholders and without a profit motive.

They can also be referred to as an incorporated organization which exists for educational or charitable reasons, and from which its shareholders or trustees do not benefit financially. Any money earned by a non-profit organization must be retained by the organization, and used for its own expenses, operations, and programs. Many non-profit organizations also seek tax exempt status, and may also be exempt from local taxes including sales taxes or property taxes (Ott and Steven, (2001). All Non- Governmental Organizations (NGO) falls under the category of non- profit organization. A Well-known non-profit organization in the United State of America is the Habitat for Humanity American Red Cross organization. Generally, a non-profit organization is one that reinvests any revenues in activities that further the mission of the organization. Non- profit organization does not have shareholders or pay dividends.

Answers to SAEs 2

The differences that exist between corporate bodies and non-profit organizations are in their setting, formation and structures as follows:

Setting:

1. Corporate organization is a legal entity established for profit driven and oriented making e.g. organization, bank, company, institution, churches, communication etc while nongovernmental organization is a non-profit driven and oriented entity.
2. Corporate organization structure is more formal, complex, coordinated and with more technology involved while in non-profit organization there exhibits a mixed of formal and informal. Non-profit organizations have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors.
3. Corporate organizations provide more of qualitative and essential services, while non-governmental organization provides more of public and social services as well as Non-governmental functions.

4. Corporate organizations are established with high degree of accountability and efficiency which may not be the case of non-profit organization.

Formation:

1. Funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation while that from corporate organization may be used within and outside the organization.
2. Corporate organizations are mandated to pay taxes based on the schedules of duties and income generated while nongovernmental organization may be or are exempted from various taxes.
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4. Requirements for the establishment of non-profit organizations varies from one state to another depending on the prevailing conditions while is the same everywhere for corporate organizations.

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3. Personnel procurement in corporate organization is done by a centralized body or agency while in non-profit organization; individual organization is responsible for the living of its staff.
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